

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended November 30, 2023 (Based on Japanese GAAP)

January 11, 2024

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: January 12, 2024
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended November 30, 2023 (from March 1, 2023 to November 30, 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	%
Nine months ended November 30, 2023	153,184	4.1	5,464	17.3	5,858	35.7	3,467	46.6
Nine months ended November 30, 2022	147,171	1.7	4,659	8.6	4,317	(14.6)	2,365	(26.7)

(Note) Comprehensive income: Nine months ended November 30, 2023: ¥4,757 million [5.7%]
 Nine months ended November 30, 2022: ¥4,502 million [15.5%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended November 30, 2023	198.55		–	
Nine months ended November 30, 2022	135.44		–	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of November 30, 2023	98,976		54,283		53.8	
As of February 28, 2023	92,684		51,529		54.5	

(Reference) Equity capital: As of November 30, 2023: ¥53,206 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				
Year ended February 28, 2023	–	0.00	–	65.00	65.00
Year ending February 29, 2024	–	45.00	–	–	–
Year ending February 29, 2024 (Forecast)	–	–	–	45.00	90.00

(Note) Revisions to the most recently announced dividends forecasts: No

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
Full year	208,000	7.0	6,300	26.4	6,750	45.8	4,000	42.3	229.04

(Note) Revisions to the most recently announced dividends forecasts: No

4. Notes

(1) Changes in significant subsidiaries during the nine months ended November 30, 2023

(changes in specified subsidiaries resulting in the change in scope of consolidation): No
 Newly consolidated: - Excluded: -

(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 November 30, 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 November 30, 2023	161,475 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)

Nine months ended November 30, 2023	17,464,244 shares	Nine months ended November 30, 2022	17,464,307 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 November 30, 2023
Assets		
Current assets		
Cash and deposits	11,189	4,790
Accounts receivable - trade	15,879	18,083
Merchandise and finished goods	1,921	3,135
Raw materials and supplies	1,713	1,545
Other	1,640	2,437
Allowance for doubtful accounts	(0)	(0)
Total current assets	32,344	29,992
Non-current assets		
Property, plant and equipment		
Buildings and structures	57,632	67,936
Accumulated depreciation	(35,005)	(36,512)
Buildings and structures, net	22,626	31,424
Machinery, equipment and vehicles	20,135	21,333
Accumulated depreciation	(15,531)	(16,158)
Machinery, equipment and vehicles, net	4,603	5,174
Land	11,827	12,814
Construction in progress	4,578	2,157
Other	14,451	13,394
Accumulated depreciation	(6,777)	(6,252)
Other, net	7,673	7,142
Total property, plant and equipment	51,310	58,713
Intangible assets		
Other	314	820
Total intangible assets	314	820
Investments and other assets		
Other	8,828	9,564
Allowance for doubtful accounts	(114)	(114)
Total investments and other assets	8,714	9,449
Total non-current assets	60,339	68,983
Total assets	92,684	98,976

(Millions of yen)

	As of February 28, 2023	As of November 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,486	9,867
Current portion of long-term borrowings	940	805
Accounts payable - other	8,146	7,626
Income taxes payable	660	850
Provision for bonuses	1,334	2,171
Provision for bonuses for directors (and other officers)	–	103
Other	2,510	3,144
Total current liabilities	22,079	24,570
Non-current liabilities		
Long-term borrowings	5,608	6,736
Lease liabilities	6,952	6,956
Retirement benefit liability	4,058	4,152
Provision for Directors stock-based rewards	228	260
Asset retirement obligations	1,440	1,570
Other	785	445
Total non-current liabilities	19,074	20,122
Total liabilities	41,154	44,692
Net assets		
Shareholders' equity		
Share capital	8,049	8,049
Capital surplus	8,100	8,100
Retained earnings	33,183	34,713
Treasury shares	(335)	(335)
Total shareholders' equity	48,998	50,527
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	242	201
Deferred gains or losses on hedges	2	2
Foreign currency translation adjustment	1,304	2,499
Remeasurements of defined benefit plans	(50)	(24)
Total accumulated other comprehensive income	1,499	2,679
Non-controlling interests	1,031	1,076
Total net assets	51,529	54,283
Total liabilities and net assets	92,684	98,976

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

(Millions of yen)

