Consolidated Financial Results for the Fiscal Year Ended June 30, 2023 [Japanese GAAP]

August 4, 2023

Company name: ICHIMASA KAMABOKO Co., Ltd.
Stock exchange listing: Tokyo Stock Exchange
Code number: 2904
URL: https://www.ichimasa.co.jp/global/en/
Representative: Masahiro Nozaki, President & CEO
Contact: Masaki Takashima, Director and Managing Executive Officer, General Manager of Corporate Planning Department
Phone: +81-25-270-7111
Scheduled date of general shareholders' meeting: September 28, 2023
Scheduled date of commencing dividend payments: September 29, 2023
Scheduled date of filing securities report: September 22, 2023
Availability of supplementary explanatory materials on annual financial results: Available
Schedule of annual financial results briefing session: Scheduled (for analysts and institutional investors)

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

1. Consolidated Financial Results for the Fiscal Year Ended June 30, 2023 (July 1, 2022 – June 30, 2023)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2023	32,814	3.7	(193)	—	(146)	—	84	(85.1)
June 30, 2022	31,636	—	545	(68.5)	623	(65.5)	565	(78.9)

(Note) Comprehensive income: Fiscal year ended June 30, 2023: ¥(61) million [—%]
Fiscal year ended June 30, 2022: ¥509 million [(80.1) %]

	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	%	%	%
June 30, 2023	4.58	—	0.6	(0.5)	(0.6)
June 30, 2022	30.73	—	4.1	2.6	1.7

(Reference) Equity in earnings of affiliated companies: Fiscal year ended June 30, 2023: ¥7 million
Fiscal year ended June 30, 2022: ¥15 million

(Note) "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and related guidelines have been adopted effective the beginning of the fiscal year ended June 30, 2022. Key financial data for the fiscal year ended June 30, 2022, indicated above, are figures after the adoption of these accounting standards, etc., and the change in net sales from the previous corresponding period is not presented.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2023	30,678	13,579	44.3	738.91
As of June 30, 2022	25,296	13,862	54.8	754.33

(Reference) Equity: As of June 30, 2023: ¥13,579 million
As of June 30, 2022: ¥13,862 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at year-end
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
June 30, 2023	(1,017)	(3,949)	4,054	1,371
June 30, 2022	1,802	(2,222)	1,413	2,282

2. Dividends

	Annual dividends					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended June 30, 2022	–	0.00	–	12.00	12.00	222	39.0	1.6
Fiscal year ended June 30, 2023	–	0.00	–	12.00	12.00	222	262.2	1.6
Fiscal year ending June 30, 2024 (Forecast)	–	0.00	–	12.00	12.00		24.7	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2024 (July 1, 2023 - June 30, 2024)

(% 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	23,600	30.5	900	189.2	950	159.3	600	71.0	32.39
Full year	37,800	15.2	1,300	–	1,350	–	900	969.9	48.58

*** Notes:**

(1) Changes in significant subsidiaries during the fiscal year under review (Changes in specified subsidiaries resulting in changes in scope of consolidation): None
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: None
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 and outstanding shares (common shares)
1) Total number of issued and outstanding shares at the end of the year (including treasury shares):
As of June 30, 2023: 18,590,000 shares
As of June 30, 2022: 18,590,000 shares

2) Total number of treasury shares at the end of the year:
As of June 30, 2023: 212,088 shares
As of June 30, 2022: 212,088 shares

3) Average number of shares during the year:
Fiscal year ended June 30, 2023: 18,377,912 shares
Fiscal year ended June 30, 2022: 18,397,220 shares

(Note) For the number of shares used as the basis for calculating basic earnings per share (consolidated), please refer to "3. Consolidated Financial Statements and Principal Notes (5) Notes to Consolidated Financial Statements (Per share information)" on page 19 of the attachment.

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended June 30, 2023 (July 1, 2022 – June 30, 2023)

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

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2023	32,394	4.0	(273)	—	(161)	—	64	(89.3)
June 30, 2022	31,145	—	507	(70.7)	641	(65.9)	606	(76.5)

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
June 30, 2023	3.52	—
June 30, 2022	32.95	—

(Note) "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and related guidelines have been adopted effective the beginning of the fiscal year ended June 30, 2022. Key financial data for the fiscal year ended June 30, 2022, indicated above, are figures after the adoption of these accounting standards, etc., and the change in net sales from the previous corresponding period is not presented.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2023	29,884	12,969	43.4	705.72
As of June 30, 2022	24,525	13,258	54.1	721.42

(Reference) Equity: As of June 30, 2023: ¥12,969 million
As of June 30, 2022: ¥13,258 million

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

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

The financial results forecasts and other forward-looking statements contained herein are based on the information available to the Company and certain assumptions deemed reasonable as of the date of this report and do not constitute a promise by the Company to achieve these forecasts. Actual results may be significantly different from these forecasts due to various factors. For the assumptions on which the financial results forecasts are based and the cautions and other related matters to consider when using thereof, please refer to "1. Overview of Operating Results, etc. (4) Future Outlook" on page 5 of the attachment.

