

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

Consolidated Financial Results for the Fiscal Year Ended October 31, 2022 [Japanese GAAP]



December 13, 2022

Company name: SHOEI FOODS CORPORATION

Stock exchange listing: Tokyo Stock Exchange

Code number: 8079

URL: <https://www.shoeifoods.co.jp/english>

Representative: Ichiro Honda, President and Representative Director

Contact: Kazunori Kano, Director and General Manager, Corporate Planning Div.

Phone: +81-3-3253-1211

Scheduled date of annual general meeting of shareholders: January 27, 2023

Scheduled date of commencing dividend payments: January 30, 2023

Scheduled date of filing annual securities report: January 27, 2023

Availability of supplementary explanatory materials on financial results: Not available

Schedule of financial results briefing session: Not scheduled

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended October 31, 2022 (November 1, 2021 - October 31, 2022)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended October 31, 2022	103,188	—	3,749	(10.3)	4,095	(4.3)	2,788	(0.0)
October 31, 2021	99,631	(0.9)	4,182	(0.3)	4,279	(0.6)	2,789	(0.3)

(Note) Comprehensive income: Fiscal Year Ended October 31, 2022: 5,600 million yen [40.2%]

Fiscal Year Ended October 31, 2021: 3,992 million yen [58.5%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
October 31, 2022	165.63	—	6.0	5.0	3.6
October 31, 2021	165.74	—	6.6	5.5	4.1

(Reference) Share of profit of entities accounted for using equity method:

Fiscal Year Ended October 31, 2022: ¥26 million

Fiscal Year Ended October 31, 2021: ¥19 million

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ) Statement No. 29; March 31, 2020) and relevant standards since the beginning of the current fiscal year. Figures for the fiscal year ended October 31, 2022 are amounts after the application of these accounting standards. Therefore, change in net sales from the corresponding period of the previous fiscal year is not stated.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of October 31, 2022	82,851	49,158	58.2	2,867.08
As of October 31, 2021	78,470	44,352	55.4	2,585.44

(Reference) Equity: As of October 31, 2022: 48,272 million yen

As of October 31, 2021: 43,516 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended October 31, 2022	834	(1,822)	(1,761)	7,867
October 31, 2021	6,306	(4,042)	(2,133)	9,858

2. Dividends

	Annual dividends					Total dividends	Dividend payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
October 31, 2021	—	24.00	—	24.00	48.00	807	28.9	1.9
October 31, 2022	—	24.00	—	24.00	48.00	808	28.9	1.7
Fiscal year ending October 31, 2023 (Forecast)	—	24.00	—	24.00	48.00		40.4	

3. Consolidated Financial Results Forecasts for the Fiscal Year Ending October 31, 2023 (November 1, 2022 - October 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	52,000	(2.3)	2,200	(18.2)	2,200	(21.9)	1,450	(22.2)	86.12
Full year	100,000	(3.0)	3,000	(19.9)	3,000	(26.7)	2,000	(28.2)	118.78

*** Notes:**

- (1) Changes in significant subsidiaries during the period under review: None
(Changes in specified subsidiaries resulting in changes in scope of consolidation):
Newly included: – (), Excluded: – ()
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
1) Changes in accounting policies due to the revision of accounting standards: Yes
2) Changes in accounting policies other than 1) above: None
3) Changes in accounting estimates: None
4) Retrospective restatement: None
- (3) Total number of issued shares (common shares)
1) Total number of issued shares at the end of the period (including treasury shares):
October 31, 2022: 17,100,000 shares
October 31, 2021: 17,100,000 shares

2) Total number of treasury shares at the end of the period:
October 31, 2022: 263,300 shares
October 31, 2021: 268,562 shares

3) Average number of shares during the period:
Fiscal year ended October 31, 2022: 16,834,726 shares
Fiscal year ended October 31, 2021: 16,829,145 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended October 31, 2022 (November 1, 2021 - October 31, 2022)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended								
October 31, 2022	81,890	—	1,839	(25.4)	2,177	(13.8)	1,557	9.8
October 31, 2021	85,511	0.0	2,468	(3.3)	2,527	(2.1)	1,417	(19.0)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Year ended		
October 31, 2022	92.50	—
October 31, 2021	84.23	—

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ) Statement No. 29; March 31, 2020) and relevant standards since the beginning of the current fiscal year. Figures for the fiscal year ended October 31, 2022 are amounts after the application of these accounting standards. Therefore, change in net sales from the corresponding period of the previous fiscal year is not stated.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of October 31, 2022	57,957	28,042	48.3	1,665.54
As of October 31, 2021	58,784	27,080	46.0	1,608.95

(Reference) Equity: As of October 31, 2022: ¥28,042 million
As of October 31, 2021: ¥27,080 million

* These consolidated financial results are outside the scope of audits by certified public accountants or an audit firm.

* Explanation of the proper use of financial results forecasts and other notes

Financial results forecasts and other forward-looking statements contained herein are based on information currently available to the Company and certain assumptions deemed reasonable. Actual results may differ significantly due to various factors. For the assumptions underlying the forecasts herein and cautionary notes regarding the use of these financial results forecasts, please see “(1) Overview of Operating Results for the Fiscal Year under Review” under “1. Overview of Operating Results, etc.” on page 2 of the Attachments.

Table of Contents - Attachments

1. Overview of Operating Results, etc.	2
(1) Overview of Operating Results for the Fiscal Year under Review	2
(2) Overview of Financial Position for the Fiscal Year under Review	3
(3) Overview of Cash Flows for the Fiscal Year under Review	4
(4) Future Outlook	5
2. Basic Policy on Selection of Accounting Standards	5
3. Consolidated Financial Statements and Principal Notes	
(1) Consolidated Balance Sheet	6
(2) Consolidated Statements of Income and Comprehensive Income	8
(3) Consolidated Statement of Changes in Equity	10
(4) Consolidated Statement of Cash Flows	12
(5) Notes to Consolidated Financial Statements	13
(Notes on going concern assumption)	13
(Important matters that form the basis for preparing Consolidated Financial Statements)	13
(Notes on changes in accounting policies)	17
(Notes to Consolidated Balance Sheet)	18
(Notes to Consolidated Statement of Income)	18
(Notes to Consolidated Statement of Comprehensive Income)	20
(Notes to Consolidated Statement of Changes in Equity)	21
(Notes to Consolidated Statement of Cash Flows)	23
(Segment information, etc.)	24
(Per share information)	27
(Significant subsequent events)	27

1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

The Company has applied the “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ) Statement No. 29; March 31, 2020) and relevant standards since the beginning of the fiscal year ended October 31, 2022. Accordingly, in this explanation of the operating results for the fiscal year ended October 31, 2022 (the “fiscal year under review”), changes in amount and percentage changes for net sales from the previous fiscal year are not stated.

