

Financial Results for the Fiscal Year Ended October 31, 2023 [Japan GAAP] (Consolidated)

Date: December 14, 2023
 Company Name and Code: Tomoe Engineering Co., Ltd. and Subsidiaries - 6309
 (URL: http://www.tomo-e.co.jp/index_e.html)
 Stock exchange listing: 1st Section, Tokyo Stock Exchange
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 Date of Annual Shareholders Meeting: January 30, 2024
 Date of Dividend Payment: January 31, 2024
 Date of Financial Statement: January 30, 2024
 Preparation of Supplementary Explanatory Materials for Annual Operating Results: Yes
 Briefing Session for Annual Operating Results: Yes (for analysts and institutional investors)

* Any fractional sums less than one million (or one thousand) yen are disregarded

1. Consolidated Financial Results for the Year Ended October 31, 2023

(1) Results of Operation (Consolidated)

(Percent: change from the previous year)

	Net Sales		Operating Income		Ordinary Income	
	(Millions of Yen)	(Percent)	(Millions of Yen)	(Percent)	(Millions of Yen)	(Percent)
Year Ended October 31, 2023	49,628	8.9	4,048	22.7	4,115	20.3
Year Ended October 31, 2022	45,588	-	3,299	16.0	3,421	17.8

(Note) Comprehensive income

Fiscal year ended October 31, 2023: 3,123 million yen (2.6%)

Fiscal year ended October 31, 2022: 3,045 million yen (14.2%)

	Net Income Attributable to Owners of the Parent		Net Income per Share	Fully Diluted Net Income per Share	Return on Equity	Return on Assets	Return on Sales
	(Millions of Yen)	(Percent)	(Yen)	(Yen)	(Percent)	(Percent)	(Percent)
Year Ended October 31, 2023	2,733	2.8	273. ⁹⁵	-	7.7	8.7	8.2
Year Ended October 31, 2022	2,659	26.1	266. ⁵³	-	8.0	7.7	7.2

(Reference) Equity in earnings (loss) of unconsolidated subsidiaries and affiliates

Fiscal year ended October 31, 2023: None

Fiscal year ended October 31, 2022: None

(Note) We have applied Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) such from the beginning of the previous fiscal year ending October 31, 2022. Because a significant impact on net sales arises, the year-on-year percentage change in net sales for the fiscal year ending October 31, 2022 is not shown.

(2) Financial Condition (Consolidated)

	Total Assets (A)	Net Assets (B)	Net Assets Ratio (B / A)	Net Assets per Share
	(Millions of Yen)	(Millions of Yen)	(Percent)	(Yen)
Year Ended October 31, 2023	49,007	36,832	75.2	3,691. ³²
Year Ended October 31, 2022	45,742	34,387	75.2	3,446. ²⁷

(Reference) Net assets

Fiscal year ended October 31, 2023: 36,832 million yen

Fiscal year ended October 31, 2022: 34,387 million yen

(3) Cash Flows (Consolidated)

(Millions of Yen)

	Net Cash Provided (Used) by Operating Activities	Net Cash Provided (Used) by Investing Activities	Net Cash Provided (Used) by Financing Activities	Consolidated Cash and Cash Equivalent as of Year-end
Year Ended October 31, 2023	3,512	(99)	(678)	13,519
Year Ended October 31, 2022	(1,739)	60	(498)	10,732

2. Dividend Status

	Dividend per Share (Yen)				
	First Quarter	Second Quarter	Third Quarter	End of Fiscal Year	Total
Year Ending October 31, 2022	-	25. ⁰⁰	-	28. ⁰⁰	53. ⁰⁰
Year Ending October 31, 2023	-	40. ⁰⁰	-	70. ⁰⁰	110. ⁰⁰
Year Ending October 31, 2023 (Prospect)	-	60. ⁰⁰	-	60. ⁰⁰	120. ⁰⁰

	Total Dividend (Millions of Yen)	Dividend Payout Ratio (Consolidated) (Percent)	Dividend on Equity Ratio (Consolidated) (Percent)
Year Ending October 31, 2022	528	19.9	1.6
Year Ending October 31, 2023	1,097	40.2	3.1
Year Ending October 31, 2024 (Prospect)		40.9	

3. Forecast for the Year Ending October 31, 2023 (Consolidated)

(Percent: Change from the previous year for the full business year and 6-month period)

	Net Sales		Operating Income		Ordinary Income	
	(Millions of Yen)	(Percent)	(Millions of Yen)	(Percent)	(Millions of Yen)	(Percent)
Full Business Year	51,800	4.4	4,180	3.3	4,200	2.1

	Net Income Attributable to Owners of the Parent		Net Income per Share
	(Millions of Yen)	(Percent)	(Yen)
Full Business Year	2,930	7.2	293. ⁶⁴

Notes

- (1) Significant changes in subsidiaries during this period (changes in specific subsidiaries involving changes in the scope of consolidation): None
Number of new subsidiaries: ___(Company names):
Number of eliminated subsidiaries: ___(Company names):
- (2) Changes in accounting principles, changes in accounting estimates, and retrospective restatements
1) Changes in accounting principles due to revision of accounting standard: Yes
2) Other changes in accounting principles than the above 1): None
3) Change in accounting estimates: None
4) Retrospective restatements: None
- (3) Number of outstanding shares (Common stock)
1) Number of outstanding shares at year-end (including treasury stocks)
At October 31, 2023: 10,533,200 shares At October 31, 2022: 10,533,200 shares
2) Number of treasury stocks at year-end
At October 31, 2023: 554,940 shares At October 31, 2022: 554,940 shares
3) Number of average shares
At October 31, 2023: 9,978,260 shares At October 31, 2022: 9,978,269 shares

(Reference) Summary of Non-Consolidated Financial Results**1. Non-Consolidated Financial Results for the Year Ended October 31, 2023****(1) Results of Operation (Non-Consolidated)**

(Percent: change from the previous year)

	Net Sales		Operating Income		Ordinary Income	
	(Millions of Yen)	(Percent)	(Millions of Yen)	(Percent)	(Millions of Yen)	(Percent)
Year Ended October 31, 2023	44,718	10.7	3,591	21.5	3,819	7.0
Year Ended October 31, 2022	40,379	-	2,956	25.3	3,569	39.5

	Net Income		Net Income per Share	Fully Diluted Net Income per Share
	(Millions of Yen)	(Percent)	(Yen)	(Yen)
Year Ended October 31, 2023	2,756	6.3	276. ²⁸	-
Year Ended October 31, 2022	2,594	31.0	260. ⁰¹	-

(Note) We have applied Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) such from the beginning of the previous fiscal year ending October 31, 2022. Because a significant impact on net sales arises, the year-on-year percentage change in net sales for the fiscal year ending October 31, 2022 is not shown.

