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May 10, 2024

Consolidated Financial Results for the Three Months Ended March 31, 2024 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 2533
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 Scheduled date to file quarterly securities report: May 10, 2024
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: None

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

1. Consolidated financial results for the three months ended March 31, 2024 (from January 1, 2024 to March 31, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
March 31, 2024	18,827	(9.7)	624	(28.7)	673	(23.7)	498	(37.5)
March 31, 2023	20,844	19.3	876	—	882	—	797	—

Note: Comprehensive income For the three months ended March 31, 2024: ¥981 million [19.4%]
 For the three months ended March 31, 2023: ¥822 million [—%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
March 31, 2024	8.57	—
March 31, 2023	13.70	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
March 31, 2024	55,367	22,734	39.5
December 31, 2023	55,431	22,227	38.6

Reference: Equity

As of March 31, 2024: ¥21,891 million
 As of December 31, 2023: ¥21,380 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2023	—	—	—	8.00	8.00
Fiscal year ending December 31, 2024	—				
Fiscal year ending December 31, 2024 (Forecast)		—	—	8.00	8.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Financial Forecast for the Year Ending December 31, 2024 (from January 1, 2024 to December 31, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending December 31, 2024	85,000	0.1	3,000	(16.3)	3,000	(19.0)	2,000	(41.1)	34.36

Note: Revisions to the financial forecast for this period: None

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): 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
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None
- (4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2024	65,586,196 shares
As of December 31, 2023	65,586,196 shares

- (ii) Number of treasury shares at the end of the period

As of March 31, 2024	7,376,046 shares
As of December 31, 2023	7,375,760 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended March 31, 2024	58,210,282 shares
Three months ended March 31, 2023	58,210,750 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

The forecasts and future projections contained herein have been prepared on the basis of forecasts as of the date of announcement of this document. The assumptions and forecasts that form the basis of the plan are included in the stated information. Actual performance may differ substantially from forecasts for a variety of reasons.

Please refer to “(3) Explanation of Consolidated financial forecast and other forward-looking information” within “1. Qualitative information on quarterly financial results” on page 3 of the attachment to this document for cautionary statements concerning the conditions and performance forecasts that serve as the basis for these forecasts.

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First Quarter of the Fiscal Year Ending December 31, 2024 Financial Summary

1. Qualitative information on quarterly financial results

(1) Operating performance analysis

During the first quarter of the fiscal year ending December 31, 2024, the Japanese economy followed a recovery path, buoyed by a resurgence in inbound demand and a rise in personal consumption, spurred by improvements in the employment and income environments. On the other hand, the economic outlook remains uncertain, as the yen continued to depreciate, and soaring raw material and energy prices triggered by the situation in Russia and Ukraine are continuing due to growing tension in the Middle East.

In this operating environment, the Oeon Group continued to implement various measures based on the five pillars of its medium- to long-term management strategy, Long-Term Vision 100, to achieve sustainable growth of the Group and enhance its corporate value over the medium to long term.

As a result, in the first quarter of the fiscal year ending December 31, 2024 net sales amounted to ¥18,827 million (down 9.7% year on year). On the profit front, the Group recorded operating income of ¥624 million (down 28.7% year on year) and ordinary income of ¥673 million (down 23.7% year on year). Profit attributable to owners of the parent was ¥498 million (down 37.5% year on year).

Segment performance is shown below.

Sales results

Segment name	Item	First quarter of the fiscal year ending December 31, 2024 (January 1 to March 31, 2024) (Millions of yen)	YoY change (Previous period = 100%)	
Alcoholic beverages	Japanese alcohol products	<i>Shochu</i>	8,095	99.2
		<i>Chu-hi</i> (RTD)	3,454	87.4
		<i>Sake</i>	902	102.2
		<i>Sake</i> compounds	398	95.3
		Brewing and industrial alcohol for sale	3,257	91.3
		<i>Mirin</i> (rice cooking wine))	80	77.3
		16,189	94.8	
	Wine and spirits	1,111	102.9	
	Others	143	98.8	
	17,444	95.3		
Enzymes and pharmaceuticals		1,078	117.1	
Real estate		283	112.3	
Others		19	98.5	
Total		18,827	90.3	

(Note) On May 15, 2023, the Company sold some of its shares in SUNNY MAIZE CO., LTD., which had handled the starch for food processing segment. As a result, SUNNY MAIZE was excluded from the scope of consolidation. For this reason, the starch for food processing segment has been removed as a reportable segment from the first quarter under review.

