

Translation

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Consolidated Financial Results for the First Quarter of the Fiscal Year Ending September 30, 2024 [Japanese GAAP]

November 13, 2024

Listed company name HURXLEY CORPORATION East listed stock exchange
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 Scheduled date of semi-annual report submission November 13, 2024 Scheduled date of commencement of dividend payment December 2, 2024
 Preparation of supplementary material on financial results: Yes Posted on TDnet and our website on the same day
 Holding of financial results meeting: No

(Amounts are rounded down to the nearest million yen)

Consolidated Financial Results for the three months ended September 30, 2024 (from July 1, 2024 to September 30, 2024)

(1) Consolidated Operating Results (Cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent Interim net income per share per share per share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended September 30, 2024	21,108	Δ0.8	1,028	15.3	1,072	1.0	617	Δ26.5
Three months ended September 30, 2023	21,284	33.0	891	23.3	1,061	22.5	841	37.9

(NOTE) Comprehensive income Interim period ended March 31, 2025 477Millions of yen (Δ48.0%) Interim period ended March 31, 2024 919Millions of yen (27.3%)

	Per share Profit	Diluted earnings Per share Profit
Three months ended September 30, 2024	Yen 33.43	Yen -
Three months ended September 30, 2023	45.68	45.62

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2024	63,267	24,379	38.5
As of June 30, 2024	64,398	24,155	37.5

Reference: Shareholders' equity Interim period ended March 31, 2025 24,362Millions of yen Year ended March 31, 2024 24,153Millions of yen

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2024	-	9.00	-	15.00	24.00
Year ended March 31, 2025	-	13.00			
Year ending March 31, 2025 (Forecast)			-	13.00	26.00

(NOTE) Revisions to the most recently announced dividend forecasts: None

Consolidated Forecasts for the Fiscal Year Ending March 3, 2025 (April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Attributable to owners of parent "		Per share Net Income
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	49,000	4.8	2,450	0.6	2,850	10.1	1,800	12.4	97.43

(NOTE)Revisions to the most recently announced earnings forecasts: None

※ Notes

(1)Significant changes in the scope of consolidation during the current interim term: None

(2)Application of special accounting methods for the preparation of interim consolidated financial statements: None

(3)Changes in accounting policies and changes or restatement of accounting estimates

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

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

③ Changes in accounting estimates: None

④ Restatement of revisions: None

(NOTE)For further information, please refer to "(4) Notes to Interim Consolidated Financial Statements (Notes to Changes in Accounting Policies)" of P.10"2.

Interim Consolidated Financial Statements and Major Notes."

(4)Number of shares outstanding (common shares)

① Number of shares outstanding at the end of the period (including treasury stock)

As of September 30,2024	19,050,064Shares	Year ended March 31, 2024	19,050,064 Shares
As of September 30,2024	558,930Shares	Year ended March 31, 2024	574,850 Shares
As of September 30,2024	18,481,717Shares	Interim period ended March 31, 2024	18,411,614 Shares

② Number of treasury shares at the end of the period

③ Average number of shares during the period (cumulative from the beginning of interim period)

※ The financial results for the second quarter (interim term) are not subject to review by a certified public accountant or an auditing firm.

※ Explanations and other special notes concerning the appropriate use of business performance forecasts

(Notes on forward-looking statements)

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and on certain assumptions deemed to be reasonable, and do not constitute guarantees by the Company of future performance. Actual results may differ materially from the forecast depending on a range of factors.

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1.General conditions including operating Results

General conditions including operating Results

(1)Overview of Operating Results for the First Half of the Current Fiscal Year

During the first half of the current fiscal year (April 1, 2024 to September 30, 2024), the Japanese economy saw improvement in the employment and income environment as socioeconomic activities normalized, people became strongly aware of the need to secure human resources against the backdrop of labor shortages and high prices, and wage rising pressures strengthened. Moreover, the economy is gradually recovering despite some stagnation due to the recovery in inbound demand. On the other hand, amid the impact of disruptions in economic activity caused by the heat wave, earthquakes, heavy rains, etc., various cost increases continue due to price increases caused by exchange rate fluctuations, etc. Consumers are increasingly conscious of saving in terms of real wages and the defense of daily life due to decreases in real wages. In addition, the economic outlook remains uncertain due to downside risks such as heightened geopolitical risks in the Ukrainian and Middle East.

