

**First Half of the Fiscal Year
Ended February 2023 (1H FY2/23)**
(From March 1, 2022 to August 31, 2022)

Financial Results Briefing

October 13, 2022

Warabeya Nichiyo Holdings Co., Ltd.
(2918; Tokyo Stock Exchange, Prime Market)

A photograph of a modern, multi-story commercial building with a grey facade and green accents. The building has large windows and a flat roof. The name "Wardley Motors" is visible on the upper right side of the building in green lettering. The sky is blue with some light clouds.

Group Philosophy

We shall contribute to our customer's wellbeing and happiness through safety and reliability and continue to provide value added delicacies and hospitality to the society.

Management Principles

We encourage innovation and constantly seek customer satisfaction and needs.

We shall follow compliance rules, practice transparent management for all to understand and continue to be trusted by the society.

We shall provide opportunities for employee growth, high job satisfaction environment and an eco-friendly company.

- **Overview of Financial Results
for 1H FY2/2023**
- **Financial Forecast for FY2/2023**
- **Initiatives for Sustainable Growth**

Consolidated Financial Results

- Achieved an increase in operating profit, with higher costs offset by increased sales and improvement in the profitability of products.
- Ordinary profit fell year on year, partly due to the absence of one-time income recorded the previous fiscal year.

(Millions of yen)	1H FY2/22	1H FY2/23	1H FY2/23	YoY	Vs. Forecast
	Result	Forecast	Result		
Net sales	95,980 100.0 %	96,700 100.0 %	97,858 100.0 %	+1,878 +2.0 %	+ 1,158 +1.2 %
Operating profit	3,192 3.3 %	2,600 2.7 %	3,376 3.4 %	+ 183 +5.7 %	+776 +29.8 %
Ordinary profit	3,928 4.1 %	2,750 2.8 %	3,058 3.1 %	(869) (22.1)%	+308 +11.2 %
Profit before income taxes	3,645 3.8 %	2,920 3.0 %	2,896 3.0 %	(748) (20.5)%	(23) (0.8)%
Profit (attributable to owners of parent)	2,435 2.5 %	1,750 1.8 %	1,606 1.6 %	(828) (34.0)%	(143) (8.2)%
EPS (yen)	139.51	100.20	91.99	(47.52)	(8.21)

*Net sales to Profit -- Upper: Amount; Lower: Sales ratio, percentage change

*Forecasts: Figures of forecasts were announced on April 14, 2022.

Business Segments | YoY

■ Food Production Business performed strongly

(Millions of yen)		1H FY2/22	1H FY2/23	YoY change		Main factors
				Amount	Percentage change	
Food Production Business	Net sales	81,730	85,390	+3,660	+4.5 %	Sales: [Domestic] Recovery from adverse impact of COVID-19 +¥1.9 billion Strongly performing products: Onigiri rice balls, Japanese sweets [Overseas] Increased sales in local markets and foreign exchange rates +¥1.7 billion Profit: [Domestic] Rising raw material and energy prices offset by increased sales and revision of product specifications [Overseas] Increased sales and foreign exchange rates
	Operating profit	3,155	3,389	+234	+7.4 %	
Food Materials Business	Net sales	6,898	5,762	(1,136)	(16.5)%	Sales: Application of revenue recognition standards (impact -¥0.98 billion) Profit: Rising purchase prices
	Operating profit	106	36	(69)	(65.3)%	
Logistics Business	Net sales	6,724	6,505	(219)	(3.3)%	Sales: Closure of unprofitable sites Profit: Rising energy prices
	Operating profit	358	353	(4)	(1.3)%	
Food Plant and Equipment, Design and Development Business	Net sales	588	201	(386)	(65.8)%	Sales and profit: Decrease in business volume
	Operating profit	(42)	(50)	(8)	-	
Other Businesses	Net sales	38	-	(38)	-	
	Operating profit	(138)	-	+138	-	
Adjustment	Operating profit	(245)	(353)	(107)	-	
Total	Net sales	95,980	97,858	+1,878	+2.0 %	
	Operating profit	3,192	3,376	+183	+5.7 %	

