



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

(As of August 6, 2024)

Listed company name: **NIPPON CORPORATION**
 Listing: The Prime Market of Tokyo Stock Exchange
 Code number: 2001
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 Payment date of cash dividends: —
 Supplementary materials prepared: None
 Results information meeting held: None

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

1. Consolidated financial results for the first quarter of FY2025 (From April 1, 2024 to June 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	
1Q of FY2025	101,969	3.4%	5,132	(5.8)%	6,543	(2.1)%	9,433	110.6%
1Q of FY2024	98,631	14.4%	5,447	117.8%	6,687	74.7%	4,479	64.3%

(Note) Comprehensive income: 1Q of FY2025 ¥15,318 million (31.1%) 1Q of FY2024 ¥11,684 million (165.6%)

	Profit per Share (Yen)	Fully Diluted Profit per Share (Yen)
1Q of FY2025	120.98	105.50
1Q of FY2024	57.47	50.19

(2) Consolidated financial position

(Millions of yen)

	Total Assets	Net Assets	Equity Ratio
1Q of FY2025	399,750	240,586	59.1
FY2024	386,692	228,285	58.0

(Reference) Equity capital: 1Q of FY2025 ¥236,334 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	—				
FY2025 (Forecast)		33.00	—	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)
Half Year	205,000	3.0%	10,000	(9.4)%	11,000	(12.3)%	13,000	53.1%	166.73
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 quarter under review: None

(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):	1Q of FY2025	78,824,009 shares	FY2024	78,824,009 shares
2) Number of treasury shares at the end of each period:	1Q of FY2025	851,428 shares	FY2024	848,032 shares
3) Average number of shares (quarterly consolidated cumulative period):	1Q of FY2025	77,972,600 shares	1Q of FY2024	77,939,275 shares

(Note) The number of treasury shares at the end of the period includes the Company's shares (240,000 shares at the end of the first quarter of the year ending March 31, 2025) 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 (240,000 shares at the end of the first quarter of the year ending March 31, 2025) held by Custody Bank of Japan, Ltd. (Trust E Account).

* Review of the accompanying quarterly consolidated financial statements by certified public accountants or an audit corporation:
None

* 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 4 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 three months of Fiscal 2024	First three months of Fiscal 2025	Difference	Change
Net sales	98,631	101,969	3,338	103.4%
Operating income	5,447	5,132	(315)	94.2%
Ordinary income	6,687	6,543	(143)	97.9%
Profit attributable to owners of parent	4,479	9,433	4,954	210.6%

During the first three months of the fiscal year ending March 31, 2025, the Japanese economy experienced a moderate recovery due to an increase in demand, mainly driven by the expansion of inbound consumption, and an improvement in the employment and income environment. On the other hand, we continued to pay close attention to the impact on the Group's business environment of uncertain factors hindering economic recovery, such as unstable international situations and financial trends, high raw material and energy prices due to the historically low level of the yen in exchange rates, and consumers' increasing thriftiness in response 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.

We have been working to improve our marketing capabilities by reviewing our marketing strategy and implementing organizational reforms through collaboration with Katana Inc. Since the previous fiscal year, we have been working to strengthen sales of Oh’ My Premium brand (dried and frozen pasta), and these efforts and the results of them were announced at the “Press Conference on Cooperation between NIPPON and Katana Inc.” held in June of this year. In the first three months of fiscal 2025, we continued our efforts to strengthen sales of the Oh’ My Premium brand while further activating the market under a strengthened marketing organization.

In the first three months of fiscal 2025, net sales increased by 3.4% year-on-year to ¥101,969 million due to factors such as the expansion of inbound consumption, price revisions implemented in the previous fiscal year in response to rising production costs, and growth in sales volume of Oh’ My Premium brand products. In terms of profit, operating income decreased by 5.8% year-on-year to ¥5,132 million and ordinary income decreased by 2.1% year-on-year to ¥6,543 million due to an increase in strategic costs for sales expansion in the food business and an increase in personnel and logistics costs in each business, despite an increase in sales volume mainly of frozen foods and cost reductions through improved productivity, which contributed to higher profits. On the other hand, due to extraordinary gains from the sale of idle land, profit for the quarter attributable to owners of parent increased by 110.6% year-on-year, to ¥9,433 million.

The performance of individual business segments was as follows.

1) Flour Milling

(Millions of yen)

	First three months of Fiscal 2024	First three months of Fiscal 2025	Difference	Change
Net sales	31,466	30,623	(843)	97.3%
Operating income	2,199	2,314	114	105.2%

In the Flour Milling business, sales prices of wheat bran, a by-product, remained firm, but the impact of the price revision for wheat flour following the reduction of the government selling price of foreign wheat in October last year resulted in a decrease in net sales by 2.7% year-on-year to ¥30,623 million and an increase in operating income by 5.2% year-on-year to ¥2,314 million.

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 commercial use since July of this year.

