



Consolidated Financial Results for the Fiscal Year Ended December 31, 2023
(Japanese GAAP)

February 14, 2024

Company name: Nishimoto Co., Ltd. Listed exchange: Tokyo
 Code: 9260 URL: <https://www.wismettac.com/>
 Representative: Yoshiro Susaki, Chairman & CEO
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 COO, CFO

Scheduled date of the Annual General Meeting of Shareholders: March 28, 2024
 Scheduled date of commencement of dividend payments: March 13, 2024
 Scheduled date of submission of the annual securities report: March 29, 2024
 Preparation of supplementary materials for financial results: Yes
 Holding of financial results presentation meeting: Yes (For institutional investors and analysts)
 (Amounts are rounded down to the nearest million yen)

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

(1) Consolidated results of operations (Percentages denote year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY ended December 31, 2023	300,847	9.3	11,020	5.0	12,456	15.5	6,268	(8.1)
FY ended December 31, 2022	275,209	29.1	10,498	43.8	10,787	49.7	6,819	35.6

(Note) Comprehensive income
 FY ended December 31, 2023: 10,935 million yen ((22.6)%) FY ended December 31, 2022: 14,124 million yen (44.0%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
FY ended December 31, 2023	436.75	433.22	8.3	6.4	3.7
FY ended December 31, 2022	475.15	473.08	10.4	6.7	3.8

(Reference) Equity in earnings of affiliates
 FY ended December 31, 2023: 51 million yen FY ended December 31, 2022: 88 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY ended December 31, 2023	212,479	79,866	37.6	5,563.29
FY ended December 31, 2022	179,222	72,063	39.9	4,985.72

(Reference) Shareholders' equity
 FY ended December 31, 2023: 79,849 million yen FY ended December 31, 2022: 71,559 million yen

(3) Status of consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
	Million yen	Million yen	Million yen	Million yen
FY ended December 31, 2023	14,213	(7,958)	9,607	93,942
FY ended December 31, 2022	(1,155)	(3,084)	9,869	75,787

2. Dividends

	Annual dividends					Total amount of dividends (Total)	Payout ratio (Consolidated)	Dividends on net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY ended December 31, 2022	—	70.00	—	75.00	145.00	2,081	30.5	3.2
FY ended December 31, 2023	—	80.00	—	80.00	160.00	2,296	36.6	3.0
FY ending December 31, 2024 (Forecast)	—	90.00	—	33.33	—		30.1	

(Note) At a meeting of the Board of Directors held on February 14, 2024, the Company resolved to conduct a stock split at a ratio of 3 shares for each share of common stock, with an effective date of July 1, 2024. For dividends for the fiscal year ending December 31, 2024 (forecast), the amount at the end of the second quarter refers to the amount before the stock split, and the amount at the end of the fiscal year refers to the amount after considering the stock split. The year-end dividend per share for the fiscal year ending December 31, 2024 (forecast), without considering the stock split is 100.00 yen, and the annual dividend per share is 190.00 yen. Please refer to the Notice of Stock Split and Partial Amendments to the Articles of Incorporation in Connection with Stock Split announced on the same day for details of the stock split.

3. Consolidated financial results forecast for the fiscal year ending December 31, 2024 (from January 1, 2024 to December 31, 2024)

(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
First half of FY ending December 31, 2024	165,000	12.8	7,000	22.0	7,000	8.5	4,500	2.8	315.30
FY ending December 31, 2024	354,000	17.7	15,000	36.1	15,000	20.4	9,000	43.6	210.34

(Note) 1. At a meeting of the Board of Directors held on February 14, 2024, the Company resolved to repurchase its own shares. The net income per share in the consolidated financial results forecasts for the fiscal year ending December 31, 2024, reflects the impact of the repurchase of its own shares. Please refer to the Notice Concerning Acquisition of Own Shares and Repurchase of Own Shares through the Off-Auction Own Shares Repurchase Trading System (ToSTNeT-3) announced on the same day for details of such repurchase.

2. At a meeting of the Board of Directors held on February 14, 2024, the Company resolved to conduct a stock split at a ratio of 3 shares for each share of common stock, with an effective date of July 1, 2024. Net income per share for the full year reflects the impact of the stock split. Net income per share without considering the stock split is 631.01 yen for the full year. Please refer to the Notice of Stock Split and Partial Amendments to the Articles of Incorporation in Connection with Stock Split announced on the same day for details of the said stock split.

* Notes

(1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries Yes 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 “(5) Notes to consolidated financial statements (Changes in significant subsidiaries during the fiscal year)” under the chapter titled “3. Quarterly consolidated financial statements and major notes” on the page 13 of the attachment.

(2) 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

(3) Number of shares outstanding (common stock)

- (i) Number of shares outstanding at the end of the period (including treasury shares)
- (ii) Number of treasury shares at the end of the period
- (iii) Average number of shares during the period

December 31, 2023	14,353,140 shares	December 31, 2022	14,353,140 shares
December 31, 2023	241 shares	December 31, 2022	220 shares
December 31, 2023	14,352,908 shares	December 31, 2022	14,352,950 shares

(Reference) Overview of respective financial results

1. Respective financial results for the period ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(1) Respective operating results

(Percentages denote year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY ended December 31, 2023	5,226	17.8	1,450	(17.8)	1,187	(44.1)	1,182	(42.4)
FY ended December 31, 2022	4,437	38.2	1,763	53.1	2,123	74.1	2,052	77.0

	Net income per share	Diluted net income per share
	Yen	Yen
FY ended December 31, 2023	82.35	81.69
FY ended December 31, 2022	143.02	142.40

(2) Respective financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY ended December 31, 2023	68,551	12,255	17.9	853.86
FY ended December 31, 2022	58,629	13,287	22.7	925.78

(Reference) Shareholders' equity

FY ended December 31, 2023: 12,255 million yen

FY ended December 31, 2022: 13,287 million yen

* These financial results are not audited by certified public accountants or an audit corporation.

