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Consolidated Financial Results for the Three Months Ended September 30, 2024 [Japanese GAAP]

November 14, 2024

Company name: Okamura Foods Co., Ltd.
Listing: Tokyo
Securities code: 2938
URL: http://www.okamurashokuhin.co.jp
Representative: Koichi Okamura President and Chief Executive Officer
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Scheduled date to commence dividend payments: -
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Three Months Ended September 30, 2024 (July 1, 2024 to September 30, 2024)

(1) Consolidated Operating Results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	8,191	19.6	1,215	4.4	1,155	(10.5)	927	0.9
September 30, 2023	6,849	-	1,163	-	1,291	-	918	-

(Note) Comprehensive income: Three months ended September 30, 2024: ¥ 1,242 million [6.3%]
Three months ended September 30, 2023: ¥ 1,168 million [-%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
September 30, 2024	114.69	113.51
September 30, 2023	129.69	129.58

(Note) 1. As the Company has not prepared quarterly consolidated financial statements for the first quarter of the fiscal year ending June 2023, the year-on-year increase/decrease rate for the first quarter of the fiscal year ending June 2024 is not stated.
2. As the Company was listed on the Standard Market of the Tokyo Stock Exchange on September 27, 2023, the diluted net income per share for the first quarter of the fiscal year ending June 2024 is calculated by deeming the average share price from the initial listing date to the end of the first quarter of the fiscal year ending June 2024 to be the average share price during the period.
3. At the Board of Directors meeting held on November 14, 2024, the Company resolved to carry out a stock split at a ratio of 2 shares for every 1 common share, with an effective date of January 1, 2025. "Quarterly net income per share" and "Diluted net income per share" are calculated based on the number of shares before the stock split.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
September 30, 2024	41,115	15,268	37.1
June 30, 2024	39,170	14,151	36.1

(Reference) Equity: As of September 30, 2024: ¥ 15,268 million
As of June 30, 2024: ¥ 14,151 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended June 30, 2024	-	17.00	-	17.00	34.00
Fiscal year ending June 30, 2025	-				
Fiscal year ending June 30, 2025 (Forecast)		19.00	-	9.50	-

(Note) 1.Revision to the forecast for dividends announced most recently: Yes

2.The effective date of the above-mentioned stock split is January 1, 2025, so the second quarter-end dividend of 19.00 yen for the fiscal year ending June 2025 is the dividend per share amount before the stock split, and the final dividend of 9.50 yen for the fiscal year ending June 2025 (forecast) is the dividend per share amount after the stock split. If the stock split is not taken into account, the total annual dividend per share for the fiscal year ending June 2025 (forecast) will be 38.00 yen.

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

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	36,119	10.6	3,212	26.1	2,949	0.6	2,093	6.4	268.18

(Note) 1. Revision to the financial results forecast announced most recently: None

2."Basic earnings per share" is calculated based on the number of shares before the stock split mentioned above.

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: None

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(4) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

September 30, 2024: 8,090,354 shares

June 30, 2024: 8,076,944 shares

2) Number of treasury shares at the end of the period:

September 30, 2024: 91 shares

June 30, 2024: 91 shares

3) Average number of shares outstanding during the period:

Three months ended September 30, 2024: 8,083,163 shares

Three months ended September 30, 2023: 7,086,310 shares

(Note)The Company conducted a stock split at a ratio of 30 shares for each common share on July 29, 2023. Therefore, the number of shares issued at the end of the fiscal year (including treasury stock), the number of treasury stock at the end of the fiscal year, and the average number of shares during the period (quarterly cumulative) are calculated assuming that the stock split was conducted at the beginning of the previous consolidated fiscal year.

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Proper use of earnings forecasts, and other special matters

(Caution regarding forward-looking statements, etc.)

The performance forecasts and other forward-looking statements contained in this document are based on information currently available to the Company and on certain assumptions that the Company considers reasonable. Actual performance, etc. may differ significantly due to various factors. For the assumptions underlying the performance forecasts and precautions for using the performance forecasts, please refer to "1. Qualitative information regarding the current quarterly financial results (3) Explanation of future forecast information such as consolidated performance forecasts" on page 3 of the attached document.

