



January 12, 2024

Consolidated Financial Results for the Fiscal Year Ended November 30, 2023 (Under Japanese GAAP)

Company name: **Lacto Japan Co., Ltd.**
 Listing: Tokyo Stock Exchange
 Securities code: 3139
 URL: <https://www.lactojapan.com/en/>
 Representative: Motohisa Miura, President
 Inquiries: Kenji Bundo, Director
 Scheduled date of annual general meeting of shareholders: February 27, 2024
 Scheduled date to commence dividend payments: February 28, 2024
 Scheduled date to file annual securities reports: February 28, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes

(Amounts less than one million yen are omitted)

1. Results of Fiscal Year Ended November 30, 2023 (December 1, 2022 through November 30, 2023)

(1) Consolidated Financial Results

(Each percentage shows changes year-on-year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY ended November 30, 2023	158,328	7.4	3,184	7.2	2,847	(9.1)	2,048	(10.4)
FY ended November 30, 2022	147,423	33.0	2,971	6.6	3,134	16.9	2,286	16.7

(Note): Comprehensive income: FY ended November 30, 2023 2,804 million yen (11.6%)
 FY ended November 30, 2022 3,173 million yen 34.0%

	Net income per share	Diluted earnings per share	Return on equity	Ordinary income/ Total assets	Operating income/ Net sales
	Yen	Yen	%	%	%
FY ended November 30, 2023	206.46	204.44	8.7	3.9	2.0
FY ended November 30, 2022	231.64	228.80	10.9	5.0	2.0

(Note): Share of profit of entities accounted for using equity method: FY ended November 30, 2023 25 million yen
 FY ended November 30, 2022 9 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of November 30, 2023	72,038	24,724	34.2	2,476.38
As of November 30, 2022	73,456	22,481	30.5	2,265.51

(Note): Shareholders' equity: As of November 30, 2023 24,655 million yen
 As of November 30, 2022 22,412 million yen

(3) Consolidated Cash Flows

	From operating activities	From investing activities	From financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY ended November 30, 2023	3,222	(1,362)	(772)	7,282
FY ended November 30, 2022	(10,408)	(287)	11,078	5,883

2. Dividend Status

(Record date)	Dividend per share					Total cash dividends (annual)	Dividends payout ratio (consolidated)	Dividend on equity ratio (consolidated)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	End of FY	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY ended November 30, 2022	—	0.00	—	40.00	40.00	395	17.3	1.9
FY ended November 30, 2023	—	24.00	—	24.00	48.00	477	23.2	2.0
FY ending November 30, 2024 (Forecast)	—	31.00	—	31.00	62.00		25.7	

3. Forecast of Consolidated Business Results of Fiscal Year Ending November 30, 2024 (December 1, 2023 through November 30, 2024)

(Percentages show Year on Year changes and Quarter on Quarter changes from previous fiscal year)

	Net sales		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Cumulative 2nd quarter ending May 31, 2024	77,000	(4.3)	1,600	19.0	1,140	23.6	114.50
FY ending November 30, 2024	160,000	1.1	3,400	19.4	2,400	17.2	241.06

* Notes

(1) Any changes in important subsidiaries during the period (Change in specific subsidiaries as a result of a change in the scope of consolidation): None

New inclusion: — companies (company name)

Exclusion: — companies (company name)

(2) Changes in accounting policies, changes in accounting estimates, and restatements

- (i) Changes in accounting policies associated with the revision of accounting standards, etc.: Yes
- (ii) Changes in accounting policies other than (i): None
- (iii) Changes in accounting estimates: None
- (iv) Restatements: None

(3) Total number of outstanding shares (Common stock)

(i) Total number of outstanding shares at end of period (Includes treasury shares):

As of November 30, 2023: 9,961,200 shares

As of November 30, 2022: 9,915,200 shares

(ii) Total treasury shares at end of period:		
As of November 30, 2023:	5,052	shares
As of November 30, 2022:	22,266	shares
(iii) Average number of outstanding shares during the period:		
For the year ended November 30, 2023:	9,922,597	shares
For the year ended November 30, 2022:	9,872,182	shares