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 4
(3) Overview of Cash Flows for the Fiscal Year under Review 4
(4) Future Outlook 5

2. Basic Stance Concerning Choice of Accounting Standards 6

3. Consolidated Financial Statements and Principal Notes 7
(1) Consolidated Balance Sheets 7
(2) Consolidated Statements of Income and Comprehensive Income 9
Consolidated Statements of Income 9
Consolidated Statements of Comprehensive Income 10
(3) Consolidated Statements of Changes in Equity 11
(4) Consolidated Statements of Cash Flows 13
(5) Notes to Consolidated Financial Statements 15
(Notes on going concern assumption) 15
(Changes in presentation method) 15
(Segment information, etc.) 15
(Per share information) 19
(Significant subsequent events) 19
(Others) 20

1. Overview of Operating Results, etc.

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

In the fiscal year ended June 30, 2023, the Japanese economy has seen normalization of socioeconomic activities under the "living with COVID" policy since spring 2022. Restrictions on movement and entry into Japan have been relaxed significantly after the reclassification of COVID-19's status to Category V under the Infectious Disease Control Law, and the economy is picking up, with signs of recovery mainly in the consumption of services.

However, the prolonged invasion of Ukraine, depreciation of the Japanese yen, the spread of avian influenza and other factors have led to numerous costs rising far beyond expectations, including with the prices for surimi and other raw materials, as well as energy, such as for electricity and gas. As such, the Company, and many others, have implemented price revisions to compensate for higher costs, and with the escalating prices of various goods, there is holding-off on purchasing among consumers, while the business environment surrounding the Group has become more severe than ever before.

Under these circumstances, the Group entered the second year of its 2nd Medium-term Management Plan, which extends from July 2021 to June 2026, with the ICHIMASA30 Vision (the Company's vision for FY2045) as its aim. It is addressing business issues with the basic policy of "establishing the foundations for business growth and earnings capability through daring challenges toward markets in Japan and overseas and the certain achievement of a first-stage 'growth trajectory.'"

Further, the maintenance of the global environment is essential for the sustainable growth and development of corporate activity. With the aim of achieving the Sustainable Development Goals (SDGs), the Group is striving to resolve sustainability issues with the cooperation of stakeholders.

As a result, for the fiscal year ended June 30, 2023, the Company posted net sales of ¥32,814 million, operating loss of ¥193 million (down ¥739 million from the previous fiscal year), ordinary loss of ¥146 million (down ¥769 million from the previous fiscal year), and profit attributable to owners of parent of ¥84 million (down ¥481 million or 85.1% from the previous fiscal year).

The performance of each segment is as follows.

(Fish-paste Products and Side Dishes Business)

Sales increased from the previous year due in part to the effect of higher selling prices resulting from price revisions, which were implemented based on the understanding and cooperation of our partners for deliveries from September 1, 2022 and March 1, 2023, although sales volume fell below that of the previous fiscal year. In addition, sales volume increased year on year for stick-type *kanikama* (crab-flavored kamaboko), and regarding products for the "*osechi*," Japanese traditional New Year's day food, sales grew for the "Jun" series *datemaki* (rolled omelet) and kamaboko, whose main raw and auxiliary materials are all made in Japan.

In terms of profit, the prices of raw materials including surimi, which is a main raw material, remained at high levels. Costs rose on other fronts as well, such as energy, oil and fats, and packaging materials, due to factors including the soaring cost of eggs on account of the impact of avian influenza, the situation in Ukraine and the sharp depreciation of the yen. Given these factors, profit was lower than in the same period of the previous fiscal year.

As a result of the above, for the fiscal year ended June 30, 2023, this segment posted net sales of ¥28,447 million, and segment loss or operating loss of ¥288 million (segment profit or operating profit of ¥77 million in the previous fiscal year).

(Mushroom Business)

While both the vegetable and mushroom markets were stronger than the last year, the maitake mushroom market remained weak, with an excess of supply due to the impact of increased production by other companies.

In the sales area, the Company worked to stimulate consumption and increase sales through marketing efforts

for large-volume products and “Kinari” cream-colored maitake mushrooms, and expanding its offerings for restaurants and commercial use. In terms of production, efforts were made toward production efficiency and stabilization improvements, and the strengthening of quality control systems; however, profit decreased partly due to rise in energy costs.

