

3. Consolidated forecasts for fiscal year ending December 31, 2023 (January 1, 2023 to December 31, 2023)

(% figures show period-over-period change)

| | Net sales | | Operating income | | Ordinary income | | Net income attributable to owners of the parent company | | Net income per share |
|-----------|-------------|-----|------------------|------|-----------------|------|---|------|----------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Full-year | 30,000 | 8.8 | 1,800 | 20.9 | 1,800 | 17.8 | 1,150 | 14.3 | 194.05 |

(Note) Because the Company manages its business results on an annual basis, the consolidated earnings forecast for the second quarter (cumulative) is omitted. For details, see "1. Summary of business results, (4) Outlook" on page 3 of the attached materials.

*Notes

(1) Change in the scope of consolidation for a significant subsidiary during the fiscal year under review: No

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

1. Changes in accounting policies due to revision of accounting standards: Yes
2. Changes to accounting policies other than 1.: No
3. Changes to accounting estimates: No
4. Restatements: No

(3) Number of outstanding shares (common stock)

1. Number of outstanding shares at the end of the period (including treasury shares)
2. Number of treasury shares at the end of the period
3. Average number of shares during the period

| | | | |
|--|------------------|--|------------------|
| Fiscal year ended December 31, 2022 | 5,926,300 shares | Fiscal year ended December 31, 2021 | 5,752,900 shares |
| Fiscal year ended December 31, 2022 | 99 shares | Fiscal year ended December 31, 2021 | 50 shares |
| Fiscal year ended December 31, 2022 | 5,776,951 shares | Fiscal year ended December 31, 2021 | 5,555,464 shares |

*This summary of financial results is not subject to audit by a certified public accountant or an auditing firm.

*Explanation regarding proper use of financial results forecasts, and other notes

Forward-looking statements concerning financial forecasts contained in these materials are based on information available when the forecasts were made and certain assumptions judged to be reasonable. However, the Company makes no guarantee that these forecasts will be achieved. Actual results may differ significantly from the forecasts due to a variety of factors. For the assumptions used for the forecast and notes on the use of the forecast, see "1. Summary of business results, (4) Outlook" on page 3 of the attached materials.

*Method for acquiring the financial results briefing materials

The materials for the financial results briefing (for institutional investors and analysts) will be posted on the Company's website after the briefing.

○Table of contents of the attached materials

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1. Summary of business results

(1) Summary of business results for the period under review

Segment information is not provided because the Group operates in the single segment of the food manufacturing and sales business.

During the fiscal year under review, the Japanese economy showed signs of recovery due to the easing of restrictions on social interaction and firm corporate earnings, although the COVID-19 outbreak still continued. On the other hand, global instability continued due to factors including the situation in Ukraine, soaring resource prices, and sharp exchange rate fluctuations. In terms of personal consumption, although there were signs of a recovery mainly in service consumption due to increased opportunities to go on outings as a result of travel support measures from the government and municipalities, there were concerns about sluggish consumption due to price hikes in a wide range of areas including energy, daily necessities, and food, and the economic outlook continues to be uncertain.

In the food industry, prices of raw materials and resources have remained high, and multiple price hikes and revisions of product standards have been implemented as a countermeasure in response. On the other hand, the trend toward lower prices in purchasing behavior by consumers remains strong due to the advance of inflation without wage increases, and there is a growing tendency for consumers to spend less on consumption at home.

In this environment, the Group has continued to work on improving corporate value and achieving sustainable growth over the medium to long term by adopting the following basic policies: efforts for sustainable raw materials and manufacturing, efforts to reduce food loss, consideration for the environment, vertically integrated development from raw material procurement to manufacturing and sales, and home-meal replacement initiatives with an emphasis on health consciousness and fish culture. In addition, the entire Group has been working to carry out its socially important mission as a food manufacturer to continue stable production and supply for the safety and security of consumers and employees, including thorough countermeasures against COVID-19.