(Alcoholic beverages)

In the alcoholic beverages segment, competition is intensifying further because the population is shrinking, the birth rate is falling, the population is aging in Japan, the frequency of drinking outside the home is declining, and rising prices are driving a trend toward more frugal spending. As a result, sales of alcoholic beverages amounted to ¥17,444 million (down 4.7% year on year). In this segment, operating income was ¥295 million (down 39.1% year on year).

In the *shochu* category (within Japanese alcohol products), performance was favorable from *Hakata no Hana*, our *otsu*-type *shochu* series, and our *shiso shochu*, *Tantakatan*, but lower sales of store-brand products sapped category sales. In this category, our *shiso shochu*, *Tantakatan*, received the Japan Glass Bottle Association Special Award at the 20th Glass Bottle Award 2024 for its contribution to the development and image enhancement of the glass bottle market.

In *chu-hi* and other RTD products, sales declined year on year despite favorable performance of our *NIPPON PREMIUM chu-hi* series, which strictly uses ingredients of Japanese origin, as sales of store-brand products declined. This year marks the 10th anniversary of the launch of the *NIPPON PREMIUM* series. We are promoting sales of this long-selling product by placing a 10th anniversary logo mark on the package.

In the *sake* category, the market was remained sluggish, but category sales rose thanks to favorable performance in the affordably priced *Kurabito no Homare Tanrei Karakuchi* and *Fukutokucho Kome Dake no Sutto Nomete Yasashii Osake* series, *Junmai Ginjo*.

Sales in the category of brewing and industrial alcohol for sale declined.

Sales in the wine and spirits category increased, owing to favorable performance for *umeshu* plum wine and *chu-hi* base spirits, which allow consumers to just add carbonated water to enjoy drinking at home while replicating the feeling of being in an *izakaya* (Japanese-style pub). We also saw an increase in sales of *WHISKY KOH-KUN*, a type of whisky that is ideal for mixing in highballs. In the same category, we relaunched five product categories in the *WHISKY KOH-KUN* series with a new look and a new taste that is easier to pair with food by using some of the mild, sweet, and aromatic sake derived from oak barrels.

(Enzymes and pharmaceuticals)

Sales in the enzymes and pharmaceuticals segment were ¥1,078 million (up 17.1% year on year), due to solid overseas sales in the enzymes category. However, operating income came to ¥172 million (down 34.9% year on year), due to higher cost of sales and increased selling, general and administrative expenses.

(Real estate)

In the real estate segment, sales amounted to ¥283 million (up 12.3% year on year), and operating income was ¥152 million (up 16.5% year on year).

(2) Financial conditions analysis

As of March 31, 2024, total assets amounted to ¥55,367 million, down ¥64 million from December 31, 2023. The decline was due mainly to a decline in trade notes and accounts receivable, while inventories increased.

Liabilities amounted to ¥32,633 million, down ¥571 million year on year. Short-term loans payable increased, but accrued liquor tax and accounts payable—other decreased.

Net assets up ¥506 million, to ¥22,734 million, mainly because of an increase in valuation difference on available-for-sale securities.

(3) Explanation of Consolidated financial forecast and other forward-looking information

The full-year financial forecast remains unchanged from the figures announced on February 9, 2024.

2. Quarterly consolidated financial statements and notes
(1) Quarterly consolidated statement of financial position

(Millions of yen)

	Fiscal year 2023 (As of Dec. 31, 2023)	First quarter of fiscal year 2024 (As of Mar. 31, 2024)
ASSETS		
Current assets		
Cash and deposits	828	987
Notes and accounts receivable–trade	16,754	15,714
Merchandise and finished goods	6,862	6,997
Work in process	235	277
Raw materials and supplies	1,264	1,669
Other	155	305
Allowance for doubtful accounts	(19)	(11)
Total current assets	26,081	25,939
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	29,623	29,626
Accumulated depreciation	(19,794)	(19,950)
Buildings and structures, net	9,828	9,676
Machinery, equipment and vehicles	35,254	35,561
Accumulated depreciation	(30,328)	(30,552)
Machinery, equipment and vehicles, net	4,926	5,008
Land	9,546	9,546
Construction in progress	106	20
Other	1,771	1,783
Accumulated depreciation	(1,519)	(1,533)
Other, net	251	249
Total property, plant and equipment	24,660	24,501
Intangible assets		
Goodwill	3	2
Other	505	471
Total intangible assets	508	474
Investments and other assets		
Investment securities	3,104	3,525
Deferred tax assets	736	582
Other	345	349
Allowance for doubtful accounts	(5)	(5)
Total investments and other assets	4,181	4,452
Total noncurrent assets	29,350	29,428
Total assets	55,431	55,367

