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Consolidated Financial Results for the Fiscal Year Ended October 31, 2021 (Under Japanese GAAP)

December 14, 2021

Company name: Kobe Bussan Co., Ltd. Listing: Tokyo Stock Exchange
 Securities code: 3038 URL: <https://www.kobebussan.co.jp/english/>
 Representative: Hirokazu Numata, President and Representative Director
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 Scheduled date to hold ordinary general meeting of shareholders: January 27, 2022
 Scheduled date to file Annual Securities Report: January 28, 2022
 Scheduled date to commence payment of dividends: January 28, 2022
 Preparation of supplementary material on financial results: Yes (<https://www.kobebussan.co.jp/english/ir/news.php>)
 Holding of financial results briefing: Yes (for institutional investors and securities analysts)

(Amounts less than one million yen have been omitted.)

1. Consolidated financial results for the fiscal year ended October 31, 2021 (from November 1, 2020 to October 31, 2021)

(1) Consolidated operating results

(Percentage indicates year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
October 31, 2021	362,064	6.2	27,311	14.5	29,087	23.0	19,592	30.2
October 31, 2020	340,870	13.8	23,851	24.0	23,646	21.7	15,047	24.8

Note: Comprehensive income

For the fiscal year ended October 31, 2021: ¥20,086 million [41.0%]

For the fiscal year ended October 31, 2020: ¥14,250 million [22.3%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity*	Ordinary profit to total assets ratio	Operating profit margin
	Yen	Yen	%	%	%
October 31, 2021	90.48	88.52	29.2	19.1	7.5
October 31, 2020	69.86	68.24	29.5	15.9	7.0

* Equity = Shareholders' equity + Valuation and translation adjustments

Note: As we conducted a 2-for-1 stock split of common shares effective on November 1, 2020, both basic and diluted earnings per share were calculated based on the assumption that the stock split had been conducted at the beginning of the fiscal year ended October 31, 2020.

(2) Consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
October 31, 2021	156,737	78,218	48.8	350.49
October 31, 2020	148,175	59,268	39.0	267.42

Reference: Equity (Shareholders' equity + Valuation and translation adjustments)

As of October 31, 2021: ¥76,411 million

As of October 31, 2020: ¥57,758 million

Note: As we conducted a 2-for-1 stock split of common shares effective on November 1, 2020, net assets per share was calculated based on the assumption that the stock split had been conducted at the beginning of the fiscal year ended October 31, 2020.

(3) Consolidated cash flows

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
October 31, 2021	21,261	(17,407)	(16,526)	56,710
October 31, 2020	19,543	(17,314)	(3,704)	68,285

2. Cash Dividends

	Annual dividend per share					Total dividends (Annual)	Dividend payout ratio (Consolidated)	Dividend on equity (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
October 31, 2020	–	0.00	–	30.00	30.00	3,242	21.5	12.7
October 31, 2021	–	0.00	–	20.00	20.00	4,363	22.1	6.5
Fiscal year ending October 31, 2022 (Forecast)	–	0.00	–	21.00	21.00		23.0	

- Notes: 1. Breakdown of year-end dividend for the fiscal year ended October 31, 2020:
 Ordinary dividend of ¥25.00 per share and special dividend of ¥5.00 per share
2. Reflecting the effect of the 2-for-1 stock split of common shares effective on November 1, 2020, the year-end dividend forecast for the fiscal year ending October 31, 2021 is ¥20.00 per share (or ¥40.00 had the stock split not been carried out).

3. Consolidated financial forecast for the fiscal year ending October 31, 2022 (from November 1, 2021 to October 31, 2022)

(Percentage indicates year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year	380,000	5.0	28,800	5.4	29,200	0.4	19,800	1.1	91.44

[Notes]

- (1) Changes in significant subsidiaries during the current period (Changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates and restatements of prior period financial statements
- (i) Changes in accounting policies due to application of new or revised accounting standards: None
- (ii) Changes in accounting policies due to reasons other than above (i): None
- (iii) Changes in accounting estimates: None
- (iv) Restatements of prior period financial statements: None
- (3) Number of shares issued (common shares)
- (i) Number of shares issued at the end of the period (including treasury shares)
- As of October 31, 2021: 273,600,000 shares
- As of October 31, 2020: 273,600,000 shares
- (ii) Number of shares of treasury shares at the end of the period
- As of October 31, 2021: 55,587,320 shares
- As of October 31, 2020: 57,614,064 shares
- (iii) Average number of shares of common shares outstanding during the period
- Fiscal year ended October 31, 2021: 216,527,896 shares
- Fiscal year ended October 31, 2020: 215,403,790 shares

Notes: 1. As we conducted a 2-for-1 stock split of common shares effective on November 1, 2020, the number of shares issued was calculated based on the assumption that the stock split had been conducted at the beginning of the fiscal year ended October 31, 2020.

