

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2024 (Based on Japanese GAAP)

February 14, 2025

Company name: WATAMI CO.,LTD.
 Stock exchange listing: Tokyo
 Stock code: 7522 URL <https://www.watami.co.jp/>
 Representative: Representative Director, Chairman and President CEO MIKI WATANABE
 Senior Managing Executive Officer
 Inquiries: Management and Takushoku Division AKIHIKO HIJIOKA TEL 03-5737-2288
 General Manager
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2024	66,126	5.7	3,977	16.9	5,041	7.9	3,986	9.1
Nine months ended December 31, 2023	62,555	5.7	3,402	157.6	4,674	20.9	3,652	92.9

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2024	90.44		–	
Nine months ended December 31, 2023	82.19		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2024	63,833	25,687	39.7	324.39
As of March 31, 2024	64,228	22,166	34.1	234.73

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2024	–	0.00	–	10.00	10.00
Year ending March 31, 2025	–	0.00	–		
Year ending March 31, 2025 (Forecast)				10.00	10.00

3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	88,100	7.0	4,400	17.2	5,320	(11.0)	4,040	(3.6)	88.81

4. Notes

(1) Significant changes in the scope of consolidation during the nine months ended December 31, 2024: Yes

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of December 31, 2024	42,684,880 shares	As of March 31, 2024	42,684,880 shares
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Number of treasury shares at the end of the period

As of December 31, 2024	2,617,843 shares	As of March 31, 2024	2,616,129 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2024	40,067,889 shares	Nine months ended December 31, 2023	40,034,343 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	35,425	35,291
Trade receivables and contract asset	3,786	4,672
Securities	5,213	3,867
Merchandise and finished goods	1,209	1,338
Work in process	597	650
Raw materials and supplies	365	335
Other	2,132	1,985
Allowance for doubtful accounts	(44)	(45)
Total current assets	48,686	48,096
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,692	3,413
Machinery, equipment and vehicles	927	915
Land	296	304
Leased assets	1,314	1,257
Construction in progress	67	50
Other	703	687
Total property, plant and equipment	7,001	6,628
Intangible assets		
Goodwill	346	837
Other	1,462	1,295
Total intangible assets	1,809	2,132
Investments and other assets		
Investment securities	1,040	949
Guarantee deposits	4,410	4,643
Deferred tax assets	685	739
Invested fixed asset, invested other asset	0	1
Other	813	818
Allowance for doubtful accounts	(218)	(175)
Total investments and other assets	6,731	6,976
Total non-current assets	15,542	15,737
Total assets	64,228	63,833

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,411	3,980
Current portion of bonds payable	50	–
Short-term borrowings	5,598	5,318
Lease liabilities	1,047	758
Accounts payable - other	3,090	2,897
Income taxes payable	723	454
Accrued expenses	2,035	2,241
Provision for bonuses	637	352
Provision for bonuses for directors (and other officers)	17	–
Provision for sales promotion cost reserve	9	23
Other	1,087	1,397
Total current liabilities	17,709	17,424
Non-current liabilities		
Long-term borrowings	19,511	15,862
Lease liabilities	1,160	975
Asset retirement obligations	1,691	1,684
Other	1,988	2,198
Total non-current liabilities	24,352	20,722
Total liabilities	42,061	38,146
Net assets		
Shareholders' equity		
Share capital	4,910	4,910
Capital surplus	15,633	15,633
Retained earnings	601	3,706
Treasury shares	(3,600)	(3,600)
Total shareholders' equity	17,544	20,649
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	27	63
Foreign currency translation adjustment	4,313	4,646
Total accumulated other comprehensive income	4,341	4,710
Non-controlling interests	281	327
Total net assets	22,166	25,687
Total liabilities and net assets	64,228	63,833

