

Consolidated Financial Results for the First Half of FY2025 [J-GAAP]

(As of November 7, 2024)

Listed company name:	NIPPON CORPORATION
Listing:	The Prime Market of the Tokyo Stock Exchange
Code number:	2001
URL:	https://www.nippon.co.jp/en/index.html
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Scheduled date for submission of the semi-annual report:	November 8, 2024
Start of cash dividend payments:	December 3, 2024
Supplementary materials prepared:	Yes
Results information meeting held:	Yes (for institutional investors and analysts)

*Amounts less than one million yen have been rounded down.

1. Consolidated financial results for the first half of FY2025 (From April 1, 2024 to September 30, 2024)

(1) Consolidated operating results (cumulative)

(Millions of yen, percentage figures show the rate of change from the same period of the previous year.)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change
First half of FY2025	204,909	3.0%	10,524	(4.6)%	12,092	(3.6)%	14,039	65.4%
First half of FY2024	198,973	12.7%	11,035	89.3%	12,544	73.9%	8,489	71.1%

(Note) Comprehensive income: First half of FY2025 ¥18,467 million (5.4%) First half of FY2024 ¥17,513 million (126.7%)

	Profit per Share (Yen)	Fully Diluted Profit per Share (Yen)
First half of FY2025	179.96	156.96
First half of FY2024	108.90	95.11

(2) Consolidated financial position

(Millions of yen)

	Total Assets	Net Assets	Equity Ratio
First half of FY2025	400,892	243,762	59.7%
FY2024	386,692	228,285	58.0%

(Reference) Equity capital: First half of FY2025 ¥239,513 million FY2024 ¥224,115 million

2. Dividends

	Dividends per Share (Yen)				
	1Q-end	2Q-end	3Q-end	Year-end	Full Year
FY2024	—	28.00	—	38.00	66.00
FY2025	—	33.00	—	—	—
FY2025 (Forecast)	—	—	—	33.00	66.00

(Note) Adjustment for the most recent forecast of the dividends in the current term: None

3. Forecast of consolidated financial results for FY2025 (From April 1, 2024 to March 31, 2025)

(Millions of yen, percentage figures show the rate of changes from the same period of the previous year.)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent		Profit per Share (Yen)
	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change	Amount
Full Year	412,000	2.9%	20,500	0.8%	22,500	(3.4)%	24,000	(9.0)%	307.80

(Note) Adjustment for the most recent forecast of the consolidated financial results in the current term: None

* Notes

(1) Significant changes in the scope of consolidation during the current quarter: Yes
 New: 1 company (company name) NIPPON Vietnam Company Limited

(2) Adoption of special accounting methods for preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, accounting estimates, and retrospective restatements

- 1) Changes in accounting policies due to revisions of accounting standards : None
- 2) Changes other than 1) : None
- 3) Changes in accounting estimates : None
- 4) Retrospective restatements : None

(4) Number of shares issued and outstanding (common stock)

1) Number of shares outstanding at the end of each period (including treasury shares):	First half of FY2025	78,824,009 shares	FY2024	78,824,009 shares
2) Number of treasury shares at the end of each period:	First half of FY2025	770,802 shares	FY2024	848,032 shares
3) Average number of shares (quarterly consolidated cumulative period):	First half of FY2025	78,010,600 shares	First half of FY2024	77,956,154 shares

(Note) The number of treasury shares at the end of the period includes the Company's shares (225,900 shares at the end of the first half of FY2025, 240,000 shares at the end of FY2024) held by Custody Bank of Japan, Ltd. (Trust E Account). The number of treasury shares deducted in calculating the average number of shares during the period includes the Company's shares (235,300 shares at the end of the first half of FY2025, 80,000 shares at the end of the first half of FY2024) held by Custody Bank of Japan, Ltd. (Trust E Account).

* These consolidated financial results for the first half are outside the scope of review by certified public accountants or an audit corporation.

