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February 9, 2024

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

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 Listing: Tokyo Stock Exchange
 Securities code: 2533
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 Scheduled date of annual general meeting of shareholders: March 22, 2024
 Scheduled date to commence dividend payments: March 25, 2024
 Scheduled date to file annual securities report: March 22, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

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

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

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	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	%
December 31, 2023	84,947	4.7	3,585	—	3,702	—	3,393	—
December 31, 2022	81,120	3.2	(707)	—	(645)	—	(1,257)	—

Note: Comprehensive income For the fiscal year ended December 31, 2023: ¥3,910 million [—%]
 For the fiscal year ended December 31, 2022: ¥(1,653) million [—%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
December 31, 2023	58.30	—	17.3	6.7	4.2
December 31, 2022	(21.22)	—	(6.7)	(1.2)	(0.9)

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended December 31, 2023: ¥72 million
 For the fiscal year ended December 31, 2022: ¥— million

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2023	55,431	22,227	38.6	367.30
December 31, 2022	55,511	19,604	32.0	305.21

Reference: Equity
 As of December 31, 2023: ¥21,380 million
 As of December 31, 2022: ¥17,766 million

(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
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2023	4,606	11	(4,688)	824
December 31, 2022	(860)	(4,040)	4,809	894

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended December 31, 2022	—	—	—	5.00	5.00	293	—	1.6
Fiscal year ended December 31, 2023	—	—	—	8.00	8.00	471	13.7	2.4
Fiscal year ending December 31, 2024 (Forecast)	—	—	—	8.00	8.00		23.3	

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

(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, 2024	85,000	0.1	3,000	(16.3)	3,000	(19.0)	2,000	(41.1)	34.36

Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) 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
- (3) Number of issued shares (common shares)

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

As of December 31, 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 December 31, 2023	7,375,760 shares
As of December 31, 2022	7,375,353 shares

- (iii) Average number of shares outstanding during the period

Fiscal year ended December 31, 2023	58,210,591 shares
Fiscal year ended December 31, 2022	59,244,678 shares

[Reference] Overview of non-consolidated financial results

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

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating income		Ordinary income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2023	2,741	19.4	1,598	59.2	1,543	61.4	1,427	86.2
December 31, 2022	2,296	(7.9)	1,003	(18.7)	956	(20.0)	766	(8.7)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
December 31, 2023	24.53	—
December 31, 2022	12.95	—

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2023	37,879	18,296	48.3	314.32
December 31, 2022	38,480	16,738	43.5	287.56

Reference: Equity

As of December 31, 2023: ¥18,296 million

As of December 31, 2022: ¥16,738 million

* Financial results reports are exempt from audit 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 are based on decisions the Company considers rational given the information currently available to it, but the Company makes no commitment to achieve these objectives. Actual performance may differ substantially from forecasts for a variety of reasons. Please refer to “(4) Future outlook” within “1. Overview of operating 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.

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Fiscal Year Ended December 31, 2023 Financial Summary

1. Overview of operating results

(1) Overview of operating results

During the fiscal year under review, 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 fiscal year ended December 31, 2023, net sales amounted to ¥84,947 million (up 4.7% year on year). On the profit front, the Group recorded operating income of ¥3,585 million (operating loss of ¥707 million in the preceding year) and ordinary income of ¥3,702 million (ordinary loss of ¥645 million). Profit attributable to owners of the parent was ¥3,393 million (loss attributable to owners of the parent of ¥1,257 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	Fiscal year ended December 31, 2023 (January 1 to December 31, 2023) (Millions of yen)	YoY change (Previous period = 100%)	
Alcoholic beverages	Japanese alcohol products	<i>Shochu</i>	35,902	99.5
		<i>Chu-hi</i> (RTD)	16,806	118.6
		<i>Sake</i>	3,709	104.6
		<i>Sake</i> compound	1,942	104.3
		Brewing and industrial alcohol for sale	14,216	126.2
		<i>Mirin</i> (rice cooking wine)	430	69.2
		73,007	108.1	
	Wine and spirits	5,177	109.0	
Others	614	104.2		
	78,799	108.1		
Starch for food processing		1,341	31.3	
Enzymes and pharmaceuticals		3,488	102.7	
Real estate		1,230	267.5	
Others		87	107.6	
Total		84,947	104.7	

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 ¥78,799 million (up 8.1% year on year). Progress on price revisions pushed

up profitability in all categories, resulting in segment operating profit of ¥2,632 million (operating loss of ¥961 million in 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, we have implemented various initiatives aimed at expanding our fan base, such as airing a new commercial for our *Big Man kou-type shochu* featuring rugby player Michael Leitch, and conducting a gift campaign in collaboration with other companies on the official Instagram and X (formerly Twitter) accounts for the *shiso shochu Tantakan* and the official X account for the Oenon Group. 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, sales rose thanks to favorable performance of our *NIPPON PREMIUM chu-hi* series, which strictly uses ingredients of Japanese origin, and store-brand products. 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. In addition, *Tantakatan Shiso Umeshu* was awarded the Grand Prix in recognition of its high quality under the Japan Food Selection food and ingredient evaluation system. 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 68.7% year on year from the preceding year), and we generated a segment operating loss of ¥6 million (operating loss of ¥344 million in the preceding year).

(Enzymes and pharmaceuticals)

Sales in the enzymes and pharmaceuticals segment were ¥3,488 million (up 2.7% year on year), due to solid results from the contract manufacturing business in Japan and overseas sales in the enzymes category. However, operating income came to ¥328 million (down 11.5% year on year), due to higher personnel expenses and repair expenses.