2. The number of shares of Kobe Bussan (176,000 shares) held by Custody Bank of Japan, Ltd. ("Trust Account") as trust property for a Board Benefit Trust was included in the number of shares of treasury shares as of October 31, 2021, which was to be deducted from the calculation of the number of shares of treasury shares as of October 31, 2021, and the average number of shares of common shares outstanding for the fiscal year ended October 31, 2021.

[Reference] Overview of non-consolidated financial results**1. Non-consolidated financial results for the fiscal year ended October 31, 2021 (from November 1, 2020 to October 31, 2021)****(1) Non-consolidated operating results**

(Percentage indicates year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
October 31, 2021	370,772	11.0	22,930	18.4	24,702	26.2	16,705	34.9
October 31, 2020	333,994	20.6	19,361	24.7	19,567	19.4	12,381	24.6

Fiscal year ended	Basic earnings per share		Diluted earnings per share	
	Yen	Yen	Yen	Yen
October 31, 2021	77.15		75.47	
October 31, 2020	57.48		56.15	

Note: As we conducted a 2-for-1 stock split of common shares effective on November 1, 2020, both basic and diluted earnings per share were calculated based on the assumption that the stock split had been conducted at the beginning of the fiscal year ended October 31, 2020.

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
October 31, 2021	145,973	66,696	44.5	297.64
October 31, 2020	140,640	51,078	35.2	229.50

Reference: Equity (Shareholders' equity + Valuation and translation adjustments)

As of October 31, 2021: ¥64,889 million

As of October 31, 2020: ¥49,568 million

Note: As we conducted a 2-for-1 stock split of common shares effective on November 1, 2020, net assets per share was calculated based on the assumption that the stock split had been conducted at the beginning of the fiscal year ended October 31, 2020.

* This financial results report is not subject to audit procedures to be performed by certified public accountants or an audit firm.

* [Proper use of earning forecast, and other special notes]

The forward-looking statements including earnings forecast contained in this document are based on information currently available to us and certain assumptions that we believe are reasonable. Accordingly, actual results may differ significantly from the results anticipated in these forward-looking statements due to a variety of factors. For more information on the assumptions and disclaimers with respect to earnings and other forecasts, please refer to "1. Overview of Operating Results (4) Outlook for the fiscal year ending October 31, 2022" on the Attached Materials.

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1. Overview of Operating Results

(1) Analysis of operating results

During the fiscal year ended October 31, 2021 (from November 1, 2020 to October 31, 2021) (hereinafter the “period under review”), Japan’s economic outlook remained uncertain, reflecting soaring prices of food ingredients and shipping costs as well as lifestyle changes against a backdrop of the spread of COVID-19 infections that started last year and economic losses as a result of the state of emergency in various parts of Japan.

Japan’s food industry has become even more competitive because players in other industries such as e-commerce operators and drugstore chains have expanded the sale of food products.

Under such circumstances, the number of new store openings of Gyomu Super, which is the Kobe Bussan Group’s mainstay business, significantly increased from a year earlier. Also, existing stores remained strong because we successfully attracted more customers. This was because private label products derived from our strength of “Integrated Food Production & Distribution Operations” were featured on television, magazines, newspapers, and social media.

Consequently, in terms of operating results for the period under review, we reported net sales of ¥362,064 million (up 6.2% year on year), operating profit of ¥27,311 million (up 14.5%), ordinary profit of ¥29,087 million (up 23.0%), and profit attributable to owners of parent of ¥19,592 million (up 30.2%).

The operating results by business segment are as follows:

Note that Cook Innoventure Co., Ltd., G.communication Co., Ltd., G.taste Co., Ltd. (presently Yakiniku Sakai Holdings Inc.), and 11 other consolidated subsidiaries, which comprised the Cook Innoventure Business in the previous fiscal year, were excluded from the scope of consolidation on April 1, 2020, the deemed date of sale. Accordingly, the business segment no longer existed at the beginning of the period under review.

Also, we reviewed the classification of business segments based on perspectives of our group’s business expansion and management control system. Since the beginning of the period under review, the Restaurant & Delicatessen Business has been renamed from the Kobe Cook Business to incorporate the BBQ business, which was previously classified into the Other businesses.

[Gyomu Super Business]

This business segment covers Gyomu Super stores, selling at best prices not only national brand products but also private label products that are imported directly by ourselves or produced by our group’s domestic plants. In the period under review, Gyomu Super stores have expanded nationwide with 950 stores as a result of a net increase of 71 stores after opening 77 stores and closing six.

The breakdown of new store openings was 52 stores in directly managed areas and 25 stores in indirectly managed areas. We work on store openings focusing on the Kanto and Kyushu areas under direct management, and strongly encourage franchise owners to relocate stores which have been deteriorated with many years in operations.

