October 31, 2024

Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2025 (FY3/25) (Six Months Ended September 30, 2024)

[Japanese GAAP]

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Scheduled date of filing of Semi-Annual Securities Report: November 13, 2024
Scheduled date of payment of dividend: December 3, 2024
Preparation of supplementary materials for financial results: Yes
Holding of financial results meeting: Yes (for institutional investors and analysts)

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Second Quarter (April 1, 2024–September 30, 2024) of FY3/25

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended Sep. 30, 2024	53,879	8.3	5,247	5.2	5,469	6.8	3,645	(6.4)
Six months ended Sep. 30, 2023	49,744	10.2	4,988	30.6	5,122	5.5	3,896	26.8

Note: Comprehensive income (millions of yen) Six months ended Sep. 30, 2024: 3,529 (down 9.5%)
Six months ended Sep. 30, 2023: 3,899 (up 34.1%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2024	64.55	–
Six months ended Sep. 30, 2023	69.05	–

Note: We conducted a 3-for-1 stock split of common shares with the effective date of October 1, 2024. Net income per share was calculated on the assumption that the stock split had been conducted at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Sep. 30, 2024	92,016	70,892	77.0
As of Mar. 31, 2024	91,462	68,635	75.0

Reference: Equity (millions of yen) As of Sep. 30, 2024: 70,892 As of Mar. 31, 2024: 68,635

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2024	–	70.00	–	75.00	145.00
Fiscal year ending Mar. 31, 2025	–	75.00			
Fiscal year ending Mar. 31, 2025 (forecast)			–	25.00	–

Notes: 1. Revisions to the most recently announced dividend forecast: None
2. We conducted a 3-for-1 stock split of common shares with the effective date of October 1, 2024. Without the stock split, the forecast year-end dividend and the annual dividends for the fiscal year ending March 31, 2025 would be 75 yen per share and 150 yen per share, respectively.

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2025 (April 1, 2024–March 31, 2025)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	109,875	8.4	11,196	8.8	11,373	8.4	7,970	0.7	141.16

Notes: 1. Revisions to the most recently announced consolidated forecasts: None
2. We conducted a 3-for-1 stock split of common shares with the effective date of October 1, 2024. Without the stock split, the forecast net income per share for the fiscal year ending March 31, 2025 would be 423.49 yen.

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None

Newly added: – Excluded: –

(2) Application of special accounting methods for presenting semi-annual consolidated financial statements: None

(3) Changes in accounting policies and accounting estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others:	None
2) Changes in accounting policies other than 1) above:	None
3) Changes in accounting estimates:	None
4) Restatements:	None

(4) Number of outstanding shares (common shares)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Sep. 30, 2024:	69,858,690 shares	As of Mar. 31, 2024:	69,858,690 shares

2) Number of treasury shares at the end of the period

As of Sep. 30, 2024:	13,348,629 shares	As of Mar. 31, 2024:	13,396,917 shares

3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2024:	56,482,470 shares	Six months ended Sep. 30, 2023:	56,435,244 shares

Note: We conducted a 3-for-1 stock split of common shares with the effective date of October 1, 2024. The number of shares outstanding at the end of the period, the number of treasury shares at the end of the period, and the average number of shares outstanding during the period were calculated on the assumption that the stock split had been conducted at the beginning of the previous fiscal year.

*** The semi-annual financial report is not subject to review procedures by certified public accountants or an audit firm.**

*** Explanation of appropriate use of earnings forecasts, and other special items**

Forecasts of future performance in this document are based on assumption judged to be valid and information currently available to the Company's management, but are not promises by the Company regarding future performance. Actual results may differ materially from the forecasts for a number of reasons. Please refer to"1. Overview of Results of Operations, Etc., (3) Explanation of Consolidated Forecasts and Other Forward-looking Statements" on page 5 for forecast assumptions and notes of caution for usage.

How to view supplementary materials for semi-annual financial results

The Company plans to hold the following financial results meeting for institutional investors and analysts. Materials to be used at this event will be available on the Company's website immediately thereafter.

