Consolidated Financial Results for the Fiscal Year Ended June 30, 2024 [Japanese GAAP]

August 7, 2024

Company name: ICHIMASA KAMABOKO Co., Ltd.
Stock exchange listing: Tokyo Stock Exchange
Code number: 2904
URL: https://www.ichimasa.co.jp/global/en/
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Scheduled date of general shareholders' meeting: September 26, 2024
Scheduled date of commencing dividend payments: September 27, 2024
Scheduled date of filing securities report: September 20, 2024
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, 2024 (July 1, 2023 – June 30, 2024)

(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, 2024	34,487	5.1	1,271	–	1,247	–	957	–
June 30, 2023	32,814	3.7	(193)	–	(146)	–	84	(85.1)

(Note) Comprehensive income: Fiscal year ended June 30, 2024: ¥1,147 million [–%]
Fiscal year ended June 30, 2023: ¥(61) million [–%]

	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, 2024	52.10	–	6.8	4.0	3.7
June 30, 2023	4.58	–	0.6	(0.5)	(0.6)

(Reference) Equity in earnings of affiliated companies: Fiscal year ended June 30, 2024: ¥(45) million
Fiscal year ended June 30, 2023: ¥7 million

(Note) The percentage of Profit attributable to owners of parent for the fiscal year ended June 30, 2024 is shown as "–" as the change from the previous fiscal year is more than 1,000% .

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2024	31,392	14,504	46.2	789.23
As of June 30, 2023	30,678	13,579	44.3	738.91

(Reference) Equity: As of June 30, 2024: ¥14,504 million
As of June 30, 2023: ¥13,579 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 end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
June 30, 2024	5,198	(1,743)	(1,648)	3,183
June 30, 2023	(1,017)	(3,949)	4,054	1,371

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, 2023	–	0.00	–	12.00	12.00	222	262.2	1.6
Fiscal year ended June 30, 2024	–	0.00	–	12.00	12.00	222	23.0	1.6
Fiscal year ending June 30, 2025 (Forecast)	–	0.00	–	14.00	14.00		–	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2025 (July 1, 2024 - June 30, 2025)

(% 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	20,000	6.1	1,100	18.9	1,150	22.7	800	14.1	43.53
Full year	36,500	5.8	1,300	2.3	1,350	8.2	960	0.3	52.24

*** Notes:**

(1) Significant changes in the scope of consolidation during the period): 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: Yes
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, 2024: 18,590,000 shares
As of June 30, 2023: 18,590,000 shares

2) Total number of treasury shares at the end of the year:
As of June 30, 2024: 212,088 shares
As of June 30, 2023: 212,088 shares

3) Average number of shares during the year:
Fiscal year ended June 30, 2024: 18,377,912 shares
Fiscal year ended June 30, 2023: 18,377,912 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, 2024 (July 1, 2023 – June 30, 2024)

(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, 2024	34,095	5.2	1,151	–	1,305	–	1,046	–
June 30, 2023	32,394	4.0	(273)	–	(161)	–	64	(89.3)

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
June 30, 2024	56.96	–
June 30, 2023	3.52	–

(Note) The percentage of Profit for the fiscal year ended June 30, 2024 is shown as "–" as the change from the previous fiscal year is more than 1,000% .

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2024	30,614	13,986	45.7	761.05
As of June 30, 2023	29,884	12,969	43.4	705.72

(Reference) Equity: As of June 30, 2024: ¥13,986 million
As of June 30, 2023: ¥12,969 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.

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1. Overview of Operating Results, etc.

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

In the fiscal year ended June 30, 2024, the Japanese economy showed signs of a recovery against the backdrop of increased inbound demand due to the relaxation of restrictions on movement and entry into Japan, after the reclassification of COVID-19's status to Category V under the Infectious Disease Control Law. Further, as the Bank of Japan (BOJ) held a monetary policy meeting in March, where it stated that a price stability target of 2% could be achieved in line with rises in wages and made the announcement that negative interest rate policy will be lifted, Japanese monetary policy has reached a major turning point toward the overcoming of deflation and the recovery of the economy. However, downside risks for the overseas economy such as the situations in Ukraine and Israel/Gaza, other tense world situations, and concerns about the outlook of the Chinese economy, as well as depreciation of the Japanese yen and other factors led to the persistence in numerous high costs, including of energy such as electricity and gas. As a result, with rises in wages not keeping pace with rising costs for various goods, real wages are continuing to fall, and there is an even stronger awareness of defensive spending patterns among consumers, while the business environment surrounding the Group has become even more severe.