* Explanation of the proper use of financial results forecasts and other notes:

(Notes on forward-looking statements)

The forward-looking statements such as the 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 by management to guarantee the achievement of the forecasts. Actual financial results may differ materially due to various factors. For the conditions of the assumptions in the forecasts and notes on the use of the forecasts, please see the section titled "(4) Future forecasts" under the chapter titled "1. Overview of operating results, etc." on page 5 of the attachment.

(How to obtain supplementary explanatory materials for the financial results)

On Wednesday, February 14, 2024, supplementary explanatory materials for the financial results will be disclosed via TDnet and posted on the Company's website. On Friday, February 16, 2024, based on those materials, a brief meeting will be held to institutional investors and analysts on the financial results.

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1. Overview of operating results, etc.

(1) Overview of operating results for the current period

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

[Overview of the current consolidated fiscal year]

During the current consolidated fiscal year, the inflation rate remains at high levels, although it is showing signs of peaking out, and monetary policies by central banks around the world to combat inflation have been a factor in the downturn in economic recovery. In addition, the future economic outlook remains uncertain, with raw material and energy prices remaining high due to the protracted situation in Ukraine, as well as the slowdown in the Chinese economy due to its sluggish real estate market and growing tension in the Middle East.

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 current consolidated fiscal year, net sales stood at 300,847 million yen (9.3% increase year-on-year), operating income amounted to 11,020 million yen (5.0% increase year-on-year), ordinary income amounted to 12,456 million yen (15.5% increase year-on-year) and profit attributable to owners of parent totaled 6,268 million yen (8.1% decrease year-on-year).

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

[Outline of operating results by segment]

(i) Asian Food Global Business

In regard to the financial results of the Asian Food Global Business for the current consolidated fiscal year, net sales stood at 236,636 million yen (9.5% increase year-on-year) and operating income amounted to 14,054 million yen (13.7% increase year-on-year).

In the North America region, net sales increased from 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 addition, the continued depreciation of the yen was a factor in pushing up sales on a yen-converted basis compared to the previous fiscal year (the U.S. dollar-yen exchange rate was 140.56 yen for this fiscal year compared to 131.43 yen for the previous fiscal year).

In terms of profits, the Company endeavored to maintain the profit margin through appropriate price pass-throughs and other measures, but despite an increase in income from the previous fiscal year, the profit margin declined due to factors including adjustments of wage levels to secure human resources and higher expenses resulting from widespread price increases.

As for regions other than North America, net sales in the European region, mainly to restaurant chains, increased from the previous year despite sluggish consumer spending caused by ongoing inflation and interest rate hikes. As described in “3. Consolidated financial statements and major notes (5) Notes to consolidated financial statements (Business combinations),” 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 previous year due to appropriate price pass-on as well as strong sales to restaurant chains.

(ii) Agricultural & Seafood Products Trading Business

With respect to the financial results of the Agricultural & Seafood Products Trading Business for the current consolidated fiscal year, net sales stood at 59,759 million yen (8.3% increase year-on-year) and operating losses amounted to 1,017 million yen (operating losses of 877 million yen for the previous fiscal year).

Net sales increased year on year, mainly due to sales measures taken to expand the market shares of imported fruits and vegetables, and relatively steady shipments of overseas exported and frozen processed foods.

In terms of profits, the profitability of imported fruits, our main product, suffered due to continued cost increases caused by the weak yen, a decline in gross profit margin resulting from the aforementioned sales measures prioritizing expansion of market share, and missed sales periods due to poor harvests and unstable ocean transport on the production side. In addition, our consolidated subsidiary in Singapore, Ban Choon Marketing Pte. Ltd., posted a loss due to a decrease in the market share of customers and difficulties in passing on cost increases as a result of the economic slowdown, as well as increased costs related to personnel increase and system installation for business expansion.

In addition to the above, the Company incurred up-front costs related to the new business described in the Medium-Term Business Plan announced in October 2023. As a result, earnings improved in frozen processed food sales due to successful price pass-through, but earnings in the agricultural and marine products trading business as a whole decreased from the previous fiscal year.

(iii) Other businesses

As for the financial results of the other businesses for the current consolidated fiscal year, net sales stood at 4,451 million yen (15.1% increase year-on-year) and operating losses amounted to 167 million yen (operating losses of 244 million yen for the previous fiscal year).

In the mainstay imported food business, in addition to the success of the Valentine's Day event, which was the biggest sales event in the first quarter and robust sales of Halloween and Christmas products during the fourth quarter, everyday import brand products continued to perform well since the second quarter despite the depreciating yen and inflation, resulting in a steady increase in both sales and profits. In the dietary supplement business, sales grew steadily, mainly through the mainstay medical sales channel and e-commerce. In addition, the Company incurred upfront costs related to the development of new businesses, such as the supply of meals for post-operative and post-illness patients and the Hometown Tax business, but overall, other businesses posted increases in both sales and profit.

(2) Overview of financial position for the current period

(Assets)

Total assets as of December 31, 2023 stood at 212,479 million yen, an increase of 33,256 million yen compared to December 31, 2022, and was mainly attributable to the following:

Total current assets as of December 31, 2023 amounted to 177,591 million yen, an increase of 26,560 million yen compared to December 31, 2022. The increase in total current assets was due to an increase of 18,155 million yen in cash and deposits, an increase of 4,080 million yen in notes and accounts receivable—trade, and an increase of 3,946 million yen in inventories.