(Million yen)

	Fiscal year ended		Change
	October 31, 2021	October 31, 2022	
Net sales	99,631	103,188	—%
Operating profit	4,182	3,749	(10.3)%
Ordinary profit	4,279	4,095	(4.3)%
Profit attributable to owners of parent	2,789	2,788	(0.0)%

During the fiscal year under review, the Japanese economy continued to suffer the effects of the COVID-19 pandemic, and the economic trend remained uncertain as the yen continued to weaken due to interest rate hikes overseas and other factors, and prices of imported raw materials rose. In the food industry, price hikes continued against a backdrop of rising costs of ingredients, raw materials, and energy.

Under these circumstances, the Shoei Foods group focused on expanding sales of value-added products in order to increase the utilization rates of new production facilities, an initiative that we have been actively engaged in over the past several years.

As a result of these efforts, while net sales were negatively impacted by the Revenue Recognition Standard applied from the current fiscal year, consolidated net sales for the fiscal year under review were 103,188 million yen due to strong sales of dried fruits and confectionery ingredients in Japan.

On the profit front, operating profit decreased by 10.3% year on year to 3,749 million yen, ordinary profit decreased by 4.3% to 4,095 million yen, and profit attributable to owners of parent decreased by 0.0% to 2,788 million yen. This was owing to a decline in profit in Japan, due to an increase in depreciation and other fixed costs related to new production facilities actively undertaken in recent years, as well as the rising prices of ingredients and raw materials, despite strong profits in the United States business.

Business results by product category for the fiscal year under review are as follows.

(Million yen)

	Fiscal year ended October 31, 2022	
	Net sales	Composition
Dairy products, oils and fats	32,186	31.2%
Confectionery raw materials	18,105	17.6%
Dried fruits and canned foods	34,913	33.8%
Confectionery and retail products	17,639	17.1%
Other	343	0.3%
Total	103,188	100.0%

Business results by region for the fiscal year under review are as follows.

1) Japan

Although there were negative impacts on net sales in Japan due to the application of the Revenue Recognition Standard, sales were strong in walnuts, almonds, macadamias, pistachios, and other nuts, processed fruit products, and commercial dairy products. As a result, net sales were 93,513 million yen.

Segment profit decreased by 24.8% year on year to 3,179 million yen mainly due to an increase in depreciation and other expenses caused by aggressive capital investment and rising prices for imported ingredients and raw materials.

2) United States

In the United States, the Group's main walnut business saw a fall in the volume of walnuts harvested in 2021, but unit prices rose and domestic sales of prunes and pine nuts also increased. Net sales amounted to 9,619 million yen, boosted by the year-on-year appreciation of the US dollar.

Segment profit increased by 115.7% year on year to 1,105 million yen due to a significant improvement in profit margins for shelled walnuts. This was the result of lower purchase prices from growers, reflecting the decline in the market price of walnuts, and the Group's efforts to improve the efficiency of production. Yen-denominated profit was further boosted by the appreciation of the US dollar against the yen.

3) China

In China, exports of Chinese-grown seeds to Europe and other markets increased and sales of nuts and dried fruits were strong in Hong Kong. These factors, combined with the increase in net sales converted into yen due to the appreciation of the Chinese yuan, resulted in net sales of 7,767 million yen.

Segment loss continued, with a loss of 182 million yen (compared to a loss of 230 million yen in the same period of the previous fiscal year), due to a decrease in exports to Japan, despite factors contributing to an increase in profits such as sales in Hong Kong and sales of processed nut products within China.

(2) Overview of Financial Position of the Fiscal Year under Review

(Assets, liabilities, and net assets)

Total assets as of October 31, 2022 amounted to 82,851 million yen, an increase of 4,381 million yen compared with the end of the previous fiscal year. This was due mainly to increases of 712 million yen in notes and accounts receivable - trade, 4,434 million yen in merchandise and finished goods, 481 million yen in raw materials and supplies, and 200 million yen in advance payments to suppliers, despite a decrease of 1,991 million yen in cash and deposits, resulting in current assets of 51,598 million yen (62.2% of total assets), an increase of 4,580 million yen from the end of the previous fiscal year. Non-current assets fell by 198 million yen compared with the end of the previous fiscal year to 31,253 million yen (37.8% of total assets) due to a decrease of 314 million yen in property, plant and equipment, despite an increase of 104 million yen in investments and other assets.

Total liabilities as of October 31, 2022 amounted to 33,693 million yen (40.7% of total assets), a decrease of 424 million yen compared with the end of the previous fiscal year. This was due mainly to increases of 112 million yen in notes and accounts payable - trade, 3,100 million yen in current portion of long-term borrowings, and 302 million yen in accounts payable - other, despite decreases of 477 million yen in short-term borrowings and 192 million yen in income taxes payable, resulting in current liabilities of 27,090 million yen (32.7% of total assets), an increase of 2,841 million yen from the end of the previous fiscal year. Non-current liabilities fell by 3,265 million yen compared with the end of the previous fiscal year to 6,602 million yen (8.0% of total assets) due to a decrease of 3,251 million yen in long-term borrowings.

Total net assets as of October 31, 2022 amounted to 49,158 million yen (59.3% of total assets), an

increase of 4,806 million yen compared with the end of the previous fiscal year. This was due mainly to increases of 1,980 million yen in retained earnings, 319 million yen in deferred gains or losses on hedges, and 2,595 million yen in foreign currency translation adjustment, despite a decrease of 131 million yen in valuation difference on available-for-sale securities.

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents (hereinafter referred to as “cash”) at the end of the fiscal year under review amounted to 7,867 million yen, a decrease of 1,991 million yen from the end of the previous fiscal year.

The status of cash flows and contributing factors for the fiscal year under review are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 834 million yen (a decrease of 5,472 million yen year on year). This was mainly attributable to profit before income taxes of 4,098 million yen, depreciation of 2,965 million yen, interest expenses of 119 million yen, an increase in trade receivables of 282 million yen, an increase in inventories of 4,227 million yen, an increase in trade payables of 278 million yen, interest and dividends received of 107 million yen, interest paid of 126 million yen, and income taxes paid of 1,499 million yen.

The main factors behind the year-on-year decrease in net cash were a decrease in profit before income taxes of 163 million yen, an increase in trade receivables of 583 million yen, an increase in inventories of 3,997 million yen, and a decrease in trade payables of 672 million yen, despite a net cash inflow due to an increase in depreciation of 237 million yen and a decrease in income taxes paid of 201 million yen.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 1,822 million yen (a decrease of 2,220 million yen year on year). This was mainly attributable to purchase of property, plant and equipment.

The main factor behind the year-on-year decrease in net cash used was a decrease of 2,139 million yen in purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities amounted to 1,761 million yen (a decrease of 372 million yen year on year). This was mainly attributable to repayments of short-term borrowings of 746 million yen, repayments of long-term borrowings of 151 million yen, and dividends paid of 808 million yen.

