

Translation

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Summary of Consolidated Financial Results for the Year Ended February 29, 2024 (Based on Japanese GAAP)

April 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 of ordinary general meeting of shareholders: May 23, 2024
 Scheduled date to file Securities Report: May 24, 2024
 Scheduled date to commence dividend payments: May 24, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended February 29, 2024 (from March 1, 2023 to February 29, 2024)

(1) Consolidated operating results

(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	%
Year ended February 29, 2024	207,009	6.5	6,380	28.0	6,824	47.4	4,273	52.0
Year ended February 28, 2023	194,416	1.1	4,985	12.3	4,628	(8.1)	2,810	(13.9)

(Note) Comprehensive income: Year ended February 29, 2024: ¥4,782 million [18.6%]
 Year ended February 28, 2023: ¥4,031 million [(4.9%)]

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended February 29, 2024	244.71	–	8.2	7.0	3.1
Year ended February 28, 2023	160.94	–	5.7	5.3	2.6

(Reference) Equity in earnings of affiliates: Year ended February 29, 2024: ¥106 million
 Year ended February 28, 2023: ¥(571) million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 29, 2024	101,960	54,309	52.3	3,051.98
As of February 28, 2023	92,684	51,529	54.5	2,891.48

(Reference) Equity capital: As of February 29, 2024: ¥53,300 million
 As of February 28, 2023: ¥50,497 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended February 29, 2024	9,372	(13,542)	845	8,122
Year ended February 28, 2023	7,433	(7,541)	692	11,189

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended February 28, 2023	–	0.00	–	65.00	65.00	1,144	40.4	2.3
Year ended February 29, 2024	–	45.00	–	45.00	90.00	1,585	36.8	3.0
Year ending February 28, 2025 (Forecast)	–	45.00	–	45.00	90.00		56.1	

(Note) Total cash dividends for the year ended February 28, 2023 and the year ended February 29, 2024, respectively, include dividends of ¥9 million and ¥13 million paid for shares of the Company held by the BIP Trust.

3. Forecast of consolidated financial results for the year ending February 28, 2025 (from March 1, 2024 to February 28, 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
Six months ending August 31, 2024	117,000	13.6	4,200	(6.5)	4,450	(8.5)	2,750	(0.3)	157.47
Full year	230,000	11.1	4,500	(29.5)	4,700	(31.1)	2,800	(34.5)	160.33

Notes

(1) Changes in significant subsidiaries during the year ended February 29, 2024

(changes in specified subsidiaries resulting in the change in scope of consolidation):

Newly consolidated: – Excluded: –

No

(2) 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:

Yes

Restatement of prior period financial statements:

No

(3) Number of issued shares (common shares)

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

As of February 29, 2024	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 February 29, 2024	161,475 shares	As of February 28, 2023	161,364 shares
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Average number of shares during the period

Year ended February 29, 2024	17,464,229 shares	Year ended February 28, 2023	17,464,305 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.

Consolidated financial statements
(1) Consolidated balance sheets

(Millions of yen)

	As of February 28, 2023	As of February 29, 2024
Assets		
Current assets		
Cash and deposits	11,189	8,122
Accounts receivable - trade	15,879	17,113
Merchandise and finished goods	1,921	1,805
Raw materials and supplies	1,713	1,962
Other	1,640	2,302
Allowance for doubtful accounts	(0)	(0)
Total current assets	32,344	31,306
Non-current assets		
Property, plant and equipment		
Buildings and structures	57,632	66,357
Accumulated depreciation	(35,005)	(35,413)
Buildings and structures, net	22,626	30,943
Machinery, equipment and vehicles	20,135	21,363
Accumulated depreciation	(15,531)	(16,044)
Machinery, equipment and vehicles, net	4,603	5,319
Land	11,827	12,814
Leased assets	10,634	9,953
Accumulated depreciation	(5,367)	(4,636)
Leased assets, net	5,266	5,316
Construction in progress	4,578	2,925
Other	3,817	4,996
Accumulated depreciation	(1,410)	(1,684)
Other, net	2,406	3,311
Total property, plant and equipment	51,310	60,632
Intangible assets		
Other	314	847
Total intangible assets	314	847
Investments and other assets		
Investment securities	707	1,150
Long-term loans receivable	77	91
Retirement benefit asset	828	903
Guarantee deposits	1,346	1,350
Deferred tax assets	3,549	3,158
Other	2,319	2,633
Allowance for doubtful accounts	(114)	(114)
Total investments and other assets	8,714	9,173
Total non-current assets	60,339	70,653
Total assets	92,684	101,960