(Reference) Summary of Non-consolidated Financial Statements

1. Results of Fiscal Year Ended November 30, 2023 (December 1, 2022 through November 30, 2023)

(1) Non-consolidated Financial Results

(Each percentage shows changes year-on-year)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY ended November 30, 2023	135,417	13.4	2,467	(4.2)	2,072	(9.5)	1,432	(9.1)
FY ended November 30, 2022	119,368	29.6	2,575	20.1	2,289	25.5	1,575	24.9

	Net income per share		Diluted earnings per share	
	Yen		Yen	
FY ended November 30, 2023	144.38		142.98	
FY ended November 30, 2022	159.61		157.65	

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of November 30, 2023	63,618	18,517	29.0	1,852.97
As of November 30, 2022	66,426	17,565	26.3	1,768.57

(Note): Shareholders' equity: As of November 30, 2023 18,448 million yen
As of November 30, 2022 17,496 million yen

* Quarterly financial summaries are not subject to quarterly review by any certified public accountant or auditing firm.

* Notes on proper use of forecasts of business results and other special remarks

(Cautionary Statement)

The consolidated business results forecasts contained in this report are based on information available at the present time and certain premises thought to be reasonable. Accordingly, the final results may change substantially due to various factors.

(How to obtain supplementary materials for financial results)

Supplementary materials for financial results will be posted on our website. (<https://www.lactojapan.com/en/ir>)

Table of Contents of Attachment

1. Overall Operating Results, etc.	5
(1) Overall operating results of the fiscal year under review	5
(2) Overall financial position of the fiscal year under review	8
(3) Overview of cash flows for the fiscal year under review	8
(4) Forecast for the future	9
2. Basic Approach to the Selection of Accounting Standards	11
3. Consolidated Financial Statements	12
(1) Consolidated Balance Sheet	12
(2) Consolidated Income Statements	14
Consolidated Statement of Income	14
Consolidated Statements of Comprehensive Income	14
(3) Consolidated Statements of Changes in Net Assets	15
(4) Consolidated Statements of Cash-Flow	17
(5) Notes on Consolidated Financial Statements	17
(Going Concern Assumption)	17
(Change in Accounting Principles)	17
(Segment Information, etc.)	18
(Per Share Information)	18
(Significant Post-Balance Sheet Events)	18

1. Overall Operating Results, etc.

(1) Overall operating results of the fiscal year under review

During the consolidated fiscal year under review, the Japanese economy saw a gradual normalization of social and economic activities owing to the lifting of COVID-19 pandemic-related behavioral restrictions and restrictions on entry from overseas along with a change in the status of COVID-19 to a “Class-5 infectious disease.”

With regard to the global economy, the outlook remained uncertain due to the prolonged Russia-Ukraine conflict and economic stagnation in China coupled with unstable foreign exchange rate trends amid rising interest rates and other elements triggered by monetary tightening in various countries around the world.

In the domestic food industry, demand for various food products showed a recovery trend in tandem with an increase in the movement of people. However, final demand for products for both commercial and household use failed to grow as much as expected amid rapid inflation on the back of factors such as soaring energy prices and a progressively weak yen. The dairy industry, our primary market, found itself in an unusual situation in which the prices of milk for all uses, from drinking to use in dairy products, were raised multiple times during the period as the dairy farming industry faced rising production costs. In addition, due in part to the prices of imported raw materials rising because of the weak yen, prices of finished dairy products were increased across the board, leading to a slowdown in consumption. Meanwhile, the excess inventory of domestically produced skim milk powder, which had been an issue since the COVID-19 pandemic, was addressed successfully through a joint initiative by the public and private sector. As a result, progress has been made in adjusting inventory to normal levels.

In Asian markets, while the economies of Southeast Asian countries were revitalized by a recovery in travel demand and other factors, concerns over China’s economic slowdown cast a shadow over the food industry in Southeast Asia, where many manufacturers make food products for China.