* Explanation regarding the appropriate use of projected financial results and other special instructions

Descriptions regarding the future, including the financial outlook contained in this material, are based on certain information currently available to the Company and particular assumptions, which are, at the discretion of the Company, deemed reasonable, and actual financial results may significantly vary due to various factors. Please refer to "1. Qualitative Information on Quarterly Consolidated Financial Results (3) Information on forecast of the consolidated financial results" on page 5 for information on preconditions underlying the above outlook and other related information.

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1. Qualitative Information on Quarterly Consolidated Financial Results

(1) Overview of business results

(Millions of yen)

	First six months of Fiscal 2024	First six months of Fiscal 2025	Difference	Change
Net sales	198,973	204,909	5,936	103.0%
Operating income	11,035	10,524	(510)	95.4%
Ordinary income	12,544	12,092	(452)	96.4%
Profit attributable to owners of parent	8,489	14,039	5,549	165.4%

During the first half of the fiscal year ending March 31, 2025, the Japanese economy recovered gradually due to factors such as an expansion in domestic demand resulting from improvements in the employment and income environment, and an increase in inbound demand. On the other hand, we continued to pay close attention to the impact on the Group's business environment of factors such as the high prices of raw materials and energy, which were affected by the exchange rate of the yen that remained weak against the dollar, and the strengthening of consumers' desire to save due to rising prices.

In these circumstances, in accordance with our management philosophy of "Contributing to realization of a sustainable society by pursuing the well-being (happiness, health, and smiles) of people," we are striving to achieve sustainable enhancement of our corporate value.

During the first half of fiscal 2025, we continued to work to expand sales of the Oh' My Premium brand (dried and frozen pasta) based on a marketing strategy that was strengthened through collaboration with Katana Inc. In addition, as part of our efforts to expand into growth areas, in July we established NIPPON Vietnam Company Limited in the Socialist Republic of Vietnam in order to strengthen our supply system in the ASEAN region for our overseas business. Furthermore, in September we decided to acquire shares of HATANAKA FOODS Co., Ltd. through a private placement and make it a consolidated subsidiary in order to strengthen our supply system in anticipation of future growth in demand for frozen foods.

Consolidated results for the first half of fiscal 2025 were as follows. Net sales increased by 3.0% year-on-year to ¥204,909 million, due to factors such as the expansion of food service demand and inbound demand, price revisions implemented last year, and growth in sales volume of the Oh' My Premium brand products driven by the strengthening of marketing strategies. In terms of profit, despite an increase in sales volume, particularly in the food business, operating income decreased by 4.6% year-on-year to ¥10,524 million and ordinary income decreased by 3.6% year-on-year to ¥12,092 million due to an increase in various costs, including personnel and logistics costs, in each business. On the other hand, due to extraordinary gains from the sale of idle land, profit attributable to owners of parent increased by 65.4% year-on-year, to ¥14,039 million.

The performance of individual business segments was as follows.

1) Flour Milling

(Millions of yen)

	First six months of Fiscal 2024	First six months of Fiscal 2025	Difference	Change
Net sales	62,711	60,483	(2,228)	96.4%
Operating income	4,563	4,374	(189)	95.8%

In the flour milling business, sales decreased by 3.6% year-on-year to ¥60,483 million and operating income decreased by 4.2% year-on-year to ¥4,374 million due to the impact of price revisions following the reduction of the government selling price of foreign wheat in October last year.

Due to the revision of the government selling price of foreign wheat in April of this year and rising logistics costs, we have revised the price of wheat flour for professional use since July of this year.

2) Food

(Millions of yen)

	First six months of Fiscal 2024	First six months of Fiscal 2025	Difference	Change
Net sales	113,107	119,620	6,513	105.8%
Operating income	5,488	4,900	(587)	89.3%

Sales of food products for professional use exceeded the previous year's level due to factors such as an increase in demand for food service and expansion of inbound demand.

