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Consolidated Financial Results for the Fiscal Year Ended October 31, 2023 [Japanese GAAP]



December 13, 2023

Company name: SHOEI FOODS CORPORATION
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 8079
 URL: <https://www.shoeifoods.co.jp/english>
 Representative: Ichiro Honda, President and Representative Director
 Contact: Kazunori Kano, Director and General Manager, Corporate Planning Div.
 Phone: +81-3-3253-1529
 Scheduled date of annual general meeting of shareholders: January 30, 2024
 Scheduled date of commencing dividend payments: January 31, 2024
 Scheduled date of filing annual securities report: January 30, 2024
 Availability of supplementary explanatory materials on financial results: Available in Japanese
 Schedule of financial results briefing session: Not scheduled

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

1. Consolidated Financial Results for the Fiscal Year Ended October 31, 2023 (November 1, 2022 - October 31, 2023)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended October 31, 2023	109,594	6.2	4,034	7.6	4,137	1.0	2,809	0.7
October 31, 2022	103,188	—	3,749	(10.3)	4,095	(4.3)	2,788	(0.0)

(Note) Comprehensive income: Fiscal Year Ended October 31, 2023: 3,669 million yen [(34.4)%]
 Fiscal Year Ended October 31, 2022: 5,600 million yen [40.2%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
October 31, 2023	166.81	—	5.6	4.8	3.6
October 31, 2022	165.63	—	6.0	5.0	3.6

(Reference) Share of profit of entities accounted for using equity method:

Fiscal Year Ended October 31, 2023: ¥21 million

Fiscal Year Ended October 31, 2022: ¥26 million

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ) Statement No. 29; March 31, 2020) and relevant standards since the beginning of the fiscal year ended October 31, 2022. Figures for the fiscal year ended October 31, 2022 are amounts after the application of these accounting standards. Therefore, change in net sales from the corresponding period of the previous fiscal year is not stated.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of October 31, 2023	87,452	52,035	58.4	3,034.45
As of October 31, 2022	82,851	49,158	58.2	2,867.08

(Reference) Equity: As of October 31, 2023: 51,107 million yen

As of October 31, 2022: 48,272 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended October 31, 2023	6,327	(1,998)	681	12,948
October 31, 2022	834	(1,822)	(1,761)	7,867

2. Dividends

	Annual dividends					Total dividends	Dividend payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
October 31, 2022	—	24.00	—	24.00	48.00	808	28.9	1.7
October 31, 2023	—	24.00	—	24.00	48.00	808	28.7	1.6
Fiscal year ending October 31, 2024 (Forecast)	—	25.00	—	25.00	50.00		29.0	

(Note) Breakdown of the year-end dividend for the fiscal year ending October 31, 2024 (forecast):

Ordinary dividend: 48.00 yen

Commemorative dividend: 2.00 yen

3. Consolidated Financial Results Forecasts for the Fiscal Year Ending October 31, 2024 (November 1, 2023 - October 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	57,000	2.2	2,300	9.6	2,350	12.8	1,600	18.6	95.01
Full year	110,000	0.3	4,200	4.0	4,250	2.7	2,900	3.2	172.20

*** Notes:**

- (1) Changes in significant subsidiaries during the period under review: None
(Changes in specified subsidiaries resulting in changes in scope of consolidation):
Newly included: – (), Excluded: – ()
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
1) Changes in accounting policies due to the revision of accounting standards: None
2) Changes in accounting policies other than 1) above: None
3) Changes in accounting estimates: None
4) Retrospective restatement: None
- (3) Total number of issued shares (common shares)
1) Total number of issued shares at the end of the period (including treasury shares):
October 31, 2023: 17,100,000 shares
October 31, 2022: 17,100,000 shares
2) Total number of treasury shares at the end of the period:
October 31, 2023: 257,536 shares
October 31, 2022: 263,300 shares
3) Average number of shares during the period:
Fiscal year ended October 31, 2023: 16,840,264 shares
Fiscal year ended October 31, 2022: 16,834,726 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended October 31, 2023 (November 1, 2022 - October 31, 2023)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

Year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
October 31, 2023	88,063	7.5	2,386	29.7	2,824	29.7	1,837	17.9
October 31, 2022	81,890	—	1,839	(25.4)	2,177	(13.8)	1,557	9.8

Year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
October 31, 2023	109.11	—
October 31, 2022	92.50	—

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ) Statement No. 29; March 31, 2020) and relevant standards since the beginning of the fiscal year ended October 31, 2022. Figures for the fiscal year ended October 31, 2022 are amounts after the application of these accounting standards. Therefore, change in net sales from the corresponding period of the previous fiscal year is not stated.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of October 31, 2023	60,723	29,342	48.3	1,742.18
As of October 31, 2022	57,957	28,042	48.3	1,665.54

(Reference) Equity: As of October 31, 2023: ¥29,342 million
As of October 31, 2022: ¥28,042 million

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

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

Financial results forecasts and other forward-looking statements contained herein are based on information currently available to the Company and certain assumptions deemed reasonable. Actual results may differ significantly due to various factors. For the assumptions underlying the forecasts herein and cautionary notes regarding the use of these financial results forecasts, please see “(1) Overview of Operating Results for the Fiscal Year under Review” under “1. Overview of Operating Results, etc.” on page 2 of the Attachments.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

(Million yen)

	Fiscal year ended		Change
	October 31, 2022	October 31, 2023	
Net sales	103,188	109,594	6.2%
Operating profit	3,749	4,034	7.6%
Ordinary profit	4,095	4,137	1.0%
Profit attributable to owners of parent	2,788	2,809	0.7%

During the fiscal year under review, the Japanese economy saw slower consumer spending and capital investment despite robust corporate performance, and the economic trend remained uncertain. While business performances in the food industry have been on a recovery trend thanks to the penetration of price hikes reflecting the rising costs of raw materials, the industry is being required to respond to more budget-minded spending patterns of consumers as food prices rise. Under these circumstances, the ShoEi Foods group worked toward achieving appropriate prices by continuing to diversify suppliers and proposing value-added products utilizing the group's production facilities, and also pushed forward with operational reforms through digital transformation and other efforts.

As a result of these efforts, consolidated net sales for the fiscal year under review increased by 6.2% year on year to 109,594 million yen, thanks to an increase in sales of dairy products, oils and fats, confectionery raw materials, and confectionery and retail products in Japan due partly to the price hikes reflecting the rising costs of raw materials and energy, among others.

