

Consolidated Financial Results for the Nine Months Ended March 31, 2024 [Japanese GAAP]



May 14, 2024

Company name: ICHIMASA KAMABOKO Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange

Code number: 2904

URL: <https://www.ichimasa.co.jp/global/en/>

Representative: Masahiro Nozaki, President & CEO

Contact: Masaki Takashima, Director and Managing Executive Officer, General Manager of Corporate Planning Department

Phone: +81-25-270-7111

Scheduled date of filing quarterly securities report: May 15, 2024

Scheduled date of commencing dividend payments: —

Availability of supplementary explanatory materials on quarterly financial results: Available

Schedule of quarterly financial results briefing session: Not scheduled

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

1. Consolidated Financial Results for the Nine Months Ended March 31, 2024 (July 1, 2023 – March 31, 2024)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended								
March 31, 2024	27,332	6.2	1,470	—	1,461	—	1,078	517.1
March 31, 2023	25,747	2.8	89	(89.4)	125	(85.7)	174	(73.9)

(Note) Comprehensive income: Nine months ended March 31, 2024: ¥1,192 million [—%]
 Nine months ended March 31, 2023: ¥51 million [(89.3)%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
March 31, 2024	58.69	—
March 31, 2023	9.51	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of March 31, 2024	30,854	14,549	47.2
As of June 30, 2023	30,678	13,579	44.3

(Reference) Equity: As of March 31, 2024: ¥14,549 million

As of June 30, 2023: ¥13,579 million

(Note) Percentages of Operating profit and Ordinary profit for the nine months ended March 31, 2024 are shown as "—" as changes from the previous corresponding period are more than 1,000%.

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, 2023	—	0.00	—	12.00	12.00
Fiscal year ending June 30, 2024	—	0.00	—		
Fiscal year ending June 30, 2024 (Forecast)				12.00	12.00

(Note) Revision to the forecast for dividends announced most recently: None

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

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	37,800	15.2	1,300	—	1,350	—	900	969.9	48.58

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

* Notes:

(1) Changes in significant subsidiaries during the period under review: None

(Changes in specified subsidiaries resulting in changes in scope of consolidation):

Newly included: – (), Excluded: – ()

Notes regarding changes in significant subsidiaries during the period under review

(2) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements:

None

Notes regarding accounting methods adopted particularly for the preparation of quarterly consolidated financial statements

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

1) Changes in accounting policies due to the revision of accounting standards: None

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

3) Changes in accounting estimates: Yes

4) Retrospective restatement: None

Notes regarding changes in accounting policies

(4) Total number of issued and outstanding shares (common shares)

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

As of March 31, 2024: 18,590,000 shares

As of June 30, 2023: 18,590,000 shares

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

As of March 31, 2024: 212,088 shares

As of June 30, 2023: 212,088 shares

3) Average number of shares during the period (cumulative quarterly accounting period):

Nine months ended March 31, 2024: 18,377,912 shares

Nine months ended March 31, 2023: 18,377,912 shares

The Company has introduced the Board Benefit Trust (BBT) and the number of treasury shares at the end of each period includes shares of the Company held by the BBT (147,000 shares as of March 31, 2024 and 147,000 shares as of June 30, 2023). The number of treasury shares deducted in the calculation of the average number of shares during each period includes shares of the Company held by the BBT (147,000

shares for the nine months ended March 31, 2024 and 147,000 shares for the nine months ended March 31, 2023).

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

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

The financial results forecasts and other forward-looking statements contained herein are based on the information available to the Company and certain assumptions deemed reasonable as of the date of this report and do not constitute a promise by the Company to achieve these forecasts. Actual results may be significantly different from these forecasts due to various factors. For the assumptions on which the financial results forecasts are based and the cautions and other related matters to consider when using thereof, please refer to “1. Qualitative Information on Quarterly Financial Results (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 4 of the attachment.

Table of Contents - Attachments

1. Qualitative Information on Quarterly Financial Results	2
(1) Explanation of Operating Results	2
(2) Explanation of Financial Position	3
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information	4
2. Quarterly Consolidated Financial Statements and Principal Notes	5
(1) Quarterly Consolidated Balance Sheets	5
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	
Quarterly Consolidated Statements of Income	
Nine Months Ended March 31.....	7
Quarterly Consolidated Statements of Comprehensive Income	
Nine Months Ended March 31.....	8
(3) Notes to Quarterly Consolidated Financial Statements	9
(Notes on going concern assumption)	9
(Notes in case of significant changes in shareholders' equity)	9
(Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements)	9
(Changes in accounting estimates)	9
(Segment information, etc.)	10

