

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

## Consolidated Financial Results for the Six Months Ended April 30, 2024 [Japanese GAAP]



June 11, 2024

Company name: SHOEI FOODS CORPORATION

Stock exchange listing: Tokyo Stock Exchange

Code number: 8079

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

Representative: Hidemitsu Honda, President and Representative Director

Contact: Kazunori Kano, Managing Director and General Manager, Corporate Planning Div.

Phone: +81-3-3253-1529

Scheduled date of filing quarterly securities report: June 12, 2024

Scheduled date of commencing dividend payments: July 10, 2024

Availability of supplementary explanatory materials on quarterly financial results: Available

Schedule of quarterly financial results briefing session: Not scheduled

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

### 1. Consolidated Financial Results for the Six Months Ended April 30, 2024 (November 1, 2023 – April 30, 2024)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended April 30, 2024	59,692	7.0	3,092	47.4	3,178	52.6	1,949	44.4
April 30, 2023	55,771	4.7	2,097	(22.0)	2,082	(26.1)	1,349	(27.6)

(Note) Comprehensive income: Six months ended April 30, 2024: 2,303 million yen [542.9%]

Six months ended April 30, 2023: 358 million yen [(88.8)%]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended April 30, 2024	115.72		—	
April 30, 2023	80.11		—	

### (2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of April 30, 2024	90,160		53,958		58.7	
As of October 31, 2023	87,452		52,035		58.4	

(Reference) Equity: As of April 30, 2024: 52,985 million yen

As of October 31, 2023: 51,107 million yen

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended October 31, 2023	—	24.00	—	24.00	48.00
Fiscal year ending October 31, 2024	—	25.00			
Fiscal year ending October 31, 2024 (Forecast)			—	25.00	50.00

Notes: 1. Revision to the forecast for dividends announced most recently: None

2. Breakdown of the interim dividend for the fiscal year ending October 31, 2024:

Ordinary dividend: 24.00 yen

Commemorative dividend: 1.00 yen

Breakdown of the year-end dividend for the fiscal year ending October 31, 2024 (forecast):

Ordinary dividend: 24.00 yen

Commemorative dividend: 1.00 yen

## 3. Consolidated Financial Results Forecasts for the Fiscal Year Ending October 31, 2024 (November 1, 2023 – October 31, 2024)

(% 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
Full year	115,000	4.9	5,000	23.9	5,100	23.2	3,250	15.6	192.94

Note: Revision to the financial results forecast announced most recently: Yes



## Table of Contents - Attachments

1. Qualitative Information on Quarterly Financial Results .....	2
(1) Explanation of Operating Results .....	2
(2) Explanation of Financial Position .....	3
(3) Explanation of Consolidated Financial Results Forecasts and Other Forward-looking Information....	4
2. Quarterly Consolidated Financial Statements and Principal Notes .....	5
(1) Quarterly Consolidated Balance Sheet .....	5
(2) Quarterly Consolidated Statements of Income and Comprehensive Income .....	7
(3) Quarterly Consolidated Statement of Cash Flows .....	9
(4) Notes to Quarterly Consolidated Financial Statements .....	10
(Notes on going concern assumption) .....	10
(Segment information, etc.) .....	10

## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Operating Results

(Million yen)

	Six months ended		Change
	April 30, 2023	April 30, 2024	
Net sales	55,771	59,692	7.0%
Operating profit	2,097	3,092	47.4%
Ordinary profit	2,082	3,178	52.6%
Profit attributable to owners of parent	1,349	1,949	44.4%

During the period under review, the Japanese economy saw the continued price hikes caused by rising local prices related to imported goods and the weakening of the yen, and the economic trend remained uncertain in part due to budget-minded spending patterns of consumers. In the food industry, while fewer items saw price increases than before, the trend of price hikes continued reflecting rising costs. Under these circumstances, the ShoEi Foods group held the 120-year anniversary product exhibition in April 2024 and presented the detailed proposal for value-added products.

