

Translation

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Summary of Consolidated Financial Results for the Three Months Ended May 31, 2023 (Based on Japanese GAAP)

July 6, 2023

Company name: WARABEYA NICHIO HOLDINGS CO.,LTD.
 Stock exchange listing: Tokyo
 Stock code: 2918 URL <https://www.warabeya.co.jp/ja/index.html>
 Representative: Representative Director, President Hideo Tsuji
 Inquiries: Director, Senior Managing Executive Officer Naoshi Asano TEL 03-5363-7010
 Scheduled date to file Quarterly Securities Report: July 7, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended May 31, 2023 (from March 1, 2023 to May 31, 2023)

(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	%
Three months ended May 31, 2023	49,786	5.0	2,369	39.9	2,416	45.7	1,494	17.6
Three months ended May 31, 2022	47,414	0.8	1,694	25.0	1,658	16.3	1,271	67.0

(Note) Comprehensive income: Three months ended May 31, 2023: ¥1,494 million [(12.6%)]
 Three months ended May 31, 2022: ¥1,710 million [33.0%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended May 31, 2023	85.60	–
Three months ended May 31, 2022	72.82	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of May 31, 2023	94,802	51,813	53.6
As of February 28, 2023	92,684	51,529	54.5

(Reference) Equity capital: As of May 31, 2023: ¥50,808 million
 As of February 28, 2023: ¥50,497 million

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 February 28, 2023	–	0.00	–	65.00	65.00
Year ending February 29, 2024	–				
Year ending February 29, 2024 (Forecast)		35.00	–	35.00	70.00

(Note) Revisions to the most recently announced dividends forecasts: None

3. Forecast of consolidated financial results for the year ending February 29, 2024 (from March 1, 2023 to February 29, 2024)

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
Six months ending August 31, 2023	101,000	3.2	3,650	8.1	3,950	29.1	2,400	49.4	137.42
Full year	204,000	4.9	5,200	4.3	5,550	19.9	3,200	13.9	183.23

(Note) Revisions to the most recently announced dividends forecasts: None

4. Notes

- (1) Changes in significant subsidiaries during the three months ended May 31, 2023
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (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: Yes
- 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 May 31, 2023	17,625,660 shares	As of February 28, 2023	17,625,660 shares
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Number of treasury shares at the end of the period

As of May 31, 2023	161,413 shares	As of February 28, 2023	161,364 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended May 31, 2023	17,464,276 shares	Three months ended May 31, 2022	17,464,328 shares
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(Note) The Company has established a BIP Trust. Shares of the Company held by the trust are included in treasury shares.

- * This financial summary document is outside the scope of quarterly review conducted by certified public accountants or an audit corporation.
- * Explanation of appropriate use of forecasts of financial results, and other important items:
Financial forecasts and other forward-looking statements in this document are based on information available at the time of preparation and on certain assumptions that are deemed to be reasonable. These forward-looking statements are not guarantees of future performance and actual results may differ materially from these forecasts due to a variety of reasons.

Quarterly consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of February 28, 2023	As of May 31, 2023
Assets		
Current assets		
Cash and deposits	11,189	8,938
Accounts receivable - trade	15,879	17,578
Merchandise and finished goods	1,921	2,054
Raw materials and supplies	1,713	1,575
Other	1,640	2,091
Allowance for doubtful accounts	(0)	(0)
Total current assets	32,344	32,237
Non-current assets		
Property, plant and equipment		
Buildings and structures	57,632	57,778
Accumulated depreciation	(35,005)	(35,492)
Buildings and structures, net	22,626	22,285
Machinery, equipment and vehicles	20,135	20,254
Accumulated depreciation	(15,531)	(15,854)
Machinery, equipment and vehicles, net	4,603	4,400
Land	11,827	11,770
Construction in progress	4,578	7,263
Other	14,451	14,158
Accumulated depreciation	(6,777)	(6,637)
Other, net	7,673	7,521
Total property, plant and equipment	51,310	53,241
Intangible assets		
Other	314	290
Total intangible assets	314	290
Investments and other assets		
Other	8,828	9,147
Allowance for doubtful accounts	(114)	(114)
Total investments and other assets	8,714	9,032
Total non-current assets	60,339	62,564
Total assets	92,684	94,802