(How to obtain supplementary financial results materials)

Supplementary financial results materials will be disclosed on TDnet on the same day and posted on the Company's website.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

An overview of the operating results of the Group (the Company and its consolidated subsidiaries) for the first quarter of the fiscal year under review is as follows.

During the first quarter of the fiscal year under review, the Japanese economy saw an improvement in the economic environment due to a recovery in external demand and improvements in the employment and income environments. However, the outlook remains uncertain due to factors such as unstable exchange rates and the stock market.

Overseas, in Southeast Asia and Taiwan, the Group's main business regions, the economy continued to recover on the back of generally solid domestic and external demand, and the economic environment remained favorable.

In the business of the Group, expansion of domestic aquaculture volume and expansion of Overseas Wholesale Business sales are positioned as KPIs for growth. In the domestic aquaculture business, the growth of intermediate fish at intermediate farms ahead of the April-July 2025 landings progressed as expected. In the Overseas Wholesale Business, business continued to expand on the back of strong economic demand in Southeast Asian countries.

As a result, net sales were 8,191 million yen (119.6% year over year), operating profit was 1,215 million yen (104.4% year over year), ordinary profit was 1,155 million yen (89.5% year over year), and profit attributable to owners of parent was 927 million yen (100.9% year over year).

The operating results of each segment are as follows.

(Aquaculture Business)

In Japan, as a result of the continuous harvest of farmed fish until July, sales volume of fresh and frozen products increased. In addition, overseas, there was a phase in which trout market prices declined in addition to seasonal fluctuations due to factors such as an increase in the amount of fish harvested by aquaculture businesses due to rising sea temperatures in Norwegian sea. However, sales of inventory carried forward from the previous fiscal year were steady.

As the Aquaculture Business includes overseas subsidiaries that have adopted International Financial Reporting Standards (IFRS), the profit and loss of the aquaculture business includes the result of fair value less costs to sell (cost of sales (600) million yen) in accordance with IAS 41 Agriculture.

As a result of the above, net sales were 1,302 million yen (167.6% year over year), and segment profit was 607 million yen (105.8% year over year).

(million yen)

Net sales		1,302
Operating expenses	Material costs, personnel costs, SG & A expenses	1,294
Subtotal (Segment profit or loss excluding fair value gains or losses)		7
Operating expenses	Fair value gains or losses	600
Total (Segment profit or loss)		607

(Domestic Processing Business)

As for our mainstay products, Ikura (salmon and trout roe) and Sujiko (salmon and trout roe), the market entered a period of decline in the previous fiscal year. However, the situation has come to a halt, and the market is now on a recovery track. Also, as a result of continued sales activities to existing and new business partners, sales were strong due to spot sales, mainly to overseas markets. Regarding the cost of sales, the profit margin improved in the first quarter of the current consolidated cumulative period due to the fact that the raw materials purchased in the previous fiscal year, which was in the market adjustment phase, accounted for a large portion of the total and the unit cost price was low.

As a result of the above, net sales were 2,340 million yen (122. 1% year over year), and segment profit was 345 million yen (154.4% year over year).

(Overseas Processing Business)

Demand is firm both in Japan and overseas. However, due to the impact of the long-term rise in salmon prices, there is a global supply shortage of salmon belly, which has been the Company's main product. As a result, the sales volume

of these products decreased.

As a result of the above, net sales were 3,246 million yen (91.7% year over year), and segment profit was 274 million yen (89.7% year over year).

(Overseas Wholesale Business)

In Southeast Asian countries, sales to the food service industry continue to expand, and the entry of Japanese restaurants, which are the main customers of the Overseas Wholesale Business, into the market continues to increase. As a result of our efforts to expand our business against the background of these growing demands, sales continued to perform strongly. In addition, the profit margin improved in the current quarterly consolidated accounting period due to a decrease in the purchase price in local currency due to the depreciation of the yen.

