

**First Half of the Fiscal Year
Ended February 2024 (1H FY2/2024)**
(From March 1, 2023 to August 31, 2023)

Financial Results Briefing

October 11, 2023

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



Group Philosophy

We contribute to the healthy, abundant dietary lives of our customers by providing “safety” together with “products and services of value.”

Management Principles

We pursue customer needs and encourage innovation.

We aspire to a company that earns the trust of society by practicing compliance and engaging in highly transparent management.

We aspire to a company that provides opportunities for employee growth, ensures work is rewarding, and is environmentally friendly.

- **Overview of Financial Results
for 1H FY2/2024**
- **Financial Forecast for FY2/2024**
- **Initiatives for Sustainable Growth**

Consolidated Financial Results: 1H FY2/2024

Achieved record highs for each level of profit

(Millions of yen)	1H FY2/2023 Result	1H FY2/2024 Forecast	1H FY2/2024 Result	YoY	Vs. Forecast
Net sales	97,858 100.0%	101,000 100.0%	103,011 100.0%	+5,152 +5.3%	+2,011 +2.0%
Operating profit	3,376 3.4%	3,650 3.6%	4,491 4.4%	+1,115 +33.0%	+841 +23.1%
Ordinary profit	3,058 3.1%	3,950 3.9%	4,862 4.7%	+1,803 +59.0%	+912 +23.1%
Profit (attributable to owners of parent)	1,606 1.6%	2,400 2.4%	2,758 2.7%	+1,151 +71.7%	+358 +14.9%
EPS (yen)	91.99	137.42	157.95	+65.96	+20.53

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

*Forecasts: Figures of forecasts were announced on April 11, 2023.

*Exchange rate (per \$1): FY2/2023 Result 136.7 yen, FY2/2024 Initial Forecast 132.7 yen, Results 134.9 yen

Note: Starting this fiscal year, we have changed to average rate during the period for exchange rate conversions (previously the rate at the end of the period was used)

