

The Fiscal Year Ended February 2024

(From March 1, 2023 to February 29, 2024)

Financial Results Briefing

April 11, 2024

Warabeya Nichiyō Holdings Co., Ltd.

(2918; Tokyo Stock Exchange, Prime Market)

- **Overview of Financial Results for FY2/2024**
- **Financial Forecast for FY2/2025**
- **Initiatives for Sustainable Growth**

(Consolidated) Financial Results

Achieved record profits

- Net sales Reached 200 billion yen for the first time in four fiscal years since FY2/2020
- Operating profit Revisions to product specifications more than offset increases in manufacturing cost

(Millions of yen)	FY2/2023 Result	FY2/2024 Forecast	FY2/2024 Result	Change	YoY	Vs. Forecast
Net sales	194,416	208,000	207,009	+12,592	+6.5%	(990)
Operating profit Operating profit margin	4,985 2.6%	6,300 3.0%	6,380 3.1%	+1,394	+28.0%	+80
Ordinary profit	4,628	6,750	6,824	+2,195	+47.4%	+74
Profit (attributable to owners of parent)	2,810	4,000	4,273	+1,462	+52.0%	+273
EPS(yen)	160.94	229.04	244.71	+83.77	-	+15.67
ROE	5.7%	7.7%	8.2%	-	-	-
US\$ Exchange rate (yen)	132.7	134.9	140.6			

Note: Starting the fiscal year ended February 2024, we have changed to average rate during the period for exchange rate conversions (previously the rate at the end of the period was used)

Forecast: Forecast figures revised during the fiscal year (announced on October 6, 2023)

Business Segments

Profit increased in all business segments

- The Food Production Business contributed greatly to the profit increase
- (Temporary) income from Food Plant and Equipment, Design and Development Business was posted in other businesses

(Billions of yen)	Net sales				Operating profit			
	FY2/2023	FY2/2024	Change	Vs. Forecast	FY2/2023	FY2/2024	Change	Vs. Forecast
Food Production Business	169.5	180.6	+11.0	+0.0	5.04	5.92	+0.88	+0.19
Food Materials Business	11.3	11.3	(0.0)	(0.7)	0.08	0.32	+0.23	(0.06)
Logistics Business	12.9	12.8	(0.0)	(0.3)	0.64	0.70	+0.06	(0.08)
Other Businesses	0.5	2.1	+1.6	+0.0	(0.07)	0.17	+0.24	+0.00
Adjustment					(0.71)	(0.75)	(0.04)	+0.03
Total	194.4	207.0	+12.5	(0.9)	4.98	6.38	+1.39	+0.08

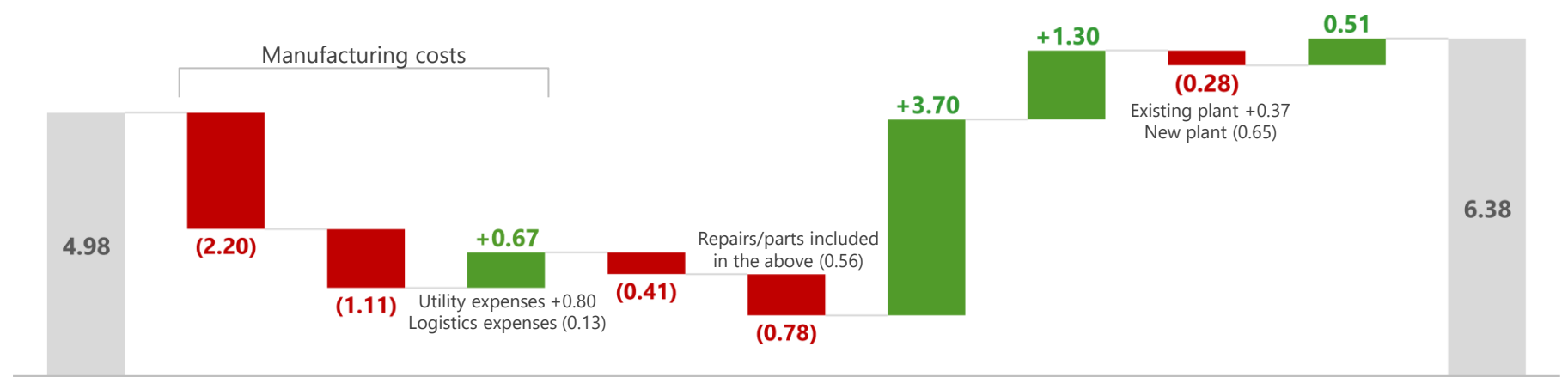
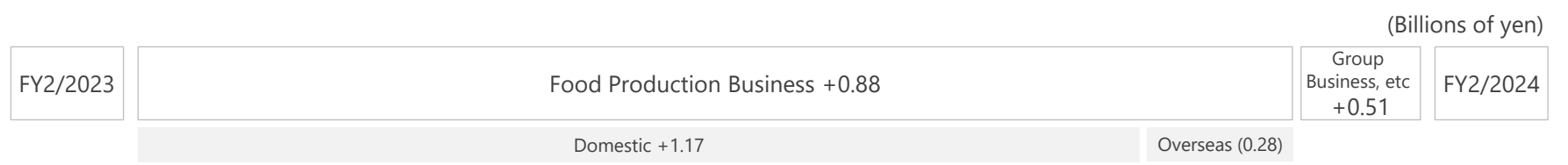
YoY Change