As a result of these efforts, consolidated net sales for the period under review increased by 7.0% year on year to 59,692 million yen, thanks to an increase in sales of dairy and retail products in Japan as well as increases in exports of walnuts from the United States and sales of nuts and dried fruits in China, among others.

On the profit front, operating profit increased by 47.4% year on year to 3,092 million yen, ordinary profit increased by 52.6% to 3,178 million yen, and profit attributable to owners of parent increased by 44.4% to 1,949 million yen. This was owing to the improved profitability of the exports of seeds from China and the increased sales in China and Hong Kong, as well as an improvement in profits in Japan due to the stabilization of the rise in energy cost and the progress of product price revisions, among others.

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

(Million yen)

	Six months ended		Six months ended		Year on year change	
	April 30, 2023		April 30, 2024		Year on year change	
	Net sales	Composition	Net sales	Composition	Amount	%
Dairy products, oils and fats	17,409	31.2%	18,270	30.6%	861	4.9%
Confectionery raw materials	9,558	17.1%	9,567	16.0%	9	0.1%
Dried fruits and canned foods	18,224	32.7%	20,981	35.2%	2,756	15.1%
Confectionery and retail products	10,406	18.7%	10,748	18.0%	342	3.2%
Other	172	0.3%	124	0.2%	(48)	(27.8)%
Total	55,771	100.0%	59,692	100.0%	3,921	7.0%

Segment operating results by region for the period under review are as follows.

#### 1) Japan

In Japan, net sales increased by 3.0% year on year to 52,553 million yen due to the increased sales of products such as dairy products, dried fruits, and confectionery and retail products.

Segment profit increased by 45.4% year on year to 2,824 million yen owing to favorable profit of dairy products and the improved profitability of confectionery and retail products with the stabilization of the rise in energy prices.

## 2) United States

In the United States, the Group's main walnut business saw an increase in net sales resulting from the increased volume received due to favorable crop conditions together with its steady shipment, despite a drop in selling prices due to lower market prices. As a result, net sales increased by 32.7% year on year to 5,500 million yen.

Segment profit decreased by 27.2% year on year to 276 million yen. This was owing to the lower profits of walnuts due to a year-on-year decline in the profit margin despite its strong sales, and the lower profits due to the decreased sales of prunes in retail bags for Japan. While the segment loss was posted in the United States in the three months ended January 31, 2024, the segment profit was recorded during the period under review due to the progress of the shipment of walnuts.

## 3) China

In China, sales of nuts and dried fruits increased in China and the exports of the Chinese-grown seeds remained favorable. As a result, net sales increased by 34.8% year on year to 5,252 million yen.

Segment profit amounted to 211 million yen, an improvement from the segment loss in the same period of the previous fiscal year, due to the improved profitability of the exports of goods such as the Chinese-grown seeds and strong sales in China and Hong Kong.

## (2) Explanation of Financial Position

### 1) Assets, liabilities, and net assets

Total assets as of April 30, 2024 amounted to 90,160 million yen, an increase of 2,708 million yen compared with the end of the previous fiscal year. This was due mainly to increases of 3,625 million yen in notes and accounts receivable - trade, 2,680 million yen in merchandise and finished goods, 468 million yen in work in process, and 395 million yen in raw materials and supplies, despite decreases of 3,489 million yen in cash and deposits and 592 million yen in advance payments to suppliers, resulting in current assets of 59,210 million yen, an increase of 2,956 million yen from the end of the previous fiscal year. Non-current assets fell by 248 million yen compared with the end of the previous fiscal year to 30,950 million yen due to a decrease of 345 million yen in property, plant and equipment, despite an increase of 117 million yen in investments and other assets.

Total liabilities as of April 30, 2024 amounted to 36,202 million yen, an increase of 785 million yen compared with the end of the previous fiscal year. This was due mainly to decreases of 862 million yen in short-term borrowings, 2,000 million yen in current portion of long-term borrowings, and 219 million yen in provision for bonuses, despite increases of 1,790 million yen in notes and accounts payable - trade and 201 million yen in income taxes payable, resulting in current liabilities of 26,092 million yen, a decrease of 1,099 million yen from the end of the previous fiscal year. Non-current liabilities increased by 1,884 million yen compared with the end of previous fiscal year to 10,109 million yen due to an increase of 1,814 million yen in long-term borrowings.