The main factors behind the year-on-year decrease in net cash used were an increase in proceeds from short-term borrowings of 272 million yen and a decrease in repayments of long-term borrowings of 2,998 million yen, despite a net cash outflow due to a decrease of 2,900 million yen in proceeds from long-term borrowings.

(Reference) Cash flow indicators

	Fiscal year ended October 31, 2018	Fiscal year ended October 31, 2019	Fiscal year ended October 31, 2020	Fiscal year ended October 31, 2021	Fiscal year ended October 31, 2022
Equity ratio (%)	53.2	51.7	52.7	55.4	58.2
Equity ratio based on market value (%)	103.0	71.3	83.1	84.1	83.4
Cash flow to interest-bearing debt ratio (years)	35.0	2.6	3.2	2.8	20.5
Interest coverage ratio (times)	2.8	39.1	30.5	47.5	6.5

(Note) Equity ratio: Equity / Total assets

Equity ratio based on market value: Market capitalization / Total assets

Cash flow to interest-bearing debt ratio: Interest-bearing debt / Operating cash flow

Interest coverage ratio: Operating cash flow / Interest payments

* All indicators are calculated based on consolidated financial figures.

* Market capitalization is calculated by multiplying the closing stock price at the end of the fiscal year by the number of issued shares (less treasury shares) at the end of the fiscal year.

* Operating cash flow is the cash flows from operating activities in the Consolidated Statement of Cash Flows. Interest-bearing debt refers to all liabilities on the Consolidated Balance Sheet on which interest is paid. Interest payments are based on the amount of interest paid in the Consolidated Statement of Cash Flows.

(4) Future Outlook

The COVID-19 pandemic is finally showing signs of coming to an end due to the progress in vaccinations. At the end of the year, overseas travel is being resumed. On the other hand, the global geopolitical situation is undergoing a major transformation, as evidenced by the military invasion of Ukraine by Russia in February and China's continued stance toward unification with Taiwan.

Against these backdrops, energy and food prices have soared, and there are concerns over major inflation worldwide. The economic environment surrounding the Group is expected to remain uncertain due to the significant expansion of fluctuations in foreign exchange markets resulting from monetary policies such as interest rate changes to curb inflation.

Under these circumstances, the Group will continue to strive to expand sales of value-added products in order to increase the utilization rate of new production facilities and large-scale capital investment, an initiative we have been actively engaged in over the past several years. In addition, the Group will strive for stable procurement of safe and reliable foods and further strengthen our response to customer needs while coping with climate change and fluctuations in foreign exchange rates.

For the fiscal year ending October 31, 2023, we expect consolidated net sales to be 100 billion yen, down 3.0% year on year. However, since it will take time to pass on higher ingredient and raw material procurement costs and energy costs to selling prices, we forecast an operating profit of 3,000 million yen (down 19.9% year on year) and ordinary profit of 3,000 million yen (down 26.7% year on year) and profit attributable to owners of parent of 2,000 million yen (down 28.2% year on year).

2. Basic Policy on Selection of Accounting Standards

The Group prepares its consolidated financial statements in accordance with Japanese GAAP in order to ensure comparability of the consolidated financial statements from period to period and with other companies.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheet

(Thousand yen)

	As of October 31, 2021	As of October 31, 2022
Assets		
Current assets		
Cash and deposits	9,858,617	7,867,293
Notes and accounts receivable - trade	19,572,827	20,285,365
Merchandise and finished goods	13,185,583	17,619,921
Work in process	971,824	1,017,000
Raw materials and supplies	2,261,913	2,743,091
Advance payments to suppliers	384,001	584,685
Other	787,025	1,485,059
Allowance for doubtful accounts	(3,151)	(3,626)
Total current assets	47,018,641	51,598,792
Non-current assets		
Property, plant and equipment		
Buildings and structures	25,924,935	26,747,812
Accumulated depreciation	(11,775,212)	(13,075,577)
Buildings and structures, net	14,149,722	13,672,234
Machinery, equipment and vehicles	26,508,318	28,409,357
Accumulated depreciation	(19,851,523)	(21,812,278)
Machinery, equipment and vehicles, net	6,656,795	6,597,078
Tools, furniture and fixtures	1,474,410	1,579,025
Accumulated depreciation	(1,147,493)	(1,245,001)
Tools, furniture and fixtures, net	326,917	334,023
Land	3,512,613	3,535,308
Leased assets	216,135	166,167
Accumulated depreciation	(116,621)	(105,239)
Leased assets, net	99,514	60,927
Construction in progress	229,261	350,932
Other	309,084	439,751
Accumulated depreciation	(67,986)	(88,642)
Other, net	241,097	351,109
Total property, plant and equipment	25,215,921	24,901,613
Intangible assets		
Software	132,870	127,268
Other	134,727	151,971
Total intangible assets	267,598	279,239
Investments and other assets		
Investment securities	3,725,638	3,569,486
Insurance premium	81,240	25,249
Deferred tax assets	303,749	232,256
Long-term advance account	1,564,579	1,945,050
Other	536,803	390,976
Allowance for doubtful accounts	(243,853)	(90,794)
Total investments and other assets	5,968,158	6,072,223
Total non-current assets	31,451,677	31,253,077
Total assets	78,470,319	82,851,870

(Thousand yen)

	As of October 31, 2021	As of October 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,467,220	10,579,403
Short-term borrowings	9,281,839	8,803,952
Current portion of long-term borrowings	151,476	3,251,476
Accounts payable - other	1,796,380	2,098,822
Income taxes payable	580,664	388,111
Provision for bonuses	915,651	918,285
Provision for bonuses for directors (and other officers)	12,187	10,767
Other	1,044,235	1,039,897
Total current liabilities	24,249,654	27,090,716
Non-current liabilities		
Long-term borrowings	8,289,609	5,038,133
Deferred tax liabilities	193,593	174,558
Retirement benefit liability	851,830	924,580
Provision for retirement benefits for directors (and other officers)	105,315	79,499
Other	427,870	385,708
Total non-current liabilities	9,868,219	6,602,479
Total liabilities	34,117,874	33,693,195
Net assets		
Shareholders' equity		
Share capital	3,379,736	3,379,736
Capital surplus	3,051,419	3,055,283
Retained earnings	35,360,808	37,341,125
Treasury shares	(928,559)	(910,568)
Total shareholders' equity	40,863,404	42,865,576
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,678,687	1,546,959
Deferred gains or losses on hedges	103,139	422,721
Foreign currency translation adjustment	953,655	3,548,784
Remeasurements of defined benefit plans	(82,210)	(111,845)
Total accumulated other comprehensive income	2,653,271	5,406,620
Non-controlling interests	835,769	886,477
Total net assets	44,352,445	49,158,674
Total liabilities and net assets	78,470,319	82,851,870

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statement of Income

(Thousand yen)

