

**Consolidated Financial Results
for the Fiscal Year Ended June 30, 2022
[Japanese GAAP]**



August 5, 2022

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 28, 2022

Scheduled date of commencing dividend payments: September 29, 2022

Scheduled date of filing securities report: September 22, 2022

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, 2022 (July 1, 2021 – June 30, 2022)

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

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2022	31,636	—	545	(68.5)	623	(65.5)	565	(78.9)
June 30, 2021	34,689	(3.8)	1,735	(8.1)	1,806	(3.3)	2,683	961.8

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

Fiscal year ended June 30, 2021: ¥2,555 million [889.9 %]

Fiscal year ended	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
	Yen	Yen	%	%	%
June 30, 2022	30.73	—	4.1	2.6	1.7
June 30, 2021	145.62	—	21.7	8.2	5.0

(Reference) Equity in earnings of affiliated companies:

Fiscal year ended June 30, 2022: ¥15 million

Fiscal year ended June 30, 2021: ¥9 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2022	25,296	13,862	54.8	754.33
As of June 30, 2021	22,216	13,585	61.2	737.07

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

As of June 30, 2021: ¥13,585 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, 2022	1,802	(2,222)	1,413	2,282
June 30, 2021	2,416	(688)	(1,821)	1,286

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			
Fiscal year ended June 30, 2021	Yen –	Yen 0.00	Yen –	Yen 10.00	Yen 10.00	Million yen 185	% 6.9	% 1.5
Fiscal year ended June 30, 2022	–	0.00	–	12.00	12.00	222	39.0	1.6
Fiscal year ending June 30, 2023 (Forecast)	–	0.00	–	12.00	12.00		–	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2023 (July 1, 2022 - June 30, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
First half	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	19,500	10.8	900	15.8	900	8.3	650	3.0	35.37
	35,400	11.9	1,300	138.1	1,300	108.6	850	50.3	46.25

*** 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: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(3) Total number of issued 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, 2022: 18,590,000 shares

As of June 30, 2021: 18,590,000 shares

2) Total number of treasury shares at the end of the year:

As of June 30, 2022: 212,088 shares

As of June 30, 2021: 158,688 shares

3) Average number of shares during the year:

Fiscal year ended June 30, 2022: 18,397,220 shares

Fiscal year ended June 30, 2021: 18,429,926 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, 2022 (July 1, 2021 – June 30, 2022)

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

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2022	31,145	—	507	(70.7)	641	(65.9)	606	(76.5)
June 30, 2021	34,032	(3.4)	1,734	(12.5)	1,882	(11.2)	2,583	64.6

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
June 30, 2022	32.95	—
June 30, 2021	140.19	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2022	24,525	13,258	54.1	721.42
As of June 30, 2021	21,474	13,009	60.6	705.82

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

As of June 30, 2021: ¥13,009 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

(Cautionary notes regarding forward-looking statements)

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

The Group has adopted “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter “Revenue Recognition Standard”) and related guidelines from the beginning of the fiscal year under review.

Figures for the fiscal year under review in the explanation of operating results are figures after the adoption of these accounting standards, etc. Therefore, the absolute and relative changes in net sales from the previous fiscal year are not presented.

Please refer to “(5) Notes to Consolidated Financial Statements (Changes in accounting policies)” for details concerning the adoption of Revenue Recognition Standard.

In the fiscal year ended June 30, 2022, economic activity remained sluggish, especially in the restaurant and tourism industries, with the Tokyo Olympic and Paralympic Games held in July 2021 without spectators, which had been expected to jump-start an economic recovery, a sharp rise in positive COVID-19 cases at around the same time due to the emergence of the new delta variant, and no sign of the pandemic being brought under control, despite the full-scale lifting of localized priority measures to prevent the spread of COVID-19 in late March 2022, as new variants continue to emerge. The international unrest and the turmoil in the global economy triggered by Russia’s invasion of Ukraine in February 2022 also compounded the situation and the outlook for economic recovery remained uncertain.