Under these circumstances, the Group focused on implementing measures in line with its basic policies as it seeks to achieve the goals set forth in its “NEXT-LJ 2025” Corporate Business Plan. This is the first step toward achieving our long-term vision, “LACTO VISION 2032,” announced at the beginning of the period. Regarding our business growth initiatives, the Functional Food Ingredients Business, a promising growth area, saw steady development and an expansion in sales centered on protein ingredients, a major product line. Conversely, among existing businesses, dairy ingredient sales saw a decline in sales of imported powdered milk mixtures, a core product, while profit margins from cheese and meat sales deteriorated due to higher purchase prices and other factors. In the Asian Business, sales volume declined significantly in the Dairy Ingredients Sales Division (trading company). Sales volume was also sluggish in the Cheese Manufacturing & Sales Division (manufacturer) due to China’s economic slowdown. This, coupled with the impact of soaring prices of raw material cheese, caused profit to decline from the previous period.

As a result, despite weak sales of dairy ingredients and cheese in both Japan and Asia, sales for the consolidated fiscal year under review (“this period”) reached a record 158,328 million yen (up 7.4% year on year) owing to higher selling prices associated with higher global dairy product prices and the weak yen. Operating income was 3,184 million yen (up 7.2% year on year), ordinary income was 2,847 million yen (down 9.1% year on year), and net income attributable to owners of the parent was 2,048 million yen (down 10.4% year on year).

Performance by division is as follows:

(Dairy Ingredients and Cheese Business Div.)

In the Japanese food market, demand showed a recovery trend due to economic activities rebounding and the country resuming the acceptance of inbound visitors, among other factors. However, food manufacturers intermittently raised prices in response to soaring raw material prices and the weak yen, thereby dampening consumption trends. Similarly, with dairy products, consumption was sluggish following an increase in prices of finished products after milk prices were raised multiple times during the period as the dairy farming industry faced rising production costs.

As for dairy ingredients, the sales volume of imported powdered milk mixtures, our main product, declined from the previous period due to a prioritization of the use of domestic products, especially among major dairy manufacturers. This in turn was due to an increase in prices of imported raw materials associated with the weak yen and measures

taken to reduce excess inventory of domestically produced skim milk powder.

The sales volume of cheese also declined from the previous period amid sluggish demand caused by price hikes for finished products.

As a result, the Dairy Ingredients and Cheese Business Division had a sales volume of 167,421 tons (down 8.5% year over year) and sales of 111,845 million yen (up 13.2% year over year) for this period.

(Meat and Ingredients Division)

Regarding chilled pork, demand for U.S.-produced pork that we carry trended upward at the beginning of the period. Subsequently, however, consumption declined after manufacturers raised prices of finished products in response to rising market prices of raw pork and the weak yen. Thus, sales slowed down toward the end of the period. On the other hand, demand for frozen pork, mainly for restaurant use, increased due to the movement of people gradually recovering after the COVID-19 pandemic subsided, raising the overall sales volume of imported pork from the previous period.

In processed food sales, certain products such as dry-cured ham and salami experienced a decline in sales volume as customers reviewed their product purchases in the face of rising procurement costs amid the weak yen. However, sales volume increased for processed foods overall. This is because we began to reinforce our carrying of chicken and processed chicken during this period, and these products were adopted as ingredients for ready-made side dishes at supermarkets and for menus at nationwide food courts.

As a result, the Meat and Ingredients Division had a sales volume of 28,125 tons (up 13.5% year on year) and sales of 18,268 million yen (up 20.7% year on year) for this period.

(Asian Business, Others)

In the Dairy Ingredients Sales Division (trading company), the sales volume of our exported products also declined significantly from the previous period. This is because exports of Japanese skim milk powder which were expanded in the previous period under a public-private initiative, declined as inventory began to approach normal levels. Sales volume was sluggish in this division due to weak demand for food in Asian markets amid escalating inflation and a decline in sales of ingredients for powdered milk mixtures as major Japanese dairy manufacturers prioritized the use of domestic skim milk powder.

As a result, this division had a sales volume of 37,251 tons (down 26.1% year on year) and sales of 18,922 million yen (down 29.1% year on year).

In the Cheese Manufacturing & Sales Division (manufacturer), demand was brisk among restaurants, especially in the likes of Singapore and Malaysia. However, the sales volume of processed cheese was sluggish due to weak demand among local food manufacturers impacted by revisions of selling prices associated with the soaring prices of raw material cheese and by the economic downturn in China and Thailand, among other factors.

However, sales volume increased for processed natural cheese products. In recent years, the consumption of natural cheese has been trending upwards in Southeast Asian countries. We increased sales significantly thanks to the full-scale operation of new equipment installed at our Singapore plant, which enabled us to fully meet the rising demand.