(Millions of yen)

	As of February 28, 2023	As of February 29, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,486	8,730
Current portion of long-term borrowings	940	768
Lease liabilities	1,652	1,699
Accounts payable - other	8,146	7,875
Income taxes payable	660	487
Provision for bonuses	1,334	1,347
Other	858	1,217
Total current liabilities	22,079	22,126
Non-current liabilities		
Long-term borrowings	5,608	11,037
Lease liabilities	6,952	8,161
Retirement benefit liability	4,058	4,075
Provision for share awards for directors (and other officers)	228	270
Asset retirement obligations	1,440	1,582
Other	785	397
Total non-current liabilities	19,074	25,524
Total liabilities	41,154	47,650
Net assets		
Shareholders' equity		
Share capital	8,049	8,049
Capital surplus	8,100	8,100
Retained earnings	33,183	35,519
Treasury shares	(335)	(335)
Total shareholders' equity	48,998	51,333
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	242	291
Deferred gains or losses on hedges	2	5
Foreign currency translation adjustment	1,304	1,589
Remeasurements of defined benefit plans	(50)	80
Total accumulated other comprehensive income	1,499	1,966
Non-controlling interests	1,031	1,008
Total net assets	51,529	54,309
Total liabilities and net assets	92,684	101,960

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

(Millions of yen)

	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024
Net sales	194,416	207,009
Cost of sales	160,908	170,060
Gross profit	33,508	36,948
Selling, general and administrative expenses		
Transportation costs	12,069	12,658
Salaries, allowances and bonuses	6,079	6,560
Provision for bonuses	586	607
Depreciation	408	455
Rent expenses	1,018	1,051
Other	8,360	9,234
Total selling, general and administrative expenses	28,522	30,568
Operating profit	4,985	6,380
Non-operating income		
Interest income	22	13
Dividend income	285	289
Rental income	195	218
Compensation income	4	92
Subsidy income	106	73
Share of profit of entities accounted for using equity method	–	106
Other	56	115
Total non-operating income	671	909
Non-operating expenses		
Interest expenses	145	158
Rental costs	170	174
Loss on retirement of non-current assets	54	63
Loss on cancellation of leases	13	30
Share of loss of entities accounted for using equity method	571	–
Other	71	37
Total non-operating expenses	1,027	464
Ordinary profit	4,628	6,824
Extraordinary income		
Gain on sale of businesses	500	–
Total extraordinary income	500	–
Extraordinary losses		
Impairment losses	938	939
Total extraordinary losses	938	939
Profit before income taxes	4,190	5,885
Income taxes - current	1,602	1,341
Income taxes - deferred	(350)	294
Total income taxes	1,251	1,636
Profit	2,939	4,249
Profit (loss) attributable to non-controlling interests	128	(24)
Profit attributable to owners of parent	2,810	4,273

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024
Profit	2,939	4,249
Other comprehensive income		
Valuation difference on available-for-sale securities	26	49
Deferred gains or losses on hedges	2	2
Foreign currency translation adjustment	928	279
Remeasurements of defined benefit plans, net of tax	63	130
Share of other comprehensive income of entities accounted for using equity method	71	71
Total other comprehensive income	1,092	533
Comprehensive income	4,031	4,782
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,814	4,740
Comprehensive income attributable to non-controlling interests	217	42

(3) Consolidated statements of changes in equity

Fiscal year ended February 28, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,049	8,100	31,253	(334)	47,068
Changes during period					
Dividends of surplus	–	–	(880)	–	(880)
Profit attributable to owners of parent	–	–	2,810	–	2,810
Purchase of treasury shares	–	–	–	(0)	(0)
Net changes in items other than shareholders' equity	–	–	–	–	–
Total changes during period	–	–	1,929	(0)	1,929
Balance at end of period	8,049	8,100	33,183	(335)	48,998

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	216	0	393	(113)	496	336	47,901
Changes during period							
Dividends of surplus	–	–	–	–	–	–	(880)
Profit attributable to owners of parent	–	–	–	–	–	–	2,810
Purchase of treasury shares	–	–	–	–	–	–	(0)
Net changes in items other than shareholders' equity	26	2	911	63	1,003	694	1,698
Total changes during period	26	2	911	63	1,003	694	3,628
Balance at end of period	242	2	1,304	(50)	1,499	1,031	51,529