Total net assets as of April 30, 2024 amounted to 53,958 million yen, an increase of 1,922 million yen compared with the end of the previous fiscal year. This was due mainly to increases of 1,544 million yen in retained earnings and 205 million yen in foreign currency translation adjustment.

## 2) Cash flows

The status of cash flows is as follows.

### (Cash flows from operating activities)

Net cash used in operating activities amounted to 1,103 million yen (an increase of 656 million yen year on year). This was mainly attributable to profit before income taxes of 3,170 million yen, depreciation of 1,437 million yen, a decrease in provisions of 200 million yen, an increase in trade receivables of 3,579 million yen, an increase in inventories of 3,498 million yen, an increase in trade payables of 1,767 million yen, a decrease in other current assets of 854 million yen, and income taxes paid of 862 million yen.

The main factors behind the year-on-year increase in net cash used were an increase in inventories of 1,611 million yen, a decrease in trade payables of 670 million yen, and an increase in income taxes paid of 436 million yen, despite an increase in profit before income taxes of 1,089 million yen, a decrease in trade receivables of 923 million yen, and a decrease in other current assets of 462 million yen.

### (Cash flows from investing activities)

Net cash used in investing activities amounted to 944 million yen (a decrease of 7 million yen year on year). This was mainly attributable to purchase of property, plant and equipment.

The main factor behind the year-on-year decrease in net cash used was a decrease of 10 million yen in purchase of property, plant and equipment.

### (Cash flows from financing activities)

Net cash used in financing activities amounted to 1,522 million yen (307 million yen net cash inflow in the corresponding period of the previous fiscal year). This was mainly attributable to a net decrease in short-term borrowings of 897 million yen, repayments of long-term borrowings of 2,185 million yen, proceeds from long-term borrowings of 2,000 million yen, and dividends paid of 404 million yen.

The main factors behind the year-on-year decrease in net cash were a net decrease in short-term borrowings of 1,706 million yen and a decrease in proceeds from long-term borrowings of 1,100 million yen, despite a decrease in repayments of long-term borrowings of 990 million yen.

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

After considering the results of the period under review and the current business environment surrounding the Company, the Group has revised the consolidated financial results forecasts for the fiscal year ending October 31, 2024 announced on December 13, 2023. For details, please refer to the “Notice of Differences between First-half Consolidated Financial Results Forecast and Actual Financial Results and Revision of Full-year Consolidated Financial Results Forecasts for the Fiscal Year Ending October 31, 2024” announced on the same day as this report.

## 2. Quarterly Consolidated Financial Statements and Principal Notes

### (1) Quarterly Consolidated Balance Sheet

(Thousand yen)

	As of October 31, 2023	As of April 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	12,948,689	9,458,945
Notes and accounts receivable - trade	21,124,074	24,749,504
Merchandise and finished goods	16,540,262	19,220,763
Work in process	817,472	1,285,770
Raw materials and supplies	2,746,495	3,142,491
Advance payments to suppliers	848,654	256,374
Other	1,232,081	1,100,320
Allowance for doubtful accounts	(3,454)	(3,681)
Total current assets	56,254,275	59,210,488
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,977,657	12,662,269
Machinery, equipment and vehicles, net	6,487,570	6,241,088
Tools, furniture and fixtures, net	336,936	352,272
Land	3,596,571	3,601,390
Leased assets, net	74,789	113,930
Construction in progress	299,805	464,143
Other, net	346,136	338,876
Total property, plant and equipment	24,119,465	23,773,971
Intangible assets		
Software	127,465	109,037
Other	164,213	162,569
Total intangible assets	291,678	271,606
Investments and other assets		
Investment securities	4,249,809	4,295,039
Insurance premium	29,080	—
Deferred tax assets	197,556	171,769
Long-term advance account	2,001,528	1,995,151
Other	400,843	534,056
Allowance for doubtful accounts	(91,760)	(91,416)
Total investments and other assets	6,787,057	6,904,601
Total non-current assets	31,198,202	30,950,179
<b>Total assets</b>	<b>87,452,478</b>	<b>90,160,667</b>