In terms of food sales, although there was a temporary drop in sales volume of mainstay grilled fish products due to price hikes, we were able to increase sales volume as a result of attracting new buyers and repeat customers through thorough manufacturing quality. In addition, sales of daily food products increased due to the continuous introduction of new products, mainly cup salads, from the latter half of the second quarter. Other efforts to expand new sales channels included the start of sales of canned foods and frozen prepared foods on the major e-commerce site Amazon and the start of exports to Seven-Eleven in Taiwan. In sales of food ingredients, in response to rising prices of raw materials, the Company increased sales by increasing sales prices through fair negotiations based on the high evaluation of its products. As a result, net sales during the fiscal year under review were 27,567 million yen (up 5.0% YoY).

In terms of profit and loss, despite price hikes accompanying product renewal and the successive introduction of new products, high prices of raw materials and resources resulted in operating income of 1,488 million yen (down 13.6% YoY), ordinary income of 1,528 million yen (down 12.4% YoY), and net income attributable to owners of the parent company of 1,006 million yen (down 9.4% YoY).

Note that the Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) from the fiscal year under review. Therefore, the figures for the year-on-year comparison are based on different calculation methods. For further details, please refer to "3. Consolidated financial statements and notes (5) Notes to consolidated financial statements (Changes in accounting policies)."

(2) Summary of financial position for the period under review

Total assets at the end of the fiscal year under review increased by 1,028 million yen compared to the end of the previous fiscal year to 13,806 million yen.

The balance of current assets increased by 933 million yen compared to the end of the previous fiscal year to 9,139 million yen. This was mainly due to an increase of 459 million yen in notes and accounts receivable - trade resulting from an increase in sales, an increase of 333 million yen in merchandise and finished goods, and an increase of 784 million yen in raw materials and supplies, despite a decrease of 606 million yen in cash and deposits.

The balance of non-current assets increased by 95 million yen compared to the end of the previous fiscal year to 4,666 million yen. This was mainly due to an increase of 239 million yen in buildings and structures, and an increase of 110 million yen in lease assets due to the expansion of production facilities, etc., despite a decrease of 811 million yen in depreciation and amortization of goodwill.

Total liabilities increased by 267 million yen compared to the end of the previous fiscal year to 7,604 million yen.

The balance of current liabilities increased by 418 million yen compared to the end of the previous fiscal year to 5,977 million yen. This was mainly due to an increase of 580 million yen in accounts payable - trade, despite a decrease of 154 million yen in income taxes payable due to a decrease in income before income taxes.

The balance of non-current liabilities decreased by 151 million yen compared to the end of the previous fiscal year to 1,626 million yen. This was mainly due to a decrease of 89 million yen in lease liabilities and a decrease of 63 million yen in long-term accounts payable - other.

The balance of net assets increased by 761 million yen compared to the end of the previous fiscal year to 6,202 million yen. This was mainly due to an increase of 689 million yen in retained earnings resulting from the posting of 1,006 million yen in net income attributable to owners of the parent company, despite the dividend payment of 316 million yen.

As a result, the shareholder's equity ratio at the end of the fiscal year under review increased by 2.3 percentage points compared to the end of the previous fiscal year to 44.9%.

(3) Summary of cash flows for the period under review

The balance of cash and cash equivalents (below, "cash") at the end of the fiscal year under review decreased by 606 million yen compared to the end of the previous fiscal year to 2,636 million yen.

(Cash flows from operating activities)

Cash provided by operating activities amounted to 859 million yen (compared to 1,490 million yen provided in the previous fiscal year). This was mainly due to an increase in cash due to income before income taxes of 1,588 million yen and depreciation of 769 million yen, despite a decrease in cash due to an increase in inventories of 1,124 million yen and trade receivables of 459 million yen.

(Cash flows from investing activities)

Cash used in investing activities amounted to 660 million yen (compared to 518 million yen used in the previous fiscal year). This was mainly due to 512 million yen used for the purchase of property, plant and equipment and 97 million yen used for the purchase of intangible assets.

