

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

November 7, 2023

Consolidated Financial Results for the Nine Months Ended September 30, 2023 (Under Japanese GAAP)

Company name: Oeon Holdings, Inc.
 Listing: Tokyo Stock Exchange
 Securities code: 2533
 URL: <https://www.oeon.jp/english/>
 Representative: Yuji Nishinaga, President & CEO
 Inquiries: Naoko Tanaka, General Manager of Corporate Communication Dept.
 Telephone: +81-3-6757-4584
 Scheduled date to file quarterly securities report: November 7, 2023
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: None

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

1. Consolidated financial results for the nine months ended September 30, 2023 (from January 1, 2023 to September 30, 2023)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended September 30, 2023	62,108	7.1	2,530	—	2,614	—	2,058	—
September 30, 2022	57,992	2.2	(869)	—	(799)	—	(1,351)	—

Note: Comprehensive income For the nine months ended September 30, 2023: ¥2,701 million [—%]
 For the nine months ended September 30, 2022: ¥(1,298) million [—%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended September 30, 2023	35.37	—
September 30, 2022	(22.73)	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	54,308	21,019	37.2
December 31, 2022	55,511	19,604	32.0

Reference: Equity
 As of September 30, 2023: ¥20,184 million
 As of December 31, 2022: ¥17,766 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2022	—	—	—	5.00	5.00
Fiscal year ending December 31, 2023	—	—			
Fiscal year ending December 31, 2023 (Forecast)			—	8.00	8.00

Note: Revisions to the forecast of cash dividends most recently announced: Yes

3. Financial Forecast for the Year Ending December 31, 2023 (from January 1, 2023 to December 31, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending December 31, 2023	85,500	5.4	2,750	—	2,800	—	2,200	—	37.79

Note: Revisions to the financial forecast for this period: Yes

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(4) Number of issued shares (common shares)

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

As of September 30, 2023	65,586,196 shares
As of December 31, 2022	65,586,196 shares

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

As of September 30, 2023	7,375,704 shares
As of December 31, 2022	7,375,353 shares

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

Nine months ended September 30, 2023	58,210,635 shares
Nine months ended September 30, 2022	59,432,668 shares

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

*** Proper use of earnings forecasts, and other special matters**

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

Please refer to “(3) Explanation of Consolidated financial forecast and other forward-looking information” within “1. Qualitative information on quarterly financial results” on page 4 of the attachment to this document for cautionary statements concerning the conditions and performance forecasts that serve as the basis for these forecasts.

Content of Supplementary Materials

1. Qualitative information on quarterly financial results	2
(1) Operating performance analysis	2
(2) Financial conditions analysis	4
(3) Explanation of Consolidated financial forecast and other forward-looking information	4
2. Quarterly consolidated financial statements and notes	5
(1) Quarterly consolidated statement of financial position	5
(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income	7
(3) Notes to the quarterly consolidated financial statements	9
(Notes related to the going concern assumption)	9
(Notes in the event of significant changes in shareholders' equity)	9
(Changes in accounting methods)	9
(Segment information, etc.)	9

First Three Quarters of the Fiscal Year Ending December 31, 2023 Financial Summary

1. Qualitative information on quarterly financial results

(1) Operating performance analysis

During the nine months ended September 30, 2023, the ongoing normalization of economic and social activity led to a modest economic recovery in Japan, as COVID-19 was reclassified as a Class 5 infectious disease. On the other hand, the economic outlook remains uncertain due soaring raw material and energy prices resulting from the protracted situation in Russia and Ukraine, and rising prices associated with the depreciation of the yen and other factors.

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

As a result, in the nine months ended September 30, 2023, net sales amounted to ¥62,108 million (up 7.1% year on year). On the profit front, the Group recorded operating income of ¥2,530 million (operating loss of ¥869 million in the same period of the preceding year) and ordinary income of ¥2,614 million (ordinary loss of ¥799 million). Profit attributable to owners of the parent was ¥2,058 million (loss attributable to owners of the parent of ¥1,351 million).