As a result, for the fiscal year ended June 30, 2023, this segment posted net sales of ¥3,947 million, and segment profit or operating profit of ¥14 million (segment profit or operating profit of ¥430 million for the previous fiscal year).

(Others)

The transport business saw net sales decrease from the previous fiscal year because of a lower handling volume of imported vegetables and fruits due to the effect of the weather and some of the regular services being discontinued. Profit decreased from the previous fiscal year due to having cut fixed costs through efforts to cut costs, in addition to the increased profit resulting from the acquisition of new chartered truck transactions to offset the decline in sales.

For the warehouse business, net sales declined from the previous fiscal year partly due to a lower turnover, although inventory levels was maintained as shippers purchased raw materials and other items ahead of schedule in efforts to soften the impact of steep price hikes for freight all year round. On the other hand, as a result of steadily promoting the optimization of warehouse management to improve profitability, profit increased from the previous fiscal year, despite higher costs resulting from soaring energy prices.

As a result, for the fiscal year ended June 30, 2023, net sales in others, non-reportable segments were ¥419 million, and segment profit or operating profit was ¥72 million (segment profit or operating profit of ¥27 million for the previous fiscal year).

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

Financial Status

(Current assets)

Current assets as of June 30, 2023 were ¥10,521 million (an increase of ¥1,409 million from the end of the previous fiscal year). This is mainly attributable to a decrease of ¥904 million in cash and deposits, and increases of ¥866 million in raw materials and supplies and ¥762 million in consumption taxes refund receivable included in other.

(Non-current assets)

Non-current assets as of June 30, 2023 were ¥20,156 million (an increase of ¥3,973 million from the end of the previous fiscal year). This is mainly attributable to the progression of depreciation of property, plant and equipment and increases in buildings and structures of the second headquarters factory and in leased assets.

(Current liabilities)

Current liabilities as of June 30, 2023 were ¥10,970 million (an increase of ¥2,606 million from the end of the previous fiscal year). This is mainly attributable to an increase of ¥2,505 million in short-term borrowings.

(Non-current liabilities)

Non-current liabilities as of June 30, 2023 were ¥6,128 million (an increase of ¥3,059 million from the end of the previous fiscal year). This is mainly attributable to increases of ¥1,638 million in long-term borrowings and ¥1,354 million in lease liabilities.

(Net assets)

Net assets as of June 30, 2023 were ¥13,579 million (a decrease of ¥283 million from the end of the previous fiscal year). This was mainly attributable to recording of profit attributable to owners of parent, and decreases the payment of dividends and valuation difference on available-for-sale securities.

The equity ratio decreased to 54.8% to 44.3% at the end of the previous fiscal year due to an increase in total assets driven by the construction of the second headquarters factory.

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

Cash flows

Cash and cash equivalents (hereinafter referred to as “cash”) at the end of the fiscal year under review amounted to ¥1,371 million, a decrease of ¥911 million compared to the end of the previous fiscal year.

(Cash flows from operating activities)

Cash provided by operating activities amounted to ¥1,017 million (an inflow of ¥1,802 million during the previous fiscal year). This is mainly attributable to the posting of ¥166 million in profit before income taxes and ¥1,534 million in depreciation, despite an increase in inventories of ¥1,089 million, an increase in trade receivables of ¥436 million, and an increase in consumption taxes refund receivable of ¥762 million.

(Cash flows from investing activities)

Cash used in investing activities amounted to ¥3,949 million (an outflow of ¥2,222 million during the previous fiscal year). This is mainly attributable to purchase of property, plant and equipment of ¥4,509 million, despite proceeds from sale of investment securities of ¥558 million.

(Cash flows from financing activities)

Cash provided by financing activities amounted to ¥4,054 million (an inflow of ¥1,413 million during the previous fiscal year). This is mainly attributable to a net increase in short-term borrowings of ¥2,505 million and proceeds from long-term borrowings of ¥3,500 million, despite repayments of long-term borrowings of ¥1,508 million.