(Millions of yen)

	As of February 28, 2023	As of May 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,486	9,483
Current portion of long-term borrowings	940	895
Accounts payable - other	8,146	7,496
Income taxes payable	660	632
Provision for bonuses	1,334	1,955
Provision for bonuses for directors (and other officers)	—	34
Other	2,510	3,425
Total current liabilities	22,079	23,923
Non-current liabilities		
Long-term borrowings	5,608	6,079
Lease liabilities	6,952	6,810
Retirement benefit liability	4,058	4,089
Provision for Directors stock-based rewards	228	238
Asset retirement obligations	1,440	1,445
Other	785	401
Total non-current liabilities	19,074	19,065
Total liabilities	41,154	42,988
Net assets		
Shareholders' equity		
Share capital	8,049	8,049
Capital surplus	8,100	8,100
Retained earnings	33,183	33,533
Treasury shares	(335)	(335)
Total shareholders' equity	48,998	49,347
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	242	224
Deferred gains or losses on hedges	2	12
Foreign currency translation adjustment	1,304	1,265
Remeasurements of defined benefit plans	(50)	(41)
Total accumulated other comprehensive income	1,499	1,460
Non-controlling interests	1,031	1,005
Total net assets	51,529	51,813
Total liabilities and net assets	92,684	94,802

(2) Consolidated statements of income and comprehensive income
Consolidated statements of income

(Millions of yen)

	Three months ended May 31, 2022	Three months ended May 31, 2023
Net sales	47,414	49,786
Cost of sales	38,773	40,027
Gross profit	8,641	9,759
Selling, general and administrative expenses	6,947	7,389
Operating profit	1,694	2,369
Non-operating income		
Interest income	1	5
Dividend income	2	2
Rental income	48	57
Foreign exchange gains	2	33
Share of profit of entities accounted for using equity method	–	16
Other	49	42
Total non-operating income	106	158
Non-operating expenses		
Interest expenses	39	32
Loss on retirement of non-current assets	3	12
Rental costs	41	42
Share of loss of entities accounted for using equity method	48	–
Other	8	23
Total non-operating expenses	141	111
Ordinary profit	1,658	2,416
Extraordinary income		
Gain on sale of businesses	500	–
Total extraordinary income	500	–
Extraordinary losses		
Impairment losses	143	112
Total extraordinary losses	143	112
Profit before income taxes	2,014	2,303
Income taxes - current	906	681
Income taxes - deferred	(201)	94
Total income taxes	704	776
Profit	1,310	1,527
Profit attributable to non-controlling interests	38	32
Profit attributable to owners of parent	1,271	1,494

Consolidated statements of comprehensive income

(Millions of yen)

	Three months ended May 31, 2022	Three months ended May 31, 2023
Profit	1,310	1,527
Other comprehensive income		
Valuation difference on available-for-sale securities	(22)	(17)
Deferred gains or losses on hedges	4	9
Foreign currency translation adjustment	311	(64)
Remeasurements of defined benefit plans, net of tax	16	8
Share of other comprehensive income of entities accounted for using equity method	90	31
Total other comprehensive income	400	(32)
Comprehensive income	1,710	1,494
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,644	1,455
Comprehensive income attributable to non-controlling interests	66	38

(3) Segment information, etc.

[Segment information]

I. Three months ended May 31, 2022 (from March 1, 2022 to May 31, 2022)

Sales and profits or losses by reportable segments

(Millions of Yen)

	Reportable segments				Other (Note 1)	Total	Adjustment (Note 2)	Carried on quarterly consolidated statements of income (Note 3)
	Food Production Businesses	Food Materials Businesses	Logistics Businesses	Total				
Net sales								
Sales to external customers	41,383	2,613	3,265	47,262	152	47,414	–	47,414
Intersegment sales and transfers	–	69	1,206	1,275	10	1,286	(1,286)	–
Total	41,383	2,683	4,471	48,538	162	48,700	(1,286)	47,414
Segment profit (loss)	1,714	17	159	1,891	(20)	1,870	(176)	1,694

Notes: 1. The classification “Other” is the segment of businesses not included in the reportable segments, and includes Food Plant and Equipment, Design and Development Business.