As a result, this division had a sales volume of 4,827 tons (up 0.8% year on year) and sales of 4,828 million yen (up 21.2% year on year).

In Others, sales of functional food ingredients grew. In particular, sales of whey protein, an ingredient in protein products, were strong. The market for such products is expanding in Japan along with new users such as women and the elderly. Our main customers are brand owners selling finished products through e-commerce (EC) channels and protein manufacturers entering the market for the first time from other industries. These customers are increasingly seeking ways to differentiate their products in a fiercely competitive environment. Thus, we seek to go beyond importing and selling ingredients to also enhance our product proposals. One example is combining these products with functional food ingredients other than whey protein in order to add value to finished products. These efforts were successful during this period, with both sales and the sales volume of functional food ingredients exceeding those of the previous period.

As a result, combined sales of the Asian Business and Others Business for this period amounted to 28,214 million yen (down 15.7% year on year).

- Impact of foreign exchange rates

Purchase contracts for our import transactions are, in principle, based on foreign currencies. When we enter into purchase agreements, we execute forward-exchange contracts with financial institutions to avoid foreign exchange fluctuation risks.

In accordance with accounting rules, we account for purchases on the date of shipment, and the exchange rate used for posting purchases is the prevailing rate on the date of shipment (not the forward rate).

On the other hand, in our standard sales transaction cycle, there are, on average, two to three months between the purchase contract and the shipment of merchandise. The purchase price is settled approximately one month after the shipment of merchandise, and sales are recorded two months after that settlement.

Therefore, even if foreign exchange risk is hedged at the time of the purchase contract, if there are foreign exchange fluctuations during the period from the purchase contract to the recording of the purchase, each profit line in income statements may be affected by foreign exchange fluctuations.

Note that if sales are uncompleted due to the timing of the fiscal year-end or other closing date, only foreign exchange gains or losses may be recorded and reflected in ordinary income for the period in question.

(2) Overall financial position of the fiscal year under review

Total assets at the end of this period decreased 1,418 million yen from the end of the previous consolidated fiscal year to 72,038 million yen.

(Current assets)

The balance of current assets at the end of this period decreased 2,998 million yen from the end of the previous consolidated fiscal year to 67,068 million yen. The main factors were a decrease of 2,365 million yen in notes and accounts receivable and a decrease of 1,116 million yen in merchandise and finished goods.

(Non-current assets)

The balance of non-current assets at the end of this period increased 1,580 million yen from the end of the previous consolidated fiscal year to 4,969 million yen. The main factors were an increase of 1,243 million yen in property, plant and equipment and an increase of 302 million yen in investments and other assets.

(Current liabilities)

The balance of current liabilities at the end of this period decreased 4,068 million yen from the end of the previous consolidated fiscal year to 37,033 million yen. The main factors were decreases of 3,315 million yen in accounts payable and 1,000 million yen in commercial papers.

(Non-current liabilities)

The balance of non-current liabilities at the end of this period increased 407 million yen from the end of the previous consolidated fiscal year to 10,281 million yen. The main factor was an increase of 165 million yen in long-term borrowings.

(Total net assets)

The balance of total net assets at the end of this period increased 2,242 million yen from the end of the previous consolidated fiscal year to 24,724 million yen. The main factors were an increase of 1,414 million yen in retained earnings and an increase of 612 million yen increase in foreign currency translation adjustment.

(3) Overview of cash flows for the fiscal year under review

Cash and cash equivalents (“net cash”) at the end of this period increased 1,399 million yen from the end of the previous consolidated fiscal year to 7,282 million yen. Cash flows for each activity are as follows:

(Net cash provided by (used in) operating activities)

Net cash provided by operating activities was 3,222 million yen. This was due to income before income taxes of 2,847 million yen, a decrease in trade receivables of 2,634 million yen, and a decrease in inventories of 1,725 million yen.

(Net cash provided by (used in) investing activities)

Net cash used in investing activities totaled 1,362 million yen. This was mainly due to 1,112 million yen for the purchase of property, plant and equipment.