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Net sales	62,555	66,126
Cost of sales	26,351	28,490
Gross profit	36,204	37,636
Selling, general and administrative expenses	32,802	33,658
Operating profit	3,402	3,977
Non-operating income		
Interest income	424	558
Interest on securities	167	157
Income from facility leasing	77	99
Subsidy income	47	55
Foreign exchange gains	820	466
Miscellaneous income	377	253
Total non-operating income	1,915	1,590
Non-operating expenses		
Interest expenses	226	345
Rental expenses on facilities	80	79
Share of loss of entities accounted for using equity method	12	3
Loss on tax purpose reduction entry of non-current assets	161	–
Miscellaneous losses	161	97
Total non-operating expenses	643	526
Ordinary profit	4,674	5,041
Extraordinary losses		
Loss on retirement of non-current assets	24	22
Impairment losses	340	144
Total extraordinary losses	364	167
Profit before income taxes	4,310	4,874
Income taxes - current	644	854
Income taxes - deferred	14	(9)
Total income taxes	658	845
Profit	3,651	4,029
Profit (loss) attributable to non-controlling interests	(0)	43
Profit attributable to owners of parent	3,652	3,986

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Profit	3,651	4,029
Other comprehensive income		
Valuation difference on available-for-sale securities	28	35
Foreign currency translation adjustment	2,158	333
Total other comprehensive income	2,186	369
Comprehensive income	5,837	4,399
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,838	4,355
Comprehensive income attributable to non-controlling interests	(0)	43

Consolidated statements of cash flows

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Cash flows from operating activities		
Profit before income taxes	4,310	4,874
Depreciation	1,343	1,616
Impairment losses	340	144
Increase (decrease) in provision for bonuses	(291)	(351)
Increase in sales promotion cost reserve	11	13
Interest and dividend income	(592)	(715)
Interest expenses	226	345
Foreign exchange losses (gains)	(760)	(784)
Loss on retirement of non-current assets	24	22
Amortization of guarantee deposits	21	14
Decrease (increase) in trade receivables	(671)	(730)
Decrease (increase) in inventories	(283)	(133)
Decrease (increase) in advances paid	(33)	83
Decrease (increase) in accounts receivable - other	(38)	59
Decrease (increase) in consumption taxes refund receivable	(5)	17
Increase (decrease) in trade payables	621	556
Increase (decrease) in accounts payable - other	27	(81)
Increase (decrease) in accrued expenses	253	54
Increase (decrease) in accrued consumption taxes	(216)	(59)
Increase (decrease) in deposits received	120	51
Other, net	320	746
Subtotal	4,727	5,746
Interest and dividends received	612	827
Interest paid	(228)	(344)
Income taxes paid	(979)	(1,059)
Income taxes refund	1	0
Net cash provided by (used in) operating activities	4,132	5,170
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,520)	(1,016)
Proceeds from sale of property, plant and equipment	1	607
Purchase of intangible assets	(276)	(117)
Payments for asset retirement obligations	(45)	(36)
Payments into time deposits	(37,734)	(40,806)
Proceeds from withdrawal of time deposits	37,495	36,708
Purchase of investment securities	(3,857)	(968)
Proceeds from redemption of investment securities	3,464	2,506
Payments of guarantee deposits	(524)	(356)
Proceeds from refund of guarantee deposits	264	349
Loan advances	(12)	(4)
Proceeds from collection of loans receivable	31	30
Payments for acquisition of businesses	-	(883)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(265)
Other, net	(32)	(31)
Net cash provided by (used in) investing activities	(2,746)	(4,284)

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Cash flows from financing activities		
Proceeds from short-term borrowings	–	15
Repayments of short-term borrowings	–	(108)
Proceeds from long-term borrowings	–	900
Repayments of long-term borrowings	(4,396)	(4,761)
Redemption of bonds	(50)	(50)
Repayments of finance lease liabilities	(444)	(1,048)
Purchase of treasury shares	–	(0)
Proceeds from disposal of treasury shares	89	–
Dividends paid	(778)	(878)
Net cash provided by (used in) financing activities	(5,580)	(5,931)
Effect of exchange rate change on cash and cash equivalents	183	28
Net increase (decrease) in cash and cash equivalents	(4,011)	(5,017)
Cash and cash equivalents at beginning of period	11,627	13,469
Cash and cash equivalents at end of period	7,615	8,452