	For the fiscal year ended October 31, 2021	For the fiscal year ended October 31, 2022
Net sales	99,631,156	103,188,411
Cost of sales	83,058,225	86,583,698
Gross profit	16,572,931	16,604,713
Selling, general and administrative expenses		
Packing and transportation costs	3,289,183	3,379,163
Packing and warehousing expenses	1,212,546	1,129,050
Employees' salaries and allowances	3,218,621	3,391,482
Provision for bonuses	484,192	476,473
Provision for bonuses for directors (and other officers)	9,957	10,767
Retirement benefit expenses	195,406	209,075
Provision for retirement benefits for directors (and other officers)	19,185	17,113
Travel and transportation expenses	178,759	201,842
Rent expenses	535,765	535,516
Taxes and dues	84,324	94,564
Other	3,162,504	3,410,557
Total selling, general and administrative expenses	12,390,447	12,855,607
Operating profit	4,182,484	3,749,105
Non-operating income		
Interest income	8,609	13,188
Dividend income	70,947	78,249
Foreign exchange gains	—	217,391
Share of profit of entities accounted for using equity method	19,732	26,592
Insurance claim income	75,132	1,796
Other	130,614	136,788
Total non-operating income	305,036	474,007
Non-operating expenses		
Interest expenses	134,587	119,799
Foreign exchange losses	1,393	—
Compensation expenses	58,440	—
Other	13,507	8,210
Total non-operating expenses	207,929	128,009
Ordinary profit	4,279,591	4,095,103
Extraordinary income		
Gain on sale of non-current assets	25,835	45,888
Gain on sale of investment securities	0	—
Total extraordinary income	25,836	45,888
Extraordinary losses		
Expenses on dismantlement of noncurrent assets	6,500	—
Loss on retirement of non-current assets	35,920	27,937
Loss on sale of non-current assets	1,420	14,529
Total extraordinary losses	43,840	42,466
Profit before income taxes	4,261,587	4,098,525
Income taxes - current	1,381,483	1,296,231
Income taxes - deferred	37,366	(45,667)
Total income taxes	1,418,849	1,250,564
Profit	2,842,737	2,847,961
Profit attributable to non-controlling interests	53,377	59,605
Profit attributable to owners of parent	2,789,359	2,788,355

Consolidated Statement of Comprehensive Income

(Thousand yen)

	For the fiscal year ended October 31, 2021	For the fiscal year ended October 31, 2022
Profit	2,842,737	2,847,961
Other comprehensive income		
Valuation difference on available-for-sale securities	264,676	(132,238)
Deferred gains or losses on hedges	150,997	319,582
Foreign currency translation adjustment	773,355	2,595,128
Remeasurements of defined benefit plans, net of tax	(38,930)	(29,634)
Total other comprehensive income	1,150,099	2,752,837
Comprehensive income	3,992,836	5,600,799
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,936,935	5,541,704
Comprehensive income attributable to non-controlling interests	55,900	59,094

(3) Consolidated Statement of Changes in Equity

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

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,379,736	3,048,959	33,379,214	(949,422)	38,858,488
Changes during period					
Dividends of surplus			(807,765)		(807,765)
Profit attributable to owners of parent			2,789,359		2,789,359
Purchase of treasury shares				(501)	(501)
Disposal of treasury shares		2,459		21,364	23,823
Net changes in items other than shareholders' equity					—
Total changes during period	—	2,459	1,981,593	20,862	2,004,916
Balance at end of period	3,379,736	3,051,419	35,360,808	(928,559)	40,863,404

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,416,533	(47,858)	180,300	(43,280)	1,505,694	788,140	41,152,323
Changes during period							
Dividends of surplus							(807,765)
Profit attributable to owners of parent							2,789,359
Purchase of treasury shares							(501)
Disposal of treasury shares							23,823
Net changes in items other than shareholders' equity	262,153	150,997	773,355	(38,930)	1,147,576	47,629	1,195,205
Total changes during period	262,153	150,997	773,355	(38,930)	1,147,576	47,629	3,200,121
Balance at end of period	1,678,687	103,139	953,655	(82,210)	2,653,271	835,769	44,352,445

For the fiscal year ended October 31, 2022 (from November 1, 2021 to October 31, 2022)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,379,736	3,051,419	35,360,808	(928,559)	40,863,404
Changes during period					
Dividends of surplus			(808,039)		(808,039)
Profit attributable to owners of parent			2,788,355		2,788,355
Purchase of treasury shares				(1,426)	(1,426)
Disposal of treasury shares		3,864		19,417	23,282
Net changes in items other than shareholders' equity					
Total changes during period	—	3,864	1,980,316	17,991	2,002,172
Balance at end of period	3,379,736	3,055,283	37,341,125	(910,568)	42,865,576

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,678,687	103,139	953,655	(82,210)	2,653,271	835,769	44,352,445
Changes during period							
Dividends of surplus							(808,039)
Profit attributable to owners of parent							2,788,355
Purchase of treasury shares							(1,426)
Disposal of treasury shares							23,282
Net changes in items other than shareholders' equity	(131,727)	319,582	2,595,128	(29,634)	2,753,348	50,708	2,804,057
Total changes during period	(131,727)	319,582	2,595,128	(29,634)	2,753,348	50,708	4,806,229
Balance at end of period	1,546,959	422,721	3,548,784	(111,845)	5,406,620	886,477	49,158,674

(4) Consolidated Statement of Cash Flows

(Thousand yen)

	For the fiscal year ended October 31, 2021	For the fiscal year ended October 31, 2022
Cash flows from operating activities		
Profit before income taxes	4,261,587	4,098,525
Depreciation	2,727,922	2,965,064
Expenses on dismantlement of noncurrent assets	6,500	—
Increase (decrease) in allowance for doubtful accounts	87,736	(4,160)
Increase (decrease) in retirement benefit liability	16,423	30,048
Increase (decrease) in provision for retirement benefits for directors (and other officers)	15,122	(25,816)
Interest and dividend income	(79,556)	(91,438)
Interest expenses	134,587	119,799
Loss (gain) on sale of non-current assets	(24,415)	(31,359)
Foreign exchange losses (gains)	(34,097)	(99,747)
Decrease (increase) in trade receivables	301,126	(282,544)
Decrease (increase) in inventories	(229,943)	(4,227,209)
Increase (decrease) in trade payables	394,565	(278,000)
Other, net	464,750	180,401
Subtotal	8,042,310	2,353,563
Interest and dividends received	98,775	107,059
Interest paid	(132,576)	(126,762)
Income taxes paid	(1,701,517)	(1,499,657)
Net cash provided by (used in) operating activities	6,306,993	834,203
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,053,083)	(1,913,739)
Proceeds from sale of property, plant and equipment	98,983	126,251
Purchase of investment securities	(21,748)	(23,036)
Other, net	(67,150)	(12,169)
Net cash provided by (used in) investing activities	(4,042,998)	(1,822,692)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,019,130)	(746,954)
Proceeds from long-term borrowings	2,900,000	—
Repayments of long-term borrowings	(3,150,258)	(151,476)
Purchase of treasury shares	(501)	(1,426)
Repayments of lease liabilities	(48,058)	(45,442)
Dividends paid	(807,765)	(808,039)
Dividends paid to non-controlling interests	(8,271)	(8,385)
Net cash provided by (used in) financing activities	(2,133,986)	(1,761,725)
Effect of exchange rate change on cash and cash equivalents	301,751	758,891
Net increase (decrease) in cash and cash equivalents	431,759	(1,991,323)
Cash and cash equivalents at beginning of period	9,426,858	9,858,617
Cash and cash equivalents at end of period	9,858,617	7,867,293