Operating profit: Analysis of changes

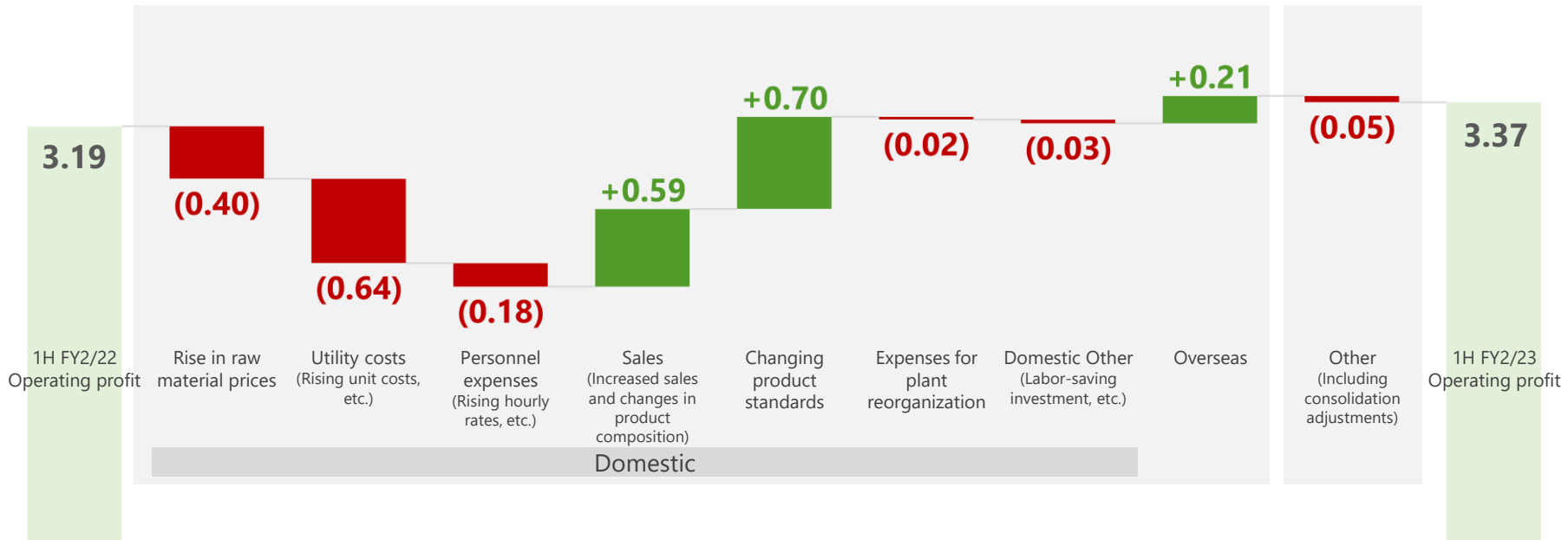
- Impact of higher costs was offset by the effect of increased sales and changing product standards.

(Billions of yen)



Food Production Business

Group Business, etc.



Difference from financial forecast

■ A weak yen boosted strong results in the Food Production Business overseas

〈 Difference between business segment forecasts and actual results in 1H FY2/23 〉

(Billions of yen)

Net sales		+ 1.15	Operating profit		+0.77
Food Production Business	+0.83		Food Production Business	+0.80	
Domestic	(0.42)		Domestic	+0.57	
			sales product composition	+0.25	
Overseas	+ 1.26		Changing product standards	+0.30	
			Overseas	+0.23	
Food Materials Business	+0.79		Food Materials Business	(0.03)	
Logistics Business	(0.11)		Logistics Business	+0.00	
Food Plant and Equipment, Design and Development Business	(0.35)		Food Plant and Equipment, Design and Development Business	(0.02)	