In the second quarter, the Company sold some of its shares in SUNNY MAIZE CO., LTD., which handled the starch for food processing segment. As a result, SUNNY MAIZE was excluded from the scope of consolidation, with the beginning of the second quarter as the deemed date of sale. For this reason, results for the starch for food processing segment are for the first quarter.

Segment performance is shown below.

Sales results

Segment name	Item	Nine months ended September 30, 2023 (January 1 to September 30, 2023) (Millions of yen)	YoY change (Previous period = 100%)	
Alcoholic beverages	Japanese alcohol products	<i>Shochu</i>	25,555	98.0
		<i>Chu-hi</i> (RTD)	12,522	122.9
		<i>Sake</i>	2,493	106.1
		<i>Sake</i> compound	1,324	102.9
		Brewing and industrial alcohol for sale	10,745	139.0
		<i>Mirin</i> (rice cooking wine)	298	67.5
		52,939	110.1	
	Wine and spirits	3,659	108.7	
Others	421	98.7		
	57,021	109.9		
Starch for food processing		1,341	43.7	
Enzymes and pharmaceuticals		2,736	101.8	
Real estate		946	331.0	
Others		62	108.7	
Total		62,108	107.1	

Note: Results for the starch for food processing segment are through the first quarter of the fiscal year.

(Alcoholic beverages)

In the alcoholic beverages segment, competition is intensifying as domestic demand falls further because the population is shrinking, the birth rate is falling, the population is aging, the frequency of drinking is declining, and selling prices are being adjusted (raised) across all categories, having been raised several times beginning in March 2022. However, the on-premise market is showing signs of recovery as restrictions on movement are eased. The practice of drinking at home persists as rising prices drive more frugal behavior, leading to favorable performance for

price-conscious ready-to-drink (RTD) store-brand products. In relation to this trend, sales of *chu-hi* base spirit and *umeshu* plum wine rose. We moved forward with sales efforts aimed at meeting these changing needs. As a result, sales of alcoholic beverages amounted to ¥57,021 million (up 9.9% year on year). Progress on price revisions pushed up profitability in all categories, resulting in segment operating profit of ¥1,679 million (operating loss of ¥1,140 million in the same period of the previous year).

Sales in the *shochu* category (within Japanese alcohol products) decreased, owing to lower sales of store-brand products, although sales were favorable for the *kou-otsu* blended *shochu* products *SUGO-MUGI* and *SUGO-IMO*, as well as our *shiso shochu*, *Tantakatan*, were favorable. In this category, with the official accounts on Instagram and X (formerly Twitter) for our *shiso shochu*, *Tantakatan*, we disseminated product and campaign information, and strengthened social media marketing activities. We are implementing measures aimed at attracting an even larger fan base, such through corporate collaborations on gift campaigns. From fiscal 2022 through to the period under review, we have introduced a number of price revisions, averaging 4% for *kou*-type *shochu* and 6% for *otsu*-type and *kou-otsu* blended *shochu*.

In *chu-hi* and other RTD products, we have strengthened the lineup of our *Mukashi Natsukashii* series, which produces a retro atmosphere and nostalgic flavors. Sales also rose thanks to favorable performance of our *NIPPON PREMIUM chu-hi* series, which strictly uses ingredients of Japanese origin, and store-brand products. In the *NIPPON PREMIUM chu-hi* series, we strengthened our lineup with the limited-quantity release of *Nagano Prefecture-Produced Shine Muscat*, which is made straight from the juice of shine muscat grapes produced in the prefecture. In this category, we have introduced two price revisions from fiscal 2022 through to the period under review, averaging 9%.

In the *sake* category, the market was lackluster, but sales rose on favorable performance in on-premise and store-brand products. In this category, we revised prices by an average of 7% in fiscal 2022.