On the profit front, operating profit increased by 7.6% year on year to 4,034 million yen, ordinary profit increased by 1.0% to 4,137 million yen, and profit attributable to owners of parent increased by 0.7% to 2,809 million yen. This was owing to increased profits in the Japan segment mainly due to the penetration of the price hikes and improved utilization rates of production facilities, as well as strong business in Hong Kong in the China segment, despite a significant year-on-year decrease in profits in the United States segment after a substantial expansion of profits in the walnut business in the United States in the previous fiscal year.

Business results by product category for the fiscal year under review are as follows.

(Million yen)

	Fiscal year ended		Fiscal year ended		Year on year change	
	October 31, 2022		October 31, 2023		Year on year change	
	Net sales	Composition	Net sales	Composition	Amount	%
Dairy products, oils and fats	32,186	31.2%	34,462	31.5%	2,276	7.0%
Confectionery raw materials	18,105	17.6%	20,070	18.3%	1,964	10.8%
Dried fruits and canned foods	34,913	33.8%	35,760	32.6%	847	2.4%
Confectionery and retail products	17,639	17.1%	19,002	17.3%	1,362	7.7%
Other	343	0.3%	298	0.3%	(44)	(13.0)%
Total	103,188	100.0%	109,594	100.0%	6,406	6.2%

Business results by region for the fiscal year under review are as follows.

1) Japan

In Japan, net sales increased by 6.6% year on year to 99,770 million yen mainly due to the increased sales of various products such as imported dairy products, baked confectionery, nuts, raisins, and raw materials for food service industries partly owing to price hikes reflecting the weaker yen and rising costs.

Segment profit increased by 16% year on year to 3,689 million yen due to such factors as improved profit margins resulting from the stabilization of energy prices and imported raw material prices and higher utilization rates of production facilities, despite the cost up factors such as increases in logistics costs.

2) United States

In the United States, the Group's main walnut business saw a rise in the sales volume, but unit selling prices fell due to lower market prices. As a result, net sales decreased by 17.3% year on year to 7,950 million yen.

Segment profit decreased by 49% year on year to 563 million yen. This is attributable to the fact that in the current fiscal year the Group failed to ensure the same level of profit margin as in the previous fiscal year when the Group was able to lower the purchase price from the growers and expand the profit margin by reflecting the significant price fall of walnut prices after the conclusion of the sales contracts.

3) China

In China, sales increased in China and Hong Kong after the pandemic calmed down, and as a result, net sales increased by 14.7% year on year to 8,917 million yen.

Segment profit amounted to 92 million yen, a significant improvement from the segment loss in the previous fiscal year (a loss of 182 million yen in the same period of the previous fiscal year), due to the improved profitability of the exports of Chinese-grown seeds and strong sales in Hong Kong.

(2) Overview of Financial Position for the Fiscal Year under Review

(Assets, liabilities, and net assets)

Total assets as of October 31, 2023 amounted to 87,452 million yen, an increase of 4,600 million yen compared with the end of the previous fiscal year. This was due mainly to increases of 5,081 million yen in cash and deposits, 838 million yen in notes and accounts receivable - trade, and 263 million yen in advance payments to suppliers, despite decreases of 1,079 million yen in merchandise and finished goods and 199 million yen in work in process, resulting in current assets of 56,254 million yen (64.3% of total assets), an increase of 4,655 million yen from the end of the previous fiscal year. Non-current assets fell by 54 million yen compared with the end of the previous fiscal year to 31,198 million yen (35.7% of total assets) due to a decrease of 782 million yen in property, plant and equipment, despite an increase of 714 million yen in investments and other assets.

Total liabilities as of October 31, 2023 amounted to 35,416 million yen (40.5% of total assets), an increase of 1,723 million yen compared with the end of the previous fiscal year. This was due mainly to increases of 872 million yen in short-term borrowings and 381 million yen in income taxes payable, despite decreases of 673 million yen in notes and accounts payable - trade and 880 million yen in current portion of long-term borrowings, resulting in current liabilities of 27,191 million yen (31.1% of total assets), an increase of 100 million yen from the end of the previous fiscal year. Non-current liabilities increased by 1,622 million yen compared with the end of the previous fiscal year to 8,225 million yen (9.4% of total assets) due to increases of 1,618 million yen in long-term borrowings and 183 million yen in deferred tax liabilities, despite a decrease of 211 million yen in retirement benefit liability.

Total net assets as of October 31, 2023 amounted to 52,035 million yen (59.5% of total assets), an increase of 2,877 million yen compared with the end of the previous fiscal year. This was due mainly to increases of 2,000 million yen in retained earnings, 506 million yen in valuation difference on available-for-

sale securities, 329 million yen in foreign currency translation adjustment, and 186 million yen in remeasurements of defined benefit plans, despite a decrease of 212 million yen in deferred gains or losses on hedges.

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents (hereinafter referred to as “cash”) at the end of the fiscal year under review amounted to 12,948 million yen, an increase of 5,081 million yen from the end of the previous fiscal year.

The status of cash flows and contributing factors for the fiscal year under review are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 6,327 million yen (an increase of 5,493 million yen year on year). This was mainly attributable to profit before income taxes of 4,116 million yen, depreciation of 2,905 million yen, an increase in trade receivables of 791 million yen, a decrease in inventories of 1,349 million yen, a decrease in trade payables of 701 million yen, interest and dividends received of 213 million yen, interest paid of 125 million yen, and income taxes paid of 944 million yen.

The main factors behind the year-on-year increase in net cash were an increase in foreign exchange losses of 161 million yen, a decrease in inventories of 5,576 million yen, an increase in interest and dividends received of 105 million yen, and a decrease in income taxes paid of 554 million yen, despite a net cash outflow due to an increase in trade receivables of 508 million yen and a decrease in trade payables of 423 million yen.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 1,998 million yen (an increase of 176 million yen year on year). This was mainly attributable to purchase of property, plant and equipment.

The main factor behind the year-on-year increase in net cash used was a decrease of 118 million yen in proceeds from sale of property, plant and equipment.

(Cash flows from financing activities)

Net cash provided by financing activities amounted to 681 million yen (net cash used of 1,761 million yen in the previous fiscal year). This was mainly attributable to net increase in short-term borrowings of 805 million yen, proceeds from long-term borrowings of 4,100 million yen, repayments of long-term borrowings of 3,361 million yen, and dividends paid of 808 million yen.