(Cash flows from financing activities)

Cash used in financing activities amounted to 822 million yen (compared to 287 million yen used in the previous fiscal year). This is mainly because cash increased due to proceeds from long-term borrowing of 500 million yen, while cash decreased due to repayments of long-term borrowings of 577 million yen, repayments of lease liabilities of 284 million yen, and dividends paid of 316 million yen.

(4) Outlook

As for the outlook for the future, people are beginning to coexist with COVID-19, and although there are hopes for the normalization of socioeconomic activities due to a change in classification under the Act on the Prevention of Infectious Diseases and Medical Care for Patients with Infectious Diseases in Japan, the timing of this change is still uncertain. In addition, prices of raw materials and resources continue to be unstable due to rapid exchange rate fluctuations and the situation in Ukraine, which shows no sign of abating.

Against this backdrop, the Group will further focus on the development of new products and thorough implementation of manufacturing quality, while striving to strengthen its production system and develop new sales channels for further growth.

As a result, for the next consolidated fiscal year (fiscal year ending December 31, 2023), our consolidated forecast is net sales of 30,000 million yen, operating income of 1,800 million yen, ordinary income of 1,800 million yen, and net income attributable to owners of the parent company of 1,150 million yen.

Note that the earnings forecasts above are based on information that was currently available at the time this report was prepared. Actual results may differ from the forecasts due to a variety of factors.

2. Basic stance towards the selection of accounting standards

For its accounting standard, the Group applies J-GAAP to ensure that consolidated financial statements can be compared with other companies in the same industry in Japan.

3. Consolidated financial statements and notes

(1) Consolidated balance sheet

| | Previous fiscal year (December 31, 2021) | Current fiscal year (December 31, 2022) |
|--|---|--|
| (Unit: thousand yen) | | |
| Assets | | |
| Current assets | | |
| Cash and deposits | 3,293,147 | 2,686,613 |
| Notes and accounts receivable - trade | 2,935,161 | 3,394,606 |
| Merchandise and finished goods | 764,069 | 1,097,253 |
| Work in process | 32,221 | 27,572 |
| Raw materials and supplies | 997,097 | 1,781,967 |
| Other | 184,764 | 151,520 |
| Total current assets | 8,206,462 | 9,139,533 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 3,309,409 | 3,548,462 |
| Accumulated depreciation and impairment | (1,171,252) | (1,391,296) |
| Buildings and structures, net | 2,138,156 | 2,157,166 |
| Machinery, equipment and vehicles | 1,165,049 | 1,274,443 |
| Accumulated depreciation and impairment | (702,214) | (815,359) |
| Machinery, equipment and vehicles, net | 462,835 | 459,083 |
| Land | 313,622 | 553,360 |
| Leased assets | 1,764,176 | 1,875,091 |
| Accumulated depreciation and impairment | (941,572) | (1,123,240) |
| Leased assets, net | 822,603 | 751,850 |
| Construction in progress | - | 7,429 |
| Other | 361,713 | 414,161 |
| Accumulated depreciation and impairment | (265,355) | (308,010) |
| Other, net | 96,358 | 106,151 |
| Total property, plant and equipment | 3,833,576 | 4,035,042 |
| Intangible assets | | |
| Goodwill | 74,175 | 31,789 |
| Software | 272,580 | 286,820 |
| Other | 96,668 | 41,583 |
| Total intangible assets | 443,424 | 360,193 |
| Investments and other assets | | |
| Investment securities | 25,816 | 30,541 |
| Leasehold and guarantee deposits | 136,287 | 135,595 |
| Deferred tax assets | 85,356 | 28,289 |
| Other | 46,785 | 77,036 |
| Total investments and other assets | 294,245 | 271,463 |
| Total non-current assets | 4,571,246 | 4,666,698 |
| Total assets | 12,777,709 | 13,806,232 |

STI Foods Holdings, Inc. (2932)
Summary of Financial Results for the Fiscal Year Ended December 31, 2022