In the home-use food products category, sales increased year-on-year due to growth in sales volume of dried pasta such as "Chewy and Delicious Spaghetti" by strengthening marketing strategies, and price revisions implemented in February in response to various cost increases.

In the frozen foods category, sales increased from the previous year due to price revisions in the previous fiscal year, growth in frozen pasta sales volume from strengthened marketing strategies, and steady sales volume of the "One Plate Meal" series, which comes in a tray and can be used as a complete meal by itself, and the "Trendy Meal" series.

In the Nakashoku (Ready-made meal) business, sales remained at the same level as the previous year.

As a result, net sales of the Food segment increased by 5.8% year-on-year to ¥119,620 million, and operating income decreased by 10.7% year-on-year to ¥4,900 million.

3) Other

(Millions of yen)

	First six months of Fiscal 2024	First six months of Fiscal 2025	Difference	Change
Net sales	23,154	24,804	1,650	107.1%
Operating income	990	1,295	305	130.8%

Sales of the pet food business increased from the previous year due to growth in sales volume of high-unit-price products, etc.

Sales of the food service business were higher than the level for the previous year, reflecting buoyant sales of products due to an increase in the number of customers.

As a result, net sales for the Other segment increased by 7.1% year-on-year to ¥24,804 million, and operating income increased by 30.8% year-on-year to ¥1,295 million.

(2) Overview of financial position

1) Assets, liabilities and net assets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024	Difference
Current assets	157,759	161,987	4,228
Non-current assets	228,919	238,897	9,977
Deferred assets	13	7	(6)
Total assets	386,692	400,892	14,200
Current liabilities	84,403	82,058	(2,345)
Non-current liabilities	74,002	75,072	1,069
Total liabilities	158,406	157,130	(1,276)
Total net assets	228,285	243,762	15,476
Total liabilities and net assets	386,692	400,892	14,200

Total assets at the end of the first half of fiscal 2025 increased by ¥14,200 million from the previous fiscal year end (March 31, 2024) to ¥400,892 million. This was mainly because property, plant and equipment; investment securities; raw materials and supplies; merchandise and finished goods, rose by ¥5,043 million, ¥5,016 million, ¥4,556 million, and ¥1,672 million, respectively, and notes and accounts receivable - trade and contract assets, declined by ¥2,256 million.

Total liabilities decreased by ¥1,276 million from the previous fiscal year-end to ¥157,130 million. This was mainly because income notes and accounts payable - trade; and other non-current liabilities, increased by ¥2,146 million, and ¥1,773 million, respectively, and income taxes payable; other current liabilities; short-term loans payable; and long-term loans payable decreased by ¥1,624 million, ¥1,560 million, ¥1,196 million, and ¥554 million, respectively.

Net assets increased by ¥15,476 million from the previous fiscal year-end to ¥243,762 million. This was mainly because retained earnings, unrealized holding gain (loss) on securities, and foreign currency translation adjustments increased by ¥11,061 million, ¥2,699 million, and ¥1,695 million, respectively.

2) Cash flows

(Millions of yen)

	First six months of Fiscal 2024	First six months of Fiscal 2025	Difference
Cash flows from operating activities	7,293	6,585	(708)
Cash flows from investing activities	(9,077)	(3,307)	5,769
Cash flows from financing activities	(3,330)	(5,046)	(1,715)
Effect of exchange rate changes on cash and cash equivalents	305	356	51
Net increase (decrease) in cash and cash equivalents	(4,809)	(1,411)	3,397
Cash and cash equivalents at end of period	28,348	39,316	10,968

The balance of cash and cash equivalents at the end of the first half of fiscal 2025 stood at ¥39,316 million, a decrease of ¥1,411 million compared with the end of the previous fiscal year. The conditions of cash flows were as follows.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥6,585 million (compared to ¥7,293 million in the same period of the previous year). This mainly reflected ¥20,515 million for profit before income taxes, ¥5,250 million for depreciation, and ¥2,495 million for decrease in notes and accounts receivable-trade, ¥8,455 million for gain on sale of fixed assets, ¥7,265 million for income taxes paid, and ¥6,223 million for increase in inventories.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥3,307 million (compared to ¥9,077 million in the same period of the previous year). This mainly reflected ¥8,254 million for proceeds from sale of fixed assets, ¥4,029 million for proceeds from sale and redemption of securities, ¥9,302 million for payments for purchase of fixed assets, ¥4,030 million for payments for purchase of securities, and ¥1,579 million for payments of loans receivable.