The main factors behind the year-on-year increase in net cash provided were a net increase in short-term borrowings of 1,552 million yen and an increase in proceeds from long-term borrowings of 4,100 million yen, despite an increase in repayments of long-term borrowings of 3,210 million yen.

(Reference) Cash flow indicators

	Fiscal year ended October 31, 2019	Fiscal year ended October 31, 2020	Fiscal year ended October 31, 2021	Fiscal year ended October 31, 2022	Fiscal year ended October 31, 2023
Equity ratio (%)	51.7	52.7	55.4	58.2	58.4
Equity ratio based on market value (%)	71.3	83.1	84.1	83.4	82.2
Cash flow to interest-bearing debt ratio (years)	2.6	3.2	2.8	20.5	2.9
Interest coverage ratio (times)	39.1	30.5	47.5	6.5	50.4

(Note) Equity ratio: Equity / Total assets

Equity ratio based on market value: Market capitalization / Total assets

Cash flow to interest-bearing debt ratio: Interest-bearing debt / Operating cash flow

Interest coverage ratio: Operating cash flow / Interest payments

- * All indicators are calculated based on consolidated financial figures.
- * Market capitalization is calculated by multiplying the closing stock price at the end of the fiscal year by the number of issued shares (less treasury shares) at the end of the fiscal year.
- * Operating cash flow is the cash flows from operating activities in the Consolidated Statement of Cash Flows. Interest-bearing debt refers to all liabilities on the Consolidated Balance Sheet on which interest is paid. Interest payments are based on the amount of interest paid in the Consolidated Statement of Cash Flows.

(4) Future Outlook

Inflation is taking root globally in such forms as the rise of energy costs due to the world's geopolitical situations, in addition to the rise of raw material prices due to unfavorable weather conditions and continued depreciation of the yen. Given the trend of monetary policies, such as interest rate changes to curb inflation, it remains difficult to lay out the future outlook of foreign exchange markets. For these reasons, the economic environment surrounding the Group is expected to remain uncertain.

Under these circumstances, the Group will strive to further improve the added value of our products, taking the opportunity of the 120-year anniversary product exhibition scheduled in April. While addressing climate change and fluctuations in foreign exchange markets, we will strive for stable procurement of safe and reliable foods. We will also strive to better understand customer needs and strengthen our proposal capabilities.

For the fiscal year ending October 31, 2024, we expect consolidated net sales to be 110 billion yen, up 0.3% year on year. As for profits, we forecast an operating profit of 4,200 million yen (up 4.0% year on year), ordinary profit of 4,250 million yen (up 2.7% year on year) and profit attributable to owners of parent of 2,900 million yen (up 3.2% year on year).

2. Basic Policy on Selection of Accounting Standards

The Group prepares its consolidated financial statements in accordance with Japanese GAAP in order to ensure comparability of the consolidated financial statements from period to period and with other companies.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheet

(Thousand yen)

	As of October 31, 2022	As of October 31, 2023
Assets		
Current assets		
Cash and deposits	7,867,293	12,948,689
Notes and accounts receivable - trade	20,285,365	21,124,074
Merchandise and finished goods	17,619,921	16,540,262
Work in process	1,017,000	817,472
Raw materials and supplies	2,743,091	2,746,495
Advance payments to suppliers	584,685	848,654
Other	1,485,059	1,232,081
Allowance for doubtful accounts	(3,626)	(3,454)
Total current assets	51,598,792	56,254,275
Non-current assets		
Property, plant and equipment		
Buildings and structures	26,747,812	26,971,041
Accumulated depreciation	(13,075,577)	(13,993,384)
Buildings and structures, net	13,672,234	12,977,657
Machinery, equipment and vehicles	28,409,357	28,860,537
Accumulated depreciation	(21,812,278)	(22,372,966)
Machinery, equipment and vehicles, net	6,597,078	6,487,570
Tools, furniture and fixtures	1,579,025	1,668,900
Accumulated depreciation	(1,245,001)	(1,331,964)
Tools, furniture and fixtures, net	334,023	336,936
Land	3,535,308	3,596,571
Leased assets	166,167	205,508
Accumulated depreciation	(105,239)	(130,719)
Leased assets, net	60,927	74,789
Construction in progress	350,932	299,805
Other	439,751	454,236
Accumulated depreciation	(88,642)	(108,100)
Other, net	351,109	346,136
Total property, plant and equipment	24,901,613	24,119,465
Intangible assets		
Software	127,268	127,465
Other	151,971	164,213
Total intangible assets	279,239	291,678
Investments and other assets		
Investment securities	3,569,486	4,249,809
Insurance premium	25,249	29,080
Deferred tax assets	232,256	197,556
Long-term advance account	1,945,050	2,001,528
Other	390,976	400,843
Allowance for doubtful accounts	(90,794)	(91,760)
Total investments and other assets	6,072,223	6,787,057
Total non-current assets	31,253,077	31,198,202
Total assets	82,851,870	87,452,478

(Thousand yen)

	As of October 31, 2022	As of October 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,579,403	9,905,506
Short-term borrowings	8,803,952	9,676,926
Current portion of long-term borrowings	3,251,476	2,371,476
Accounts payable - other	2,098,822	2,170,117
Income taxes payable	388,111	769,593
Provision for bonuses	918,285	1,015,594
Provision for bonuses for directors (and other officers)	10,767	9,300
Other	1,039,897	1,272,764
Total current liabilities	27,090,716	27,191,277
Non-current liabilities		
Long-term borrowings	5,038,133	6,656,657
Deferred tax liabilities	174,558	358,057
Retirement benefit liability	924,580	712,584
Provision for retirement benefits for directors (and other officers)	79,499	96,512
Other	385,708	401,599
Total non-current liabilities	6,602,479	8,225,410
Total liabilities	33,693,195	35,416,688
Net assets		
Shareholders' equity		
Share capital	3,379,736	3,379,736
Capital surplus	3,055,283	3,059,298
Retained earnings	37,341,125	39,342,059
Treasury shares	(910,568)	(890,779)
Total shareholders' equity	42,865,576	44,890,315
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,546,959	2,053,590
Deferred gains or losses on hedges	422,721	210,103
Foreign currency translation adjustment	3,548,784	3,878,726
Remeasurements of defined benefit plans	(111,845)	74,958
Total accumulated other comprehensive income	5,406,620	6,217,379
Non-controlling interests	886,477	928,093
Total net assets	49,158,674	52,035,789
Total liabilities and net assets	82,851,870	87,452,478