(Unit: thousand yen)

| | Previous fiscal year (December 31, 2021) | Current fiscal year (December 31, 2022) |
|---|---|--|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 3,000,378 | 3,580,705 |
| Current portion of long-term borrowings | 502,708 | 427,630 |
| Lease obligations | 264,965 | 276,461 |
| Accounts payable - other | 899,241 | 998,829 |
| Income taxes payable | 372,599 | 218,116 |
| Other | 518,853 | 475,870 |
| Total current liabilities | 5,558,747 | 5,977,612 |
| Non-current liabilities | | |
| Long-term borrowings | 504,605 | 501,975 |
| Lease obligations | 653,263 | 564,236 |
| Long-term accounts payable - other | 385,972 | 322,221 |
| Deferred tax liabilities | 54,913 | 59,421 |
| Asset retirement obligations | 172,494 | 173,464 |
| Other | 6,735 | 5,285 |
| Total non-current liabilities | 1,777,983 | 1,626,603 |
| Total liabilities | 7,336,731 | 7,604,216 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 1,020,557 | 1,048,375 |
| Capital surplus | 920,557 | 948,375 |
| Retained earnings | 3,486,010 | 4,175,764 |
| Treasury shares | (205) | (327) |
| Total shareholders' equity | 5,426,919 | 6,172,189 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 4,255 | 6,401 |
| Deferred gains or losses on hedges | - | (1,044) |
| Foreign currency translation adjustment | 9,479 | 24,300 |
| Total accumulated other comprehensive income | 13,734 | 29,657 |
| Share acquisition rights | 324 | 169 |
| Total net assets | 5,440,978 | 6,202,016 |
| Total liabilities and net assets | 12,777,709 | 13,806,232 |

Summary of Financial Results for the Fiscal Year Ended December 31, 2022

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

(Consolidated statement of income)

(Unit: thousand yen)

| | Previous fiscal year (January 1, 2021 to December 31, 2021) | Current fiscal year (January 1, 2022 to December 31, 2022) |
|---|---|--|
| Net sales | 26,264,847 | 27,567,592 |
| Cost of sales | 19,007,056 | 20,178,845 |
| Gross profit | 7,257,791 | 7,388,746 |
| Selling, general and administrative expenses | 5,534,556 | 5,900,337 |
| Operating income | 1,723,235 | 1,488,408 |
| Non-operating income | | |
| Interest and dividend income | 6,792 | 9,730 |
| Gain on sale of goods | 9,031 | 13,118 |
| Rental income | 7,805 | 10,080 |
| Compensation income | 1,040 | 12,489 |
| Nuclear site benefits | 8,176 | 10,579 |
| Subsidy income | 14,100 | 4,810 |
| Other | 16,230 | 19,106 |
| Total non-operating income | 63,178 | 79,915 |
| Non-operating expenses | | |
| Interest expenses | 26,610 | 24,180 |
| Commission expenses | 4,923 | 995 |
| Share issuance costs | 9,247 | - |
| Share of loss of entities accounted for using equity method | - | 14,648 |
| Other | 513 | 381 |
| Total non-operating expenses | 41,294 | 40,206 |
| Ordinary income | 1,745,119 | 1,528,117 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 4,667 | 2,534 |
| Insurance claim income | - | 79,976 |
| Total extraordinary income | 4,667 | 82,511 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 818 | 664 |
| Loss on cancellation of leases | 36 | 3,114 |
| Loss on disaster | - | 17,860 |
| Impairment losses | - | 129 |
| Total extraordinary losses | 854 | 21,769 |
| Income before income taxes | 1,748,931 | 1,588,859 |
| Income taxes - current | 603,329 | 521,610 |
| Income taxes - deferred | 34,796 | 61,088 |
| Total income taxes | 638,125 | 582,699 |
| Net income | 1,110,806 | 1,006,160 |
| Net income attributable to owners of the parent company | 1,110,806 | 1,006,160 |

STI Foods Holdings, Inc. (2932)
Summary of Financial Results for the Fiscal Year Ended December 31, 2022

(Consolidated statement of comprehensive income)

