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Consolidated Financial Results for the Three Months Ended January 31, 2025 [Japanese GAAP]



March 14, 2025

Company name: SHOEI FOODS CORPORATION

Stock exchange listing: Tokyo Stock Exchange

Code number: 8079

URL: <https://www.shoeifoods.co.jp/english>

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Scheduled date of commencing dividend payments: —

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: None

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Three Months Ended January 31, 2025 (November 1, 2024 – January 31, 2025)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
January 31, 2025	33,422	13.2	1,149	(3.7)	1,242	2.5	477	(17.1)
January 31, 2024	29,522	9.5	1,194	74.7	1,211	93.4	576	70.4

(Note) Comprehensive income: Three months ended January 31, 2025: 1,789 million yen [—%]

Three months ended January 31, 2024: (140) million yen [(87.9)%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
January 31, 2025	28.34	—
January 31, 2024	34.21	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of January 31, 2025	96,666	55,537	56.4
As of October 31, 2024	89,905	54,169	59.1

(Reference) Equity: As of January 31, 2025: 54,526 million yen

As of October 31, 2024: 53,169 million yen

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended October 31, 2024	Yen —	Yen 25.00	Yen —	Yen 25.00	Yen 50.00
Fiscal year ending October 31, 2025	—				
Fiscal year ending October 31, 2025 (Forecast)		30.00	—	30.00	60.00

Note: Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecasts for the Fiscal Year Ending October 31, 2025 (November 1, 2024 – October 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	Yen
First half	59,500	(0.3)	2,900	(6.2)	2,950	(7.2)	1,950	0.0
Full year	115,000	(0.1)	4,400	(9.1)	4,500	(9.1)	3,000	(5.3)

Note: Revision to the financial results forecast announced most recently: None

*** Notes:**

(1) Significant changes in the scope of consolidation during the period under review: None

Newly included: – companies (Company name)

Excluded: – companies (Company name)

(2) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

January 31, 2025: 17,100,000 shares

October 31, 2024: 17,100,000 shares

2) Total number of treasury shares at the end of the period:

January 31, 2025: 252,565 shares

October 31, 2024: 252,565 shares

3) Average number of shares during the period:

Three months ended January 31, 2025: 16,847,435 shares

Three months ended January 31, 2024: 16,842,452 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Explanation of the proper use of financial results forecasts and other notes

Financial results forecasts and other forward-looking statements contained herein are based on information currently available to the Company and certain assumptions deemed reasonable. Actual results may differ significantly due to various factors. For the assumptions underlying the forecasts herein and cautionary notes regarding the use of these financial results forecasts, please see “(1) Explanation of Operating Results” under “1. Qualitative Information on Quarterly Financial Results” on page 2 of the Attachments.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

(Million yen)

	Three months ended		Change
	January 31, 2024	January 31, 2025	
Net sales	29,522	33,422	13.2%
Operating profit	1,194	1,149	(3.7)%
Ordinary profit	1,211	1,242	2.5%
Profit attributable to owners of parent	576	477	(17.1)%

During the period under review, although corporate performance progressed steadily due to an increase in overseas demand and the yen's depreciation, the outlook for the Japanese economy remained uncertain owing to concern over US President Trump's tariff policy, among others. In the food industry, as price hikes continued reflecting increases in raw ingredients costs, personnel expenses, and other items, continued efforts were made to develop products which appeal to health awareness and reduce costs such as streamlining logistics, with concern over budget-minded spending patterns of consumers. Under these circumstances, the ShoEi Foods Corporation Group steadily implemented measures aligned with its Medium-Term Management Plan, such as strengthening its supply chain including diversifying suppliers as well as strengthening the development of new products to enhance the operating ratio of its factories.

As a result of these efforts, consolidated net sales for the period under review increased by 13.2% year on year to 33,422 million yen, thanks to an increase in sales of dairy products and confectionery raw ingredients, among others, in Japan, as well as an increase in sales in the United States and China.

On the profit front, operating profit decreased by 3.7% year on year to 1,149 million yen and ordinary profit increased by 2.5% to 1,242 million yen. This was owing to lower profitability of overseas businesses such as posting loss in the orchard business in the United States and a decline in profitability in business in China, despite maintaining an increase in profit in Japan. Profit attributable to owners of parent decreased by 17.1% to 477 million yen owing to the recording of extraordinary loss of 282 million yen for the expected compensation for damage as a result of labor litigation at affiliates in the United States and at others.

Business results by product category for the period under review are as follows.

