

3. Consolidated financial results forecast for the fiscal year ending December 31, 2023
(from January 1, 2023 to December 31, 2023)

(Percentages denote year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY ending December 31, 2023	304,000	10.5	12,000	14.3	13,500	25.1	7,500	10.0	522.54

(Note) Revision to the forecast for financial results announced most recently: Yes

* Notes

- (1) Changes in significant subsidiaries during the first nine months of the fiscal year: Yes
(Changes in specified subsidiaries resulting in changes in the scope of consolidation)
New 1 company (Company name) Wismettac EMEA Holdings Limited

Excluded — companies (Company name) —

(Note) For details, please see the section titled "(3) Notes to the quarterly consolidated financial statements (Changes in significant subsidiaries during the first nine months of the fiscal year)" under the chapter titled "2. Quarterly consolidated financial statements and major notes" on the page 9 of the attachment.

- (2) Application of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

- (3) Changes in accounting policies, changes to accounting estimates, and restatements

- (i) Changes in accounting policies due to revisions of accounting standards: Yes
(ii) Changes in accounting policies other than (i) above: None
(iii) Changes in accounting estimates: None
(iv) Restatements: None

- (4) Number of shares outstanding (common stock)

(i) Number of shares outstanding at the end of the period (including treasury shares)	As of September 30, 2023	14,353,140 shares	December 31, 2022	14,353,140 shares
(ii) Number of treasury shares at the end of the period	As of September 30, 2023	241 shares	December 31, 2022	220 shares
(iii) Average number of shares during the period (nine months ended September 30, 2023)	As of September 30, 2023	14,352,911 shares	September 30, 2022	14,352,960 shares

* These quarterly financial results are not subject to quarterly review procedures.

* Explanation of the proper use of financial results forecasts and other notes
(Cautionary note on forward-looking statements, etc.)

The forward-looking statements such as financial results forecasts contained in this document are based on information currently available to the Company and certain reasonable assumptions. Thus, these statements are not intended for management to promise the achievement of the forecast. Actual financial results may differ materially due to various factors. For conditions of the assumptions in the forecast and notes to use of the forecast, please see the section titled "(3) Explanation of future forecasts such as consolidated financial results forecasts" under the chapter titled "1. Qualitative information on quarterly financial results" on the page 4 of the attachment.

(How to obtain the quarterly financial results supplementary materials)

The quarterly financial results supplementary materials will be disclosed on TDnet on November 13, 2023 and will also be posted on the Company's website.

○ Attachment: Table of Contents

1. Qualitative information on quarterly financial results.....	2
(1) Explanation of operating results	2
(2) Explanation of financial position	3
(3) Explanation of future forecasts such as consolidated financial results forecasts.....	4
2. Quarterly consolidated financial statements and major notes	5
(1) Quarterly consolidated balance sheet.....	5
(2) Quarterly consolidated statements of income and comprehensive income	7
(3) Notes to the quarterly consolidated financial statements	9
(Notes to assumption of going concern)	9
(Notes on significant changes in shareholders' equity)	9
(Application of an accounting treatment specific to the preparation of quarterly consolidated financial statements).....	9
(Changes in accounting policy)	9
(Changes in significant subsidiaries during the first nine months of the fiscal year).....	9
(Additional information).....	9
(Segment information).....	10
(Significant subsequent events)	11

1. Qualitative information on quarterly financial results

(1) Explanation of operating results

Forward-looking statements in the document are based on the judgment of the Company Group as of the end of the third quarter of the current consolidated fiscal year.

[Outline of the third quarter of the current consolidated fiscal year]

During the first nine months of the current fiscal year, the global economy faced downward pressure due to factors such as prolonged inflation and the subsequent monetary tightening that occurred in response, the prolonged conflict in Ukraine, and the slowdown in China's economic recovery. The future outlook for the global economy remains uncertain due to these factors.