Under these circumstances, the Group completed the third 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 continuing to address 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, 2024, the Company posted net sales of ¥34,487 million (up ¥1,673 million or 5.1% from the previous fiscal year), operating profit of ¥1,271 million (up ¥1,464 million from the previous fiscal year), ordinary profit of ¥1,247 million (up ¥1,393 million from the previous fiscal year), and profit attributable to owners of parent of ¥957 million (up ¥873 million 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 to the 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. In addition, sales volume increased from the previous fiscal year for stick-type *kanikama* (crab-flavored kamaboko) and *hanpen* (soft fish cake). Regarding products for the "*osechi*," Japanese traditional New Year's day food, sales remained at the same level as the previous fiscal year.

In terms of profit, the rise in the price of surimi, which is a main raw material, slowed down, while costs rose on various fronts such as oil and fats, and packaging materials. In these circumstances, profit increased from the previous fiscal year due to the improved production efficiency by the operation start of the second headquarters factory from April 2023 as a dedicated factory for crab flavored kamaboko, which is the Company's flagship product, and the lower electricity charges than initially anticipated.

As a result of the above, for the fiscal year ended June 30, 2024, this segment posted net sales of ¥30,304 million (up ¥1,857 million or 6.5% from the previous fiscal year), and segment profit or operating profit of ¥1,309 million (segment loss or operating loss of ¥288 million in the previous fiscal year).

(Mushroom Business)

The Company strengthened sales through proposals for large-volume products and product refreshes enhanced with Vitamin D. However, sales volume was sluggish due in part to last summer's extreme heat and the mild winter, resulting in a net sales decrease from the previous fiscal year.

Profit declined from the previous fiscal year due to poor weather conditions, a decrease in net sales due to a lack of measures to stimulate demand, and increases in raw material and labor costs, despite the implementation of measures to improve production efficiency and reduce costs.

As a result, for the fiscal year ended June 30, 2024, this segment posted net sales of ¥3,790 million (down ¥156 million or 4.0% from the previous fiscal year), and segment loss or operating loss of ¥157 million (segment profit or operating profit of ¥14 million for the previous fiscal year).

(Others)

The transport business saw net sales decrease from the previous fiscal year mainly due to the discontinuation of some of the regular transportation services for imported fruits and vegetables, despite a higher handling volume by mainstay customers as the result of strengthened sales efforts, and profit also declined from the previous fiscal year mainly due to the decrease in net sales.

For the warehouse business, despite tight capacity in warehousing during the first half of the year, we secured a year-round increase in warehousing volume compared with the previous fiscal year. Further, net sales and profit both increased over the previous fiscal year due to efforts to improve profitability, including improvement of warehouse efficiency and price revisions in response to increased costs.

As a result, for the fiscal year ended June 30, 2024, net sales in others, non-reportable segments were ¥392 million (down ¥27 million or 6.5% from the previous fiscal year), and segment profit or operating profit was ¥110 million (segment profit or operating profit of ¥72 million for the previous fiscal year).

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

(Current assets)

Current assets as of June 30, 2024 were ¥10,851 million (an increase of ¥329 million from the end of the previous fiscal year). This is mainly attributable to an increase in cash and deposits, an increase in net sales, and an increase in accounts receivable – trade as a result of the impact of bank holidays at the end of June, despite decreases in raw materials and supplies as well as merchandise and finished goods.

(Non-current assets)

Non-current assets as of June 30, 2024 were ¥20,541 million (an increase of ¥384 million from the end of the previous fiscal year). This is mainly attributable to an increase in machinery, equipment and vehicles, despite the progression of depreciation of property, plant and equipment.

(Current liabilities)

Current liabilities as of June 30, 2024 were ¥8,425 million (a decrease of ¥2,544 million from the end of the previous fiscal year). This is mainly attributable to the transfer of short-term borrowings raised for the construction of the second headquarters factory to long-term borrowings and a decrease in other current liabilities (electronically recorded obligations -operating), despite increases in accounts payable – other, accrued expenses, and accrued consumption taxes.

(Non-current liabilities)

Non-current liabilities as of June 30, 2024 were ¥8,462 million (an increase of ¥2,334 million from the end of the previous fiscal year). This increase is mainly attributable to the transfer of short-term borrowings to long-term borrowings as described in the above Current liabilities section.