(Unit: thousand yen)

| | Previous fiscal year (January 1, 2021 to December 31, 2021) | Current fiscal year (January 1, 2022 to December 31, 2022) |
|---|---|--|
| Net income | 1,110,806 | 1,006,160 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 4,627 | 2,146 |
| Deferred gains or losses on hedges | - | (1,044) |
| Foreign currency translation adjustment | 8,769 | 14,820 |
| Total other comprehensive income | 13,396 | 15,922 |
| Comprehensive income | 1,124,203 | 1,022,083 |
| (Comprehensive income attributable to) | | |
| Comprehensive income attributable to owners of parent | 1,124,203 | 1,022,083 |

Summary of Financial Results for the Fiscal Year Ended December 31, 2022

(3) Consolidated statement of changes in equity

Previous fiscal year (January 1, 2021 to December 31, 2021)

(Unit: thousand yen)

| | Shareholders' equity | | | | |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at the beginning of period | 534,920 | 434,920 | 2,595,708 | (205) | 3,565,344 |
| Changes during period | | | | | |
| Dividends of surplus | | | (219,818) | | (219,818) |
| Issuance of new shares | 485,636 | 485,636 | | | 971,273 |
| Net income attributable to owners of the parent company | | | 1,110,806 | | 1,110,806 |
| Other | | | (686) | | (686) |
| Changes in items other than shareholders' equity (Net) | | | | | |
| Total changes during period | 485,636 | 485,636 | 890,302 | - | 1,861,575 |
| Balance at the end of period | 1,020,557 | 920,557 | 3,486,010 | (205) | 5,426,919 |

| | Accumulated other comprehensive income | | | Share acquisition rights | Total net assets |
|---|---|---|--|--------------------------|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Total accumulated other comprehensive income | | |
| Balance at the beginning of period | (372) | 710 | 337 | 330 | 3,566,011 |
| Changes during period | | | | | |
| Dividends of surplus | | | | | (219,818) |
| Issuance of new shares | | | | | 971,273 |
| Net income attributable to owners of the parent company | | | | | 1,110,806 |
| Other | | | | | (686) |
| Changes in items other than shareholders' equity (Net) | 4,627 | 8,769 | 13,396 | (5) | 13,391 |
| Total changes during period | 4,627 | 8,769 | 13,396 | (5) | 1,874,966 |
| Balance at the end of period | 4,255 | 9,479 | 13,734 | 324 | 5,440,978 |

Summary of Financial Results for the Fiscal Year Ended December 31, 2022

Current fiscal year (January 1, 2022 to December 31, 2022)

(Unit: thousand yen)

| | Shareholders' equity | | | | |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at the beginning of period | 1,020,557 | 920,557 | 3,486,010 | (205) | 5,426,919 |
| Changes during period | | | | | |
| Dividends of surplus | | | (316,406) | | (316,406) |
| Issuance of new shares | 27,818 | 27,818 | | | 55,637 |
| Net income attributable to owners of the parent company | | | 1,006,160 | | 1,006,160 |
| Purchase of treasury shares | | | | (121) | (121) |
| Changes in items other than shareholders' equity (Net) | | | | | |
| Total changes during period | 27,818 | 27,818 | 689,754 | (121) | 745,269 |
| Balance at the end of period | 1,048,375 | 948,375 | 4,175,764 | (327) | 6,172,189 |

| | Accumulated other comprehensive income | | | | Share acquisition rights | Total net assets |
|---|---|------------------------------------|---|--|--------------------------|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Total accumulated other comprehensive income | | |
| Balance at the beginning of period | 4,255 | - | 9,479 | 13,734 | 324 | 5,440,978 |
| Changes during period | | | | | | |
| Dividends of surplus | | | | | | (316,406) |
| Issuance of new shares | | | | | | 55,637 |
| Net income attributable to owners of the parent company | | | | | | 1,006,160 |
| Purchase of treasury shares | | | | | | (121) |
| Changes in items other than shareholders' equity (Net) | 2,146 | (1,044) | 14,820 | 15,922 | (155) | 15,767 |
| Total changes during period | 2,146 | (1,044) | 14,820 | 15,922 | (155) | 761,037 |
| Balance at the end of period | 6,401 | (1,044) | 24,300 | 29,657 | 169 | 6,202,016 |