Under these circumstances, our Company Group, as a global food-related company, has been striving to deliver products safely and stably while responding to various changing business environments. The main businesses of the Company Group are the Asian Food Global Business, which sells Japanese and other Asian foods and food ingredients mainly in North America, but also in Europe, China, Southeast Asia, Australia, etc., and the Agricultural & Seafood Products Trading Business, which engages in domestic sales of fruits and vegetables, as well as export and trilateral trade. We are also engaged in the business of selling overseas branded food products, seasonal products planned and developed in-house, and character products to imported food stores and general merchandise stores in Japan, as well as the business of manufacturing and selling natural supplements. In addition, we aim to become a company that identifies and provides solutions to various issues facing the food industry, by developing businesses in new areas where 'food' and 'healthcare' converge, and providing solutions using digital technology for companies involved in the food industry.

In the Asian Food Global Business, we have aggressively pursued structural reforms to achieve sustainable and stable earnings in our core region of North America and to expand our operating base outside North America, which is one of our growth strategies. In the Agricultural & Seafood Products Trading Business, the Company Group has been working to expand sales to its mainstay wholesale markets, mass retailers, home-meal replacement industries, and restaurant chains, etc., while also developing overseas distribution routes, including export of domestic fruits and vegetables, offshore trading, and the wholesale business in China.

As a result, with respect to the financial results for the third quarter of the current consolidated fiscal year, net sales stood at 223,598 million yen (10.5% increase year-on-year), operating income amounted to 8,811 million yen (5.9% increase year-on-year), ordinary income amounted to 9,941 million yen (14.6% increase year-on-year), and profit attributable to owners of parent totaled 6,693 million yen (17.8% increase year-on-year).

Financial results by segment are as follows: It is noted that net sales of segments are net sales to external customers.

[Outline of operating results by segment]

(i) Asian Food Global Business

In the Asian Food Global Business, for the third quarter of the current consolidated fiscal year, the Company had net sales of 174,589 million yen (10.6% increase year-on-year) and operating income of 10,634 million yen (10.1% increase year-on-year).

In the North America region, net sales increased from the same period of the previous year both in the restaurant and grocery markets with robust sales. The expansion of sales to major grocery chains, the promotion of switching from national brands to private labels, and sales activities focused on market share retention have been successful.

In terms of profits, the Company endeavored to maintain the profit margin through appropriate price pass-through and other measures, but the profit margin declined from the same period of the previous year due to adjustments in wage levels to secure human resources, increases in expenses resulting from widespread price increases, etc.

As for regions other than North America, net sales in the European region, mainly to restaurant chains, increased from the same period of the previous year despite sluggish consumer spending caused by ongoing inflation and interest rate hikes. As described in "2. Quarterly consolidated financial statements and major notes (3) Notes to quarterly consolidated financial statements (Significant Subsequent Events)," the Company acquired all shares of Italy-based Uniontrade S.p.A. and all interests in Italy-based Uni Logistic S.r.l. on October 31, 2023, and made them consolidated subsidiaries. In Asia and Oceania, although there was a slowdown in economic growth due to ongoing inflation, etc. similar to Europe and the US, net sales increased from the same period of the previous year due to appropriate price pass-on as well as strong sales to restaurant chains.

(ii) Agricultural & Seafood Products Trading Business

In the Agricultural & Seafood Products Trading Business, for the third quarter of the current consolidated fiscal year, the Company had net sales of 46,278 million yen (10.0% increase year-on-year) and operating losses of 430 million yen (operating losses of 643 million yen in the same period of the previous year).

Net sales increased from the same period of the previous year mainly due to relatively steady shipment for both imported fruits and vegetables and frozen processed food.

Although the Company took measures that included lowering the selling prices of imported fruits and vegetables in accordance with the sales policy that prioritizes volume, profits increased from the same period of the previous year due to efforts to pass on the higher costs to the selling prices of imported fruits and vegetables and frozen processed food.

(iii) Other businesses

In other businesses, for the third quarter of the current consolidated fiscal year, the Company had net sales of 2,730 million yen (11.0% increase year-on-year) and operating losses of 217 million yen (operating losses of 227 million yen in the same period of the previous year).