Total non-current assets as of December 31, 2023 came to 34,888 million yen, an increase of 6,696 million yen compared to December 31, 2022. The increase in fixed assets was due to a 3,752 million yen increase in goodwill, a 1,651 million yen increase in leased assets, net, and a 935 million yen increase in buildings and structures, net, despite a 1,267 million yen decrease in customer-related assets.

(Liabilities)

Total liabilities as of December 31, 2023 stood at 132,613 million yen, an increase of 25,454 million yen compared to December 31, 2022, and was mainly attributable to the following:

Total current liabilities as of December 31, 2023 amounted to 47,748 million yen, an increase of 14,135 million yen compared to December 31, 2022. This increase in total current liabilities was due to an increase of 6,277 million yen in short-term loans payable, an increase of 3,891 million yen in notes and accounts payable—trade and an increase of 2,809 million yen in the current portion of long-term loans payable.

Total non-current liabilities as of December 31, 2023 amounted to 84,864 million yen, an increase of 11,318 million yen compared to December 31, 2022. The increase in non-current liabilities was due to an increase of 9,477 million yen in long-term loans payable and an increase of 1,102 million yen in lease obligations.

(Net assets)

Total net assets as of December 31, 2023 amounted to 79,866 million yen, an increase of 7,802 million yen compared to December 31, 2022. The increase in total net assets was mainly due to an increase of 4,586 million yen in foreign currency translation adjustment and an increase of 4,043 million yen in retained earnings (an increase due to recording of profit attributable to owners of parent of 6,268 million yen and a decrease due to dividend payments of 2,224 million yen).

(3) Overview of cash flows for the current period

Cash and cash equivalents (hereinafter referred to as “funds”) as of December 31, 2023 amounted to 93,942 million yen, an increase of 18,155 million yen compared to December 31, 2022.

The status of respective cash flows for the current consolidated fiscal year and the main factors affecting them are as follows:

(Cash flow from operating activities)

Cash flow from operating activities was positive 14,213 million yen, and major factors were as follows: This was mainly attributable to profit before income taxes of 10,094 million yen, an increase in notes and accounts payable—trade of 1,443 million yen, a decrease in inventories of 1,009 million yen, depreciation and amortization as a non-cash expense of 2,913 million yen, and an impairment loss of 2,042 million yen, despite income taxes paid of 3,826 million yen.

The amount of funds obtained increased by 15,368 million yen compared to the previous consolidated fiscal year (in which funds of 1,155 million yen were spent), which was mainly due to an increase of 4,810 million yen in inventories, an increase of 3,947 million yen in notes and accounts payable—trade, an increase of 2,644 million yen in trade receivables, and an increase of 1,543 million yen in interest and dividends received.

(Cash flow from investing activities)

Cash flow from investing activities was negative 7,958 million yen, and major factors were as follows: This was mainly attributable to a cash outflow of 4,625 million yen from the purchase of shares of subsidiaries resulting in change in scope of consolidation, a cash outflow of 2,311 million yen from purchase of property, plant and equipment and a cash outflow of 943 million yen from the purchase of intangible assets.

The amount of funds spent increased by 4,874 million yen (158.0% increase year-on-year) compared to the previous consolidated fiscal year. Major factors included an increase of 2,586 million yen in expenditures for the purchase of shares of subsidiaries resulting in change in scope of consolidation and an increase of 1,923 million yen in purchase of property, plant and equipment.

(Cash flow from financing activities)

Cash flow from financing activities was positive 9,607 million yen. This was mainly attributable to a cash inflow of 10,919 million yen from the proceeds from long-term borrowings and a cash inflow of 3,151 million yen due to a net change in short-term loans payable, despite a cash outflow of 2,224 million yen for cash dividends paid and a cash outflow of 907 million yen for the purchase of shares of subsidiaries not resulting in change in scope of consolidation.

The amount of funds obtained decreased by 261 million yen (2.6% decrease year-on-year) compared to the previous consolidated fiscal year. This was mainly attributable to a decrease of 8,462 million yen in cash inflow from the proceeds from long-term borrowings and an increase of 907 million yen in cash outflow for the purchase of shares of subsidiaries not resulting in change in scope of consolidation, despite a decrease of 9,100 million yen in expenditures due to repayments of long-term borrowings.

(4) Future forecasts

(Millions of yen)

	FY ended December 31, 2023 (Actual)	FY ending December 31, 2024 (Forecast)	Increase (decrease)	Increase (decrease) rate
Net sales	300,847	354,000	53,152	17.7
Operating income	11,020	15,000	3,979	36.1
Ordinary income	12,456	15,000	2,543	20.4
Profit attributable to owners of parent	6,268	9,000	2,731	43.6

In October 2023, the Group announced its Medium-Term Business Plan (2024-2026) in order to accelerate growth toward further progress and evolution, centered on the mainstay Asian Food Global Business. The plan sets the following performance targets and financial policies, with the fiscal year ending December 31, 2026, as the final year.

<Performance targets (FY 2026, Group consolidated)>

Net sales	500,000 million yen
Operating income	25,000 million yen
Operating profit margin	5%
ROWC(*)	31% (*) Return On Working Capital

To achieve these targets, for the Asian Foods Global Business, we will aim for growth through efforts to develop new sales channels and increase market share against the backdrop of the global expansion of the Asian food market, as well as through expansion of business areas by means of M&A, etc. In addition, we will promote the business strategies set forth in the Medium-Term Business Plan and continue to invest in personnel involved in strengthening the foundations of existing businesses, including improvements in warehouse operations and logistics systems.

For the Agricultural & Seafood Products Trading Business, which recorded a loss in the current fiscal year, we will thoroughly implement measures to improve profitability in the domestic fruit and vegetable business and in our overseas subsidiaries.