In brewing and industrial alcohol for sale, category sales increased due to favorable performance in brewing and industrial alcohol. In this category, we generally conduct price revisions with each business partner approximately every quarter and are working to pass on increased raw material costs.

Sales in the wine and spirits category increased, owing to favorable performance for *umeshu* plum wine, and *chu-hi* base spirits which allow consumers to just add carbonated water to enjoy drinking at home while replicating the feeling of being in an *izakaya* (Japanese-style pub). We also saw an increase in domestic and overseas demand for *WHISKY KOH-KUN*, a type of whisky that is ideal for mixing in highballs. Meanwhile, *Chu-hi Senka Lemon Sour no Moto* was chosen for the “SELECTION” category in the Nikkei POS Selection 2023 as a product that boosted sales. In this category, we have introduced several price revisions from fiscal 2022 through to the period under review, averaging 6%.

(Starch for food processing)

In the starch for food processing segment, during the six months ended June 30, 2023, the Company sold some of its shares in SUNNY MAIZE CO., LTD., a consolidated subsidiary that handled operations in this segment. Owing to our reduced ownership percentage and deeming the transaction to have taken place at the beginning of the second quarter, SUNNY MAIZE CO., LTD. was excluded from the scope of consolidation, becoming an equity-method affiliate. Through the first three months of the fiscal year, segment sales came to ¥1,341 million (down 56.3% year on year from the first nine months of the preceding year), and we generated a segment operating loss of ¥6 million (operating loss of ¥273 million in the first nine months of the preceding year).

(Enzymes and pharmaceuticals)

Sales in the enzymes and pharmaceuticals segment were ¥2,736 million (up 1.8% year on year), due to solid results from the contract manufacturing business in Japan. However, operating income came to ¥359 million (down 5.9% year on year), due to higher fixed costs.

(Real estate)

In the real estate segment, sales amounted to ¥946 million (up 231.0% year on year), and operating income was ¥490 million (up 244.0% year on year). November 2022 marked the opening of The Royal Park Canvas Ginza Corridor, a new hotel on our former head office site in Ginza that is operated by Royal Park Hotels and Resorts Company, Limited, a Mitsubishi Estate Group company. The Company also recorded the sale of real estate for sale in the second quarter.

(2) Financial conditions analysis

As of September 30, 2023, total assets amounted to ¥54,308 million, down ¥1,203 million from December 31, 2022. The decline was due mainly to a decline in trade notes and accounts receivable, and property, plant and equipment, while investment securities increased.

Liabilities amounted to ¥33,288 million, down ¥2,618 million. Provision for bonuses increased, but accrued liquor tax and other accounts payable decreased.

Net assets up ¥1,415 million, to ¥21,019 million, mainly because of a increase in retained earnings.

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

We have revised our full-year forecasts from the figures announced on July 28, 2023. For details, please refer to today's release, entitled "Notice of Revisions to Earnings and Dividend Forecasts (Japanese only)".

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

(Millions of yen)

	Fiscal year 2022 (As of Dec. 31, 2022)	Nine months ended September 30, 2023 (As of Sep. 30, 2023)
ASSETS		
Current assets		
Cash and deposits	899	921
Notes and accounts receivable–trade	16,955	15,430
Merchandise and finished goods	6,329	7,229
Work in process	230	249
Raw materials and supplies	2,026	1,348
Other	615	379
Allowance for doubtful accounts	(18)	(17)
Total current assets	27,038	25,542
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	30,122	29,513
Accumulated depreciation	(19,737)	(19,671)
Buildings and structures, net	10,385	9,841
Machinery, equipment and vehicles	36,348	35,187
Accumulated depreciation	(30,975)	(30,277)
Machinery, equipment and vehicles, net	5,372	4,909
Land	9,628	9,438
Construction in progress	8	134
Other	1,777	1,786
Accumulated depreciation	(1,549)	(1,535)
Other, net	228	251
Total property, plant and equipment	25,623	24,575
Intangible assets		
Goodwill	5	3
Other	549	539
Total intangible assets	554	542
Investments and other assets		
Investment securities	1,545	2,961
Deferred tax assets	403	351
Other	351	340
Allowance for doubtful accounts	(5)	(5)
Total investments and other assets	2,294	3,647
Total noncurrent assets	28,473	28,766
Total assets	55,511	54,308