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Important matters that form the basis for preparing Consolidated Financial Statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 10

Names of consolidated subsidiaries:

Tsukuba Dairy Products Co., Ltd., Kyo Marron Co., Ltd., Robinia Corporation, Iwasa Corporation, ShoEi Delicy Corporation, ShoEi Foods (U.S.A.), Inc., ShoEi Foods Qingdao Co., Ltd., Yanji ShoEi Foods Co., Ltd., ShoEi International Trading Shanghai Co., Ltd., ShoEi International Trading Hong Kong Co., Ltd.

(2) Names of principal non-consolidated subsidiaries

Kondo Flour Mills Co., Ltd.

(Reason for exclusion from scope of consolidation)

The Company's three non-consolidated subsidiaries are excluded from the scope of consolidation, because they are small companies and their combined total assets, net sales, profit/loss (the amount corresponding to equity), and retained earnings (the amount corresponding to equity) do not have a material impact on the consolidated financial statements.

2. Application of equity method

Number of non-consolidated subsidiaries accounted for by the equity method: 3

Names of principal companies:

Kondo Flour Mills Co., Ltd.

3. Fiscal year of consolidated subsidiaries

The following are the consolidated subsidiaries whose closing dates differ from the consolidated closing date.

<u>Company name</u>	<u>Closing date</u>
Tsukuba Dairy Products Co., Ltd.	March 31 *1
ShoEi Foods (U.S.A.), Inc.	September 30 *2
Iwasa Corporation	August 31 *2
ShoEi Foods Qingdao Co., Ltd.	December 31 *1
Yanji ShoEi Foods Co., Ltd.	December 31 *1
ShoEi International Trading Shanghai Co., Ltd.	December 31 *1
ShoEi International Trading Hong Kong Co., Ltd.	December 31 *1

*1 Provisional financial statements as of September 30, 2022 were used, and adjustments necessary for consolidation were made for significant transactions that occurred between September 30, 2022 and the consolidated closing date.

*2 Since the difference from the consolidated closing date does not exceed three months, the financial statements of the consolidated subsidiaries for their fiscal years were used, and adjustments necessary for consolidation were made for significant transactions that occurred between their respective closing date and the consolidated closing date.

4. Accounting policies

(1) Basis and method of valuation of significant assets

a. Securities

Available-for-sale securities

Securities other than shares, etc., which do not have a market price

Fair value method

(Valuation difference are included directly in net assets, and the cost of securities sold is determined by the moving average method.)

Shares, etc., which do not have a market price

Mainly stated at cost determined by the moving average method

b. Derivatives

Fair value method

c. Inventories

Inventories held for sale in the ordinary course of business

Mainly stated at cost determined by the first-in, first-out method (balance sheet values are calculated by writing down the book value of assets which decreased in profitability)

(2) Depreciation method for significant depreciable assets

a. Property, plant and equipment (excluding leased assets)

The Company and its domestic consolidated subsidiaries use the declining balance method, while its foreign consolidated subsidiaries use the straight-line method.

(However, the Company and its domestic consolidated subsidiaries use the straight-line method for buildings (excluding building fixtures) acquired on or after April 1, 1998 and for building fixtures and structures acquired on or after April 1, 2016.)

The principal useful lives are as follows:

Buildings and structures	8 to 50 years
--------------------------	---------------

Machinery, equipment and vehicles	2 to 10 years
-----------------------------------	---------------

b. Intangible assets (excluding leased assets)

Software: Straight-line method based on the estimated usable period (5 years) within the Company

c. Other non-current assets

Straight-line method

d. Leased assets

Finance lease transactions that do not transfer ownership

The straight-line method is used, where the lease period is deemed as the useful life and the residual value is set at zero.

(3) Basis for significant provisions

a. Allowance for doubtful accounts

In order to prepare for probable losses on collection, allowance for doubtful accounts such as ordinary receivables is provided based on the historical write-off ratio, and that for specific receivables such as doubtful receivables is provided taking into account individual collectability.

b. Provision for bonuses

To provide for the payment of bonuses to employees, an amount accrued for the fiscal year under review among the estimated future payments is recorded.

c. Provision for bonuses for directors (and other officers)

To provide for the payment of bonuses to officers, an estimated amount of bonuses based on the estimated amount of payment is recorded.

d. Provision for retirement benefits for directors (and other officers)

Certain consolidated subsidiaries provide for the payment of retirement benefits to directors and officers based on the amount payable at the end of the fiscal year under review, in accordance with the rules for directors' and officers' retirement benefits (internal rules).

(4) Method of accounting for retirement benefits

a. Method of attributing estimated retirement benefits to periods

In calculating retirement benefit obligations, the estimated amount of retirement benefits is attributed to the period up to the end of the fiscal year under review based on the benefit calculation method.

b. Method of amortizing actuarial gains and losses

Actuarial gains and losses are amortized by the straight-line method over a fixed number of years (mainly 5 years) within the average remaining service period of employees at the time of occurrence in each consolidated fiscal year, with the amount prorated from the following consolidated fiscal year of occurrence.

c. Adoption of the simplified method for small companies

Consolidated subsidiaries adopt the simplified method for the calculation of retirement benefit liability and retirement benefit expenses, using the amount payable at the end of the fiscal year due to voluntary termination as the retirement benefit obligations.

(5) Basis for recognition of significant revenues and expenses

The Group is engaged in the sale of raw ingredient dairy products, oils, and fats; confectionery ingredients; dried fruits and nuts; canned foods; and confectionery and retail products.

In the sale of products to domestic customers, performance obligations are deemed to have been satisfied at the time the products are inspected and accepted based on the sales contracts with the customers, and revenue is recognized at that point in time. However, given that the timeframe from the time of dispatch of the products to the time at which control of the products is transferred to the customer is within the normal timeframe, revenue from such products is recognized at the time of dispatch.

In the sale of products to overseas customers, performance obligations are deemed to have been satisfied at the time of shipment, and revenue is recognized at that point in time.

For transactions in which the promise with the customer is deemed to be a performance obligation to arrange for the provision of goods or services through another party, because the role of the Group is deemed to be an agent, the Group recognizes revenue on a net basis.