As a result of the above, for the fiscal year ending December 31, 2024, we are forecasting consolidated net sales of 354,000 million yen (up 53,152 million yen year-on-year), operating income of 15,000 million yen (up 3,979 million yen year-on-year), ordinary income of 15,000 million yen (up 2,543 million yen year-on-year), and profit attributable to owners of parent of 9,000 million yen (up 2,731 million yen year-on-year).

[Prerequisites for the forecast]

The exchange rates are assumed to be 135 yen/U.S. dollar and 145 yen/Euro.

2. Basic approach on selection of accounting standards

The Company Group prepares the consolidated financial statements in accordance with Japanese Generally Accepted Accounting Principles ("Japanese GAAP"), taking into consideration the workload for establishing the system for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS).

3. Consolidated financial statements and major notes

(1) Consolidated balance sheet

	(Millions of yen)	
	FY 2022 (As of December 31, 2022)	FY 2023 (As of December 31, 2023)
Assets		
Current assets		
Cash and deposits	75,787	93,942
Notes and accounts receivable—trade	29,317	33,398
Inventories	42,584	46,530
Other	3,765	4,186
Allowance for doubtful accounts	(423)	(466)
Total current assets	151,030	177,591
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,839	3,775
Machinery, equipment and vehicles, net	462	638
Tools, furniture and fixtures, net	325	353
Leased assets, net	11,198	12,850
Other, net	252	926
Total property, plant and equipment	15,079	18,544
Intangible assets		
Goodwill	4,546	8,298
Software	326	1,759
Software in progress	1,221	244
Customer-related assets	4,754	3,486
Other	51	45
Total intangible assets	10,899	13,834
Investments and other assets		
Investment securities	392	575
Guarantee deposits	967	1,042
Deferred tax assets	703	776
Other	149	114
Total investments and other assets	2,213	2,509
Total non-current assets	28,191	28,191
Total assets	179,222	212,479

(Millions of yen)

	FY 2022 (As of December 31, 2022)	FY 2023 (As of December 31, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable—trade	15,171	19,062
Short-term loans payable	6,528	12,805
Current portion of long-term loans payable	448	3,258
Lease obligations	2,479	2,795
Accounts payable—other	3,518	3,142
Income taxes payable	213	192
Provision for bonuses	1,427	1,182
Provision for directors' bonuses	142	167
Provision for share-based remuneration	-	296
Provision for shareholders' benefits	23	22
Other	3,660	4,821
Total current liabilities	33,613	47,748
Non-current liabilities		
Long-term loans payable	60,573	70,051
Lease obligations	9,250	10,352
Deferred tax liabilities	1,197	968
Provision for bonuses	86	21
Provision for share-based remuneration	455	937
Net defined benefit liability	129	106
Other	1,853	2,426
Total non-current liabilities	73,545	84,864
Total liabilities	107,158	132,613
Net assets		
Shareholders' equity		
Capital stock	2,646	2,646
Capital surplus	6,531	6,145
Retained earnings	52,435	56,479
Treasury shares	(0)	(1)
Total shareholders' equity	61,612	65,270
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15	25
Deferred gains or losses on hedges	(43)	(8)
Foreign currency translation adjustment	9,975	14,561
Total accumulated other comprehensive income	9,947	14,579
Non-controlling interests	504	17
Total net assets	72,063	79,866
Total liabilities and net assets	179,222	212,479

(2) Consolidated statements of income and comprehensive income

Consolidated statement of income

(Millions of yen)

	FY 2022 (January 1, 2022 to December 31, 2022)	FY 2023 (January 1, 2023 to December 31, 2023)
Net sales	275,209	300,847
Cost of sales	219,895	238,663
Gross profit	55,314	62,183
Selling, general and administrative expenses	44,815	51,163
Operating income	10,498	11,020
Non-operating income		
Interest and dividend income	447	1,993
Share of profit of entities accounted for using equity method	88	51
Foreign exchange gains	283	320
Insurance benefits received	1	0
Reversal of allowance for doubtful accounts	7	6
Other	121	115
Total non-operating income	950	2,487
Non-operating expenses		
Interest expenses	658	1,048
Other	3	2
Total non-operating expenses	661	1,050
Ordinary income	10,787	12,456
Extraordinary income		
Gain on sales of non-current assets	7	9
Total extraordinary income	7	9
Extraordinary losses		
Loss on retirement of non-current assets	14	15
Impairment loss	853	2,042
Loss on sales of investment securities	0	-
Business restructuring expenses	-	313
Total extraordinary losses	868	2,371
Profit before income taxes	9,926	10,094
Income taxes—current	3,325	4,144
Income taxes—deferred	(224)	(325)
Total income taxes	3,101	3,819
Net income	6,825	6,275
Profit attributable to non-controlling interests	6	6
Profit attributable to owners of parent	6,819	6,268

Consolidated statement of comprehensive income

(Millions of yen)

	FY 2022 (January 1, 2022 to December 31, 2022)	FY 2023 (January 1, 2023 to December 31, 2023)
Net income	6,825	6,275
Other comprehensive income		
Valuation difference on available-for-sale securities	6	10
Deferred gains or losses on hedges	(53)	35
Foreign currency translation adjustment	7,323	4,603
Share of other comprehensive income of entities accounted for using equity method	21	10
Total other comprehensive income	7,298	4,660
Comprehensive income	14,124	10,935
(Breakdown)		
Comprehensive income attributable to owners of parent	14,082	10,900
Comprehensive income attributable to non-controlling interests	42	34