Costs are increasing significantly beyond expectations, such as soaring prices of surimi and other raw materials, crude oil and other resources, due to factors including the recovery trend in the global economy, the Ukraine situation, and the dramatic depreciation of the Japanese yen; as well as rising labor costs resulting from labor shortages, which are becoming chronic. These prices can increase even further under the unstable socioeconomic conditions. Thus, the business environment surrounding the Group has become increasingly severe.

Under these circumstances, the Group entered the first 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 established the ICHIMASA KAMABOKO ESG Management Declaration on July 1, 2021 to promote ESG-oriented management that will both contribute to the realization of a sustainable society and enhance corporate value and is striving to resolve sustainability issues with the cooperation of stakeholders.

As a result, for the fiscal year ended June 30, 2022, the Company posted net sales of ¥31,636 million, operating profit of ¥545 million (down ¥1,189 million or 68.5% from the previous fiscal year), ordinary profit of ¥623 million (down ¥1,182 million or 65.5% from the previous fiscal year), and profit attributable to owners of parent of ¥565 million (down ¥2,118 million or 78.9% from the previous fiscal year).

The performance of each segment is as follows.

(Fish-paste Products and Side Dishes Business)

The Company’s mainstay product, *kanikama* (crab-flavored kamaboko), has enjoyed strong popularity as an easily accessible source of fish meat protein, as health consciousness continues to rise. Within this category, the time-limited product, “Salad Stick Edamame-Flavor” proved very popular as summer snacks to accompany drinks, and the satisfying “Large Kanikama” and its renewal product “Gaburich miwaku no kanikama” also proved very popular as a key ingredient for special-day dishes at home. The Company developed the “Sea Salad”

kanikama, a non-refrigerated product for overseas markets, and began trial marketing in Asian countries, as well as expanding export destinations to the Middle East. In addition, in terms of products for the “*osechi*,” Japanese traditional New Year’s day food, sales grew for the “Jun” series kamaboko and *datemaki* rolled omelet, whose main and auxiliary ingredients are all made in Japan. However, the amount of net sales recognized was reduced due to the adoption of the Accounting Standard for Revenue Recognition and related guidelines and the liquidation of a consolidated subsidiary, Marusu-kamaboko Industries Co., Ltd., in May 2021.

Regarding manufacturing cost, international market prices of surimi, the Company’s main raw material, have remained at high levels. This is mainly due to growing health consciousness, increased global demand for processed seafood products driven by economic growth in emerging nations, and economic sanctions associated with Russia’s invasion of Ukraine, as well as the move by European countries to shift their source of imported walleye pollack products from Russia to the United States. Energy prices also have remained high, due to the global economic recovery from the impact of the COVID-19 pandemic and the situation in Ukraine. West Texas Intermediate (WTI), one of the primary benchmarks of crude oil prices, hovered around \$100. Furthermore, various costs continue to rise, including the repeated increases of edible oil prices due to factors such as expanding demand and unfavorable weather conditions in major production areas, which has been further compounded by the progressive depreciation of the Japanese yen. Under these circumstances, the Company revised the prices of its fish-paste products and side-dish products by approximately 5% to 15%, effective from shipments on March 1, 2022, but the effect on profit during the period under review was limited.

As a result, for the fiscal year ended June 30, 2022, this segment posted net sales of ¥27,107 million and segment profit or operating profit of ¥46 million (segment profit or operating profit of ¥924 million for the previous fiscal year).

(Mushroom Business)

The growth of vegetables was steady overall, and market prices of vegetables exceeded the previous year’s levels from autumn onwards, partly due to a scarcity of some vegetables. However, market prices for mushrooms were weak, with an excess of supply partly due to sluggish growth in consumption and the impact of increased production by other companies.

In this market environment, in terms of production, efforts were made toward stable cultivation, production efficiency improvements, and the strengthening of quality control systems, while in the sales area, the Company worked to strengthen its proposals and marketing of large-volume products and the newly-launched “Kinari” cream-colored maitake mushrooms.