(Real estate)

In the real estate segment, sales amounted to ¥1,230 million (up 167.5% year on year), and operating income was ¥618 million (up 188.3% 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 Mitsubishi Estate Hotels & Resorts Co., Ltd. a Mitsubishi Estate Group company. The Company also recorded the sale of real estate for sale in the second quarter.

(2) Financial condition

As of December 31, 2023, total assets amounted to ¥55,431 million, down ¥79 million from December 31, 2022. The decline was due mainly to a decrease in property, plant and equipment, and accounts receivable, while investment securities increased.

Liabilities amounted to ¥33,204 million, down ¥2,702 million. Accrued consumption taxes increased, but short-term loans payable decreased.

Net assets up ¥2,623 million, to ¥22,227 million, mainly because of a increase in retained earnings.

(3) Cash flows

As of December 31, 2023, cash and cash equivalents were ¥824 million, down ¥70 million from their level on December 31, 2022.

Net cash provided by operating activities amounted to ¥4,606 million (up ¥5,467 million from the cash used in the previous fiscal year). Major sources of cash were income before income taxes and minority interests of ¥3,604 million and depreciation and amortization of ¥1,851 million. Key uses of cash were a ¥1,259 million increase in inventories and an ¥817 million increase in notes and accounts receivable–trade.

Net cash provided by investing activities came to ¥11 million (¥4,052 million more than the cash used in the previous year). Proceeds from collection of loans receivable from subsidiaries and associates provided ¥950 million, while the purchase of noncurrent assets used ¥871 million.

Net cash used in financing activities was ¥4,688 million (down ¥9,498 million from the cash provided in the previous year). A decrease in short-term loans payable used ¥3,750 million, and the repayment of long-term loans payable used ¥600 million.

Trends in the Group’s cash flow indicators are shown below.

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Equity-to-asset ratio (%)	38.3	32.0	38.6
Equity-to-asset ratio (fair value basis) (%)	40.9	26.9	37.2
Cash flows/Interest-bearing debt ratio (years)	4.2	(13.9)	1.7
Interest coverage ratio (times)	26.2	(11.7)	52.4

Notes: Equity-to-asset ratio is equity divided by total assets.

Equity-to-asset ratio (fair value basis) is market capitalization divided by total assets.

The cash flows/interest-bearing debt ratio is interest-bearing debt divided by operating cash flow.

The interest coverage ratio is cash flow divided by interest paid.

* Each indicator is calculated from consolidated financial figures.

* Market capitalization is calculated by multiplying the closing stock price at the end of the period by the number of shares outstanding (less treasury stock) at the end of the period.

* Operating cash flow is the net cash provided by operating activities in the consolidated statements of cash flows. Interest-bearing debt includes all liabilities on the consolidated balance sheets for which interest is paid. For interest payments, the amount of interest paid in the consolidated statements of cash flows is used.

(4) Future outlook

We expect the domestic market for alcoholic beverages to continue to decrease, owing to a shrinking and aging population, fewer childbirths, a lower inclination to drink among young people, a growing health consciousness, and more intense sales competition among companies.

In addition, factors such as the ongoing depreciation of the yen, rising labor costs due to wage hikes, and increased logistics costs due to the 2024 logistics issue continue to contribute to cost increases. Furthermore, the end of price hikes remains uncertain, while “price-hike fatigue” has prompted a growing trend toward frugal spending and led to significant hesitation in making purchases, which is expected to dampen consumer spending.

In enzymes for the food industry, we expect market competition to intensify for R&D and sales among companies in Japan and overseas.

For these reasons, we expect the Group’s operating environment to remain challenging going forward. The RTD market (the only segment of the overall market that has continued to grow), there have been concerns about the outflow of demand to bars and restaurants due to a recovery of foot traffic. However, thanks to the expansion of

sugar-free products and other factors, the RTD market has continued to grow and is expected to maintain strong growth going forward. In addition, exports of domestically produced alcoholic beverages continue to grow robustly, driven by growing international appreciation of the quality of alcoholic beverages produced in Japan and the global “Japanese food boom.”

Furthermore, the market for functional materials and enzymes for the food industry is expected to expand in response to the growing global health consciousness.

The Group views these changes in market needs as opportunities for growth and will respond by promoting corporate activities that leverage the Group's strengths.

In the fiscal year ending December 31, 2024, we will undertake four initiatives under the five pillars of our Long-Term Vision 100. These are to “strengthen initiatives in priority businesses,” “enhance earning power,” “address environmental issues,” and “reinforce the management base.”

1. Strengthen initiatives in priority businesses

(1) Specialize in the *shochu* business

We will continue striving to establish an absolute positioning in each category for our market-leading brands, *Hakata no Hana* and *SUGO* series. In *chu-hi*, we will continue to develop and propose products that meet the diverse preferences of consumers, aiming to expand sales.

(2) Secure profits from brewing and industrial alcohol for sale

We will continue to implement pricing strategies in response to fluctuations in procurement costs for raw materials and energy (base price, exchange rates, etc.) to ensure stable profits.

(3) Step up exports of alcoholic beverages

We will continue to expand our exports by strengthening transactions with overseas local importers and domestic exporters, as well as developing “market-in” products (products that address customer requirements).

(4) Expand earnings in the enzymes and pharmaceuticals business

We will introduce improved products (highly refined and concentrated versions) of neutral lactase and acid lactase to the market, aiming to expand our sales. By reviewing our manufacturing processes and implementing cost reduction measures, we will maximize cost efficiency and strengthen our profitability. As a manufacturer capable of providing integrated production, religious compliance, and catering to the needs of the food, food additives, and feed additives industries, we aim to build a unique position in the contract manufacturing business and expand our operations.