Food Production Business	Sales	Recovery from adverse impact of COVID-19
	Profit	The effects of a sales recovery and revisions to product specifications more than offset rising raw material prices and labor costs
Food Materials Business	Profit	Improved operating efficiency
Logistics Business	Profit	Increase in transaction volume
Other Businesses	Sales/Profit	A major project in the Food Plant and Equipment, Design and Development Business. (We withdrew from this business on February 29, 2024.)

(Consolidated) Operating profit : Analysis of changes

Effects of revisions to product specifications more than offset the impact of an increase in manufacturing cost

They offset the increase in cost related to new domestic and overseas plants
(Domestic: Approx. 0.4 billion yen, Overseas: Approx. 0.7 billion yen)



	FY2/2023 Operating profit	Raw materials prices	Personnel expenses	Utility expenses Logistics expenses	Cost of new plant launch	Other	Changing product standards	Sales (Increased sales and changes in product composition)	Overseas	[Group Business] Other	FY2/2024 Operating Profit
1H	3.37	(1.00)	(0.67)	0.00	(0.02)	(0.43)	+2.10	+0.90	+0.06	+0.18	4.49
2H	1.61	(1.20)	(0.44)	+0.67	(0.39)	(0.35)	+1.60	+0.40	(0.34)	+0.33	1.89
Full	4.98	(2.20)	(1.11)	+0.67	(0.41)	(0.78)	+3.70	+1.30	(0.28)	+0.51	6.38

Note: Breakdown of Group Business, etc.: Food Production Business, Logistics Business, other businesses, consolidation adjustment

(Consolidated) non-operating profit/expenses and extraordinary income/losses

(Millions of yen, %)	FY2/2023	FY2/2024	Change
Operating profit	4,985	6,380	+1,394
Non-operating income	671	909	+238
Non-operating expenses	1,027	464	(563)
Ordinary profit	4,628	6,824	+2,195
Extraordinary income	500	-	(500)
Extraordinary losses	938	939	+0
Profit before income taxes	4,190	5,885	+1,694
Total income taxes	1,251	1,636	+384
Profit (loss) attributable to non-controlling interests	128	(24)	(152)
Profit (attributable to owners of parent)	2,810	4,273	+1,462

Non-operating profit /expenses

YoY +¥0.8 billion

Improvement in share of loss (profit) of entities accounted for using equity method

+¥0.67 billion

Other

+¥0.13 billion

Application of tax incentive aimed at boosting wages
In FY2/2024, 0.14 billion yen was deducted from corporate tax

Extraordinary income/losses

YoY -¥ 0.5 billion

Extraordinary income

Gain on sale of businesses (Niigata Plant)

FY2/2023

¥0.50 billion

FY2/2024

-

Extraordinary losses

Impairment losses

¥0.93 billion

¥0.93 billion

FY2/2023 Nichiyo Fresh: ¥0.41 billion, Iwate Plant: ¥0.28 billion, Niigata Plant(Land): ¥0.11 billion, Other: ¥0.12 billion

FY2/2024 Iwate Plant: ¥0.18 billion, Kagawa Plant: ¥0.16 billion, Losses related to closed plants: ¥0.53 billion, Other: ¥0.05 billion