In product strategies, we continued to focus on strengthening facilities of our group’s plants and enhancing imported products as well as providing customers with national brand products with high-cost performance. Through such products that meet customer needs, we acquired more customers with a savings-oriented mindset.

Consequently, net sales of the Gyomu Super Business for the period under review stood at ¥355,466 million (up 11.0% year on year).

[Restaurant & Delicatessen Business]

This business segment covers Kobe Cook World Buffet, one of the largest buffet-style restaurant chains in Japan; Premium Karubi, a served a-la-carte buffet style BBQ restaurant chain where customers enjoy the best selected premium meats and in-house made desserts; and Chisouna, a delicatessen shop chain focusing on health-conscious food made with minimal additives and preservatives at affordable prices, under the philosophy of providing an authentic Japanese dining experience with fresh homemade food.

In the period under review, Kobe Cook World Buffet opened one and closed three restaurants, resulting in 15 restaurants nationwide. Net sales decreased year on year because certain restaurants temporarily closed or shortened opening hours to prevent the COVID-19 infections appropriately. Premium Karubi opened seven restaurants and closed none, resulting in 10 restaurants nationwide. Although the restaurants have also shortened opening hours, net sales showed a positive trend given an

increase in the number of the restaurants and BBQ popularity. Chisouna opened 24 shops and closed none, resulting in 49 shops nationwide. Net sales remained strong thanks to an increase in Gyomu Super customers and the implementation of measures to prevent the COVID-19 infections at shops.

Consequently, net sales of the Restaurant & Delicatessen Business for the period under review stood at ¥3,889 million (up 55.0% year on year).

[Eco Renewable Energy Business]

This business segment covers renewable energies generated by our own solar and woody biomass power plants. Having opened one solar power plant in Osaka since May in the period under review, we currently operate 17 solar power plants collectively generating approximately 32.1 MW and one woody biomass power plant generating approximately 6.2 MW.

Consequently, net sales of the Eco Renewable Energy Business for the period under review stood at ¥2,668 million (up 11.1% year on year).

(2) Analysis of financial position

(Assets)

Total assets as of October 31, 2021 increased by ¥8,562 million from the end of the previous fiscal year to ¥156,737 million (up 5.8% year on year).

Current assets decreased by ¥6,293 million from the end of the previous fiscal year to ¥95,862 million (down 6.2% year on year). This was mainly due to a decrease in cash and deposits of ¥12,010 million resulting from the repayment of borrowings, which was partially offset by an increase in merchandise and finished goods of ¥3,752 million to prepare for anticipated increase in product shipments and delay in delivery of imported products.

Non-current assets increased by ¥14,855 million from the end of the previous fiscal year to ¥60,874 million (up 32.3% year on year). This was mainly due to an increase in property, plant and equipment of ¥13,448 million resulting from the construction of a new office building and the facility expansion of our group's domestic plants.

(Liabilities)

Total liabilities as of October 31, 2021 decreased by ¥10,387 million from the end of the previous fiscal year to ¥78,518 million (down 11.7% year on year).

Current liabilities increased by ¥4,140 million from the end of the previous fiscal year to ¥51,047 million (up 8.8% year on year). This was mainly due to an increase in accounts payable - trade of ¥2,996 million.

Non-current liabilities as of October 31, 2021 decreased by ¥14,528 million from the end of the previous fiscal year to ¥27,471 million (down 34.6% year on year). This was mainly due to a decrease in long-term borrowings of ¥15,155 million.

(Net assets)

Total net assets as of October 31, 2021 increased by ¥18,949 million from the end of the previous fiscal year to ¥78,218 million (up 32.0% year on year). This was mainly due to an increase in retained earnings of ¥16,349 million.

Consequently, the equity ratio as of October 31, 2021 increased by 9.8 percentage points year on year to 48.8%. Net assets per share stood at ¥350.49 for the current fiscal year compared to ¥267.42 for the previous fiscal year.

As we conducted a 2-for-1 stock split of common shares effective on November 1, 2020, net assets per share was calculated based on the assumption that the stock split had been conducted at the beginning of the fiscal year ended October 31, 2020.

(3) Analysis of cash flows

Total cash and cash equivalents as of October 31, 2021 (hereinafter "net cash") decreased by ¥11,574 million from the end of the previous fiscal year to ¥56,710 million.

The status of each cash flow and its factors are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities for the period under review amounted to an inflow of ¥21,261 million (up ¥1,718 million year on year). This was mainly due to an increase in profit before income taxes of ¥6,506 million.

(Cash flows from investing activities)

Net cash used in investing activities for the period under review amounted to an outflow of ¥17,407 million (up ¥92 million year on year). This was mainly due to an increase in an outflow of ¥5,982 million resulting from purchase of property, plant

and equipment and no payments for sale of shares of subsidiaries resulting in change in scope of consolidation during the current fiscal year from November 1, 2020 to October 31, 2021 in contrast with the payment of ¥5,136 million during the previous fiscal year.