(3) Consolidated statement of changes in equity

Previous consolidated fiscal year (from January 1, 2022 to December 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Beginning balance	2,646	6,531	47,578	(0)	56,755
Cumulative effect of changes in accounting policies			46		46
Restated balance	2,646	6,531	47,625	(0)	56,802
Changes during the period					
Dividends of surplus			(2,009)		(2,009)
Profit attributable to owners of parent			6,819		6,819
Purchase of treasury shares				(0)	(0)
Changes in items other than shareholders' equity, net					
Total changes during the period	–	–	4,810	(0)	4,810
Ending balance	2,646	6,531	52,435	(0)	61,612

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency exchange rate adjustments	Total accumulated other comprehensive income		
Beginning balance	8	9	2,666	2,684	422	59,862
Cumulative effect of changes in accounting policies					0	46
Restated balance	8	9	2,666	2,684	422	59,909
Changes during the period						
Dividends of surplus						(2,009)
Profit attributable to owners of parent						6,819
Purchase of treasury shares						(0)
Changes in items other than shareholders' equity, net	6	(53)	7,308	7,262	82	7,344
Total changes during the period	6	(53)	7,308	7,262	82	12,154
Ending balance	15	(43)	9,975	9,947	504	72,063

Current consolidated fiscal year (from January 1, 2023 to December 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Beginning balance	2,646	6,531	52,435	(0)	61,612
Changes during the period					
Dividends of surplus			(2,224)		(2,224)
Profit attributable to owners of parent			6,268		6,268
Purchase of treasury shares				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests		(386)			(386)
Changes in items other than shareholders' equity, net					
Total changes during the period	-	(386)	4,043	(0)	3,657
Ending balance	2,646	6,145	56,479	(1)	65,270

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency exchange rate adjustments	Total accumulated other comprehensive income		
Beginning balance	15	(43)	9,975	9,947	504	72,063
Changes during the period						
Dividends of surplus						(2,224)
Profit attributable to owners of parent						6,268
Purchase of treasury shares						(0)
Change in ownership interest of parent due to transactions with non-controlling interests						(386)
Changes in items other than shareholders' equity, net	10	35	4,586	4,632	(486)	4,145
Total changes during the period	10	35	4,586	4,632	(486)	7,802
Ending balance	25	(8)	14,561	14,579	17	79,866

(4) Consolidated statement of cash flows

(Millions of yen)

	FY 2022 (January 1, 2022 to December 31, 2022)	FY 2023 (January 1, 2023 to December 31, 2023)
Cash flows from operating activities		
Profit before income taxes	9,926	10,094
Depreciation and amortization	2,735	2,913
Impairment loss	853	2,042
Increase (decrease) in allowance for doubtful accounts	(25)	(22)
Interest and dividend income	(447)	(1,993)
Interest expenses	658	1,048
Share of (profit) loss of entities accounted for using equity method	(88)	(51)
Foreign exchange losses (gains)	149	122
Decrease (increase) in notes and accounts receivable— trade	(3,154)	(510)
Decrease (increase) in inventories	(3,801)	1,009
Increase (decrease) in notes and accounts payable—trade	(2,503)	1,443
Increase (decrease) in accounts payable—other	1	(641)
Increase (decrease) in provision for bonuses	(54)	(394)
Increase (decrease) in provision for directors' bonuses	(31)	19
Increase (decrease) in provision for shareholder benefit program	8	(0)
Increase (decrease) in provision for share-based payments	342	758
Increase (decrease) in net defined benefit liability	(2)	(24)
Other	(1,670)	1,063
Subtotal	2,894	16,876
Interest and dividend income received	443	1,987
Interest expenses paid	(596)	(994)
Income taxes paid	(4,050)	(3,826)
Income taxes refunded	153	170
Cash flows from operating activities	(1,155)	14,213
Cash flows from investing activities		
Purchase of property, plant and equipment	(387)	(2,311)
Purchase of intangible assets	(685)	(943)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,038)	(4,625)
Expenditures due to payment for guarantee deposits	(128)	(63)
Proceeds from refunds of guarantee deposits	47	50
Other	108	(65)
Cash flows from investing activities	(3,084)	(7,958)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	2,710	3,151
Proceeds from long-term borrowings	19,381	10,919
Repayments of long-term borrowings	(9,582)	(482)
Purchase of treasury shares	(0)	(0)
Repayments of finance lease obligations	(630)	(848)
Cash dividends paid	(2,009)	(2,224)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	(907)
Cash flows from financing activities	9,869	9,607
Effect of exchange rate change on cash and cash equivalents	4,510	2,293
Net increase (decrease) in cash and cash equivalents	10,139	18,155
Cash and cash equivalents at beginning of period	65,647	75,787
Cash and cash equivalents at end of period	75,787	93,942

(5) Notes to consolidated financial statements

(Notes to assumption of going concern)

No relevant items.

(Changes in significant subsidiaries during the fiscal year)

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

(Changes in accounting policy)

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

With effect from the beginning 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 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 consolidated financial statements and per share information for the previous consolidated fiscal year. The impact on segment information is stated in the relevant section.

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

With effect from the beginning 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 the standard, the Company has adopted a method to recognize the cumulative effect of the application of the standard on the first day of the application, which is a method permitted as a transitional treatment.

The application of the standard did not have a material impact on the consolidated financial statements and per share information for the current consolidated fiscal year. The impact on segment information is stated in the relevant section.

(Segment information)

1. Overview of reporting segments

(1) Method of determining reporting segments

A reporting segment of the Company Group is one of the structural units of the Company Group in which segregated financial information is available and is subject to review on a regular basis so that the Board of Directors can determine the allocation of management resources and evaluate operating results.

The Company Group has a holding company structure in which the Company is the holding company. The Company formulates the Group's business strategies and performs general management, and the subsidiaries conduct business activities. The Company Group consists of business segments that are classified in consideration of similarities in economic characteristics, etc. into one of three reportable segments: the Asian Food Global Business, the Agricultural & Seafood Products Trading Business, and the other business.

