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Consolidated Financial Results for the 3rd Quarter Ended June 30, 2022 [IFRS]

August 4, 2022

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 Scheduled filing date to file August 12, 2022 Scheduled date to commence –
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 Quarterly financial results presentation meeting held: No

(Amounts of less than one million yen are rounded off to the million)

1. Consolidated Financial Results for the 3rd Quarter Ended June 30, 2022 (October 1, 2021 to June 30, 2022)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes)

	Revenue		Operating profit		Profit before income taxes		Profit for the period		Profit for the period attributable to owners of the parent		Total comprehensive income for the period	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
3rd Quarter Ended June 30, 2022	211,937	18.6	12,372	(32.2)	10,173	(41.2)	5,252	(50.9)	5,247	(51.3)	7,079	(38.5)
3rd Quarter Ended June 30, 2021	178,751	18.6	18,245	111.7	17,293	141.1	10,702	152.3	10,770	152.9	11,504	162.7

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
3rd Quarter Ended June 30, 2022	45.33	45.06
3rd Quarter Ended June 30, 2021	92.80	92.36

(2) Consolidated financial position

	Total assets	Total equity	Total equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent
	Million yen	Million yen	Million yen	%
3rd Quarter Ended June 30, 2022	331,493	66,390	66,381	19.8
Fiscal year ended September 30, 2021	296,001	63,573	63,569	21.3

2. Dividends

	Annual dividends				
	End of 1st quarter	End of 3rd quarter	End of 3rd quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended September 30, 2021	—	0.00	—	22.50	22.50
Fiscal year ending September 30, 2022	—	0.00	—		
Fiscal year ending September 30, 2022 (forecast)				22.50	22.50

Notes:

Revisions to the most recently announced dividend forecasts: No

3. Consolidated Earnings Forecasts for the Fiscal Year Ending September 30, 2022 (October 1, 2021 to September 30, 2022)

(Percentages indicate year-on-year changes)

	Revenue		Operating profit		Profit before income taxes		Profit for the year		Profit for the year attributable to owners of the parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	
Fiscal year ending September 30, 2022	280,000	16.3	8,500	(62.9)	6,000	(72.2)	3,000	(77.1)	3,000	(77.2)	Yen 25.92

Note: Revisions to the most recently announced earnings forecasts: Yes

* Notes:

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

New: 2 (Name) Shenzhen Sushiro Restaurants Co., Ltd. Chengdu Sushiro Restaurants Co., Ltd.

Excluded: -

(2) Changes in accounting policies, changes in accounting estimates

1) Changes in accounting policies required by IFRS: None

2) Changes in accounting policy other than 1): None

3) Changes in accounting estimates: None

(3) Total number of issued shares (common shares)

a. Total number of issued shares at the end of the period (including treasury shares)	3rd quarter ended June 30, 2022	116,069,184 shares	Fiscal year ended September 30, 2021	116,069,184 shares
b. Number of treasury shares at the end of the period	3rd quarter ended June 30, 2022	394,448 shares	Fiscal year ended September 30, 2021	248 shares
c. Average number of shares during the period (cumulative from the start of the fiscal year)	3rd quarter ended June 30, 2022	115,749,718 shares	3rd quarter ended June 30, 2021	116,055,714 shares

* These financial results are outside the scope of quarterly review procedures by certified public accountants or accounting firms.

* Explanation of Proper Use of Financial Forecasts, and Other Special Matters

The earnings forecasts and other forward-looking statements presented in this document are based on information currently available to the Company and on certain assumptions deemed to be reasonable. They do not constitute guarantees by the Company of future performance. Furthermore, actual results and performance may differ materially from these forecasts due to various factors. In addition, for more details on earnings forecasts, please refer to “(3) Explanation of consolidated earnings forecasts and other forward-looking statements” under “1. Qualitative Information on Financial Results for the Period Under Review” on page 4 of the attached materials.