Non-operating profit / expenses and extraordinary income/losses

(Millions of yen, %)	1H FY2/22		1H FY2/23		YoY change	
	Amount	Sales ratio	Amount	Sales ratio	Amount	Percentage change
Operating profit	3,192	3.3	3,376	3.4	+183	+5.7
Non-operating income	928	1.0	499	0.5	(429)	(46.2)
Non-operating expenses	193	0.2	816	0.8	+623	+322.6
Ordinary profit	3,928	4.1	3,058	3.1	(869)	(22.1)
Extraordinary income	-	-	500	0.5	+500	-
Extraordinary losses	283	0.3	661	0.7	+378	+133.8
Profit before income taxes	3,645	3.8	2,896	3.0	(748)	(20.5)
Total income taxes	1,111	1.2	1,209	1.2	+98	+8.9
Profit (loss) attributable to non-controlling interests	99	0.1	80	0.1	(18)	(18.4)
Profit (attributable to owners of parent)	2,435	2.5	1,606	1.6	(828)	(34.0)

Non-operating profit/expenses	YoY -¥1.05 billion	<p>Absence of one time income recorded the previous fiscal year (COVID grants, etc.) -¥0.39 billion</p> <p>Impact of share of profit (loss) of entities accounted for using equity method -¥0.55 billion</p> <p>Others (Increase in interest expenses, etc.) -¥0.11 billion</p>
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Extraordinary income/losses	YoY +¥0.12 billion	Breakdown		1H FY2/22	1H FY2/23
		Extraordinary income	Gain on sale of businesses (Niigata Plant)		¥0.50 billion
		Extraordinary losses	Impairment losses	¥0.28 billion	¥0.66 billion
		1H FY2/22 Iwate Plant: ¥0.28 billion 1H FY2/23 Iwate Plant: ¥0.14 billion, Niigata Plant(Land): ¥0.11 billion, Nichiyo Fresh: ¥0.39 billion			

Consolidated: Balance Sheets and Statements of Cash Flows

Consolidated Balance Sheets

(Millions of yen)	End-1H FY2/22	End-1H FY2/23	Change		End-1H FY2/22	End-1H FY2/23	Change
Current assets	29,467	37,223	+7,755	Current liabilities	21,539	23,741	+2,202
Non-current assets	52,716	53,933	+1,216	Non-current liabilities	12,744	16,825	+4,081
(Property, plant and equipment)	44,376	45,678	+1,301	(Total long- and short-term interest-bearing debt)	9,315	13,196	+3,880
(Intangible assets)	445	339	(105)	Total liabilities	34,283	40,567	+6,283
(Investments and other assets)	7,895	7,915	+20	(Retained earnings)	31,253	31,979	+725
				Total net assets	47,901	50,589	+2,688
Total assets	82,184	91,156	+8,972	Total liabilities and net assets	82,184	91,156	+8,972

Consolidated Statements of Cash Flows

(Millions of yen)	1H FY2/22	1H FY2/23
(Depreciation)	2,409	2,340
Cash flows from operating activities	2,974	4,041
(Acquisition of tangible and intangible fixed assets)	(1,832)	(2,472)
Cash flows from investing activities	(2,096)	(3,252)
Cash flows from financing activities	(2,195)	1,728
Cash and cash equivalents at the end of period	7,716	13,225

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Consolidated financial forecast for FY2/23

- Operating profit is expected to reach a record high.
- Profit attributable to owners of parent is expected to fall in light of extraordinary losses recorded in the first half.

(Millions of yen)	FY2/22	FY2/23	FY2/23	YoY	Vs. Initial forecast
	Result	Initial forecast	Revised forecast		
Net sales	192,326 100.0 %	194,000 100.0 %	195,000 100.0 %	+2,673 +1.4 %	+ 1,000 +0.5 %
Operating profit	4,441 2.3 %	4,500 2.3 %	4,800 2.5 %	+ 358 +8.1 %	+ 300 +6.7 %
Ordinary profit	5,035 2.6 %	4,750 2.4 %	4,600 2.4 %	(435) (8.6)%	(150) (3.2)%
Profit before income taxes	4,731 2.5 %	4,800 2.5 %	4,340 2.2 %	(391) (8.3)%	(460) (9.6)%
Profit (attributable to owners of parent)	3,264 1.7 %	3,000 1.5 %	2,600 1.3 %	(664) (20.4)%	(400) (13.3)%
EPS (yen)	186.98	171.78	148.88	(38.10)	(22.90)

*Net sales to Profit -- Upper: Amount; Lower: Sales ratio, percentage change

*Initial forecasts: Figures of forecasts were announced on April 14, 2022.