(2) Type of services that belong to each reporting segment

The details of the services that are included in each reporting segment are as follows:

Segment	Major products or business details
Asian Food Global Business	Wholesaling and distribution around the world of Asian food products and ingredients with a focus on Japanese food, etc.
Agricultural & Seafood Products Trading Business	Importing and wholesaling perishable and frozen processed fruits and vegetables, etc. to wholesale markets, volume sellers, restaurants, the home-meal replacement industry, food manufacturers, etc. in Japan, and exporting domestically produced fruits and vegetables, trilateral trade, catalog mail order business, and so forth.
Other business	Original product sales businesses using foreign brand foods and characters, sales of supplements, etc.

2. Method of calculation of the amount of sales, profit or loss, assets, liabilities, and other items for each reporting segment

The accounting treatment for the reported business segments is basically the same as that adopted in the preparation of the consolidated financial statements.

The profit of the reporting segment is figured on an operating income basis. The amounts for intersegment sales and transfers are based on market prices.

As described in Changes in accounting policy, the Company Group's foreign consolidated subsidiaries that apply US GAAP have adopted ASU No. 2016-13, Financial Instruments—Credit Losses effective from the beginning of the current consolidated fiscal year. Accordingly, the calculation method of profit or loss for the business segments was changed in the same manner, but the impact of this change on the profit or loss of the business segments for the current consolidated fiscal year was negligible.

In addition, 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), effective from the beginning of the current consolidated fiscal year. As a result of the adoption of the standard, deferred tax assets related to leases and disposal obligations have been recognized, and the calculation method of the assets of the business segments have been changed in the same manner. The change in the accounting policy has been applied retrospectively, and figures for segment assets for the previous consolidated fiscal year have been retrospectively adjusted, but the impact of this change is negligible. The application of this standard did not change the calculation method of the profit or loss of the business segments.

3. Information on the amount of sales, profit or loss, assets, liabilities, and other items and revenue breakdown for each reporting segment

Previous consolidated fiscal year (from January 1, 2022 to December 31, 2022)

(Millions of yen)

	Reporting segment			Total	Adjustments (Note 1)	Amount recorded on the Consolidated Financial Statements (Note 2)
	Asian Food Global Business	Agricultural & Seafood Products Trading Business	Other business			
Net sales						
Japan	8,308	44,065	3,866	56,240	—	56,240
North America	156,852	—	—	156,852	—	156,852
Europe	39,011	—	—	39,011	—	39,011
Other	11,970	11,133	—	23,104	—	23,104
Revenue from contracts with customers	216,143	55,199	3,866	275,209	—	275,209
Sales to external customers	216,143	55,199	3,866	275,209	—	275,209
Intersegment sales or transfers	6,749	10	—	6,760	(6,760)	—
Total	222,892	55,210	3,866	281,969	(6,760)	275,209
Segment profits/loss	12,355	(877)	(244)	11,234	(735)	10,498
Segment assets	121,294	14,391	1,926	137,612	41,609	179,222
Other items						
Depreciation	1,717	166	4	1,888	319	2,207
Investments in entities accounted for using equity method	325	—	—	325	—	325
Increase in property, plant and equipment as well as intangible assets	12,175	102	23	12,301	577	12,878

(Note) 1. Adjustments are as follows:

- (1) The adjustment for segment profit or loss in the amount of (735) million yen includes (2,389) million yen for the elimination of intersegment transactions and 1,654 million yen for company profit/loss not allotted to reporting segments (net company profits and net company expenses). Company profits consist mainly of dividend income from reporting segments, and company expenses are mainly comprised of general and administrative expenses not attributed to reporting segments.
 - (2) The adjustment for segment assets in the amount of 41,609 million yen includes 58,426 million yen for company assets not allotted to reporting segments and so forth. The company-wide assets are mainly surplus funds (cash and deposits) that are not attributable to any reporting segments.
 - (3) The depreciation adjustment of 319 million yen is mainly depreciation concerning company-wide assets.
 - (4) The adjustment of 577 million yen in relation to the increase in property, plant and equipment as well as intangible assets is the increase in non-current assets concerning the company-wide assets.
2. Segment profit or loss is adjusted with operating income in the consolidated financial statements.
 3. The increase in property, plant and equipment as well as intangible assets includes the amount of increase due to the application of U.S. GAAP ASU No. 2016-02 "Leases."

Current consolidated fiscal year (from January 1, 2023 to December 31, 2023)

(Millions of yen)

	Reporting segment			Total	Adjustments (Note 1)	Amount recorded on the Consolidated Financial Statements (Note 2)
	Asian Food Global Business	Agricultural & Seafood Products Trading Business	Other business			
Net sales						
Japan	8,324	48,492	4,451	61,268	—	61,268
North America	169,456	—	—	169,456	—	169,456
Europe	45,483	—	—	45,483	—	45,483
Other	13,371	11,266	—	24,638	—	24,638
Revenue from contracts with customers	236,636	59,759	4,451	300,847	—	300,847
Sales to external customers	236,636	59,759	4,451	300,847	—	300,847
Intersegment sales or transfers	555	3	38	596	(596)	—
Total	237,191	59,762	4,490	301,444	(596)	300,847
Segment profits/loss	14,054	(1,017)	(167)	12,869	(1,849)	11,020
Segment assets	146,280	12,124	2,297	160,703	51,776	212,479
Other items						
Depreciation	1,767	173	13	1,954	418	2,373
Investments in entities accounted for using equity method	387	—	—	387	—	387
Increase in property, plant and equipment as well as intangible assets	5,126	123	24	5,275	543	5,819