2. Enhance earning power

(1) Maintain appropriate pricing

To ensure stable supply and secure appropriate profits, we will review selling prices at the appropriate timing and implement price revisions as necessary. Additionally, for unprofitable products, we will work to improve profitability through streamlining or renewal.

(2) Address polarizing consumption

While consumer frugality has increased due to rising prices, demand for high-value-added products that cater to consumers' desire for authenticity has also been strong. We will leverage the unique technologies and know-how that the Group has cultivated thus far to the fullest extent, and develop and launch both low-priced and high-value-added products, aiming to expand sales.

(3) Engage in thorough cost reductions

We will strive to thoroughly reduce costs across all areas, from procurement to production and sales, in order to improve profitability.

(4) Prevent the emergence of non-conforming products

We recognize that the emergence of non-conforming products can lead to increased costs and a decline in trust and reliability from business partners. Therefore, we will establish an appropriate production management system and ensure that each employee is aware of our 3H (*hajimete*: first time, *henkou*: change, *hisashiburi*: it's been some time), and 4M (man, machine, material, method) principles. We will thoroughly implement hazard prediction and strive to prevent the emergence of non-conforming products.

3. Address environmental issues

Recognizing that addressing environmental issues is a global challenge, we will continue to promote efforts toward achieving a low-carbon society and establishing a circular economy. In fiscal 2024, we will focus on increasing our transition to green energy and implementing measures to reduce fluorocarbon emissions.

4. Reinforce the management base

We believe that enhancing the value of our employees, who are the driving force behind sustainable growth and the improvement of corporate value, and establishing a system that can effectively utilize that value, are essential. We are actively working to create an environment where employees can work with peace of mind and diverse talents can thrive.

Additionally, we are committed to strengthening corporate governance and ensuring thorough compliance, and we strive to practice management that is convincing, fair, and transparent.

Owing to the measures outlined above, in the fiscal year ending December 31, 2024 we forecast consolidated net sales of ¥85,000 million (up 0.1% year on year), consolidated operating income of ¥3,000 million (down 16.3%), consolidated ordinary income of ¥3,000 million (down 19.0%), and profit attributable to owners of the parent of ¥2,000 million (down 41.1%).

	Fiscal year ended December 31, 2023	Forecast for the fiscal year ending December 31, 2024	Change	Percentage change
Net sales	Millions of yen 84,947	Millions of yen 85,000	Millions of yen 53	0.1%
Operating income	3,585	3,000	(585)	(16.3)%
Ordinary income	3,702	3,000	(702)	(19.0)%
Profit attributable to owners of the parent	3,393	2,000	(1,393)	(41.1)%
Ratio of ordinary income to net sales	4.4%	3.5%		
Dividends per share	8 yen	8 yen	—	100.0%
ROE	17.3%	9.0%		

(5) Basic policy on profit distribution, and dividends for the current and upcoming fiscal years

The Oenon Group considers the return of profits to shareholders to be one of its most important policy initiatives. Accordingly, our basic policy is to pay continuous and stable dividends that gradually increase over the medium term, while taking into overall account our business performance, consolidated financial results, medium- and long-term earnings situation, capital investment plans, appropriate internal reserves and the dividend payout ratio.

Based on this policy, we expect to pay dividends of ¥8 per share for the fiscal year under review. We also expect to pay ¥8 per share in dividends for the upcoming fiscal year.

2. Basic approach to the selection of accounting standards

The Oenon Group applies Japanese accounting standards. Most of our stakeholders are domestic investors, creditors, business partners and the like, and we have little need to raise funds overseas.

3. Consolidated financial statements and notes
(1) Consolidated statement of financial position

(Millions of yen)

	Fiscal year 2022 (As of Dec. 31, 2022)	Fiscal year 2023 (As of Dec. 31, 2023)
ASSETS		
Current assets		
Cash and deposits	899	828
Notes and accounts receivable–trade	16,955	16,754
Merchandise and finished goods	6,329	6,862
Work in process	230	235
Raw materials and supplies	2,026	1,264
Prepaid expenses	127	101
Other	487	53
Allowance for doubtful accounts	(18)	(19)
Total current assets	27,038	26,081
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	30,122	29,623
Accumulated depreciation	(19,737)	(19,794)
Buildings and structures, net	10,385	9,828
Machinery, equipment and vehicles	36,348	35,254
Accumulated depreciation	(30,975)	(30,328)
Machinery, equipment and vehicles, net	5,372	4,926
Tools, furniture and fixtures	1,626	1,620
Accumulated depreciation	(1,467)	(1,437)
Tools, furniture and fixtures, net	159	182
Land	9,628	9,546
Lease assets	151	150
Accumulated depreciation	(82)	(81)
Lease assets, net	69	68
Construction in progress	8	106
Total property, plant and equipment	25,623	24,660
Intangible assets		
Goodwill	5	3
Software	141	423
Other	407	81
Total intangible assets	554	508
Investments and other assets		
Investment securities	1,545	3,104
Long-term prepaid expenses	115	110
Deferred tax assets	403	736
Other	235	234
Allowance for doubtful accounts	(5)	(5)
Total investments and other assets	2,294	4,181
Total noncurrent assets	28,473	29,350
Total assets	55,511	55,431

(Millions of yen)