(4) Consolidated statement of cash flows

(Unit: thousand yen)

| | Previous fiscal year (January 1, 2021 to December 31, 2021) | Current fiscal year (January 1, 2022 to December 31, 2022) |
|--|---|--|
| Cash flows from operating activities | | |
| Income before income taxes | 1,748,931 | 1,588,859 |
| Depreciation | 742,669 | 769,377 |
| Impairment losses | - | 129 |
| Amortization of goodwill | 42,385 | 42,385 |
| Share of loss (profit) of entities accounted for using equity method | - | 14,648 |
| Insurance claim income | - | (79,976) |
| Interest and dividend income | (6,792) | (9,730) |
| Interest expenses | 26,610 | 24,180 |
| Commission expenses | 4,923 | 995 |
| Share issuance costs | 9,247 | - |
| Loss (gain) on sale of non-current assets | (4,667) | (2,534) |
| Loss on retirement of non-current assets | 818 | 664 |
| Decrease (increase) in trade receivables | (279,135) | (459,444) |
| Decrease (increase) in inventories | (440,913) | (1,124,533) |
| Increase (decrease) in trade payables | 148,319 | 579,249 |
| Decrease (increase) in other assets | (16,338) | (55,642) |
| Increase (decrease) in other liabilities | 73,795 | 64,993 |
| Other | 6,539 | 11,424 |
| Subtotal | 2,056,395 | 1,365,048 |
| Interest and dividends received | 685 | 514 |
| Interest paid | (26,622) | (24,048) |
| Payment of commitment line-related expenses | (4,701) | (1,391) |
| Proceeds from insurance income | - | 109,140 |
| Income taxes refund | 85,085 | 80,602 |
| Income taxes paid | (619,974) | (670,482) |
| Net cash provided by (used in) operating activities | 1,490,866 | 859,383 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (417,832) | (512,761) |
| Proceeds from sale of property, plant and equipment | 6,568 | 2,630 |
| Purchase of intangible assets | (104,328) | (97,602) |
| Purchase of investment securities | (1,595) | (1,632) |
| Purchase of shares of subsidiaries and associates | - | (50,024) |
| Other | (1,704) | (995) |
| Net cash provided by (used in) investing activities | (518,891) | (660,385) |
| Cash flows from financing activities | | |
| Proceeds from long-term borrowings | - | 500,000 |
| Repayments of long-term borrowings | (560,289) | (577,708) |
| Repayments of long-term accounts payable - other | (188,396) | (199,465) |
| Repayments of lease liabilities | (280,990) | (284,478) |
| Dividends paid | (219,660) | (316,264) |
| Proceeds from issuance of shares | 962,026 | 55,482 |
| Purchase of treasury shares | - | (121) |
| Net cash provided by (used in) financing activities | (287,311) | (822,554) |
| Effect of exchange rate change on cash and cash equivalents | 9,899 | 17,022 |
| Net increase (decrease) in cash and cash equivalents | 694,563 | (606,534) |
| Cash and cash equivalents at beginning of period | 2,548,584 | 3,243,147 |
| Cash and cash equivalents at end of period | 3,243,147 | 2,636,613 |

(5) Notes to consolidated financial statements

(Notes on assumption about going concern)

Not applicable.

(Changes in accounting policies)

(Accounting Standard for Revenue Recognition applied)

The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020. Hereafter referred to as "Accounting Standard for Revenue Recognition") has been applied since the beginning of the fiscal year under review, and the amount of the expected revenue in exchange for goods and services is recognized when control of the applicable promised goods or services are transferred to the customer. In line with this, the following changes have been made.