(2) Financial Condition (Non-Consolidated)

	Total Assets (A)	Net Assets (B)	Net Assets Ratio (B / A)	Net Assets per Share
	(Millions of Yen)	(Millions of Yen)	(Percent)	(Yen)
Year Ended October 31, 2023	45,672	34,064	74.6	3,413. ⁸⁷
Year Ended October 31, 2022	42,862	31,851	74.3	3,192. ¹⁰

(Reference) Net assets

Fiscal year ended October 31, 2023: 34,064 million yen

Fiscal year ended October 31, 2022: 31,851 million yen

*This financial report is exempt from the review by certified public accountant or audit firm.

*Explanations for appropriate use of the earnings forecast and other special instructions

The forward-looking statements such as a forecast of our financial results described herein are based on the information currently available to us and the assumptions that we believe are reasonable. Actual results could differ materially due to various factors.

For the operating results forecast, refer to [(4) Outlook for the Next Fiscal Year] of [1. Overview of Operating Results, etc.] on page 5.

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1. Overview of Operating Results

(1) Overview Concerning Current Operating Results

During the consolidated fiscal year under review, Japan's economy, after sluggish growth at the beginning of the period, once recovered, but afterward experienced negative growth against the backdrop of stagnant personal consumption and depressed capital investment. On the other hand, overseas, the U.S. economy remained strong, the Chinese economy remained stagnant, and the European economy continued to be weak.

Given these circumstances, net sales for the Tomoe Engineering Group for the consolidated fiscal year under review increased 8.9% from the previous fiscal year to 49,628 million yen reflecting increased net sales in both the Machinery & Equipment Business and the Chemical Products Business. With respect to earnings, operating income increased 22.7% year-on-year to 4,048 million yen, while ordinary income came to 4,115 million yen, increased by 20.3% year-on-year because of profit growth in the Chemical Products Business. Net income attributable to owners of the parent increased 2.8% year-on-year to 2,733 million yen, reflecting appropriation of impairment loss in fixed assets of the consolidated subsidiary (Interstellar Plastics (Shenzhen) Co., Ltd. which is engaged in the compounding business in Shenzhen, China, and the negative drop related to gain from sales of fixed assets recorded in the previous consolidated fiscal year.

Operating results by segment were as follows.

(Machinery & Equipment Business)

In the Machinery and Equipment Business, net sales for the consolidated fiscal year increased 14.8% year-on-year to 13,041 million yen, reflecting growth in net sales for overseas markets as a whole, and net sales of machinery, components and repair services for domestic market, despite sluggish growth in net sales of equipment and construction works for domestic market.

(Millions of Yen)

	Product classification	Machinery	Equipment and construction works	Components and repair services	TOTAL
Public sector	October, 2022	884	995	2,643	4,523
	October, 2023	909	977	2,700	4,586
	Difference	24	-18	56	63
Private sector	October, 2022	562	129	2,201	2,892
	October, 2023	704	15	2,212	2,932
	Difference	142	-114	10	39
Overseas markets	October, 2022	1,595	0	2,344	3,939
	October, 2023	2,797	160	2,565	5,522
	Difference	1,201	160	220	1,582
TOTAL	October, 2022	3,042	1,124	7,189	11,356
	October, 2023	4,411	1,152	7,477	13,041
	Difference	1,368	27	288	1,684

With respect to earnings, operating income decreased 8.2% year-on-year to 829 million yen reflecting an increase in SG&A expenses which mainly included higher labor costs, although gross profit increased by growth in sales.

(Chemical Products Business)

In the Chemical Products Business, net sales for the consolidated fiscal year increased 6.9% year-on-year to 36,587 million yen. This mainly reflected significant growth in net sales of materials for power semiconductors for electric vehicles in the advanced materials sector, net sales of materials mainly for building and motor vehicles in the mineral products sector, and net sales of materials mainly for paint and ink applications in the Chemical products sector.

(Millions of Yen)

	October, 2022	October, 2023	Difference
Synthetic resin sector	5,274	5,298	24
Industrial materials sector	5,996	5,738	-258
Mineral products sector	4,907	5,630	723
Chemical products sector	8,142	8,573	430
Advanced materials sector	4,207	6,190	1,982
Electronic materials sector	5,451	4,910	-541
Other products (foreign liquor)	252	246	-5
Total	34,232	36,587	2,355

With respect to earnings, operating income increased 34.3% year-on-year to 3,218 million yen, because gross profit increased by growth in sales and this absorbed an increase in SG&A expenses which mainly included higher labor costs.

(2) Overview Concerning Current Financial Condition

Current assets at the end of the consolidated fiscal year were 39,029 million yen, up 3,049 million from the end of the previous consolidated fiscal year, reflecting an increase in cash and deposits and electronically recorded monetary claim, while merchandise and finished goods decreased. Noncurrent assets were 9,977 million yen, up 215 million yen from the end of the previous consolidated fiscal year, because net defined benefit assets increased while property, plant and equipment decreased.

Liabilities increased 819 million yen from the end of the previous consolidated fiscal year to 12,174 million yen mainly because provision for bonuses and contract liabilities increased while notes and accounts payable-trade decreased. Net assets stood at 36,832 million yen, up 2,445 million yen from the end of the previous consolidated fiscal year. This mainly reflected an increase in retained earnings recorded under net income attributable to owners of the parent reported at the current consolidated net income.

As a result of the above changes, the equity ratio at the end of the consolidated fiscal year stood at 75.2%, the same rate at the end of the previous consolidated fiscal year.

(3) Overview Concerning Current Cash Flow

Cash and cash equivalents ("cash") as of the end of the current consolidated fiscal year increased by 2,786 million yen from the end of the previous consolidated fiscal year to 13,519 million yen, reflecting positive cash flow provided by operating activities and expenditures for both investment activities and financing activities. The status of each consolidated cash flow and their factors during the current consolidated fiscal year are as follows:

(Net Cash Provided by (Used in) Operating Activities)

Net cash provided by operating activities in the consolidated fiscal year was 3,512 million yen. This was because cash provided by income before income taxes of 4,022 million yen, cash retention from depreciation and amortization of 392 million yen, and the decrease in funds resulting from an increase in inventories of 728 million yen, exceeded cash used by income taxes paid of 1,333 million yen and accounts receivable-trade and contract assets of 772 million yen. Net cash provided was 3,512 million yen, compared to 1,739 million yen used in the previous fiscal year.