In the mainstay imported food business, net sales and profits increased steadily in the first quarter due to the success of the Valentine's Day event, which was the biggest sales event. From the second quarter onward, daily imported brand products performed well despite the impact of the weak yen and inflation. Sales of dietary supplements grew steadily, mainly through the core medical channel and EC. We also developed new businesses, such as the provision of food for people recovering from surgery or illness, which incurred start-up costs. However, the other businesses as a whole achieved growth in both sales and profits.

(2) Explanation of financial position

(Assets)

Total assets as of September 30, 2023 stood at 209,470 million yen, an increase of 30,248 million yen compared to December 31, 2022, and was mainly attributable to the following.

Total current assets as of September 30, 2023, amounted to 177,709 million yen, an increase of 26,678 million yen compared to December 31, 2022. This increase in total current assets was due to an increase of 21,337 million yen in cash and deposits and an increase of 2,753 million yen in inventories.

Total non-current assets as of September 30, 2023, amounted to 31,761 million yen, an increase of 3,569 million yen compared to December 31, 2022. This increase in total non-current assets was due to a net increase of 1,660 million yen in leased assets, a net increase of 923 million yen in other assets, which includes construction in progress, and an increase of 502 million yen in software.

(Liabilities)

Total liabilities as of September 30, 2023 stood at 125,073 million yen, an increase of 17,914 million yen compared to December 31, 2022, and was mainly attributable to the following.

Total current liabilities as of September 30, 2023 amounted to 39,449 million yen, an increase of 5,835 million yen compared to December 31, 2022. This increase in total current liabilities was due to an increase of 3,154 million yen in notes and accounts payable—trade and an increase of 2,919 million yen in the current portion of long-term loans payable, which occurred despite a decrease of 982 million yen in short-term loans payable.

Total non-current liabilities as of September 30, 2023 amounted to 85,624 million yen, an increase of 12,078 million yen compared to December 31, 2022. This increase in total non-current liabilities was due to an increase of 9,995 million yen in long-term loans payable and an increase of 1,605 million yen in lease obligations.

(Net assets)

Total net assets as of September 30, 2023 amounted to 84,397 million yen, an increase of 12,333 million yen compared to December 31, 2022. The increase in total net assets was mainly due to an increase of 8,660 million yen in foreign currency translation adjustment and an increase of 4,468 million yen in retained earnings.

(3) Explanation of future forecasts such as consolidated financial results forecasts

We have revised the annual consolidated earnings forecast that was announced on August 10, 2023, in view of the ordinary profit for the first nine months of the current fiscal year, current conditions, etc. as outlined below:

(Millions of yen)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share
Previous Forecast (A) (Announced on August 10, 2023)	304,000	12,000	12,500	7,500	522.54
Revised Forecast (B)	304,000	12,000	13,500	7,500	522.54
Difference in Amount (B - A)	0	0	1,000	0	-
Difference in Percentage (%)	0.0	0.0	8.0	0.0	-

2. Quarterly consolidated financial statements and major notes

(1) Quarterly consolidated balance sheet

(Millions of yen)

	FY 2022 (As of December 31, 2022)	Third quarter of FY 2023 (As of September 30, 2023)
Assets		
Current assets		
Cash and deposits	75,787	97,125
Notes and accounts receivable—trade	29,317	31,742
Inventories	42,584	45,338
Other	3,765	3,986
Allowance for doubtful accounts	(423)	(483)
Total current assets	151,030	177,709
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,839	2,774
Machinery, equipment and vehicles, net	462	482
Tools, furniture and fixtures, net	325	351
Leased assets, net	11,198	12,859
Other, net	252	1,175
Total property, plant and equipment	15,079	17,643
Intangible assets		
Goodwill	4,546	4,654
Software	326	828
Software in progress	1,221	1,168
Customer-related assets	4,754	4,910
Other	51	46
Total intangible assets	10,899	11,610
Investments and other assets		
Investment securities	392	587
Guarantee deposits	967	985
Deferred tax assets	703	794
Other	149	139
Total investments and other assets	2,213	2,507
Total non-current assets	28,191	31,761
Total assets	179,222	209,470

(Millions of yen)