Regarding sell-buy transactions (transactions where the Company buys raw materials from a counterparty and sells back products made using the raw materials to the counterparty), the Group recognizes the net value of processing as revenue.

Additionally, revenue is recognized as the consideration promised in the contract with customers, less amounts such as rebates.

Considerations from transactions are received within one year from the recognition of revenue, and contain no significant financial components.

(6) Translation of significant assets and liabilities denominated in foreign currencies into yen

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the spot exchange rates prevailing on the consolidated closing date, with translation differences recognized as gains or losses. Assets and liabilities, and revenues and expenses of overseas subsidiaries are translated into yen at the spot exchange rates in effect at the closing date of the overseas subsidiaries, and translation adjustments are included in foreign currency translation adjustment in net assets.

(7) Significant hedge accounting methods

a. Hedge accounting method

Deferred hedge accounting is applied. Allocation treatment is applied to foreign currency-denominated monetary receivables and payables with forward foreign exchange contracts, etc., and special treatment is applied to interest rate swaps that meet the conditions for special treatment.

b. Hedging instruments and hedged items

<u>Hedging instruments</u>	<u>Hedged items</u>
Forward exchange contracts ·····	Receivables and payables denominated in foreign currencies and forecasted transactions denominated in foreign currencies
Interest rate swaps ·····	Interest on borrowings

c. Hedging policy

The Company's policy is to use hedging instruments to avoid risks from fluctuations in foreign currency exchange rates within the scope of hedged items.

d. Method of evaluating the effectiveness of hedging

At the end of each month, the Finance & Accounting Department of the Company monitors and manages the correspondence between the balance of hedging instruments and the balance of foreign currency-denominated receivables and payables of transactions that are owned or scheduled to be acquired in the future, which are the hedged items. However, the assessment of effectiveness is omitted for interest rate swaps for which special treatment is applied.

(8) Scope of cash and cash equivalents in the Consolidated Statement of Cash Flows

Cash and cash equivalents consist of cash on hand, deposits that can be withdrawn on demand, and short-term investments with maturities of three months or less at the time of acquisition that are readily convertible into cash and are exposed to insignificant risk of changes in value.

(9) Other important matters for preparation of consolidated financial statements

a. Accounting for consumption taxes

Consumption tax and local consumption tax are accounted for by the tax exclusion method.

b. Application of consolidated taxation system

The consolidated taxation system is applied.

c. Application of tax effect accounting for the transition from a consolidated taxation system to a group tax sharing system

The Company and some of its domestic consolidated subsidiaries will shift from the consolidated taxation system to the group tax sharing system effective from the next fiscal year. However, with respect to the transition to the group tax sharing system established by the "Act Partially Amending the Income Tax Act, etc." (Act No. 8 of 2020) and items for which the non-consolidated taxation system was revised in conjunction with the transition to the group tax sharing system, the Company and some domestic consolidated subsidiaries have not applied the provisions of Paragraph 44 of the "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28; February 16, 2018), but have based the amount of deferred tax assets and deferred tax liabilities on the provisions of the tax law before the revision, in accordance with the treatment in Paragraph 3 of the "Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (Practical Solution No. 39; March 31, 2020).

From the beginning of the next fiscal year, the Group plans to apply the "Practical Solution on the Accounting and Disclosure under the Group Tax Sharing System" (Practical Solution No. 42; August 12, 2021), which stipulates the accounting procedures and disclosure for income and local taxes and tax effect accounting when the group tax sharing system is applied.

(Notes on changes in accounting policies)

(Application of the Accounting Standard for Revenue Recognition)

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29; March 31, 2020; hereinafter, the “Revenue Recognition Standard”) and relevant standards from the beginning of the fiscal year under review. Revenue is recognized in the amount expected to be received in exchange for promised goods or services when control of said goods or services is transferred to the customer. The main changes as a result of this application are as follows.

- For transactions in which the promise with the customer is deemed to be a performance obligation to arrange for the provision of goods or services through another party, because the role of the Group is deemed to be an agent, revenue recognition has been changed to a method of recognizing revenue on a net basis.
- Regarding sell-buy transactions (transactions where the Company buys raw materials from a counterparty and sells back products made using the raw materials to the counterparty), previously, net sales and cost of sales were recorded as gross amounts, but this has been changed to a method of recognizing only the net value of processing as revenue.
- Regarding buy-sell transactions (transactions where the Company sells raw materials to a counterparty and buys back products made using the raw materials from the counterparty), previously, extinguishment was recognized for the supplied goods, but in cases where there is an obligation to buy back the supplied products, this has been changed to a method of not recognizing extinguishment of those supplied products.

The Group applies the Revenue Recognition Standard and relevant standards in accordance with the transitional treatment set forth in the proviso to Paragraph 84 of the Revenue Recognition Standard. The cumulative effect of the retrospective application of the new accounting policy prior to the beginning of the fiscal year under review has been adjusted to retained earnings at the beginning of the fiscal year, and the new accounting policy has been applied from the balance at the beginning of the fiscal year.

As a result, net sales and cost of sales for the fiscal year under review have each decreased by 6,033,763 thousand yen, but there is no effect on operating profit, ordinary profit, or profit before income taxes. There is also no effect on the balance of retained earnings at the beginning of the fiscal year under review.

There is no effect on the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the fiscal year under review.

(Application of the Accounting Standard for Fair Value Measurement)

The Group has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30; July 4, 2019; hereinafter, the “Fair Value Measurement Standard”) and relevant standards since the beginning of the fiscal year under review. In accordance with the transitional treatment set forth in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10; July 4, 2019), the Group will prospectively apply the new accounting policies set forth in the Fair Value Measurement Standard and relevant standards. There is no impact on the consolidated financial statements.

(Notes to Consolidated Balance Sheet)

*1 The amounts related to non-consolidated subsidiaries and affiliated companies are as follows.

	(Thousand yen)	
	As of October 31, 2021	As of October 31, 2022
Investment securities (shares)	246,121	257,113

*2 Assets pledged as collateral are as follows.

	(Thousand yen)			
	As of October 31, 2021		As of October 31, 2022	
Buildings and structures	538,108	(538,108)	530,046	(530,046)
Land	141,940	(141,940)	141,940	(141,940)
Total	680,048	(680,048)	671,986	(671,986)

The liabilities corresponding to the above assets are as follows.

	(Thousand yen)			
	As of October 31, 2021		As of October 31, 2022	
Short-term borrowings	750,000	(750,000)	530,000	(530,000)
Current portion of long-term borrowings	151,476	(151,476)	151,476	(151,476)
Long-term borrowings	689,609	(689,609)	538,133	(538,133)
Total	1,591,085	(1,591,085)	1,219,609	(1,219,609)

The figures in parentheses above indicate mortgages of the factory foundation and its liabilities. In addition to the above, investment securities of 32,994 thousand yen in the fiscal year under review (28,782 thousand yen in the previous fiscal year), are pledged as collateral to guarantee transactions.