Under these circumstances, our Group, as the "Food Integration Group that Creates a Rich Future Tomorrow," has been working on it based on the "Medium-Term Management Plan ending in the fiscal year ending in March 2028" announced in June 2024 for the next growth and the "Policy on Initiatives to Realize Management with an Awareness of Capital Costs and Stock Prices."

As a result, consolidated results and segment results for the current interim consolidated accounting period were as follows.

(Consolidated Results) (Millions of yen)

	As of September 30,2023	As of September 30,2024		
			Year-on-year change	Year on year
Net sales	21,284	21,108	△175	Down 0.8%
Operating profit	891	1,028	136	Up 15.3%
Ordinary profit	1,061	1,072	10	Up 1.0%
Interim net income per share per share per share that profit attributable to owners of parent	841	617	△223	Down 26.5%

Results by business segment are as follows.

(Net Sales by Segment) (Millions of yen , %)

	As of September 30,2023	As of September 30,2024		
			Year-on-year change	Year on year
Ready-made Meals Business	8,277	8,344	67	Up 0.8%
Store Assets & Solutions business	6,075	6,092	17	Up 0.3%
Logistics and food processing business	8,119	7,848	△271	Down 3.3%
Other industries	363	404	40	Up 11.2%
Total	22,836	22,689	△146	Down 0.6%
Adjustments (Eliminations and Corporate)	△1,551	△1,580	△29	-
Total	21,284	21,108	△175	Down 0.8%

(Operating Income by Segment) (Millions of yen , %)

	As of September 30,2023	As of September 30,2024		
			Year-on-year change	Year on year
Ready-made Meals Business	103	△119	△222	-
Store Assets & Solutions business	564	953	388	Up 68.9%
Logistics and food processing business	269	475	205	Up 76.0%
Other industries	363	404	40	Up 11.2%
Total	1,301	1,713	411	Up 31.7%
Adjustments (Eliminations and Corporate)	△409	△684	△275	-
Total	891	1,028	136	Up 15.3%

(NOTE)From the first quarter of the fiscal year ended March 2025, we changed the name of our reportable segment, the Take-home meal business, to the Chukushoku business. There is no impact on segment information.

(Number of stores)

HMR Business (Hokka Hokka Tei)

	In 2024 End of April	In 2024 End of May	In 2024 End of June	In 2024 End of July	In 2024 End of August	In 2024 End of September
Same-store sales YoY comparison	102.2%	103.0%	104.3%	103.2%	101.9%	101.3%
Number of Stores: ()	837	839	841	841	839	836

Store Assets & Solutions business

	In 2024 End of April	In 2024 End of May	In 2024 End of June	In 2024 End of July	In 2024 End of August	In 2024 End of September
Store lease Number of stores	831	836	837	836	843	846
Real estate management Number of tenants (stores)	144	145	146	147	149	152
Number of stores in operation	975	981	983	983	992	998

① Ready-made Meals Business

<Hokka-Hokka-Tei Division>

We aggressively launched limited-time menus and conducted a campaign in collaboration with anime heroes. These campaigns were well received by a wide range of generations, mainly for men and women in the Z generation.

In addition, focusing on SNS management, X (formerly Twitter) and Instagram promoted to a wide range of customers by increasing the frequency of postings, enhancing video content, and promoting to a wide range of customers, including posting photographs of Hokkaichi Tei's bento to RED and Weibo, which are Chinese SNS. In particular, X grew 13-fold in April 2024, as evidenced by the monthly display of more than 35.6 million times in September.

<Food Procurement Division and Ceremony Division>

Demand has been recovering for parties, sporting events, academic societies, and ceremony. At the same time, we have renewed our website with an emphasis on products and from the customer's perspective to further increase orders for EC websites. As a result, the number of repeat customers has increased as well as winning new customers.