(Thousand yen)

	As of October 31, 2023	As of April 30, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	9,905,506	11,695,530
Short-term borrowings	9,676,926	8,814,323
Current portion of long-term borrowings	2,371,476	371,476
Accounts payable - other	2,170,117	2,213,727
Income taxes payable	769,593	970,726
Provision for bonuses	1,015,594	795,778
Provision for bonuses for directors (and other officers)	9,300	20,460
Other	1,272,764	1,210,183
Total current liabilities	27,191,277	26,092,204
Non-current liabilities		
Long-term borrowings	6,656,657	8,470,919
Deferred tax liabilities	358,057	388,403
Retirement benefit liability	712,584	712,159
Provision for retirement benefits for directors (and other officers)	96,512	104,379
Other	401,599	434,055
Total non-current liabilities	8,225,410	10,109,917
Total liabilities	35,416,688	36,202,122
Net assets		
Shareholders' equity		
Share capital	3,379,736	3,379,736
Capital surplus	3,059,298	3,065,720
Retained earnings	39,342,059	40,887,041
Treasury shares	(890,779)	(873,518)
Total shareholders' equity	44,890,315	46,458,979
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,053,590	2,074,420
Deferred gains or losses on hedges	210,103	295,142
Foreign currency translation adjustment	3,878,726	4,083,824
Remeasurements of defined benefit plans	74,958	72,753
Total accumulated other comprehensive income	6,217,379	6,526,141
Non-controlling interests	928,093	973,424
Total net assets	52,035,789	53,958,545
Total liabilities and net assets	87,452,478	90,160,667

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

## Quarterly Consolidated Statement of Income

Six months ended April 30

(Thousand yen)

	For the six months ended April 30, 2023	For the six months ended April 30, 2024
Net sales	55,771,302	59,692,985
Cost of sales	47,039,227	49,674,000
Gross profit	8,732,074	10,018,985
Selling, general and administrative expenses	6,634,325	6,926,548
Operating profit	2,097,749	3,092,436
Non-operating income		
Interest income	5,674	11,115
Dividend income	36,403	41,484
Foreign exchange gains	—	15,903
Share of profit of entities accounted for using equity method	11,561	11,350
Dividend income of insurance	3,053	26,408
Insurance claim income	1,648	1,926
Dividends investment	33,050	—
Factory attracting bounty	35,091	31,770
Other	34,475	29,958
Total non-operating income	160,957	169,917
Non-operating expenses		
Interest expenses	62,896	64,078
Foreign exchange losses	112,263	—
Compensation expenses	8	18,622
Other	717	755
Total non-operating expenses	175,886	83,456
Ordinary profit	2,082,820	3,178,897
Extraordinary income		
Gain on sale of non-current assets	3,278	323
Total extraordinary income	3,278	323
Extraordinary losses		
Loss on retirement of non-current assets	5,140	8,456
Loss on sale of non-current assets	6	675
Total extraordinary losses	5,146	9,131
Profit before income taxes	2,080,952	3,170,089
Income taxes - current	659,027	1,176,524
Income taxes - deferred	46,899	5,410
Total income taxes	705,927	1,181,935
Profit	1,375,025	1,988,154
Profit attributable to non-controlling interests	25,991	38,953
Profit attributable to owners of parent	1,349,033	1,949,200

Quarterly Consolidated Statement of Comprehensive Income

Six months ended April 30

(Thousand yen)

	For the six months ended April 30, 2023	For the six months ended April 30, 2024
Profit	1,375,025	1,988,154
Other comprehensive income		
Valuation difference on available-for-sale securities	321,483	27,206
Deferred gains or losses on hedges	(422,759)	85,039
Foreign currency translation adjustment	(931,077)	205,097
Remeasurements of defined benefit plans, net of tax	15,552	(2,205)
Total other comprehensive income	(1,016,800)	315,138
Comprehensive income	358,225	2,303,292
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	329,156	2,257,961
Comprehensive income attributable to non-controlling interests	29,068	45,330