(Net Cash Provided by (Used in) Investing Activities)

Net cash used in investing activities in the consolidated fiscal year was 99 million yen. This reflected 155 million yen cash used in acquisition of property, plant and equipment and in acquisition of intangible assets in 73 million yen, exceeded proceeds from sales of investment securities. Net cash used was 99 million yen, compared to 60 million yen provided in the previous consolidated fiscal year.

(Net Cash Provided by (Used in) Financing Activities)

Net cash used in financing activities in the consolidated fiscal year was 678 million yen. This mainly reflected dividend payments of 678 million yen. Net cash used was 179 million yen more than 498 million yen in the previous fiscal year.

Trends in cash flow indices

	Year Ended October 31, 2019	Year Ended October 31, 2020	Year Ended October 31, 2021	Year Ended October 31, 2022	Year Ended October 31, 2023
Equity Ratio (Percent)	73.9	77.2	73.6	75.2	75.2
Equity Ratio Based on Market Value (Percent)	60.3	50.4	52.5	51.5	54.3
Debt-repayment to Cash Flow Ratio (Years)	0.0	0.1	0.0	—	0.0
Interest Coverage Ratio (Percent)	114.8	93.0	884.0	—	2,320.8

Equity ratio: Net assets/ Total assets

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

Debt-repayment to cash flow ratio: Interest-bearing debt / Cash flow

Interest coverage ratio: Cash flow /Interest payment

(Notes)

1. All indices are calculated on the basis of consolidated financial figures.
2. Market capitalization is calculated based on the number of outstanding shares excluding treasury stock.
3. Cash flow refers to net cash provided by (used in) operating activities.
4. Interest-bearing debt refers to all debt reported on the consolidated balance sheet for which interest is being paid.
5. The debt-repayment to cash flow ratio and interest coverage ratio for the fiscal year ended October 31, 2022, are not stated because of negative operating cash.

(4) Outlook for the Next Fiscal Year (November 1, 2023 - October 31, 2024)

In the consolidated fiscal year ending October 31, 2024, the pace of recovery of the Japan's economy is expected to remain moderate on factors including the semiconductors shortage, shortage of raw material and components, soaring resource prices, U.S. inflation concerns, sharp exchange rate fluctuations, the prolonged Russian-Ukrainian conflict, and the impact of escalating tensions in the Middle East. Against this backdrop, overseas, the U.S. economy is clearly peaking out, the Chinese economy remains uncertain, and the European economy is expected to continue to experience low growth.

The Group has formulated a medium-term business plan, "For Sustainable Future" (for the fiscal years ending October 31, 2023 through October 31, 2025), which concludes in October 31, 2025, and will move forward with various initiatives to achieve sustainable growth and enhance corporate value. Against this backdrop, the consolidated ordinary income for the fiscal year ending October 31, 2023, the first year of our medium-term business plan, reached a record high, and we also achieved the consolidated ordinary income target (4 billion yen) for the final year of the plan. In light of these circumstances, by aggressively upgrading our business strategies, we have revised upward our targets for the final year of this medium-term business plan (fiscal year ending October 31, 2025) to consolidated net sales of 54 billion yen, ordinary income of 4.4 billion yen, and ROE of 8.0%, aiming to achieve a 1x P/B ratio.

In the Machinery & Equipment Business, following the U.S. and China, we will accelerate the location expansion in India and Southeast Asia to build a sales network covering all major markets and strengthen sales force. At the same time, we will improve optimization of procurement costs by expanding raw material procurement routes from the countries and regions covered by each location.

Furthermore, as part of our efforts to address the SDGs and decarbonization, we will achieve sales of equipment that leads to reduction of environmental impact by renewable energy sources, such as binary power generation equipment, and strengthen overseas procurement of new products and merchandises, which will be our third pillar of the project. As a result of these efforts, net sales for the consolidated fiscal year ending October 31, 2024, are projected to increase 11.2% year-on-year to 14,500 million yen. Operating income is expected to increase 20.6% year-on-year to 1,000 million yen reflecting the effect of higher revenue, despite an anticipated increase in SG&A expenses due to higher personnel expenses and research and development costs that will be necessary for future growth.

In the Chemical Products Business, we will focus on expanding business in Southeast Asia, centered on Thailand, also expanding business in European countries from our business location in the Czech Republic, and finding new suppliers. In addition, we will develop and procure materials that meet market needs to ensure a stable supply to our customers, as the whole industry will be facing major shortage of materials for power devices that will be in great demand worldwide for use of electric vehicles and other products.

Furthermore, with an emphasis on sustainability, we will promote the launch of new businesses linked to the SDGs and decarbonization, including efforts to develop and explore the life science field in addition to the industrial product field.

As a result of these efforts, for the Tomoe Engineering Group in the consolidated fiscal year ending October 31, 2024 we project net sales of 51,800 million yen, up 4.4% year-on-year, operating income of 4,180 million yen, up 3.3% year-on-year, ordinary income of 4,200 million yen, up 2.1% year-on-year, and net income attributable to the shareholders of the parent company of 2,930 million yen, up 7.2% year-on-year.

The operating results forecasts for the next period described above are based on information available to the Company at the time the forecasts were prepared and assumptions judged to be reasonable. Actual operating results might differ from these forecasts depending upon changes in domestic and international financial and economic conditions, the supply and demand situation, various risk factors and other uncertainties.

(5) Basic Policy for Profit Sharing and Dividends for Fiscal 2023 and 2024

We consider that the sharing of profit to shareholders is one of our top business priorities, and our dividend policy for the current mid-term business plan period (fiscal year ending October 31, 2023 - fiscal year ending October 31, 2025) is as follows.

[New Dividend Policy]

While maintaining a sound financial position, we will pay stable dividends with a target payout ratio of 40% or more, taking into account the medium- to long-term business outlook, business strategy, and other factors.

Based on this policy, we plan to pay a dividend of 70 yen per share (110 yen per share for the full year), an increase of 30 yen per share at the end of the consolidated fiscal year ending on October 31, 2023, taking into consideration our financial position, performance for the current fiscal year, and future prospects.

In the same manner, we plan to increase the annual dividend forecast for the fiscal year ending October 31, 2024 to 120 yen per share (including an interim dividend of 60 yen per share) in order to share profits to our shareholders, taking into consideration our financial position and consolidated performance outlook.

2. Basic Approach to the Selection of Accounting Standards

At the present time the Tomoe Engineering Group has adopted Japan GAAP, based on factors such as comparability between firms, and the Group's policy concerning the application of IFRS will be to respond while referring to outside trends and other considerations.