(Millions of yen)

	Fiscal year 2022 (As of Dec. 31, 2022)	Nine months ended September 30, 2023 (As of Sep. 30, 2023)
LIABILITIES		
Current liabilities		
Notes and accounts payable–trade	5,035	4,548
Electronically recorded obligations	1,791	1,887
Short-term loans payable	6,950	6,230
Accounts payable–other	4,608	3,720
Accrued liquor tax	8,448	7,040
Income taxes payable	153	506
Provision for bonuses	62	575
Provision for directors’ bonuses	2	17
Provision for shareholder benefit program	23	—
Notes payable–facilities	43	79
Electronically recorded obligations–facilities	34	188
Other	1,322	1,496
Total current liabilities	28,476	26,293
Noncurrent liabilities		
Long-term loans payable	2,400	1,800
Long-term deposits received	3,134	3,177
Deferred tax liabilities	128	255
Provision for directors’ stock benefits	111	124
Net defined benefit liabilities	1,497	1,463
Asset retirement obligation	53	51
Other	104	122
Total noncurrent liabilities	7,430	6,994
Total liabilities	35,906	33,288
NET ASSETS		
Shareholders’ equity		
Capital stock	6,946	6,946
Capital surplus	5,602	5,609
Retained earnings	6,873	8,638
Treasury stock	(1,927)	(1,927)
Total shareholders’ equity	17,494	19,266
Total accumulated other comprehensive income		
Valuation difference on available-for-sale securities	454	883
Deferred gains on hedges	(97)	115
Remeasurements of defined benefit plans	(84)	(80)
Total accumulated other comprehensive income	272	918
Non-controlling interests	1,837	834
Total net assets	19,604	21,019
Total liabilities and net assets	55,511	54,308

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income
Quarterly consolidated statement of income
Nine months of the fiscal years

(Millions of yen)

	Nine months ended September 30, 2022 (Jan. 1, 2022–Sep. 30, 2022)	Nine months ended September 30, 2023 (Jan. 1, 2023–Sep. 30, 2023)
Net Sales	57,992	62,108
Cost of sales	51,324	51,966
Gross profit	6,667	10,142
Selling, general and administrative expenses	7,536	7,611
Operating income (loss)	(869)	2,530
Nonoperating income		
Interest income	0	0
Dividend income	25	27
Share of profit of entities accounted for using equity method	—	35
Rent income	50	46
Foreign exchange gains	45	41
Miscellaneous income	35	34
Total nonoperating income	156	185
Nonoperating expenses		
Interest expenses	53	69
Shutdown expenses	19	18
Miscellaneous losses	14	12
Total nonoperating expenses	87	100
Ordinary income (loss)	(799)	2,614
Extraordinary income		
Gain on sales of investment securities	—	14
Other	—	0
Total extraordinary income	—	14
Extraordinary loss		
Loss on retirement of noncurrent assets	22	7
Impairment loss	—	9
Loss on recalling of products	86	—
Loss on sales of shares of subsidiaries and associates	—	46
Loss on revaluation of investment securities	—	10
Other	0	1
Total extraordinary loss	109	75
Income (loss) before income taxes and minority interests	(909)	2,554
Income taxes	591	504
Profit (loss)	(1,500)	2,049
Loss attributable to non-controlling interests	(149)	(8)
Profit (loss) attributable to owners of the parent	(1,351)	2,058

Quarterly consolidated statement of comprehensive income
 Nine months of the fiscal years

(Millions of yen)