(Trend in cash flow indicators)

	Fiscal year ended				
	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Equity ratio (%)	46.6	50.7	61.2	54.8	44.3
Fair value-based equity ratio (%)	84.7	84.0	77.7	59.0	44.8
Ratio of interest-bearing liabilities to cash flows (years)	2.8	1.9	1.6	3.1	―
Interest coverage ratio (times)	60.3	73.8	90.9	72.8	―

(Notes) Equity ratio: Equity / total assets
Fair value-based equity ratio: Market capitalization / total assets
Ratio of interest-bearing liabilities to cash flows: Interest-bearing liabilities / cash flows
Interest coverage ratio: Cash flows / interest payments

1. All indicators are calculated on a consolidated basis.
2. Market capitalization is calculated as the closing price of the Company's shares at the end of the fiscal year, multiplied by the total number of issued and outstanding shares at the end of the fiscal year.
3. Cash flow refers to cash flows from operating activities on the Consolidated Statements of Cash Flows. Interest-bearing liabilities includes all liabilities recorded on the Consolidated Balance Sheets on which interest is paid. Interest payments refer to interest paid on the Consolidated Statements of Cash Flows.
4. Ratio of interest-bearing liabilities to cash flows and interest coverage ratio for the fiscal year ended June 30, 2023 are not shown due to negative operating cash flow.

(4) Future Outlook

Although economic activity is expected to recover as a result of the reclassification of COVID-19's status to Category V under the Infectious Disease Control Law, uncertainty is expected to continue both in Japan and overseas due to the domestic and international impact of Russia's invasion of Ukraine on the economy. The business environment surrounding the Group is expected to feature continuing home cooking demand and rising health consciousness; however, a frugal mindset and preference for low-priced products is anticipated to persist among consumers due to rising prices and supply-side constraints.

In this environment, the Group will prioritize the stable supply of products based on the principles of "safety and security" to tackle the dramatically-changing business environment, aiming to establish the foundations for business growth and earnings capability through daring challenges toward markets in Japan and overseas.

(Fish-paste Products and Side Dishes Business)

The Company has revised the prices of its products effective from shipments on March 1, 2023. Soaring energy costs due to elevated crude oil prices and rises in labor and logistics costs due to labor shortages, however, have continued unabated, in addition to rising raw materials prices resulting from factors such as expanding global food demand. Our business environment is expected to remain challenging in the future.

The transition from the "living with COVID" policy to post-COVID is expected to normalize the economy, but consumer values and purchasing behavior are changing dramatically. More and more consumers are thought to choose products from social value perspectives such as the SDGs. In light of these circumstances, the Group will continue to develop high value-added products featuring delicious taste that captures changing consumer needs, combined with social value.

(Mushroom Business)

The outlook in the Mushroom Business is expected to remain uncertain due to the impact of changes in the economic environment and abnormal weather, among other factors. The Group will strive to secure stable sales

volumes and revenue by drawing on the added value of our maitake mushrooms and pursuing further opportunities in business with existing customers and strengthening new customer development and sales promotion, to respond to changes in the supply-demand balance caused by increased production capacity at other companies.

In terms of production, the Group will engage in promoting manpower savings and improving productivity through the utilization of new technologies. In terms of research, the Group will actively engage in developing technologies for the future.

(Transport Business and Warehouse Business)

For the transport business, while restrictions on socioeconomic activities due to the COVID-19 pandemic have been relaxed and socioeconomic activities are expected to normalize, the outlook is uncertain due to soaring prices of various commodities including resources, which is affected by the situation in Ukraine and other factors. In addition, facing the 2024 problem, or anticipated further truck driver shortages, our customers are likely to make even stronger efforts to reduce transport costs. In this context, the Group will strive to increase revenue by promoting the further cooperation with subcontractors and further optimization and efficiency of its transport system to respond to transport needs.

In the warehouse business, the Group will promote the creation of a DX foundation for the establishment of a new warehouse management system (WMS), which will lead to a stronger revenue structure. In addition, the Group will strive to secure stable revenue by strengthening warehouse management and appropriately revising prices to counter rising costs caused by soaring energy prices.

2. Basic Stance Concerning Choice of Accounting Standards

The Group has adopted Japanese GAAP upon consideration of the comparability of the Consolidated Financial Statements with those of other companies in the same industry in Japan.

With regard to the adoption of the International Financial Reporting Standards (IFRS), the Company will respond appropriately upon consideration of the situation in Japan and overseas.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Thousand yen)