	Fiscal year 2022 (As of Dec. 31, 2022)	Fiscal year 2023 (As of Dec. 31, 2023)
LIABILITIES		
Current liabilities		
Notes and accounts payable–trade	5,035	4,981
Electronically recorded obligations	1,791	2,035
Short-term loans payable	6,950	3,200
Lease obligations	30	31
Accounts payable–other	4,608	4,693
Accrued expenses	163	176
Accrued liquor tax	8,448	8,240
Accrued consumption taxes	547	1,289
Income taxes payable	153	681
Deposits received	302	369
Provision for bonuses	62	59
Provision for directors’ bonuses	2	38
Provision for shareholder benefit program	23	27
Notes payable–facilities	43	125
Electronically recorded obligations–facilities	34	86
Other	280	254
Total current liabilities	28,476	26,292
Noncurrent liabilities		
Long-term loans payable	2,400	1,800
Long-term deposits received	3,134	3,164
Lease obligations	44	44
Deferred tax liabilities	128	153
Provision for directors’ stock benefits	111	145
Net defined benefit liabilities	1,497	1,502
Asset retirement obligation	53	42
Other	59	58
Total noncurrent liabilities	7,430	6,911
Total liabilities	35,906	33,204
NET ASSETS		
Shareholders’ equity		
Capital stock	6,946	6,946
Capital surplus	5,602	5,636
Retained earnings	6,873	9,973
Treasury stock	(1,927)	(1,954)
Total shareholders’ equity	17,494	20,601
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	454	958
Deferred gains or losses on hedges	(97)	(83)
Remeasurements of defined benefit plans	(84)	(95)
Total accumulated other comprehensive income	272	779
Non-controlling interests	1,837	846
Total net assets	19,604	22,227
Total liabilities and net assets	55,511	55,431

(2) Consolidated statement of income and consolidated statement of comprehensive income
Consolidated statement of income

(Millions of yen)

	Fiscal year 2022 (Jan. 1, 2022–Dec. 31, 2022)	Fiscal year 2023 (Jan. 1, 2023–Dec. 31, 2023)
Net Sales	81,120	84,947
Cost of sales	71,449	70,964
Gross profit	9,670	13,983
Selling, general and administrative expenses	10,378	10,397
Operating income (loss)	(707)	3,585
Nonoperating income		
Interest income	0	0
Dividend income	38	43
Share of profit of entities accounted for using equity method	—	72
Rent income	66	61
Foreign exchange gains	35	35
Miscellaneous income	46	41
Total nonoperating income	186	254
Nonoperating expenses		
Interest expenses	79	91
Shutdown expenses	25	25
Loss on sales of accounts receivable	11	11
Miscellaneous losses	7	8
Total nonoperating expenses	124	137
Ordinary income (loss)	(645)	3,702
Extraordinary income		
Gain on sales of noncurrent assets	—	0
Gain on sales of investment securities	—	14
Total extraordinary income	—	15
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	34	38
Impairment loss	—	16
Loss on sales of shares of subsidiaries and associates	—	46
Loss on revaluation of investment securities	10	10
Loss on recalling of products	86	—
Other	0	1
Total extraordinary loss	131	113
Income (loss) before income taxes and minority interests	(777)	3,604
Income taxes—current	115	770
Income taxes—deferred	548	(563)
Income, residential and enterprise taxes	664	206
Profit (loss)	(1,441)	3,398
Profit (loss) attributable to non-controlling interests	(184)	4
Profit (loss) attributable to owners of the parent	(1,257)	3,393

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year 2022 (Jan. 1, 2022–Dec. 31, 2022)	Fiscal year 2023 (Jan. 1, 2023–Dec. 31, 2023)
Profit (loss)	(1,441)	3,398
Other comprehensive income (loss)		
Valuation difference on available-for-sale securities	99	505
Deferred gains or losses on hedges	(155)	21
Remeasurements of defined benefit plans	(156)	(10)
Share of other comprehensive income (loss) of entities accounted for using equity method	—	(3)
Total other comprehensive income (loss)	(212)	512
Comprehensive income (loss)	(1,653)	3,910
Comprehensive income attributable to		
Comprehensive income (loss) attributable to owners of the parent	(1,464)	3,900
Comprehensive income (loss) attributable to non-controlling interests	(188)	9

(3) Consolidated statement of changes in shareholders' equity
Fiscal year 2022 (Jan. 1, 2022–Dec. 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of January 1, 2022	6,946	5,601	8,563	(1,578)	19,532
Cumulative effects of changes in accounting policies			(13)		(13)
Restated balance as of January 1, 2022	6,946	5,601	8,549	(1,578)	19,519
Changes in items during the period					
Dividends from surplus			(419)		(419)
Loss attributable to owners of the parent			(1,257)		(1,257)
Purchase of treasury stock				(349)	(349)
Change in treasury stock of parent arising from transactions with non-controlling shareholders		1			1
Net changes in items other than shareholders' equity					
Total changes in items during the period	—	1	(1,676)	(349)	(2,025)
Balance as of December 31, 2022	6,946	5,602	6,873	(1,927)	17,494

	Cumulative other comprehensive income				Noncontrolling interests	Total net assets
	Valuation difference on available-for sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total cumulative other comprehensive income		
Balance as of January 1, 2022	354	53	71	480	2,032	22,045
Cumulative effects of changes in accounting policies						(13)
Restated balance as of January 1, 2022	354	53	71	480	2,032	22,031
Changes in items during the period						
Dividends from surplus						(419)
Loss attributable to owners of the parent						(1,257)
Purchase of treasury stock						(349)
Change in treasury stock of parent arising from transactions with non-controlling shareholders						1
Net changes in items other than shareholders' equity	99	(150)	(156)	(207)	(194)	(402)
Total changes in items during the period	99	(150)	(156)	(207)	(194)	(2,427)
Balance as of December 31, 2022	454	(97)	(84)	272	1,837	19,604