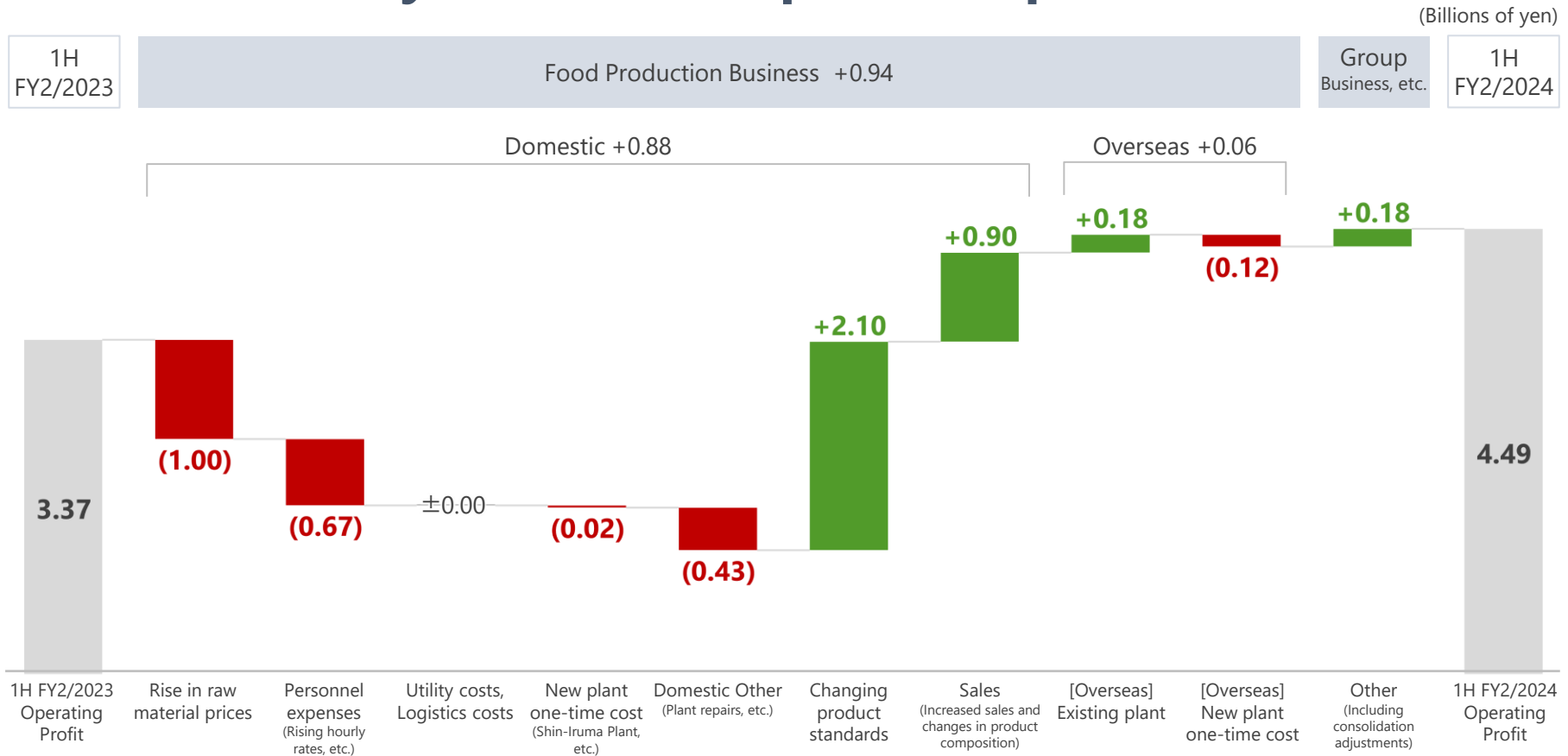
Business Segments: 1H FY2/2024

Net sales and profit increased year on year in each business segment

(Millions of yen)		1H FY2/2023	1H FY2/2024	YoY change		Main factors
				Amount	Percentage change	
Food Production Business	Net sales	85,390	90,487	+5,097	+6.0%	Sales [Domestic] 84.0 billion (YoY +4.6 billion) Recovery from adverse impact of COVID-19 Strongly performing products: Onigiri rice balls [Overseas] 6.4 billion (YoY +0.4 billion) Increased sales in local markets Profit [Domestic] +0.88 billion [Overseas] +0.06 billion
	Operating profit	3,389	4,328	+939	+27.7%	
Food Materials Business	Net sales	5,762	5,973	+211	+3.7%	Sales /Profit Transaction volume of onigiri rice ball ingredients increased
	Operating profit	36	163	+126	+342.6%	
Logistics Business	Net sales	6,505	6,507	+2	+0.0%	Profit Transaction volume in the joint delivery business increased
	Operating profit	353	419	+65	+18.6%	
Other Businesses	Net sales	201	43	(158)	(78.6)%	Food Plant and Equipment, Design and Development Business We have already stopped taking new orders (business withdrawal planned for February 29, 2024)
	Operating profit	(50)	(24)	+25	-	
Adjustment	Operating profit	(353)	(394)	(41)	-	
Total	Net sales	97,858	103,011	+5,152	+5.3%	
	Operating profit	3,376	4,491	+1,115	+33.0%	

Operating profit: Analysis of changes

Rising raw material prices and personnel expenses were offset by a revision of product specifications



Difference from financial forecast

Forecasts for net sales and operating profit were achieved in each business segment

Difference between business segment forecasts and actual results

(Billions of yen)		(Billions of yen)	
Net sales	+2.01	Operating profit	+0.84
Food Production Business	+1.94	Food Production Business	+0.70
Domestic	+1.79	Domestic	+0.63
		Utility costs, Logistics costs	+0.50
		Changing product standards	+0.30
		personnel expenses	(0.29)
Overseas	+0.15	Overseas	+0.07
Food Materials Business	+0.07	Food Materials Business	+0.08
Logistics Business	0.00	Logistics Business	+0.09
Other Business	0.00	Other Business	(0.01)