(Notes to Consolidated Statement of Income)

*1 Revenue from contracts with customers

The company does not separate revenues from contracts with customers and other revenues in the Consolidated Statement of Income. The amounts of revenues from contracts with customers are presented in Notes (Segment information, etc.).

*2 The year-end inventory is the amount after devaluation of the book value in accordance with the decline in profitability, and the following loss on valuation of inventories is included in the cost of sales.

	(Thousand yen)	
	For the fiscal year ended October 31, 2021	For the fiscal year ended October 31, 2022
Cost of sales	8,913	71,133

*3 Details of gain on sale of non-current assets are as follows.

(Thousand yen)

	For the fiscal year ended October 31, 2021	For the fiscal year ended October 31, 2022
Buildings and structures	10,758	43,909
Machinery, equipment and vehicles	633	1,979
Land	14,444	—
Total	25,835	45,888

*4 Details of loss on retirement of non-current assets are as follows.

(Thousand yen)

	For the fiscal year ended October 31, 2021	For the fiscal year ended October 31, 2022
Buildings and structures	25,480	1,882
Machinery, equipment and vehicles	9,267	19,080
Tools, furniture and fixtures	1,172	597
Other	—	6,375
Total	35,920	27,937

*5 Details of loss on sale of non-current assets are as follows.

(Thousand yen)

	For the fiscal year ended October 31, 2021	For the fiscal year ended October 31, 2022
Machinery, equipment and vehicles	1,319	210
Tools, furniture and fixtures	101	133
Land	—	14,186
Total	1,420	14,529

(Notes to Consolidated Statement of Comprehensive Income)

* Reclassification adjustments and tax effects related to other comprehensive income

(Thousand yen)

	For the fiscal year ended October 31, 2021	For the fiscal year ended October 31, 2022
Valuation difference on available-for-sale securities		
Amount incurred during period	380,434	(190,146)
Reclassification adjustments	0	0
Before tax effect adjustment	380,434	(190,146)
Tax effects	(115,757)	57,908
Valuation difference on available-for-sale securities	264,676	(132,238)
Deferred gains or losses on hedges		
Amount incurred during period	217,576	460,493
Before tax effect adjustment	217,576	460,493
Tax effects	(66,578)	(140,910)
Deferred gains or losses on hedges	150,997	319,582
Foreign currency translation adjustment		
Amount incurred during period	773,355	2,595,128
Remeasurements of defined benefit plans, net of tax		
Amount incurred during period	(71,941)	(72,934)
Reclassification adjustments	15,845	30,233
Before tax effect adjustment	(56,095)	(42,700)
Tax effects	17,165	13,066
Remeasurements of defined benefit plans, net of tax	(38,930)	(29,634)
Total other comprehensive income	1,150,099	2,752,837

(Notes to Consolidated Statement of Changes in Equity)

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

1. Matters related to issued shares

Type of shares	Beginning of period	Increase	Decrease	End of period
Common stock (shares)	17,100,000	—	—	17,100,000

2. Matters related to treasury shares

Type of shares	Beginning of period	Increase	Decrease	End of period
Common stock (shares)	274,615	127	6,180	268,562

(Summary of reasons for fluctuations)

Breakdown of increase is as follows:

Increase due to purchase of shares less than one unit 127 shares

Breakdown of decrease is as follows:

Decrease due to disposal of treasury shares for paying stock-based compensation with transfer restriction

6,180 shares

3. Matters related to dividends

(1) Dividends paid

Resolution	Class of shares	Total amount of dividends (thousand yen)	Dividend per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on January 28, 2021	Common shares	403,809	24.0	October 31, 2020	January 29, 2021
Board of Directors meeting held on June 14, 2021	Common shares	403,956	24.0	April 30, 2021	July 9, 2021

(2) Dividends with a record date in the fiscal year under review and an effective date in the following fiscal year

Resolution	Class of shares	Source of dividend	Total amount of dividends (thousand yen)	Dividend per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on January 28, 2022	Common shares	Retained earnings	403,954	24.0	October 31, 2021	January 31, 2022

For the fiscal year ended October 31, 2022 (from November 1, 2021 to October 31, 2022)

1. Matters related to issued shares

Type of shares	Beginning of period	Increase	Decrease	End of period
Common stock (shares)	17,100,000	—	—	17,100,000

2. Matters related to treasury shares

Type of shares	Beginning of period	Increase	Decrease	End of period
Common stock (shares)	268,562	355	5,617	263,300

(Summary of reasons for fluctuations)

Breakdown of increase is as follows:

Increase due to purchase of shares less than one unit 355 shares

Breakdown of decrease is as follows:

Decrease due to disposal of treasury shares for paying stock-based compensation with transfer restriction

5,617 shares

3. Matters related to dividends

(1) Dividends paid

Resolution	Class of shares	Total amount of dividends (thousand yen)	Dividend per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on January 28, 2022	Common shares	403,954	24.0	October 31, 2021	January 31, 2022
Board of Directors meeting held on June 13, 2022	Common shares	404,085	24.0	April 30, 2022	July 8, 2022

(2) Dividends with a record date in the fiscal year under review and an effective date in the following fiscal year

Resolution	Class of shares	Source of dividend	Total amount of dividends (thousand yen)	Dividend per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders to be held on January 27, 2023	Common shares	Retained earnings	404,080	24.0	October 31, 2022	January 30, 2023

(Notes to Consolidated Statement of Cash Flows)

* Reconciliation of cash and cash equivalents at the end of the period and the amount reported in the Consolidated Balance Sheet

	(Thousand yen)	
	For the fiscal year ended October 31, 2021	For the fiscal year ended October 31, 2022
Cash and deposits	9,858,617	7,867,293
Cash and cash equivalents	9,858,617	7,867,293

(Segment information, etc.)

[Segment information]

1. Overview of reportable segments

The Company's reportable segments are components of the Group which separate financial information is available for and are subject to periodic review by the Board of Directors for the purpose of determining the allocation of management resources and evaluating performance.

The Group mainly produces and sells processed foods such as confectionery ingredients, nuts, and dried fruits. The Company and its domestic subsidiaries cover the Japanese market, and local subsidiaries in the United States and China cover their respective markets overseas. Local subsidiaries are independent management units and formulate their own strategies as members of the Group for the products they handle, taking advantage of the characteristics of each region and engaging in their business activities.

Therefore, the Group consists of three reportable segments, "Japan," the "United States," and "China," which are based on production and sales systems and are classified by region.

2. Calculation of net sales, profit or loss, assets, liabilities, and other items by reportable segment

The accounting method for reported business segments is generally the same as that described in "Important matters that form the basis for preparing Consolidated Financial Statements."