	FY 2022 (As of December 31, 2022)	Third quarter of FY 2023 (As of September 30, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable—trade	15,171	18,325
Short-term loans payable	6,528	5,545
Current portion of long-term loans payable	448	3,368
Lease obligations	2,479	2,624
Accounts payable—other	3,518	3,439
Income taxes payable	213	384
Provision for bonuses	1,427	1,226
Provision for directors' bonuses	142	122
Provision for share-based remuneration	-	261
Provision for shareholders' benefits	23	3
Other	3,660	4,146
Total current liabilities	33,613	39,449
Non-current liabilities		
Long-term loans payable	60,573	70,569
Lease obligations	9,250	10,855
Deferred tax liabilities	1,197	1,331
Provision for bonuses	86	4
Provision for share-based remuneration	455	696
Net defined benefit liability	129	103
Other	1,853	2,063
Total non-current liabilities	73,545	85,624
Total liabilities	107,158	125,073
Net assets		
Shareholders' equity		
Capital stock	2,646	2,646
Capital surplus	6,531	6,145
Retained earnings	52,435	56,903
Treasury shares	(0)	(1)
Total shareholders' equity	61,612	65,694
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15	27
Deferred gains or losses on hedges	(43)	18
Foreign currency translation adjustment	9,975	18,635
Total accumulated other comprehensive income	9,947	18,681
Non-controlling interests	504	20
Total net assets	72,063	84,397
Total liabilities and net assets	179,222	209,470

(2) Quarterly consolidated statements of income and comprehensive income

Quarterly consolidated statement of income

First nine months ended September 30, 2023

(Millions of yen)

	First nine months of FY 2022 (January 1, 2022 to September 30, 2022)	First nine months of FY 2023 (January 1, 2023 to September 30, 2023)
Net sales	202,316	223,598
Cost of sales	161,659	177,575
Gross profit	40,656	46,022
Selling, general and administrative expenses	32,339	37,210
Operating income	8,317	8,811
Non-operating income		
Interest and dividend income	185	1,390
Share of profit of entities accounted for using equity method	74	45
Insurance benefits received	0	0
Foreign exchange gains	429	350
Reversal of allowance for doubtful accounts	5	6
Other	104	90
Total non-operating income	799	1,883
Non-operating expenses		
Interest expenses	438	743
Other	5	9
Total non-operating expenses	444	753
Ordinary income	8,672	9,941
Extraordinary income		
Total extraordinary income	-	-
Extraordinary losses		
Business restructuring expenses	-	107
Total extraordinary losses	-	107
Profit before income taxes	8,672	9,833
Income taxes—current	2,820	3,143
Income taxes—deferred	159	(13)
Total income taxes	2,979	3,130
Net income	5,693	6,702
Profit attributable to non-controlling interests	13	9
Profit attributable to owners of parent	5,679	6,693

Quarterly consolidated statement of comprehensive income

First nine months ended September 30, 2023

(Millions of yen)

	First nine months of FY 2022 (January 1, 2022 to September 30, 2022)	First nine months of FY 2023 (January 1, 2023 to September 30, 2023)
Net income	5,693	6,702
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	12
Deferred gains or losses on hedges	16	61
Foreign currency translation adjustment	12,863	8,658
Share of other comprehensive income of entities accounted for using equity method	48	30
Total other comprehensive income	12,928	8,762
Comprehensive income	18,621	15,465
(Breakdown)		
Comprehensive income attributable to owners of parent	18,568	15,427
Comprehensive income attributable to non-controlling interests	53	38

(3) Notes to the quarterly consolidated financial statements

(Notes to assumption of going concern)

No relevant items.

(Notes on significant changes in shareholders' equity)

No relevant items.

(Application of an accounting treatment specific to the preparation of quarterly consolidated financial statements)

Calculation of tax expenses

The tax expenses of some of non-Japan consolidated subsidiaries were calculated by multiplying net income before taxes by an effective tax rate, which was estimated as the rate after the application of tax effect accounting to net income before taxes for the fiscal year including the third quarter of the fiscal year.