Non-operating profit/expenses and extraordinary income/losses

(Millions of yen, %)	1H FY2/2023		1H FY2/2024		YoY change	
	Amount	Sales ratio	Amount	Sales ratio	Amount	Percentage change
Operating profit	3,376	3.4	4,491	4.4	+1,115	+33.0
Non-operating income	499	0.5	626	0.6	+126	+25.4
Non-operating expenses	816	0.8	255	0.2	(560)	(68.7)
Ordinary profit	3,058	3.1	4,862	4.7	+1,803	+59.0
Extraordinary income	500	0.5	-	-	(500)	-
Extraordinary losses	661	0.7	687	0.7	+25	+3.8
Profit before income taxes	2,896	3.0	4,174	4.1	+1,278	+44.1
Total income taxes	1,209	1.2	1,356	1.3	+147	+12.2
Profit (loss) attributable to non-controlling interests	80	0.1	59	0.1	(21)	(26.0)
Profit (attributable to owners of parent)	1,606	1.6	2,758	2.7	+1,151	+71.7

Non-operating profit/expenses	YoY +¥0.68 billion	Share of loss (profit) of entities accounted for using equity method (elimination of loss from the previous period)				YoY +¥0.53 billion
		Other (foreign exchange gains, etc.)				+¥0.15 billion
Extraordinary income/losses	YoY -¥0.52 billion	Extraordinary income	Gain on sale of businesses (Niigata Plant)	1H FY2/2023 ¥0.50 billion	1H FY2/2024 -	
		Extraordinary losses	Impairment losses	¥0.66 billion	¥0.68 billion	

Balance Sheets and Statements of Cash Flows

Increases in property, plant and equipment, and debt are mainly due to investment in the U.S.

Consolidated Balance Sheets

(Millions of yen)	End of FY2/2023	End of 1H FY2/2024	Change		End of FY2/2023	End of 1H FY2/2024	Change
Current assets	32,344	34,689	+2,344	Current liabilities	22,079	25,076	+2,996
Non-current assets	60,339	64,525	+4,185	Non-current liabilities	19,074	20,124	+1,049
(Property, plant and equipment)	51,310	54,486	+3,175	(Total long- and short-term interest-bearing debt)	15,154	16,305	+1,150
(Intangible assets)	314	860	+546	Total liabilities	41,154	45,200	+4,045
(Investments and other assets)	8,714	9,178	+463	(Retained earnings)	33,183	34,796	+1,613
				Total net assets	51,529	54,014	+2,484
Total assets	92,684	99,214	+6,530	Total liabilities and net assets	92,684	99,214	+6,530

Consolidated Statements of Cash Flows

(Millions of yen)	1H FY2/2024
Cash flows from operating activities	6,517
(Depreciation)	2,283
Cash flows from investing activities	(7,138)
Cash flows from financing activities	(1,333)
Effect of exchange rate change on cash and cash equivalents	339
Net increase (decrease) in cash and cash equivalents	(1,614)
Cash and cash equivalents at beginning of period	11,189
Cash and cash equivalents at end of period	9,574

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Consolidated financial forecast for FY2/2024

Record highs are forecast in each level of profit

(Millions of yen)	FY2/2023 Result	FY2/2024 Initial forecast	FY2/2024 Revised forecast	YoY	Vs. Initial forecast
Net sales	194,416 100.0%	204,000 100.0%	208,000 100.0%	+13,583 +7.0%	+4,000 +2.0%
Operating profit	4,985 2.6%	5,200 2.5%	6,300 3.0%	+1,314 +26.4%	+1,100 +21.2%
Ordinary profit	4,628 2.4%	5,550 2.7%	6,750 3.2%	+2,121 +45.8%	+1,200 +21.6%
Profit (attributable to owners of parent)	2,810 1.4%	3,200 1.6%	4,000 1.9%	+1,189 +42.3%	+800 +25.0%
EPS (yen)	160.94	183.23	229.04	+68.1	+45.81

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

*Initial forecasts: Figures of forecasts were announced on April 11, 2023.