3. Consolidated Financial Statements and Main Notes

(1) Balance Sheets

(Thousands of Yen)

Assets	Year Ended October 31, 2022	Year Ended October 31, 2023
Current Assets		
Cash and Deposits	10,732,583	13,519,519
Notes, Accounts Receivable-Trade and Contract Assets	13,297,252	13,053,566
Electronically Recorded Monetary Claims	3,466,717	4,534,946
Merchandise and Finished Goods	5,839,927	5,023,516
Work in Process	1,282,752	1,413,836
Raw Materials and Supplies	1,120,659	1,118,239
Others	323,406	442,065
Allowance for Doubtful Accounts	-83,122	-75,966
Total Current Assets	35,980,178	39,029,723
Noncurrent Assets		
Property, Plant and Equipment		
Buildings and Structures	5,144,878	5,142,178
Accumulated Depreciation	-2,209,570	-2,361,073
Buildings and Structures, Net	2,935,308	2,781,104
Machinery, Equipment and Vehicles	4,298,347	4,276,421
Accumulated Depreciation	-3,820,079	-3,947,522
Machinery, Equipment and Vehicles, Net	478,268	328,898
Land	2,304,010	2,304,322
Construction in progress	17,347	—
Others	1,139,081	1,173,898
Accumulated Depreciation	-1,049,820	-1,093,060
Others, Net	89,261	80,837
Total Property, Plant and Equipment	5,824,196	5,495,162
Intangible Assets	86,835	135,706
Investments and Other Assets		
Investment Securities	1,306,889	1,461,804
Guarantee Deposits	563,224	555,604
Net Defined Benefit Assets	1,908,244	2,235,326
Deferred Tax Assets	6,291	11,981
Others	88,304	103,258
Allowance for Doubtful Accounts	-21,892	-21,551
Total Investments and Other Assets	3,851,061	4,346,423
Total Noncurrent Assets	9,762,093	9,977,293
Total Assets	45,742,272	49,007,016

(Thousands of Yen)

Liabilities and Net Assets	Year Ended October 31, 2022	Year Ended October 31, 2023
Liabilities		
Current Liabilities		
Notes and Accounts Payable-Trade	4,582,839	4,348,081
Electronically Recorded Monetary Debt	2,238,380	2,286,828
Accounts Payable-Others	744,644	808,811
Income Taxes Payable	769,585	731,645
Contract Liabilities	291,848	483,376
Provision for Bonuses	1,507,631	1,791,344
Provision for Directors' Bonuses	103,889	110,816
Allowance for Product Warranty	200,287	190,085
Others	236,306	608,366
Total Current Liabilities	10,675,412	11,359,356
Noncurrent Liabilities		
Provision for Directors' Retirement Benefits	5,460	—
Net Defined Benefit Liabilities	74,120	86,239
Deferred Tax Liabilities	599,474	728,469
Total Noncurrent Liabilities	679,055	814,709
Total Liabilities	11,354,468	12,174,065
Net Assets		
Shareholders' Equity		
Capital Stock	1,061,210	1,061,210
Capital Surplus	1,483,410	1,483,410
Retained Earnings	30,882,276	32,018,940
Treasury Stock	-364,148	-364,148
Total Shareholders' Equity	33,062,747	35,117,778
Accumulated Other Comprehensive Income		
Valuation Difference on Available-for-Sale Securities	362,745	505,132
Deferred Gains or Losses on Hedges	11,637	3,928
Foreign Currency Translation Adjustment	801,149	904,168
Total Adjustment on Net Defined Benefit	149,523	301,944
Total Accumulated Other Comprehensive Income	1,325,056	1,715,173
Total Net Assets	34,387,804	36,832,951
Total Liabilities and Net Assets	45,742,272	49,007,016

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Thousands of Yen)

	Year Ended October 31, 2022	Year Ended October 31, 2023
Net Sales	45,588,955	49,628,889
Cost of Sales	34,495,083	37,083,894
Gross Profit	11,093,872	12,544,994
Selling, General and Administrative Expenses	7,794,015	8,496,959
Operating Income	3,299,857	4,048,035
Non-Operating Income		
Interest income	2,898	19,485
Dividends Income	44,330	49,312
Rent Income	7,641	8,030
Foreign Exchange Gain	41,347	—
Others	42,793	40,691
Total Non-Operating Income	139,011	117,519
Non-Operating Expenses		
Interest Expenses	5,024	1,600
Commission Paid	9,000	9,000
Guarantee Commission	1,816	1,455
Foreign Exchange Loss	—	37,034
Others	1,145	1,445
Total Non-Operating Expenses	16,985	50,537
Ordinary Income	3,421,883	4,115,017
Extraordinary Profits		
Profit on Sales of Noncurrent Assets	460,715	—
Profit on Sales of Investment Securities	6,772	85,615
Total Extraordinary Profits	467,488	85,615
Extraordinary Losses		
Impairment Loss	—	178,207
Loss on Retirement of Noncurrent Assets	4,368	—
Total Extraordinary Losses	4,368	178,207
Income before Income Taxes	3,885,003	4,022,426
Income Taxes-Current	1,198,064	1,293,280
Income Taxes-Deferred	27,444	-4,406
Total Income Taxes	1,225,509	1,288,874
Net Income	2,659,494	2,733,551
Net Income Attributable to Owners of the Parent	2,659,494	2,733,551

Consolidated Statements of Comprehensive Income

(Thousands of Yen)

	Year Ended October 31, 2022	Year Ended October 31, 2023
Net Income	2,659,494	2,733,551
Other Comprehensive Income		
Valuation Difference on Available-for-sale Securities	-88,140	142,386
Deferred Gains or Losses on Hedges	3,852	-7,709
Foreign Currency Translation Adjustment	587,307	103,018
Adjustment on Net Defined Benefit	-117,182	152,421
Total Other Comprehensive Income	385,836	390,117
Comprehensive Income	3,045,330	3,123,668
(Breakdown)		
Comprehensive Income Attributable to Owners of the Parent	3,045,330	3,123,668

(3) Consolidated Statements of Changes in Shareholders' Equity

Previous Consolidated Fiscal Year (Year Ended October 31, 2022)

(Thousands of Yen)

	Shareholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Issued Shares Reacquired	Total Net Assets
Surplus during Previous Fiscal Year	1,061,210	1,483,410	28,721,695	-364,081	30,902,234
Changes during This Fiscal Year					
Cash Dividend Paid			-498,913		-498,913
Net Income Attributable to Owners of the Parent			2,659,494		2,659,494
Acquisition of Treasury Stock				-66	-66
Total (Net) Amount Changed (Except Shareholders' Equity)					
Total Amount Changed	—	—	2,160,580	-66	2,160,513
Surplus during This Fiscal Year	1,061,210	1,483,410	30,882,276	-364,148	33,062,747