	Nine months ended September 30, 2022 (Jan. 1, 2022–Sep. 30, 2022)	Nine months ended September 30, 2023 (Jan. 1, 2023–Sep. 30, 2023)
Profit (loss)	(1,500)	2,049
Other comprehensive income		
Valuation difference on available-for-sale securities	42	430
Deferred gains or losses on hedges	164	217
Remeasurements of defined benefit plans	(5)	3
Total other comprehensive income	201	651
Comprehensive income	(1,298)	2,701
Comprehensive income attributable to		
Comprehensive income (loss) attributable to owners of the parent	(1,151)	2,705
Comprehensive income (loss) attributable to non-controlling interests	(147)	(3)

(3) Notes to the quarterly consolidated financial statements

(Notes related to the going concern assumption)

Not applicable

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

Not applicable

(Changes in accounting methods)

Not applicable

(Segment information, etc.)

Segment information

I. Nine months ended September 30, 2022 (January 1 to September 30, 2022)

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

(Millions of yen)

	Reportable segment					Others (Note) 1	Reconciliations (Note) 2	Amount stated in the quarterly consolidated statement of income (Note) 3
	Alcoholic beverages	Starch for food processing	Enzymes and pharmaceuticals	Real estate	Total			
Sales								
Sales to external customers	51,890	3,070	2,688	286	57,934	57	—	57,992
Inter-segment sales or transfers	2	—	—	—	2	—	(2)	—
Total	51,892	3,070	2,688	286	57,936	57	(2)	57,992
Segment profit (loss)	(1,140)	(273)	381	151	(880)	11	—	(869)

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

2. Reconciliations are to eliminate intersegment transactions.

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

II. Nine months ended September 30, 2023 (January 1 to September 30, 2023)

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

(Millions of yen)

	Reportable segment					Others (Note) 1	Reconciliations (Note) 2	Amount stated in the quarterly consolidated statement of income (Note) 3
	Alcoholic beverages	Starch for food processing (Note) 4	Enzymes and pharmaceuticals	Real estate	Total			
Sales								
Sales to external customers	57,021	1,341	2,736	946	62,045	62	—	62,108
Inter-segment sales or transfers	14	—	—	—	14	—	(14)	—
Total	57,035	1,341	2,736	946	62,059	62	(14)	62,108
Segment profit (loss)	1,679	(6)	359	490	2,523	7	—	2,530

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

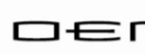
2. Reconciliations are to eliminate intersegment transactions.

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

4. On May 15, 2023, the Company sold some of its shares in SUNNY MAIZE CO., LTD., which handled the starch for food processing segment. As a result, SUNNY MAIZE was excluded from the scope of consolidation and became an equity method affiliate. For this reason, sales and the segment loss for this segment are for the first quarter.

First Three Quarters of the Fiscal Year Ending December 31, 2023 Financial Summary

1. Consolidated Statements of Income
2. Consolidated Statements of Income (Third quarter)
3. Sales Results by Segment
4. Profit Breakdown
5. Consolidated Balance Sheets
6. Consolidated Performance Forecast for FY2023
7. Sales Forecast for FY2023

 DENON Holdings, Inc.

November 7, 2023

1. Consolidated Statements of Income

(Millions of yen)

	First three quarters of fiscal year 2022 (Jan. 1, 2022–Sep. 30, 2022)	First three quarters of fiscal year 2023 (Jan. 1, 2023–Sep. 30, 2023)	Change	Percentage change (%)
Alcoholic beverages	51,890	57,021	5,131	109.9
Starch for food processing	3,070	1,341	(1,729)	43.7
Enzymes and pharmaceuticals	2,688	2,736	48	101.8
Real estate and others	343	1,009	665	293.7
Net sales	57,992	62,108	4,116	107.1
Cost of sales	51,324	51,966	641	101.3
Gross profit	6,667	10,142	3,474	152.1
Selling, general and administrative expenses	7,536	7,611	74	101.0
Alcoholic beverages	(1,140)	1,679	2,819	—
Starch for food processing	(273)	(6)	267	—
Enzymes and pharmaceuticals	381	359	(22)	94.1
Real estate and Others	162	497	335	306.4
Operating income (loss)	(869)	2,530	3,399	—
Nonoperating income	156	185	28	118.4
Nonoperating expenses	87	100	13	115.6
Ordinary income (loss)	(799)	2,614	3,414	—
Extraordinary income	—	14	14	—
Extraordinary loss	109	75	(34)	68.7
Income (loss) before income taxes	(909)	2,554	3,463	—
Income, residential and enterprise taxes	591	504	(86)	85.3
Profit (loss)	(1,500)	2,049	3,550	—
Profit (loss) attributable to non-controlling interests	(149)	(8)	140	—
Profit (loss) attributable to owners of the parent	(1,351)	2,058	3,409	—
Profit (loss) per share (Yen)	(22.73)	35.37	58.10	—