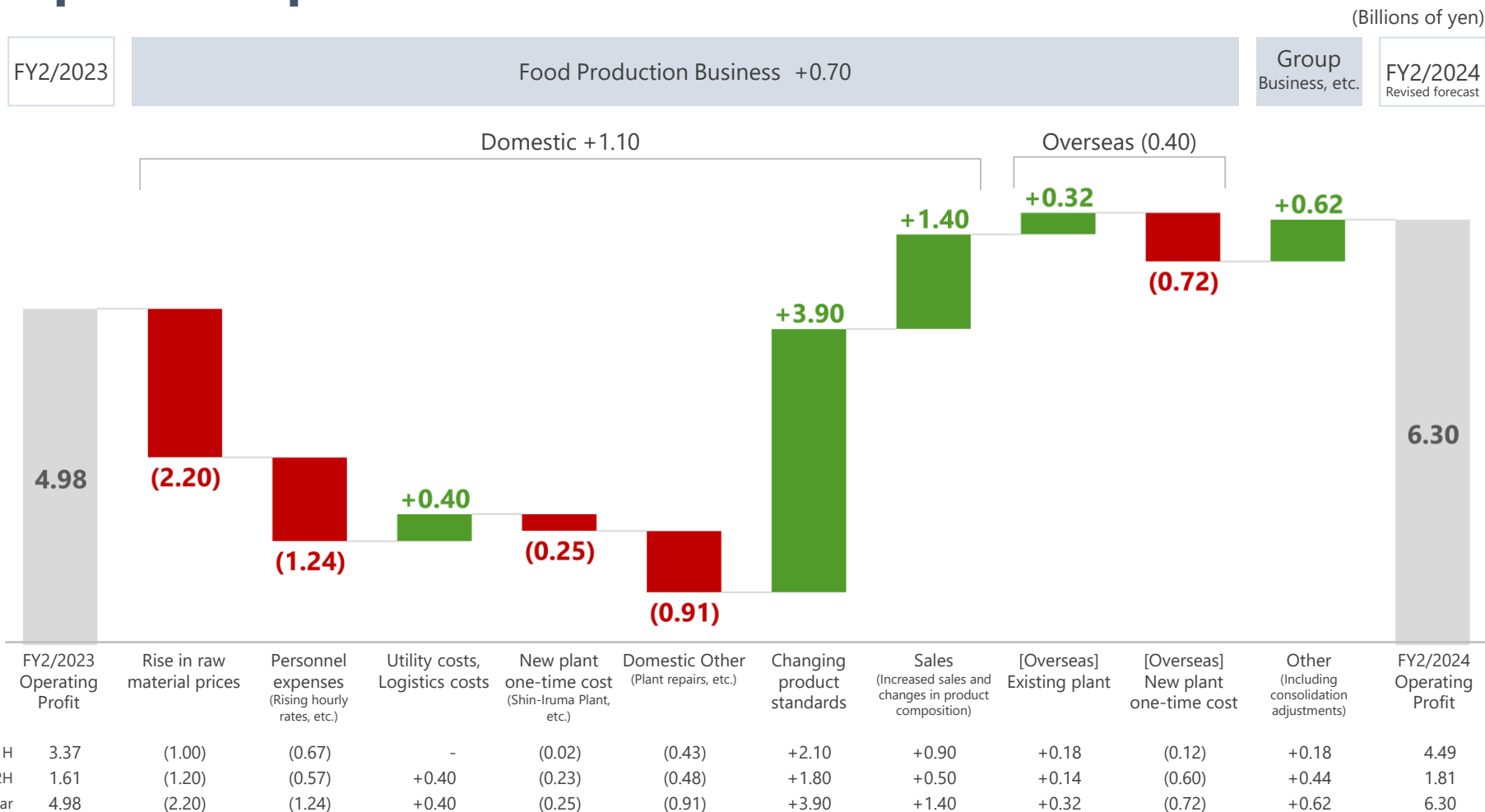
*Revised forecasts: Figures of forecasts were announced on October 6, 2023.

*Exchange rate (per \$1): FY2/2023 Result 132.7 yen, FY2/2024 Initial forecast 132.7 yen, FY2/2024 Revised forecast 134.9 yen

Note: Starting this fiscal year, we have changed to average rate during the period for exchange rate conversions (previously the rate at the end of the period was used)

Operating profit forecast : Analysis of changes

Cost increases will be absorbed through revisions to product specifications



Note: Operating profit for the first half of the year and the year ended February 2023 are both actual results

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Medium-term issues

Food Production Business [Domestic]

- Improving profits
- Pursuing consumer demand

Food Production Business [Overseas]