	Accumulated Other Comprehensive Income					Total Net Assets
	Valuation Difference on Available-for-sale Securities	Deferred Gains or Losses on Hedges	Foreign Currency Translation Adjustment	Total Net Defined Benefit	Total Other Comprehensive Income	
Surplus during Previous Fiscal Year	450,885	7,785	213,842	266,705	939,220	31,841,454
Changes during This Fiscal Year						
Cash Dividend Paid						-498,913
Net Income Attributable to Owners of the Parent						2,659,494
Acquisition of Treasury Stock						-66
Total (Net) Amount Changed (Except Shareholders' Equity)	-88,140	3,852	587,307	-117,182	385,836	385,836
Total Amount Changed	-88,140	3,852	587,307	-117,182	385,836	2,546,349
Surplus during This Fiscal Year	362,745	11,637	801,149	149,523	1,325,056	34,387,804

Current Consolidated Fiscal Year (Year Ended October 31, 2023)

(Thousands of Yen)

	Shareholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Issued Shares Reacquired	Total Net Assets
Surplus during Previous Fiscal Year	1,061,210	1,483,410	30,882,276	-364,148	33,062,747
Changes during This Fiscal Year					
Cash Dividend Paid			-678,521		-678,521
Net Income Attributable to Owners of the Parent			2,733,551		2,733,551
Acquisition of Treasury Stock					—
Total (Net) Amount Changed (Except Shareholders' Equity)					
Total Amount Changed	—	—	2,055,030	—	2,055,030
Surplus during This Fiscal Year	1,061,210	1,483,410	32,937,306	-364,148	35,117,778

	Accumulated Other Comprehensive Income					Total Net Assets
	Valuation Difference on Available-for-sale Securities	Deferred Gains or Losses on Hedges	Foreign Currency Translation Adjustment	Total Net Defined Benefit	Total Other Comprehensive Income	
Surplus during Previous Fiscal Year	362,745	11,637	801,149	149,523	1,325,056	34,387,804
Changes during This Fiscal Year						
Cash Dividend Paid						-678,521
Net Income Attributable to Owners of the Parent						2,733,551
Acquisition of Treasury Stock						—
Total (Net) Amount Changed (Except Shareholders' Equity)	142,386	-7,700	103,018	152,421	390,117	390,117
Total Amount Changed	142,386	-7,700	103,018	152,421	390,117	2,445,147
Surplus during This Fiscal Year	505,132	3,928	904,168	301,944	1,715,173	36,832,951

(4) Consolidated Statements of Cash Flows

(Thousands of Yen)

	Year Ended October 31, 2022	Year Ended October 31, 2023
Net Cash Provided by (Used in) Operating Activities		
Income before Income Taxes and Minority Interests	3,885,003	4,022,426
Depreciation and Amortization	376,133	392,621
Increase (Decrease) in Provision for Bonuses	97,204	283,021
Increase (Decrease) in Provision for Directors' Bonuses	22,910	6,927
Increase (Decrease) in Allowance for Product Warranty	(162,983)	(10,202)
Increase (Decrease) in Net Defined Benefit Liability	6,348	12,118
Decrease (Increase) in Net Defined Benefit Asset	(55,794)	(57,477)
Increase (Decrease) in Provision for Directors' Retirement Benefits	—	(5,460)
Increase (Decrease) in Allowance for Doubtful Accounts	159	(10,184)
Interests and Dividends Income	(47,229)	(68,798)
Interest Expenses	5,024	1,600
Foreign Exchange Losses (Gains)	(76,347)	(17,504)
Loss (Gain) on Sales of Investment Securities	(6,772)	(85,615)
Impairment Loss	—	178,207
Decrease (Increase) in Notes, Accounts Receivable-Trade and Contract Assets	(1,529,064)	(772,727)
Decrease (Increase) in Inventories	(2,405,711)	728,520
Decrease (Increase) in Advance Payment	43,228	(202,123)
Increase (Decrease) in Notes and Accounts Payable-Trade	123,878	(217,528)
Loss (Gain) on Sales of Noncurrent Assets	(460,715)	—
Loss on Retirement of Noncurrent Assets	4,368	—
Increase (Decrease) in Accounts Payable-Others	69,382	10,782
Increase (Decrease) in Contract Liabilities	(22,116)	190,247
Increase (Decrease) in Unpaid Consumption Tax	(355,681)	524,250
Others, Net	(90,771)	(123,723)
Sub total	(579,545)	4,779,378
Interests and Dividends Income Received	46,354	68,263
Interest Expenses Paid	(5,024)	(1,600)
Income Taxes Returned (Paid)	(1,201,371)	(1,333,788)
Net Cash Provided by (Used in) Operating Activities	(1,739,586)	3,512,252

(Thousands of Yen)

	Year Ended October 31, 2022	Year Ended October 31, 2023
Net Cash Provided by (Used in) Investment Activities		
Disbursement to Time Deposits	(8,000,000)	(4,200,000)
Proceeds from Withdrawal of Time Deposits	8,000,000	4,200,000
Purchase of Property, Plant and Equipment	(240,384)	(155,872)
Proceeds from Sales of Property, Plant and Equipment	496,002	—
Purchase of Intangible Fixed Assets	(39,571)	(73,946)
Purchase of Investment Securities	(14,591)	(1,525)
Proceeds from Sales of Investment Securities	12,484	138,457
Payments of Loans Receivable	(1,080)	(6,246)
Collection of Loans Receivable	970	5,076
Guarantee Deposits (Increase)	(150,253)	9,121
Others, Net	(3,095)	(14,078)
Net Cash Provided by (Used in) Investment Activities	60,480	99,014
Net Cash Provided by (Used in) Financing Activities		
Acquisition of Treasury Stock	(66)	—
Cash Dividends Paid	(498,913)	(678,521)
Net Cash Provided by (Used in) Financing Activities	(498,980)	(678,521)
Cash and Cash Equivalents		
Effect of Exchange Rate Change on Cash and Cash Equivalents	303,179	52,218
Net Increase (Decrease) in Cash and Cash Equivalents	(1,874,906)	2,786,935
Cash and Cash Equivalents at Beginning of Period	12,607,490	10,732,583
Cash and Cash Equivalents at End of This Fiscal Year	10,732,583	13,519,519

(5) Notes for Consolidated Financial Statements

(Notes for premise of going concern)

There are no pertinent matters to report.