As a result of the above, net sales were 2,855 million yen (141.9% year over year), and segment profit was 142 million yen (238.4% year over year).

(2) Explanation of Financial Position

An overview of the financial position of the Group (the Company and its consolidated subsidiaries) for the first quarter of the fiscal year under review is as follows.

(Assets)

Current assets at the end of the first quarter under review were 30,746 million yen, an increase of 1,496 million yen from the end of the previous fiscal year. The main factors included an increase of 2,532 million yen in cash and deposits due to the borrowing of working capital for the purchase of fish roe from early autumn onward in the Domestic Processing Business and an increase of 1,976 billion yen in work in process due to the fair value measurement of inventories of overseas subsidiaries in the Aquaculture Business.

Non-current assets were 10,369 million yen, an increase of 448 million yen from the end of the previous fiscal year. This was mainly due to an increase of 272 million yen in machinery, equipment and vehicles as a result of investment in aquaculture facilities.

As a result, total assets increased 1,945 million yen from the end of the previous fiscal year to 41,115 million yen.

(Liabilities)

Current liabilities at the end of the first quarter under review amounted to 19,820 million yen, an increase of 700 million yen from the end of the previous fiscal year. This was mainly due to an increase of 1,088 million yen in short-term borrowings as working capital.

Non-current liabilities were 6,027 million yen, an increase of 127 million yen from the end of the previous fiscal year.

As a result, total liabilities amounted to 25,847 million yen, an increase of 828 million yen from the end of the previous fiscal year.

(Net Assets)

Total net assets at the end of the first quarter under review amounted to 15,268 million yen, an increase of 1,117 million yen from the end of the previous fiscal year. This was mainly due to an increase of 789 million yen in retained earnings resulting from the recording of 927 million yen in profit attributable to owners of parent.

(3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements

There are no changes to the consolidated earnings forecasts at this time.

Quarterly Consolidated Financial Statements

Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of June 30, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	4,835	7,368
Accounts receivable - trade	4,371	3,164
Merchandise and finished goods	7,177	6,322
Work in process	1,697	3,673
Raw materials and supplies	7,981	7,533
Accounts receivable - other	2,543	2,172
Other	644	512
Allowance for doubtful accounts	(1)	(1)
Total current assets	29,249	30,746
Non-current assets		
Property, plant and equipment	9,211	9,699
Intangible assets	266	276
Investments and other assets	442	393
Total non-current assets	9,920	10,369
Total assets	39,170	41,115
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,314	1,626
Short-term borrowings	12,558	13,646
Current portion of long-term borrowings	996	982
Income taxes payable	418	129
Provision for bonuses	-	21
Provision for shareholder benefit program	22	-
Liability related to paid supply transactions	2,546	2,168
Other	1,263	1,244
Total current liabilities	19,119	19,820
Non-current liabilities		
Long-term borrowings	4,053	3,850
Retirement benefit liability	130	127
Other	1,715	2,048
Total non-current liabilities	5,899	6,027
Total liabilities	25,019	25,847
Net assets		
Shareholders' equity		
Share capital	1,093	1,099
Capital surplus	2,701	2,707
Retained earnings	9,873	10,662
Treasury shares	(0)	(0)
Total shareholders' equity	13,668	14,470
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(5)	(9)
Foreign currency translation adjustment	488	808
Total accumulated other comprehensive income	483	798
Total net assets	14,151	15,268
Total liabilities and net assets	39,170	41,115

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the three months)

(Millions of yen)

	For the three months ended September 30, 2023	For the three months ended September 30, 2024
Net sales	6,849	8,191
Cost of sales	4,677	5,907
Gross profit	2,172	2,283
Selling, general and administrative expenses	1,008	1,067
Operating profit	1,163	1,215
Non-operating income		
Interest and dividend income	10	24
Foreign exchange gains	129	-
Subsidy income	0	25
Income subsidies	-	49
Other	41	12
Total non-operating income	182	111
Non-operating expenses		
Interest expenses	37	55
Share issuance costs	14	-
Foreign exchange losses	-	115
Other	2	0
Total non-operating expenses	54	171
Ordinary profit	1,291	1,155
Profit before income taxes	1,291	1,155
Income taxes - current	129	77
Income taxes - deferred	242	150
Total income taxes	372	228
Profit	918	927
Profit attributable to owners of parent	918	927