As a result, the HMR business posted solid sales of 8,344 million yen (up 0.8% from the first half of the previous fiscal year), but operating loss was 119 million yen (operating income of 103 million yen in the first half of the previous fiscal year) due to the pressure on profits resulting from the exchange rate (depreciation of the yen) and soaring raw material prices caused by inclement weather such as extremely hot weather.

② Store Assets & Solutions business

<Store Business>

With regard to store leasing, the Group focused on ascertaining trends in store closures by existing business partners and obtaining store closures through the use of SNS media in order to procure prime properties that are in strong demand for store openings, mainly for restaurants, under its aggressive investment policy. At the same time, the Group focused on proposing multifaceted solutions for "people (staffing), goods (store properties), money (financial support for store assets), and information" as a consultant for store management.

As a result, the number of store leases increased by a net 17 stores from the end of the previous fiscal year to 846 stores.

<Store real estate business>

We focused on activities to increase the number of stores in operation by leasing buildings owned or managed by us, and value-up activities by improving the occupancy rates of real estate purchased and constructing legal compliance.

As a result, the number of property management tenants increased by a net 11 stores from the end of the previous fiscal year to 152 stores. The number of buildings in operation for real estate owned was 16, and the number of buildings in operation for real estate asset management was 7. There were no new acquisitions or sales of store real estate.

<HR recruitment solutions>

Specific skilled foreigners can solve the problem of a shortage of human resources in the service industry in Japan. We provide recruitment support for the

accommodations, food and beverage manufacturing, agriculture, and nursing care industries, with a focus on the food and beverage industry. In particular, expectations from store leasing business partners, who have a remarkable desire for new store opening needs, are high, and we have worked to develop support for the development of No. 2 specific skills that can become store manager-class. In addition, in an environment of increasing demand for job offers in the consulting industry, we have accumulated a track record of recruitment support in the field of domestic high-class job changes.

<IT Management Solutions>

The Company develops and provides niche-top POS cash register systems, ninapos, and cart systems and membership apps to meet the demand for improved store operations through reservation management, sales promotions and management by analyzing sales and customer data, with a focus on the Western Confectionery Industry.

The number of stores that have introduced ninapos has been more than 1000 at present, a growth rate of about 10% per year, due to a virtuous cycle in which next-generation patissiers who have been studied at famous stores can be used at an independent time. We have been working to develop markets that are not only in the western confectionery industry but also in the bakery industry.

<Rental of parties and event goods>

Orders from catering companies and food service providers were firm, and new suppliers also increased.

As a result, net sales in the Store Asset & Solution Business were 6,092 million yen (up 0.3% from the first half of the previous fiscal year) and operating income was 953 million yen (up 68.9%).

③ Logistics and food processing business

<Logistics Division and Cam Summary Division>

We strengthened proposal-based sales activities in a variety of fields through product development using products from around the country, including the sale of packaged hot side dishes in supermarkets, boxed lunch menus in the rice division, ingredients for rice balls, and product development proposals in bakery divisions. As a result, we expanded existing transactions and acquired new customers. In addition, the Group worked to improve production efficiency by increasing capacity utilization rates at Cam Summary, reducing materials handling operations, and shortening moving lead lines.

<Confectionery Manufacturing Division>

As a result of our efforts to develop standard products focused on ingredients, manufacturing methods, and nutritional value, as well as to develop new products and strengthen our sales activities, the "Krazy Salt Nuts" of Inaba peanuts was ranked first in the overall rating in the "Buyer Survey Mix Snacks" section of the Nikkei MJ released on September 18, 2024. In addition, the Trail Mix Series, which can be easily carried at outdoors of Tanigai Foods and other foods, was sold at a major outdoor supply store on June 28, 2024. As a result, the number of stores introducing these products remained steady.

As a result, the Logistics and Food Processing segment recorded net sales of 7,848 million yen (down 3.3% from the first half of the previous fiscal year) and operating income of 475 million yen (up 76.0%).