(Million yen)

	Three months ended		Three months ended		Year on year change	
	January 31, 2024		January 31, 2025			
	Net sales	Composition	Net sales	Composition	Amount	%
Dairy products, oils and fats	8,929	30.3%	10,160	30.4%	1,231	13.7%
Confectionery raw ingredients	4,907	16.6%	5,533	16.6%	626	12.7%
Dried fruits and canned foods	10,430	35.3%	12,197	36.5%	1,766	16.9%
Confectionery and retail products	5,193	17.6%	5,523	16.5%	330	6.3%
Other	62	0.2%	7	0.0%	(54)	(88.0)%
Total	29,522	100.0%	33,422	100.0%	3,900	13.2%

Business results by segment for the period under review are as follows.

1) Japan

In Japan, net sales increased by 9.0% year on year to 28,035 million yen due to the increased sales of products such as commercial-use dairy products, confectionery raw ingredients, dried fruits, and confectionery and retail products, as a result of price hikes reflecting rising costs.

Segment profit increased by 4.0% year on year to 1,274 million yen owing to an increase in gross profit thanks to measures such as expanding sales of value-added products, among others, despite increases in logistics costs, costs related to digital transformation, and personnel expenses.

2) United States

In the United States, net sales increased by 21.9% year on year to 3,499 million yen due to an increase in sales owing to higher market prices, as well as the factors such as the yen's depreciation, despite the decreased volumes of walnuts and prunes received and sold owing to crop conditions.

Segment loss of 117 million yen (a loss of 54 million yen in the same period of the previous fiscal year) was recorded. This was due to the orchard business's decreased production and its deteriorating profitability owing to the increased expenses caused by factors such as inflation, despite the walnut business' securing its increased profit with the higher profit margin as a result of the higher prices amid the decreased sales.

3) China

In China, net sales increased by 33.8% year on year to 3,294 million yen due to the increased sales of nuts and dried fruits in China and Hong Kong, despite the decreased exports.

Segment profit decreased by 24.9% to 66 million yen owing to the decreased exports and an increase in selling, general and administrative expenses, despite strong sales in China.

(2) Explanation of Financial Position

(Assets, liabilities, and net assets)

Total assets as of January 31, 2025 amounted to 96,666 million yen, an increase of 6,760 million yen compared with the end of the previous fiscal year. This was due mainly to increases of 3,100 million yen in notes and accounts receivable - trade, 2,013 million yen in merchandise and finished goods, 575 million yen in work in process, and 2,536 million yen in raw materials and supplies, despite decreases of 885 million yen in cash and deposits and 364 million yen in advance payments to suppliers, resulting in current assets of 65,884 million yen, an increase of 6,736 million yen from the end of the previous fiscal year. Non-current assets increased by 23 million yen compared with the end of the previous fiscal year to 30,782 million yen due to increases of 95 million yen in property, plant and equipment and 81 million yen in intangible assets, despite a decrease of 152 million yen in investments and other assets.

Total liabilities as of January 31, 2025 amounted to 41,129 million yen, an increase of 5,392 million yen compared with the end of the previous fiscal year. This was due mainly to increases of 3,342 million yen in notes and accounts payable - trade, 2,179 million yen in short-term borrowings, 1,494 million yen in current portion of long-term borrowings, and 201 million yen in accounts payable - other, despite decreases of 587 million yen in income taxes payable and 550 million yen in provision for bonuses, resulting in current liabilities of 32,568 million yen, an increase of 6,778 million yen from the end of the previous fiscal year. Non-current liabilities decreased by 1,386 million yen compared with the end of previous fiscal year to 8,560 million yen due to a decrease of 1,586 million yen in long-term borrowings, despite an increase of 152 million yen in deferred tax liabilities.

Total net assets as of January 31, 2025 amounted to 55,537 million yen, an increase of 1,368 million yen compared with the end of the previous fiscal year. This was due mainly to an increase of 1,395 million yen in foreign currency translation adjustment.

(3) Explanation of Consolidated Financial Results Forecasts and Other Forward-looking Information

No change has been made to the consolidated financial results forecast for the fiscal year ending October 31, 2025 announced on December 13, 2024.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheet

(Thousand yen)