- Tuesday, November 26, 2024: Financial results meeting for institutional investors and analysts

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1. Overview of Results of Operations, Etc.

(1) Results of Operations

Summary of consolidated results of operations for the first six months of FY3/25
(April 1, 2024 to September 30, 2024)

	Amount (millions of yen)	% to sales	YoY change
Net sales	53,879	100.0%	108.3%
Operating profit	5,247	9.7%	105.2%
Ordinary profit	5,469	10.2%	106.8%
Profit attributable to owners of parent	3,645	6.8%	93.6%

- Achieved record high net sales and sales growth for four consecutive years.
  (Updating record high monthly sales for 32 consecutive months.)
- Achieved operating profit growth for four consecutive years.
- Profit attributable to owners of parent decreased mainly due to the absence of gain on sale of non-current assets caused by sale of land (an increase of 463 million yen in profit), which was recorded for the same period a year ago.

During the first six months of the fiscal year ending March 31, 2025 (the "period under review"), the Japanese economy continued its gradual recovery trend as capital investment for labor-saving, digitalization, and other purposes expanded backed by solid corporate earnings. Following the results of the Spring Wage Negotiation (abbreviated as *Shun-to* in Japanese) this year, real wages which take into account price hikes recorded a year-on-year increase for the first time in two years and three months in June. However, the wages have turned negative again, indicating that a large-scale recovery in personal consumption would take more time.

In the restaurant industry, we saw a strong demand in dining out thanks to steady inbound tourism demand as well as recovery of outings and foot traffic. Meanwhile, the business environment has become more challenging due to ongoing increases in labor costs caused by chronic labor shortages, energy and raw material prices, and distribution expenses arising from the logistics issue 2024.

Under such circumstances, the Group proactively invested in human capital to fulfill our social mission to provide "comfortable dining space," "heartwarming hospitality," and "delicious foods" to our customers. In addition, the Group focused on further improvement of a fundamental level of quality, service, and cleanliness (QSC) and continued to implement effective sales promotion measures. As a result, customer traffic continued to grow, with a large increase in in-store dining, and our takeout and delivery services also remained strong. The Group achieved the record high monthly sales every month from February 2022, and the record high net sales for the period under review. We also marked the record high operating profit for four consecutive years.

The following is an overview of our initiatives and achievements during the period under review.

1) Improvement of QSC and revision of prices

Responding to soaring raw material prices, labor costs and logistics costs in recent years, the Company revised prices of some products from June 21, 2024 as a result of our careful consideration. Customer traffic as well as average spending per customer continued to grow and remained strong even after we revised our prices amid the economic situation where real wages continuously decreased because of rising prices.

This was due to steady improvement of employees' cooking skills and cooking methods by Ohsho Academy's in-house and on-line training programs, the cooking knowledge training program, and cooking skill tests. In addition, we made strenuous efforts to improve QSC: pursuit of more delicious Gyoza as the first step of "More Delicious Gyoza no Ohsho, Challenge 2024," learning of hospitality that only people can provide through the customer service training program and thorough sanitation control by brushing up cleaning manuals.

To get understanding about our price revision from our customers, we informed them well of the improved and changed points about 13 items whose prices were revised among the grand menu.

Under the slogan, "The power of delicious meals will change the future," each and every one of our employees will be passionately committed to delivering quality services.

2) Effective sales promotion measures

For sales promotion, we ran the “Gyoza Club customer appreciation campaign for 2024,” which resulted in the acquisition of a record number of 1,240,000 Gyoza Club members. We initiated “Gyoza Club customer appreciation campaign for 2025” from June 28, 2024. This campaign enjoys high reputation among customers for its original prizes every year. This time, we have prepared new exclusive goods, including stainless thermos bottles decorated with Ohsho jargon of our menu that our staff use to take and confirm orders, and eco-friendly shopping bags designed by a leading fashion company Adastria.