(2) Overview of Financial Position for the First Half

① Financial position

Total assets at the end of the current interim consolidated accounting period were 63,267 million yen, a decrease of 1,130 million yen from the end of the previous consolidated accounting year. This was mainly due to a decrease in cash and deposits and a decrease in notes and accounts receivable-trade and contract assets.

Total liabilities decreased by ¥1,355 million from the end of the previous fiscal year to ¥38,887 million. This was mainly due to a decrease in trade payables and tax payments.

Net assets were 24,379 million yen, an increase of 224 million yen from the end of the previous fiscal year. This was mainly due to the recording of interim net income attributable to owners of the parent.

② Cash Flows

Cash and cash equivalents (hereinafter referred to as "cash") at the end of the current interim consolidated accounting period decreased by 676 million yen from the end of the previous consolidated accounting year to 13,534 million yen.

The status of each cash flow during the current interim consolidated accounting period and its factors are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was 437 million yen (2,284 million yen provided in the same period of the previous fiscal year). This was mainly due to ¥1.105 billion in profit before income taxes and minority interests and ¥656 million in income taxes paid.

(Net cash provided by (used in) investing activities)

Net cash used in investing activities was 698 million yen (compared with 1.406 billion yen used in the same period of the previous fiscal year). This was mainly due to payments for purchase of property, plant and equipment of ¥1,194 million and proceeds from collection of investments in capital of ¥543 million.

(Cash flows from financing activities)

Net cash used in financing activities was 415 million yen (1,520 million yen provided in the same period of the previous fiscal year). Cash dividends of ¥277 million were the principal component of cash flow.

(3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements

There are no changes to the consolidated earnings forecast for the full fiscal year announced in the "Consolidated Financial Results for the Fiscal Year Ended March 31, 2024" on May 15, 2024.

2. Interim Consolidated Financial Statements and Main Notes

(1) Interim consolidated balance sheet

(Millions of yen)

	End of previous fiscal year (As of March 31, 2024)	During current consolidated interim accounting period (As of September 30, 2024)
Assets		
Current assets		
Cash and deposits	14,611	13,935
Notes and accounts receivable-trade, and contract assets	3,068	2,582
Merchandise and supplies	7,574	7,905
Raw materials and supplies	729	772
Other	1,704	1,648
Allowance for doubtful accounts	△19	△37
Total current assets	27,668	26,806
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,241	9,380
Machinery, equipment and vehicles, net	1,108	1,098
Tools, furniture and fixtures, net	191	216
Land	12,258	12,068
Leased assets, net	115	109
Construction in progress	132	238
Total property, plant and equipment	23,047	23,111
Intangible assets		
Leasehold interests in land	3,480	3,480
Goodwill	490	418
Other	201	191
Total intangible assets	4,172	4,089
Investments and other assets		
Investment securities	4,190	3,772
Long-term loans receivable	3	55
Leasehold and guarantee deposits	4,785	4,948
Deferred tax assets	134	125
Long-term accounts receivable - other	420	411
Retirement benefit asset	106	106
Other	277	273
Allowance for doubtful accounts	△408	△432
Total investments and other assets	9,509	9,260
Total non-current assets	36,729	36,461
Total assets	64,398	63,267

(Millions of yen)

	End of previous fiscal year (As of March 31, 2024)	During current consolidated interim accounting period (As of September 30, 2024)
Liabilities		
Current liabilities		
Accounts payable - trade	3,574	3,122
Current portion of bonds payable	7	14
Short-term borrowings	1,965	2,565
Current portion of long-term loans payable	5,155	5,183
Accounts payable - other	1,012	650
Income taxes payable	591	375
Accrued consumption taxes	184	253
Provision for bonuses	285	310
Other	2,830	2,374
Total current liabilities	15,606	14,849
Non-current liabilities		
Bonds payable	58	44
Long-term borrowings	19,507	18,890
Long-term guarantee deposits	4,203	4,160
Deferred tax liabilities	55	58
Retirement benefit liability	20	39
Asset retirement obligations	530	531
Other	262	312
Total non-current liabilities	24,636	24,038
Total liabilities	40,243	38,887
Net assets		
Shareholders' equity		
Share capital	4,036	4,036
Capital surplus	1,904	1,902
Retained earnings	18,229	18,570
Treasury shares	△391	△380
Total shareholders' equity	23,779	24,129
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	373	233
Total accumulated other comprehensive income	373	233
Share acquisition rights	2	2
Non-controlling shareholders' equity	-	14
Total net assets	24,155	24,379
Total liabilities and net assets	64,398	63,267