(Millions of yen)

	Fiscal year 2023 (As of Dec. 31, 2023)	First quarter of fiscal year 2024 (As of Mar. 31, 2024)
LIABILITIES		
Current liabilities		
Notes and accounts payable–trade	4,981	4,814
Electronically recorded obligations	2,035	2,014
Short-term loans payable	3,200	6,280
Accounts payable–other	4,693	3,759
Accrued liquor tax	8,240	6,907
Income taxes payable	681	248
Provision for bonuses	59	396
Provision for directors’ bonuses	38	9
Provision for shareholder benefit program	27	27
Notes payable–facilities	125	69
Electronically recorded obligations–facilities	86	66
Other	2,121	1,339
Total current liabilities	26,292	25,934
Noncurrent liabilities		
Long-term loans payable	1,800	1,500
Long-term deposits received	3,164	3,185
Deferred tax liabilities	153	184
Provision for directors’ stock benefits	145	152
Net defined benefit liabilities	1,502	1,524
Asset retirement obligation	42	42
Other	102	108
Total noncurrent liabilities	6,911	6,699
Total liabilities	33,204	32,633
NET ASSETS		
Shareholders’ equity		
Capital stock	6,946	6,946
Capital surplus	5,636	5,636
Retained earnings	9,973	10,000
Treasury stock	(1,954)	(1,954)
Total shareholders’ equity	20,601	20,628
Total accumulated other comprehensive income		
Valuation difference on available-for-sale securities	958	1,268
Deferred gains on hedges	(83)	89
Remeasurements of defined benefit plans	(95)	(94)
Total accumulated other comprehensive income	779	1,263
Non-controlling interests	846	842
Total net assets	22,227	22,734
Total liabilities and net assets	55,431	55,367

(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income

Quarterly consolidated statement of income

First quarter of the fiscal year

(Millions of yen)

	First quarter of fiscal year 2023 (Jan. 1, 2023–Mar. 31, 2023)	First quarter of fiscal year 2024 (Jan. 1, 2024–Mar. 31, 2024)
Net Sales	20,844	18,827
Cost of sales	17,528	15,777
Gross profit	3,315	3,049
Selling, general and administrative expenses	2,438	2,425
Operating income	876	624
Nonoperating income		
Interest income	0	0
Dividend income	7	7
Share of profit of entities accounted for using equity method	—	33
Rent income	15	15
Foreign exchange gains	11	16
Miscellaneous income	9	9
Total nonoperating income	44	83
Nonoperating expenses		
Interest expenses	24	22
Shutdown expenses	6	6
Miscellaneous losses	7	5
Total nonoperating expenses	37	34
Ordinary income	882	673
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	0	1
Other	—	0
Total extraordinary loss	0	2
Income before income taxes and minority interests	882	670
Income taxes	94	172
Profit	788	498
Loss attributable to non-controlling interests	(9)	(0)
Profit attributable to owners of the parent	797	498

Quarterly consolidated statement of comprehensive income
 First quarter of the fiscal year

(Millions of yen)

	First quarter of fiscal year 2023 (Jan. 1, 2023–Mar. 31, 2023)	First quarter of fiscal year 2024 (Jan. 1, 2024–Mar. 31, 2024)
Profit	788	498
Other comprehensive income		
Valuation difference on available-for-sale securities	(6)	309
Deferred gains or losses on hedges	39	169
Remeasurements of defined benefit plans	1	0
Share of other comprehensive income of entities accounted for using equity method	—	3
Total other comprehensive income	34	483
Comprehensive income	822	981
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	826	982
Comprehensive income (loss) attributable to non-controlling interests	(4)	(0)

(3) Notes to the quarterly consolidated financial statements

(Notes related to the going concern assumption)

Not applicable

(Notes in the event of significant changes in shareholders' equity)

Not applicable

(Segment information, etc.)