Furthermore, to commemorate annual net sales exceeding 100 billion yen and express our gratitude to our customers, we held “Great Appreciation Festival” with provision of a double stamp and a discount ticket of 250 yen. These gained positive feedback. In order to strengthen beverage sales, we not only continued our “draft beer campaign” but also incorporated “ASAHI STYLE BALANCE” so that people who do not drink alcohol or during pregnancy can enjoy so-called “smart drinking” activities.

3) Expansion of investment

a. Investment in human capital

We, as a company where people create value, have regarded development of human resources as an important key. The Company provides all employees with a wide variety of learning opportunities for various training programs, including the above-mentioned programs and e-learning programs.

The Company implemented a pay raise of an average of 39,162 yen per employee (an 11.5% wage increase including a base-up) in the revision of monthly salaries for FY3/25, exceeding the record high monthly salaries of the previous year. Furthermore, to reward all our employees for our strong business performance, the Company fully met the demand (100% of the bonus table plus extra 13%) from the labor union for the summer bonus payment in 2024.

In addition, the Company drastically increased the starting salary for new university graduates by as much as 52,000 yen to 278,500 yen, thus actively securing diverse human resources for our future.

b. Investment in equipment

For a central kitchen system, we renewed a conventional production line for noodles to the newest equipment in Kumiyama Factory, our main factory. This renewal enabled achieving improvement of production capability, reduction of material losses, and labor saving. Furthermore, the renewal enhanced the factory’s product quality and expanded the possibilities for future product development.

During the period under review, we opened the Kinkakuji store in May 2024, Joy-Naho-Akasakamitsuke store in June, Kokudo-16go-Iwatsuki store in July, and Namba-Grand-Kagetsu store in August.

The Kinkakuji store is a newly opened store in Kyoto City for the first time in about eight years. It is located near Kinkakuji Temple and along Nishioji-dori, a major artery. It is a roadside store with a parking lot. Various customers including tourists visiting Kinkakuji Temple and nearby university students come to the store.

Joy-Naho-Akasakamitsuke store is a 3-minute walk from Akasakamitsuke Subway Station. Office buildings are crowded around there. Thus, at the place where lunch demand was highly expected, it opened as the fourth Joy-Naho store. Although the store is relatively small, the line of flow for delivery operators and customers is secured. The layout of the kitchen is employee-friendly. It is our policy to open more stores of this type actively as a new store opening format for urban areas in the future.

The Kokudo-16go-Iwatsuki store is located on Route 16, a major traffic route to the suburbs of the Tokyo metropolitan area. The store has a parking lot and provides easy access from the nearby expressway interchange. The location attracts customers from a wider area, and sales have been strong.

The Namba-Grand-Kagetsu store opened on the first floor of the Namba Grand Kagetsu comedy theater located in Namba, Chuo-ku, Osaka City. We have served many customers including theater visitors and tourists to the Namba area.

c. Investment in digital transformation

We started optimizing IT infrastructure such as renewal of host systems and review of core systems as investments

for promotion of digital transformation. All of our directly operated stores introduced a *Take-out Mobile Order* system to promote digitalization of store operations and effectively meet the take-out demand. This system enables processes from a take-out reservation to settlement by using the Company's official app on a smartphone. Going forward, we plan to develop highly convenient services through smartphone apps.

d. Overseas investment

Our overseas consolidated subsidiary, OHSHO FOOD SERVICE TAIWAN CORP., has been in operation for seven years. Its two restaurants that are currently open in Kaohsiung and Taipei, Taiwan have been highly praised for their seasoning and Japanese-style fried Gyoza that suits the tastes of local customers. Having gotten through the pandemic, they are performing well.

Based on the results of these two stores, including the growth of local staff and the establishment of store operations, we increased our capital in the subsidiary (capital increase of 26 million TWD, or approximately 118 million yen) in September of this year to prepare for future proactive expansion in Taiwan, including the opening of a third store.