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1. Qualitative Information on Financial Results for the Period Under Review

(1) Explanation of operating results

During the third quarter of the consolidated fiscal year ending September 30, 2022, although the quasi-emergency measures to prevent the spread of COVID-19 ended in March 2022 and economic activity gradually normalized, the outlook for the Japanese economy remained uncertain due to factors such as the rise in resource prices with the Russian invasion of Ukraine, a sharp depreciation in the yen, and soaring prices of various commodities. Similarly, the restaurant sector also continued to face challenging conditions due to the rise in resource prices with the Russian invasion of Ukraine, depreciation of the yen, and soaring commodity prices.

The restaurant sector also continued to face challenging conditions due to the impacts of COVID-19, the sharp increase in crude oil prices, the situation in Ukraine, and others.

Under such circumstances, FOOD & LIFE COMPANIES LTD. worked to enhance product development, in-store food preparation, and health and safety initiatives and services with “Discovering new tastiness, Sharing moments of joy” as our Vision, and the desire to surprise and move our customers with delicious sushi.

In addition, store count by business format is as follows.

Group store count by business format

Name of brand	Fiscal year ended September 30 2021	Store openings	Store closures	Nine-month period ended June 30 2022
Japan: Sushiro (TOGO)	610 (15)	39 (13)	4 (2)	645 (26)
Japan: Sugidama (FC)	39 (6)	22 (8)	1	60 (14)
Japan: Kyotaru	154 (—)	5	5	154 (—)
Japan:Kaiten Sushi Misaki/Misakimaru	106 (—)	—	4	102 (—)
Japan: Others	29 (—)	3	7	25 (—)
Japan total	938 (21)	69 (21)	21 (2)	986 (40)
Overseas: Sushiro (TOGO)	59 (1)	18 (1)	—	77 (2)
Overseas: Others	2 (—)	—	—	2 (—)
Overseas total	61 (1)	18 (1)	—	79 (2)
Total	999 (22)	87 (22)	21 (2)	1,065 (42)

Figures in parentheses show the number of take out only and FC stores.

As a result, revenue for the 3rd quarter of the current consolidated fiscal year totaled 211,937 million yen (18.6% year on year), operating profit 12,372 million yen (-32.2% year on year), profit before income taxes 10,173 million yen (-41.2% year on year), and profit for the period attributable to owners of the parent 5,247 million yen (-51.3% year on year).

Operating results by segment are as follows.

(Japan Sushiro Business)

The quasi-emergency measures to prevent the spread of infection ended in March 2022, and there has been a gradual recovery of in-store eating and drinking. The Japan Sushiro business held the Sushiro anniversary fair as an initiative to restore business performance. The first phase of the fair featured sales of double fresh salmon plates with the theme of “Shine! Japan’s delicious fish.” The second phase featured sales of fluffy unagi (eel) plates steamed in-store with the theme of “Shine! Japan’s amazing skills.” The third phase offered the equivalent of three yellow plates free of charge to elementary school-age and younger children with the theme of “Shine! Smiling faces of children.”

In June 2022, the Japan Sushiro business was subject to an administrative order from the Consumer Affairs Agency related to the Act against Unjustifiable Premiums and Misleading Representations, which resulted in a loss of customer trust. In the future, we will work on measures to prevent recurrence and do our best to regain customer trust.

As a result of the above, net sales of the Japan Sushiro Business were 167,822 million yen, (+4.2% year on year)

and segment profit was 11,559 million yen (-40.1% year on year).

(Overseas Sushiro Business)

Although operating restrictions on restaurants due to COVID-19 continued in various countries and regions, they have been gradually eased, and restaurant operations are now recovering. Under these conditions, in anticipation of the period after COVID-19, we opened our sixth store in Guangzhou, where the first store on the Chinese mainland opened in September 2021, and made plans to open stores in Shenzhen and Chengdu. We continued to open new stores in other regions, including two stores in Taiwan, five stores in Hong Kong, one store in Singapore, and five stores in Thailand.

Furthermore, to maintain and increase the number of customers visiting stores, we continued to implement attractive sales promotion and marketing measures in each region, including the Torafugu Fair in Guangzhou, the Sushiro Summer Festival in South Korea, the Salmon Fair in Taiwan, the Delicious Food Festival in Hong Kong, the Hokkaido Fair in Singapore, and the National Delicious Food Festival in Thailand.