As a result, for the fiscal year ended June 30, 2022, this segment posted net sales of ¥4,037 million, and segment profit or operating profit of ¥461 million (segment profit or operating profit of ¥732 million for the previous fiscal year).

(Others)

For the transport business, both net sales and profit decreased from the previous fiscal year, mainly because of a lower handling volume of imported vegetables and fruits due to the effect of the weather, increases in depreciation resulting from capital investments, and soaring fuel prices, as domestic demand slumped due to the impact of the COVID-19 pandemic and overall consumption came to a standstill.

For the warehouse business, net sales decreased slightly from the previous fiscal year, but profit increased due to stronger efforts to improve storage efficiency.

As a result, for the fiscal year ended June 30, 2022, net sales in others, non-reportable segments were ¥491 million, and segment profit or operating profit was ¥27 million (segment profit or operating profit of ¥64 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, 2022 were ¥9,112 million (an increase of ¥1,236 million from the end of the previous fiscal year). This is mainly attributable to increases of ¥997 million in cash and deposits and ¥335 million in raw materials and supplies.

(Non-current assets)

Non-current assets as of June 30, 2022 were ¥16,183 million (an increase of ¥1,843 million from the end of the previous fiscal year). This is mainly attributable to the progression of depreciation of property, plant and equipment and an increase in construction in progress for the second headquarters factory.

(Current liabilities)

Current liabilities as of June 30, 2022 were ¥8,364 million (an increase of ¥2,145 million from the end of the previous fiscal year). This is mainly attributable to increases of ¥995 million in short-term borrowings and ¥992 million in other.

(Non-current liabilities)

Non-current liabilities as of June 30, 2022 were ¥3,068 million (an increase of ¥656 million from the end of the previous fiscal year). This is mainly attributable to an increase of ¥782 million in long-term borrowings.

(Net assets)

Net assets as of June 30, 2022 were ¥13,862 million (an increase of ¥277 million from the end of the previous fiscal year) due mainly to an increase in retained earnings.

The equity ratio decreased to 54.8% from 61.2% 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 and cash equivalents (hereinafter referred to as “cash”) at the end of the fiscal year under review amounted to ¥2,282 million, an increase of ¥995 million compared to the end of the previous fiscal year.

(Cash flows from operating activities)

Cash provided by operating activities amounted to ¥1,802 million (an inflow of ¥2,416 million during the previous fiscal year). This is mainly attributable to the posting of ¥784 million in profit before income taxes and ¥1,367 million in depreciation, despite an increase in inventories of ¥545 million.

(Cash flows from investing activities)

Cash used in investing activities amounted to ¥2,222 million (an outflow of ¥688 million during the previous fiscal year). This is mainly attributable to purchase of property, plant and equipment of ¥2,481 million, despite proceeds from sale of investment securities of ¥262 million.

(Cash flows from financing activities)

Cash provided by financing activities amounted to ¥1,413 million (an outflow of ¥1,821 million during the previous fiscal year). This is mainly attributable to a net increase in short-term borrowings of ¥995 million and proceeds from long-term borrowings of ¥2,100 million, despite repayments of long-term borrowings of ¥1,266 million.

(Trend in cash flow indicators)

	Fiscal year ended				
	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Equity ratio (%)	44.9	46.6	50.7	61.2	54.8
Fair value-based equity ratio (%)	102.1	84.7	84.0	77.7	59.0
Ratio of interest-bearing liabilities to cash flows (years)	8.3	2.8	1.9	1.6	3.1
Interest coverage ratio (times)	17.9	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) Future Outlook

A prolonged slump in economic activity is forecast due to the impact of the COVID-19 pandemic and Russia's invasion of Ukraine on the economy, both in Japan and overseas. 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.

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, 2022. 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. The Company has therefore determined to revise the prices of its products again, effective from September 1, 2022 deliveries.

Consumers' value perceptions and purchasing behaviors are changing significantly as a result of the continuing COVID-19 crisis. More and more consumers are expected to choose products from social value perspectives such as the SDGs. In this environment, the Group will proceed with the development of 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 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.