(Changes in accounting policy)

(Application of International Accounting Standard IAS 12—Income taxes)

With effect from the beginning of the first quarter of the current consolidated fiscal year, the Company Group's foreign consolidated subsidiaries that apply International Financial Reporting Standards have adopted International Accounting Standard IAS 12—Income Taxes (as revised in May 2021; hereafter referred to as "the standard" in this section). Accordingly, deferred tax assets relating to leased and abandoned assets are recognized.

The change in accounting policy has been applied retrospectively, and the quarterly consolidated financial statements and consolidated financial statements for the previous fiscal year have been retrospectively applied, and the cumulative effect has been reflected in net assets at the beginning of the previous consolidated fiscal year.

The application of the standard did not have a material impact on the quarterly consolidated financial statements.

(Application of US GAAP ASU No. 2016-13 Financial Instruments—Credit Losses)

With effect from the beginning of the first quarter of the current consolidated fiscal year, the Company Group's foreign consolidated subsidiaries that apply US GAAP have adopted ASU No. 2016-13, Financial Instruments—Credit Losses (hereafter referred to as "the standard" in this section). Accordingly, impairment losses on financial assets are recognized based on the expected credit loss model.

In applying this standard, the cumulative effect of adopting this standard, which is permitted as a transitional measure, is recognized at the date of adoption and the effect is added to or deducted from retained earnings at the beginning of the first quarter of the current fiscal year.

The application of the standard did not have a material impact on the quarterly consolidated financial statements.

(Changes in significant subsidiaries during the first nine months of the fiscal year)

Wismettac EMEA Holdings Limited is included in the scope of consolidation from the first quarter of the current fiscal year, because it has become a consolidated subsidiary due to its incorporation.

(Additional information)

(Accounting estimate associated with the novel coronavirus pandemic)

There have been no significant changes in the assumptions regarding the impact of the COVID-19 pandemic, which were described under Additional information—Accounting estimate associated with the novel coronavirus pandemic in the Consolidated Financial Results for the Fiscal Year Ended December 31, 2022.

(Segment information)

I. First nine months of the fiscal year (from January 1, 2022 to September 30, 2022)

1. Information related to net sales and profits/losses by reporting segment and decomposition of income

(Millions of yen)

	Reporting segment			Total	Adjustment (Note 1)	Amounts recorded in the quarterly consolidated statement of income (Note 2)
	Asian Food Global Business	Agricultural & Seafood Products Trading Business	Other business			
Net sales						
Japan	5,935	34,077	2,460	42,473	–	42,473
North America	114,048	–	–	114,048	–	114,048
Europe	29,296	–	–	29,296	–	29,296
Other	8,515	7,983	–	16,498	–	16,498
Revenue from contracts with customers	157,795	42,060	2,460	202,316	–	202,316
Sales to external customers	157,795	42,060	2,460	202,316	–	202,316
Intersegment sales or transfers	5,381	0	–	5,381	(5,381)	–
Total	163,176	42,060	2,460	207,697	(5,381)	202,316
Segment profit or loss	9,662	(643)	(227)	8,791	(473)	8,317

(Note) 1. "Adjustment" for segment profit or loss in the amount of (473) million yen includes 0 million yen for elimination of intersegment transactions and (474) million yen for company profit/loss not allotted to reporting segments (net company profits and net company expenses). Company profits consist mainly of management guidance fees from reporting segments, and company expenses mainly comprise general and administrative expenses not attributed to reporting segments.

2. The segment profit or loss is reconciled with the operating income on the Quarterly Consolidated Statement of Income.

2. Information related to impairment loss of non-current assets and goodwill by reporting segment

(Material fluctuation in goodwill)

In the Agricultural & Seafood Products Trading Business segment, the Company acquired 100% of shares of Ban Choon Marketing Pte. Ltd., making it a consolidated subsidiary. This increase in goodwill attributable to this event was 1,621 million yen in the third quarter of the previous consolidated fiscal year. The goodwill is an amount calculated provisionally because the acquisition cost is not fully distributed at the end of the third quarter of the previous consolidated fiscal year.