*Revised forecasts: Figures of forecasts were announced on October 7, 2022.

Operating profit: Analysis of changes

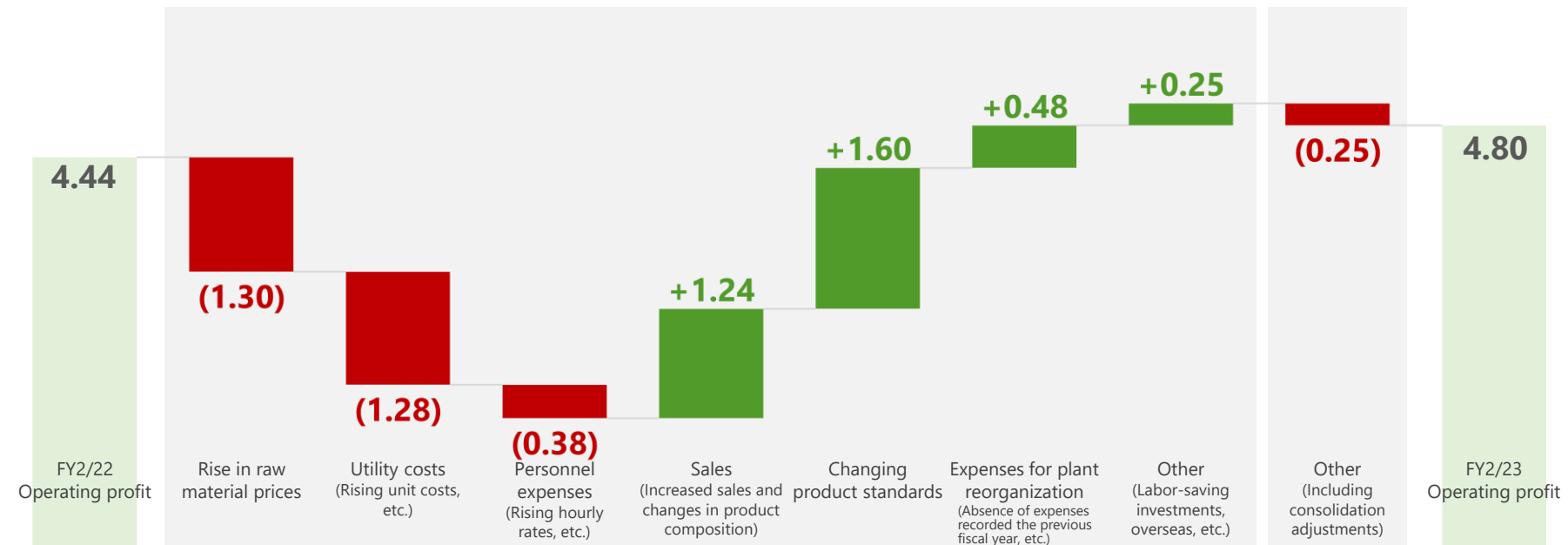
Forecast factors in the impact of further cost increases resulting from autumn rises in raw material and utility costs

(Billions of yen)



Food Production Business

Group Business, etc.



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Internal challenges for growth and mid-term strategy

Changes in the external environment

- Changes in competitive structure in the ready-to-eat market (competition with take-out, food delivery services, etc.)
- Changes in lifestyles in the With Corona Era
- Changes in Seven-Eleven's product policy and strengthening of overseas development
- Rising raw materials costs, personnel expenses, and logistics costs

Internal challenges for growth

- Sustainable growth in net sales
- Further improvement of product development capability and production technology capability
- Response to increase in production costs
- Profitability improvement in businesses other than Food Products
- Strengthening group governance

Medium-term strategy for sustainable growth

- ▶ Expanding profits and pursuing consumer demand in domestic Food Production Business
- ▶ Profitability improvement in Group Business
- ▶ Expansion of overseas Food Production Business (accelerated mainly in the U.S.)