As a result of the above, net sales of the Overseas Sushiro Business were 25,398 million yen (+109.4% year on year) and segment profit was 763 million yen (segment loss was 763 million yen in the same period of previous fiscal year).

(Kyotaru Business)

Looking ahead to the period after COVID-19 has been brought under control, we have been working on new measures, including the creation of a double-brand with Sushiro aimed at creating synergies following the merger and the rebranding of the kaiten sushi business as KaitenSushi Misaki. We also increased the production capacity of the Kyotaru Central Kitchen, which is responsible for manufacturing products for the takeout business, and worked to raise productivity at the same time as improving product quality. In addition to these efforts, we worked continuously on measures to create synergies, such as the integration of the headquarters organization and the subsequent integration of operations.

As a result of the above, net sales of the Kyotaru Business were 16,067 million yen and segment loss was 1,489 million yen.

Year-on-year comparison is difficult since this business was included in the scope of consolidation from the third quarter of the previous fiscal year due to the conversion of Kyotaru Co., Ltd. into a consolidated subsidiary.

Therefore, year-on-year comparisons have been omitted.

(2) Explanation of financial position

1) Assets, liabilities and equity

(Assets)

The balance of total assets increased 35,492 million yen from the end of the previous consolidated fiscal year to 331,493 million yen.

The balance of current assets increased 21,284 million yen from the end of the previous consolidated fiscal year to 70,126 million yen. This mainly reflected a 26,068 million yen increase in cash resulting from borrowings etc.

The balance of non-current assets increased 14,208 million yen from the end of the previous consolidated fiscal year to 261,367 million yen. This mainly reflected a 13,306 million yen increase in property, plant and equipment resulting from an opening new stores.

(Liabilities)

Total liabilities increased 32,675 million yen from the end of the previous consolidated fiscal year to 265,103 million yen.

The balance of current liabilities decreased 6,110 million yen from the end of the previous consolidated fiscal year to 53,750 million yen. This mainly reflected a 2,106 million yen increase in lease liabilities, alongside a 6,761 million yen decrease in income tax payable and a 1,922 million yen decrease in provisions.

The balance of non-current liabilities increased 38,785 million yen from the end of the previous consolidated fiscal year to 211,353 million yen. This was mainly attributable to a 31,017 million yen increase in bonds and borrowings.

(Equity)

Total equity increased 2,817 million yen from the end of the previous consolidated fiscal year to 66,390 million yen.

This mainly reflected a 2,612 million yen resulting from cash dividends paid and 2,020 million yen resulting from acquisition of treasury stock, alongside the booking of 5,247 million yen in profit for the period and 1,828 million yen increase in foreign currency translation adjustment.

2) Cash flows

During the 3rd quarter of the consolidated fiscal year ending September 30, 2022, cash and cash equivalents (hereinafter “Cash”) increased 26,068 million yen from the end of the previous consolidated fiscal year to 55,435 million yen.

The breakdown of cash flows by activities and underlying factors for the 3rd quarter of the current consolidated fiscal year is shown below.

(Cash flows from operating activities)

Cash provided by operating activities totaled 23,783 million yen (+6.2% year on year).

This mainly reflected the booking of 10,173 million yen in profit before income taxes, the booking of 16,802 million yen in depreciation and amortization, a 5,990 million yen decrease in trade and other receivables, a 1,246 million yen increase in trade and other payables, alongside a 11,222 million yen in income tax paid and a 1,873 million yen decrease in provision for bonuses.

(Cash flows from investing activities)

Cash used in investing activities came to 14,227 million yen (+6.0% year on year).

This was mainly attributable to 11,473 million yen in purchase of property, plant and equipment accompanying store openings.

(Cash flows from financing activities)

Cash used in financing activities amounted to 15,623 million yen (+136.9% year on year). This mainly reflected a 10,681 million yen in repayments of lease liabilities, a 3,007 million yen in repayments of long-term borrowings, a 2,609 million yen in cash dividends paid, a 2,000 million yen in purchase of treasury stock, alongside a 34,000 million yen in increase of long-term borrowings.