(Cash flows from financing activities)

Net cash used in financing activities for the period under review amounted to an outflow of ¥16,526 million (up ¥12,822 million year on year). This was mainly due to an increase in an outflow of ¥1,518 million due to repayments of long-term borrowings and no proceeds from long-term borrowings during the current fiscal year from November 1, 2020 to October 31, 2021 in contrast with the proceeds of ¥11,660 million during the previous fiscal year.

(4) Outlook for the fiscal year ending October 31, 2022

We are planning to further grow our mainstay Gyomu Super Business with an aim to have 1,010 Gyomu Super stores (net increase of 60 stores) by the end of the fiscal year ending October 31, 2022. To further enhance private label products derived from Gyomu Super's strength of "Integrated Food Production & Distribution Operations," we continue to make capital investment in facilities of our group's plants.

In the Restaurant & Delicatessen Business, we work on developing and expanding the competitive business formats by addressing constantly changing consumer needs and taking advantage of our product strength.

Meanwhile, the world situation remains unpredictable because the COVID-19 pandemic has not been settled yet. In addition, we have to assume a continuous rise in cost primarily caused by soaring prices of food ingredients and crude oil. To manage such risks, we strive to expand businesses by improving supply chains as well as increasing efficiency of the headquarters function and store operations. Considering such risks will cause the earnings growth to slow down, we have formulated a plan with a certain degree of impact factored in.

Accordingly, in terms of operating results for the fiscal year ending October 31, 2022, we forecast nets sales of ¥380,000 million, operating profit of ¥28,800 million, ordinary profit of ¥29,200 million, and profit attributable to owners of parent of ¥19,800 million on a consolidated basis.

2. Basic Policy Regarding Selection of Accounting Standards

With respect to accounting standards, we apply Japanese GAAP to ensure comparability with other domestic competitors.

3. Consolidated Financial Statements and Notes

(1) Consolidated balance sheets

(Millions of yen)

	Previous fiscal year (As of October 31, 2020)	Current fiscal year (As of October 31, 2021)
Assets		
Current assets:		
Cash and deposits	69,810	57,799
Notes and accounts receivable - trade	17,546	19,837
Merchandise and finished goods	9,065	12,817
Work in process	298	353
Raw materials and supplies	1,222	1,493
Other	4,227	3,576
Allowance for doubtful accounts	(14)	(15)
Total current assets	102,156	95,862
Non-current assets:		
Property, plant and equipment:		
Buildings and structures	18,310	23,474
Accumulated depreciation	(6,879)	(7,939)
Buildings and structures, net	11,430	15,534
Machinery, equipment and vehicles	22,729	28,253
Accumulated depreciation	(11,701)	(13,689)
Machinery, equipment and vehicles, net	11,027	14,564
Land	10,353	13,350
Leased assets	22	22
Accumulated depreciation	(15)	(17)
Leased assets, net	6	5
Construction in progress	7,686	10,314
Other	2,009	2,462
Accumulated depreciation	(1,469)	(1,738)
Other, net	539	724
Total property, plant and equipment	41,044	54,493
Intangible assets		
Goodwill	22	17
Other	524	867
Total Intangible assets	547	884
Investments and other assets		
Investment securities	1,977	1,784
Long-term loans receivable	256	1,645
Deferred tax assets	1,769	1,470
Leasehold and guarantee deposits	356	430
Other	292	392
Allowance for doubtful accounts	(224)	(226)
Total investments and other assets	4,426	5,496
Total non-current assets	46,019	60,874
Total assets	148,175	156,737

(Millions of yen)

	Previous fiscal year (As of October 31, 2020)	Current fiscal year (As of October 31, 2021)
Liabilities		
Current liabilities:		
Accounts payable - trade	22,161	25,158
Short-term borrowings	14,598	15,155
Lease obligations	0	1
Income taxes payable	4,812	5,194
Provision for bonuses	299	354
Other	5,033	5,182
Total current liabilities	46,906	51,047
Non-current liabilities:		
Long-term borrowings	34,690	19,534
Lease obligations	7	4
Deferred tax liabilities	128	117
Retirement benefit liability	612	713
Guarantee deposits received	6,048	6,512
Asset retirement obligations	332	465
Provision for share awards for directors (and other officers)	39	58
Other	140	64
Total non-current liabilities	41,999	27,471
Total liabilities	88,906	78,518
Net assets		
Shareholders' equity:		
Share capital	64	500
Capital surplus	8,539	9,581
Retained earnings	60,243	76,592
Treasury shares	(9,465)	(9,135)
Total shareholders' equity	59,380	77,539
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	13	62
Foreign currency translation adjustment	(1,634)	(1,190)
Total valuation and translation adjustments	(1,621)	(1,127)
Share acquisition rights	1,510	1,807
Total net assets	59,268	78,218
Total liabilities and net assets	148,175	156,737