Domestic: Expansion of profits and Pursuit of consumer demand

Decided to start supplying baked bread and cooked noodle products

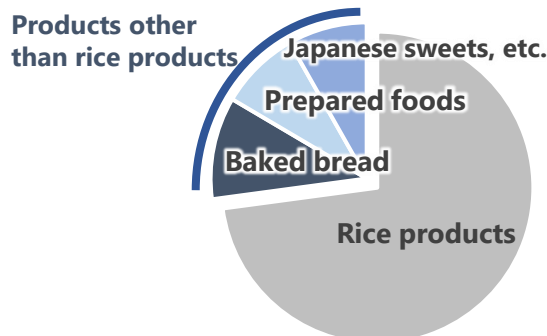
Business acquisition

Seller	Higashiya Delica Co.,Ltd.
Acquired operations	<ul style="list-style-type: none"> - Business of supplying products to Seven-Eleven stores conducted at each plant (Kita-Kanto Plant and Higashimatsuyama Plant) - Buildings and facilities of Kita-Kanto Plant (plan to acquire land separately)
Net sales	Approx. ¥13.0 billion (fiscal year ended March 31, 2022)
Acquisition cost	Approx. ¥2.4 billion (not including approx. 4.0 billion yen for the establishment of a new plant)
period of business acquisition	March 2024 (planned)

Expected changes in sales portfolio (Domestic Food Production Business)

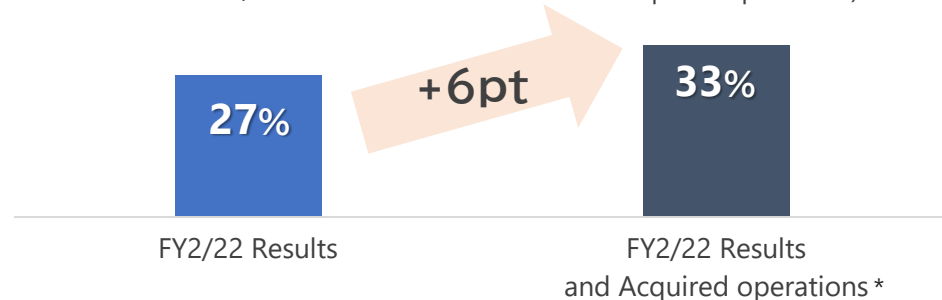
Categories other than rice products only account for a quarter of the portfolio

(Breakdown of net sales by category in FY2/22)



The share of products other than rice products will increase as a result of the acquisition

(Comparison of FY2/22 actual results and combined total of FY2/22 actual results and results of acquired operations)



*Higashiya Delica sales in FY3/22: ¥13.0 billion

Domestic: Expansion of profits and Pursuit of consumer demand

Acquired business is expected to contribute to sales from fiscal year after next (FY2/2025).

Acquisition of plant

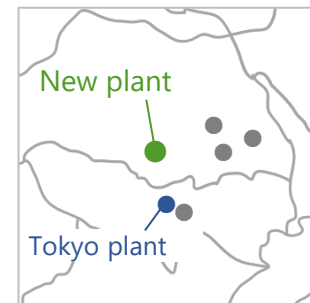
Name	Kita-Kanto Plant
Location	1237 Shindo-cho, Ota-shi, Gunma, Japan
Floor area	7,859m ²
Main equipment	Baked bread products, donuts and rice gratin
Production capacity	250,000 meals per day
Start of operations	March 2024
Number of stores to supply	Approximately 1,000 stores (Baked bread business)



Establishment of new plant

Name	Shin-Iruma Plant (tentative name)
Location	234 Sayamadai, Iruma-shi, Saitama, Japan
Floor area	10,271m ²
Main equipment	Cooked noodles and pasta
Production capacity	330,000 meals per day
Start of operations	March 2024
Number of stores to supply	Approximately 1,500 stores

*New plant will succeed to product supply business of Higashiya Delica Co., Ltd.'s Higashimatsuyama Plant.