(3) Explanation of consolidated earnings forecasts and other forward-looking statements

With regard to the consolidated earnings forecast for the fiscal year ending September 30, 2022, although the quasi-emergency measures to prevent the spread of infection were lifted in March 2022 in Japan, the recovery in the number of customers visiting stores of our operating companies in Japan has been lower than expected due to significant changes in lifestyles and consumer behavior during the COVID-19 pandemic. In addition, the administrative order related to the Act against Unjustifiable Premiums and Misleading Representations received from the Consumer Affairs Agency on June 9 damaged customer trust, and the number of visitors to stores in the mainstay Japan Sushiro Business was significantly lower than expected. As a result, revenue did not meet the forecast. In addition to an increase in various costs and an impairment loss of 3,289 million yen in other expenses, the Company recorded 2,011 million yen in share of loss of investments accounted for using equity method in finance expenses.

In the fourth quarter of the fiscal year ending September 30, 2022 and beyond, although we expect the Overseas Sushiro Business to continue as expected despite the COVID-19 pandemic, the challenging conditions will continue for the Japan Sushiro Business without a recovery in customer trust. Moreover, in addition to the fact that the increases in the cost of ingredients and energy are expected to continue, it is still difficult to make predictions about the spread of COVID-19 infections. Therefore, the Company has revised the full-year consolidated earnings forecast.

Please refer to “FOOD & LIFE COMPANIES Announces Revision of Earnings Forecasts” published on August 4, 2022 for the details.

The consolidated earnings forecasts are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual results may differ materially from these forecasts due to various factors including economic trends.

2. Condensed Quarterly Consolidated Financial Statements and Important Notes

(1) Condensed consolidated statement of financial position

(in millions, JPY)

	Fiscal year ended September 30, 2021	3rd quarter ended June 30, 2022
Assets		
Current assets		
Cash and cash equivalents	29,367	55,435
Trade and other receivables	15,004	9,616
Inventories	2,146	2,789
Other financial assets	442	444
Other current assets	1,883	1,841
Total current assets	48,841	70,126
Non-current assets		
Property, plant and equipment	146,554	159,859
Goodwill	30,541	30,541
Intangible assets	54,634	55,887
Equity method investment	1,855	55
Lease and guarantee deposits	12,182	13,171
Other financial assets	487	487
Deferred tax assets	411	411
Other non-current assets	496	956
Total non-current assets	247,159	261,367
Total assets	296,001	331,493
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	26,676	28,348
Borrowings	4,009	4,009
Income taxes payable	6,831	69
Lease liabilities	13,115	15,221
Other financial liabilities	1,419	1,103
Provisions	3,377	1,456
Other current liabilities	4,432	3,543
Total current liabilities	59,860	53,750
Non-current liabilities		
Trade and other payables	46	23
Bonds and Borrowings	58,896	89,913
Lease liabilities	96,094	103,379
Other financial liabilities	86	99
Provisions	3,233	3,645
Deferred tax liabilities	14,175	14,289
Other non-current liabilities	38	6
Total non-current liabilities	172,568	211,353
Total liabilities	232,428	265,103

	Fiscal year ended September 30, 2021	3rd quarter ended June 30, 2022
Equity		
Capital stock	100	100
Capital surplus	15,755	15,692
Retained earnings	46,584	49,220
Treasury stock	(0)	(1,894)
Other components of equity	1,130	3,263
Total equity attributable to owners of the parent	63,569	66,381
Non-controlling interests	4	9
Total equity	63,573	66,390
Total liabilities and equity	296,001	331,493

(2) Condensed consolidated statement of profit and loss

(in millions, JPY)