(Note) 1. Adjustments are as follows:

- (1) The adjustment for segment profit or loss in the amount of (1,849) million yen includes (2,979) million yen for the elimination of intersegment transactions and 1,130 million yen for company profit/loss not allotted to reporting segments (net company profits and net company expenses). Company profits consist mainly of dividend income from reporting segments, and company expenses are mainly comprised of general and administrative expenses not attributed to reporting segments.
 - (2) The adjustment for segment assets in the amount of 51,776 million yen includes 66,183 million yen for company assets not allotted to reporting segments and so forth. The company-wide assets are mainly surplus funds (cash and deposits) that are not attributable to any reporting segments.
 - (3) The depreciation adjustment of 418 million yen is mainly depreciation concerning company-wide assets.
 - (4) The adjustment of 543 million yen in relation to the increase in property, plant and equipment as well as intangible assets is the increase in non-current assets concerning the company-wide assets.
2. Segment profit or loss is adjusted with operating income in the consolidated financial statements.

[Related information]

Previous consolidated fiscal year (from January 1, 2022 to December 31, 2022)

1. Information on respective products and services

Similar information is disclosed in the “Segment information,” and therefore descriptions are omitted.

2. Information for each region

(1) Net sales

(Millions of yen)

Japan	North America	Europe	Other	Total
56,240	156,852	39,011	23,104	275,209

(Note) For North America, 136,721 million yen is from the U.S.

(2) Property, plant and equipment

(Millions of yen)

Japan	North America	Europe	Other	Total
256	11,351	1,788	1,683	15,079

(Note) For North America, 9,239 million yen is from the U.S. and 2,111 million yen is from Canada.

3. Information regarding major customers

With respect to net sales to external customers, there are no individual customers that account for 10% or more of the net sales on the consolidated statement of income, and therefore descriptions are omitted.

Current consolidated fiscal year (from January 1, 2023 to December 31, 2023)

1. Information on respective products and services

Similar information is disclosed in the “Segment information,” and therefore descriptions are omitted.

2. Information for each region

(1) Net sales

(Millions of yen)

Japan	North America	Europe	Other	Total
61,268	169,456	45,483	24,638	300,847

(Note) For North America, 146,778 million yen is from the U.S.

(2) Property, plant and equipment

(Millions of yen)

Japan	North America	Europe	Other	Total
86	13,666	3,254	1,536	18,544

(Note) For North America, 8,759 million yen is from the U.S. and 4,907 million yen is from Canada.

3. Information regarding major customers

With respect to net sales to external customers, there are no individual customers that account for 10% or more of the net sales on the consolidated statement of income, and therefore descriptions are omitted.

[Information regarding impairment losses on non-current assets for each reporting segment]

Previous consolidated fiscal year (from January 1, 2022 to December 31, 2022)

(Millions of yen)

	Asian Food Global Business	Agricultural & Seafood Products Trading Business	Other business	Company-wide/ Eliminations	Total
Impairment loss	771	81	–	–	853

Current consolidated fiscal year (from January 1, 2023 to December 31, 2023)

(Millions of yen)

	Asian Food Global Business	Agricultural & Seafood Products Trading Business	Other business	Company-wide/ Eliminations	Total
Impairment loss	–	2,042	–	–	2,042

[Information on amortization of goodwill and unamortized balance for each reporting segment]

Previous consolidated fiscal year (from January 1, 2022 to December 31, 2022)

(Millions of yen)

	Asian Food Global Business	Agricultural & Seafood Products Trading Business	Other business	Company-wide/ Eliminations	Total
Amortization for the current period	431	59	–	–	491
Balance at end of current period	3,989	556	–	–	4,546

Current consolidated fiscal year (from January 1, 2023 to December 31, 2023)

(Millions of yen)

	Asian Food Global Business	Agricultural & Seafood Products Trading Business	Other business	Company-wide/ Eliminations	Total
Amortization for the current period	474	65	–	–	540
Balance at end of current period	8,298	–	–	–	8,298

[Information on gain on bargain purchase for each reporting segment]

Previous consolidated fiscal year (from January 1, 2022 to December 31, 2022)

No relevant items.

Current consolidated fiscal year (from January 1, 2023 to December 31, 2023)

No relevant items.

(Business combinations)

(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 (Date of acquisition of shares and equity)

December 31, 2023 (deemed acquisition date)

(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) Period of the financial results of the acquired entity included in the consolidated financial statements

Since the deemed acquisition date is December 31, 2023, only the balance sheet is consolidated and the consolidated statement of income for the current consolidated fiscal year does not include the results of the acquired entity.

(3) 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

(4) Major acquisition-related costs and their amounts

Remuneration, fees, etc., to advisors: 146 million yen

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

(i) The amount of goodwill that occurred:

4,354 million yen

The amount of goodwill has been provisionally calculated, as the allocation of the acquisition cost has not been finalized as of the end of the current consolidated fiscal year.

(ii) Cause of the occurrence:

The occurrence reflects the future excess earnings power that is expected to be created by future business developments and synergies between the Company Group and the acquired company.

(iii) The amortization method and the amortization period:

Straight-line amortization over 15 years

(6) Amounts of assets and liabilities accepted on the date of business combination and major items

UT and UL

Current assets	4,375	million yen
Non-current assets	1,634	
Total assets	6,009	
Current liabilities	4,349	
Non-current liabilities	1,034	
Total liabilities	5,383	

(7) Details of conditional acquisition consideration stipulated in the business combination agreement and its accounting policy after the current consolidated fiscal year

(i) Details of conditional acquisition consideration

An additional payment of up to 785 million yen is to be made depending on the progress made toward achieving the performance targets set by the acquired entity for each fiscal year from the fiscal year ended December 31, 2023, to the fiscal year ending December 31, 2024.