Fiscal year ended February 29, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,049	8,100	33,183	(335)	48,998
Changes during period					
Dividends of surplus	–	–	(1,937)	–	(1,937)
Profit attributable to owners of parent	–	–	4,273	–	4,273
Purchase of treasury shares	–	–	–	(0)	(0)
Net changes in items other than shareholders' equity	–	–	–	–	–
Total changes during period	–	–	2,336	(0)	2,335
Balance at end of period	8,049	8,100	35,519	(335)	51,333

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	242	2	1,304	(50)	1,499	1,031	51,529
Changes during period							
Dividends of surplus	–	–	–	–	–	–	(1,937)
Profit attributable to owners of parent	–	–	–	–	–	–	4,273
Purchase of treasury shares	–	–	–	–	–	–	(0)
Net changes in items other than shareholders' equity	49	2	284	130	466	(23)	443
Total changes during period	49	2	284	130	466	(23)	2,779
Balance at end of period	291	5	1,589	80	1,966	1,008	54,309

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024
Cash flows from operating activities		
Profit before income taxes	4,190	5,885
Depreciation	4,654	4,970
Impairment losses	938	939
Increase (decrease) in allowance for doubtful accounts	(6)	0
Increase (decrease) in provision for bonuses	140	12
Increase (decrease) in retirement benefit liability	182	153
Interest and dividend income	(308)	(302)
Interest expenses	145	158
Share of loss (profit) of entities accounted for using equity method	571	(106)
Loss on retirement of non-current assets	54	63
Decrease (increase) in trade receivables	(382)	(1,197)
Decrease (increase) in inventories	(758)	(119)
Increase (decrease) in trade payables	(811)	222
Increase (decrease) in accounts payable - other	(577)	148
Other, net	377	541
Subtotal	8,410	11,368
Interest and dividends received	306	304
Interest paid	(116)	(162)
Income taxes paid	(1,167)	(2,138)
Net cash provided by (used in) operating activities	7,433	9,372
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,010)	(12,374)
Proceeds from sale of property, plant and equipment	62	100
Purchase of intangible assets	(91)	(698)
Loan advances	(190)	(170)
Proceeds from collection of loans receivable	213	182
Other, net	(524)	(583)
Net cash provided by (used in) investing activities	(7,541)	(13,542)
Cash flows from financing activities		
Proceeds from long-term borrowings	3,848	5,676
Repayments of long-term borrowings	(819)	(965)
Repayments of lease liabilities	(1,933)	(1,862)
Dividends paid	(880)	(1,936)
Other, net	477	(65)
Net cash provided by (used in) financing activities	692	845
Effect of exchange rate change on cash and cash equivalents	933	257
Net increase (decrease) in cash and cash equivalents	1,518	(3,067)
Cash and cash equivalents at beginning of period	9,671	11,189
Cash and cash equivalents at end of period	11,189	8,122

(5) Notes to Consolidated Financial Statements

[Revenue Recognition]

1. Revenue from contracts with customers

Fiscal year ended February 28, 2023 (from March 1, 2022 to February 28, 2023)

(Millions of Yen)

	Reportable segments				Other (Note)	Total
	Food Production Businesses	Food Materials Businesses	Logistics Businesses	Total		
Japan	157,444	11,393	12,962	181,800	483	182,283
U.S.	12,063	–	–	12,063	–	12,063
Other	44	0	–	45	24	69
Revenue from contracts with customers	169,552	11,394	12,962	193,909	507	194,416
Other revenue	–	–	–	–	–	–
Sales to external customers	169,552	11,394	12,962	193,909	507	194,416

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.

Fiscal year ended February 29, 2023 (from March 1, 2023 to February 29, 2024)

(Millions of Yen)

	Reportable segments				Other (Note)	Total
	Food Production Businesses	Food Materials Businesses	Logistics Businesses	Total		
Japan	163,944	11,362	12,895	188,202	2,143	190,345
U.S.	16,633	–	–	16,633	–	16,633
Other	30	–	–	30	–	30
Revenue from contracts with customers	180,608	11,362	12,895	204,865	2,143	207,009
Other revenue	–	–	–	–	–	–
Sales to external customers	180,608	11,362	12,895	204,865	2,143	207,009

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.

[Segment information]

1. Overview of the reportable segments

The reporting segments of the Company and its consolidated subsidiaries are components for which separate financial information is available and whose operating results are regularly reviewed by the Board of Directors in order to determine the allocation of business resources to them as well as to evaluate their business performance. These segments are classified into “Food Production Business,” “Food Materials Business,” and “Logistics Business” according to their products and services.