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Thousand yen)

	For the fiscal year ended October 31, 2022	For the fiscal year ended October 31, 2023
Net sales	103,188,411	109,594,493
Cost of sales	86,583,698	92,041,689
Gross profit	16,604,713	17,552,803
Selling, general and administrative expenses		
Packing and transportation costs	3,379,163	3,365,015
Packing and warehousing expenses	1,129,050	1,278,056
Employees' salaries and allowances	3,391,482	3,533,898
Provision for bonuses	476,473	541,620
Provision for bonuses for directors (and other officers)	10,767	9,300
Retirement benefit expenses	209,075	213,795
Provision for retirement benefits for directors (and other officers)	17,113	17,012
Travel and transportation expenses	201,842	332,682
Rent expenses	535,516	521,325
Taxes and dues	94,564	94,060
Other	3,410,557	3,611,344
Total selling, general and administrative expenses	12,855,607	13,518,112
Operating profit	3,749,105	4,034,691
Non-operating income		
Interest income	13,188	19,849
Dividend income	78,249	85,175
Foreign exchange gains	217,391	—
Share of profit of entities accounted for using equity method	26,592	21,498
Dividends investment	—	37,022
Factory attracting bounty	—	35,091
Other	138,585	67,362
Total non-operating income	474,007	266,000
Non-operating expenses		
Interest expenses	119,799	129,118
Foreign exchange losses	—	31,129
Other	8,210	3,031
Total non-operating expenses	128,009	163,279
Ordinary profit	4,095,103	4,137,412
Extraordinary income		
Gain on sale of non-current assets	45,888	3,873
Total extraordinary income	45,888	3,873
Extraordinary losses		
Loss on retirement of non-current assets	27,937	24,497
Loss on sale of non-current assets	14,529	104
Total extraordinary losses	42,466	24,602
Profit before income taxes	4,098,525	4,116,683
Income taxes - current	1,296,231	1,266,601
Income taxes - deferred	(45,667)	59
Total income taxes	1,250,564	1,266,661
Profit	2,847,961	2,850,022
Profit attributable to non-controlling interests	59,605	40,785
Profit attributable to owners of parent	2,788,355	2,809,236

Consolidated Statement of Comprehensive Income

(Thousand yen)

	For the fiscal year ended October 31, 2022	For the fiscal year ended October 31, 2023
Profit	2,847,961	2,850,022
Other comprehensive income		
Valuation difference on available-for-sale securities	(132,238)	515,562
Deferred gains or losses on hedges	319,582	(212,617)
Foreign currency translation adjustment	2,595,128	329,942
Remeasurements of defined benefit plans, net of tax	(29,634)	186,803
Total other comprehensive income	2,752,837	819,691
Comprehensive income	5,600,799	3,669,713
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,541,704	3,619,996
Comprehensive income attributable to non-controlling interests	59,094	49,717

(3) Consolidated Statement of Changes in Equity

For the fiscal year ended October 31, 2022 (from November 1, 2021 to October 31, 2022)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,379,736	3,051,419	35,360,808	(928,559)	40,863,404
Changes during period					
Dividends of surplus			(808,039)		(808,039)
Profit attributable to owners of parent			2,788,355		2,788,355
Purchase of treasury shares				(1,426)	(1,426)
Disposal of treasury shares		3,864		19,417	23,282
Net changes in items other than shareholders' equity					—
Total changes during period	—	3,864	1,980,316	17,991	2,002,172
Balance at end of period	3,379,736	3,055,283	37,341,125	(910,568)	42,865,576

	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 translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,678,687	103,139	953,655	(82,210)	2,653,271	835,769	44,352,445
Changes during period							
Dividends of surplus							(808,039)
Profit attributable to owners of parent							2,788,355
Purchase of treasury shares							(1,426)
Disposal of treasury shares							23,282
Net changes in items other than shareholders' equity	(131,727)	319,582	2,595,128	(29,634)	2,753,348	50,708	2,804,057
Total changes during period	(131,727)	319,582	2,595,128	(29,634)	2,753,348	50,708	4,806,229
Balance at end of period	1,546,959	422,721	3,548,784	(111,845)	5,406,620	886,477	49,158,674

For the fiscal year ended October 31, 2023 (from November 1, 2022 to October 31, 2023)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,379,736	3,055,283	37,341,125	(910,568)	42,865,576
Changes during period					
Dividends of surplus			(808,301)		(808,301)
Profit attributable to owners of parent			2,809,236		2,809,236
Purchase of treasury shares				(872)	(872)
Disposal of treasury shares		4,015		20,661	24,676
Net changes in items other than shareholders' equity					—
Total changes during period	—	4,015	2,000,934	19,788	2,024,738
Balance at end of period	3,379,736	3,059,298	39,342,059	(890,779)	44,890,315

	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 translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,546,959	422,721	3,548,784	(111,845)	5,406,620	886,477	49,158,674
Changes during period							
Dividends of surplus							(808,301)
Profit attributable to owners of parent							2,809,236
Purchase of treasury shares							(872)
Disposal of treasury shares							24,676
Net changes in items other than shareholders' equity	506,631	(212,617)	329,942	186,803	810,759	41,616	852,376
Total changes during period	506,631	(212,617)	329,942	186,803	810,759	41,616	2,877,114
Balance at end of period	2,053,590	210,103	3,878,726	74,958	6,217,379	928,093	52,035,789

(4) Consolidated Statement of Cash Flows

(Thousand yen)