(Others)

The transport business is facing many challenges, such as responding to digital transformation and the Year 2024 Problem (the introduction of new limits on driver overtime).

Moreover, domestic demand is sluggish due to the impact of the COVID-19 pandemic, and even stronger efforts among customers to reduce transport costs are forecast. In this context, the Group will promote the further optimization and efficiency of its transport system to respond to transport needs.

In the warehouse business, the Group will strive to secure revenue by strengthening measures to improve storage efficiency, including the introduction of advanced technologies, in the context of digital transformation response, the utilization of advanced technologies such as AI, and storage cost reductions by consigners, associated with a decline in demand.

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, 2021	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	1,320,890	2,318,833
Accounts receivable - trade	2,876,174	2,884,656
Merchandise and finished goods	687,705	888,761
Work in process	522,311	531,453
Raw materials and supplies	1,954,420	2,289,432
Income taxes refund receivable	247,092	—
Other	267,838	199,892
Allowance for doubtful accounts	(540)	(559)
Total current assets	7,875,893	9,112,470
Non-current assets		
Property, plant and equipment		
Buildings and structures	17,602,381	17,875,416
Accumulated depreciation	(13,227,838)	(13,551,245)
Buildings and structures, net	4,374,542	4,324,171
Machinery, equipment and vehicles	17,384,798	17,635,016
Accumulated depreciation	(14,516,734)	(14,774,447)
Machinery, equipment and vehicles, net	2,868,063	2,860,568
Tools, furniture and fixtures	1,435,864	1,478,105
Accumulated depreciation	(1,263,750)	(1,311,019)
Tools, furniture and fixtures, net	172,113	167,085
Land	3,179,344	3,179,344
Leased assets	351,445	365,184
Accumulated depreciation	(145,000)	(185,479)
Leased assets, net	206,444	179,705
Construction in progress	42,438	2,232,915
Total property, plant and equipment	10,842,947	12,943,791
Intangible assets		
Leased assets	47,070	31,550
Other	454,375	403,435
Total intangible assets	501,445	434,986
Investments and other assets		
Investment securities	2,633,867	2,466,889
Deferred tax assets	91,310	76,296
Other	295,141	286,128
Allowance for doubtful accounts	(24,500)	(24,500)
Total investments and other assets	2,995,819	2,804,814
Total non-current assets	14,340,212	16,183,592
Total assets	22,216,105	25,296,062

(Thousand yen)

	As of June 30, 2021	As of June 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,924,397	1,984,765
Short-term borrowings	500,000	1,495,000
Current portion of long-term borrowings	1,177,037	1,228,152
Current portion of bonds payable	100,000	100,000
Lease liabilities	57,193	51,883
Accounts payable - other, and accrued expenses	1,978,329	1,860,553
Income taxes payable	30,079	176,906
Provision for bonuses	81,653	80,828
Provision for bonuses for directors (and other officers)	—	18,672
Other	370,288	1,367,638
Total current liabilities	6,218,979	8,364,399
Non-current liabilities		
Bonds payable	300,000	200,000
Long-term borrowings	1,593,548	2,376,335
Lease liabilities	196,321	159,372
Deferred tax liabilities	—	9,177
Provision for retirement benefits for directors (and other officers)	34,160	36,988
Provision for share awards for directors (and other officers)	92,210	97,280
Other	195,709	189,515
Total non-current liabilities	2,411,949	3,068,671
Total liabilities	8,630,928	11,433,070
Net assets		
Shareholders' equity		
Share capital	940,000	940,000
Capital surplus	650,000	650,000
Retained earnings	10,940,341	11,320,455
Treasury shares	(119,646)	(166,135)
Total shareholders' equity	12,410,694	12,744,320
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,186,541	1,103,143
Foreign currency translation adjustment	(12,059)	15,528
Total accumulated other comprehensive income	1,174,481	1,118,672
Total net assets	13,585,176	13,862,992
Total liabilities and net assets	22,216,105	25,296,062

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

(Thousand yen)