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

In the nine months ended March 31, 2024, the Japanese economy showed signs of a recovery due to the relaxation of restrictions on movement and entry into Japan, after the reclassification of COVID-19's status to Category V under the Infectious Disease Control Law. Further, the Bank of Japan (BOJ) held a monetary policy meeting in March, where it stated that a price stability target of 2% could be achieved in line with rises in wages. Further, as the Bank of Japan (BOJ) held a monetary policy meeting in March, where it stated that a price stability target of 2% could be achieved in line with rises in wages and made the announcement that negative interest rate policy will be lifted, Japanese monetary policy has reached a major turning point toward the overcoming of deflation and the recovery of the economy. However, downside risks for the overseas economy such as the situations in Ukraine and Israel/Gaza, other tense world situations, and concerns about the outlook of the Chinese economy, as well as depreciation of the Japanese yen and other factors led to the persistence in numerous high costs, including of energy such as electricity and gas. As a result, with rises in wages not keeping pace with rising costs for various goods, there is an even stronger awareness of defensive spending patterns among consumers, while the business environment surrounding the Group has become even more severe.

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

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

As a result of the above, for the nine months ended March 31, 2024, the Company posted net sales of ¥27,332 million, (up ¥1,585 million or 6.2% from the same period of the previous fiscal year), operating profit of ¥1,470 million (up ¥1,380 million or 1,542.1% from the same period of the previous fiscal year), ordinary profit of ¥1,461 million (up ¥1,335 million or 1,060.5% from the same period of the previous fiscal year), and profit attributable to owners of parent of ¥1,078 million (up ¥903 million or 517.1% from the same period of the previous fiscal year).

The performance of each segment is as follows.

(Fish-paste Products and Side Dishes Business)

Sales increased from the same period of the previous fiscal year due to the higher selling prices resulting from price revisions, which were implemented based on the understanding and cooperation of our partners for deliveries from September 1, 2022 and March 1, 2023. In addition, sales volume increased from that of the same period of the previous fiscal year for stick type *kanikama* (crab flavored kamaboko), *chikuwa* (tubular boiled fish cake), and *hanpen* (soft fish cake). Regarding products for the "osechi," Japanese traditional New Year's day food, sales remained at the same level as in the same period of the previous fiscal year.

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

As a result of the above, for the nine months ended March 31, 2024, this segment posted net sales of ¥23,962 million (up ¥1,727 million or 7.8% from the same period of the previous fiscal year), and segment profit or operating profit of ¥1,297 million (segment loss or operating loss of ¥170 million for the same period of the previous fiscal year).

(Mushroom Business)

The vegetable and overall mushroom markets were stronger than the same period of the previous fiscal year, the prices of maitake mushrooms rose, and the Company strengthened sales through proposals for large-volume products and product refreshes enhanced with vitamin D. However, sales volume was sluggish due in part to last summer's extreme heat and the mild winter, resulting in a net sales decrease from the same period of the previous fiscal year.

In terms of production, while prices of raw materials and energy costs remained high, the Company has implemented measures to reduce costs, including energy saving, and worked on improvement of production efficiency, stable cultivation and enhancement of quality.

As a result, for the nine months ended March 31, 2024, this segment posted net sales of ¥3,069 million (down ¥111 million or 3.5% from the same period of the previous fiscal year), and segment profit or operating profit of ¥66 million (segment profit or operating profit of ¥196 million for the same period of the previous fiscal year).

(Transport Business and Warehouse Business)

The transport business saw net sales decrease from the same period of the previous fiscal year mainly due to the discontinuation of some of the regular transportation services for imported fruits and vegetables, despite a higher handling volume owing to the new customer development. Profit was lower than in the same period of the previous fiscal year due to the decrease in net sales.

For the warehouse business, despite a stagnation in warehousing due to tight capacity, net sales and profit both increased over the same period of the previous fiscal year due to an increase in warehousing fee income from high levels of inventory in the second half of the fiscal year and efforts to improve profitability, including improvement of warehouse efficiency and optimization of prices.

As a result, for the nine months ended March 31, 2024, net sales in others, non-reportable segments were ¥300 million (down ¥30 million or 9.2% from the same period of the previous fiscal year), and segment profit or operating profit was ¥98 million (segment profit or operating profit of ¥60 million for the same period of the previous fiscal year).

(2) Explanation of Financial Position

(Current assets)

Current assets as of March 31, 2024 were ¥11,042 million (an increase of ¥520 million from the end of the previous fiscal year). This is mainly attributable to an increase in cash and deposits, an increase in net sales, and an increase in accounts receivable – trade as a result of the impact of bank holidays at the end of March, despite decreases in raw materials and supplies as well as merchandise and finished goods.

(Non-current assets)

Non-current assets as of March 31, 2024 were ¥19,812 million (a decrease of ¥344 million from the end of the previous fiscal year). This is mainly attributable to the progression of depreciation of property, plant and equipment.