Fiscal year 2023 (Jan. 1, 2023–Dec. 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of January 1, 2023	6,946	5,602	6,873	(1,927)	17,494
Changes in items during the period					
Dividends from surplus			(293)		(293)
Profit attributable to owners of the parent			3,393		3,393
Purchase of treasury stock				(88)	(88)
Disposal of treasury stock		27		60	87
Change in treasury stock of parent arising from transactions with non-controlling shareholders		7			7
Net changes in items other than shareholders' equity					
Total changes in items during the period	—	34	3,099	(27)	3,106
Balance as of December 31, 2023	6,946	5,636	9,973	(1,954)	20,601

	Cumulative other comprehensive income				Noncontrolling interests	Total net assets
	Valuation difference on available-for sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total cumulative other comprehensive income		
Balance as of January 1, 2023	454	(97)	(84)	272	1,837	19,604
Changes in items during the period						
Dividends from surplus						(293)
Profit attributable to owners of the parent						3,393
Purchase of treasury stock						(88)
Disposal of treasury stock						87
Change in treasury stock of parent arising from transactions with non-controlling shareholders						7
Net changes in items other than shareholders' equity	504	13	(10)	507	(991)	(483)
Total changes in items during the period	504	13	(10)	507	(991)	2,623
Balance as of December 31, 2023	958	(83)	(95)	779	846	22,227

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year 2022 (Jan. 1, 2022–Dec. 31, 2022)	Fiscal year 2023 (Jan. 1, 2023–Dec. 31, 2023)
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	(777)	3,604
Depreciation and amortization	1,732	1,851
Impairment loss	—	16
Amortization of goodwill	2	2
Increase (decrease) in net defined benefit liabilities	6	(13)
Increase (decrease) in allowance for doubtful accounts	(0)	0
Increase (decrease) in provision for directors' stock benefits	9	34
Increase (decrease) in provision for directors' bonuses	(14)	35
Increase (decrease) in provision for shareholder benefit program	(18)	4
Interest and dividend income	(38)	(43)
Interest expenses	79	91
Share of (profit) loss of entities accounted for using equity method	—	(72)
Gain on sales of noncurrent assets	—	(0)
Loss on sales and retirement of noncurrent assets	34	38
Loss on revaluation of investment securities	10	10
Loss (gain) on sales of investment securities	—	(14)
Loss (gain) on sales of shares of subsidiaries and associates	—	46
Loss on recalling of products	86	—
Decrease (increase) in notes and accounts receivable–trade	(660)	(817)
Decrease (increase) in inventories	(720)	(1,259)
Increase (decrease) in notes and accounts payable–trade	502	201
Increase (decrease) in accrued consumption tax	(518)	742
Increase (decrease) in accrued liquor tax	(277)	(207)
Other, net	(125)	619
Subtotal	(686)	4,870
Interest and dividends received	38	43
Interest expenses paid	(73)	(87)
Payments for restructuring of business	(90)	—
Payments for loss on recalling of products	(86)	—
Income taxes (paid) refund	37	(219)
Net cash provided by (used in) operating activities	(860)	4,606

(Millions of yen)

	Fiscal year 2022 (Jan. 1, 2022–Dec. 31, 2022)	Fiscal year 2023 (Jan. 1, 2023–Dec. 31, 2023)
Cash flows from investing activities		
Payments into time deposits	(4)	(4)
Proceeds from withdrawal of time deposits	4	4
Purchase of noncurrent assets	(3,934)	(871)
Loss on disposal or sales of noncurrent assets	(13)	(15)
Government subsidies	—	32
Proceeds from local government subsidies	2	—
Purchase of investment securities	(8)	(8)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	119
Payments of loans receivable from subsidiaries and associates	—	(150)
Proceeds from collection of loans receivable from subsidiaries and associates	—	950
Other, net	(87)	(45)
Net cash provided by (used in) investing activities	(4,040)	11
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	3,400	(3,750)
Proceeds from long-term loans payable	3,000	—
Repayment of long-term loans payable	(750)	(600)
Payments for finance lease obligations	(46)	(33)
Purchase of treasury stock	(349)	(87)
Proceeds from disposal of treasury shares	—	87
Cash dividends paid	(438)	(294)
Repayments to non-controlling shareholders	(3)	(3)
Other, net	(2)	(7)
Net cash provided by (used in) financing activities	4,809	(4,688)
Net increase (decrease) in cash and cash equivalents	(91)	(70)
Cash and cash equivalents at beginning of period	986	894
Cash and cash equivalents at end of period	894	824

- (5) Notes to the consolidated financial statements
 (Notes related to the going concern assumption)
 Not applicable

(Changes in accounting policies)
 Not applicable

(Segment information, etc.)
 Segment information

1. Overview of reportable segments

(1) Method of determining reportable segments

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

The Group is composed of segments based on products and services. We have four reportable segments: “alcoholic beverages,” “starch for food processing,” “enzymes and pharmaceuticals,” and “real estate.” However, 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. Profits/losses for the Group include the starch for food processing segment until its exclusion from the scope of consolidation.

(2) Types of products and services belonging to each reportable segment

The main products in services in each reportable segment are indicated below.

Business category	Main products and services
Alcoholic beverages	<i>Shochu, chu-hi</i> (RTD), <i>sake, sake</i> compounds, <i>umeshu</i> plum wine, wine and spirits, processed liquor, brewing and industrial alcohol, seasonings
Starch for food processing	Starch for food processing
Enzymes and pharmaceuticals	Enzymes, diagnostic medicines, outsourced fermentation business
Real estate	Purchase, sale and leasing of real estate

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

The accounting methods for reported business segments are generally the same as those described in “Important matters forming the basis for preparing the consolidated financial statements.”

The figures of income for reportable segments are based on operating income. Intersegment revenues and transfers are based on prevailing market prices.