- Business expansion

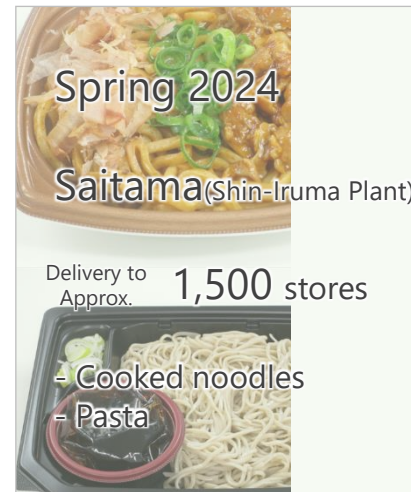
Group Business

- Profitability improvement

Improving profits/pursuing consumer demand [1]

Changing Sales Portfolio

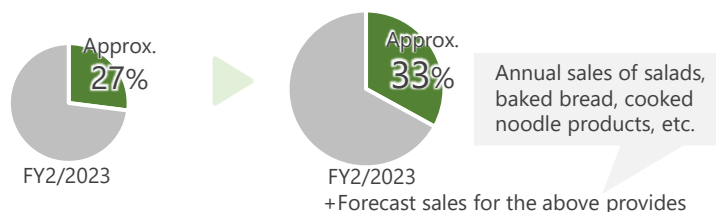
- Expanded profit due to new manufactured product lines
- Work to supply highly unique products utilizing development and manufacturing capabilities for a diverse range of product lines



The sales portfolio will continue to change in the Tokyo metropolitan area with its large market size

Changing sales portfolio

Sales of products other than rice products as a percentage of total sales



Start of manufacturing at two plants in spring 2024

- Kita-Kanto Plant
(Baked breads)
- Shin-Iruma Plant
(Cooked noodles)

Establishing a network of 25 domestic plants

Improving profits/pursuing consumer demand [2]

Change expected from the expansion of chilled products

- Increase in products utilizing the characteristics of food ingredients
- Improved production efficiency due to the reorganization of production lines and plants

Chilled Products

- Ingredients that require chilled management can be actively utilized
- Shelf lives will be extended, reducing lost sales opportunities and food loss

Long
shelf
life

Item consolidation

Consolidate manufacturing plants for the same products to enhance production efficiency

Automation

Lower hurdles for introducing automated equipment for mass production of a narrow product range



Salmon poke bowl with sesame oil, soy sauce and spicy mayo

Use salmon, for which freshness is important, and recreate authentic flavors enabling consumers to taste two kinds of flavor at once

Oyakodon chicken with creamy egg

Egg, which requires adequate hygiene precautions, can be supplied as long as it is chilled, allowing customers to easily enjoy oyakodon with chicken and creamy egg



WRAP DELI taco meat (provisional name)

Balancing the health benefits of plenty of vegetables with volume, this product features crisp vegetables and soy-based taco meat

Dorayaki filled pancake with Hokkaido Tokachi azuki beans and fresh whipped cream

A dorayaki filled pancake using fresh whipped cream to take advantage of the features of chilled products and reduce sugar for moderate sweetness



Cooked chicken and vegetables prepared under the supervision of Kagaya

Cup-based deli item prepared under the supervision of Kagaya. Features a combination of ingredients that have been seasoned and cooked appropriate for each type of food and a soup stock from ishuru fish sauce

Improving profits/pursuing consumer demand [3]

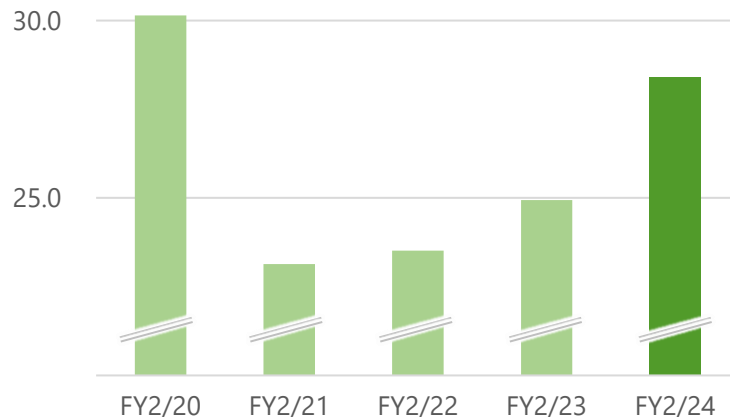
Onigiri Rice Ball Demand

- Balance increased volume with unit price increases through an approach of high, mid and low pricing
- Roll out wide range of products to meet needs