(Changes in accounting policies)

(Application of Accounting Standard Application Guidelines for Fair Value Measurement)

We have applied Accounting Standard Application Guidelines for Fair Value Measurement (ASBJ Statement No. 31; hereinafter referred to as Accounting Standard Application Guidelines for Fair Value Measurement) from the beginning of the consolidated fiscal year under review, and in compliance with the transitional treatment prescribed in Article 27-2 of Accounting Standard Application Guidelines for Fair Value Measurement, we will in the future apply the new accounting policy prescribed by Accounting Standard Application Guidelines for Fair Value Measurement. Furthermore, there is no effect on the consolidated financial statements.

(Changes in presentation method)

(Consolidated statement of cash flow)

Since increase (decrease) in advance payment, which was included in others, net under net cash provided by (used in) operating activities in the previous consolidated fiscal year, increased in quantitative materiality, we present it separately beginning from the consolidated fiscal year under review. To reflect the change in this presentation method, we have performed a reclassification of the consolidated financial statements for the previous consolidated fiscal year.

As a result, we have reclassified the (47,543,000) yen shown in others, net under net cash provided by (used in) operating activities in the consolidated statement of cash flows for the previous consolidated fiscal year as 43,228,000 yen in increase (decrease) in advance payment and (90,771,000) yen in others, net.

(Segment information)

1. Summary of reporting segments

TOMOE Engineering Co., Ltd. has established two operational headquarters. These operational headquarters are developing their business activities by planning comprehensive domestic and overseas strategies for the respective manufactured and commercial products they handle.

We therefore have assumed these two businesses, referred to as the "Machinery & Equipment Business" and the "Chemical Products Business", as our company reporting segments. The Machinery & Equipment Business mainly manufactures and sells centrifuge decanters, and the Chemical Products Business mainly manufactures, stocks and sells chemical industry products.

The Company's reporting segments are those units of the Company's for which discrete financial information is available and for which the Board of Directors regularly conducts a review for the purpose of making decisions about resources to be allocated to the segments and assess the segments' performance.

2. Method for calculating amounts of net sales, income or loss, assets, liabilities and other items for each reporting segment

The accounting methods for reporting segments are identical to the accounting methods adopted for preparation of the consolidated financial statements.

3. Information concerning the amount of net sales, income or loss, assets, liabilities and other items for each reporting segment

Previous Consolidated Fiscal Year (Year Ended October 31, 2022)

(Thousands of Yen)

	Reporting segment			Amount of Adjustment Note 1	Consolidated Financial Statements Reported Amount
	Machinery & Equipment Business	Chemical Products Business	Total		
Sales					
Sales to Unaffiliated Customers	11,356,602	34,232,353	45,588,955	—	45,588,955
Internal Sales Among Segments or Amount Transferred	—	—	—	—	—
Total	11,356,602	34,232,353	45,588,955	—	45,588,955
Segment Income	903,091	2,396,765	3,299,857	—	3,299,857
Segment Assets	10,121,315	23,580,482	33,701,798	12,040,473	45,742,272
Other Items					
Depreciation & Amortization	286,660	89,473	376,133	—	376,133
Increase in Property, Plant & Equipment and Intangible Assets	141,245	122,948	264,194	—	264,194

(Notes) 1. The adjustment amount for segment assets is the assets of the entire company that cannot be allocated to each reporting segment, and is mainly idle operating funds (cash on hand and in banks), long-term investments (investment securities) and assets acquired in relation to a district redevelopment project.

2. The total amount for segment income agrees with the operating income reported on the Consolidated Statement of Income.

Current Consolidated Fiscal Year (Year Ended October 31, 2023)

(Thousands of Yen)

	Reporting segment			Amount of Adjustment Note 1	Consolidated Financial Statements Reported Amount
	Machinery & Equipment Business	Chemical Products Business	Total		
Sales					
Sales to Unaffiliated Customers	13,041,426	36,587,463	49,628,889	—	49,628,889
Internal Sales Among Segments or Amount Transferred	—	—	—	—	—
Total	13,041,426	36,587,463	49,628,889	—	49,628,889
Segment Income	829,244	3,218,791	4,048,035	—	4,048,035
Segment Assets	10,965,168	23,059,524	34,024,693	14,982,323	49,007,016
Other Items					
Depreciation & Amortization	282,546	110,075	392,621	—	392,621
Increase in Property, Plant & Equipment and Intangible Assets	192,062	89,401	281,463	—	281,463

(Notes) 1. The adjustment amount for segment assets is the assets of the entire company that cannot be allocated to each reporting segment, and is mainly idle operating funds (cash on hand and in banks), long-term investments (investment securities) and assets acquired in relation to a district redevelopment project.

2. The total amount for segment income agrees with the operating income reported on the Consolidated Statement of Income.

(Related information)

Previous Consolidated Fiscal Year (Year Ended October 31, 2022)

1. Information by product and service

The Company has omitted a description of information by product and service because this same information is disclosed in segment information.

2. Regional Information

1. Net Sales (Thousands of Yen)

Japan	Asia	Others	Total
35,209,128	8,698,369	1,681,457	45,588,955

(Note) Net sales are classified by country or region based on the customer's location.

2. Property, Plant and Equipment (Thousands of Yen)

Japan	Asia	Others	Total
5,366,341	314,545	143,309	5,824,196

3. Main Customer Information

The Company has omitted a description of sales to outside customers because there are no customers to which sales account for more than 10% of the net sales reported in the Consolidated Statements of Income.

Current Consolidated Fiscal Year (Year Ended October 31, 2023)

1. Information by product and service

The Company has omitted a description of information by product and service because this same information is disclosed in segment information.

2. Regional Information

1. Net Sales (Thousands of Yen)

Japan	Asia	Others	Total
38,844,772	9,007,105	1,777,010	49,628,889

(Note) Net sales are classified by country or region based on the customer's location.

2. Property, Plant and Equipment (Thousands of Yen)

Japan	Asia	Others	Total
5,264,482	90,471	140,208	5,495,162

3. Main Customer Information

The Company has omitted a description of sales to outside customers because there are no customers to which sales account for more than 10% of the net sales reported in the Consolidated Statements of Income.

(Information concerning impairment losses on fixed assets by reporting segment)

(Thousands of Yen)

	Reporting segment			Whole company – Elimination	Total
	Machinery & Equipment Business	Chemical Products Business	Total		
Impairment Losses	—	178,207	178,207	—	178,207

(Information concerning amortization of goodwill and unamortized balances by reporting segment)

There are no pertinent matters to report.

(Information concerning gain on negative goodwill by reporting segment)

There are no pertinent matters to report.