(Current liabilities)

Current liabilities as of March 31, 2024 were ¥7,315 million (a decrease of ¥3,655 million from the end of the previous fiscal year). This is mainly attributable to increases in accounts payable - other, accrued expenses, and income taxes payable, despite the transfer of short-term borrowings raised for the construction of the second headquarters factory to long-term borrowings and a decrease in other current liabilities (electronically recorded obligations -operating).

(Non-current liabilities)

Non-current liabilities as of March 31, 2024 were ¥8,988 million (an increase of ¥2,860 million from the end of the previous fiscal year). This increase is mainly attributable to the transfer of short-term borrowings to long-term borrowings as described in the above Current liabilities section.

(Net assets)

Net assets as of March 31, 2024 were ¥14,549 million (an increase of ¥970 million from the end of the previous fiscal year) mainly due to a recording of profit attributable to owners of parent and payment of dividends. The equity ratio increased to 47.2% from 44.3% at the end of the previous fiscal year due to an increase in net assets mainly due to the recording of profit.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

There are no changes to the full-year consolidated financial results forecast for the fiscal year ending June 30, 2024 announced on August 4, 2023.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of June 30, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	1,414,275	3,336,414
Accounts receivable - trade	3,336,376	4,376,180
Merchandise and finished goods	1,116,825	452,806
Work in process	525,923	496,539
Raw materials and supplies	3,156,003	2,146,030
Other	989,046	251,087
Allowance for doubtful accounts	(16,763)	(16,893)
Total current assets	10,521,687	11,042,165
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,455,625	7,204,589
Machinery, equipment and vehicles, net	4,767,382	4,647,380
Tools, furniture and fixtures, net	170,321	178,038
Land	3,179,344	3,179,344
Leased assets, net	1,662,977	1,618,192
Construction in progress	—	166,234
Total property, plant and equipment	17,235,650	16,993,780
Intangible assets	390,134	340,465
Investments and other assets		
Investment securities	2,013,684	2,032,219
Deferred tax assets	135,787	89,218
Other	406,085	381,335
Allowance for doubtful accounts	(24,500)	(24,500)
Total investments and other assets	2,531,057	2,478,273
Total non-current assets	20,156,842	19,812,518
Total assets	30,678,530	30,854,684
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,942,067	1,623,704
Short-term borrowings	5,580,984	2,286,498
Income taxes payable	93,525	328,857
Provision for bonuses	81,131	326,066
Provision for bonuses for directors (and other officers)	14,140	—
Accounts payable - other, and accrued expenses	1,921,618	2,217,302
Other	1,337,316	533,353
Total current liabilities	10,970,782	7,315,781
Non-current liabilities		
Bonds payable	100,000	—
Long-term borrowings	4,015,333	6,772,116
Provision for retirement benefits for directors (and other officers)	39,275	41,825
Lease liabilities	1,513,457	1,530,729
Provision for share awards for directors (and other officers)	114,645	128,728
Deferred tax liabilities	—	173,704
Other	345,384	341,845
Total non-current liabilities	6,128,094	8,988,949
Total liabilities	17,098,877	16,304,731

(Thousand yen)

	As of June 30, 2023	As of March 31, 2024
Net assets		
Shareholders' equity		
Share capital	940,000	940,000
Capital surplus	650,000	650,000
Retained earnings	11,182,280	12,038,642
Treasury shares	(166,135)	(166,135)
Total shareholders' equity	12,606,144	13,462,507
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	935,623	1,036,623
Foreign currency translation adjustment	37,886	50,822
Total accumulated other comprehensive income	973,509	1,087,446
Total net assets	13,579,653	14,549,953
Total liabilities and net assets	30,678,530	30,854,684

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Nine Months Ended March 31

(Thousand yen)

	For the nine months ended March 31, 2023	For the nine months ended March 31, 2024
Net sales	25,747,642	27,332,916
Cost of sales	21,361,311	21,504,494
Gross profit	4,386,330	5,828,421
Selling, general and administrative expenses	4,296,811	4,358,388
Operating profit	89,519	1,470,033
Non-operating income		
Interest income	1,004	341
Dividend income	15,397	15,743
Rental income	8,602	10,227
Commission income	10,833	19,839
Electricity sale income	12,710	12,805
Gain on redemption of securities	8,530	—
Share of profit of entities accounted for using equity method	5,396	—
Miscellaneous income	18,029	15,127
Total non-operating income	80,504	74,086
Non-operating expenses		
Interest expenses	26,293	44,214
Share of loss of entities accounted for using equity method	—	20,178
Depreciation	8,091	8,091
Commission expenses	9,500	9,500
Miscellaneous losses	193	596
Total non-operating expenses	44,078	82,580
Ordinary profit	125,945	1,461,538
Extraordinary income		
Gain on sale of non-current assets	1,449	520
Gain on sale of investment securities	174,321	162,520
Subsidy income	7,888	—
Total extraordinary income	183,659	163,040
Extraordinary losses		
Loss on retirement of non-current assets	2,654	3,939
Factory integration expenses	14,792	—
Loss on sale of non-current assets	—	1,288
Total extraordinary losses	17,447	5,228
Profit before income taxes	292,156	1,619,350
Income taxes - current	118,556	355,743
Income taxes - deferred	(1,190)	184,944
Total income taxes	117,366	540,688
Profit	174,790	1,078,661
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	174,790	1,078,661