(2) Consolidated statements of income and quarterly consolidated statements of comprehensive income

Consolidated statements of income

(Millions of yen)

	For the fiscal year ended October 31, 2020 (From November 1, 2019 to October 31, 2020)	For the fiscal year ended October 31, 2021 (From November 1, 2020 to October 31, 2021)
Net sales	340,870	362,064
Cost of sales	295,671	318,940
Gross profit	45,198	43,123
Selling, general and administrative expenses:		
Advertising expenses	169	158
Rent expenses on land and buildings	1,832	564
Freight costs	5,434	6,378
Promotion expenses	415	459
Outsourcing expenses	688	625
Wages, salaries and expenses	6,908	3,316
Legal welfare expenses	750	448
Provision for bonuses	126	191
Retirement benefit expenses	144	90
Depreciation	706	494
Provision for bonuses for directors (and other officers)	15	18
Provision of allowance for doubtful accounts	17	1
Amortization of goodwill	79	5
Other	4,056	3,058
Total selling, general and administrative expenses	21,347	15,812
Operating profit	23,851	27,311
Non-operating income:		
Interest income	252	101
Dividend income	0	0
Lease revenue	79	110
Gain on valuation of derivatives	–	220
Foreign exchange gains	–	826
Subsidy income	124	529
Fuel sale income	60	67
Other	393	241
Total non-operating income	910	2,097
Non-operating expenses:		
Interest expenses	318	181
Rental costs	28	29
Loss on valuation of derivatives	64	–
Commission expenses	1	1
Foreign exchange losses	6	–
Fuel sale cost	58	64
Provision of allowance for doubtful accounts	443	16
Other	194	28
Total non-operating expenses	1,116	321
Ordinary profit	23,646	29,087

(Millions of yen)

	For the fiscal year ended October 31, 2020 (From November 1, 2019 to October 31, 2020)	For the fiscal year ended October 31, 2021 (From November 1, 2020 to October 31, 2021)
Extraordinary income:		
Gain on sale of non-current assets	103	5
Gain on sale of shares of subsidiaries and associates	245	–
Gain on reversal of share acquisition rights	2	18
Total extraordinary income	352	24
Extraordinary losses:		
Loss on retirement of non-current assets	98	70
Loss on sale of non-current assets	40	127
Provision for loss on store closings	112	–
Loss on store closings	12	–
Impairment losses	1,503	176
Total extraordinary losses	1,767	373
Profit before income taxes	22,231	28,738
Income taxes - current	8,013	8,877
Income taxes - deferred	19	268
Total income taxes	8,032	9,145
Profit	14,198	19,592
Profit (loss) attributable to non-controlling interests	(849)	–
Profit attributable to owners of parent	15,047	19,592

Consolidated statements of comprehensive income

(Millions of yen)

	For the fiscal year ended October 31, 2020 (From November 1, 2019 to October 31, 2020)	For the fiscal year ended October 31, 2021 (From November 1, 2020 to October 31, 2021)
Profit	14,198	19,592
Other comprehensive income:		
Valuation difference on available-for-sale securities	14	49
Foreign currency translation adjustment	37	444
Total other comprehensive income	51	494
Comprehensive income	14,250	20,086
Comprehensive income attributable to:		
Owners of parent	15,099	20,086
Non-controlling interests	(849)	-

(3) Consolidated statements of changes in equity

For the fiscal year ended October 31, 2020 (From November 1, 2019 to October 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total
Balance, November 1, 2019	64	8,405	47,118	(9,641)	45,946
Changes of items during period					
Dividends of surplus			(2,150)		(2,150)
Profit attributable to owners of parent			15,047		15,047
Disposable of treasury shares		133		175	309
Increase in retained earnings resulting from exclusion of subsidiaries from consolidation			228		228
Net change of items other than shareholders' equity					-
Total changes of items during period	-	133	13,124	175	13,434
Balance, October 31, 2020	64	8,539	60,243	(9,465)	59,380

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total			
Balance, November 1, 2019	(1)	(1,672)	(1,673)	787	5,507	50,568
Changes of items during period						
Dividends of surplus			-			(2,150)
Profit attributable to owners of parent			-			15,047
Disposable of treasury shares			-			309
Increase in retained earnings resulting from exclusion of subsidiaries from consolidation			-			228
Net change of items other than shareholders' equity	14	37	51	722	(5,507)	(4,733)
Total changes of items during period	14	37	51	722	(5,507)	8,700
Balance, October 31, 2020	13	(1,634)	(1,621)	1,510	-	59,268