2. The adjustment of (176) million yen under the item of “Segment profit (loss)” includes an elimination of intersegment transactions of 83 million yen, as well as corporate expenses of (259) million yen, which are not allocated to the reportable segments.

3. Segment profit (loss) is adjusted to reflect operating profit as recorded on the quarterly consolidated statements of income.

II. Three months ended May 31, 2023 (from March 1, 2023 to May 31, 2023)

1. Sales and profits or losses by reportable segments

(Millions of Yen)

	Reportable segments				Other (Note 1)	Total	Adjustment (Note 2)	Carried on quarterly consolidated statements of income (Note 3)
	Food Production Businesses	Food Materials Businesses	Logistics Businesses	Total				
Net sales								
Sales to external customers	43,777	2,694	3,271	49,743	43	49,786	–	49,786
Intersegment sales and transfers	–	80	1,277	1,358	–	1,358	(1,358)	–
Total	43,777	2,775	4,549	51,102	43	51,145	(1,358)	49,786
Segment profit (loss)	2,300	52	216	2,569	(12)	2,557	(188)	2,369

Notes: 1. The classification “Other” is the segment of businesses not included in the reportable segments, and includes Food Plant and Equipment, Design and Development Business.

2. The adjustment of (188) million yen under the item of “Segment profit (loss)” includes an elimination of intersegment transactions of (18) million yen, as well as corporate expenses of (169) million yen, which are not allocated to the reportable segments.

3. Segment profit (loss) is adjusted to reflect operating profit as recorded on the quarterly consolidated statements of income.

2. Matters regarding changes in reportable segments

From the first quarter of the current fiscal year, the Food Plant and Equipment, Design and Development Businesses, which was previously a reportable segment, has become insignificant, and is therefore listed in “Other.”

The segment information for the first three months of the fiscal year ended February 28, 2023 has been restated to reflect the reportable segments adopted in the first three months of the fiscal year ending February 29, 2024.

(Revenue Recognition)

1. Revenue from contracts with customers

Three months ended May 31, 2022 (from March 1, 2022 to May 31, 2022)

(Millions of Yen)

	Reportable segments				Other (Note)	Total
	Food Production Businesses	Food Materials Businesses	Logistics Businesses	Total		
Japan	38,823	2,612	3,265	44,701	137	44,839
U.S.	2,560	—	—	2,560	—	2,560
Other	—	0	—	0	14	14
Revenue from contracts with customers	41,383	2,613	3,265	47,262	152	47,414
Other revenue	—	—	—	—	—	—
Sales to external customers	41,383	2,613	3,265	47,262	152	47,414

Note: The classification “Other” is the segment of businesses not included in the reportable segments, and includes Food Plant and Equipment, Design and Development Business.

Three months ended May 31, 2023 (from March 1, 2023 to May 31, 2023)

(Millions of Yen)

	Reportable segments				Other (Note)	Total
	Food Production Businesses	Food Materials Businesses	Logistics Businesses	Total		
Japan	40,704	2,694	3,271	46,671	43	46,714
U.S.	3,047	—	—	3,047	—	3,047
Other	24	—	—	24	—	24
Revenue from contracts with customers	43,777	2,694	3,271	49,743	43	49,786
Other revenue	—	—	—	—	—	—
Sales to external customers	43,777	2,694	3,271	49,743	43	49,786

Note: The classification “Other” is the segment of businesses not included in the reportable segments, and includes Food Plant and Equipment, Design and Development Business.

2. Matters regarding changes in reportable segments

From the first quarter of the current fiscal year, the Food Plant and Equipment, Design and Development Businesses, which was previously a reportable segment, has become insignificant, and is therefore listed in “Other.”

The segment information for the first three months of the fiscal year ended February 28, 2023 has been restated to reflect the reportable segments adopted in the first three months of the fiscal year ending February 29, 2024.