3. Information on sales, profit or loss, assets, liability and others by reportable segment

Fiscal year ended December 31, 2022 (January 1 to December 31, 2022)

(Millions of yen)

	Reportable segment					Others (Note) 1	Reconciliations (Note) 2	Amount stated in the consolidated financial statements (Note) 3
	Alcoholic beverages	Starch for food processing	Enzymes and pharmaceuticals	Real estate	Total			
Sales								
Sales to external customers	72,904	4,279	3,395	460	81,039	81	—	81,120
Inter-segment sales or transfers	2	—	—	—	2	—	(2)	—
Total	72,907	4,279	3,395	460	81,042	81	(2)	81,120
Segment profit (loss)	(961)	(344)	370	214	(720)	13	—	(707)
Segment assets	39,361	2,864	3,475	6,500	52,202	34	3,274	55,511
Other items								
Depreciation and amortization	1,226	53	242	93	1,616	0	115	1,732
Increase in property, plant and equipment and intangible assets	511	12	67	2,880	3,472	—	51	3,524

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

2. Details of adjustments are as follows.

(1) The negative ¥2 million adjustment to sales represents the elimination of intersegment transactions.

(2) The adjustment of ¥3,274 million to segment assets includes a negative ¥0 million elimination of inter-segment transactions and ¥3,275 million in companywide assets. Companywide assets consist mainly of surplus funds under management (cash and deposits), investment securities and assets related to administrative operations.

(3) The ¥115 million adjustment to depreciation and amortization is for depreciation and amortization on companywide assets.

(4) The ¥51 million upward adjustment to property, plant and equipment and intangible assets is due to an increase related to companywide assets.

3. Segment income (loss) is adjusted with operating loss in the consolidated statement of income.

Fiscal year ended December 31, 2023 (January 1 to December 31, 2023)

(Millions of yen)

	Reportable segment					Others (Note) 1	Reconciliations (Note) 2	Amount stated in the consolidated financial statements (Note) 3
	Alcoholic beverages	Starch for food processing (Note) 4	Enzymes and pharmaceuticals	Real estate	Total			
Sales								
Sales to external customers	78,799	1,341	3,488	1,230	84,860	87	—	84,947
Inter-segment sales or transfers	14	—	—	—	14	—	(14)	—
Total	78,814	1,341	3,488	1,230	84,874	87	(14)	84,947
Segment profit (loss)	2,632	(6)	328	618	3,572	12	—	3,585
Segment assets	40,687	—	3,722	6,256	50,666	39	4,725	55,431
Other items								
Depreciation and amortization	1,211	7	247	284	1,751	0	100	1,851
Increase in property, plant and equipment and intangible assets	1,180	2	341	13	1,537	—	42	1,579

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

2. Details of adjustments are as follows.

(1) The negative ¥14 million adjustment to sales represents the elimination of intersegment transactions.

(2) The adjustment of ¥4,725 million to segment assets includes a negative ¥0 million elimination of inter-segment transactions and ¥4,725 million in companywide assets. Companywide assets consist mainly of surplus funds under management (cash and deposits), investment securities and assets related to administrative operations.

(3) The ¥100 million adjustment to depreciation and amortization is for depreciation and amortization on companywide assets.

(4) The ¥42 million upward adjustment to property, plant and equipment and intangible assets is due to an increase related to companywide assets.

3. Segment income (loss) is adjusted with operating income in the 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, the segment loss, depreciation and amortization, increase in property, plant and equipment and intangible assets for this segment are for the first quarter.

(Per-share information)

	Fiscal year 2022 (Jan. 1, 2022–Dec. 31, 2022)	Fiscal year 2023 (Jan. 1, 2023–Dec. 31, 2023)
Net assets per share	¥305.21	¥367.30
Basic earnings (loss) per share	(¥21.22)	¥58.30

(Notes) 1. Diluted earnings per share are not stated because there are no potentially dilutive shares.

2. The basis for the calculation of net assets per share is as follows.

Item	Fiscal year 2022 (As of Dec. 31, 2022)	Fiscal year 2023 (As of Dec. 31, 2023)
Total net assets in the consolidated balance sheets (millions of yen)	19,604	22,227
Net assets related to common shares	17,766	21,380
Breakdown of the difference between total net assets in the consolidated balance sheet and net assets per common share used in the calculation of net assets per share at the end of the fiscal year (millions of yen)		
Noncontrolling interests	1,837	846
Common shares issued (thousands of shares)	65,586	65,586
Common shares in treasury shares (thousands of shares)	7,375	7,375
Number of common shares used in the calculation of net assets per share (thousands of shares)	58,210	58,210

3. The basis for calculating basic earnings (loss) per share is as follows.

Item	Fiscal year 2022 (Jan. 1, 2022–Dec. 31, 2022)	Fiscal year 2023 (Jan. 1, 2023–Dec. 31, 2023)
Basic earnings (loss) per share		
Profit (loss) attributable to owners of the parent (millions of yen)	(1,257)	3,393
Profit (loss) attributable to owners of the parent related to common shares (millions of yen)	(1,257)	3,393
Average number of common shares outstanding during the period (thousands of shares)	59,244	58,210

(Important subsequent events)

Not applicable



Fiscal Year Ended December 31, 2023 Financial Summary

1. Consolidated Statements of Income
2. Consolidated Statements of Income (Fourth quarter)
3. Sales Results by Segment
4. Profit Breakdown
5. Consolidated Balance Sheets
6. Consolidated Performance Forecast for FY2024
7. Sales Forecast for FY2024

denon Holdings, Inc.