	For the fiscal year ended October 31, 2022	For the fiscal year ended October 31, 2023
Cash flows from operating activities		
Profit before income taxes	4,098,525	4,116,683
Depreciation	2,965,064	2,905,587
Increase (decrease) in allowance for doubtful accounts	(4,160)	608
Increase (decrease) in retirement benefit liability	30,048	57,175
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(25,816)	17,012
Interest and dividend income	(91,438)	(105,025)
Interest expenses	119,799	129,118
Loss (gain) on sale of non-current assets	(31,359)	(3,768)
Foreign exchange losses (gains)	(99,747)	61,610
Decrease (increase) in trade receivables	(282,544)	(791,316)
Decrease (increase) in inventories	(4,227,209)	1,349,372
Increase (decrease) in trade payables	(278,000)	(701,600)
Other, net	180,401	149,189
Subtotal	2,353,563	7,184,648
Interest and dividends received	107,059	213,023
Interest paid	(126,762)	(125,432)
Income taxes paid	(1,499,657)	(944,687)
Net cash provided by (used in) operating activities	834,203	6,327,551
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,913,739)	(1,942,263)
Proceeds from sale of property, plant and equipment	126,251	7,324
Purchase of investment securities	(23,036)	(24,519)
Other, net	(12,169)	(39,369)
Net cash provided by (used in) investing activities	(1,822,692)	(1,998,827)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(746,954)	805,208
Proceeds from long-term borrowings	—	4,100,000
Repayments of long-term borrowings	(151,476)	(3,361,476)
Purchase of treasury shares	(1,426)	(872)
Repayments of lease liabilities	(45,442)	(45,150)
Dividends paid	(808,039)	(808,301)
Dividends paid to non-controlling interests	(8,385)	(8,100)
Net cash provided by (used in) financing activities	(1,761,725)	681,306
Effect of exchange rate change on cash and cash equivalents	758,891	71,364
Net increase (decrease) in cash and cash equivalents	(1,991,323)	5,081,395
Cash and cash equivalents at beginning of period	9,858,617	7,867,293
Cash and cash equivalents at end of period	7,867,293	12,948,689

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Important matters that form the basis for preparing Consolidated Financial Statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 10

Names of consolidated subsidiaries:

Tsukuba Dairy Products Co., Ltd., Kyo Marron Co., Ltd., Robinia Corporation, Iwasa Corporation, ShoEi Delicy Corporation, ShoEi Foods (U.S.A.), Inc., ShoEi Foods Qingdao Co., Ltd., Yanji ShoEi Foods Co., Ltd., ShoEi International Trading Shanghai Co., Ltd., ShoEi International Trading Hong Kong Co., Ltd.

(2) Names of principal non-consolidated subsidiaries

Kondo Flour Mills Co., Ltd.

(Reason for exclusion from scope of consolidation)

The Company's three non-consolidated subsidiaries are excluded from the scope of consolidation, because they are small companies and their combined total assets, net sales, profit/loss (the amount corresponding to equity), and retained earnings (the amount corresponding to equity) do not have a material impact on the consolidated financial statements.

2. Application of equity method

Number of non-consolidated subsidiaries accounted for by the equity method: 3

Names of principal companies:

Kondo Flour Mills Co., Ltd.

3. Fiscal year of consolidated subsidiaries

The following are the consolidated subsidiaries whose closing dates differ from the consolidated closing date.

<u>Company name</u>	<u>Closing date</u>
Tsukuba Dairy Products Co., Ltd.	March 31 *1
ShoEi Foods (U.S.A.), Inc.	September 30 *2
Iwasa Corporation	August 31 *2
ShoEi Foods Qingdao Co., Ltd.	December 31 *1
Yanji ShoEi Foods Co., Ltd.	December 31 *1
ShoEi International Trading Shanghai Co., Ltd.	December 31 *1
ShoEi International Trading Hong Kong Co., Ltd.	December 31 *1

*1 Provisional financial statements as of September 30, 2023 were used, and adjustments necessary for consolidation were made for significant transactions that occurred between September 30, 2023 and the consolidated closing date.

*2 Since the difference from the consolidated closing date does not exceed three months, the financial statements of the consolidated subsidiaries for their fiscal years were used, and adjustments necessary for consolidation were made for significant transactions that occurred between their respective closing date and the consolidated closing date.

4. Accounting policies

(1) Basis and method of valuation of significant assets

a. Securities

Available-for-sale securities

Securities other than shares, etc., which do not have a market price

Fair value method

(Valuation difference are included directly in net assets, and the cost of securities sold is determined by the moving average method.)

Shares, etc., which do not have a market price

Mainly stated at cost determined by the moving average method

b. Derivatives

Fair value method

c. Inventories

Inventories held for sale in the ordinary course of business

Mainly stated at cost determined by the first-in, first-out method (balance sheet values are calculated by writing down the book value of assets which decreased in profitability)

(2) Depreciation method for significant depreciable assets

a. Property, plant and equipment (excluding leased assets)

The Company and its domestic consolidated subsidiaries use the declining balance method, while its foreign consolidated subsidiaries use the straight-line method.

(However, the Company and its domestic consolidated subsidiaries use the straight-line method for buildings (excluding building fixtures) acquired on or after April 1, 1998 and for building fixtures and structures acquired on or after April 1, 2016.)

The principal useful lives are as follows:

Buildings and structures 8 to 50 years

Machinery, equipment and vehicles 2 to 10 years

b. Intangible assets (excluding leased assets)

Software: Straight-line method based on the estimated usable period (5 years) within the Company

c. Other non-current assets

Straight-line method

d. Leased assets

Finance lease transactions that do not transfer ownership

The straight-line method is used, where the lease period is deemed as the useful life and the residual value is set at zero.

(3) Basis for significant provisions

a. Allowance for doubtful accounts

In order to prepare for probable losses on collection, allowance for doubtful accounts such as ordinary receivables is provided based on the historical write-off ratio, and that for specific receivables such as doubtful receivables is provided taking into account individual collectability.

b. Provision for bonuses

To provide for the payment of bonuses to employees, an amount accrued for the fiscal year under review among the estimated future payments is recorded.

c. Provision for bonuses for directors (and other officers)

To provide for the payment of bonuses to officers, an estimated amount of bonuses based on the estimated amount of payment is recorded.

d. Provision for retirement benefits for directors (and other officers)

Certain consolidated subsidiaries provide for the payment of retirement benefits to directors and officers based on the amount payable at the end of the fiscal year under review, in accordance with the rules for directors' and officers' retirement benefits (internal rules).

(4) Method of accounting for retirement benefits

a. Method of attributing estimated retirement benefits to periods

In calculating retirement benefit obligations, the estimated amount of retirement benefits is attributed to the period up to the end of the fiscal year under review based on the benefit calculation method.

b. Method of amortizing actuarial gains and losses

Actuarial gains and losses are amortized by the straight-line method over a fixed number of years (mainly 5 years) within the average remaining service period of employees at the time of occurrence in each consolidated fiscal year, with the amount prorated from the following consolidated fiscal year of occurrence.

c. Adoption of the simplified method for small companies

Consolidated subsidiaries adopt the simplified method for the calculation of retirement benefit liability and retirement benefit expenses, using the amount payable at the end of the fiscal year due to voluntary termination as the retirement benefit obligations.