### (3) Quarterly Consolidated Statement of Cash Flows

(Thousand yen)

	For the six months ended April 30, 2023	For the six months ended April 30, 2024
<b>Cash flows from operating activities</b>		
Profit before income taxes	2,080,952	3,170,089
Depreciation	1,421,858	1,437,211
Interest expenses	62,896	64,078
Foreign exchange losses (gains)	78,437	(12,696)
Increase (decrease) in provisions	(128,031)	(200,028)
Decrease (increase) in trade receivables	(4,503,723)	(3,579,747)
Decrease (increase) in inventories	(1,887,801)	(3,498,960)
Increase (decrease) in trade payables	2,437,621	1,767,516
Decrease (increase) in other current assets	392,243	854,399
Other, net	(66,775)	(249,363)
Subtotal	(112,322)	(247,500)
Interest and dividends received	150,059	70,671
Interest paid	(59,371)	(64,171)
Income taxes paid	(425,857)	(862,654)
Net cash provided by (used in) operating activities	(447,491)	(1,103,654)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(930,502)	(920,501)
Proceeds from sale of property, plant and equipment	6,345	1,246
Purchase of investment securities	(11,380)	(12,316)
Other, net	(16,190)	(12,549)
Net cash provided by (used in) investing activities	(951,727)	(944,121)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	809,191	(897,618)
Repayments of long-term borrowings	(3,175,738)	(2,185,738)
Proceeds from long-term borrowings	3,100,000	2,000,000
Purchase of treasury shares	(515)	(493)
Repayments of lease liabilities	(21,361)	(34,240)
Dividends paid	(404,080)	(404,219)
Net cash provided by (used in) financing activities	307,495	(1,522,309)
Effect of exchange rate change on cash and cash equivalents	(242,089)	80,341
Net increase (decrease) in cash and cash equivalents	(1,333,811)	(3,489,744)
Cash and cash equivalents at beginning of period	7,867,293	12,948,689
Cash and cash equivalents at end of period	6,533,482	9,458,945

#### (4) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Segment information, etc.)

[Segment information]

#### I. For the six months ended April 30, 2023 (from November 1, 2022 to April 30, 2023)

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	50,547,940	2,602,152	2,619,882	55,769,975	—	55,769,975
Other revenue (Note 3)	1,327	—	—	1,327	—	1,327
Net sales to outside customers	50,549,267	2,602,152	2,619,882	55,771,302	—	55,771,302
Inter-segment net sales or transfers	427,372	1,540,572	1,276,263	3,244,208	(3,244,208)	—
Total	50,976,639	4,142,724	3,896,146	59,015,510	(3,244,208)	55,771,302
Segment profit (loss)	1,941,519	379,625	(45,940)	2,275,204	(177,455)	2,097,749

- Notes: 1. The adjustment of segment profit (loss) of negative 177,455 thousand yen includes inter-segment elimination of negative 10,914 thousand yen and company-wide expenses of negative 166,541 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 six months ended April 30, 2024 (from November 1, 2023 to April 30, 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	51,780,518	4,128,690	3,781,980	59,691,189	—	59,691,189
Other revenue (Note 3)	1,795	—	—	1,795	—	1,795
Net sales to outside customers	51,782,314	4,128,690	3,781,980	59,692,985	—	59,692,985
Inter-segment net sales or transfers	770,769	1,371,514	1,470,819	3,613,104	(3,613,104)	—
Total	52,553,084	5,500,205	5,252,799	63,306,089	(3,613,104)	59,692,985
Segment profit	2,824,339	276,209	211,134	3,311,683	(219,247)	3,092,436

- Notes: 1. The adjustment of segment profit of negative 219,247 thousand yen includes inter-segment elimination of negative 36,713 thousand yen and company-wide expenses of negative 182,533 thousand yen.

Company-wide expenses are general and administrative expenses that do not belong to the reportable segments.

2. Segment profit 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.