	For the fiscal year ended June 30, 2021	For the fiscal year ended June 30, 2022
Net sales	34,689,227	31,636,256
Cost of sales	24,983,946	25,596,785
Gross profit	9,705,280	6,039,470
Selling, general and administrative expenses	7,969,326	5,493,503
Operating profit	1,735,953	545,966
Non-operating income		
Interest income	1,860	1,001
Dividend income	38,584	36,100
Share of profit of entities accounted for using equity method	9,894	15,236
Rental income	26,616	17,467
Commission income	31,048	28,191
Electricity sale income	17,610	17,205
Miscellaneous income	19,578	23,816
Total non-operating income	145,192	139,019
Non-operating expenses		
Interest expenses	26,595	24,732
Commission expenses	9,000	21,200
Depreciation	10,788	10,788
Depreciation of inactive non-current assets	19,000	—
Loss on valuation of investment securities	4,052	4,478
Miscellaneous losses	5,639	539
Total non-operating expenses	75,074	61,738
Ordinary profit	1,806,071	623,248
Extraordinary income		
Gain on sale of non-current assets	239,409	3,605
Gain on sale of investment securities	32,843	134,289
Subsidy income	43,652	36,580
Insurance claim income	39,256	—
Gain on liquidation of subsidiaries	331,444	—
Total extraordinary income	686,606	174,476
Extraordinary losses		
Loss on retirement of non-current assets	3,387	6,794
Impairment losses	158,665	6,169
Loss on valuation of investment securities	10,190	—
Total extraordinary losses	172,242	12,964
Profit before income taxes	2,320,435	784,759
Income taxes - current	57,050	165,469
Income taxes - deferred	(420,298)	53,926
Total income taxes	(363,247)	219,395
Profit	2,683,682	565,363
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	2,683,682	565,363

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended June 30, 2021	For the fiscal year ended June 30, 2022
Profit	2,683,682	565,363
Other comprehensive income		
Valuation difference on available-for-sale securities	35,143	(83,397)
Foreign currency translation adjustment	(163,174)	—
Share of other comprehensive income of entities accounted for using equity method	268	27,588
Total other comprehensive income	(127,761)	(55,809)
Comprehensive income	2,555,921	509,553
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,555,921	509,553
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Changes in Equity

Fiscal year ended June 30, 2021 (from July 1, 2020 to June 30, 2021)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	940,000	650,000	8,404,857	(122,501)	9,872,356
Changes during period					
Dividends of surplus			(148,199)		(148,199)
Profit attributable to owners of parent			2,683,682		2,683,682
Purchase of treasury shares				(23)	(23)
Disposal of treasury shares				2,878	2,878
Net changes in items other than shareholders' equity					
Total changes during period	—	—	2,535,483	2,854	2,538,338
Balance at end of period	940,000	650,000	10,940,341	(119,646)	12,410,694

	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	1,151,397	150,846	1,302,243	11,174,600
Changes during period				
Dividends of surplus				(148,199)
Profit attributable to owners of parent				2,683,682
Purchase of treasury shares				(23)
Disposal of treasury shares				2,878
Net changes in items other than shareholders' equity	35,143	(162,905)	(127,761)	(127,761)
Total changes during period	35,143	(162,905)	(127,761)	2,410,576
Balance at end of period	1,186,541	(12,059)	1,174,481	13,585,176