(Consolidated) Balance Sheets and Cash Flows

Balance Sheets

End of FY2/2023
(Total assets ¥92.6 billion)

Current assets ¥32.3 billion	Liabilities ¥41.1 billion
Non-current assets ¥60.3 billion	Interest-bearing debt ¥15.1 billion
	Net assets ¥51.5 billion
Property, plant and equipment ¥51.3 billion	



End of FY2/2024
(Total assets ¥101.9 billion)

Current assets ¥31.3 billion	Liabilities ¥47.6 billion
Non-current assets ¥70.6 billion	Interest-bearing debt ¥21.6 billion
	Net assets ¥54.3 billion
Property, plant and equipment ¥60.6 billion	

Statements of Cash Flows

(Millions of yen)	FY2/2024
Cash flows from operating activities	9,372
Cash flows from investing activities	(13,542)
Cash flows from financing activities	845
Conversion differences for cash and cash equivalents	257
Net increase (decrease) in cash and cash equivalents	(3,067)
Cash and cash equivalents at the beginning balance	11,189
Cash and cash equivalents at the end of period	8,122

- **Overview of Financial Results
for FY2/2024**
- **Financial Forecast for FY2/2025**
- **Initiatives for Sustainable Growth**

(Consolidated) Financial forecast

An increase in net sales and a decrease in profit are forecast

- Net sales Expected to reach a record high, with contribution of new domestic and overseas plants
- Operating profit Forecast to decrease due to up-front investment associated with a domestic plant reorganization and an increase in manufacturing costs, more than offsetting a significant increase in overseas profit

(Millions of yen)	FY2/2024 Result	FY2/2025 Forecast	Change	YoY	Forecast (Figures in the parentheses: YoY change)	
					1H	2H
Net sales	207,009	230,000	+22,990	+11.1%	117,000 (+13,988)	113,000 (+9,001)
Operating profit Operating profit margin	6,380 3.1%	4,500 2.0%	(1,880)	(29.5)%	4,200 (-291)	300 (-1,588)
Ordinary profit	6,824	4,700	(2,124)	(31.1)%	4,450 (-412)	250 (-1,712)
Profit (attributable to owners of parent)	4,273	2,800	(1,473)	(34.5)%	2,750 (-8)	50 (-1,465)
EPS (yen)	244.71	160.33	(84.38)	-	-	-
US\$ Exchange rate (yen)	140.6	140.0				

Exchange rate sensitivity (on operating profit basis): 17 million yen/year for FY2/2025 (full year)

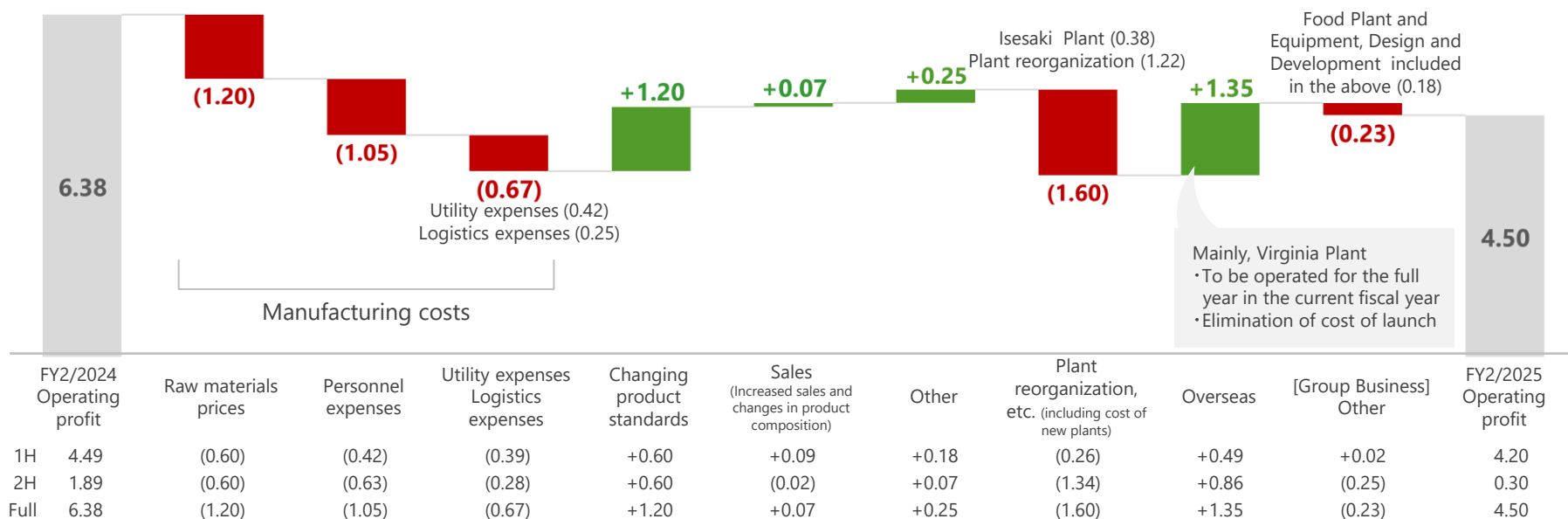
Consolidated financial forecast : Analysis of changes