2) Food

(Millions of yen)

	First three months of Fiscal 2024	First three months of Fiscal 2025	Difference	Change
Net sales	55,540	58,810	3,270	105.9%
Operating income	2,765	2,209	(555)	79.9%

In the professional-use category, demand increased mainly from restaurants owing to the expansion of inbound consumption, leading to a year-on-year increase in sales of products in this category.

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 through strengthened marketing strategies, and strong 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 5.9% year-on-year to ¥58,810 million, and operating income decreased by 20.1% year-on-year to ¥2,209 million.

3) Other

(Millions of yen)

	First three months of Fiscal 2024	First three months of Fiscal 2025	Difference	Change
Net sales	11,624	12,535	911	107.8%
Operating income	489	601	112	122.9%

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 7.8% year-on-year to ¥12,535 million, and operating income increased by 22.9% year-on-year to ¥601 million.

(2) Overview of financial position

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024	Difference
Current assets	157,759	162,813	5,054
Non-current assets	228,919	236,926	8,007
Deferred assets	13	10	(3)
Total assets	386,692	399,750	13,058
Current liabilities	84,403	82,554	(1,849)
Non-current liabilities	74,002	76,609	2,606
Total liabilities	158,406	159,164	757
Total net assets	228,285	240,586	12,300
Total liabilities and net assets	386,692	399,750	13,058

Total assets at the end of the first three months of fiscal 2025 increased by ¥13,058 million from the end of the previous fiscal year end (March 31, 2024), to ¥399,750 million. This was mainly due to increases of ¥7,789 million in investment securities, ¥3,782 million in raw materials and supplies, ¥1,457 million in merchandise and finished goods, ¥1,427 million in other current assets, and ¥743 million in notes and accounts receivable - trade and contract assets, and a decrease of ¥2,363 million in cash and deposits.

Total liabilities increased by ¥757 million from the previous fiscal year-end to ¥159,164 million. This was mainly due to increases of ¥4,381 million in notes and accounts payable - trade and ¥3,124 million in other non-current liabilities, as well as decreases of ¥4,422 million in income taxes payable and ¥2,269 million in other current liabilities.

Net assets increased by ¥12,300 million from the previous fiscal year-end to ¥240,586 million. This was mainly because retained earnings, unrealized holding gain (loss) on securities, and foreign currency translation adjustments increased by ¥6,455 million, ¥5,276 million, and ¥484 million, respectively.

(3) Information on forecast of the consolidated financial results

For the second quarter and beyond, the forecasts of the consolidated financial results for the first six months and the full year of fiscal 2025 announced on May 14, 2024, have 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 quarter of FY2025 (As of June 30, 2024)
Assets		
Current assets		
Cash and deposits	45,594	43,230
Notes and accounts receivable - trade and contract assets	60,556	61,300
Merchandise and finished goods	23,185	24,642
Work in process	123	135
Raw materials and supplies	20,760	24,543
Other current assets	7,582	9,009
Allowance for doubtful accounts	(43)	(47)
Total current assets	157,759	162,813
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	47,383	47,277
Machinery, equipment, and vehicles, net	22,166	22,502
Land	45,694	45,707
Construction in progress	5,646	5,705
Other, net	3,516	3,560
Total property, plant, and equipment	124,407	124,752
Intangible assets		
Goodwill	998	951
Other	1,424	1,378
Total intangible assets	2,423	2,329
Investments and other assets		
Investment securities	90,618	98,408
Other	11,766	11,723
Allowance for doubtful accounts	(296)	(287)
Total investments and other assets	102,088	109,844
Total non-current assets	228,919	236,926
Deferred assets	13	10
Total assets	386,692	399,750

(Millions of yen)

	FY2024 (As of March 31, 2024)	First quarter of FY2025 (As of June 30, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	33,786	38,168
Short-term loans payable	18,873	19,381
Current portion of bonds	128	128
Income taxes payable	7,513	3,091
Provision for bonuses	909	861
Other	23,193	20,924
Total current liabilities	84,403	82,554
Non-current liabilities		
Convertible bond-type bonds with subscription rights to shares	25,020	25,015
Long-term loans payable	17,207	16,823
Retirement benefit liabilities	3,808	3,723
Accrued retirement benefits for directors	379	310
Provision for share awards for directors (and other officers)	73	97
Other	27,513	30,638
Total non-current liabilities	74,002	76,609
Total liabilities	158,406	159,164
Net assets		
Shareholders' equity		
Capital stock	12,240	12,240
Capital surplus	9,762	9,762
Retained earnings	151,492	157,947
Treasury shares	(1,317)	(1,318)
Total shareholders' equity	172,177	178,632
Accumulated other comprehensive income		
Unrealized holding gain (loss) on securities	46,122	51,398
Deferred gain (loss) on hedges	19	77
Foreign currency translation adjustments	3,131	3,616
Retirement benefit liability adjustments	2,663	2,609
Total accumulated other comprehensive income	51,937	57,701
Subscription rights to shares	221	221
Non-controlling interests	3,948	4,030
Total net assets	228,285	240,586
Total liabilities and net assets	386,692	399,750