II. First nine months of the fiscal year (from January 1, 2023 to September 30, 2023)

1. Information related to net sales and profits/losses by reporting segment and decomposition of income

(Millions of yen)

	Reporting segment			Total	Adjustment (Note 1)	Amounts recorded in the quarterly consolidated statement of income (Note 2)
	Asian Food Global Business	Agricultural & Seafood Products Trading Business	Other business			
Net sales						
Japan	5,837	37,606	2,730	46,175	–	46,175
North America	124,922	–	–	124,922	–	124,922
Europe	34,048	–	–	34,048	–	34,048
Other	9,779	8,671	–	18,451	–	18,451
Revenue from contracts with customers	174,589	46,278	2,730	223,598	–	223,598
Sales to external customers	174,589	46,278	2,730	223,598	–	223,598
Intersegment sales or transfers	543	–	38	585	(585)	–
Total	175,132	46,281	2,769	224,183	(585)	223,598
Segment profit or loss	10,634	(430)	(217)	9,986	(1,175)	8,811

(Note) 1. "Adjustment" for segment profit or loss in the amount of (1,175) million yen includes 0 million yen for elimination of intersegment transactions and (1,174) million yen for company profit/loss not allotted to reporting segments (net company profits and net company expenses). Company profits consist mainly of management guidance fees from reporting segments, and company expenses mainly comprise general and administrative expenses not attributed to reporting segments.

2. The segment profit or loss is reconciled with the operating income on the Quarterly Consolidated Statement of Income.

2. Information related to impairment loss of non-current assets and goodwill by reporting segment
No relevant items.

(Significant subsequent events)

(Business combination through acquisition)

The company acquired 100% of the shares of Uniontrade S.p.A. (head office: Italy; "UT") and 100% of the interests in Uni Logistic S.r.l. (head office: Italy; "UL") through Wismettac Harro Foods Limited, a consolidated subsidiary of the Company, and converted the two companies into its subsidiaries.

(1) Outline of the business combination

(i) Names of the acquired companies and their business

Name of the acquired company: Uniontrade S.p.A.

Business: Wholesale business of Japanese and other Asian food products
and operation of cash and carry

Name of the acquired company: Uni Logistic S.r.l.

Business: Provision of logistics services to UT and its subsidiary Plaza Latina S.r.l.

(ii) Main reasons for the business combination

The Company, as part of its Asian Food Global Business in the European region, conducts the import and wholesale of Japanese and other Asian food products mainly in the U.K., Germany, and France. The Company has resolved to acquire 100% of the shares of UT, which conducts a wholesale business for Japanese and other Asian food products in Italy, and 100% of the shares of UL, which performs certain logistics functions of UT.

UT is one of the leading wholesalers of Japanese and other Asian food products in Italy. Based on its long-standing business relationships with restaurants and retailers, UT sells food products and ingredients such as seafood, rice, and seasonings, and is also engaged in the cash and carry (purchasing and taking out goods from a warehouse) of commercial food products for restaurants. The Company plans to leverage the Wismettac Group's product lineup to offer a wider range of value-added products to its customers.

One of the growth strategies of the Group's Asian Food Global Business is to expand our business foundation outside of North America. We have been developing the business foundation of our Asian Food Global Business with a focus on Japanese food in Europe by converting our business bases in major countries such as the U.K., Germany, and France into group companies, and now we will establish a sales channel in the Italian market through UT.

(iii) Date of the business combination

October 31, 2023 (deemed acquisition date: December 31, 2023)

(iv) Legal form of the business combination

Acquisition of shares and interests for cash consideration

(v) Company names after the business combination

No changes

(vi) Percentage of voting rights acquired

UT: 100%

UL: 100%

(vii) Principal basis in determining the companies to be acquired

The Company acquired the shares and interests for cash consideration.

(2) Acquisition cost of the acquired companies and breakdown of consideration by type

Consideration for the acquisition:	5,029 million yen in cash
Acquisition cost	5,029 million yen

(3) Amount of goodwill incurred, reason for the incurrence, amortization method, and amortization period

Not determined at this point