(5) Basis for recognition of significant revenues and expenses

The Group is engaged in the sale of raw ingredient dairy products, oils, and fats; confectionery ingredients; dried fruits and nuts; canned foods; and confectionery and retail products.

In the sale of products to domestic customers, performance obligations are deemed to have been satisfied at the time the products are inspected and accepted based on the sales contracts with the customers, and revenue is recognized at that point in time. However, given that the timeframe from the time of dispatch of the products to the time at which control of the products is transferred to the customer is within the normal timeframe, revenue from such products is recognized at the time of dispatch.

In the sale of products to overseas customers, performance obligations are deemed to have been satisfied at the time of shipment, and revenue is recognized at that point in time.

For transactions in which the promise with the customer is deemed to be a performance obligation to arrange for the provision of goods or services through another party, because the role of the Group is deemed to be an agent, the Group recognizes revenue on a net basis.

Regarding sell-buy transactions (transactions where the Company buys raw materials from a counterparty and sells back products made using the raw materials to the counterparty), the Group recognizes the net value of processing as revenue.

Additionally, revenue is recognized as the consideration promised in the contract with customers, less amounts such as rebates.

Considerations from transactions are received within one year from the recognition of revenue, and contain no significant financial components.

(6) Translation of significant assets and liabilities denominated in foreign currencies into yen

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the spot exchange rates prevailing on the consolidated closing date, with translation differences recognized as gains or losses. Assets and liabilities, and revenues and expenses of overseas subsidiaries are translated into yen at the spot exchange rates in effect at the closing date of the overseas subsidiaries, and translation adjustments are included in foreign currency translation adjustment in net assets.

(7) Significant hedge accounting methods

a. Hedge accounting method

Deferred hedge accounting is applied. Allocation treatment is applied to foreign currency-denominated monetary receivables and payables with forward foreign exchange contracts, etc., and special treatment is applied to interest rate swaps that meet the conditions for special treatment.

b. Hedging instruments and hedged items

<u>Hedging instruments</u>	<u>Hedged items</u>
Forward exchange contracts ·····	Receivables and payables denominated in foreign currencies and forecasted transactions denominated in foreign currencies
Interest rate swaps ·····	Interest on borrowings

c. Hedging policy

The Company's policy is to use hedging instruments to avoid risks from fluctuations in foreign currency exchange rates within the scope of hedged items.

d. Method of evaluating the effectiveness of hedging

At the end of each month, the Finance & Accounting Department of the Company monitors and manages the correspondence between the balance of hedging instruments and the balance of foreign currency-denominated receivables and payables of transactions that are owned or scheduled to be acquired in the future, which are the hedged items. However, the assessment of effectiveness is omitted for interest rate swaps for which special treatment is applied.

(8) Scope of cash and cash equivalents in the Consolidated Statement of Cash Flows

Cash and cash equivalents consist of cash on hand, deposits that can be withdrawn on demand, and short-term investments with maturities of three months or less at the time of acquisition that are readily convertible into cash and are exposed to insignificant risk of changes in value.

(9) Other important matters for preparation of consolidated financial statements

a. Application of group tax sharing system

The group tax sharing system has been applied since the fiscal year under review.

b. Application of tax effect accounting for the application of the group tax sharing system

The Company and some of its consolidated subsidiaries in Japan have transitioned from the consolidated taxation system to the group tax sharing system since the fiscal year under review. In accordance with the transition, with regard to accounting procedures and disclosure for income and local taxes and tax effect accounting, we apply the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (Practical Solution No. 42, August 12, 2021; hereinafter referred to as "Practical Solution No. 42"). In addition, based on Paragraph 32 (1) of Practical Solution No. 42, we consider there will be no impact from changes in our accounting policy resulting from the application of Practical Solution No. 42.

(Change in presentation method)

(Consolidated Statement of Income)

"Insurance claim income" under "non-operating income," which was presented separately in the previous fiscal year, is included in "other" under "non-operating income" in the fiscal year under review due to the low materiality of the amount. To reflect this change in the presentation method, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, 1,796 thousand yen presented separately as "insurance claim income" under "non-operating income" in the consolidated statement of income for the previous fiscal year has been reclassified as "other."

(Notes to Consolidated Balance Sheet)

*1 The amounts related to non-consolidated subsidiaries and affiliated companies are as follows.

	(Thousand yen)	
	As of October 31, 2022	As of October 31, 2023
Investment securities (shares)	257,113	170,611

*2 Assets pledged as collateral are as follows.

	(Thousand yen)			
	As of October 31, 2022		As of October 31, 2023	
Buildings and structures	530,046	(530,046)	536,441	(536,441)
Land	141,940	(141,940)	141,940	(141,940)
Total	671,986	(671,986)	678,381	(678,381)

The liabilities corresponding to the above assets are as follows.

	(Thousand yen)			
	As of October 31, 2022		As of October 31, 2023	
Short-term borrowings	530,000	(530,000)	530,000	(530,000)
Current portion of long-term borrowings	151,476	(151,476)	151,476	(151,476)
Long-term borrowings	538,133	(538,133)	386,657	(386,657)
Total	1,219,609	(1,219,609)	1,068,133	(1,068,133)

The figures in parentheses above indicate mortgages of the factory foundation and its liabilities. In addition to the above, investment securities of 48,402 thousand yen in the fiscal year under review (32,994 thousand yen in the previous fiscal year), are pledged as collateral to guarantee transactions.

(Notes to Consolidated Statement of Income)

*1 Revenue from contracts with customers

The company does not separate revenues from contracts with customers and other revenues in the Consolidated Statement of Income. The amounts of revenues from contracts with customers are presented in Notes (Segment information, etc.).

*2 The year-end inventory is the amount after devaluation of the book value in accordance with the decline in profitability, and the following loss on valuation of inventories is included in the cost of sales.

	(Thousand yen)	
	For the fiscal year ended October 31, 2022	For the fiscal year ended October 31, 2023
Cost of sales	71,133	10,318

*3 Details of gain on sale of non-current assets are as follows.

	(Thousand yen)	
	For the fiscal year ended October 31, 2022	For the fiscal year ended October 31, 2023
Buildings and structures	43,909	—
Machinery, equipment and vehicles	1,979	3,873
Total	45,888	3,873

*4 Details of loss on retirement of non-current assets are as follows.