(Net assets)

Net assets as of June 30, 2024 were ¥14,504 million (an increase of ¥924 million from the end of the previous fiscal year). This is mainly attributable to an increase in retained earnings.

As a result, the equity ratio increased 1.9 percentage points from 44.3% to 46.2%.

(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 ¥3,183 million, an increase of ¥1,812 million compared to the end of the previous fiscal year.

(Cash flows from operating activities)

Cash provided by operating activities amounted to ¥5,198 million (an outflow of ¥1,017 million during the previous fiscal year). This is mainly attributable to the posting of ¥1,402 million in profit before income taxes and ¥1,627 million in depreciation, and a decrease in inventories of ¥1,148 million, despite an increase in trade receivables of ¥514 million.

(Cash flows from investing activities)

Cash used in investing activities amounted to ¥1,743 million (an outflow of ¥3,949 million during the previous fiscal year). This is mainly attributable to purchase of property, plant and equipment of ¥2,059 million, despite proceeds from sale of investment securities of ¥291 million.

(Cash flows from financing activities)

Cash used in financing activities amounted to ¥1,648 million (an inflow of ¥4,054 million during the previous fiscal year). This is mainly attributable to a net decrease in short-term borrowings of ¥4,000 million and repayments of long-term borrowings of ¥2,904 million, despite proceeds from long-term borrowings of ¥5,800 million.

(Trend in cash flow indicators)

	Fiscal year ended				
	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024
Equity ratio (%)	50.7	61.2	54.8	44.3	46.2
Fair value-based equity ratio (%)	84.0	77.7	59.0	44.8	44.8
Ratio of interest-bearing liabilities to cash flows (years)	1.9	1.6	3.1	–	2.0
Interest coverage ratio (times)	73.8	90.9	72.8	–	89.4

(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 the growth of inbound demand is expected to lead to a recovery in the flow of people and a recovery in economic activity, uncertainty is expected to continue both in Japan and overseas due to the impact on domestic and overseas economies from the prolonged situation in Ukraine and the situation in Israel/Gaza. The business environment and personal consumption surrounding the Group is expected to feature continuing home cooking demand and rising health consciousness; however, a preference for low-priced products and a frugal mindset due to rising prices and supply-side constraints are anticipated to persist among consumers.

In this environment, the Group will prioritize the stable supply of products based on the principles of "safety and security" to tackle the ongoing significantly-changing business environment, working 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)

In the fish-paste products and side dishes business, economic activities are normalizing as a result of factors such as the growth of inbound demand, the implementation of government policies aimed at realizing a virtuous cycle of wage increases and rising prices, and the lifting of the Bank of Japan's negative interest rate policy as well as the expectation of additional interest rate hikes. However, the business environment is expected to remain challenging in the future, with rising prices and a continuing decline in real wages due to the excessive weakening of the yen, the situation in Ukraine, and the worsening situation in Israel/Gaza, as well as the 2024 problem in the logistics industry, and labor shortages amid rising wages.

In addition, we believe that the number of consumers who choose products from social value perspectives such as the SDGs will continue to increase going forward. In light of these circumstances, the Group will develop high value-added products featuring delicious taste that captures changing consumer needs, combined with social value with the aim of strengthening our sustainability initiatives.

(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 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, 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 cooperation with subcontractors and the 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, 2023	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	1,414,275	3,222,319
Accounts receivable - trade	3,336,376	3,841,001
Merchandise and finished goods	1,116,825	971,521
Work in process	525,923	597,947
Raw materials and supplies	3,156,003	2,080,857
Other	989,046	178,943
Allowance for doubtful accounts	(16,763)	(41,210)
Total current assets	10,521,687	10,851,379
Non-current assets		
Property, plant and equipment		
Buildings and structures	21,422,776	21,689,255
Accumulated depreciation	(13,967,151)	(14,499,090)
Buildings and structures, net	7,455,625	7,190,165
Machinery, equipment and vehicles	20,011,942	20,735,025
Accumulated depreciation	(15,244,560)	(15,553,653)
Machinery, equipment and vehicles, net	4,767,382	5,181,371
Tools, furniture and fixtures	1,581,956	1,634,300
Accumulated depreciation	(1,411,635)	(1,437,290)
Tools, furniture and fixtures, net	170,321	197,010
Land	3,179,344	3,179,344
Leased assets	1,868,892	1,832,831
Accumulated depreciation	(205,915)	(235,437)
Leased assets, net	1,662,977	1,597,393
Construction in progress	–	297,623
Total property, plant and equipment	17,235,650	17,642,909
Intangible assets		
Leased assets	37,479	42,994
Other	352,655	311,266
Total intangible assets	390,134	354,260
Investments and other assets		
Investment securities	2,013,684	2,103,756
Deferred tax assets	135,787	87,223
Other	406,085	377,854
Allowance for doubtful accounts	(24,500)	(24,500)
Total investments and other assets	2,531,057	2,544,333
Total non-current assets	20,156,842	20,541,503
Total assets	30,678,530	31,392,883