February 9, 2024

1. Consolidated Statements of Income

(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	78,799	5,895	108.1
Starch for food processing	4,279	1,341	(2,938)	31.3
Enzymes and pharmaceuticals	3,395	3,488	93	102.7
Real estate and others	541	1,318	776	243.5
Net sales	81,120	84,947	3,826	104.7
Cost of sales	71,449	70,964	(485)	99.3
Gross profit	9,670	13,983	4,312	144.6
Selling, general and administrative expenses	10,378	10,397	19	100.2
Alcoholic beverages	(961)	2,632	3,594	—
Starch for food processing	(344)	(6)	338	—
Enzymes and pharmaceuticals	370	328	(42)	88.5
Real estate and Others	227	631	403	277.0
Operating income (loss)	(707)	3,585	4,292	—
Nonoperating income	186	254	68	136.7
Nonoperating expenses	124	137	12	110.2
Ordinary income (loss)	(645)	3,702	4,348	—
Extraordinary income	—	15	15	—
Extraordinary loss	131	113	(17)	86.3
Income (loss) before income taxes	(777)	3,604	4,381	—
Income, residential and enterprise taxes	664	206	(457)	31.1
Profit (loss)	(1,441)	3,398	4,839	—
Profit (loss) attributable to non-controlling interests	(184)	4	188	—
Profit (loss) attributable to owners of the parent	(1,257)	3,393	4,650	—
Profit (loss) per share (Yen)	(21.22)	58.30	79.52	—
Capital expenditures	3,457	1,163	(2,294)	33.6

Note: In the second quarter, 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 December 2022. In the current fiscal year, figures are for January through March 2023.)

2. Consolidated Statements of Income (Fourth quarter)

(Millions of yen)

	Fourth quarter of fiscal year 2022 (Oct. 1, 2022–Dec. 31, 2022)	Fourth quarter of fiscal year 2023 (Oct. 1, 2023–Dec. 31, 2023)	Change	Percentage change (%)
Alcoholic beverages	21,014	21,778	763	103.6
Starch for food processing	1,208	—	(1,208)	—
Enzymes and pharmaceuticals	707	752	44	106.3
Real estate and Others	197	308	111	156.1
Net sales	23,128	22,839	(289)	98.7
Cost of sales	20,125	18,997	(1,127)	94.4
Gross profit	3,003	3,841	837	127.9
Selling, general and administrative expenses	2,841	2,785	(55)	98.0
Alcoholic beverages	179	953	774	532.6
Starch for food processing	(71)	—	71	—
Enzymes and pharmaceuticals	(11)	(31)	(20)	—
Real estate and Others	65	133	67	203.9
Operating income	162	1,055	893	651.1
Nonoperating income	39	75	35	189.6
Nonoperating expenses	47	42	(4)	89.7
Ordinary income	154	1,088	933	705.2
Extraordinary income	—	0	0	—
Extraordinary loss	22	38	16	173.3
Income before income taxes	132	1,050	918	795.1
Income, residential and enterprise taxes	73	(297)	(370)	—
Profit	58	1,348	1,289	—
Profit (loss) attributable to non-controlling interests	(34)	13	48	—
Profit attributable to owners of the parent	93	1,334	1,240	—

3. Sales Results by Segment

(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	35,902	(198)	99.5
(<i>Kou</i> -type <i>shochu</i>)	12,886	12,774	(112)	99.1
(<i>Otsu</i> -type <i>shochu</i>)	23,213	23,128	(85)	99.6
<i>Chu-hi</i> (RTD)	14,169	16,806	2,636	118.6
<i>Sake</i>	3,545	3,709	163	104.6
<i>Sake</i> compound	1,862	1,942	79	104.3
Brewing and industrial alcohol for sale	11,265	14,216	2,951	126.2
<i>Mirin</i> (rice cooking wine)	621	430	(191)	69.2
Wine and spirits	4,748	5,177	428	109.0
Others	589	614	24	104.2
Total of alcoholic beverages	72,904	78,799	5,895	108.1
Starch for food processing	4,279	1,341	(2,938)	31.3
Enzymes and pharmaceuticals	3,395	3,488	93	102.7
Real estate	460	1,230	770	267.5
Others	81	87	6	107.6
Total	81,120	84,947	3,826	104.7

4. Profit Breakdown

(Millions of yen)

	Increase (Decrease)	Remarks
Alcoholic beverages	3,594	Increase in gross profit due to revised selling prices and higher sales: 6,730 Higher ingredient costs, due to increased materials costs: (2,430) Increase in repair expenses and other production-related costs: (450) Higher SG&A expenses, including personnel expenses: (340) Impact of changes in the product mix: 84
Starch for food processing	338	Fiscal year 2022: (344)
Enzymes and pharmaceuticals	(42)	Decrease due to increase in production-related costs
Real estate and others	403	Increase in rent income of hotel in Ginza and proceed from sale of real estate for sale
Operating income	4,292	
Nonoperating income	68	Increase in share of profit of entities accounted for using equity method
Nonoperating expenses	(12)	Higher interest expenses
Ordinary income	4,348	
Extraordinary income	15	Increase in gain on sales of investment securities
Extraordinary loss	17	Decrease in loss on recalling of products
Income before income taxes	4,381	
Income, residential and enterprise taxes	457	Decrease in tax expenses due to partial rerecording of deferred tax assets
Profit	4,839	
Profit attributable to non-controlling interests	(188)	
Profit attributable to owners of the parent	4,650	

5. Consolidated Balance Sheets

(Millions of yen)