	(Thousand yen)	
	For the fiscal year ended October 31, 2022	For the fiscal year ended October 31, 2023
Buildings and structures	1,882	10,861
Machinery, equipment and vehicles	19,080	11,645
Tools, furniture and fixtures	597	1,039
Other	6,375	950
Total	27,937	24,497

*5 Details of loss on sale of non-current assets are as follows.

	(Thousand yen)	
	For the fiscal year ended October 31, 2022	For the fiscal year ended October 31, 2023
Machinery, equipment and vehicles	210	—
Tools, furniture and fixtures	133	104
Land	14,186	—
Total	14,529	104

(Notes to Consolidated Statement of Comprehensive Income)

* Reclassification adjustments and tax effects related to other comprehensive income

(Thousand yen)

	For the fiscal year ended October 31, 2022	For the fiscal year ended October 31, 2023
Valuation difference on available-for-sale securities		
Amount incurred during period	(190,146)	742,305
Reclassification adjustments	—	—
Before tax effect adjustment	(190,146)	742,305
Tax effects	57,908	(226,742)
Valuation difference on available-for-sale securities	(132,238)	515,562
Deferred gains or losses on hedges		
Amount incurred during period	460,493	(306,365)
Before tax effect adjustment	460,493	(306,365)
Tax effects	(140,910)	93,747
Deferred gains or losses on hedges	319,582	(212,617)
Foreign currency translation adjustment		
Amount incurred during period	2,595,128	329,942
Remeasurements of defined benefit plans, net of tax		
Amount incurred during period	(72,934)	224,350
Reclassification adjustments	30,233	44,820
Before tax effect adjustment	(42,700)	269,171
Tax effects	13,066	(82,367)
Remeasurements of defined benefit plans, net of tax	(29,634)	186,803
Total other comprehensive income	2,752,837	819,691

(Notes to Consolidated Statement of Changes in Equity)

For the fiscal year ended October 31, 2022 (from November 1, 2021 to October 31, 2022)

1. Matters related to issued shares

Type of shares	Beginning of period	Increase	Decrease	End of period
Common stock (shares)	17,100,000	—	—	17,100,000

2. Matters related to treasury shares

Type of shares	Beginning of period	Increase	Decrease	End of period
Common stock (shares)	268,562	355	5,617	263,300

(Summary of reasons for fluctuations)

Breakdown of increase is as follows:

Increase due to purchase of shares less than one unit 355 shares

Breakdown of decrease is as follows:

Decrease due to disposal of treasury shares for paying stock-based compensation with transfer restriction

5,617 shares

3. Matters related to dividends

(1) Dividends paid

Resolution	Class of shares	Total amount of dividends (thousand yen)	Dividend per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on January 28, 2022	Common shares	403,954	24.0	October 31, 2021	January 31, 2022
Board of Directors meeting held on June 13, 2022	Common shares	404,085	24.0	April 30, 2022	July 8, 2022

(2) Dividends with a record date in the fiscal year under review and an effective date in the following fiscal year

Resolution	Class of shares	Source of dividend	Total amount of dividends (thousand yen)	Dividend per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on January 27, 2023	Common shares	Retained earnings	404,080	24.0	October 31, 2022	January 30, 2023

For the fiscal year ended October 31, 2023 (from November 1, 2022 to October 31, 2023)

1. Matters related to issued shares

Type of shares	Beginning of period	Increase	Decrease	End of period
Common stock (shares)	17,100,000	—	—	17,100,000

2. Matters related to treasury shares

Type of shares	Beginning of period	Increase	Decrease	End of period
Common stock (shares)	263,300	211	5,975	257,536

(Summary of reasons for fluctuations)

Breakdown of increase is as follows:

Increase due to purchase of shares less than one unit 211 shares

Breakdown of decrease is as follows:

Decrease due to disposal of treasury shares for paying stock-based compensation with transfer restriction 5,975 shares

3. Matters related to dividends

(1) Dividends paid

Resolution	Class of shares	Total amount of dividends (thousand yen)	Dividend per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on January 27, 2023	Common shares	404,080	24.0	October 31, 2022	January 30, 2023
Board of Directors meeting held on June 12, 2023	Common shares	404,221	24.0	April 30, 2023	July 10, 2023

(2) Dividends with a record date in the fiscal year under review and an effective date in the following fiscal year

Resolution	Class of shares	Source of dividend	Total amount of dividends (thousand yen)	Dividend per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders to be held on January 30, 2024	Common shares	Retained earnings	404,219	24.0	October 31, 2023	January 31, 2024

(Notes to Consolidated Statement of Cash Flows)

* Reconciliation of cash and cash equivalents at the end of the period and the amount reported in the Consolidated Balance Sheet

	(Thousand yen)	
	For the fiscal year ended October 31, 2022	For the fiscal year ended October 31, 2023
Cash and deposits	7,867,293	12,948,689
Cash and cash equivalents	7,867,293	12,948,689

(Segment information, etc.)

[Segment information]

1. Overview of reportable segments

The Company's reportable segments are components of the Group which separate financial information is available for and are subject to periodic review by the Board of Directors for the purpose of determining the allocation of management resources and evaluating performance.

The Group mainly produces and sells processed foods such as confectionery ingredients, nuts, and dried fruits. The Company and its domestic subsidiaries cover the Japanese market, and local subsidiaries in the United States and China cover their respective markets overseas. Local subsidiaries are independent management units and formulate their own strategies as members of the Group for the products they handle, taking advantage of the characteristics of each region and engaging in their business activities.

Therefore, the Group consists of three reportable segments, "Japan," the "United States," and "China," which are based on production and sales systems and are classified by region.

2. Calculation of net sales, profit or loss, assets, liabilities, and other items by reportable segment

The accounting method for reported business segments is generally the same as that described in "Important matters that form the basis for preparing Consolidated Financial Statements."

Inter-segment net sales or transfers are generally based on prevailing market prices.

Segment profit (loss) is operating profit (loss).