(Net cash provided by (used in) financing activities)

Net cash used in financing activities was 772 million yen. While there was an increase of 416 million yen in short-term borrowings and 5,260 million yen in proceeds from long-term borrowings, there was a decrease of 1,000 million yen in commercial papers and 4,652 million yen in the repayment of long-term borrowings.

(4) Forecast for the future

The domestic business environment surrounding the Group is such that there are still some concerns in the short term, such as sluggish growth in demand for food amid escalating inflation and persistently high prices of imported food ingredients associated with the weak yen. However, in the medium to long term, we expect that demand for imported food ingredients will recover and that we will move toward a business environment in which we can demonstrate our superior procurement and sales capabilities. Inventory levels for domestically produced skim milk powder, which had been a concern in the dairy farming and dairy industries for several years, are approaching normal levels, and demand is expected to increase for imported dairy ingredients. We also expect that demand for functional food ingredients will increase even further as product development featuring the theme of “health” expands throughout the food industry as a whole. We believe that we can increase the sales volume of dairy ingredients and functional food ingredients through aggressive product proposals in the Dairy Ingredients and Cheese Business Division and in the Functional Food Ingredients Business. Going forward, we will further demonstrate our expertise and know-how as a specialized trading company. In the Meat and Ingredients Division, it is becoming more likely that we will be able to expand sales by increasing the range of products we carry as demand for processed foods and their ingredients remains solid amid labor shortages in the restaurant industry and elsewhere.

In Asia, although the impact of China’s economic slowdown may persist for the time being, we estimate that the consumption of dairy products in the Asian region will grow steadily over the medium to long term as people’s diet becomes more Westernized. The Group believes that it will have a greater opportunity to significantly expand its business scale once production begins at its new plant in Singapore, which is slated to enter operation in 2025. We will steadily build our production and sales structures during this fiscal year in preparation for the operation of the new plant.

In the previous fiscal year, the Group formulated its long-term vision, “LACTO VISION 2032,” looking ten years into the future. We have been promoting our “NEXT-LJ 2025” Corporate Business Plan since FY11/23 with the aim of achieving this long-term vision.

In FY11/23, the first year of our Corporate Business Plan, both net sales and ordinary income fell short of the target. This was due to a decline in the profit margin of our domestic business associated with sluggish growth in sales volume and soaring purchase prices and to a decline in the profit margin of the Cheese Manufacturing & Sales Division as a result of a decline in sales volume and rising ingredient prices in the Asian market.

For FY11/24, the second year of our Corporate Business Plan, we target consolidated net sales of 160 billion yen (up 1.1% year on year), ordinary income of 3.4 billion yen (up 19.4% year on year), and net income attributable to owners of the parent of 2.4 billion yen (up 17.2% year on year). We expect that the business environment will remain severe

during the first half of the year. However, our expectations for the second half and beyond include a pause in price increases together with recovery in demand for food products in Japan, the resolution of the issue of inventory of skim milk powder, and the improvement of the profit margin of the Cheese Manufacturing & Sales Division in Asia.

The recovery of the business environment is expected to be delayed by six months to a year from the projection made at the time our Corporate Business Plan was formulated. Thus, it is estimated that FY11/24 results may miss the target values called for in that Plan. However, the business environment is expected to improve in the next fiscal year and beyond. One reason for this is reason being that in domestic sales of dairy ingredients, production of raw milk in Japan may continue to trend downward and demand for imported products may increase. Another is that the protein market, the main target of the Functional Food Ingredients Business, is estimated to grow. The Group is also accelerating its efforts to further improve profitability, including the introduction of ROIC as a new management indicator starting in FY11/24. The third-year targets in our Corporate Business Plan will remain unchanged for the time being. Going forward, in line with the basic policies of “NEXT-LJ 2025,” which are “Existing business evolution,” “Expansion of Asian business,” and “Build next-generation businesses,” we will aim to evolve into a “complex food company” engaging in global trading and manufacturing businesses.

Our basic policy for rewarding shareholders is to increase our dividend payout ratio while securing the necessary investment funds and internal reserves for future growth. In the immediate term, we have been constructing a new plant in Singapore, which will become the core facility for the Cheese Manufacturing & Sales Division in Asia, as one of our growth investment strategies. However, since our financial base has also been strengthened to some degree thanks to our business growth to date, we plan to increase the dividend for FY11/24 to 62.00 yen per share (including an interim dividend of 31.00 yen per share) as we pursue our efforts to increase our dividend payout ratio.