Regarding supply transactions in exchange for a fee, the items supplied in exchange for a fee were conventionally recognized as ceasing to exist, however, the policy has been changed so that the applicable supplied items are not recognized as ceasing to exist if the obligation to repurchase the supplied items exists.

Regarding receiving transactions in exchange for a fee, items received in exchange for a fee were conventionally recognized as raw materials, however, the policy has been changed so that they are not recognized as raw materials.

Also, alternative handling defined in the "Guidance on Accounting Standard for Revenue Recognition" Paragraph 98 applies, and when selling merchandise or products domestically, revenue is recognized upon shipping if the period of time from when the applicable merchandise or product is shipped until control is transferred to the customer is the usual period.

Application of the Accounting Standard for Revenue Recognition follows transitional handling established as a proviso of the Accounting Standard for Revenue Recognition Paragraph 84, and the cumulative effect when a new accounting policy is retrospectively applied prior to the beginning of the fiscal year under review is adjusted in the retained earnings of the same period, and the new accounting policy is applied starting with the balance at the beginning of the applicable period.

However, the method stipulated in the Accounting Standard for Revenue Recognition Paragraph 86 applies, and the new accounting policy is not applied retrospectively to contracts that recognize nearly the entire amount in line with previous handling up to the beginning of the fiscal year under review.

As a result, net sales for the fiscal year under review decreased by 341,222 thousand yen, and the cost of sales decreased by 341,222 thousand yen, however, there was no impact on the operating income, ordinary income, or income before income taxes. Also, there was no impact on the balance at the beginning of the period for retained earnings.

(Accounting Standard for Fair Value Measurement applied)

The "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019. Hereafter referred to as the "Accounting Standard for Fair Value Measurement") has been applied since the beginning of the fiscal year under review, and following transitional handling stipulated in the Accounting Standard for Fair Value Measurement Paragraph 19 and the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019) Paragraph 44-2, the new accounting policy stipulated in the Accounting Standard for Fair Value Measurement will be applied for the future. This has had no impact on the consolidated financial statements.

(Segment information)

[Segment information]

Previous fiscal year (January 1, 2021 to December 31, 2021)

As the Group's only segment is the manufacture and sale of food products, this information has been omitted.

Current fiscal year (January 1, 2022 to December 31, 2022)

As the Group's only segment is the manufacture and sale of food products, this information has been omitted.

(Per share information)

| | Previous fiscal year (January 1, 2021 to December 31, 2021) | Current fiscal year (January 1, 2022 to December 31, 2022) |
|------------------------------|---|--|
| Net assets per share | 945.73 yen | 1,046.51 yen |
| Net income per share | 199.95 yen | 174.17 yen |
| Diluted net income per share | - yen | 165.88 yen |

(Notes) 1. Diluted net income per share for the previous fiscal year is not shown because there are no potential shares with dilutive effects.

2. The basis for calculating net income per share and diluted net income per share is as follows.

| | Previous fiscal year (January 1, 2021 to December 31, 2021) | Current fiscal year (January 1, 2022 to December 31, 2022) |
|--|---|---|
| (1) Net income per share | | |
| (Basis for calculation) | | |
| Net income attributable to owners of the parent company (thousand yen) | 1,110,806 | 1,006,160 |
| Amount not attributed to common shareholders (thousand yen) | - | - |
| Net income attributable to owners of the parent company related to common stock (thousand yen) | 1,110,806 | 1,006,160 |
| Average outstanding shares of common stock during the fiscal year (shares) | 5,555,464 | 5,776,951 |
| (2) Diluted net income per share | | |
| (Basis for calculation) | | |
| Adjustment to net income attributable to owners of the parent company (thousand yen) | - | - |
| Increase in shares of common stock (shares) | - | 288,648 |
| Overview of potential shares that were not included in the calculation of diluted net income per share because they have no dilutive effects | Three classes of share acquisition rights (number of share acquisition rights: 93,260 (466,300 shares of common stock)) | One class of share acquisition rights (number of share acquisition rights: 20,000 (100,000 shares of common stock)) |

(Significant subsequent events)

Not applicable.