	As of June 30, 2022	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	2,318,833	1,414,275
Accounts receivable - trade	2,884,656	3,336,376
Merchandise and finished goods	888,761	1,116,825
Work in process	531,453	525,923
Raw materials and supplies	2,289,432	3,156,003
Other	199,892	989,046
Allowance for doubtful accounts	(559)	(16,763)
Total current assets	9,112,470	10,521,687
Non-current assets		
Property, plant and equipment		
Buildings and structures	17,875,416	21,422,776
Accumulated depreciation	(13,551,245)	(13,967,151)
Buildings and structures, net	4,324,171	7,455,625
Machinery, equipment and vehicles	17,635,016	20,011,942
Accumulated depreciation	(14,774,447)	(15,244,560)
Machinery, equipment and vehicles, net	2,860,568	4,767,382
Tools, furniture and fixtures	1,478,105	1,581,956
Accumulated depreciation	(1,311,019)	(1,411,635)
Tools, furniture and fixtures, net	167,085	170,321
Land	3,179,344	3,179,344
Leased assets	365,184	1,868,892
Accumulated depreciation	(185,479)	(205,915)
Leased assets, net	179,705	1,662,977
Construction in progress	2,232,915	—
Total property, plant and equipment	12,943,791	17,235,650
Intangible assets		
Leased assets	31,550	37,479
Other	403,435	352,655
Total intangible assets	434,986	390,134
Investments and other assets		
Investment securities	2,466,889	2,013,684
Deferred tax assets	76,296	135,787
Other	286,128	406,085
Allowance for doubtful accounts	(24,500)	(24,500)
Total investments and other assets	2,804,814	2,531,057
Total non-current assets	16,183,592	20,156,842
Total assets	25,296,062	30,678,530

(Thousand yen)

	As of June 30, 2022	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,984,765	1,942,067
Short-term borrowings	1,495,000	4,000,000
Current portion of long-term borrowings	1,228,152	1,580,984
Current portion of bonds payable	100,000	100,000
Lease liabilities	51,883	188,275
Accounts payable - other, and accrued expenses	1,860,553	1,921,618
Income taxes payable	176,906	93,525
Provision for bonuses	80,828	81,131
Provision for bonuses for directors (and other officers)	18,672	14,140
Other	1,367,638	1,049,040
Total current liabilities	8,364,399	10,970,782
Non-current liabilities		
Bonds payable	200,000	100,000
Long-term borrowings	2,376,335	4,015,333
Lease liabilities	159,372	1,513,457
Deferred tax liabilities	9,177	—
Provision for retirement benefits for directors (and other officers)	36,988	39,275
Provision for share awards for directors (and other officers)	97,280	114,645
Other	189,515	345,384
Total non-current liabilities	3,068,671	6,128,094
Total liabilities	11,433,070	17,098,877
Net assets		
Shareholders' equity		
Share capital	940,000	940,000
Capital surplus	650,000	650,000
Retained earnings	11,320,455	11,182,280
Treasury shares	(166,135)	(166,135)
Total shareholders' equity	12,744,320	12,606,144
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,103,143	935,623
Foreign currency translation adjustment	15,528	37,886
Total accumulated other comprehensive income	1,118,672	973,509
Total net assets	13,862,992	13,579,653
Total liabilities and net assets	25,296,062	30,678,530

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended June 30, 2022	For the fiscal year ended June 30, 2023
Net sales	31,636,256	32,814,140
Cost of sales	25,596,785	27,422,821
Gross profit	6,039,470	5,391,319
Selling, general and administrative expenses	5,493,503	5,584,505
Operating profit (loss)	545,966	(193,186)
Non-operating income		
Interest income	1,001	1,004
Dividend income	36,100	28,925
Rental income	17,467	12,058
Commission income	28,191	28,158
Electricity sale income	17,205	18,046
Gain on redemption of securities	—	8,530
Share of profit of entities accounted for using equity method	15,236	7,475
Miscellaneous income	23,816	19,462
Total non-operating income	139,019	123,663
Non-operating expenses		
Interest expenses	24,732	40,084
Loss on valuation of investment securities	4,478	—
Depreciation	10,788	10,788
Commission expenses	21,200	9,500
Provision of allowance for doubtful accounts	—	16,222
Miscellaneous losses	539	350
Total non-operating expenses	61,738	76,945
Ordinary profit (loss)	623,248	(146,467)
Extraordinary income		
Gain on sale of non-current assets	3,605	1,449
Gain on sale of investment securities	134,289	297,506
Subsidy income	36,580	64,731
Total extraordinary income	174,476	363,687
Extraordinary losses		
Loss on retirement of non-current assets	6,794	7,963
Loss on valuation of investment securities	—	3,332
Loss on sale of investment securities	—	7,870
Factory integration expenses	—	25,438
Impairment losses	6,169	6,417
Total extraordinary losses	12,964	51,021
Profit before income taxes	784,759	166,198
Income taxes - current	165,469	84,356
Income taxes - deferred	53,926	(2,281)
Total income taxes	219,395	82,075
Profit	565,363	84,123
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	565,363	84,123

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended June 30, 2022	For the fiscal year ended June 30, 2023
Profit	565,363	84,123
Other comprehensive income		
Valuation difference on available-for-sale securities	(83,397)	(167,520)
Share of other comprehensive income of entities accounted for using equity method	27,588	22,357
Total other comprehensive income	(55,809)	(145,163)
Comprehensive income	509,553	(61,040)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	509,553	(61,040)
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Changes in Equity