Domestic: Pursuit of consumer demand

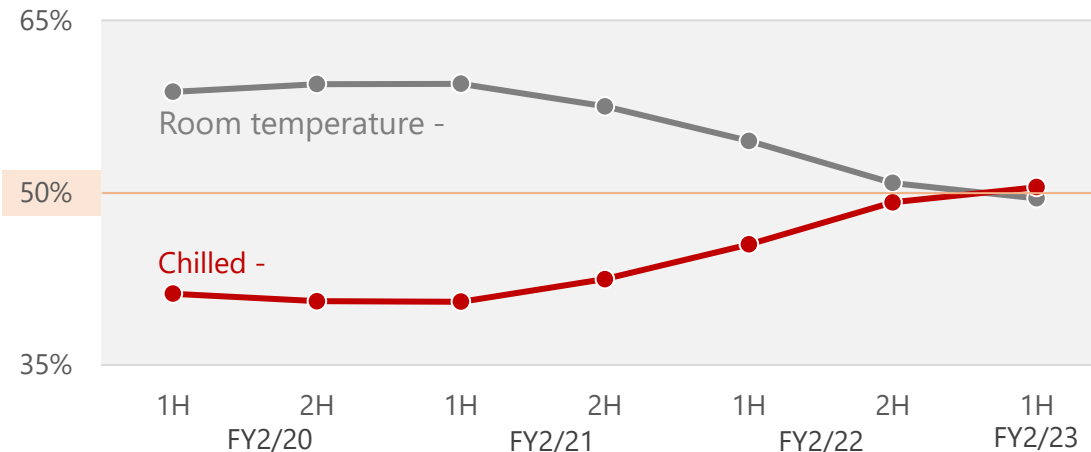
Flexibly adapting to changes in demand

Growing demand for products with a long shelf life that stays fresh for a long time

- Stockout risk is lower, avoiding lost sales opportunities.
- Food loss is reduced.

Demand for chilled bento meal boxes fueled by COVID crisis

(Shares of ambient and chilled bento meal boxes)



Demand is expected to continue growing and new production lines for chilled products that stay fresh longer are under construction at existing plants.

A new line at Yoshikawa Plant is due to go into operation this fiscal year.

Domestic: Pursuit of consumer demand

Accelerating supply of high added-value products through further improvement of development capacity

Increasing satisfaction based on accurate understanding of consumers' current needs



High quality authentic product

Loup-de-mer Special Beef Curry

Product that uses only lean cuts of domestically produced beef and reinvents previous product recipes in terms of the balance of flavors and the cooking process.



Product development

Chicken Curry and Spinach Chicken Curry

New standing pouch products The four standing pouch products (the two new products plus existing Gold Beef Curry and Butter Chicken Curry products) are all curry products but set themselves apart from Western style curry and Indian curry products.

Yoshikawa Plant



Built dedicated production lines for vegetarian products at Yoshikawa Plant

Taste of vegetables is maintained through low temperature management and high levels of safety are ensured through the very latest washing facilities and inspection processes.



Volume and colorful appearance

Gudakusan Omusubi rice balls, spicy cod roe flavor

Gudakusan Omusubi rice balls boasting many ingredients, made their debut in June this year The spicy cod roe rice ball priced at 300 yen (excl. tax) caused a stir because of its volume and colorful appearance.



Rising health consciousness

Veggie wraps and Danish sandwiches

Production of these health conscious products was stepped up this autumn. Products must also be easy to eat in terms of size, bearing in mind that main target is women.