	Nine months ended November 30, 2022	Nine months ended November 30, 2023
Net sales	147,171	153,184
Cost of sales	121,110	124,814
Gross profit	26,060	28,370
Selling, general and administrative expenses	21,401	22,905
Operating profit	4,659	5,464
Non-operating income		
Interest income	9	10
Dividend income	282	285
Rental income	150	165
Share of profit of entities accounted for using equity method	–	90
Other	194	200
Total non-operating income	636	751
Non-operating expenses		
Interest expenses	117	90
Rental costs	129	128
Loss on retirement of non-current assets	39	44
Share of loss of entities accounted for using equity method	489	–
Other	201	94
Total non-operating expenses	978	357
Ordinary profit	4,317	5,858
Extraordinary income		
Gain on sale of businesses	500	–
Total extraordinary income	500	–
Extraordinary losses		
Impairment losses	749	807
Total extraordinary losses	749	807
Profit before income taxes	4,068	5,051
Income taxes - current	1,769	1,689
Income taxes - deferred	(178)	(92)
Total income taxes	1,591	1,596
Profit	2,477	3,454
Profit (loss) attributable to non-controlling interests	111	(12)
Profit attributable to owners of parent	2,365	3,467

(3) Consolidated statements of comprehensive income

(Millions of yen)

	Nine months ended November 30, 2022	Nine months ended November 30, 2023
Profit	2,477	3,454
Other comprehensive income		
Valuation difference on available-for-sale securities	(7)	(41)
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	1,809	1,201
Remeasurements of defined benefit plans, net of tax	48	25
Share of other comprehensive income of entities accounted for using equity method	174	116
Total other comprehensive income	2,025	1,302
Comprehensive income	4,502	4,757
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,219	4,647
Comprehensive income attributable to non-controlling interests	282	110

(4) Segment information, etc.

[Segment information]

I. Nine months ended November 30, 2022 (from March 1, 2022 to November 30, 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	128,784	8,286	9,769	146,840	331	147,171	–	147,171
Intersegment sales and transfers	–	215	3,748	3,964	20	3,985	(3,985)	–
Total	128,784	8,502	13,518	150,804	352	151,157	(3,985)	147,171
Segment profit (loss)	4,608	66	567	5,242	(66)	5,176	(516)	4,659

- 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 (516) million yen under the item of “Segment profit (loss)” includes an elimination of intersegment transactions of 643 million yen, as well as corporate expenses of (1,160) 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. Nine months ended November 30, 2023 (from March 1, 2023 to November 30, 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	134,868	8,523	9,749	153,141	43	153,184	–	153,184
Intersegment sales and transfers	–	243	3,931	4,174	–	4,174	(4,174)	–
Total	134,868	8,766	13,681	157,316	43	157,359	(4,174)	153,184
Segment profit (loss)	5,223	245	615	6,083	(36)	6,047	(582)	5,464

- 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 (582) million yen under the item of “Segment profit (loss)” includes an elimination of intersegment transactions of 107 million yen, as well as corporate expenses of (689) 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 nine months of the fiscal year ended February 28, 2023 has been restated to reflect the reportable segments adopted in the nine months of the fiscal year ending February 29, 2024.

(Revenue Recognition)

1. Revenue from contracts with customers

Nine months ended November 30, 2022 (from March 1, 2022 to November 30, 2022)

(Millions of Yen)

	Reportable segments				Other (Note)	Total
	Food Production Businesses	Food Materials Businesses	Logistics Businesses	Total		
Japan	119,019	8,285	9,769	137,074	307	137,381
U.S.	9,765	–	–	9,765	–	9,765
Other	–	0	–	0	24	25
Revenue from contracts with customers	128,784	8,286	9,769	146,840	331	147,171
Other revenue	–	–	–	–	–	–
Sales to external customers	128,784	8,286	9,769	146,840	331	147,171

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.

Nine months ended November 30, 2023 (from March 1, 2023 to November 30, 2023)

(Millions of Yen)

	Reportable segments				Other (Note)	Total
	Food Production Businesses	Food Materials Businesses	Logistics Businesses	Total		
Japan	124,674	8,523	9,749	142,947	43	142,990
U.S.	10,169	–	–	10,169	–	10,169
Other	25	–	–	25	–	25
Revenue from contracts with customers	134,868	8,523	9,749	153,141	43	153,184
Other revenue	–	–	–	–	–	–
Sales to external customers	134,868	8,523	9,749	153,141	43	153,184

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 nine months of the fiscal year ended February 28, 2023 has been restated to reflect the reportable segments adopted in the nine months of the fiscal year ending February 29, 2024.