Fiscal year ended June 30, 2022 (from July 1, 2021 to June 30, 2022)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	940,000	650,000	10,940,341	(119,646)	12,410,694
Changes during period					
Dividends of surplus			(185,249)		(185,249)
Profit attributable to owners of parent			565,363		565,363
Purchase of treasury shares				(53,520)	(53,520)
Disposal of treasury shares				7,031	7,031
Net changes in items other than shareholders' equity					
Total changes during period	—	—	380,114	(46,489)	333,625
Balance at end of period	940,000	650,000	11,320,455	(166,135)	12,744,320

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	1,186,541	(12,059)	1,174,481	13,585,176
Changes during period				
Dividends of surplus				(185,249)
Profit attributable to owners of parent				565,363
Purchase of treasury shares				(53,520)
Disposal of treasury shares				7,031
Net changes in items other than shareholders' equity	(83,397)	27,588	(55,809)	(55,809)
Total changes during period	(83,397)	27,588	(55,809)	277,815
Balance at end of period	1,103,143	15,528	1,118,672	13,862,992

Fiscal year ended June 30, 2023 (from July 1, 2022 to June 30, 2023)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	940,000	650,000	11,320,455	(166,135)	12,744,320
Changes during period					
Dividends of surplus			(222,298)		(222,298)
Profit attributable to owners of parent			84,123		84,123
Net changes in items other than shareholders' equity					
Total changes during period	—	—	(138,175)	—	(138,175)
Balance at end of period	940,000	650,000	11,182,280	(166,135)	12,606,144

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	1,103,143	15,528	1,118,672	13,862,992
Changes during period				
Dividends of surplus				(222,298)
Profit attributable to owners of parent				84,123
Net changes in items other than shareholders' equity	(167,520)	22,357	(145,163)	(145,163)
Total changes during period	(167,520)	22,357	(145,163)	(283,339)
Balance at end of period	935,623	37,886	973,509	13,579,653

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended June 30, 2022	For the fiscal year ended June 30, 2023
Cash flows from operating activities		
Profit before income taxes	784,759	166,198
Depreciation	1,367,498	1,534,982
Impairment losses	6,169	6,417
Increase (decrease) in allowance for doubtful accounts	19	16,204
Increase (decrease) in provision for bonuses	(825)	303
Increase (decrease) in provision for bonuses for directors (and other officers)	18,672	(4,532)
Increase (decrease) in provision for share awards for directors (and other officers)	5,069	17,364
Increase (decrease) in provision for retirement benefits for directors (and other officers)	2,828	2,286
Interest and dividend income	(37,102)	(29,930)
Interest expenses	24,732	40,084
Share of loss (profit) of entities accounted for using equity method	(15,236)	(7,475)
Loss (gain) on sale of investment securities	(134,289)	(289,636)
Loss (gain) on valuation of investment securities	4,478	3,332
Loss (gain) on sale of non-current assets	(3,605)	6,513
Loss on retirement of non-current assets	6,794	—
Subsidy income	(36,580)	(64,731)
Decrease (increase) in trade receivables	(19,133)	(436,287)
Decrease (increase) in accounts receivable - other	6,325	4,504
Decrease (increase) in inventories	(545,208)	(1,089,105)
Increase (decrease) in trade payables	93,795	(84,773)
Increase (decrease) in accounts payable - other, and accrued expenses	(55,885)	67,960
Increase (decrease) in accrued consumption taxes	(11,745)	1,855
Decrease (increase) in consumption taxes refund receivable	133,415	(762,042)
Other, net	(13,171)	35,483
Subtotal	1,581,776	(865,025)
Income taxes refund (paid)	183,793	(217,194)
Subsidies received	36,580	64,731
Net cash provided by (used in) operating activities	1,802,149	(1,017,488)
Cash flows from investing activities		
Net decrease (increase) in time deposits	(1,998)	(6,500)
Purchase of property, plant and equipment	(2,481,868)	(4,509,939)
Proceeds from sale of property, plant and equipment	5,292	1,450
Purchase of intangible assets	(7,996)	(8,643)
Purchase of investment securities	(5,768)	(4,987)
Proceeds from sale of investment securities	262,808	558,717
Purchase of shares of subsidiaries and associates	(30,557)	(9,764)
Interest and dividends received	37,102	29,930
Net cash provided by (used in) investing activities	(2,222,986)	(3,949,738)

(Thousand yen)