Note: During the six months ended June 30, 2023, the Company sold some of its shares in SUNNY MAIZE CO., LTD., a consolidated subsidiary that handled the starch for food processing segment. As a result, SUNNY MAIZE became an equity-method subsidiary from the start of the second quarter (April 1, 2023). Accordingly, indicated sales and operating income for the starch for food processing segment remain at the levels for the first three months of the fiscal year.

(Figures for the starch for food processing segment in the previous fiscal year are for January to September 2022. In the current fiscal year, figures are for January through March 2023.)

2. Consolidated Statements of Income (Third quarter)

(Millions of yen)

	Third quarter of fiscal year 2022 <small>(Jul. 1, 2022–Sep. 30, 2022)</small>	Third quarter of fiscal year 2023 <small>(Jul. 1, 2023–Sep. 30, 2023)</small>	Change	Percentage change (%)
Alcoholic beverages	17,660	18,220	560	103.2
Starch for food processing	1,017	—	(1,017)	—
Enzymes and pharmaceuticals	830	924	94	111.3
Real estate and Others	115	304	188	263.2
Net sales	19,623	19,450	(173)	99.1
Cost of sales	17,878	16,414	(1,464)	91.8
Gross profit	1,745	3,036	1,290	173.9
Selling, general and administrative expenses	2,467	2,535	67	102.7
Alcoholic beverages	(693)	359	1,053	—
Starch for food processing	(124)	—	124	—
Enzymes and pharmaceuticals	43	(1)	(44)	—
Real estate and Others	52	142	89	269.6
Operating income (loss)	(722)	500	1,222	—
Nonoperating income	28	45	16	159.8
Nonoperating expenses	29	32	3	112.8
Ordinary income	(722)	513	1,236	—
Extraordinary income	—	—	—	—
Extraordinary loss	4	23	19	577.3
Income (loss) before income taxes	(726)	489	1,216	—
Income, residential and enterprise taxes	(47)	154	202	—
Profit (loss)	(679)	334	1,013	—
Profit (loss) attributable to non-controlling interests	(72)	(5)	66	—
Profit (loss) attributable to owners of the parent	(606)	340	947	—
Profit (loss) per share (Yen)	(10.21)	5.85	16.06	—

3. Sales Results by Segment

(Millions of yen)

	First three quarters of fiscal year 2022 (Jan. 1, 2022–Sep. 30, 2022)	First three quarters of fiscal year 2023 (Jan. 1, 2023–Sep. 30, 2023)	Change	Percentage change (%)
<i>Shochu</i>	26,089	25,555	(533)	98.0
(<i>Kou</i> -type <i>shochu</i>)	9,406	9,343	(63)	99.3
(<i>Otsu</i> -type <i>shochu</i>)	16,682	16,211	(470)	97.2
<i>Chu-hi</i> (RTD)	10,191	12,522	2,331	122.9
<i>Sake</i>	2,350	2,493	142	106.1
<i>Sake</i> compound	1,287	1,324	37	102.9
Brewing and industrial alcohol for sale	7,733	10,745	3,012	139.0
<i>Mirin</i> (rice cooking wine)	443	298	(144)	67.5
Wine and spirits	3,368	3,659	291	108.7
Others	427	421	(5)	98.7
Total of alcoholic beverages	51,890	57,021	5,131	109.9
Starch for food processing	3,070	1,341	(1,729)	43.7
Enzymes and pharmaceuticals	2,688	2,736	48	101.8
Real estate	286	946	660	331.0
Others	57	62	4	108.7
Total	57,992	62,108	4,116	107.1