Resurgence of Onigiri Sales

Net sales for the first half

(Billions of yen)



Rice with Ginger, Kelp & Broth

A refreshing combination of ginger and kelp you can't resist (110 yen)



Pork Sausage Garlic & Mayonnaise

One thickly cut sausage in its entirety is used (180 yen)



Spicy Pollock Roe

The sustainable Alaskan seafood pollock is used (175 yen)



Rice-filled Squid & Sweetened Soy Sauce

Prepared under the supervision of Ikameshi Abe Shoten (180 yen)



Rice with Beef & Sweetened Soy Sauce

Special blend of rice prepared under the supervision of Hachidaime Gihe-e (150 yen)

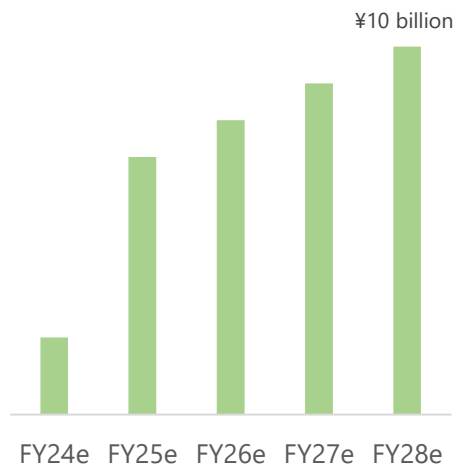
Business expansion [1]

Virginia Plant

- Deliveries to stores began on September 12, 2023
- Aiming for net sales of 10 billion yen by the final year of the Medium-term Management Plan (fiscal year ending February 29, 2028)

Location	Stafford, Virginia, U.S.A
Floor area	Approx. 11,800m ²
Areas to supply	Virginia, Pennsylvania, Maryland, Delaware, North Carolina and Washington D.C.

Virginia Plants Sales Plan
(Medium-term Management Plan)



** Assumed exchange rate for the above:
1 US dollar = 132.7 yen



Business expansion [2]



Pizza



Slider



Sweet Bread Sandwich



Ramen Salad

Slider



Staple product in Texas

In Virginia, the ease of eating and look of the product will be refined

Tacos



In the delivery area, tacos have not been sold previously

Open house (briefing)



In August we held presentations, plant tours and taste testing sessions for owners

Business expansion [3]

Focus on the United States

- Invest management resources in the U.S., where market size is continuing to expand
- Utilize over 40 years of overseas business expertise

Hawaii

No. of stores to supply 66 stores (As of august 2023)

Net sales 51,912 thousand \$ (FY12/22)

Start of business 1982

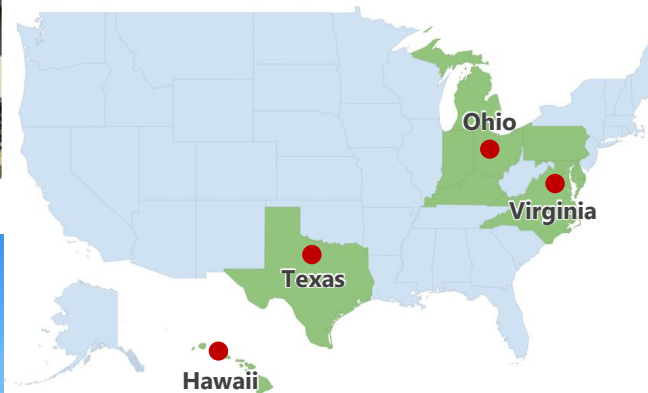
* We began doing business with 7-Eleven locally in 1987

Products Bento, onigiri rice balls, sushi sandwiches, etc.

* Net sales in Hawaii include sales from stores we operate

Development of Business Operations

Our Delivery Areas



Texas

No. of stores to supply 765 stores (As of august 2023)

Net sales 38,992 thousand \$ (FY12/22)

Start of business 2017

Products Sandwiches, pizzas, burritos, etc.