(Cash flows from financing activities)

Net cash used in financing activities amounted to ¥5,046 million (compared to ¥3,330 million in the same period of the previous year). This mainly reflected ¥2,977 million for cash dividends paid, ¥1,189 million for repayment of long-term loans payable, ¥791 million for decrease in short-term loans payable.

(3) Information on forecast of the consolidated financial results

For the full year, the forecast of the consolidated financial results announced on May 14, 2024 has been unchanged.

With regard to dividends, we plan to pay total cash dividends of ¥66 per share for the full year ending March 31, 2025, unchanged from the forecast.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly consolidated balance sheets

(Millions of yen)

	FY2024 (As of March 31, 2024)	First six months of FY2025 (As of September 30, 2024)
Assets		
Current assets		
Cash and deposits	45,594	44,473
Notes and accounts receivable - trade and contract assets	60,556	58,299
Merchandise and finished goods	23,185	24,858
Work in process	123	252
Raw materials and supplies	20,760	25,317
Other current assets	7,582	8,838
Allowance for doubtful accounts	(43)	(51)
Total current assets	157,759	161,987
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	47,383	48,177
Machinery, equipment, and vehicles, net	22,166	22,283
Land	45,694	45,563
Construction in progress	5,646	9,794
Other, net	3,516	3,631
Total property, plant, and equipment	124,407	129,450
Intangible assets		
Goodwill	998	903
Other	1,424	1,303
Total Intangible assets	2,423	2,207
Investments and other assets		
Investment securities	90,618	95,635
Other	11,766	11,881
Allowance for doubtful accounts	(296)	(277)
Total investments and other assets	102,088	107,239
Total non-current assets	228,919	238,897
Deferred assets	13	7
Total assets	386,692	400,892

(Millions of yen)

	FY2024 (As of March 31, 2024)	First six months of FY2025 (As of September 30, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	33,786	35,933
Short-term loans payable	18,873	17,676
Current portion of bonds	128	—
Income taxes payable	7,513	5,888
Provision for bonuses	909	925
Other	23,193	21,633
Total current liabilities	84,403	82,058
Non-current liabilities		
Convertible bond-type bonds with subscription rights to shares	25,020	25,011
Long-term loans payable	17,207	16,652
Retirement benefit liabilities	3,808	3,717
Accrued retirement benefits for directors	379	328
Provision for share awards for directors (and other officers)	73	74
Other	27,513	29,287
Total non-current liabilities	74,002	75,072
Total liabilities	158,406	157,130
Net assets		
Shareholders' equity		
Capital stock	12,240	12,240
Capital surplus	9,762	9,758
Retained earnings	151,492	162,553
Treasury shares	(1,317)	(1,182)
Total shareholders' equity	172,177	183,370
Accumulated other comprehensive income		
Unrealized holding gain (loss) on securities	46,122	48,822
Deferred gain (loss) on hedges	19	(69)
Foreign currency translation adjustments	3,131	4,827
Retirement benefit liability adjustments	2,663	2,561
Total accumulated other comprehensive income	51,937	56,142
Subscription rights to shares	221	115
Non-controlling interests	3,948	4,132
Total net assets	228,285	243,762
Total liabilities and net assets	386,692	400,892

(2) Quarterly consolidated statements of income and comprehensive income
(Quarterly consolidated statements of income)

(Millions of yen)