2. Basic Approach to the Selection of Accounting Standards

The policy of the Group for the time being is to prepare consolidated financial statements in accordance with Japanese GAAP, taking into consideration the comparability of consolidated financial statements from period to period and comparability among companies.

Regarding the application of International Financial Reporting Standards (IFRS), we will continue to collect relevant information while keeping a close eye on future trends and other elements.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Thousands of yen)

	FY2022 As of November 30, 2022	FY2023 As of November 30, 2023
Assets		
Current assets		
Cash and deposits	6,379,503	7,779,099
Notes and accounts receivable	21,065,703	18,700,390
Merchandise and finished goods	39,914,577	38,798,055
Raw materials and supplies	1,468,404	1,008,490
Other	1,260,834	783,847
Allowance for doubtful accounts	(21,904)	(1,428)
Total current assets	70,067,118	67,068,455
Non-current assets		
Property, plant and equipment		
Buildings	840,636	895,535
Accumulated depreciation	(644,365)	(730,934)
Buildings, net	196,270	164,600
Machinery, equipment and vehicles	1,180,693	1,373,053
Accumulated depreciation	(876,128)	(1,014,587)
Machinery, equipment and vehicles, net	304,564	358,465
Leased assets	844,392	2,303,736
Accumulated depreciation	(456,127)	(662,073)
Leased assets, net	388,265	1,641,663
Construction in progress	27,345	—
Other	86,782	91,693
Accumulated depreciation	(61,154)	(71,057)
Other, net	25,628	20,635
Total property, plant and equipment	942,074	2,185,365
Intangible assets		
Software	38,782	24,415
Software in progress	—	49,083
Other	362	226
Total intangible assets	39,145	73,725
Investments and other assets		
Investment securities	795,182	1,141,260
Deferred tax assets	456,332	356,932
Other	1,176,460	1,233,658
Allowance for doubtful accounts	(19,607)	(21,161)
Total investments and other assets	2,408,367	2,710,690
Total non-current assets	3,389,587	4,969,781
Total assets	73,456,705	72,038,236

Consolidated Balance Sheet

(Thousands of yen)

	FY2022 As of November 30, 2022	FY2023 As of November 30, 2023
Liabilities		
Current liabilities		
Accounts payable	17,349,867	14,033,979
Short-term borrowings	13,949,482	14,380,475
Commercial papers	4,000,000	3,000,000
Current portion of long-term borrowings	3,960,000	4,402,000
Income taxes payable	723,379	252,492
Other	1,119,264	964,248
Total current liabilities	41,101,992	37,033,194
Non-current liabilities		
Long-term borrowings	8,960,000	9,125,500
Deferred tax liabilities	17,032	12,528
Retirement benefit liability	410,850	432,710
Asset retirement obligations	45,151	55,142
Other	440,327	655,153
Total non-current liabilities	9,873,361	10,281,034
Total liabilities	50,975,353	47,314,229
Net assets		
Shareholders' equity		
Share capital	1,158,810	1,178,475
Capital surplus	1,178,027	1,179,432
Retained earnings	18,651,916	20,066,561
Treasury shares	(65,828)	(14,920)
Total shareholders' equity	20,922,925	22,409,548
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	176,327	276,620
Deferred gains or losses on hedges	(99,634)	(56,106)
Foreign currency translation adjustment	1,412,932	2,025,142
Total accumulated other comprehensive income	1,489,624	2,245,657
Share acquisition rights	68,801	68,801
Total net assets	22,481,351	24,724,007
Total liabilities and net assets	73,456,705	72,038,236

(2) Consolidated Income Statements

Consolidated Statement of Income

(Thousands of yen)