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

(Interim Consolidated Statements of Income)

(Millions of yen)

	Previous interim consolidated accounting period (April 1, 2023 To September 30, 2023)	During current consolidated interim accounting period (April 1, 2024 To September 30, 2024)
Net sales	21,284	21,108
Cost of sales	14,170	14,203
Gross profit	7,113	6,905
Selling, general and administrative expenses	6,222	5,877
Operating profit	891	1,028
Non-operating income		
Interest income	0	1
Dividend income	69	35
Gain on sale of investment securities	53	23
Fee and commission received	53	32
Rental income	9	-
Business consignment contract cancelation profit	6	33
Other	63	40
Total non-operating income	255	167
Non-operating expenses		
Interest expenses	42	74
Commission expenses	13	16
The business consignment contract cancelation is disadvantageous.	-	4
Share of loss of entities accounted for using equity method	8	20
Other	21	7
Total non-operating expenses	86	124
Ordinary profit	1,061	1,072
Extraordinary income		
Profit on sale of non-current assets	0	0
Gain on sale of investment securities	47	-
Compensation income	28	97
Settlement income	11	-
Other	0	1
Total extraordinary income	87	99
Extraordinary losses		
Loss on sale of non-current assets	1	1
Loss on retirement of non-current assets	11	11
Impairment loss	10	-
Compensation	-	44
Other	3	8
Total extraordinary losses	25	65
Income before income taxes	1,123	1,105
Income taxes - current	302	415
Income taxes - deferred	△20	72
Total income taxes	282	488
Interim net income per share per share per share per share	841	617
Interim net income per share per share per share that profit attributable to owners of parent	841	617

(Interim Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Previous interim consolidated accounting period (April 1, 2023 To September 30, 2023)	During current consolidated interim accounting period (April 1, 2024 To September 30, 2024)
Interim net income per share per share per share per share	841	617
Other comprehensive income		
Valuation difference on available-for-sale securities	80	△139
Share of other comprehensive income of entities company for using equity method	△1	△0
Total other comprehensive income	78	△140
Interim comprehensive income	919	477
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	919	477

(3) Interim consolidated cash flow statement

(Millions of yen)

	Previous interim consolidated accounting period (April 1, 2023 To September 30, 2023)	During current consolidated interim accounting period (April 1, 2024 To September 30, 2024)
Cash flows from operating activities		
Income before income taxes	1,123	1,105
Depreciation	537	621
Amortization of goodwill	85	85
Loss (gain) on sale of non-current assets	0	0
Loss on retirement of non-current assets	11	11
Impairment loss	10	-
Loss (gain) on sale of investment securities	△100	△23
Increase (decrease) in allowance for doubtful accounts	6	△7
Increase (decrease) in provision for bonuses	△0	21
Interest and dividend income	△69	△37
Interest expenses	42	74
Share of loss (profit) of entities accounted for using equity method	8	20
Decrease (increase) in trade receivables	△252	427
Decrease (increase) in inventories	265	△264
Increase (decrease) in trade payables	763	△451
Increase (decrease) in unearned revenue	64	36
Increase (decrease) in accounts payable - other	229	△362
Increase (decrease) in accrued expenses	178	△99
Increase (decrease) in allowance deposit	△74	△379
Increase (decrease) in consumption taxes receivable (△ increased)	106	190
Decrease (increase) in consumption taxes refund receivable	△24	65
Other	△341	20
Subtotal	2,571	1,056
Income taxes paid	△321	△656
Income taxes refund	34	36
Cash flows from operating activities	2,284	437
Net cash provided by (used in) investing activities		
Interest and dividends received	70	37
Purchase of property, plant and equipment	△1,632	△1,194
Proceeds from sale of property, plant and equipment	141	115
Purchase of intangible assets	△20	△41
Purchase of investment securities	△425	△412
Proceeds from sale of investment securities	445	87
Proceeds from acquisition of newly consolidated subsidiaries	-	168
Collection of subscriptions	-	543
Amount of security money of pure increase and decrease	15	9
Other	△1	△11
Net cash provided by (used in) investing activities	△1,406	△698
Net cash provided by (used in) financing activities		
Interest paid	△42	△75
Net increase (decrease) in short-term borrowings	1,567	600
Proceeds from long-term borrowings	1,400	500
Repayments of long-term borrowings	△1,212	△1,130
Redemption of bonds	△12	△7
Dividends paid	△165	△277
Other	△15	△24
Net cash provided by (used in) financing activities	1,520	△415
Effect of exchange rate change on cash and cash equivalents	-	0
Net increase (change) in cash and cash equivalents	2,397	△676
Cash and cash equivalents at beginning of period	11,374	14,210
Cash and cash equivalents at interim term-end	13,772	13,534