(Thousand yen)

	As of June 30, 2023	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,942,067	1,949,276
Short-term borrowings	4,000,000	–
Current portion of long-term borrowings	1,580,984	2,236,296
Current portion of bonds payable	100,000	100,000
Lease liabilities	188,275	164,355
Accounts payable - other, and accrued expenses	1,921,618	2,954,162
Income taxes payable	93,525	245,478
Provision for bonuses	81,131	85,959
Provision for bonuses for directors (and other officers)	14,140	25,668
Other	1,049,040	664,767
Total current liabilities	10,970,782	8,425,963
Non-current liabilities		
Bonds payable	100,000	–
Long-term borrowings	4,015,333	6,255,285
Lease liabilities	1,513,457	1,481,680
Deferred tax liabilities	–	205,067
Provision for retirement benefits for directors (and other officers)	39,275	42,675
Provision for share awards for directors (and other officers)	114,645	133,434
Other	345,384	344,357
Total non-current liabilities	6,128,094	8,462,499
Total liabilities	17,098,877	16,888,463
Net assets		
Shareholders' equity		
Share capital	940,000	940,000
Capital surplus	650,000	650,000
Retained earnings	11,182,280	11,917,459
Treasury shares	(166,135)	(166,135)
Total shareholders' equity	12,606,144	13,341,323
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	935,623	1,112,416
Foreign currency translation adjustment	37,886	50,679
Total accumulated other comprehensive income	973,509	1,163,096
Total net assets	13,579,653	14,504,420
Total liabilities and net assets	30,678,530	31,392,883

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended June 30, 2023	For the fiscal year ended June 30, 2024
Net sales	32,814,140	34,487,406
Cost of sales	27,422,821	27,361,845
Gross profit	5,391,319	7,125,560
Selling, general and administrative expenses	5,584,505	5,854,314
Operating profit (loss)	(193,186)	1,271,246
Non-operating income		
Interest income	1,004	341
Dividend income	28,925	24,900
Rental income	12,058	14,524
Commission income	28,158	39,901
Electricity sale income	18,046	17,292
Gain on redemption of securities	8,530	–
Share of profit of entities accounted for using equity method	7,475	–
Miscellaneous income	19,462	27,497
Total non-operating income	123,663	124,457
Non-operating expenses		
Interest expenses	40,084	58,341
Depreciation	10,788	10,788
Commission expenses	9,500	9,500
Share of loss of entities accounted for using equity method	–	45,447
Provision of allowance for doubtful accounts	16,222	23,188
Miscellaneous losses	350	962
Total non-operating expenses	76,945	148,228
Ordinary profit (loss)	(146,467)	1,247,475
Extraordinary income		
Gain on sale of non-current assets	1,449	3,300
Gain on sale of investment securities	297,506	167,507
Subsidy income	64,731	–
Total extraordinary income	363,687	170,807
Extraordinary losses		
Loss on retirement of non-current assets	7,963	10,492
Loss on valuation of investment securities	3,332	–
Loss on sale of non-current assets	–	1,288
Loss on sale of investment securities	7,870	–
Factory integration expenses	25,438	–
Impairment losses	6,417	3,842
Total extraordinary losses	51,021	15,624
Profit before income taxes	166,198	1,402,658
Income taxes - current	84,356	260,209
Income taxes - deferred	(2,281)	184,970
Total income taxes	82,075	445,180
Profit	84,123	957,478
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	84,123	957,478

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended June 30, 2023	For the fiscal year ended June 30, 2024
Profit	84,123	957,478
Other comprehensive income		
Valuation difference on available-for-sale securities	(167,520)	176,793
Share of other comprehensive income of entities accounted for using equity method	22,357	12,793
Total other comprehensive income	(145,163)	189,587
Comprehensive income	(61,040)	1,147,065
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(61,040)	1,147,065
Comprehensive income attributable to non-controlling interests	–	–