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

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended June 30, 2021	For the fiscal year ended June 30, 2022
Cash flows from operating activities		
Profit before income taxes	2,320,435	784,759
Depreciation	1,306,247	1,367,498
Impairment losses	158,665	6,169
Increase (decrease) in allowance for doubtful accounts	(110)	19
Increase (decrease) in provision for bonuses	12,203	(825)
Increase (decrease) in provision for bonuses for directors (and other officers)	—	18,672
Increase (decrease) in provision for share awards for directors (and other officers)	17,316	5,069
Increase (decrease) in provision for retirement benefits for directors (and other officers)	2,725	2,828
Interest and dividend income	(40,445)	(37,102)
Interest expenses	26,595	24,732
Share of loss (profit) of entities accounted for using equity method	(9,894)	(15,236)
Loss (gain) on sale of investment securities	(32,843)	(134,289)
Loss (gain) on valuation of investment securities	14,242	—
Loss (gain) on sale of non-current assets	(239,409)	(3,605)
Loss on retirement of non-current assets	3,387	6,794
Gain on liquidation of subsidiaries	(331,444)	—
Insurance claim income	(39,256)	—
Subsidy income	(43,652)	(36,580)
Decrease (increase) in trade receivables	46,136	(19,133)
Decrease (increase) in accounts receivable - other	(20,639)	6,325
Decrease (increase) in inventories	13,692	(545,208)
Increase (decrease) in trade payables	(173,720)	93,795
Increase (decrease) in accounts payable - other, and accrued expenses	(65,544)	(55,885)
Increase (decrease) in accrued consumption taxes	(23,973)	(11,745)
Decrease (increase) in income taxes receivable	(247,092)	—
Other, net	(127,688)	124,721
Subtotal	2,525,932	1,581,776
Income taxes refund (paid)	(302,625)	183,793
Proceeds from insurance income	150,000	—
Subsidies received	43,652	36,580
Net cash provided by (used in) operating activities	2,416,959	1,802,149
Cash flows from investing activities		
Net decrease (increase) in time deposits	(302)	(1,998)
Purchase of property, plant and equipment	(1,526,945)	(2,481,868)
Proceeds from sale of property, plant and equipment	728,802	5,292
Purchase of intangible assets	(28,190)	(7,996)
Purchase of investment securities	(105,742)	(5,768)
Proceeds from sale of investment securities	109,323	262,808
Purchase of shares of subsidiaries and associates	—	(30,557)
Interest and dividends received	40,445	37,102
Other, net	94,420	—
Net cash provided by (used in) investing activities	(688,188)	(2,222,986)

(Thousand yen)

	For the fiscal year ended June 30, 2021	For the fiscal year ended June 30, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	295,000	995,000
Redemption of bonds	(260,000)	(100,000)
Proceeds from long-term borrowings	—	2,100,000
Repayments of long-term borrowings	(1,618,584)	(1,266,098)
Repayments of lease liabilities	(66,410)	(59,114)
Interest paid	(26,502)	(24,745)
Dividends paid	(148,199)	(185,249)
Other, net	2,854	(46,489)
Net cash provided by (used in) financing activities	(1,821,842)	1,413,303
Effect of exchange rate change on cash and cash equivalents	96,665	3,477
Net increase (decrease) in cash and cash equivalents	3,593	995,943
Cash and cash equivalents at beginning of period	1,283,279	1,286,873
Cash and cash equivalents at end of period	1,286,873	2,282,817

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Changes in accounting policies)

(Adoption of Accounting Standard for Revenue Recognition, etc.)

The Company has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter “Revenue Recognition Standard”) and related guidelines effective the beginning of the fiscal year under review. In line with this adoption, revenue is recognized upon the transfer of control for promised goods or services to customers in an amount that reflects the consideration to which they expect to be entitled in exchange for those goods or services.

With this adoption, whereas sales commissions, logistics costs, and other considerations paid to customers were previously treated as “selling, general and administrative expenses,” their treatment has changed to a method of deducting them from “net sales.”

The Revenue Recognition Standard has been adopted in accordance with the transitional treatment set forth in the proviso of Paragraph 84 of the Revenue Recognition Standard. The new accounting policy has been applied from the beginning of the fiscal year under review, and the cumulative impact that would arise from applying this new accounting policy retrospectively has been reflected in the balance of retained earnings at the beginning of the fiscal year under review, but this has had no effect on retained earnings at the beginning of the fiscal year under review.

As a result, “net sales,” “gross profit,” and “selling, general and administrative expenses” each declined by ¥2,516,244 thousand. There was no effect on “operating profit,” “ordinary profit” or “profit before income taxes.” Further, in accordance with the transitional treatment set forth in Paragraph 28-15 of the Accounting Standard for Financial Reporting (ASBJ Statement No. 12, March 31, 2020), information about breakdown of revenue from contracts with customers for the previous fiscal year has not been presented.