Quarterly Consolidated Statements of Comprehensive Income (For the three months)

(Millions of yen)

	For the three months ended September 30, 2023	For the three months ended September 30, 2024
Profit	918	927
Other comprehensive income		
Valuation difference on available-for-sale securities	(1)	(4)
Foreign currency translation adjustment	251	319
Total other comprehensive income	249	315
Comprehensive income	1,168	1,242
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,168	1,242
Comprehensive income attributable to non-controlling interests	-	-

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes on Significant Changes in the Amount of Shareholders' Equity)

Not applicable.

(Segment Information, etc.)

Segment Information

First quarter of the previous fiscal year (from July 1, 2023 to September 30, 2023)

1. Information on net sales and profit or loss by reportable segment

(million yen)

	Reportable segment					Adjustment (Note 1)	Amount recorded in the quarterly consolidated financial statements (Note 2)
	Aquaculture Business	Domestic Processing Business	Overseas Processing Business	Overseas Wholesale Business	Total		
Net sales							
Sales to external customers	574	1,769	2,493	2,012	6,849	—	6,849
Inter-segment sales or transfers	202	147	1,047	—	1,396	(1,396)	—
Total	776	1,916	3,540	2,012	8,246	(1,396)	6,849
Segment profit	574	223	305	59	1,163	0	1,163

Notes: 1. The adjustment of segment profit include elimination of inter-segment transactions of 171 million yen and unallocated corporate expenses of (171) million yen. Corporate expenses are mainly general and administrative expenses that are not attributable to reportable segments.

2. Segment profit is reconciled with operating profit on the quarterly consolidated statement of income.

2. Information on impairment loss of non-current assets or goodwill, etc. by reportable segment

Not applicable.

First quarter of the fiscal year under review (from July 1, 2024 to September 30, 2024)

1. Information on net sales and profit or loss by reportable segment

(million yen)

	Reportable segment					Adjustment (Note 1)	Amount recorded in the quarterly consolidated financial statements (Note 2)
	Aquaculture Business	Domestic Processing Business	Overseas Processing Business	Overseas Wholesale Business	Total		
Net sales							
Sales to external customers	886	2,227	2,220	2,855	8,191	—	8,191
Inter-segment sales or transfers	415	113	1,025	—	1,554	(1,554)	—
Total	1,302	2,340	3,246	2,855	9,745	(1,554)	8,191
Segment profit	607	345	274	142	1,369	(154)	1,215

Notes: 1. The adjustment of segment profit include elimination of inter-segment transactions of 37 million yen and unallocated corporate expenses of (192) million yen. Corporate expenses are mainly general and administrative expenses that are not attributable to reportable segments.

2. Segment profit is reconciled with operating profit on the quarterly consolidated statement of income.

2. Information on impairment loss of non-current assets or goodwill, etc. by reportable segment

Not applicable.

(Notes to the Statement of Cash Flows)

The quarterly consolidated statement of cash flows for the first quarter of the current fiscal year has not been prepared. Depreciation and amortization (including amortization of intangible assets) for the first quarter consolidated cumulative period are as follows.