4. Profit Breakdown

(Millions of yen)

	Increase (Decrease)	Remarks
Alcoholic beverages	2,819	Increase in gross profit due to revised selling prices and higher sales: 5,730 Higher ingredient costs, due to increased materials costs: (2,500) Increase in repair expenses and other production-related costs: (270) Higher SG&A expenses, including personnel expenses: (230) Impact of changes in the product mix: 89
Starch for food processing	267	First three quarters of fiscal year 2022: (273)
Enzymes and pharmaceuticals	(22)	Decrease due to increase in production-related costs
Real estate and others	335	Increase in rent income of hotel in Ginza and proceed from sale of real estate for sale
Operating income	3,399	
Nonoperating income	28	Increase in share of profit of entities accounted for using equity method
Nonoperating expenses	(13)	Higher interest expenses
Ordinary income	3,414	
Extraordinary income	14	Increase in gain on sales of investment securities
Extraordinary loss	34	Decrease in loss on recalling of products
Income before income taxes	3,463	
Income, residential and enterprise taxes	86	
Profit	3,550	
Profit attributable to non-controlling interests	(140)	
Profit attributable to owners of the parent	3,409	

5. Consolidated Balance Sheets

(Millions of yen)

	Fiscal year 2022 (As of Dec. 31, 2022)	First three quarters of fiscal year 2023 (As of Sep. 30, 2023)	Change	Percentage change (%)	Remarks
(Assets)					
Cash and deposits	899	921	21	102.4	
Notes and accounts receivable	16,955	15,430	(1,524)	91.0	Lower sales due to seasonal factors
Inventories	8,586	8,827	241	102.8	
Other current assets	615	379	(235)	61.7	Decrease in consumption taxes receivable and other accounts receivable
Allowance for doubtful accounts	(18)	(17)	1	—	
Total current assets	27,038	25,542	(1,496)	94.5	
Buildings	8,753	8,322	(430)	95.1	
Land	9,628	9,438	(190)	98.0	
Other tangible fixed assets	7,241	6,814	(427)	94.1	
Total tangible fixed assets	25,623	24,575	(1,048)	95.9	
Intangible fixed assets	554	542	(12)	97.8	
Investment securities	1,545	2,961	1,415	191.6	Increase due to change a consolidated subsidiary into an affiliated company accounted for using equity method
Long-term prepaid expenses	115	106	(9)	91.9	
Deferred tax assets	403	351	(51)	87.1	
Other investments and other assets	235	234	(0)	99.6	
Allowance for doubtful accounts	(5)	(5)	—	—	
Total investments and other assets	2,294	3,647	1,353	159.0	
Total fixed assets	28,473	28,766	292	101.0	
Total assets	55,511	54,308	(1,203)	97.8	

(Millions of yen)