	As of October 31, 2024	As of January 31, 2025
Assets		
Current assets		
Cash and deposits	11,194,538	10,308,873
Notes and accounts receivable - trade	21,823,436	24,923,848
Merchandise and finished goods	19,878,851	21,892,694
Work in process	739,390	1,315,215
Raw materials and supplies	3,157,069	5,693,565
Advance payments to suppliers	1,001,145	636,864
Other	1,355,199	1,115,227
Allowance for doubtful accounts	(1,790)	(1,805)
Total current assets	59,147,841	65,884,482
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,492,604	12,438,621
Machinery, equipment and vehicles, net	5,922,439	6,150,603
Tools, furniture and fixtures, net	363,852	351,496
Land	3,580,430	3,630,816
Leased assets, net	217,014	288,908
Construction in progress	553,479	337,025
Other, net	308,613	336,015
Total property, plant and equipment	23,438,433	23,533,488
Intangible assets		
Software	94,666	93,045
Other	536,471	619,716
Total intangible assets	631,137	712,762
Investments and other assets		
Investment securities	4,489,232	4,480,851
Deferred tax assets	159,550	117,927
Long-term advance account	1,734,085	1,627,665
Other	396,147	402,337
Allowance for doubtful accounts	(90,501)	(92,982)
Total investments and other assets	6,688,513	6,535,800
Total non-current assets	30,758,085	30,782,051
Total assets	89,905,926	96,666,533

(Thousand yen)

	As of October 31, 2024	As of January 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,660,340	15,002,349
Short-term borrowings	8,830,084	11,009,266
Current portion of long-term borrowings	369,926	1,863,966
Accounts payable - other	1,898,339	2,100,123
Income taxes payable	923,013	335,107
Provision for bonuses	989,282	438,670
Provision for bonuses for directors (and other officers)	12,121	16,111
Other	1,106,445	1,802,621
Total current liabilities	25,789,553	32,568,216
Non-current liabilities		
Long-term borrowings	8,286,731	6,699,822
Deferred tax liabilities	394,404	546,720
Retirement benefit liability	691,256	689,128
Provision for retirement benefits for directors (and other officers)	78,230	80,727
Other	496,361	544,442
Total non-current liabilities	9,946,983	8,560,841
Total liabilities	35,736,536	41,129,058
Net assets		
Shareholders' equity		
Share capital	3,379,736	3,379,736
Capital surplus	3,066,303	3,066,303
Retained earnings	41,686,809	41,743,242
Treasury shares	(873,762)	(873,762)
Total shareholders' equity	47,259,088	47,315,521
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,216,830	2,206,891
Deferred gains or losses on hedges	218,754	135,256
Foreign currency translation adjustment	3,412,178	4,807,570
Remeasurements of defined benefit plans	62,910	61,451
Total accumulated other comprehensive income	5,910,673	7,211,170
Non-controlling interests	999,627	1,010,784
Total net assets	54,169,389	55,537,475
Total liabilities and net assets	89,905,926	96,666,533

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

Three months ended January 31

(Thousand yen)

	For the three months ended January 31, 2024	For the three months ended January 31, 2025
Net sales	29,522,055	33,422,678
Cost of sales	24,914,124	28,553,788
Gross profit	4,607,931	4,868,889
Selling, general and administrative expenses	3,413,022	3,719,350
Operating profit	1,194,909	1,149,539
Non-operating income		
Interest income	5,454	2,108
Dividend income	38,603	46,072
Foreign exchange gains	—	47,195
Share of profit of entities accounted for using equity method	8,933	11,207
Insurance claim income	1,794	—
Other	21,830	32,236
Total non-operating income	76,615	138,820
Non-operating expenses		
Interest expenses	31,480	42,596
Foreign exchange losses	28,033	—
Other	177	3,429
Total non-operating expenses	59,691	46,026
Ordinary profit	1,211,833	1,242,333
Extraordinary income		
Gain on sale of non-current assets	320	211
Total extraordinary income	320	211
Extraordinary losses		
Loss on retirement of non-current assets	3,959	3,635
Loss on sale of non-current assets	272	3,291
Compensation for damage	—	282,908
Total extraordinary losses	4,231	289,834
Profit before income taxes	1,207,922	952,709
Income taxes - current	380,392	247,792
Income taxes - deferred	246,094	218,346
Total income taxes	626,486	466,138
Profit	581,436	486,570
Profit attributable to non-controlling interests	5,208	8,951
Profit attributable to owners of parent	576,227	477,619

Quarterly Consolidated Statement of Comprehensive Income

Three months ended January 31

(Thousand yen)

	For the three months ended January 31, 2024	For the three months ended January 31, 2025
Profit	581,436	486,570
Other comprehensive income		
Valuation difference on available-for-sale securities	26,711	(7,733)
Deferred gains or losses on hedges	(97,462)	(83,498)
Foreign currency translation adjustment	(650,149)	1,395,391
Remeasurements of defined benefit plans, net of tax	(1,102)	(1,458)
Total other comprehensive income	(722,003)	1,302,701
Comprehensive income	(140,567)	1,789,272
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(148,102)	1,778,115
Comprehensive income attributable to non-controlling interests	7,534	11,156

(3) Notes to Quarterly Consolidated Financial Statements

(Changes in accounting policies)

(Application of “Accounting Standard for Current Income Taxes,” etc.)