3. Information on net sales, profit (loss), assets, liabilities, and other items by reportable segment, and disaggregation of revenues

For the fiscal year ended October 31, 2022 (from November 1, 2021 to October 31, 2022)

(Thousand yen)

	Reportable segment				Adjustment (Notes 1, 2)	Amount recorded in Consolidated Financial Statements (Note 3)
	Japan	United States	China	Total		
Net sales						
Revenue from contracts with customers	92,873,363	5,431,023	4,881,286	103,185,674	—	103,185,674
Other revenue (Note 4)	2,737	—	—	2,737	—	2,737
Net sales to outside customers	92,876,101	5,431,023	4,881,286	103,188,411	—	103,188,411
Inter-segment net sales or transfers	636,992	4,188,613	2,886,257	7,711,863	(7,711,863)	—
Total	93,513,093	9,619,637	7,767,544	110,900,275	(7,711,863)	103,188,411
Segment profit (loss)	3,179,212	1,105,237	(182,169)	4,102,280	(353,174)	3,749,105
Segment assets	59,540,658	8,083,269	4,688,156	72,312,084	10,539,785	82,851,870
Other items						
Depreciation	2,473,798	310,626	180,638	2,965,064	—	2,965,064
Increase in property, plant and equipment and intangible assets	1,541,733	345,439	54,285	1,941,459	—	1,941,459

Notes: 1. The adjustment of segment profit (loss) of negative 353,174 thousand yen includes inter-segment elimination of negative 21,406 thousand yen and company-wide expenses of negative 331,768 thousand yen. Company-wide expenses are general and administrative expenses that do not belong to the reportable segments.

2. Adjustment of segment assets of 10,539,785 thousand yen is assets that do not belong to any reportable segment.

3. Segment profit (loss) has been adjusted with operating profit in the Consolidated Statement of Income.

4. Other revenue includes real estate lease revenue included in the scope of the Accounting Standard for Lease Transactions.

For the fiscal year ended October 31, 2023 (from November 1, 2022 to October 31, 2023)

(Thousand yen)

	Reportable segment				Adjustment (Notes 1, 2)	Amount recorded in Consolidated Financial Statements (Note 3)
	Japan	United States	China	Total		
Net sales						
Revenue from contracts with customers	98,738,712	4,593,348	6,259,685	109,591,746	—	109,591,746
Other revenue (Note 4)	2,746	—	—	2,746	—	2,746
Net sales to outside customers	98,741,459	4,593,348	6,259,685	109,594,493	—	109,594,493
Inter-segment net sales or transfers	1,028,767	3,356,672	2,657,420	7,042,860	(7,042,860)	—
Total	99,770,226	7,950,020	8,917,106	116,637,353	(7,042,860)	109,594,493
Segment profit	3,689,583	563,633	92,508	4,345,725	(311,034)	4,034,691
Segment assets	58,199,788	7,847,194	4,796,036	70,843,019	16,609,458	87,452,478
Other items						
Depreciation	2,413,130	315,588	176,867	2,905,587	—	2,905,587
Increase in property, plant and equipment and intangible assets	1,535,492	389,852	164,348	2,089,693	—	2,089,693

- Notes: 1. The adjustment of segment profit of negative 311,034 thousand yen includes inter-segment elimination of 24,810 thousand yen and company-wide expenses of negative 335,844 thousand yen. Company-wide expenses are general and administrative expenses that do not belong to the reportable segments.
2. Adjustment of segment assets of 16,609,458 thousand yen is assets that do not belong to any reportable segment.
3. Segment profit has been adjusted with operating profit in the Consolidated Statement of Income.
4. Other revenue includes real estate lease revenue included in the scope of the Accounting Standard for Lease Transactions.

[Related information]

For the fiscal year ended October 31, 2022 (from November 1, 2021 to October 31, 2022)

1. Information by product and service

Description is omitted because net sales to outside customers in a single product/service category exceed 90% of net sales in the Consolidated Statement of Income.

2. Information by region

(1) Net sales

Description is omitted because the geographic segmentation is the same as that of the reportable segments.

(2) Property, plant and equipment

(Thousand yen)

Japan	United States	China	Total
20,935,332	2,743,000	1,223,281	24,901,613

3. Information by major customer

Description is omitted because no customer accounts for more than 10% of net sales in the Consolidated Statement of Income.

For the fiscal year ended October 31, 2023 (from November 1, 2022 to October 31, 2023)

1. Information by product and service

Description is omitted because net sales to outside customers in a single product/service category exceed 90% of net sales in the Consolidated Statement of Income.

2. Information by region

(1) Net sales

Description is omitted because the geographic segmentation is the same as that of the reportable segments.

(2) Property, plant and equipment

(Thousand yen)

Japan	United States	China	Total
20,130,660	2,796,031	1,192,773	24,119,465

3. Information by major customer

Description is omitted because no customer accounts for more than 10% of net sales in the Consolidated Statement of Income.

[Information on impairment losses on non-current assets by reportable segment]

For the fiscal year ended October 31, 2022 (from November 1, 2021 to October 31, 2022)

Not applicable.

For the fiscal year ended October 31, 2023 (from November 1, 2022 to October 31, 2023)

Not applicable.

[Information on amortization and unamortized balance of goodwill by reportable segment]

For the fiscal year ended October 31, 2022 (from November 1, 2021 to October 31, 2022)

Not applicable.

For the fiscal year ended October 31, 2023 (from November 1, 2022 to October 31, 2023)

Not applicable.

[Information on gain on bargain purchase by reportable segment]

For the fiscal year ended October 31, 2022 (from November 1, 2021 to October 31, 2022)

Not applicable.

For the fiscal year ended October 31, 2023 (from November 1, 2022 to October 31, 2023)

Not applicable.

(Per share information)

	For the fiscal year ended October 31, 2022	For the fiscal year ended October 31, 2023
Net assets per share	¥2,867.08	¥3,034.45
Basic earnings per share	¥165.63	¥166.81

- Notes: 1. Diluted earnings per share is not presented since there are no latent shares.
2. Basis for calculation of net assets per share is as follows.

	As of October 31, 2022	As of October 31, 2023
Total net assets in the Consolidated Balance Sheet (thousand yen)	49,158,674	52,035,789
Amount deducted from total net assets (thousand yen)	886,477	928,093
(Of which, non-controlling interests)	(886,477)	(928,093)
Net assets related to common stock (thousand yen)	48,272,197	51,107,695
Number of common shares used for the calculation of net assets per share at the end of the period (thousand shares)	16,836	16,842

3. Basis for calculation of basic earnings per share is as follows.

	For the fiscal year ended October 31, 2022	For the fiscal year ended October 31, 2023
Profit attributable to owners of parent in the Consolidated Statement of Income (thousand yen)	2,788,355	2,809,236
Amount not attributable to common shareholders (thousand yen)	—	—
Profit attributable to owners of parent related to common stock (thousand yen)	2,788,355	2,809,236
Average number of common shares during the period (thousand shares)	16,834	16,840

(Significant subsequent events)

Not applicable.