(4)Notes to Interim Consolidated Financial Statements

(Notes on the Going Concern Assumption)

Not applicable.

(Notes on Substantial Changes in the Amount of Shareholders' Equity)

Not applicable.

(Notes on Changes in Accounting Policies)

(Application of Accounting Standard for Income Taxes, Inhabitant Taxes and Business Taxes, etc.)

"Accounting Standard for Income Taxes, Resident Taxes and Enterprise Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the "Revised Accounting Standard, 2022") has been applied from the beginning of the first quarter of the current fiscal year.

With regard to the revision concerning the classification of income taxes (taxation on other comprehensive income), the Company follows the transitional treatment stipulated in the proviso of Article 20-3 of the Revised Accounting Standard for 2022 and the transitional treatment stipulated in Article 65-2 (2) of the "Implementation Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022). This change in accounting policy had no impact on the interim consolidated financial statements.

(Notes on Segment Information)

[Segment Information]

1 Previous interim consolidated accounting period (From April 1, 2023 to September 30, 2023)

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

(Millions of yen)

	Reportable Segments				Other (NOTE)1	Total
	Ready-made Meals Business	Store Assets & Solutions Circulation Business	Logistics and food Processed Foods Business	Total		
Net sales						
Goods that are transferred at a point in time	8,194	2,386	7,160	17,741	-	17,741
Goods transferred over a certain period of time	13	-	-	13	-	13
Revenue from contracts with customers	8,208	2,386	7,160	17,754	-	17,754
Other income	0	3,529	-	3,529	-	3,529
Sales to customers	8,209	5,915	7,160	21,284	-	21,284
Intersegment sales	68	160	959	1,188	363	1,551
Total	8,277	6,075	8,119	22,472	363	22,836
Segment profit	103	564	269	937	363	1,301

	Adjusted amount (NOTE)2	Interim Consolidated income (loss) Statement of accounts Amount recorded (NOTE)3
Net sales		
Goods that are transferred at a point in time	-	17,741
Goods transferred over a certain period of time	-	13
Revenue from contracts with customers	-	17,754
Other income	-	3,529
Sales to customers	-	21,284
Intersegment sales	△1,551	-
Total	△1,551	21,284
Segment profit	△409	891

(NOTE)1. "Others" is a business segment that is not included in reportable segments and is a group support business.

2.△ of ¥409 million in adjustments to segment income includes ¥0 △ the elimination of inter-segment transactions and ¥408 million in △ corporate expenses that are not allocated to the reportable segments.

3.Segment income is adjusted with operating income in the interim consolidated statements of income.

2.Information on impairment loss on noncurrent assets and goodwill by reportable segment

(Significant impairment loss on non-current assets)

Impairment loss on fixed assets is recorded in the prepared meals business. The recorded amount of the loss on impairment was ¥10 million for the first half of the current year.