	For the fiscal year ended June 30, 2022	For the fiscal year ended June 30, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	995,000	2,505,000
Redemption of bonds	(100,000)	(100,000)
Proceeds from long-term borrowings	2,100,000	3,500,000
Repayments of long-term borrowings	(1,266,098)	(1,508,170)
Repayments of lease liabilities	(59,114)	(79,963)
Interest paid	(24,745)	(40,145)
Dividends paid	(185,249)	(222,298)
Other, net	(46,489)	—
Net cash provided by (used in) financing activities	1,413,303	4,054,422
Effect of exchange rate change on cash and cash equivalents	3,477	1,745
Net increase (decrease) in cash and cash equivalents	995,943	(911,058)
Cash and cash equivalents at beginning of period	1,286,873	2,282,817
Cash and cash equivalents at end of period	2,282,817	1,371,758

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Changes in presentation method)

(Consolidated Statements of Cash Flows)

"Decrease (increase) in consumption taxes refund receivable," which was included in "Other, net" under cash flows from operating activities in the previous fiscal year, is presented separately in the fiscal year under review due to its increased importance in terms of amount. To reflect this change in presentation, "Other, net" of ¥120,243 thousand presented under cash flows from operating activities in the Consolidated Statements of Cash Flows for the previous fiscal year has been reclassified as "Decrease (increase) in consumption taxes refund receivable" of ¥133,415 thousand and "Other, net" of ¥(13,171) thousand.

(Segment information, etc.)

[Segment information]

1. Overview of reportable segments

The Group's reportable segments are those units of the Group for which discrete financial information is available and for which the Board of Directors regularly conducts regular reviews for the purpose of making decisions about the allocation of management resources and to assess performance.

The Company is mainly engaged in the production and sale of food. Its products are broadly classified into "fish-paste products and side dishes," the main ingredient of which is surimi, and "mushrooms."

The Group is therefore composed of two product-based reportable segments: the "Fish-paste Products and Side Dishes Business" and the "Mushroom Business."

2. Methods used to calculate the amounts of net sales, profit (loss), assets, liabilities, and other items for each reportable segment

The method used to account for the reporting business segments is based on the accounting policies applied in the preparation of the Consolidated Financial Statements.

Segment profit represents the operating profit of the reporting segment.

Inter-segment revenue and transfers are based on market prices.

3. Information on net sales, profit (loss), assets, liabilities, and other items for each reportable segment, and disaggregated revenue information

For the fiscal year ended June 30, 2022 (from July 1, 2021 to June 30, 2022)

(Thousand yen)

	Reportable segments			Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Consolidated Financial Statements (Note 3)
	Fish-paste Products and Side Dishes Business	Mushroom Business	Total				
Net sales							
Revenue from contracts with customers	27,107,546	4,037,510	31,145,056	491,199	31,636,256	—	31,636,256
Other income	—	—	—	461,735	461,735	(461,735)	—
Net sales to outside customers	27,107,546	4,037,510	31,145,056	491,199	31,636,256	—	31,636,256
Inter-segment net sales or transfers	—	—	—	461,735	461,735	(461,735)	—
Total	27,107,546	4,037,510	31,145,056	952,935	32,097,992	(461,735)	31,636,256
Segment profit	77,543	430,234	507,778	27,670	535,448	10,518	545,966
Segment assets	17,416,020	2,935,032	20,351,053	947,757	21,298,810	3,997,252	25,296,062
Other items							
Depreciation	1,069,607	245,474	1,315,081	52,416	1,367,498	—	1,367,498
Increase in property, plant and equipment and intangible assets	3,167,168	217,447	3,384,615	31,919	3,416,535	—	3,416,535

(Notes) 1. The "Others" category refers to the transport business and warehouse business not included in reportable segments.

2. (1) The adjustment of ¥10,518 thousand in segment profit is primarily elimination of intersegment transactions.

(2) The adjustment of ¥3,997,252 thousand in segment assets includes elimination of intersegment transactions of ¥70,838 thousand. This mainly consists of the Company's cash and deposits and investment securities.

3. Segment profit has been adjusted with operating profit in the Consolidated Statements of Income.

For the fiscal year ended June 30, 2023 (from July 1, 2022 to June 30, 2023)

(Thousand yen)

	Reportable segments			Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Consolidated Financial Statements (Note 3)
	Fish-paste Products and Side Dishes Business	Mushroom Business	Total				
Net sales Revenue from contracts with customers Other income	28,447,242	3,947,470	32,394,712	419,428	32,814,140	—	32,814,140
Net sales to outside customers	28,447,242	3,947,470	32,394,712	419,428	32,814,140	—	32,814,140
Inter-segment net sales or transfers	—	—	—	536,594	536,594	(536,594)	—
Total	28,447,242	3,947,470	32,394,712	956,022	33,350,735	(536,594)	32,814,140
Segment profit	(288,062)	14,915	(273,147)	72,260	(200,886)	7,700	(193,186)
Segment assets	24,056,002	3,056,602	27,112,605	908,932	28,021,537	2,656,992	30,678,530
Other items							
Depreciation	1,240,504	253,219	1,493,723	41,259	1,534,982	—	1,534,982
Increase in property, plant and equipment and intangible assets	5,643,580	225,132	5,868,712	1,536	5,870,249	—	5,870,249

(Notes) 1. The “Others” category refers to the transport business and warehouse business not included in reportable segments.