For the fiscal year ended October 31, 2021 (From November 1, 2020 to October 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total
Balance, November 1, 2020	64	8,539	60,243	(9,465)	59,380
Changes of items during period					
Dividends of surplus			(3,242)		(3,242)
Profit attributable to owners of parent			19,592		19,592
Purchase of treasury shares				(0)	(0)
Disposable of treasury shares		1,478		330	1,809
Increase in retained earnings resulting from exclusion of subsidiaries from consolidation	436	(436)			–
Net change of items other than shareholders' equity					–
Total changes of items during period	436	1,042	16,349	330	18,158
Balance, October 31, 2021	500	9,581	76,592	(9,135)	77,539

	Accumulated other comprehensive income			Share Acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total		
Balance, November 1, 2020	13	(1,634)	(1,621)	1,510	59,268
Changes of items during period					
Dividends of surplus			–		(3,242)
Profit attributable to owners of parent			–		19,592
Purchase of treasury shares			–		(0)
Disposable of treasury shares			–		1,809
Increase in retained earnings resulting from exclusion of subsidiaries from consolidation			–		–
Net change of items other than shareholders' equity	49	444	494	296	791
Total changes of items during period	49	444	494	296	18,949
Balance, October 31, 2021	62	(1,190)	(1,127)	1,807	78,218

(4) Consolidated statements of cash flows

(Millions of yen)

	For the fiscal year ended October 31, 2020 (From November 1, 2019 to October 31, 2020)	For the fiscal year ended October 31, 2021 (From November 1, 2020 to October 31, 2021)
Cash flows from operating activities:		
Profit before income taxes	22,231	28,738
Depreciation	3,632	4,151
Impairment losses	1,503	176
Share-based payment expenses	840	808
Increase (decrease) in allowance for doubtful accounts	460	2
Increase (decrease) in provision for bonuses	6	55
Increase (decrease) in retirement benefit liability	150	100
Interest and dividend income	(253)	(101)
Loss (gain) on valuation of derivatives	64	(220)
Interest expenses	318	181
Foreign exchange losses (gains)	(26)	(936)
Loss (gain) on sale of shares of subsidiaries and associates	(245)	—
Loss (gain) on sale of property, plant and equipment	(63)	121
Loss on retirement of property, plant and equipment	98	69
Decrease (increase) in trade receivables	(1,952)	(2,283)
Decrease (increase) in inventories	(2,864)	(4,050)
Decrease (increase) in other current assets	(195)	(237)
Increase (decrease) in trade payables	1,642	3,002
Increase (decrease) in other current liabilities	726	760
Increase (decrease) in guarantee deposits received	408	463
Decrease (increase) in advance payments to suppliers	367	(787)
Other, net	63	218
Subtotal	26,914	30,234
Interest and dividends received	258	91
Interest paid	(300)	(189)
Income taxes paid	(7,328)	(8,874)
Net cash provided by (used in) operating activities	19,543	21,261

(Millions of yen)

	For the fiscal year ended October 31, 2020 (From November 1, 2019 to October 31, 2020)	For the fiscal year ended October 31, 2021 (From November 1, 2020 to October 31, 2021)
Cash flows from investing activities:		
Payments into time deposits	(962)	(685)
Proceeds from withdrawal of time deposits	950	1,225
Purchase of property, plant and equipment	(12,011)	(17,994)
Proceeds from sale of property, plant and equipment	238	69
Purchase of intangible assets	(114)	(434)
Purchase of investment securities	(5)	–
Proceeds from sale of investment securities	2	240
Purchase of shares of subsidiaries and associates	(0)	–
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	(5,136)	–
Purchase of securities	(5,000)	–
Proceeds from sale of securities	5,000	–
Loan advances	(271)	(63)
Proceeds from collection of loans receivable	90	517
Payments for acquisition of businesses	(150)	–
Other, net	53	(282)
Net cash provided by (used in) investing activities	(17,314)	(17,407)
Cash flows from financing activities:		
Proceeds from long-term borrowings	11,660	–
Repayments of long-term borrowings	(13,080)	(14,598)
Proceeds from issuance of bonds	900	–
Redemption of bonds	(1,279)	–
Purchase of treasury shares	–	(0)
Proceeds from disposal of treasury shares	246	1,316
Proceeds from share issuance to non-controlling shareholders	9	–
Dividends paid	(2,150)	(3,242)
Repayments of finance lease obligations	(10)	(1)
Net cash provided by (used in) financing activities	(3,704)	(16,526)
Effect of exchange rate change on cash and cash equivalents	42	1098
Net increase (decrease) in cash and cash equivalents	(1,433)	(11,574)
Cash and cash equivalents at beginning of period	69,718	68,285
Cash and cash equivalents at end of period	68,285	56,710

(5) Notes to consolidated financial statements

(Going concern assumption)

Not applicable.

(Segment information)

1. Overview of reportable segment

The reportable segment of the Company are components for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about allocation of resources and assess its performance.