	3rd Quarter Ended June 30, 2021 (From October 1, 2020 to June 31, 2021)	3rd Quarter Ended June 30, 2022 (From October 1, 2021 to June 30, 2022)
Revenue	178,751	211,937
Cost of sales	(81,401)	(98,372)
Gross profit	97,350	113,566
Selling, general and administrative expenses	(82,479)	(101,673)
Other income	4,710	4,142
Other expenses	(1,336)	(3,663)
Operating profit	18,245	12,372
Finance income	120	513
Finance expenses	(657)	(702)
Share of profit (loss) of investments accounted for using equity method	(415)	(2,011)
Profit before income taxes	17,293	10,173
Income taxes	(6,591)	(4,922)
Profit for the period	10,702	5,252
Profit attributable to:		
Owners of the parent	10,770	5,247
Non-controlling interests	(68)	4
Profit for the period	10,702	5,252
Earnings per share		
Basic earnings per share (yen)	92.80	45.33
Diluted earnings per share (yen)	92.36	45.06

(3) Condensed consolidated statement of comprehensive income

(in millions, JPY)

	3rd Quarter Ended June 30, 2021 (From October 1, 2020 to June 31, 2021)	3rd Quarter Ended June 30, 2022 (From October 1, 2021 to June 30, 2022)
Profit for the period	10,702	5,252
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	805	1,828
Effective portion of changes in fair value of cash flow hedges	(3)	—
Total of items that may be reclassified subsequently to profit or loss	802	1,828
Other comprehensive income after taxes	802	1,828
Total comprehensive income for the period	11,504	7,079
Attributable to:		
Owners of the parent	11,572	7,075
Non-controlling interests	(68)	4
Total comprehensive income for the period	11,504	7,079

(4) Condensed consolidated statement of changes in equity

3rd quarter Ended June 30, 2021 (From October 1, 2020 to June 30, 2021)

(in millions, JPY)

	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance as of October 1, 2020	100	15,747	35,156	(0)	(95)	50,908	13	50,920
Profit for the period			10,770			10,770	(68)	10,702
Other comprehensive income					802	802	(0)	802
Total comprehensive income	—	—	10,770	—	802	11,572	(68)	11,504
Capital reduction	(7)	7				—		—
Exercise of subscription rights to shares	7	7			(13)	0		0
Lapse of subscription rights to shares			3		(3)	—		—
Share-based payment transactions					245	245		245
Dividends			(1,741)			(1,741)		(1,741)
Capital increase of consolidated subsidiaries						—	56	56
Purchase of shares of consolidated subsidiaries		(6)				(6)	6	(0)
Change in scope of consolidation						—	2	2
Total transactions with the owners	—	8	(1,738)	—	229	(1,502)	64	(1,438)
Balance as of June 30, 2021	100	15,755	44,188	(0)	936	60,978	8	60,987

3rd quarter ended June 30, 2022 (From October 1, 2021 to June 30, 2022)

(in millions, JPY)

	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance as of October 1, 2021	100	15,755	46,584	(0)	1,130	63,569	4	63,573
Profit for the period			5,247			5,247	4	5,252
Other comprehensive income					1,828	1,828	0	1,828
Total comprehensive income	—	—	5,247	—	1,828	7,075	4	7,079
Disposal of treasury shares		(42)		106	(13)	50		50
Purchase of treasury shares		(20)		(2,000)		(2,020)		(2,020)
Share-based payment transactions					319	319		319
Dividends			(2,612)			(2,612)		(2,612)
Total transactions with the owners	—	(62)	(2,612)	(1,894)	305	(4,263)	—	(4,263)
Balance as of June 30, 2022	100	15,692	49,220	(1,894)	3,263	66,381	9	66,390

(5) Condensed consolidated statement of cash flows

(in millions, JPY)