2. In order to more appropriately reflect individual segments’ performance in the financial results, the standards for allocating corporate expenses have been revised and changes were made to the methods of calculating profit or loss for business segments, starting from the three months ended September 30, 2022. Segment information for the fiscal year ended June 30, 2022 is based on the revised method of calculating profit or loss.

3. (1) The adjustment of ¥7,700 thousand in segment profit is primarily elimination of intersegment transactions.

   (2) The adjustment of ¥2,656,992 thousand in segment assets includes elimination of intersegment transactions of ¥48,550 thousand. This mainly consists of the Company’s cash and deposits and investment securities.

4. Segment profit has been adjusted with operating profit in the Consolidated Statements of Income.

3. Information on impairment loss on non-current assets and goodwill by reportable segment

For the fiscal year ended June 30, 2022 (from July 1, 2021 to June 30, 2022)

(Thousand yen)

	Reportable segments			Others	Corporate / elimination	Total
	Fish-paste Products and Side Dishes Business	Mushroom Business	Total			
Impairment loss	2,700	3,469	6,169	—	—	6,169

For the fiscal year ended June 30, 2023 (from July 1, 2022 to June 30, 2023)

(Thousand yen)

	Reportable segments			Others	Corporate / elimination	Total
	Fish-paste Products and Side Dishes Business	Mushroom Business	Total			
Impairment loss	4,372	2,045	6,417	—	—	6,417

(Per share information)

	For the fiscal year ended June 30, 2022	For the fiscal year ended June 30, 2023
Net assets per share	¥754.33	¥738.91
Basic earnings per share	¥30.73	¥4.58

(Notes) 1. Diluted earnings per share are not shown as there are no potentially dilutive shares.

2. Shares of the Company held by the Custody Bank of Japan, Ltd. (trust account E; 147,000 shares and 147,000 shares as of June 30, 2022 and June 30, 2023, respectively), recorded as treasury shares under shareholders' equity, have been deducted from the total number of issued and outstanding shares at the end of the period for the calculation of net assets per share. The number of treasury shares deducted when calculating of the average number of shares during each period for the calculation of basic earnings per share includes shares of the Company held by the Custody Bank of Japan, Ltd. (127,692 shares and 147,000 shares for the fiscal years ended June 30, 2022 and June 30, 2023, respectively).

3. The basis for calculating net assets per share is as follows.

Item	As of June 30, 2022	As of June 30, 2023
Total net assets (thousand yen)	13,862,992	13,579,653
Amount deducted from total net assets (thousand yen)	—	—
(Including non-controlling interests) (thousand yen)	—	—
Net assets attributable to common shares at the end of the period (thousand yen)	13,862,992	13,579,653
Number of common shares at the end of the period used to calculate net assets per share (thousand shares)	18,377	18,377

4. The basis for calculating basic earnings per share is as follows.

Item	For the fiscal year ended June 30, 2022	For the fiscal year ended June 30, 2023
Profit attributable to owners of parent (thousand yen)	565,363	84,123
Amount not attributable to common shares (thousand yen)	—	—
Profit attributable to owners of parent for common shares (thousand yen)	565,363	84,123
Average number of common shares during the period (thousand shares)	18,397	18,377

(Significant subsequent events)

Not applicable.

4. Others

(1) Changes in Directors and Executive Officers

1. Change in Representative Director

   Not applicable.

2. Changes in other Directors and Executive Officers (scheduled for September 28, 2023)

   1. Directors who are Audit and Supervisory Committee Members

      1. Candidates for Newly Appointed Directors

         Director (Audit and Supervisory Committee Member):

         Kazuto Abe (Currently Director, Abe Certified Public Accountant Office)

         Director (Audit and Supervisory Committee Member):

         Masatoshi Minabe (Currently Director, Ryuto Legal Tax Accounting Office)

         *Candidates for Outside Directors under Article 2, Item 15 of the Companies Act

      2. Directors retiring from office

         Director (Audit and Supervisory Committee Member): Keiji Sakai

         Director (Audit and Supervisory Committee Member): Hyoe Furukawa