A plant reorganization will be considered for improved production efficiency.

- Profit from Food Production Business is expected to decrease, mainly due to temporary expenses for plant reorganization, etc.
- Utility costs for the current fiscal year will turn into a negative factor for profit.
(YoY change: +0.8 billion yen in FY2/2024, -0.42 billion yen forecast in FY2/2025)

(Billions of yen)

FY2/2024 Result	Food Production Business (1.65)			Group Business, etc (0.23)	FY2/2025 Forecast
	Domestic (3.00)				
	Existing (1.40)	Reorganization, etc. (1.60)	Overseas +1.35		



Note: Breakdown of Group Business, etc.: Food Production Business, Logistics Business, other businesses, consolidation adjustment

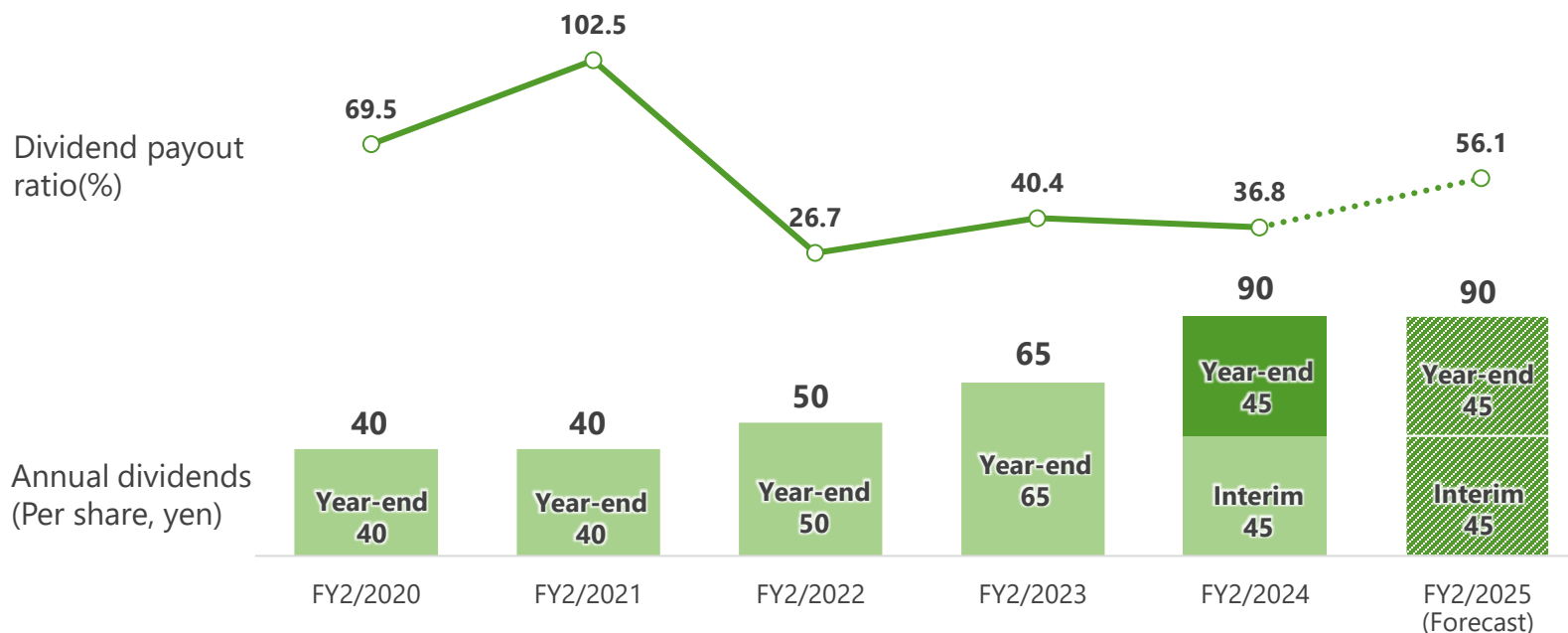