	3rd Quarter Ended June 30, 2021 (From October 1, 2020 to June 30, 2021)	3rd Quarter Ended June 30, 2022 (From October 1, 2021 to June 30, 2022)
Cash flows from operating activities		
Profit before income taxes	17,293	10,173
Depreciation and amortization	13,418	16,802
Impairment losses	1,240	3,289
Finance income	(78)	(229)
Finance expenses	647	702
Increase (decrease) in provision for bonuses	835	(1,873)
Amount of rent offset by lease and guarantee deposits	207	196
Share of loss (profit) of entities accounted for using equity method	415	2,011
Increase/decrease in trade and other receivables, (increase)	(3,716)	5,990
Increase/decrease in inventories, (increase)	(132)	(605)
Increase/decrease in trade and other payables, (decrease)	(139)	1,246
Others	(1,767)	(2,122)
Subtotal	28,222	35,582
Interest and dividend income received	4	13
Interest paid	(549)	(590)
Income taxes paid	(5,278)	(11,222)
Net cash from operating activities	22,398	23,783
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,874)	(11,473)
Proceeds from sales of property, plant and equipment	252	0
Purchase of intangible assets	(238)	(1,664)
Payments into time deposits	(462)	—
Proceeds from withdrawal of time deposits	295	—
Payments for lease and guarantee deposits	(1,116)	(1,034)
Purchase of investment securities	(52)	—
Equity method investment	(2,289)	—
Others	61	(57)
Cash flows from investing activities	(13,423)	(14,227)
Cash flows from financing activities		
Proceeds from issuance of bonds	19,918	—
Net increase (decrease) in short-term borrowings	12	—
Proceeds from long-term borrowings	35,000	34,000
Repayments of long-term borrowings	(37,743)	(3,007)
Repayments of lease liabilities	(8,822)	(10,681)
Payments for commission fees	(15)	(3)
Purchase of treasury shares	—	(2,000)
Proceeds from exercise of share acquisition rights	—	33
Capital contribution from non-controlling interests	14	—
Cash dividends paid	(1,739)	(2,609)
Others	(30)	(110)
Cash flows from financing activities	6,595	15,623
Net increase/decrease in cash and cash equivalents, (decrease)	15,571	25,178

	3rd Quarter Ended June 30, 2021 (From October 1, 2020 to June 30, 2021)	3rd Quarter Ended June 30, 2022 (From October 1, 2021 to June 30, 2022)
Cash and cash equivalents at beginning of year	12,665	29,367
Effect of exchange rate changes on cash and cash equivalents	170	889
Cash and cash equivalents at end of year	28,406	55,435

(6) Notes on condensed consolidated financial statements

(Notes regarding assumption of a going concern)

Not applicable.

(Changes in Method of Presentation)

(Condensed Consolidated statement of cash flows)

The financial materiality of “Increase (decrease) in provision for bonuses” presented in “Others” in “Cash flows from operating activities” in the 3rd quarter of the fiscal year ended September 30, 2021 increased, and they have therefore been stated separately from the 1st quarter of the fiscal year ending September 30, 2022. In order to reflect these changes in method of presentation, the condensed consolidated statement of cash flows for the 3rd quarter of the fiscal year ended September 30, 2021 has been reclassified.

As a result, (932) million yen presented in “Others” in “Cash flows from operating activities” in the 3rd quarter of the fiscal year ended September 30, 2021 has been reclassified as 835 million yen in “Increase (decrease) in provision for bonuses” and (1,767) million yen in “Others.”

(Segment information)

(1) Overview of Reportable Segments

The Group’s reportable segments consist mainly of business segments. Until the fiscal year ended September 30, 2021, the Group only had a single segment consisting of the sushi business. However, from the 1st quarter of fiscal year ending September 30, 2022, the Group has changed its segment classifications to the Japan Sushiro Business, the Overseas Sushiro Business, the Kyotaru Business, and Other Businesses.

As a result of reviewing its business segments from the perspective of business development, reallocation of management resources, and the actual status of the management and control system, the Group decided to change to the reportable segments described above as the priority businesses in the FOOD & LIFE COMPANIES 2022 - 2024 Medium-term Management Plan.

The major brands included in each reportable segment are as follows.

Japan Sushiro Business: Sushiro and takeout specialty stores operating in Japan

Overseas Sushiro Business: Sushiro and takeout specialty stores operating overseas

Kyotaru Business: All brands managed by KYOTARU CO., LTD. (major brands: Kyotaru, Kaiten Sushi Misaki, and Kaisen Misakiko)

Other Businesses: All brands managed by FOOD & LIFE INNOVATIONS LTD. (major brand: Sugidama)

Segment information for the 3rd quarter of the fiscal year ended September 30, 2021 has been disclosed based on the segment classifications after the change.