	Fiscal year 2022 (As of Dec. 31, 2022)	First three quarters of fiscal year 2023 (As of Sep. 30, 2023)	Change	Percentage change (%)	Remarks
(Liabilities)					
Notes and accounts payable	6,827	6,436	(390)	94.3	
Short-term debt	6,950	6,230	(720)	89.6	
Other payables	4,608	3,720	(887)	80.7	
Accrued liquor tax	8,448	7,040	(1,407)	83.3	Lower sales due to seasonal factors
Other current liabilities	1,643	2,865	1,222	174.4	Increases in income taxes payable and accrued consumption taxes
Total current liabilities	28,476	26,293	(2,182)	92.3	
Long-term debt	2,400	1,800	(600)	75.0	
Other long-term liabilities	5,030	5,194	164	103.3	
Total long-term liabilities	7,430	6,994	(435)	94.1	
Total liabilities	35,906	33,288	(2,618)	92.7	
(Net assets)					
Common stock	6,946	6,946	—	100.0	
Capital surplus	5,602	5,609	6	100.1	
Retained earnings	6,873	8,638	1,765	125.7	
Treasury stock	(1,927)	(1,927)	(0)	—	
Total shareholders' equity	17,494	19,266	1,771	110.1	
Valuation difference of other securities	454	883	429	194.6	
Deferred hedging gains (losses)	(97)	115	212	—	
Cumulative adjustments related to retirement benefits	(84)	(80)	3	—	
Cumulative other comprehensive income	272	918	646	337.2	
Non-controlling interests	1,837	834	(1,002)	45.4	
Total net assets	19,604	21,019	1,415	107.2	
Total liabilities and net assets	55,511	54,308	(1,203)	97.8	
Equity ratio (%)	32.0	37.2	5.2		

6. Consolidated Performance Forecast for FY2023

(Millions of yen)

	Fiscal year 2022 (Jan. 1, 2022–Dec. 31, 2022)	Fiscal year 2023 (Jan. 1, 2023–Dec. 31, 2023)	Change	Percentage change (%)
Alcoholic beverages	72,904	79,329	6,424	108.8
Starch for food processing	4,279	1,341	(2,938)	31.3
Enzymes and pharmaceuticals	3,395	3,513	118	103.5
Real estate and others	541	1,315	774	243.0
Net sales	81,120	85,500	4,379	105.4
Cost of sales	71,449	71,912	462	100.6
Gross profit	9,670	13,587	3,916	140.5
Selling, general and administrative expenses	10,378	10,837	459	104.4
Alcoholic beverages	(961)	1,799	2,760	—
Starch for food processing	(344)	(6)	338	—
Enzymes and pharmaceuticals	370	370	(0)	99.8
Real estate and others	227	587	359	257.6
Operating income (loss)	(707)	2,750	3,457	—
Nonoperating income (expenses)	61	50	(11)	81.3
Ordinary income (loss)	(645)	2,800	3,445	—
Extraordinary income (loss)	(131)	(90)	41	—
Income (loss) before income taxes	(777)	2,709	3,486	—
Income, residential and enterprise taxes	664	508	(155)	76.6
Profit (loss)	(1,441)	2,200	3,642	—
Profit (loss) attributable to non-controlling interests	(184)	0	185	—
Profit (loss) attributable to owners of the parent	(1,257)	2,200	3,457	—

7. Sales Forecast for FY2023

(Millions of yen)

	Fiscal year 2022 (Jan. 1, 2022–Dec. 31, 2022)	Fiscal year 2023 (Jan. 1, 2023–Dec. 31, 2023)	Change	Percentage change (%)
<i>Shochu</i>	36,100	35,961	(139)	99.6
(<i>Kou</i> -type <i>shochu</i>)	12,886	13,084	197	101.5
(<i>Otsu</i> -type <i>shochu</i>)	23,213	22,876	(337)	98.5
<i>Chu-hi</i> (RTD)	14,169	16,870	2,700	119.1
<i>Sake</i>	3,545	3,774	228	106.5
<i>Sake</i> compound	1,862	1,986	124	106.7
Brewing and industrial alcohol for sale	11,265	14,431	3,166	128.1
<i>Mirin</i> (rice cooking wine)	621	436	(185)	70.2
Wine and spirits	4,748	5,201	453	109.5
Others	589	666	76	113.0
Total of alcoholic beverages	72,904	79,329	6,424	108.8
Starch for food processing	4,279	1,341	(2,938)	31.3
Enzymes and pharmaceuticals	3,395	3,513	118	103.5
Real estate	460	1,230	770	267.4
Others	81	85	3	104.6
Total	81,120	85,500	4,379	105.4