4) Sustainability promotion

Because of the pandemic that lasted for a long time and rising prices, living circumstances around children remain ever challenging. In view of the matter, the Company supplies "Bento for Kids" (featured with Gyoza and fried chicken) free of charge to "Kodomo Shokudo" or Children's Cafeteria and other similar organizations all over Japan during the school spring, summer, and winter breaks, which is an ongoing initiative from the summer break of 2021. During the school summer break in August this year, marking the tenth time, our 397 stores supplied about 110,000 meals, and the cumulative number of meals we offered to children so far reached as many as 760,000. The number of participating organizations including "Kodomo Shokudo" increased from 377 in the beginning to about 1,300. In areas where there are few Ohsho stores, this is also an opportunity for children to learn about our Gyoza for the first time. We prepared 100 boxes of "Bento for Kids" at a maximum from one store per day. We have received many thankful comments from those children that the meal was delicious, which encourages and motivates our employees to participate in this all-hands initiative.

For climate change issues, we have updated equipment leading to GHG emissions in compliance with the recommendations by the TCFD, an international organization that aims to disclose information on climate change. At the same time, following FY3/22 and FY3/23, we calculated CO_2 emissions in our business activities (Scopes 1 and 2) and in our supply chain (Scope 3) in FY3/24.

In response to the logistics issue in 2024, first, as a store effort, we reduced delivery work hours. Second, we reduced the number of delivery-destination stores per truck, promoted the division of delivery and picking operations, and made conveyance loss of internal logistics visible. As a result of these efforts, we are confident that our delivery system is fully sustainable now.

As a result, we achieved the record high monthly sales for consecutive 32 months from February 2022 and net sales for the period under review increased 4,134 million yen or 8.3% year-on-year to the record high 53,879 million yen.

Operating profit increased 258 million yen or 5.2% year-on-year to 5,247 million yen, marking the four consecutive year of growth. This was due to an increase in sales, in spite of soaring raw material prices, logistics costs, and water and utility costs, as well as rising labor costs.

Ordinary profit increased 347 million yen or 6.8% year-on-year to 5,469 million yen.

Profit attributable to owners of parent for the period under review decreased 251 million yen or 6.4% year-on-year because of the absence of a special factor of gain on sale of non-current assets due to sale of land (an increase of 463 million yen in profit) that had been recorded for the same period a year ago.

Regarding the store network during the period under review, we opened four directly operated stores and one franchised store, and closed three directly operated stores and five franchised stores. The result was a total network of 546 directly operated stores and 182 franchised stores, totaling 728 stores at the end of the period under review.

(2) Financial Position

Assets

The balance of total assets at the end of the period under review was 92,016 million yen, up 554 million yen or 0.6% from the end of the previous fiscal year. The main factors for the change are as follows.

Current assets decreased 108 million yen or 0.3% to 40,498 million yen. The main reason was a decrease in accounts receivable-trade.

Non-current assets increased 663 million yen or 1.3% to 51,517 million yen. This was mainly due to an increase in buildings and structures.

Liabilities

The balance of total liabilities at the end of the period under review was 21,124 million yen, down 1,703 million yen or 7.5% from the end of the previous fiscal year. The main factors for the change are as follows.

Current liabilities decreased 725 million yen or 4.8% to 14,250 million yen. The main reason was a decrease in accounts payable-trade.

Non-current liabilities decreased 977 million yen or 12.5% to 6,873 million yen. The main reason was a decrease in long-term borrowings. The balance of borrowings at the end of the period under review was 6,000 million yen.

Net assets

Net assets at the end of the period under review increased 2,257 million yen or 3.3% to 70,892 million yen. This increase was mainly attributable to the recording of profit attributable to owners of parent of 3,645 million yen, while there was the dividend payment of 1,411 million yen. As a result, the equity ratio was 77.0%.

Cash flows

Cash and cash equivalents (hereinafter, “net cash”) at the end of the period under review amounted to 36,172 million yen, down 124 million yen from the end of the previous fiscal year.

The main changes in cash flows from operating, investing, and financing activities for the period under review are described below.

Cash flows from operating activities

Net cash provided by operating activities decreased 797 million yen or 14.7% year-on-year to 4,627 million yen. The main reason was an increase in income taxes paid.