The Kyotaru Business is business segment relating to KYOTARU CO. LTD., which became a consolidated subsidiary of the Group on April 1, 2021, and its two subsidiaries, and there are no actual figures for the business in the Group for the 3rd quarter of the fiscal year ended September 30, 2021.

(2) Reportable segment revenues and operating results

Revenues and operating results for the Group's reportable segments are as follows.

3rd Quarter Ended June 30, 2021 (October 1, 2020 to June 30, 2021)

(Unit: Millions of yen)

	Reportable segment				Total	Total adjustments	Consolidated total
	Japan Sushiro Business	Overseas Sushiro Business	Kyotaru Business	Other			
Revenue							
External revenue	160,937	12,129	4,542	1,143	178,751	—	178,751
Intersegment revenue	109	—	—	—	109	(109)	—
Total	161,046	12,129	4,542	1,143	178,861	(109)	178,751
Segment profit (loss) Notes 1	19,287	(763)	275	(916)	17,884	361	18,245
Other Items							
Depreciation and amortization	10,719	1,819	423	231	13,193	225	13,418
Impairment loss	269	405	—	565	1,240	—	1,240

Notes 1. Segment profit (loss) is reconciled with operating profit on the consolidated statement of profit and loss.

2. Adjustment of 361 million yen in segment profit (loss) is mainly for corporate expenses not attributable to any reportable segment.

3rd Quarter Ended June 30, 2022 (October 1, 2021 to June 30, 2022)

(Unit: Millions of yen)

	Reportable segment				Total	Total adjustments	Consolidated total
	Japan Sushiro Business	Overseas Sushiro Business	Kyotaru Business	Other			
Revenue							
External revenue	167,754	25,398	15,844	2,941	211,937	—	211,937
Intersegment revenue	68	—	222	—	290	(290)	—
Total	167,822	25,398	16,067	2,941	212,227	(290)	211,937
Segment profit (loss) Notes 1	11,559	763	(1,489)	(406)	10,428	1,945	12,372
Other Items							
Depreciation and amortization	11,870	3,097	1,240	304	16,510	292	16,802
Impairment loss	1,705	542	878	164	3,289	—	3,289

Notes 1. Segment profit (loss) is reconciled with operating profit on the consolidated statement of profit and loss.

2. Adjustment of 1,945 million yen in segment profit (loss) is mainly for corporate expenses not attributable to any reportable segment.

(Selling, general and administrative expenses)

The breakdown of selling, general and administrative expenses is as shown below.

	3rd Quarter Ended June 30, 2021 (From October 1, 2020 to June 30, 2021)	3rd Quarter Ended June 30, 2022 (From October 1, 2021 to June 30, 2022)
Employee benefits	49,401	57,400
Depreciation and amortization	13,379	16,728
Utilities expenses	3,512	4,881
Commission expenses	2,511	3,669
Other	13,677	18,995
Total	82,479	101,673

(Earnings per share)

	3rd Quarter Ended June 30, 2021 (From October 1, 2020 to June 30, 2021)	3rd Quarter Ended June 30, 2022 (From October 1, 2021 to June 30, 2022)
Profit for the period attributable to common shareholders of the parent (million yen)	10,770	5,247
Profit for the period attributable to common shareholders used in calculations for basic earnings per share (million yen)	10,770	5,247
Profit for the period attributable to common shareholders used in calculations for diluted earnings per share (million yen)	10,770	5,247
Average number of shares during the period	116,055,714	115,749,718
Increase in number of common shares used in calculation for diluted earnings per share	555,612	705,284
Average number of common shares during the period after dilution	116,611,326	116,455,002
Basic earnings per share (yen)	92.80	45.33
Diluted earnings per share (yen)	92.36	45.06
Outline of potentially dilutive shares excluded from the calculation of diluted earnings per share due to the absence of dilutive effects	A kind of subscription rights to shares (Common shares 15 thousand shares)	2 kinds of subscription rights to shares (Common shares 95 thousand shares)

(Important subsequent events)

Not applicable.