Number of stores we will deliver to in North America after the start of operations in Ohio

Over 3,500 stores

Number of stores (SEI) in North America (FY2021)

13,213 stores

Virginia

No. of stores to supply 1,350 stores (Plan)

Start of operations September 2023

Products Cooked bread, light meals, etc.

Ohio

No. of stores to supply 1,400 stores (Plan)

* The above number of stores delivered to is for fast food only

* In addition to this, we deliver frozen pizza to 1,100 stores

Start of operations December 2024 (Plan)

Products Cooked bread, light meals, etc.

Image

Profitability improvement

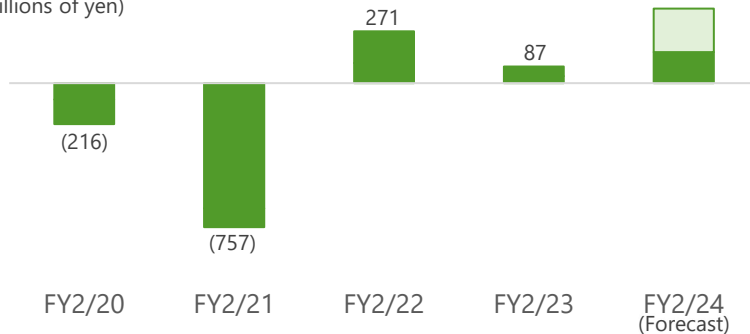
Investing management resources on the basis of selection and concentration

- Expansion and cultivation of existing business domains based on market needs
- Developing new businesses for the future

Food Materials

Working to boost profitability through added value

Operating profit
(Millions of yen)



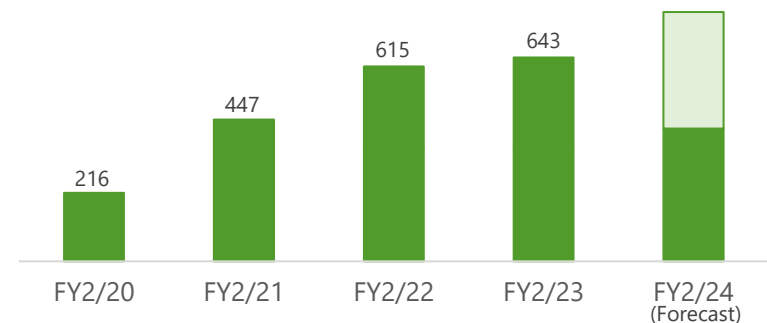
- (1) Improving procurement and purchasing capabilities
- (2) Starting the food material processing business overseas



Logistics

Steady improvements to profitability

Operating profit
(Millions of yen)



- (1) Construction of new refrigerated/freezer warehouses
- (2) Undertaking e-commerce delivery and warehousing operations under new contracts
- (3) Responding to the 2024 problem