	FY ended November 30, 2022	FY ended November 30, 2023
Net sales	147,423,378	158,328,290
Cost of sales	139,961,710	150,418,940
Gross profit	7,461,667	7,909,350
Selling, general and administrative expenses	4,490,356	4,724,877
Operating income	2,971,311	3,184,472
Non-operating income		
Interest income	5,483	44,147
Dividend income	16,583	19,008
Share of profit of entities accounted for using equity method	9,305	25,002
Foreign exchange gains	445,077	6,864
Subsidy income	11,682	3,490
Insurance return	2,660	9,132
Miscellaneous income	19,839	21,569
Total non-operating income	510,633	129,215
Non-operating expenses		
Interest expenses	182,183	234,006
Commission expenses	139,605	187,706
Miscellaneous losses	25,546	43,991
Total non-operating expenses	347,334	465,704
Ordinary income	3,134,610	2,847,982
Income before income taxes	3,134,610	2,847,982
Income taxes - current	1,014,128	734,109
Income taxes - deferred	(166,312)	65,283
Total income taxes	847,816	799,392
Net income	2,286,794	2,048,589
Net income attributable to owners of parent	2,286,794	2,048,589

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY ended November 30, 2022	FY ended November 30, 2023
Net income	2,286,794	2,048,589
Other comprehensive income		
Valuation difference on available-for-sale securities	(64,688)	100,293
Deferred gains or losses on hedges	(134,643)	43,527
Foreign currency translation adjustment	1,070,992	599,067
Share of other comprehensive income of entities accounted for using equity method	14,654	13,142
Total other comprehensive income	886,315	756,032
Comprehensive income	3,173,110	2,804,622
(Breakdown)		
Comprehensive income attributable to owners of parent	3,173,110	2,804,622
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Changes in Net Assets

Previous consolidated fiscal year (From December 1, 2021 to November 30, 2022)

(Unit: Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the period	1,151,970	1,185,808	16,680,685	(111,793)	18,906,671
Changes of items during the period					
Issuance of new shares	6,840	6,840			13,680
Dividend from surplus			(315,564)		(315,564)
Net income attributable to owners of parent			2,286,794		2,286,794
Disposition of treasury shares		(14,621)		45,965	31,343
Net changes of items other than shareholders' equity (net)					
Total changes of items during the period	6,840	(7,781)	1,971,230	45,965	2,016,253
Balance at the end of the period	1,158,810	1,178,027	18,651,916	(65,828)	20,922,925

	Accumulated other comprehensive income				Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at the beginning of the period	241,015	35,008	327,285	603,309	68,801	19,578,782
Changes of items during the period						
Issuance of new shares						13,680
Dividend from surplus						(315,564)
Net income attributable to owners of parent						2,286,794
Disposition of treasury shares						31,343
Net changes of items other than shareholders' equity (net)	(64,688)	(134,643)	1,085,647	886,315	-	886,315
Total changes of items during the period	(64,688)	(134,643)	1,085,647	886,315	-	2,902,569
Balance at the end of the period	176,327	(99,634)	1,412,932	1,489,624	68,801	22,481,351

Consolidated fiscal year under review (From December 1, 2022 to November 30, 2023)

(Unit: Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the period	1,158,810	1,178,027	18,651,916	(65,828)	20,922,925
Changes of items during the period					
Issuance of new shares	19,665	19,665			39,330
Dividend from surplus			(633,944)		(633,944)
Net income attributable to owners of parent			2,048,589		2,048,589
Purchase of treasury shares				(92)	(92)
Disposition of treasury shares		(18,260)		51,000	32,740
Net changes of items other than shareholders' equity (net)					
Total changes of items during the period	19,665	1,404	1,414,645	50,907	1,486,622
Balance at the end of the period	1,178,475	1,179,432	20,066,561	(14,920)	22,409,548

	Accumulated other comprehensive income				Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at the beginning of the period	176,327	(99,634)	1,412,932	1,489,624	68,801	22,481,351
Changes of items during the period						
Issuance of new shares						39,330
Dividend from surplus						(633,944)
Net income attributable to owners of parent						2,048,589
Purchase of treasury shares						(92)
Disposition of treasury shares						32,740
Net changes of items other than shareholders' equity (net)	100,293	43,527	612,210	756,032	-	756,032
Total changes of items during the period	100,293	43,527	612,210	756,032	-	2,242,655
Balance at the end of the period	276,620	(56,106)	2,025,142	2,245,657	68,801	24,724,007

(4) Consolidated Statements of Cash Flow

(Thousands of yen)