(3) Consolidated Statements of Changes in Equity

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

Fiscal year ended June 30, 2024 (from July 1, 2023 to June 30, 2024)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	940,000	650,000	11,182,280	(166,135)	12,606,144
Changes during period					
Dividends of surplus			(222,298)		(222,298)
Profit attributable to owners of parent			957,478		957,478
Net changes in items other than shareholders' equity					
Total changes during period	–	–	735,179	–	735,179
Balance at end of period	940,000	650,000	11,917,459	(166,135)	13,341,323

	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	935,623	37,886	973,509	13,579,653
Changes during period				
Dividends of surplus				(222,298)
Profit attributable to owners of parent				957,478
Net changes in items other than shareholders' equity	176,793	12,793	189,587	189,587
Total changes during period	176,793	12,793	189,587	924,766
Balance at end of period	1,112,416	50,679	1,163,096	14,504,420

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended June 30, 2023	For the fiscal year ended June 30, 2024
Cash flows from operating activities		
Profit before income taxes	166,198	1,402,658
Depreciation	1,534,982	1,627,226
Impairment losses	6,417	3,842
Increase (decrease) in allowance for doubtful accounts	16,204	24,447
Increase (decrease) in provision for bonuses	303	4,828
Increase (decrease) in provision for bonuses for directors (and other officers)	(4,532)	11,528
Increase (decrease) in provision for share awards for directors (and other officers)	17,364	18,789
Increase (decrease) in provision for retirement benefits for directors (and other officers)	2,286	3,400
Interest and dividend income	(29,930)	(25,241)
Interest expenses	40,084	58,341
Share of loss (profit) of entities accounted for using equity method	(7,475)	45,447
Loss (gain) on sale of investment securities	(289,636)	(167,507)
Loss (gain) on valuation of investment securities	3,332	–
Loss (gain) on sale of non-current assets	(1,449)	(2,011)
Loss on retirement of non-current assets	7,963	10,492
Subsidy income	(64,731)	–
Decrease (increase) in trade receivables	(436,287)	(514,907)
Decrease (increase) in accounts receivable - other	4,504	(16,893)
Decrease (increase) in inventories	(1,089,105)	1,148,426
Increase (decrease) in trade payables	(84,773)	45,996
Increase (decrease) in accounts payable - other, and accrued expenses	67,960	377,569
Increase (decrease) in accrued consumption taxes	1,855	405,159
Decrease (increase) in consumption taxes refund receivable	(762,042)	785,323
Other, net	35,483	8,303
Subtotal	(865,025)	5,255,219
Income taxes refund	–	71,344
Income taxes refund (paid)	(217,194)	(128,505)
Subsidies received	64,731	–
Net cash provided by (used in) operating activities	(1,017,488)	5,198,058
Cash flows from investing activities		
Net decrease (increase) in time deposits	(6,500)	4,149
Purchase of property, plant and equipment	(4,509,939)	(2,059,132)
Proceeds from sale of property, plant and equipment	1,450	12,179
Purchase of intangible assets	(8,643)	(16,661)
Purchase of investment securities	(4,987)	(1,224)
Proceeds from sale of investment securities	558,717	291,460
Purchase of shares of subsidiaries and associates	(9,764)	–
Interest and dividends received	29,930	25,241
Net cash provided by (used in) investing activities	(3,949,738)	(1,743,985)

(Thousand yen)

	For the fiscal year ended June 30, 2023	For the fiscal year ended June 30, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,505,000	(4,000,000)
Redemption of bonds	(100,000)	(100,000)
Proceeds from long-term borrowings	3,500,000	5,800,000
Repayments of long-term borrowings	(1,508,170)	(2,904,736)
Repayments of lease liabilities	(79,963)	(163,578)
Interest paid	(40,145)	(58,146)
Dividends paid	(222,298)	(222,298)
Net cash provided by (used in) financing activities	4,054,422	(1,648,759)
Effect of exchange rate change on cash and cash equivalents	1,745	6,879
Net increase (decrease) in cash and cash equivalents	(911,058)	1,812,193
Cash and cash equivalents at beginning of period	2,282,817	1,371,758
Cash and cash equivalents at end of period	1,371,758	3,183,952

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Changes in accounting estimates)

(Changes in depreciation method of property, plant and equipment)

The Company and its consolidated subsidiaries had adopted the declining balance method as the depreciation method for property, plant and equipment (however, the straight-line method was adopted for buildings acquired from April 1, 1998 onwards (excluding building affiliated equipment) and building affiliated equipment and structures acquired from April 1, 2016 onwards), however this was changed to the straight-line method from the fiscal year under review.