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

(Millions of yen)

	First quarter of FY2024 (From April 1, 2023 to June 30, 2023)	First quarter of FY2025 (From April 1, 2024 to June 30, 2024)
Net Sales	98,631	101,969
Cost of sales	75,650	77,346
Gross profit	22,980	24,623
Selling, general and administrative expenses	17,532	19,490
Operating income	5,447	5,132
Non-operating income		
Interest income	17	16
Dividend income	1,012	1,113
Other	295	388
Total non-operating income	1,325	1,519
Non-operating expenses		
Interest expenses	45	53
Other	40	54
Total non-operating expenses	86	107
Ordinary income	6,687	6,543
Extraordinary income		
Gain on sale of fixed assets	36	6,832
Gain on sale of investment securities	13	78
Total extraordinary income	49	6,910
Extraordinary expenses		
Loss on sale and disposal of fixed assets	44	14
Loss on sale of investment securities	—	5
Loss on sale of shares of subsidiaries and associates	239	—
Other	46	0
Total extraordinary expenses	331	19
Profit before income taxes	6,406	13,434
Income taxes - current	1,160	3,006
Income taxes - deferred	690	879
Total income taxes	1,851	3,886
Profit	4,554	9,548
Profit attributable to non-controlling interests	75	114
Profit attributable to owners of parent	4,479	9,433

(Quarterly consolidated statements of comprehensive income)

(Millions of yen)

	First quarter of FY2024 (From April 1, 2023 to June 30, 2023)	First quarter of FY2025 (From April 1, 2024 to June 30, 2024)
Profit	4,554	9,548
Other comprehensive income (loss)		
Unrealized holding gain (loss) on securities	6,772	5,281
Deferred gain (loss) on hedges	104	56
Foreign currency translation adjustments	268	411
Retirement benefit liability adjustments	(4)	(53)
Share of other comprehensive income of entities accounted for using equity method	(11)	73
Total other comprehensive income (loss)	7,129	5,770
Comprehensive income	11,684	15,318
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	11,597	15,197
Comprehensive income (loss) attributable to non- controlling interests	86	120

(3) Notes on quarterly consolidated financial statements

(Notes on going concern assumption)

Not applicable.

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

Not applicable.

(Notes on quarterly consolidated statements of cash flows)

Quarterly consolidated statements of cash flows for the first quarter of fiscal 2025 have not been prepared. Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the first quarter of fiscal 2024 and fiscal 2025 are as follows.

	First quarter of FY2024 (From April 1, 2023 to June 30, 2023)	First quarter of FY2025 (From April 1, 2024 to June 30, 2024)
Depreciation	¥2,375 million	¥2,561 million
Amortization of goodwill	47	47

(Notes on segment information, etc.)

[Segment information]

I First Quarter of FY2024 (From April 1, 2023 to June 30, 2023)

1. Information on sales and income (loss) by reportable segment and composition of revenue

(Millions of yen)

	Reportable segments			Other Notes: 1	Total	Adjustments Notes: 2	Amount recorded in quarterly consolidated financial statements Notes: 3
	Flour Milling	Food	Total				
Net sales							
Revenue from contracts with customers	31,466	55,528	86,995	11,384	98,380	—	98,380
Other revenue	—	11	11	239	250	—	250
Net sales to external customers	31,466	55,540	87,006	11,624	98,631	—	98,631
Internal sales or transfers between segments	689	266	955	851	1,806	(1,806)	—
Total	32,155	55,806	87,962	12,475	100,438	(1,806)	98,631
Segment income	2,199	2,765	4,965	489	5,455	(7)	5,447

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 ¥(7) 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 financial statements.

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

Not applicable.

II First quarter of FY2025 (From April 1, 2024 to June 30, 2024)

1. Information on sales and income (loss) by reportable segment and composition of revenue

(Millions of yen)

	Reportable segments			Other Notes: 1	Total	Adjustments Notes: 2	Amount recorded in quarterly consolidated financial statements Notes: 3
	Flour Milling	Food	Total				
Net sales							
Revenue from contracts with customers	30,623	58,798	89,422	12,293	101,715	—	101,715
Other revenue	—	11	11	242	253	—	253
Net sales to external customers	30,623	58,810	89,434	12,535	101,969	—	101,969
Internal sales or transfers between segments	643	329	973	858	1,831	(1,831)	—
Total	31,267	59,139	90,407	13,393	103,800	(1,831)	101,969
Segment income	2,314	2,209	4,524	601	5,126	5	5,132

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 ¥5 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 financial statements.

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

Not applicable.

(Important subsequent events)

(Establishment of subsidiary)

At a meeting of the Board of Directors held on July 23, 2024, we resolved to establish a subsidiary in the Socialist Republic of Vietnam.

For details, please refer to the “NIPPN Vietnam Company Limited to Be Established outside Ho Chi Minh City, Socialist Republic of Vietnam -Premix Plant Scheduled to Start Operation in 2027-” released on July 23, 2024.