(ii) Accounting policy going forward

In the event of a change in the acquisition consideration, the acquisition cost will be adjusted assuming that the change occurred at the time of acquisition, and the amount of goodwill and the amount of amortization of goodwill will be adjusted accordingly.

(8) Allocation of the acquisition cost

The allocation of the acquisition cost has not been finalized as the period from the date of business combination to the closing date is short, and the identification of identifiable assets and liabilities as of the date of business combination and estimation of their fair value have not been completed, so the amount has been provisionally calculated.

(9) Estimated amount and calculation method of the impact of the business combination on the consolidated statement of income for the current consolidated fiscal year, assuming that the business combination was completed as of the beginning of the consolidated fiscal year

UT and UL

Net sales	14,249	million yen
Operating income	(340)	
Ordinary income	(420)	
Profit before income taxes	(422)	
Profit attributable to owners of parent	(412)	
Net income per share	(28.77)	yen

(Calculation method of the estimated amount)

Net sales and profit/loss information of the acquired entity from the beginning date of the consolidated fiscal year to the date of business combination are used as the estimated amount of the impact of the business combination, assuming that the business combination was completed on the beginning date of the consolidated fiscal year. The amount of amortization of goodwill was calculated and included in the estimated amount, assuming that the goodwill was generated at the beginning of the current fiscal year.

Please note that the Company has not obtained an audit certification for these notes.

(Per share information)

	FY 2022 (January 1, 2022 to December 31, 2022)	FY 2023 (January 1, 2023 to December 31, 2023)
Net assets per share	4,985.72 yen	5,563.29 yen
Net income per share	475.15 yen	436.75 yen
Diluted net income per share	473.08 yen	433.22 yen

(Note) The basis of the calculation of net income per share and diluted net income per share is shown in the table below.

	FY 2022 (January 1, 2022 to December 31, 2022)	FY 2023 (January 1, 2023 to December 31, 2023)
Net income per share		
Profit attributable to owners of parent (million yen)	6,819	6,268
Amount not attributable to common shareholders (million yen)	—	—
Profit attributable to owners of parent concerning common shares (million yen)	6,819	6,268
Average number of common shares during the period (shares)	14,352,950	14,352,908
Diluted net income per share		
Adjustment to profit attributable to owners of parent (million yen)	—	—
Increase in the number of common shares (shares)	62,785	116,891
(Compensation for the common shares above through ex post-facto-type share-based compensation (shares))	(62,785)	(116,891)
Summary of potential common shares not included in the calculation of diluted net income per share as they are not dilutive		—

(Significant subsequent events)

Acquisition of own shares

At a meeting of the Board of Directors held on February 14, 2024, the Company resolved matters concerning the acquisition of its own shares in accordance with Article 9 of the Company's Articles of Incorporation as stipulated by Article 165, Paragraph 2 of the Companies Act.

1. Reasons for the acquisition of own shares

The Company intends to use the acquired own shares for the purpose of allocating shares to be delivered in conjunction with restrictions on stock compensation, as well as for the purpose of implementing a flexible capital policy in response to changes in the business environment and improving capital efficiency.

2. Details of matters relating to the acquisition

(i) Type of shares to be acquired	Common stock
(ii) Number of shares to be acquired	125,000 shares
(iii) Total amount of shares to be acquired	752,500,000 yen (upper limit)
(iv) Period of the share acquisition	February 15, 2024
(v) Method of acquisition	Acquired through the Tokyo Stock Exchange's Off-Auction Own Shares Repurchase Trading System (ToSTNeT-3)

Stock split and partial amendment to the Articles of Incorporation in conjunction with the stock split

At a meeting of the Board of Directors held on February 14, 2024, the Company resolved to conduct a stock split and to partially amend the Articles of Incorporation in conjunction with the stock split.

1. Purpose of the stock split

The purpose of the stock split is to establish a more investment-friendly environment and to expand our investor base by reducing the amount per unit of investment in our stock.

2. Outline of the stock split

(1) Method of the stock split

With Sunday, June 30, 2024 as the record date, the Company will split the shares of common stock held by shareholders as of the same date at a ratio of 3 shares for each share held.

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

(i) Number of shares issued and outstanding before the stock split	14,353,140 shares
(ii) Number of shares to be increased by the stock split	28,706,280 shares
(iii) Total number of shares issued and outstanding after the stock split	43,059,420 shares
(iv) Total number of authorized shares after the stock split	150,000,000 shares

(3) Schedule of the stock split

(i) Date of public notice of record date	Friday, June 14, 2024 (scheduled)
(ii) Record date	Sunday, June 30, 2024
(iii) Effective date	Monday, July 1, 2024

* The actual record date will be Friday, June 28, 2024, as the record date falls on a holiday of the shareholder registry administrator.

(4) Other

There will be no change in the amount of capital stock as a result of this stock split.

3. Partial amendments to the Articles of Incorporation in conjunction with the stock split

(1) Reason for the amendment to the Articles of conjunction with Incorporation

In conjunction with the above stock split, the Company will partially amend its Articles of Incorporation with an effective date of July 1, 2024, pursuant to Article 184, Paragraph 2 of the Companies Act.

(2) Details of the amendments to the Articles of Incorporation

Articles of Incorporation before amendment	Articles of Incorporation after amendment
(Total number of shares authorized to be issued) Article 6 The total number of shares authorized to be issued by the Company shall be <u>50,000,000</u> shares.	(Total number of shares authorized to be issued) Article 6 The total number of shares authorized to be issued by the Company shall be <u>150,000,000</u> shares.

(3) Schedule of the amendment to the Articles of Incorporation

Effective date Monday, July 1, 2024