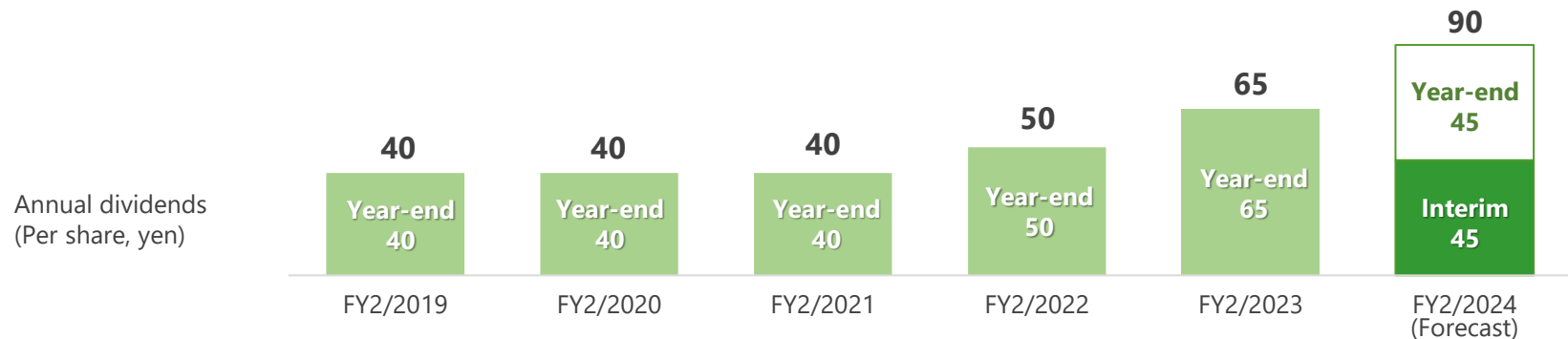


Shareholder return

Revision of dividend forecast

- In response to the revised financial forecast, the dividend forecast has been revised based on our dividend policy
- Increase of 20 yen from the initial forecast for the full year
(initial forecast: interim dividend of 35 yen + year-end dividend of 35 yen = full-year dividend of 70 yen)

Dividends



Dividend payout ratio (%)	115.0	69.5	102.5	26.7	40.4	39.3
Total dividends (millions of yen)	704	704	704	880	1,144	1,585
EPS (yen)	34.78	57.55	39.04	186.98	160.94	229.04

Dividend Policy

The Company's basic policy is to pay stable and continual dividends, targeting a consolidated dividend payout ratio of 40%, while taking into consideration consolidated results, internal reserves for investments for future business expansion, etc.

Sustainability

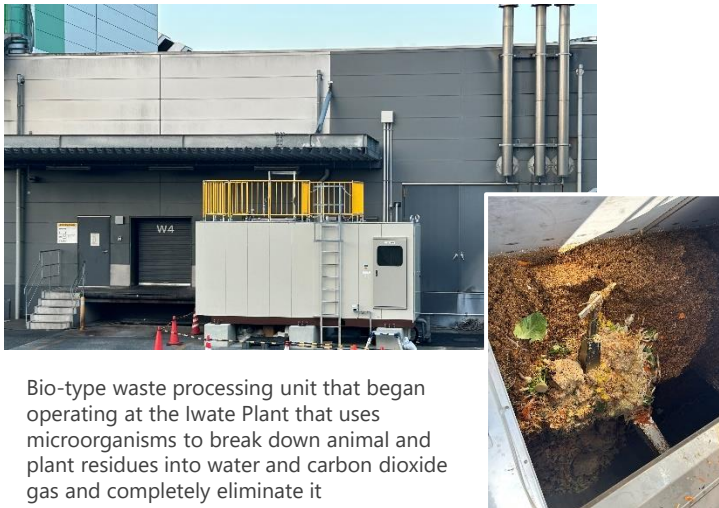
Contribute to a circular society



Animal and plant residues

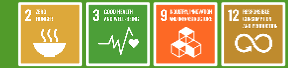
In August this year, the Iwate Plant installed equipment to break down and reduce animal and plant residues classified as industrial waste and generated through our manufacturing process, such as fish bones, internal organs, skin, and fruit and vegetable scraps

The equipment is expected to halve the amount of animal and plant residues generated annually, and will be rolled out to other plants in the future



Bio-type waste processing unit that began operating at the Iwate Plant that uses microorganisms to break down animal and plant residues into water and carbon dioxide gas and completely eliminate it

Provide the joy of food



Development of products for local production and local consumption

Work to instill flavors and culture in products while making effective use of ingredients by developing and producing products closely linked to local communities with the use of local ingredients

[Example]

Butter-soy sauce pasta with Kamiina asparagus



Effective use of irregular asparagus that cannot be shipped to markets (sales area: Nagano, Yamanashi)

Rice ball with Mutsu Bay scallops



Scallops from Aomori prefecture are used (sales area: Tohoku region including Aomori)

Rice topped with leek, egg and pork



Effective use of the processed parts of Algit leek from Toyama Prefecture which cannot be shipped to markets (sales area: Ishikawa, Toyama, Fukui)

Imonokojiru soup with Futago taro from Iwate



Local delicacy of Iwate Prefecture using Futago taro which is a GI-certified traditional vegetable (sales area: Iwate, Aomori, Akita)

Ensure work is rewarding, and respect human rights and diversity



Sustainability Training

We conduct sustainability training for plant managers with the aim of ensuring an understanding of the importance of the SDGs and promoting SDGs at plants

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.