	FY ended November 30, 2022	FY ended November 30, 2023
Cash flows from operating activities		
Income before income taxes	3,134,610	2,847,982
Depreciation	324,965	363,901
Increase (decrease) in allowance for doubtful accounts	(325)	(20,520)
Increase (decrease) in retirement benefit liability	48,508	21,859
Interest and dividend income	(22,067)	(63,156)
Interest expenses	182,183	234,006
Decrease (increase) in trade receivables	(964,725)	2,634,118
Decrease (increase) in inventories	(16,225,177)	1,725,854
Increase (decrease) in trade payables	4,579,083	(3,468,230)
Other, net	(630,801)	375,510
Subtotal	(9,573,745)	4,651,326
Interest and dividends received	22,179	63,226
Interest paid	(181,869)	(239,977)
Income taxes paid	(675,010)	(1,251,881)
Net cash provided by (used in) operating activities	(10,408,446)	3,222,692
Cash flows from investing activities		
Decrease (increase) in time deposits	(0)	(0)
Purchase of investment securities	(9,017)	(158,562)
Purchase of property, plant and equipment	(150,550)	(1,112,220)
Proceeds from sale of property, plant and equipment	26	27
Purchase of intangible assets	(9,717)	(47,372)
Purchase of golf club membership	(9,569)	—
Proceeds from sale of golf club membership	7,050	—
Proceeds from maturity of insurance funds	2,839	28,403
Purchase of insurance funds	(91,440)	(69,591)
Other, net	(26,838)	(3,374)
Net cash provided by (used in) investing activities	(287,218)	(1,362,690)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	3,247,506	416,379
Increase (decrease) in commercial papers	3,000,000	(1,000,000)
Proceeds from long-term borrowings	8,300,000	5,260,000
Repayments of long-term borrowings	(3,000,000)	(4,652,500)
Purchase of treasury shares	—	(92)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	13,680	39,330
Repayments of lease obligations	(167,202)	(202,157)
Dividends paid	(315,448)	(633,162)
Net cash provided by (used in) financing activities	11,078,535	(772,202)
Effect of exchange rate change on cash and cash equivalents	485,776	311,796
Net increase (decrease) in cash and cash equivalents	868,647	1,399,596
Cash and cash equivalents at beginning of period	5,014,713	5,883,360
Cash and cash equivalents at end of period	5,883,360	7,282,956

(5) Notes on Consolidated Financial Statements

(Going Concern Assumption)

Not applicable

(Change in Accounting Principles)

(Application of the Implementation Guidance on Accounting Standard for Fair Value Measurement)

We applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021; hereinafter “Implementation Guidance on Fair Value Measurement Standard”) from the beginning of this period, and will prospectively apply the new accounting policies stipulated by the Implementation Guidance on Fair Value Measurement Standard in accordance with the transitional treatment provided in Paragraph 27-2 of that Standard. Note that this has no impact on consolidated financial statements.

(Segment information, etc.)

(Segment information)

This is omitted because the Group only has the food segment.

(Per Share Information)

(Per Share Information)

(Unit: yen)

	Previous consolidated fiscal year (From December 1, 2021 to November 30, 2022)	Consolidated fiscal year under review (From December 1, 2022 to November 30, 2023)
Net assets per share	2,265.51	2,476.38
Net income per share	231.64	206.46
Diluted earnings per share	228.80	204.44

(Note) Net income per share and diluted earnings per share are calculated based on the following:

	Previous consolidated fiscal year (From December 1, 2021 to November 30, 2022)	Consolidated fiscal year under review (From December 1, 2022 to November 30, 2023)
Net income per share		
Net income attributable to owners of parent (thousands of yen)	2,286,794	2,048,589
Amount not attributable to owners of common stock (thousands of yen)	-	-
Net income attributable to owners of parent pertaining to common stock (thousands of yen)	2,286,794	2,048,589
Average number of shares of common stock during the period (shares)	9,872,182	9,922,597
Diluted earnings per share		
Adjusted net income attributable to owners of the parent (thousands of yen)	-	-
Increase in common stock (shares)	122,446	97,733
(Those from stock acquisition rights (shares))	122,446	97,733
Overview of latent shares not included in the calculation of diluted earnings per share since there was no dilutive effect	-	-

(Significant Post-Balance Sheet Events)

Not applicable