Inter-segment net sales or transfers are generally based on prevailing market prices.

Segment profit (loss) is operating profit (loss).

(Application of the Accounting Standard for Revenue Recognition)

As described in "Notes on changes in accounting policies," the Accounting Standard for Revenue Recognition and relevant standards have been applied since the beginning of the fiscal year under review. As such, the method of accounting for revenue recognition has been changed. Accordingly, the method of calculating segment profit or loss has likewise been changed.

Due to these changes, compared with the previous method, net sales in the Japan segment for the fiscal year under review decreased by 6,033,763 thousand yen, but there was no impact on the segment profit.

3. Information on net sales, profit (loss), assets, liabilities, and other items by reportable segment

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

(Thousand yen)

	Reportable segment				Adjustment (Notes 1, 2)	Amount recorded in Consolidated Financial Statements (Note 3)
	Japan	United States	China	Total		
Net sales						
Net sales to outside customers	91,321,643	4,001,516	4,307,996	99,631,156	—	99,631,156
Inter-segment net sales or transfers	463,630	2,647,922	2,190,993	5,302,546	(5,302,546)	—
Total	91,785,274	6,649,439	6,498,989	104,933,703	(5,302,546)	99,631,156
Segment profit (loss)	4,231,377	512,390	(230,409)	4,513,358	(330,874)	4,182,484
Segment assets	55,773,455	6,170,291	3,925,890	65,869,638	12,600,681	78,470,319
Other items						
Depreciation	2,249,874	322,523	155,524	2,727,922	—	2,727,922
Increase in property, plant and equipment and intangible assets	3,215,136	168,653	67,993	3,451,783	—	3,451,783

Notes: 1. The adjustment of segment profit (loss) of negative 330,874 thousand yen includes inter-segment elimination of negative 10,527 thousand yen and company-wide expenses of negative 320,346 thousand yen.

2. Adjustment of segment assets of 12,600,681 thousand yen is assets that do not belong to any reportable segment.
3. Segment profit (loss) has been adjusted with operating profit in the Consolidated Statement of Income.

For the fiscal year ended October 31, 2022 (from November 1, 2021 to October 31, 2022)

(Thousand yen)

	Reportable segment				Adjustment (Notes 1, 2)	Amount recorded in Consolidated Financial Statements (Note 3)
	Japan	United States	China	Total		
Net sales						
Revenue from contracts with customers	92,873,363	5,431,023	4,881,286	103,185,674	—	103,185,674
Other revenue (Note 4)	2,737	—	—	2,737	—	2,737
Net sales to outside customers	92,876,101	5,431,023	4,881,286	103,188,411	—	103,188,411
Inter-segment net sales or transfers	636,992	4,188,613	2,886,257	7,711,863	(7,711,863)	—
Total	93,513,093	9,619,637	7,767,544	110,900,275	(7,711,863)	103,188,411
Segment profit (loss)	3,179,212	1,105,237	(182,169)	4,102,280	(353,174)	3,749,105
Segment assets	59,540,658	8,083,269	4,688,156	72,312,084	10,539,785	82,851,870
Other items						
Depreciation	2,473,798	310,626	180,638	2,965,064	—	2,965,064
Increase in property, plant and equipment and intangible assets	1,541,733	345,439	54,285	1,941,459	—	1,941,459

- Notes:
1. The adjustment of segment profit (loss) of negative 353,174 thousand yen includes inter-segment elimination of negative 21,406 thousand yen and company-wide expenses of negative 331,768 thousand yen. Company-wide expenses are general and administrative expenses that do not belong to the reportable segments.
 2. Adjustment of segment assets of 10,539,785 thousand yen is assets that do not belong to any reportable segment.
 3. Segment profit (loss) has been adjusted with operating profit in the Consolidated Statement of Income.
 4. Other revenue includes real estate lease revenue included in the scope of the Accounting Standard for Lease Transactions.

[Related information]

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

1. Information by product and service

Description is omitted because net sales to outside customers in a single product/service category exceed 90% of net sales in the Consolidated Statement of Income.

2. Information by region

(1) Net sales

Description is omitted because the geographic segmentation is the same as that of the reportable segments.

(2) Property, plant and equipment

(Thousand yen)

Japan	United States	China	Total
21,967,618	2,098,606	1,149,696	25,215,921

3. Information by major customer

Description is omitted because no customer accounts for more than 10% of net sales in the Consolidated Statement of Income.

For the fiscal year ended October 31, 2022 (from November 1, 2021 to October 31, 2022)

1. Information by product and service

Description is omitted because net sales to outside customers in a single product/service category exceed 90% of net sales in the Consolidated Statement of Income.

2. Information by region

(1) Net sales

Description is omitted because the geographic segmentation is the same as that of the reportable segments.

(2) Property, plant and equipment

(Thousand yen)

Japan	United States	China	Total
20,935,332	2,743,000	1,223,281	24,901,613

3. Information by major customer

Description is omitted because no customer accounts for more than 10% of net sales in the Consolidated Statement of Income.

[Information on impairment losses on non-current assets by reportable segment]

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

Not applicable.

For the fiscal year ended October 31, 2022 (from November 1, 2021 to October 31, 2022)

Not applicable.

[Information on amortization and unamortized balance of goodwill by reportable segment]

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

Not applicable.

For the fiscal year ended October 31, 2022 (from November 1, 2021 to October 31, 2022)

Not applicable.

[Information on gain on bargain purchase by reportable segment]

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

Not applicable.

For the fiscal year ended October 31, 2022 (from November 1, 2021 to October 31, 2022)

Not applicable.

(Per share information)

	For the fiscal year ended October 31, 2021	For the fiscal year ended October 31, 2022
Net assets per share	¥2,585.44	¥2,867.08
Basic earnings per share	¥165.74	¥165.63

- Notes: 1. Diluted earnings per share is not presented since there are no latent shares.
2. Basis for calculation of net assets per share is as follows.

	As of October 31, 2021	As of October 31, 2022
Total net assets in the Consolidated Balance Sheet (thousand yen)	44,352,445	49,158,674
Amount deducted from total net assets (thousand yen)	835,769	886,477
(Of which, non-controlling interests)	(835,769)	(886,477)
Net assets related to common stock (thousand yen)	43,516,675	48,272,197
Number of common shares used for the calculation of net assets per share at the end of the period (thousand shares)	16,831	16,836

3. Basis for calculation of basic earnings per share is as follows.

	For the fiscal year ended October 31, 2021	For the fiscal year ended October 31, 2022
Profit attributable to owners of parent in the Consolidated Statement of Income (thousand yen)	2,789,359	2,788,355
Amount not attributable to common shareholders (thousand yen)	—	—
Profit attributable to owners of parent related to common stock (thousand yen)	2,789,359	2,788,355
Average number of common shares during the period (thousand shares)	16,829	16,834

(Significant subsequent events)

Not applicable.