	First six months of FY2024 (From April 1, 2023 to September 30, 2023)	First six months of FY2025 (From April 1, 2024 to September 30, 2024)
Net sales	198,973	204,909
Cost of sales	152,588	155,644
Gross profit	46,384	49,264
Selling, general and administrative expenses	35,348	38,740
Operating income	11,035	10,524
Non-operating income		
Interest income	34	63
Dividend income	1,028	1,132
Other	627	632
Total non-operating income	1,691	1,828
Non-operating expenses		
Interest expenses	94	120
Other	88	140
Total non-operating expenses	182	260
Ordinary income	12,544	12,092
Extraordinary income		
Gain on sale of fixed assets	42	8,465
Gain on sale of investment securities	13	89
Total extraordinary income	55	8,554
Extraordinary expenses		
Loss on sale and disposal of fixed assets	79	44
Loss on sale of shares of subsidiaries and associates	239	—
Impairment losses	25	—
Loss of valuation of investment securities	46	72
Other	15	13
Total extraordinary expenses	405	131
Profit before income taxes	12,193	20,515
Income taxes - current	3,199	5,692
Income taxes - deferred	348	566
Total income taxes	3,547	6,259
Profit	8,646	14,256
Profit attributable to non-controlling interests	156	217
Profit attributable to owners of parent	8,489	14,039

(Quarterly consolidated statements of comprehensive income)

(Millions of yen)

	First six months of FY2024 (From April 1, 2023 to September 30, 2023)	First six months of FY2025 (From April 1, 2024 to September 30, 2024)
Profit	8,646	14,256
Other comprehensive income (loss)		
Unrealized holding gain (loss) on securities	7,802	2,706
Deferred gain (loss) on hedges	50	(85)
Foreign currency translation adjustments	947	1,127
Retirement benefit liability adjustments	(9)	(101)
Share of other comprehensive income of entities accounted for using equity method	76	564
Total other comprehensive income	8,867	4,211
Comprehensive income	17,513	18,467
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	17,335	18,244
Comprehensive income attributable to non-controlling interests	178	223

(3) Quarterly consolidated statements of cash flows

(Millions of yen)

	First six months of FY2024 (From April 1, 2023 to September 30, 2023)	First six months of FY2025 (From April 1, 2024 to September 30, 2024)
Cash flows from operating activities		
Profit before income taxes	12,193	20,515
Depreciation	4,896	5,250
Loss on sale of shares of subsidiaries and associates	239	—
Increase (decrease) in allowance for doubtful accounts	(19)	(13)
Impairment losses	25	—
Interest and dividend income	(1,063)	(1,195)
Interest expenses	94	120
Loss (gain) on sale of investment securities	(36)	(99)
Loss (gain) on valuation of investment securities	46	72
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	(190)	19
Foreign exchange losses (gains)	(53)	(187)
Loss (gain) on sale of fixed assets	(15)	(8,455)
Loss on disposal of fixed assets	56	43
Decrease (increase) in notes and accounts receivable - trade	(6,075)	2,495
Decrease (increase) in inventories	(2,692)	(6,223)
Increase (decrease) in notes and accounts payable - trade	1,906	1,839
Other	(431)	(1,442)
Subtotal	8,878	12,739
Interest and dividend income received	1,108	1,224
Interest expenses paid	(86)	(113)
Income taxes paid	(2,606)	(7,265)
Cash flows from operating activities	7,293	6,585
Cash flows from investing activities		
Decrease (increase) in time deposits	(1,055)	(8)
Purchase of securities	(1,000)	(4,030)
Proceeds from sale and redemption of securities	1,016	4,029
Purchase of investment securities	(132)	(755)
Proceeds from sale and redemption of investment securities	127	153
Purchase of shares of subsidiaries and associates	(3,402)	—
Proceeds from sale of shares of subsidiaries and associates	907	—
Purchase of fixed assets	(6,282)	(9,302)
Proceeds from sale of fixed assets	384	8,254
Payments of loans receivable	(50)	(1,579)
Collection of loans receivable	6	9
Other	402	(78)
Cash flows from investing activities	(9,077)	(3,307)