We have business headquarters in head office to manage stores and restaurants as a franchisor of each business, and work on business activities based on comprehensive domestic and overseas strategies for our products and services.

Also, to resolve power shortage by stably supplying safe and reliable energy and address environmental issues including global warming, we engage in the solar power business and the biomass power business in accordance with Feed-in Tariffs (FIT) for renewable energy sources under the “Act on Special Measures concerning the Procurement of Renewable Electric Energy by Operators of Electric Utilities of Japan” enacted on July 1, 2012.

Furthermore, we developed the Cook Innoventure Business to promote the restaurant business through, and provide food products produced by our group companies to, G.communication Group, an operator of approximately 600 restaurants nationwide, by making it a subsidiary of the Company. In the fiscal year ended October 31, 2020, we lost control of Cook Innoventure Co., Ltd. due to the transfer of all of its shares and the retirement of the executives whom we sent to the company. As such, Cook Innoventure Co., Ltd., G.communication Co., Ltd., G.taste Co., Ltd. (presently Yakiniku Sakai Holdings Inc.), and 11 other consolidated subsidiaries, which comprised the Cook Innoventure Business, were excluded from the scope of consolidation on April 1, 2020, the deemed date of sale.

Accordingly, our reportable segments consist of three segments: the Gyomu Super Business to manage Gyomu Super stores as a franchisor (franchise headquarters); the Restaurant & Delicatessen Business to operate restaurants and delicatessen shops directly or as a franchisor; and the Eco Renewable Energy Business to stably supply safe and reliable energy.

2. Method of calculating the amount of net sales, profit or loss, assets, and other items by reportable segment

The accounting standards and methods for the business segments subject to segment reporting are largely identical to the description in “Significant Accounting Policies for the Consolidated Financial Statements.”

Segment profit is the figure on a basis of operating profit.

Intersegment sales or transfers is calculated at prevailing market prices.

3. Information on amounts of net sales, profit or loss, assets, and other items by reportable segment

For the fiscal year ended October 31, 2020 (from November 1, 2019 to October 31, 2020)

(Millions of yen)

	Reportable Segment					Other *1	Total	Adjustment *2	Consolidated
	Gyomu Super Business	Restaurant & Delicatessen Business	Cook Innoventure Business	Eco Renewable Energy Business	Total				
Net sales									
Sales to external customers	320,110	2,508	15,772	2,401	340,793	77	340,870	–	340,870
Intersegment sales or transfers	1,617	130	–	–	1,748	–	1,748	(1,748)	–
Total	321,728	2,639	15,772	2,401	342,541	77	342,618	(1,748)	340,870
Segment profit (loss)	26,449	(68)	379	304	27,065	(98)	26,967	(3,115)	23,851
Segment assets	96,754	2,329	–	15,773	114,856	85	114,942	33,232	148,175
Other items:									
Depreciation*3	2,213	70	386	784	3,454	9	3,463	169	3,632
Increases in property, plant and equipment and intangible assets*3	7,962	253	713	3,421	12,352	44	12,396	492	12,889

*1 The Other businesses are those not classified into any reportable segment, including the rental facilities business and the tourism business.

*2 Details of adjustment are as follows:

(1) The amount of adjustment for net sales represents eliminations of intersegment transactions.

(2) The amount of adjustment for segment profit (loss) of ¥(3,115) million is corporate expenses unallocated to each reportable segment. The expenses are general and administrative expenses unattributable to any reportable segments.

(3) The amount of adjustment for segment assets of ¥33,232 million is corporate assets unattributable to any reportable segments. Most of those assets belong to the Company's administrative departments

(4) The amount of adjustment for depreciation of ¥169 million is the amount of corporate expenses unattributable to any reportable segments.

(5) The amount of adjustment for increases in property, plant and equipment and intangible assets of ¥492 million is an increase in corporate assets unattributable to any reportable segments.

*3 Increases in property, plant and equipment and intangible assets include recognition and amortization of long-term prepaid expenses.

*4 In the fiscal year ended October 31, 2020, Cook Innoventure Co., Ltd., G.communication Co., Ltd., G.taste Co., Ltd. (presently Yakiniku Sakai Holdings Inc.), and 11 other consolidated subsidiaries, which comprised the Cook Innoventure Business were excluded from the scope of consolidation. Accordingly, segment assets as well as net sales, segment profit, and other items (depreciation, increases in property, plant and equipment and intangible assets) of the Business have been unrecorded since the beginning of the third quarter of the fiscal year ended October 31, 2020.