(Adoption of Accounting Standard for Fair Value Measurement)

The Company has adopted the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter “Fair Value Measurement Standard”) and related guidelines effective the beginning of the current fiscal year. In accordance with the transitional treatment set forth in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the Company will continue to apply new accounting policies prescribed by the Fair Value Measurement Standard and other standards proactively. This adoption has no effect on the Consolidated Financial Statements.

(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

For the fiscal year ended June 31, 2021 (from July 1, 2020 to June 30, 2021)

(Thousand yen)

	Reportable segment			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							
Net sales to outside customers	29,631,396	4,581,828	34,213,225	476,001	34,689,227	—	34,689,227
Inter-segment net sales or transfers	—	—	—	2,419,490	2,419,490	(2,419,490)	—
Total	29,631,396	4,581,828	34,213,225	2,895,492	37,108,717	(2,419,490)	34,689,227
Segment profit	924,488	732,341	1,656,829	64,607	1,721,437	14,516	1,735,953
Segment assets	15,120,627	2,963,404	18,084,032	1,128,237	19,212,270	3,003,835	22,216,105
Other items							
Depreciation	1,004,030	257,097	1,261,127	45,119	1,306,247	—	1,306,247
Increase in property, plant and equipment and intangible assets	1,560,776	289,607	1,850,384	65,167	1,915,551	—	1,915,551

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

2. (1) The adjustment of ¥14,516 thousand in segment profit is primarily elimination of intersegment transactions.

(2) The adjustment of ¥3,003,835 thousand in segment assets includes elimination of intersegment transactions of ¥157,793 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 31, 2022 (from July 1, 2021 to June 30, 2022)

(Thousand yen)

	Reportable segment			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							
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	46,570	461,208	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.

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

For the fiscal year ended June 31, 2021 (from July 1, 2020 to June 30, 2021)

(Thousand yen)

	Reportable segment			Others	Corporate / elimination	Total
	Fish-paste Products and Side Dishes Business	Mushroom Business	Total			
Impairment loss	158,665	—	158,665	—	—	158,665

For the fiscal year ended June 31, 2022 (from July 1, 2021 to June 30, 2022)

(Thousand yen)

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

5. Matters concerning changes to reportable segments, etc.

As stated in “Changes in accounting policies,” the Company has adopted the Revenue Recognition Standard and related guidelines effective the beginning of the first quarter of the fiscal year under review and changed its methods for the accounting treatment concerning revenue recognition. For this reason, the Company has made similar changes to the methods for measuring profit or loss of its business segments. Due to these changes, compared with the previous methods, net sales in the Fish-paste Products and Side Dishes Business and Mushroom Business have declined by ¥2,308,301 thousand and ¥207,943 thousand, respectively. There is no effect on segment profit.

(Per share information)

	For the fiscal year ended June 30, 2021	For the fiscal year ended June 30, 2022
Net assets per share	¥737.07	¥754.33
Basic earnings per share	¥145.62	¥30.73

- (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; 93,600 shares and 147,000 shares as of June 30, 2021 and June 30, 2022, 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. (95,000 shares and 127,692 shares for the fiscal years ended June 30, 2021 and June 30, 2022, respectively).
 3. The basis for calculating net assets per share is as follows.

Item	As of June 30, 2021	As of June 30, 2022
Total net assets (thousand yen)	13,585,176	13,862,992
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)	13,585,176	13,862,992
Number of common shares at the end of the period used to calculate net assets per share (thousand shares)	18,431	18,377

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

Item	For the fiscal year ended June 30, 2021	For the fiscal year ended June 30, 2022
Profit attributable to owners of parent (thousand yen)	2,683,682	565,363
Amount not attributable to common shares (thousand yen)	—	—
Profit attributable to owners of parent for common shares (thousand yen)	2,683,682	565,363
Average number of common shares during the period (thousand shares)	18,429	18,397

(Significant subsequent events)

Not applicable.