(Millions of yen)

	First six months of FY2024 (From April 1, 2023 to September 30, 2023)	First six months of FY2025 (From April 1, 2024 to September 30, 2024)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	659	(791)
Proceeds from long-term loans payable	—	230
Repayment of long-term loans payable	(2,127)	(1,189)
Redemption of bonds	(43)	(128)
Purchase of treasury shares	(447)	(0)
Proceeds from sale of treasury shares	446	26
Repayments of lease obligations	(152)	(176)
Cash dividends paid	(1,640)	(2,977)
Dividends paid to non-controlling interests	(37)	(39)
Other	11	—
Cash flows from financing activities	(3,330)	(5,046)
Effect of exchange rate changes on cash and cash equivalents	305	356
Net increase (decrease) in cash and cash equivalents	(4,809)	(1,411)
Cash and cash equivalents at beginning of period	33,157	40,728
Cash and cash equivalents at end of period	28,348	39,316

(4) Notes on quarterly consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Notes to significant changes in the amount of shareholders' equity)

Not applicable.

(Segment information, etc.)

[Segment information]

I. First Half of FY2024 (From April 1, 2023 to September 30, 2023)

1. Information on amounts of sales and profit (loss) by reportable segment and disaggregation of revenue

(Millions of yen)

	Reportable segments			Other Note: 1	Total	Adjustments Note: 2	Amount recorded in quarterly consolidated statements of income Note: 3
	Flour Milling	Food	Total				
Net sales							
Revenue from contracts with customers	62,711	113,084	175,795	22,675	198,471	—	198,471
Other revenue	—	23	23	478	501	—	501
Net sales to external customers	62,711	113,107	175,818	23,154	198,973	—	198,973
Internal sales or transfers between segments	1,411	597	2,008	3,097	5,106	(5,106)	—
Total	64,122	113,704	177,827	26,251	204,079	(5,106)	198,973
Segment income	4,563	5,488	10,052	990	11,042	(6)	11,035

Notes: 1. The “Other” column indicates businesses not included in the reportable segments, including pet food, health food, engineering, food service business, and real estate business.

2. Segment income adjustment of ¥(6) million refers to elimination of inter-segment transactions.

3. Segment income is adjusted to reconcile total segment income to operating income in the quarterly consolidated statements of income.

2. Information on impairment losses on non-current assets or goodwill, etc. by reportable segment

(Significant impairment loss on non-current assets)

In the “Other” segment, an impairment loss on non-current assets for which recovery of the investment amount is no longer expected has been recorded. The amount of this impairment loss recorded for the first half of fiscal 2025 is ¥25 million.

II. First Half of FY2025 (From April 1, 2024 to September 30, 2024)

1. Information on amounts of sales and profit (loss) by reportable segment and disaggregation of revenue

(Millions of yen)

	Reportable segments			Other Note: 1	Total	Adjustments Note: 2	Amount recorded in quarterly consolidated statements of income Note: 3
	Flour Milling	Food	Total				
Net sales							
Revenue from contracts with customers	60,483	119,597	180,081	24,325	204,406	—	204,406
Other revenue	—	23	23	479	502	—	502
Net sales to external customers	60,483	119,620	180,104	24,804	204,909	—	204,909
Internal sales or transfers between segments	1,383	599	1,982	1,773	3,755	(3,755)	—
Total	61,867	120,219	182,087	26,578	208,665	(3,755)	204,909
Segment income	4,374	4,900	9,274	1,295	10,570	(45)	10,524

Notes: 1. The “Other” column indicates businesses not included in the reportable segments, including pet food, health food, engineering, food service business, and real estate business.

2. Segment income adjustment of ¥(45) million refers to elimination of inter-segment transactions.

3. Segment income is adjusted to reconcile total segment income to operating income in the quarterly consolidated statements of income.

2. Information on impairment losses on non-current assets or goodwill, etc. by reportable segment.

Not applicable.