Segment information

I. First quarter of fiscal year 2023 (January 1 to March 31, 2023)

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

(Millions of yen)

	Reportable segment					Others (Note) 1	Reconciliations (Note) 2	Amount stated in the quarterly consolidated statement of income (Note) 3
	Alcoholic beverages	Starch for food processing	Enzymes and pharmaceuticals	Real estate	Total			
Sales								
Sales to external customers	18,308	1,341	921	252	20,823	20	—	20,844
Inter-segment sales or transfers	0	—	—	—	0	—	(0)	—
Total	18,308	1,341	921	252	20,824	20	(0)	20,844
Segment profit (loss)	485	(6)	265	130	875	0	—	876

(Note) 1. The “others” category includes business that is not included in the reportable segments, such as warehousing and cargo handling.

2. Reconciliations are to eliminate intersegment transactions.

3. Segment profits or losses are adjusted in operating income in the quarterly consolidated statement of income.

II. First quarter of fiscal year 2024 (January 1 to March 31, 2024)

1. Information on sales and profit by reportable segment

(Millions of yen)

	Reportable segment				Others (Note) 1	Reconciliations (Note) 2	Amount stated in the quarterly consolidated statement of income (Note) 3
	Alcoholic beverages	Enzymes and pharmaceuticals	Real estate	Total			
Sales							
Sales to external customers	17,444	1,078	283	18,807	19	—	18,827
Inter-segment sales or transfers	1	—	—	1	2	(3)	—
Total	17,445	1,078	283	18,808	22	(3)	18,827
Segment profit	295	172	152	620	3	—	624

(Note) 1. The “others” category includes business that is not included in the reportable segments, such as warehousing and cargo handling.

2. Reconciliations are to eliminate intersegment transactions.

3. Segment profits are adjusted in operating income in the quarterly consolidated statement of income.

2. Items related to changes in reportable segments

On May 15, 2023, the Company sold some of its shares in SUNNY MAIZE CO., LTD., which had handled the starch for food processing segment. As a result, SUNNY MAIZE was excluded from the scope of consolidation. For this reason, the starch for food processing segment has been removed as a reportable segment from the first quarter under review.



First Quarter of the Fiscal Year Ending December 31, 2024 Financial Summary

1. Consolidated Statements of Income
2. Sales Results by Segment
3. Profit Breakdown
4. Consolidated Balance Sheets
5. Consolidated Performance Forecast for FY2024
6. Sales Forecast for FY2024

DENON Holdings, Inc.

May 10, 2024

1. Consolidated Statements of Income

(Millions of yen)

	First quarter of fiscal year 2023 <small>(Jan. 1, 2023–Mar. 31, 2023)</small>	First quarter of fiscal year 2024 <small>(Jan. 1, 2024–Mar. 31, 2024)</small>	Change	Percentage change (%)
Alcoholic beverages	18,308	17,444	(863)	95.3
Starch for food processing	1,341	—	(1,341)	—
Enzymes and pharmaceuticals	921	1,078	157	117.1
Real estate and others	273	303	30	111.3
Net sales	20,844	18,827	(2,016)	90.3
Cost of sales	17,528	15,777	(1,751)	90.0
Gross profit	3,315	3,049	(265)	92.0
Selling, general and administrative expenses	2,438	2,425	(13)	99.5
Alcoholic beverages	485	295	(190)	60.9
Starch for food processing	(6)	—	6	—
Enzymes and pharmaceuticals	265	172	(92)	65.1
Real estate and Others	131	156	24	118.6
Operating income	876	624	(251)	71.3
Nonoperating income	44	83	39	189.0
Nonoperating expenses	37	34	(3)	90.9
Ordinary income	882	673	(209)	76.3
Extraordinary income	—	—	—	—
Extraordinary loss	0	2	2	433.3
Income before income taxes	882	670	(211)	76.1
Income, residential and enterprise taxes	94	172	78	183.4
Profit	788	498	(289)	63.2
Loss attributable to non-controlling interests	(9)	(0)	8	—
Profit attributable to owners of the parent	797	498	(298)	62.5
Profit per share (Yen)	13.70	8.57	(5.13)	62.6

Note: In the second quarter of the fiscal year ended December 31, 2023, the Company sold some of its shares in SUNNY MAIZE CO., LTD., which had handled the starch for food processing segment, making SUNNY MAIZE an equity-method affiliate. Accordingly, the Company generated no sales or operating income in the starch for food processing segment in the fiscal year ending March 31, 2024.