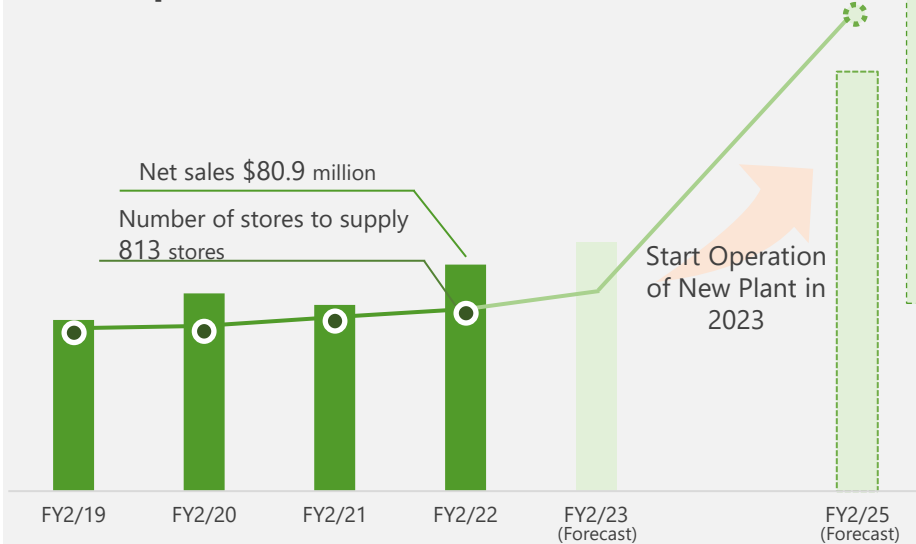
Overseas: Virginia new plant

Preparations are underway aiming to start operation in 2023.



Location	Stafford, Virginia, U.S.A
Total investments	Approximately \$54 million
Floor area	126,984sqf (11,797m2)
Number of stores to supply	Approximately 1,350 stores
Areas to supply	Virginia, Pennsylvania, Maryland, Washington D.C., Delaware, and North Carolina
Items to manufacture	Cooked bread, light meals, etc.

Growth potential of business in the United States



Due to full-year contribution of Virginia Plant

U.S. business net sales
Approx. \$150 million

Number of stores to supply
Approx. 2,150 stores
(Forecast)

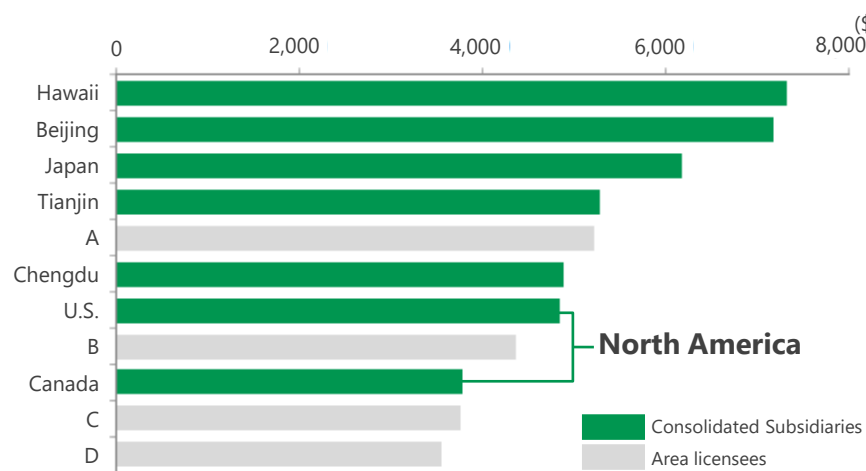
Note) Part of the plant building pictured in the photograph does not belong to us.

Overseas: Growth of North America Market

Demand for fresh food is expected to grow.

Average daily sales of Seven-Eleven

Average daily sales by country (region) (FY2020, ppp, abridged)