The main factors include profit before income taxes of 5,430 million yen and depreciation of 1,492 million yen, which were partially offset by income taxes paid of 1,639 million yen.

Cash flows from investing activities

Net cash used in investing activities increased 1,013 million yen or 76.3% year-on-year to 2,342 million yen. This was mainly due to a decrease in proceeds from sale of property, plant and equipment.

The main factors include purchase of property, plant and equipment of 2,106 million yen.

Cash flows from financing activities

Net cash used in financing activities increased 2 million yen or 0.1% year-on-year to 2,413 million yen.

The main factors include repayments of long-term borrowings of 1,000 million yen and dividends paid of 1,411 million yen.

(3) Explanation of Consolidated Forecasts and Other Forward-looking Statements

We maintain the full-year consolidated forecasts of the fiscal year ending March 31, 2025 released in “Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2024” dated May 15, 2024.

2. Semi-annual Consolidated Financial Statements and Notes

(1) Semi-annual Consolidated Balance Sheets

(Millions of yen)

	FY3/24 (As of Mar. 31, 2024)	Second quarter of FY3/25 (As of Sep. 30, 2024)
Assets		
Current assets		
Cash and deposits	36,296	36,172
Accounts receivable-trade	2,890	2,735
Merchandise and finished goods	147	152
Raw materials	395	460
Other	876	980
Allowance for doubtful accounts	–	(1)
Total current assets	40,607	40,498
Non-current assets		
Property, plant and equipment		
Buildings and structures	59,406	60,550
Accumulated depreciation	(45,611)	(46,260)
Buildings and structures, net	13,795	14,289
Machinery, equipment and vehicles	7,226	7,439
Accumulated depreciation	(5,535)	(5,600)
Machinery, equipment and vehicles, net	1,690	1,839
Tools, furniture and fixtures	7,375	7,823
Accumulated depreciation	(5,390)	(5,695)
Tools, furniture and fixtures, net	1,985	2,128
Land	19,902	19,902
Construction in progress	375	163
Total property, plant and equipment	37,750	38,323
Intangible assets	145	272
Investments and other assets		
Investment securities	4,166	4,188
Guarantee deposits	4,702	4,705
Other	4,104	4,041
Allowance for doubtful accounts	(14)	(13)
Total investments and other assets	12,959	12,922
Total non-current assets	50,854	51,517
Total assets	91,462	92,016

(Millions of yen)

	FY3/24 (As of Mar. 31, 2024)	Second quarter of FY3/25 (As of Sep. 30, 2024)
Liabilities		
Current liabilities		
Accounts payable-trade	2,612	2,485
Current portion of long-term borrowings	2,000	2,000
Income taxes payable	1,927	1,929
Provision for bonuses	1,034	1,064
Other	7,400	6,771
Total current liabilities	14,975	14,250
Non-current liabilities		
Long-term borrowings	5,000	4,000
Asset retirement obligations	2,010	2,042
Other	840	830
Total non-current liabilities	7,851	6,873
Total liabilities	22,827	21,124
Net assets		
Shareholders' equity		
Share capital	8,166	8,166
Capital surplus	9,459	9,562
Retained earnings	61,096	63,331
Treasury shares	(10,593)	(10,556)
Total shareholders' equity	68,129	70,503
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,340	2,355
Revaluation reserve for land	(2,526)	(2,526)
Foreign currency translation adjustment	(1)	3
Remeasurements of defined benefit plans	693	556
Total accumulated other comprehensive income	505	389
Total net assets	68,635	70,892
Total liabilities and net assets	91,462	92,016

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income

Semi-annual Consolidated Statement of Income

(Millions of yen)