2. Sales Results by Segment

(Millions of yen)

	First quarter of fiscal year 2023 <small>(Jan. 1, 2023–Mar. 31, 2023)</small>	First quarter of fiscal year 2024 <small>(Jan. 1, 2024–Mar. 31, 2024)</small>	Change	Percentage change (%)
<i>Shochu</i>	8,158	8,095	(63)	99.2
(<i>Kou</i> -type <i>shochu</i>)	2,890	2,639	(250)	91.3
(<i>Otsu</i> -type <i>shochu</i>)	5,268	5,455	186	103.5
<i>Chu-hi</i> (RTD)	3,951	3,454	(496)	87.4
<i>Sake</i>	883	902	19	102.2
<i>Sake</i> compounds	418	398	(19)	95.3
Brewing and industrial alcohol for sale	3,566	3,257	(308)	91.3
<i>Mirin</i> (rice cooking wine)	104	80	(23)	77.3
Wine and spirits	1,080	1,111	31	102.9
Others	145	143	(1)	98.8
Total of alcoholic beverages	18,308	17,444	(863)	95.3
Starch for food processing	1,341	—	(1,341)	—
Enzymes and pharmaceuticals	921	1,078	157	117.1
Real estate	252	283	31	112.3
Others	20	19	(0)	98.5
Total	20,844	18,827	(2,016)	90.3

3. Profit Breakdown

(Millions of yen)

	Increase (Decrease)	Remarks
Alcoholic beverages	(190)	Increase in gross profit due to revised selling prices and others: 160 Higher ingredient costs, due to increased materials costs: (160) Increase in costs to dispose of inventories and other production-related costs: (50) Higher SG&A expenses, including personnel expenses: (70) Impact of changes in the product mix: (70)
Starch for food processing	6	First quarter of the fiscal year 2023: (6)
Enzymes and pharmaceuticals	(92)	Decrease due to increase in production-related costs
Real estate and others	24	
Operating income	(251)	
Nonoperating income	39	Increase in share of profit of entities accounted for using equity method
Nonoperating expenses	3	
Ordinary income	(209)	
Extraordinary income	—	
Extraordinary loss	(2)	
Income before income taxes	(211)	
Income, residential and enterprise taxes	(78)	
Profit	(289)	
Profit attributable to non-controlling interests	(8)	
Profit attributable to owners of the parent	(298)	

4. Consolidated Balance Sheets

(Millions of yen)

	Fiscal year 2023 (As of Dec. 31, 2023)	First quarter of fiscal year 2024 (As of Mar. 31, 2024)	Change	Percentage change (%)	Remarks
(Assets)					
Cash and deposits	828	987	158	119.1	
Notes and accounts receivable	16,754	15,714	(1,039)	93.8	Lower sales due to seasonal factors
Inventories	8,362	8,944	581	107.0	
Other current assets	155	305	150	196.7	
Allowance for doubtful accounts	(19)	(11)	7	—	
Total current assets	26,081	25,939	(142)	99.5	
Buildings	8,331	8,199	(131)	98.4	
Land	9,546	9,546	—	100.0	
Other tangible fixed assets	6,782	6,754	(27)	99.6	
Total tangible fixed assets	24,660	24,501	(159)	99.4	
Intangible fixed assets	508	474	(34)	93.3	
Investment securities	3,104	3,525	420	113.5	Appreciation of market value
Long-term prepaid expenses	110	114	3	103.5	
Deferred tax assets	736	582	(153)	79.2	
Other investments and other assets	234	235	0	100.0	
Allowance for doubtful accounts	(5)	(5)	—	—	
Total investments and other assets	4,181	4,452	271	106.5	
Total fixed assets	29,350	29,428	77	100.3	
Total assets	55,431	55,367	(64)	99.9	

(Millions of yen)