II Current interim consolidated accounting period (From April 1, 2024 to September 30, 2024)

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

(Millions of yen)

	Reportable Segments				Other (NOTE)1	Total
	Ready-made Meals Business	Store Assets & Solutions Circulation Business	Logistics and food Processed Foods Business	Total		
Net sales						
Goods that are transferred at a point in time	8,305	3,221	6,866	18,393	-	18,393
Goods transferred over a certain period of time	15	-	-	15	-	15
Revenue from contracts with customers	8,321	3,221	6,866	18,409	-	18,409
Other income	3	2,688	7	2,699	-	2,699
Sales to customers	8,324	5,910	6,874	21,108	-	21,108
Intersegment sales	20	181	974	1,176	404	1,580
Total	8,344	6,092	7,848	22,285	404	22,689
Segment profit (loss) (Δ)	Δ 119	953	475	1,309	404	1,713

	Adjusted amount (NOTE)2	Interim Consolidated income (loss) Statement of accounts Amount recorded (NOTE)3
Net sales		
Goods that are transferred at a point in time	-	18,393
Goods transferred over a certain period of time	-	15
Revenue from contracts with customers	-	18,409
Other income	-	2,699
Sales to customers	-	21,108
Intersegment sales	Δ 1,580	-
Total	Δ 1,580	21,108
Segment profit (loss) (Δ)	Δ 684	1,028

(NOTE)1. "Others" is a business segment that is not included in reportable segments and is a group support business.

2. Δ of ¥684 million for adjusting segment income (loss) includes ¥1 million for elimination of inter-segment transactions and ¥686 million for Δ corporate expenses that are not allocated to the respective reportable segments.

3. Segment income (loss) is adjusted with operating income in the interim consolidated statements of income.

2.Changes in reportable segments

Effective from the current interim consolidated accounting period, the name of the conventional "takeout bento business" has been changed to the "prepared meals business." This change was only a change in the name of the reportable segment and had no impact on segment information.

Segment information for the previous interim consolidated accounting period has been prepared using the new segment name.

(Significant subsequent events)

1.Acquisition of shares into a subsidiary

At the meeting of the Board of Directors held on November 13, 2024, we resolved to acquire the shares of Hosoya Corporation ("Hosoya Corporation") and make it a subsidiary as follows. On the same date, we entered into a share transfer agreement with the shareholders of Hosoya Corporation.

(1)Purpose of share purchase

On June 3, 2024, incomes announced the Medium-Term Management Targets (ending March 2028) for achieving sustainable profit growth through business growth and earnings growth. Our growth strategy is to expand profits by strengthening our management base through growth investment (solidifying our foundations).

Specifically, we will invest aggressively in business areas such as food manufacturing and frozen food manufacturing, with a focus on our Group business segment, the Logistics and Food Processing Business.

Through this acquisition of shares (making it a subsidiary), we will establish a solid position in the prepared foods market, which is expected to grow stably, while synergies between Hosoya Corporation and our group companies (such as mutual use of manufacturing bases and sales channels) will enable both parties to meet even more customer needs. Therefore, we believe that this acquisition of shares (making it a subsidiary) will contribute to enhancing the corporate value of our group.

(2)Name of the counterparty to the share purchase

J-GIA II Limited Partnership

JG II (Cayman), L.P.

(3)Name, business, and capital of the purchase company

Name of purchase company: Hosoya Corporation

Business: Manufacture and sale of Chinese side dishes such as shumai, gyoza, and spring rolls

Capital: ¥110 million

(4)Number of shares to be acquired, acquisition price and number of shares held after acquisition

Number of shares to be acquired: 150,000 shares

Share purchase cost: The Company will not disclose the information pursuant to a confidentiality agreement with the counterparty to the share acquisition.

Number of shares held after purchase: 150,000 shares (100% of voting rights)

(5)Method of raising funds for payment

Borrowings from financial institutions and self-financing

(6)Time of stock acquisition

Share transfer agreement signed: November 13, 2024

Share acquisition date: December 16, 2024 (planned)

We plan to acquire the shares after the approval of the Fair Trade Commission.