(Per Share Information)

	Year Ended October 31, 2022	Year Ended October 31, 2023
Net Asset per Share	¥3,446. ²⁷	¥3,691. ³²
Net Income per Share	¥266. ⁵³	¥273. ⁹⁵

(Note 1) Income per share for this fiscal year after adjustment of the residual securities is not presented as there are no residual securities.

(Note 2) Calculation basis for net income per share are as follows:

	Year Ended October 31, 2022	Year Ended October 31, 2023
Net Income for this Fiscal Year (thousands of yen)	2,659,494	2,733,551
Net Income for Common Stock (thousands of yen)	2,659,494	2,733,551
Average number of Common Stock during the Fiscal Year	9,978,269	9,978,260

(Note3) Calculation basis for net asset per share are as follows:

	Year Ended October 31, 2022	Year Ended October 31, 2023
Total for Net Asset in Consolidated Balance Sheet (thousands of yen)	34,387,804	36,832,951
Net Asset for Common Stock (thousands of yen)	34,387,804	36,832,951
Number of Common Stock used for calculation of Net Assets per Share (share)	9,978,260	9,978,260

(Significant subsequent events)

None

4. Non-Consolidated Financial Statements and Main Notes

(1) Balance Sheets

(Thousands of Yen)

Assets	Year Ended October 31, 2022	Year Ended October 31, 2023
Current Assets		
Cash and Deposits	8,384,075	10,602,158
Notes	722,388	693,084
Electronically Recorded Monetary Claims	3,461,987	4,523,633
Accounts Receivable-Trade and Contract Assets	11,580,688	11,579,707
Merchandise and Finished Goods	5,104,603	4,363,166
Work in Process	1,134,347	1,241,624
Raw Materials and Supplies	1,078,668	1,062,437
Short-term Loans Receivable	89,688	1,160
Others	254,749	322,164
Allowance for Doubtful Accounts	-1,588	-1,684
Total Current Assets	31,809,608	34,387,452
Noncurrent Assets		
Property, Plant and Equipment		
Buildings	2,654,372	2,561,899
Structures	18,912	16,834
Machinery, Equipment	261,851	267,518
Vehicles	—	—
Tools, Furniture and Fixtures	70,497	68,155
Land	2,250,181	2,250,181
Total Property, Plant and Equipment	5,255,816	5,164,589
Intangible Assets		
Telephone Subscription Right	8,165	8,165
Software	60,660	125,214
Software in Progress	9,250	—
Total Intangible Assets	78,076	133,380
Investments and Other Assets		
Investment Securities	1,272,889	1,427,804
Shares of Subsidiaries and Affiliates	1,574,120	1,574,120
Investments in Subsidiaries and Affiliates	672,810	672,810
Long-term Loans Receivable	12,699	13,504
Guarantee Deposits	503,446	501,727
Prepaid Pension Cost	1,646,725	1,747,070
Others	58,639	71,109
Allowance for Doubtful Accounts	-21,892	-21,551
Total Investments and Other Assets	5,719,437	5,986,596
Total Noncurrent Assets	11,053,330	11,284,565
Total Assets	42,862,939	45,672,018

(Thousands of Yen)

Liabilities and Net Assets	Year Ended October 31, 2022	Year Ended October 31, 2023
Liabilities		
Current Liabilities		
Notes	32,127	10,669
Electronically Recorded Monetary Debt	2,144,276	2,194,679
Accounts Payable-Trade	4,206,277	3,988,578
Short-term Loans Payable	518,980	523,320
Accounts Payable-Others	699,288	760,065
Income Taxes Payable	737,676	661,505
Contract Liabilities	243,364	364,356
Provision for Bonuses	1,394,299	1,662,128
Provision for Directors' Bonuses	96,550	102,777
Allowance for Product Warranty	200,287	190,085
Others	173,121	572,379
Total Current Liabilities	10,446,248	11,030,545
Noncurrent Liabilities		
Net Defined Benefit Liabilities	21,968	26,919
Provision for Directors' Retirement Benefits	5,460	—
Deferred Tax Liabilities	537,704	550,034
Total Noncurrent Liabilities	565,132	576,954
Total Liabilities	11,011,381	11,607,499
Net Assets		
Shareholders' Equity		
Capital Stock	1,061,210	1,061,210
Capital Surplus		
Capital Surplus	1,483,410	1,483,410
Total Capital Surplus	1,483,410	1,483,410
Retained Earnings		
Retained Earnings	230,000	230,000
Other Retained Earnings		
Reserve for Dividend Payments	250,000	250,000
Contingent Reserve	25,830,000	27,830,000
Deferred Retained Earnings	2,986,703	3,064,986
Total Retained Earnings	29,296,703	31,374,986
Treasury Stock	-364,148	-364,148
Total Shareholders' Equity	31,477,174	33,555,457
Valuation and Translation Adjustments		
Valuation Difference on Available-for-Sale Securities	362,745	505,132
Deferred Gains or Losses on Hedges	11,637	3,928
Total Valuation and Translation Adjustments	374,383	509,060
Total Net Assets	31,851,557	34,064,518
Total Liabilities and Net Assets	42,862,939	45,672,018

(2) Non-Consolidated Statements of Income

(Thousands of Yen)

	Year Ended October 31, 2022	Year Ended October 31, 2023
Net Sales	40,379,788	44,718,787
Cost of Sales	30,479,227	33,549,471
Gross Profit	9,900,560	11,169,316
Selling, General and Administrative Expenses	6,943,804	7,578,175
Operating Income	2,956,756	3,591,140
Non-Operating Income		
Interest income	6,684	14,625
Dividends Income	91,095	189,451
Rent Income	60,909	60,907
Reversal of Allowance for Doubtful Accounts	335,000	6
Foreign Exchange Gain	111,914	—
Others	46,437	39,058
Total Non-Operating Income	652,039	304,050
Non-Operating Expenses		
Interest Expenses	8,378	14,666
Rental Costs	19,630	20,024
Commission Paid	9,000	9,000
Foreign Exchange Loss	—	29,333
Others	2,604	2,268
Total Non-Operating Expenses	39,613	75,293
Ordinary Income	3,569,181	3,819,897
Extraordinary Profits		
Profit on Sales of Noncurrent Assets	456,447	—
Profit on Sales of Investment Securities	6,772	85,615
Total Extraordinary Profits	463,220	85,615
Extraordinary Losses		
Loss on Disposal of Fixed Assets	3,701	—
Loss on Valuation of Stocks of Subsidiaries and Affiliates	267,149	—
Total Extraordinary Losses	270,850	—
Income before Income Taxes	3,761,550	3,905,512
Income Taxes-Current	1,144,461	1,196,819
Income Taxes-Deferred	22,612	-48,111
Total Income Taxes	1,167,074	1,148,707
Net Income	2,594,476	2,756,804