	Fiscal year 2023 (As of Dec. 31, 2023)	First quarter of fiscal year 2024 (As of Mar. 31, 2024)	Change	Percentage change (%)	Remarks
(Liabilities)					
Notes and accounts payable	7,017	6,828	(188)	97.3	
Short-term debt	3,200	6,280	3,080	196.3	
Other payables	4,693	3,759	(934)	80.1	
Accrued liquor tax	8,240	6,907	(1,333)	83.8	Lower sales due to seasonal factors
Other current liabilities	3,141	2,158	(982)	68.7	Decreases in income taxes payable and accrued consumption taxes
Total current liabilities	26,292	25,934	(358)	98.6	
Long-term debt	1,800	1,500	(300)	83.3	
Other long-term liabilities	5,111	5,199	87	101.7	
Total long-term liabilities	6,911	6,699	(212)	96.9	
Total liabilities	33,204	32,633	(571)	98.3	
(Net assets)					
Common stock	6,946	6,946	—	100.0	
Capital surplus	5,636	5,636	—	100.0	
Retained earnings	9,973	10,000	27	100.3	
Treasury stock	(1,954)	(1,954)	(0)	—	
Total shareholders' equity	20,601	20,628	27	100.1	
Valuation difference of other securities	958	1,268	309	132.3	
Deferred hedging gains (losses)	(83)	89	173	—	
Cumulative adjustments related to retirement benefits	(95)	(94)	—	—	
Cumulative other comprehensive income	779	1,263	483	162.0	
Non-controlling interests	846	842	(3)	99.5	
Total net assets	22,227	22,734	506	102.3	
Total liabilities and net assets	55,431	55,367	(64)	99.9	
Equity ratio (%)	38.6	39.5	0.9		

5. Consolidated Performance Forecast for FY2024

(Millions of yen)

	Fiscal year 2023 (Jan. 1, 2023–Dec. 31, 2023)	Fiscal year 2024 (Jan. 1, 2024–Dec. 31, 2024)	Change	Percentage change (%)
Alcoholic beverages	78,799	80,098	1,299	101.6
Starch for food processing	1,341	—	(1,341)	—
Enzymes and pharmaceuticals	3,488	3,675	186	105.4
Real estate and others	1,318	1,225	(92)	93.0
Net sales	84,947	85,000	52	100.1
Cost of sales	70,964	70,878	(85)	99.9
Gross profit	13,983	14,121	137	101.0
Selling, general and administrative expenses	10,397	11,121	723	107.0
Alcoholic beverages	2,632	2,043	(589)	77.6
Starch for food processing	(6)	—	6	—
Enzymes and pharmaceuticals	328	370	41	112.8
Real estate and others	631	587	(44)	93.0
Operating income	3,585	3,000	(585)	83.7
Nonoperating income (expenses)	117	—	(117)	—
Ordinary income	3,702	3,000	(702)	81.0
Extraordinary income (loss)	(98)	(119)	(21)	—
Income before income taxes	3,604	2,880	(724)	79.9
Income, residential and enterprise taxes	206	869	663	421.2
Profit	3,398	2,010	(1,387)	59.2
Profit attributable to non-controlling interests	4	10	6	232.0
Profit attributable to owners of the parent	3,393	2,000	(1,393)	58.9

6. Sales Forecast for FY2024

(Millions of yen)

	Fiscal year 2023 (Jan. 1, 2023–Dec. 31, 2023)	Fiscal year 2024 (Jan. 1, 2024–Dec. 31, 2024)	Change	Percentage change (%)
<i>Shochu</i>	35,902	36,608	705	102.0
(<i>Kou</i> -type <i>shochu</i>)	12,774	12,622	(151)	98.8
(<i>Otsu</i> -type <i>shochu</i>)	23,128	23,985	857	103.7
<i>Chu-hi</i> (RTD)	16,806	17,084	278	101.7
<i>Sake</i>	3,709	4,020	310	108.4
<i>Sake</i> compound	1,942	2,015	73	103.8
Brewing and industrial alcohol for sale	14,216	13,760	(456)	96.8
<i>Mirin</i> (rice cooking wine)	430	454	24	105.7
Wine and spirits	5,177	5,469	292	105.6
Others	614	684	70	111.4
Total of alcoholic beverages	78,799	80,098	1,299	101.6
Starch for food processing	1,341	—	(1,341)	—
Enzymes and pharmaceuticals	3,488	3,675	186	105.4
Real estate	1,230	1,135	(95)	92.3
Others	87	90	2	103.3
Total	84,947	85,000	52	100.1