Quarterly Consolidated Statements of Comprehensive Income

Nine Months Ended March 31

(Thousand yen)

	For the nine months ended March 31, 2023	For the nine months ended March 31, 2024
Profit	174,790	1,078,661
Other comprehensive income		
Valuation difference on available-for-sale securities	(138,354)	101,000
Share of other comprehensive income of entities accounted for using equity method	14,730	12,936
Total other comprehensive income	(123,624)	113,937
Comprehensive income	51,166	1,192,598
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	51,166	1,192,598
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

Not applicable.

(Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements)

Not applicable.

(Changes in accounting estimates)

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

The Company and its consolidated subsidiaries had adopted the declining balance method as the depreciation method for property, plant and equipment (however, the straight-line method was adopted for buildings acquired from April 1, 1998 onwards (excluding building affiliated equipment) and building affiliated equipment and structures acquired from April 1, 2016 onwards), however this was changed to the straight-line method from the three months ended September 30, 2023.

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

As a result, compared to the conventional method, depreciation for the nine months ended March 31, 2024 decreased by ¥297,163 thousand, and operating profit, ordinary profit and profit before income taxes each increased.

(Segment information, etc.)

Segment Information

I. For the nine months ended March 31, 2023 (from July 1, 2022 to March 31, 2023)

1. Information on net sales and profit (loss) by reportable segment, and disaggregated revenue information

(Thousand yen)

	Reportable segment			Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Quarterly Consolidated Statements of Income (Note 3)
	Fish-paste Products and Side Dishes Business	Mushroom Business	Total				
Net sales							
Revenue from contracts with customers	22,234,958	3,181,612	25,416,571	331,070	25,747,642	—	25,747,642
Net sales to outside customers	22,234,958	3,181,612	25,416,571	331,070	25,747,642	—	25,747,642
Inter-segment net sales or transfers	—	—	—	419,278	419,278	(419,278)	—
Total	22,234,958	3,181,612	25,416,571	750,349	26,166,920	(419,278)	25,747,642
Segment profit (loss)	(170,929)	196,292	25,363	60,933	86,296	3,222	89,519

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

2. The adjustment of ¥3,222 thousand in segment profit is primarily elimination of intersegment transactions.

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

2. Information about loss on impairment of non-current assets and goodwill by reportable segment
Not applicable.

II. For the nine months ended March 31, 2024 (from July 1, 2023 to March 31, 2024)

1. Information on net sales and profit (loss) by reportable segment, and disaggregated revenue information

(Thousand yen)

	Reportable segment			Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Quarterly Consolidated Statements of Income (Note 3)
	Fish-paste Products and Side Dishes Business	Mushroom Business	Total				
Net sales							
Revenue from contracts with customers	23,962,498	3,069,744	27,032,243	300,672	27,332,916	—	27,332,916
Net sales to outside customers	23,962,498	3,069,744	27,032,243	300,672	27,332,916	—	27,332,916
Inter-segment net sales or transfers	—	—	—	434,091	434,091	(434,091)	—
Total	23,962,498	3,069,744	27,032,243	734,764	27,767,007	(434,091)	27,332,916
Segment profit	1,297,402	66,121	1,363,524	98,864	1,462,388	7,644	1,470,033

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

2. The adjustment of ¥7,644 thousand in segment profit is primarily elimination of intersegment transactions.

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

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

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

As described in the (Changes in accounting estimates) section, the Company and its consolidated subsidiaries had adopted the declining balance method as the depreciation method for property, plant and equipment (however, the straight-line method was adopted for buildings acquired from April 1, 1998 onwards (excluding building affiliated equipment) and building affiliated equipment and structures acquired from April 1, 2016 onwards), however this was changed to the straight-line method from the three months ended September 30, 2023.

As a result, compared to the conventional method, segment profit for the nine months ended March 31, 2024 increased by ¥260,263 thousand for the fish-paste products and side dishes business, ¥34,663 thousand for the mushroom business, and ¥2,236 thousand for other business.