	First six months of FY3/24 (Apr. 1, 2023–Sep. 30, 2023)	First six months of FY3/25 (Apr. 1, 2024–Sep. 30, 2024)
Net sales	49,744	53,879
Cost of sales	15,831	16,925
Gross profit	33,913	36,953
Selling, general and administrative expenses	28,924	31,706
Operating profit	4,988	5,247
Non-operating income		
Interest income	0	1
Dividend income	64	71
Franchise chain accession fee	55	55
Rental income from land and buildings	29	29
Miscellaneous income	106	180
Total non-operating income	256	336
Non-operating expenses		
Interest expenses	13	16
Rental expenses	62	45
Meal support expenses for Kodomo Shokudo	36	38
Miscellaneous losses	9	14
Total non-operating expenses	122	114
Ordinary profit	5,122	5,469
Extraordinary income		
Gain on sale of non-current assets	348	–
Compensation for expropriation	49	–
Total extraordinary income	398	–
Extraordinary losses		
Loss on retirement of non-current assets	29	33
Impairment losses	21	5
Total extraordinary losses	51	39
Profit before income taxes	5,469	5,430
Income taxes-current	1,438	1,637
Income taxes-deferred	134	147
Total income taxes	1,572	1,785
Profit	3,896	3,645
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	3,896	3,645

Semi-annual Consolidated Statement of Comprehensive Income

(Millions of yen)

	First six months of FY3/24 (Apr. 1, 2023–Sep. 30, 2023)	First six months of FY3/25 (Apr. 1, 2024–Sep. 30, 2024)
Profit	3,896	3,645
Other comprehensive income		
Valuation difference on available-for-sale securities	111	15
Foreign currency translation adjustment	0	5
Remeasurements of defined benefit plans, net of tax	(109)	(137)
Total other comprehensive income	2	(116)
Comprehensive income	3,899	3,529
Comprehensive income attributable to:		
Owners of parent	3,899	3,529
Non-controlling interests	–	–

(3) Semi-annual Consolidated Statement of Cash Flows

(Millions of yen)

	First six months of FY3/24 (Apr. 1, 2023–Sep. 30, 2023)	First six months of FY3/25 (Apr. 1, 2024–Sep. 30, 2024)
Cash flows from operating activities		
Profit before income taxes	5,469	5,430
Depreciation	1,338	1,492
Impairment losses	21	5
Increase (decrease) in allowance for doubtful accounts	(0)	1
Decrease (increase) in retirement benefit asset	(164)	(224)
Interest and dividend income	(65)	(72)
Interest expenses	13	16
Compensation for expropriation	(49)	–
Loss (gain) on sale of non-current assets	(348)	–
Loss on retirement of non-current assets	29	33
Decrease (increase) in trade receivables	37	159
Decrease (increase) in inventories	(17)	(68)
Increase (decrease) in trade payables	(90)	(128)
Increase (decrease) in accrued consumption taxes	(74)	(400)
Other, net	(565)	(33)
Subtotal	5,535	6,211
Interest and dividends received	65	72
Interest paid	(13)	(16)
Proceeds from compensation for expropriation	49	–
Income taxes paid	(211)	(1,639)
Net cash provided by (used in) operating activities	5,424	4,627
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,637)	(2,106)
Proceeds from sale of property, plant and equipment	506	–
Loan advances	(19)	(19)
Proceeds from collection of loans receivable	23	23
Payments of guarantee deposits	(183)	(69)
Other, net	(18)	(171)
Net cash provided by (used in) investing activities	(1,328)	(2,342)
Cash flows from financing activities		
Repayments of long-term borrowings	(1,000)	(1,000)
Purchase of treasury shares	(0)	(1)
Dividends paid	(1,410)	(1,411)
Net cash provided by (used in) financing activities	(2,410)	(2,413)
Effect of exchange rate change on cash and cash equivalents	0	4
Net increase (decrease) in cash and cash equivalents	1,684	(124)
Cash and cash equivalents at beginning of period	32,029	36,296
Cash and cash equivalents at end of period	33,713	36,172

(4) Notes to Semi-annual Consolidated Financial Statements

Segment Information

The Group does not provide segment information because it has only a single business segment, which is the Chinese food business.

Significant Changes in Shareholders' Equity

Not applicable.

Going Concern Assumption

Not applicable.

This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.