For the fiscal year ended October 31, 2021 (from November 1, 2020 to October 31, 2021)

(Millions of yen)

	Reportable Segment				Other *1	Total	Adjustment *2	Consolidated
	Gyomu Super Business	Restaurant & Delicatessen Business	Eco Renewable Energy Business	Total				
Net sales								
Sales to external customers	355,466	3,889	2,668	362,024	40	362,064	–	362,064
Intersegment sales or transfers	1,742	148	–	1,891	–	1,891	(1,891)	–
Total	357,209	4,038	2,668	363,916	40	363,956	(1,891)	362,064
Segment profit (loss)	31,035	(455)	480	31,060	(52)	31,008	(3,696)	27,311
Segment assets	107,392	3,005	20,773	131,172	141	131,313	25,423	156,737
Other items:								
Depreciation*3	2,950	139	863	3,953	9	3,962	188	4,151
Increases in property, plant and equipment and intangible assets*3	7,040	1,387	5,399	13,827	43	13,871	4,514	18,385

*1 The Other businesses are those not classified into any reportable segment, including the rental facilities business and the tourism business.

*2 Details of adjustment are as follows:

(1) The amount of adjustment for net sales represents eliminations of intersegment transactions.

(2) The amount of adjustment for segment profit (loss) of ¥(3,696) million is corporate expenses unallocated to each reportable segment. The expenses are general and administrative expenses unattributable to any reportable segments.

(3) The amount of adjustment for segment assets of ¥25,423 million is corporate assets unattributable to any reportable segments. The assets are attributable to the Company's administrative departments.

(4) The amount of adjustment for depreciation of ¥188 million is the amount of corporate expenses unattributable to any reportable segments.

(5) The amount of adjustment for increases in property, plant and equipment and intangible assets of ¥4,514 million is an increase in corporate assets unattributable to any reportable segments.

*3 Increases in property, plant and equipment and intangible assets include recognition and amortization of long-term prepaid expense.

*4 In the fiscal year ended October 31, 2020, we lost control of Cook Innoventure Co., Ltd. due to the transfer of all of its shares and the retirement of the executives whom we sent to the company. As such, Cook Innoventure Co., Ltd., G.communication Co., Ltd., G.taste Co., Ltd. (presently Yakiniku Sakai Holdings Inc.), and 11 other consolidated subsidiaries, which comprised the Cook Innoventure Business, were excluded from the scope of consolidation on April 1, 2020, the deemed date of sale.

Also, we reviewed the classification of business segments based on perspectives of our group's business expansion and management control system. Since the beginning of the period under review, the Restaurant & Delicatessen Business has been renamed from the Kobe Cook Business to incorporate the BBQ business, which was previously classified into the Other businesses.

The segment information for the fiscal year ended October 31, 2020 was prepared according to the reportable segments applied to the fiscal year ended October 31, 2021.

(Per share information)

	For the fiscal year ended October 31, 2020 (From November 1, 2019 to October 31, 2020)	For the fiscal year ended October 31, 2021 (From November 1, 2020 to October 31, 2021)
Net assets per share	¥267.42	¥350.49
Basic earnings per share	¥69.86	¥90.48
Diluted earnings per share	¥68.24	¥88.52

(Notes)

- For the purpose of calculating the amount of net assets per share, the number of shares of the Company held by a Board Benefit Trust (176,000 thousand shares (on a post-stock split basis) and 176,000 thousands shares at the end of the previous and current fiscal years, respectively) was included in the number of treasury shares, which was to be deducted from the number of shares issued at the end of the fiscal year.
For the purpose of calculating basic earnings per share and diluted earnings per share, the number of shares of the Company held by the Trust (176,000 thousand shares (on a post-stock split basis) and 176,000 thousands shares at the end of the previous and current fiscal years, respectively) was included in the number of treasury shares, which was to be deducted from the calculation of the average of shares of common shares outstanding during the period.
- As we conducted a 2-for-1 stock split of common shares effective on November 1, 2020, basic earnings per share and diluted earnings per share were calculated based on the assumption that the stock split had been conducted at the beginning of the fiscal year ended October 31, 2020.
- The calculation basis for basic earnings per share and diluted earnings per share are shown as follows.

	For the fiscal year ended October 31, 2020 (From November 1, 2019 to October 31, 2020)	For the fiscal year ended October 31, 2021 (From November 1, 2020 to October 31, 2021)
Basic earnings per share		
Profit attributable to owners of parent (millions of yen)	15,047	19,592
Profit not attributable to common shareholders (millions of yen)	–	–
Profit attributable to common shareholders of parent (millions of yen)	15,047	19,592
Average number of shares of common shares outstanding during the fiscal year (shares)	215,403,790	216,527,896
Diluted earnings per share		
Adjustment to profit attributable to owners of parent (millions of yen)	–	
(Of which, interest expenses after deducting the amount equivalent to taxes) (millions of yen)	–	
Number of shares of common shares to be increased (share)	5,094,130	4,810,911
(Of which, number of share acquisition rights) (share)	(5,094,130)	(4,810,911)
Summary of potentially dilutive shares not included in the calculation of diluted earnings per share due to their anti-dilutive effect	–	–

(Subsequent events)

Not applicable