Potential demand in North America

Seven & I Holdings' target

2021

% of fresh food sales
North America

13.0%

SEI store count

13,213 stores

Goals for
2025

20%+

15,000 stores+

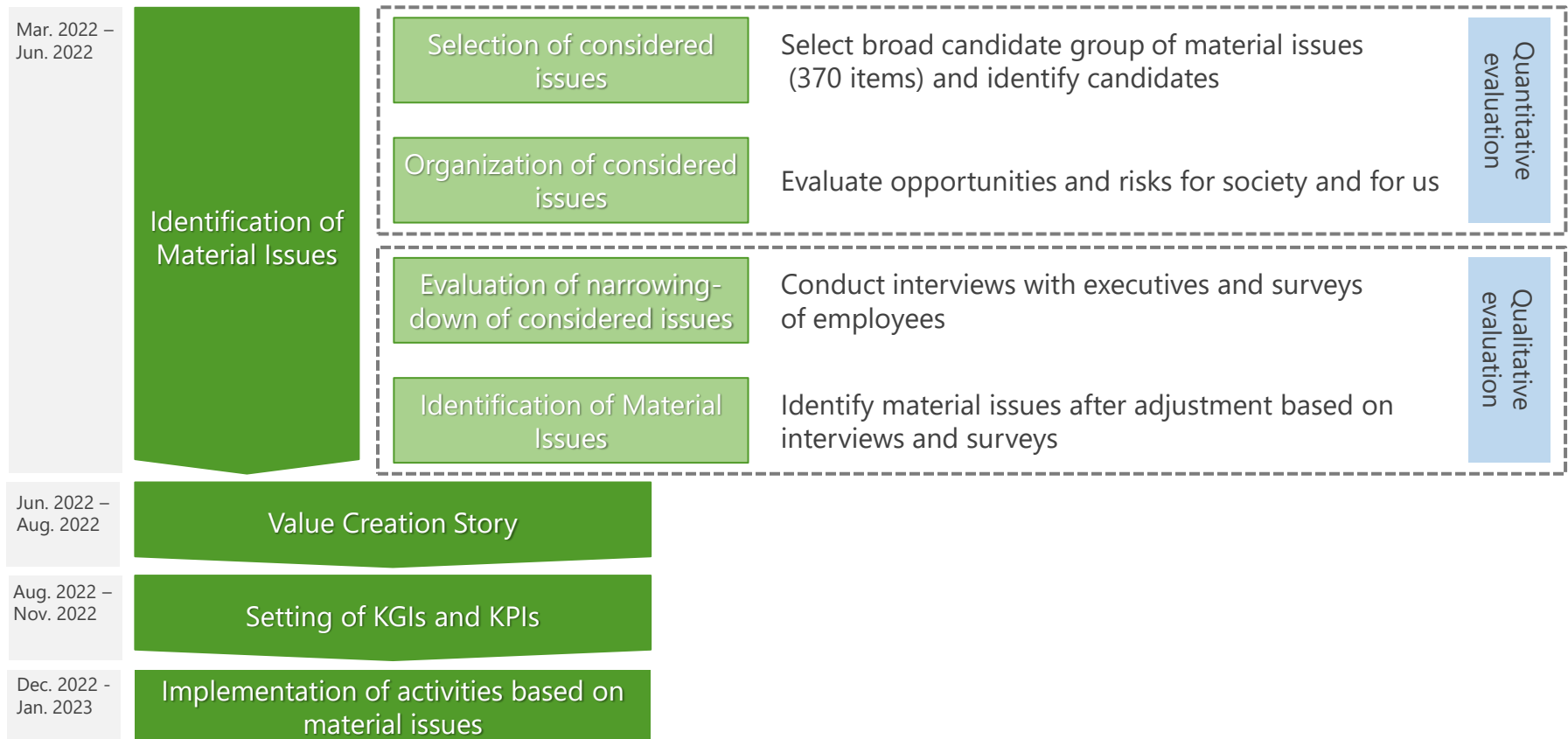
A tour of our plant was also included in a SEVEN-ELEVEN HAWAII, INC. tour attended by Seven-Eleven's area licensees (held in July 2022).



Sustainability

Identification of Material Issues

schedule



This document contains “forward-looking statements” based on the Company’s plans, forecast, business strategies and policies at the time of preparation.

These statements include the Company’s managerial judgments and assumptions made based on information available before its announcement, and actual results may differ materially from those anticipated in the statements due to changes in various factors.

Therefore, the Company undertakes no obligation to guarantee that these “forward-looking statements” including earnings forecast described in this document will be valid in the future.

The logo for Warabeya Nichiyo HLDGS. features the company name in a green, italicized sans-serif font. Above the 'a' in 'Warabeya' is a stylized orange and yellow swoosh. The word 'HLDGS.' is in a smaller, grey, all-caps sans-serif font.

Warabeya Nichiyo *HLDGS.*

Warabeya Nichiyo Holdings Co., Ltd.