	Fiscal year 2022 (As of Dec. 31, 2022)	Fiscal year 2023 (As of Dec. 31, 2023)	Change	Percentage change (%)	Remarks
(Assets)					
Cash and deposits	899	828	(70)	92.2	
Notes and accounts receivable	16,955	16,754	(201)	98.8	
Inventories	8,586	8,362	(223)	97.4	
Other current assets	615	155	(460)	25.2	Decrease in consumption taxes receivable and other accounts receivable
Allowance for doubtful accounts	(18)	(19)	(0)	—	
Total current assets	27,038	26,081	(956)	96.5	
Buildings	8,753	8,331	(422)	95.2	
Land	9,628	9,546	(81)	99.1	
Other tangible fixed assets	7,241	6,782	(459)	93.7	
Total tangible fixed assets	25,623	24,660	(963)	96.2	
Intangible fixed assets	554	508	(46)	91.6	
Investment securities	1,545	3,104	1,558	200.8	Increase due to change a consolidated subsidiary into an affiliated company accounted for using equity method
Long-term prepaid expenses	115	110	(4)	96.0	
Deferred tax assets	403	736	333	182.6	Increase due to partial rerecording in this period
Other investments and other assets	235	234	(0)	99.7	
Allowance for doubtful accounts	(5)	(5)	—	—	
Total investments and other assets	2,294	4,181	1,886	182.2	
Total fixed assets	28,473	29,350	877	103.1	
Total assets	55,511	55,431	(79)	99.9	

(Millions of yen)

	Fiscal year 2022 (As of Dec. 31, 2022)	Fiscal year 2023 (As of Dec. 31, 2023)	Change	Percentage change (%)	Remarks
(Liabilities)					
Notes and accounts payable	6,827	7,017	190	102.8	
Short-term debt	6,950	3,200	(3,750)	46.0	
Other payables	4,608	4,693	85	101.8	
Accrued liquor tax	8,448	8,240	(207)	97.5	
Other current liabilities	1,643	3,141	1,498	191.2	Increases in income taxes payable and accrued consumption taxes
Total current liabilities	28,476	26,292	(2,183)	92.3	
Long-term debt	2,400	1,800	(600)	75.0	
Other long-term liabilities	5,030	5,111	81	101.6	
Total long-term liabilities	7,430	6,911	(518)	93.0	
Total liabilities	35,906	33,204	(2,702)	92.5	
(Net assets)					
Common stock	6,946	6,946	—	100.0	
Capital surplus	5,602	5,636	34	100.6	
Retained earnings	6,873	9,973	3,099	145.1	
Treasury stock	(1,927)	(1,954)	(27)	—	
Total shareholders' equity	17,494	20,601	3,106	117.8	
Valuation difference of other securities	454	958	504	211.1	
Deferred hedging gains (losses)	(97)	(83)	13	—	
Cumulative adjustments related to retirement benefits	(84)	(95)	(10)	—	
Cumulative other comprehensive income	272	779	507	286.2	
Non-controlling interests	1,837	846	(991)	46.1	
Total net assets	19,604	22,227	2,623	113.4	
Total liabilities and net assets	55,511	55,431	(79)	99.9	

Equity ratio (%)	32.0	38.6	6.6		
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6. Consolidated Performance Forecast for FY2024

(Millions of yen)

	Fiscal year 2023 (Jan. 1, 2023–Dec. 31, 2023)	Fiscal year 2024 (Jan. 1, 2024–Dec. 31, 2024)	Change	Percentage change (%)
Alcoholic beverages	78,799	80,098	1,299	101.6
Starch for food processing	1,341	—	(1,341)	—
Enzymes and pharmaceuticals	3,488	3,675	186	105.4
Real estate and others	1,318	1,225	(92)	93.0
Net sales	84,947	85,000	52	100.1
Cost of sales	70,964	70,878	(85)	99.9
Gross profit	13,983	14,121	137	101.0
Selling, general and administrative expenses	10,397	11,121	723	107.0
Alcoholic beverages	2,632	2,043	(589)	77.6
Starch for food processing	(6)	—	6	—
Enzymes and pharmaceuticals	328	370	41	112.8
Real estate and others	631	587	(44)	93.0
Operating income	3,585	3,000	(585)	83.7
Nonoperating income (expenses)	117	—	(117)	—
Ordinary income	3,702	3,000	(702)	81.0
Extraordinary income (loss)	(98)	(119)	(21)	—
Income before income taxes	3,604	2,880	(724)	79.9
Income, residential and enterprise taxes	206	869	663	421.2
Profit	3,398	2,010	(1,387)	59.2
Profit attributable to non-controlling interests	4	10	6	232.0
Profit attributable to owners of the parent	3,393	2,000	(1,393)	58.9

7. Sales Forecast for FY2024

(Millions of yen)

	Fiscal year 2023 (Jan. 1, 2023–Dec. 31, 2023)	Fiscal year 2024 (Jan. 1, 2024–Dec. 31, 2024)	Change	Percentage change (%)
<i>Shochu</i>	35,902	36,608	705	102.0
(<i>Kou</i> -type <i>shochu</i>)	12,774	12,622	(151)	98.8
(<i>Otsu</i> -type <i>shochu</i>)	23,128	23,985	857	103.7
<i>Chu-hi</i> (RTD)	16,806	17,084	278	101.7
<i>Sake</i>	3,709	4,020	310	108.4
<i>Sake</i> compound	1,942	2,015	73	103.8
Brewing and industrial alcohol for sale	14,216	13,760	(456)	96.8
<i>Mirin</i> (rice cooking wine)	430	454	24	105.7
Wine and spirits	5,177	5,469	292	105.6
Others	614	684	70	111.4
Total of alcoholic beverages	78,799	80,098	1,299	101.6
Starch for food processing	1,341	—	(1,341)	—
Enzymes and pharmaceuticals	3,488	3,675	186	105.4
Real estate	1,230	1,135	(95)	92.3
Others	87	90	2	103.3
Total	84,947	85,000	52	100.1