The Company has applied the “Accounting Standard for Current Income Taxes” (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; hereinafter referred to as the “Revised Accounting Standard 2022”) and other relevant accounting standards from the beginning of the first quarter ended January 31, 2025.

Revisions in the accounting classification of current income taxes (taxes on other comprehensive income) have been made in accordance with the transitional treatments stipulated in the proviso of Paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatments stipulated in the proviso of Paragraph 65-2 (2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the “Revised Guidance 2022”). This change in accounting policies has no impact on the quarterly consolidated financial statements.

In addition, the Company has applied the Revised Guidance 2022 from the beginning of the first quarter ended January 31, 2025 with respect to revisions regarding reviews on treatments in the consolidated financial statements in the case that gains or losses associated with sales of shares, etc. of subsidiaries among consolidated companies are deferred for tax purposes. The said change in accounting policies has been retrospectively applied and the quarterly consolidated financial statements for the quarter of the previous fiscal year and the consolidated financial statements for the previous fiscal year have been prepared after the retrospective application of the change. This change in accounting policies has no impact on the quarterly consolidated financial statements for the quarter of the previous fiscal year and the consolidated financial statements for the previous fiscal year.

(Segment information, etc.)

[Segment information]

I. For the three months ended January 31, 2024 (from November 1, 2023 to January 31, 2024)

Information on net sales and profit (loss) by reportable segment and disaggregation of revenues

(Thousand yen)

	Reportable segment				Adjustment (Note 1)	Amount recorded in Quarterly Consolidated Statement of Income (Note 2)
	Japan	United States	China	Total		
Net sales						
Revenue from contracts with customers	25,482,026	2,217,531	1,821,844	29,521,402	—	29,521,402
Other revenue (Note 3)	653	—	—	653	—	653
Net sales to outside customers	25,482,680	2,217,531	1,821,844	29,522,055	—	29,522,055
Inter-segment net sales or transfers	223,037	650,949	639,707	1,513,695	(1,513,695)	—
Total	25,705,717	2,868,480	2,461,552	31,035,750	(1,513,695)	29,522,055
Segment profit (loss)	1,225,073	(54,700)	88,315	1,258,687	(63,778)	1,194,909

- Notes: 1. The adjustment of segment profit (loss) of negative 63,778 thousand yen includes inter-segment elimination of 17,861 thousand yen and company-wide expenses of negative 81,640 thousand yen. Company-wide expenses are general and administrative expenses that do not belong to the reportable segments.
2. Segment profit (loss) has been adjusted with operating profit in the Quarterly Consolidated Statement of Income.
3. Other revenue includes real estate lease revenue included in the scope of the Accounting Standard for Lease Transactions.

II. For the three months ended January 31, 2025 (from November 1, 2024 to January 31, 2025)

Information on net sales and profit (loss) by reportable segment and disaggregation of revenues

(Thousand yen)

	Reportable segment				Adjustment (Note 1)	Amount recorded in Quarterly Consolidated Statement of Income (Note 2)
	Japan	United States	China	Total		
Net sales						
Revenue from contracts with customers	27,827,242	2,814,350	2,778,939	33,420,532	—	33,420,532
Other revenue (Note 3)	2,145	—	—	2,145	—	2,145
Net sales to outside customers	27,829,387	2,814,350	2,778,939	33,422,678	—	33,422,678
Inter-segment net sales or transfers	205,625	684,690	515,199	1,405,515	(1,405,515)	—
Total	28,035,013	3,499,041	3,294,139	34,828,193	(1,405,515)	33,422,678
Segment profit (loss)	1,274,412	(117,954)	66,268	1,222,725	(73,185)	1,149,539

- Notes: 1. The adjustment of segment profit (loss) of negative 73,185 thousand yen includes inter-segment elimination of 26,703 thousand yen and company-wide expenses of negative 99,888 thousand yen. Company-wide expenses are general and administrative expenses that do not belong to the reportable segments.
2. Segment profit (loss) has been adjusted with operating profit in the Quarterly Consolidated Statement of Income.
3. Other revenue includes real estate lease revenue included in the scope of the Accounting Standard for Lease Transactions.

(Notes in case of significant changes in amount of shareholders' equity)

Not applicable.

(Notes on going concern assumption)

Not applicable.

(Notes on statement of cash flows)

Quarterly consolidated statement of cash flows for the three months ended January 31, 2025 is not prepared. Depreciation for the three months ended January 31, which includes amortization of intangible assets, is as follows:

(Thousand yen)

	For the three months ended January 31, 2024	For the three months ended January 31, 2025
Depreciation	712,446	700,167