(3) Non-Consolidated Statements of Changes in Shareholders' Equity

Previous Non-Consolidated Fiscal Year (Year Ended October 31, 2022)

(Thousands of Yen)

	Shareholders' Equity								
	Common Stock	Capital Surplus	Retained Earnings						
		Capital Surplus	Retained Earnings	Other Retained Earnings					Total Retained Earnings
				Reserve for Dividend Payments	Allowance for Fixed Assets	Contingent Reserve	Deferred Retained Earnings		
Surplus during Previous Fiscal Year	1,061,210	1,483,410	230,000	250,000	16,713	24,330,000	2,374,426	27,201,140	
Changes during This Fiscal Year									
Reversal of Reserve for Reduction of Fixed Assets					-16,713		16,713	—	
Provision of Separate Reserve Fund						1,500,000	-1,500,000	—	
Cash Dividend Paid							-498,913	-498,913	
Net Income Attributable to Owners of the Parent							2,594,476	2,594,476	
Acquisition of Treasury Stock									
Total (Net) Amount Changed (Except Shareholders' Equity)									
Total Amount Changed	—	—	—	—	-16,713	1,500,000	612,277	2,095,563	
Surplus during This Fiscal Year	1,061,210	1,483,410	230,000	250,000	—	25,830,000	2,986,703	29,296,703	

(Thousands of Yen)

	Shareholders' Equity		Valuation and Translation Adjustments			Total Net Assets
	Treasury Stock	Total Shareholders' Equity	Valuation Difference on Available-for-sale Securities	Deferred Gains or Losses on Hedges	Total Valuation and Translation Adjustments	
Surplus during Previous Fiscal Year	-364,081	29,381,678	450,885	7,785	458,671	29,840,350
Changes during This Fiscal Year						
Reversal of Reserve for Reduction of Fixed Assets		—				—
Provision of Separate Reserve Fund		—				—
Cash Dividend Paid		-498,913				-498,913
Net Income Attributable to Owners of the Parent		2,594,476				2,594,476
Acquisition of Treasury Stock	-66	-66				-66
Total (Net) Amount Changed (Except Shareholders' Equity)			-88,140	3,852	-84,288	-84,288
Total Amount Changed	-66	2,095,496	-88,140	3,852	-84,288	-84,288
Surplus during This Fiscal Year	-364,148	31,477,174	362,745	11,637	374,383	31,851,557

Non-Current Consolidated Fiscal Year (Year Ended October 31, 2023)

(Thousands of Yen)

	Shareholders' Equity							
	Common Stock	<i>Capital Surplus</i>	Retained Earnings					
		Capital Surplus	Retained Earnings	Other Retained Earnings				
				Reserve for Dividend Payments	Allowance for Fixed Assets	Contingent Reserve	Deferred Retained Earnings	Total Retained Earnings
Surplus during Previous Fiscal Year	1,061,210	1,483,410	230,000	250,000	—	25,830,000	2,986,703	29,296,703
Changes during This Fiscal Year								
Reversal of Reserve for Reduction of Fixed Assets								—
Provision of Separate Reserve Fund						2,000,000	-2,000,000	—
Cash Dividend Paid							-678,521	-678,521
Net Income Attributable to Owners of the Parent							2,756,804	2,756,804
Acquisition of Treasury Stock								
Total (Net) Amount Changed (Except Shareholders' Equity)								
Total Amount Changed	—	—	—	—	—	2,000,000	78,283	2,078,283
Surplus during This Fiscal Year	1,061,210	1,483,410	230,000	250,000	—	27,830,000	3,064,986	31,374,986

(Thousands of Yen)

	Shareholders' Equity		Valuation and Translation Adjustments			Total Net Assets
	Treasury Stock	Total Shareholders' Equity	Valuation Difference on Available-for-sale Securities	Deferred Gains or Losses on Hedges	Total Valuation and Translation Adjustments	
Surplus during Previous Fiscal Year	-364,148	31,477,174	362,745	11,637	374,383	31,851,557
Changes during This Fiscal Year						
Reversal of Reserve for Reduction of Fixed Assets		—				—
Provision of Separate Reserve Fund		—				—
Cash Dividend Paid		-678,521				-678,521
Net Income Attributable to Owners of the Parent		2,756,804				2,756,804
Acquisition of Treasury Stock		—				—
Total (Net) Amount Changed (Except Shareholders' Equity)			142,386	-7,709	134,677	134,677
Total Amount Changed	—	2,078,283	142,386	-7,709	134,677	2,212,960
Surplus during This Fiscal Year	-364,148	33,555,457	505,132	3,928	509,060	34,064,518

(4) Notes for Non-Consolidated Financial Statements

(Notes for premise of going concern)

There are no pertinent matters to report.

(Changes in accounting policies)

(Application of Accounting Standard Application Guidelines for Fair Value Measurement)

We have applied Accounting Standard Application Guidelines for Fair Value Measurement (ASBJ Statement No. 31; hereinafter referred to as Accounting Standard Application Guidelines for Fair Value Measurement) from the beginning of the consolidated fiscal year under review, and in compliance with the transitional treatment prescribed in Article 27-2 of Accounting Standard Application Guidelines for Fair Value Measurement, we will in the future apply the new accounting policy prescribed by Accounting Standard Application Guidelines for Fair Value Measurement. Furthermore, there is no effect on the consolidated financial statements.

(Per Share Information)

	Year Ended October 31, 2022	Year Ended October 31, 2023
Net Asset per Share	¥3,192. ¹⁰	¥3,413. ⁸⁷
Net Income per Share	¥260. ⁰¹	¥276. ²⁸

(Note 1) Income per share for this fiscal year after adjustment of the residual securities is not presented as there are no residual securities.

(Note 2) Calculation basis for net income per share are as follows:

	Year Ended October 31, 2022	Year Ended October 31, 2023
Net Income for this Fiscal Year (thousands of yen)	2,594,476	2,756,804
Net Income for Common Stock (thousands of yen)	2,594,476	2,756,804
Average number of Common Stock during the Fiscal Year	9,978,269	9,978,260

(Note3) Calculation basis for net asset per share are as follows:

	Year Ended October 31, 2022	Year Ended October 31, 2023
Total for Net Asset in Non-Consolidated Balance Sheet (thousands of yen)	31,851,557	34,064,518
Net Asset for Common Stock (thousands of yen)	31,851,557	34,064,518
Number of Common Stock used for calculation of Net Assets per Share (share)	9,978,260	9,978,260