From 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 previous fiscal year has been restated to reflect the reportable segments adopted in the current fiscal year.

The main business operations are as follows.

Food Production Business: Manufacturing and sales of cooked foods such as cooked rice products, bread products, side dishes and chilled Japanese sweets

Food Materials Business: Procurement, processing and sales of food ingredients
 Logistics Business: Sorting and delivery of food products and ingredients

2. Calculation method for the amounts of sales, profits/losses, assets/liabilities, and other items by reporting segment
 The figures of profit (loss) of reporting segments are recorded on an operating profit basis.
 Internal sales and transfers between segments are recorded based on actual market prices.

3. Information on the amounts of sales, profits/losses, assets/liabilities, and other items by reporting segment
 Year ended February 28, 2023

(Millions of Yen)

	Reportable segments				Other (Note 1)	Total	Adjustment (Note 2)	Carried on consolidated statements of income (Note 3)
	Food Production Businesses	Food Materials Businesses	Logistics Businesses	Total				
Net sales								
Sales to external customers	169,552	11,394	12,962	193,909	507	194,416	–	194,416
Intersegment sales and transfers	–	289	4,989	5,278	32	5,311	(5,311)	–
Total	169,552	11,684	17,951	199,188	539	199,727	(5,311)	194,416
Segment profit (loss)	5,042	87	643	5,773	(76)	5,697	(711)	4,985
Segment assets	73,822	4,687	6,824	85,334	1,054	86,388	6,295	92,684
Other								
Amortization of goodwill	84	–	–	84	–	84	–	84
Depreciation	4,450	42	387	4,881	1	4,883	(228)	4,654
Investments to entities accounted for using equity method	1,469	–	–	1,469	–	1,469	–	1,469
Increase in property, plant and equipment and intangible assets	9,424	13	159	9,597	–	9,597	(6)	9,591

- 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 (711) million yen under the item of “Segment profit (loss)” includes an elimination of intersegment transactions of 745 million yen, as well as corporate expenses of (1,456) million yen, which are not allocated to the reportable segments.
 The adjustment of 6,295 million yen under the item of “Segment assets” includes an elimination of intersegment transactions of (26,850) million yen, as well as corporate assets of 33,146 million yen, which are not allocated to the reportable segments.
 The adjustment of (228) million yen under the item of “Depreciation” includes an elimination of intersegment transactions of (237) million yen and depreciation of 9 million yen related to corporate assets, which are not allocated to the reportable segments.
 The adjustment of (6) million yen under the item of “Increase in property, plant and equipment and intangible assets” includes an elimination of intersegment transactions of (6) million yen.
 3. Segment profit (loss) is adjusted to reflect operating profit as recorded on the quarterly consolidated statements of income.

Year ended February 29, 2024

(Millions of Yen)

	Reportable segments				Other (Note 1)	Total	Adjustment (Note 2)	Carried on consolidated statements of income (Note 3)
	Food Production Businesses	Food Materials Businesses	Logistics Businesses	Total				
Net sales								
Sales to external customers	180,608	11,362	12,895	204,865	2,143	207,009	–	207,009
Intersegment sales and transfers	–	320	5,240	5,560	–	5,560	(5,560)	–
Total	180,608	11,683	18,135	210,426	2,143	212,570	(5,560)	207,009
Segment profit (loss)	5,929	323	704	6,958	173	7,131	(751)	6,380
Segment assets	83,888	4,927	6,813	95,629	917	96,546	5,413	101,960
Other								
Depreciation	4,727	13	388	5,129	0	5,130	(160)	4,970
Investments to entities accounted for using equity method	1,648	–	–	1,648	–	1,648	–	1,648
Increase in property, plant and equipment and intangible assets	13,993	53	138	14,184	–	14,184	506	14,691

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 (751) million yen under the item of “Segment profit (loss)” includes an elimination of intersegment transactions of 179 million yen, as well as corporate expenses of (930) million yen, which are not allocated to the reportable segments.

The adjustment of 5,413 million yen under the item of “Segment assets” includes an elimination of intersegment transactions of (28,289) million yen, as well as corporate assets of 33,703 million yen, which are not allocated to the reportable segments.

The adjustment of (160) million yen under the item of “Depreciation” includes an elimination of intersegment transactions of (175) million yen and depreciation of 15 million yen related to corporate assets, which are not allocated to the reportable segments.

The adjustment of 506 million yen under the item of “Increase in property, plant and equipment and intangible assets” includes an elimination of intersegment transactions of (85) million yen, as well as corporate assets of 592 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.