	First quarter of the previous fiscal year (from July 1, 2023 to September 30, 2023)	First quarter of the fiscal year under review (from July 1, 2024 to September 30, 2024)
Depreciation expense	243Million yen	329Million yen

(Revenue recognition)

First quarter of the previous fiscal year (from July 1, 2023 to September 30, 2023)

Breakdown of revenue generated from customer contracts

(million yen)

	Reportable segment					Adjustment (Note)	Amount recorded in the quarterly consolidated financial statements
	Aquaculture Business	Domestic Processing Business	Overseas Processing Business	Overseas Wholesale Business	Total		
Net sales							
Japan	439	1,848	3,068	―	5,356	(868)	4,487
Asia	33	―	1,084	2,014	3,132	(1,073)	2,058
Other	303	68	―	―	372	(68)	303
Adjustment (Note)	(202)	(147)	(1,659)	(2)	(2,011)	2,011	―
Revenue generated from customer contracts	574	1,769	2,493	2,012	6,849	―	6,849
Sales to external customers	574	1,769	2,493	2,012	6,849	―	6,849

(Note) "Adjustment" includes eliminations of sales resulting from transactions between consolidated subsidiaries.

First quarter of the fiscal year under review (from July 1, 2024 to September 30, 2024)

Breakdown of revenue generated from customer contracts

(million yen)

	Reportable segment					Adjustment (Note)	Amount recorded in the quarterly consolidated financial statements
	Aquaculture Business	Domestic Processing Business	Overseas Processing Business	Overseas Wholesale Business	Total		
Net sales							
Japan	698	2,178	2,608	―	5,485	(897)	4,588
Asia	53	162	1,069	2,859	4,145	(1,092)	3,053
Other	549	―	―	―	549	―	549
Adjustment (Note)	(415)	(113)	(1,457)	(3)	(1,989)	1,989	―
Revenue generated from customer contracts	886	2,227	2,220	2,855	8,191	―	8,191
Sales to external customers	886	2,227	2,220	2,855	8,191	―	8,191

(Note) "Adjustment" includes eliminations of sales resulting from transactions between consolidated subsidiaries.

(Significant Subsequent Events)

(Stock Splits and Partial Amendments to the Articles of Incorporation in Connection with Stock Splits)

At the Board of Directors' meeting held on November 14, 2024, the Company resolved to conduct a stock split and to make partial amendments to the Articles of Incorporation in connection with the stock split. The details of the stock split are as follows.

1. Stock Split

(1) Purpose of the stock split

The Company intends to improve the liquidity of the Company's shares and further expand the investor base by conducting a stock split and reducing the amount per investment unit.

(2) Outline of the stock split

(i) Method of split

With the record date of December 31, 2024 (Tuesday), the Company will split the common shares owned by the shareholders listed or recorded in the final shareholder register on the same day at a ratio of 2 shares for 1 share.

(ii) Number of shares to be increased by the stock split

Total number of issued shares before the stock split	8,090,354
Increase in number of shares due to stock split	8,090,354
Total number of issued shares after stock split	16,180,708
Total number of authorized shares after stock split	52,800,000 shares

(Note) The above total number of issued shares and the number of shares to be increased may increase due to the exercise of stock acquisition rights (stock options) during the period until the record date of the stock split.

(iii) Method of split

Date of public notice of record date (scheduled)	December 16, 2024 (Monday)
Record date	Tuesday, December 31, 2024
Effective date	Wednesday, January 1, 2025

* The record date is a non-business day for the administrator of the shareholder registry, so it is substantially December 30, 2024 (Monday).

(iv) Changes in the amount of share capital

There is no change in the amount of share capital in connection with the stock split.

2. Partial Amendments to the Articles of Incorporation

(1) Reason for amendments to the Articles of Incorporation

Pursuant to the provisions of Article 184, Paragraph 2 of the Companies Act, the Company will change the total number of authorized shares set forth in Article 6 of the Articles of Incorporation of the Company on January 1, 2025.

(2) Details of amendments to the Articles of Incorporation (Underlined portions in the table indicate amendments)

Current Articles of Incorporation	Proposed changes
(Total Number of Authorized Shares) Article 6 The total number of shares authorized to be issued by the Company shall be <u>26,400,000</u>.	(Total Number of Authorized Shares) Article 6 The total number of shares authorized to be issued by the Company shall be <u>52,800,000</u>.

(3) Schedule of amendments to the Articles of Incorporation

Date of resolution by the Board	Thursday, November 14, 2024
Effective date	Wednesday, January 1, 2025