Upon conducting another study into the depreciation method relative to equipment usage method in the wake of the operation start of the new factory for manufacturing the Company's flagship product of "Salad Sticks," the Company predicted the stable operation of equipment moving forward and deemed it appropriate to distribute depreciation equally throughout the equipment's useful lifespan, hence the straight-line method was adopted.

As a result, compared to the conventional method, depreciation for the fiscal year ended June 30, 2024 decreased by ¥412,412 thousand, and operating profit, ordinary profit and profit before income taxes each increased.

(Segment information, etc.)

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, 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	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 (loss)	(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. (1) The adjustment of ¥7,700 thousand in segment profit (loss) 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.

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

For the fiscal year ended June 30, 2024 (from July 1, 2023 to June 30, 2024)

(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	30,304,705	3,790,688	34,095,393	392,012	34,487,406	–	34,487,406
Net sales to outside customers	30,304,705	3,790,688	34,095,393	392,012	34,487,406	–	34,487,406
Inter-segment net sales or transfers	–	–	–	563,213	563,213	(563,213)	–
Total	30,304,705	3,790,688	34,095,393	955,226	35,050,619	(563,213)	34,487,406
Segment profit (loss)	1,309,584	(157,681)	1,151,903	110,415	1,262,318	8,927	1,271,246
Segment assets	22,866,151	3,015,367	25,881,518	953,232	26,834,751	4,558,132	31,392,883
Other items							
Depreciation	1,364,044	217,959	1,582,004	45,221	1,627,226	–	1,627,226
Increase in property, plant and equipment and intangible assets	1,619,480	297,553	1,917,034	152,388	2,069,422	–	2,069,422

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

2. (1) The adjustment of ¥8,927 thousand in segment profit (loss) is primarily elimination of intersegment transactions.

(2) The adjustment of ¥4,558,132 thousand in segment assets includes elimination of intersegment transactions of ¥96,690 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.

4. Information on changes, etc. for the reportable segment

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

Not applicable.

For the fiscal year ended June 30, 2024 (from July 1, 2023 to June 30, 2024)

(Changes in depreciation of method of property, plant and equipment)

As described in the (Changes in accounting estimates) section, the Company and its consolidated subsidiaries had adopted the declining balance method as the depreciation method for property, plant and equipment (however, the straight-line method was adopted for buildings acquired from April 1, 1998 onwards (excluding building affiliated equipment) and building affiliated equipment and structures acquired from April 1, 2016 onwards), however this was changed to the straight-line method from the fiscal year under review.

As a result, compared to the conventional method, segment profit for the fiscal year ended June 30, 2024 increased by ¥361,056 thousand for the fish-paste products and side dishes business, ¥48,339 thousand for the mushroom business, and ¥3,017 thousand for other business.

5. Information about loss on impairment of non-current assets and goodwill by reportable segment

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

For the fiscal year ended June 30, 2024 (from July 1, 2023 to June 30, 2024)

(Thousand yen)

	Reportable segments			Others	Corporate / elimination	Total
	Fish-paste Products and Side Dishes Business	Mushroom Business	Total			
Impairment loss	3,842	–	3,842	–	–	3,842

(Per share information)

	For the fiscal year ended June 30, 2023	For the fiscal year ended June 30, 2024
Net assets per share	¥738.91	¥789.23
Basic earnings per share	¥4.58	¥52.10

(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, 2023 and June 30, 2024, 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. (147,000 shares and 147,000 shares for the fiscal years ended June 30, 2023 and June 30, 2024, respectively).

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

Item	As of June 30, 2023	As of June 30, 2024
Total net assets (thousand yen)	13,579,653	14,504,420
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)	13,579,653	14,504,420
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, 2023	For the fiscal year ended June 30, 2024
Profit attributable to owners of parent (thousand yen)	84,123	957,478
Amount not attributable to common shares (thousand yen)	–	–
Profit attributable to owners of parent for common shares (thousand yen)	84,123	957,478
Average number of common shares during the period (thousand shares)	18,377	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 26, 2024)

   1. Directors

      1. Directors retiring from office

         Director, Vice President & Executive Officer: Masahiko Takizawa