Shareholder return

FY2/2024: Full-year dividend of 90 yen

(Up 25 yen YoY, up 20 yen compared to the initial forecast)

FY2/2025: Full-year dividend forecast to be 90 yen

(Dividend payout ratio: 56.1%)



Dividend Policy

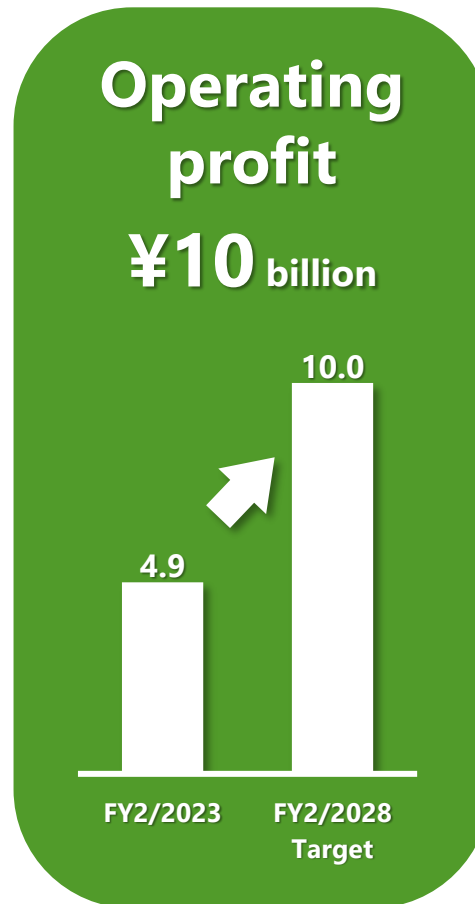
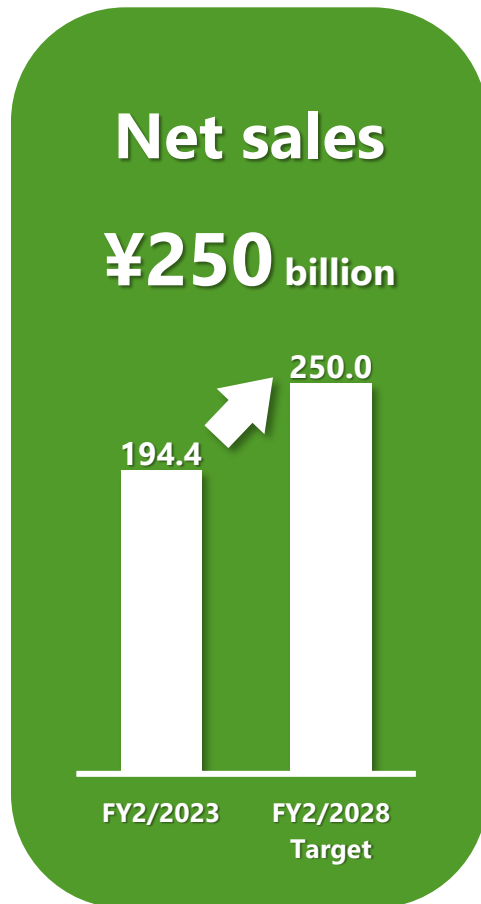
The Company's basic policy is to pay stable and continual dividends, targeting a consolidated dividend payout ratio of 40%, while taking into consideration consolidated results, internal reserves for investments for future business expansion, etc.

- **Overview of Financial Results
for FY2/2024**
- **Financial Forecast for FY2/2025**
- **Initiatives for Sustainable Growth**

Medium-Term Management Plan

Five-Year Medium-term Management Plan (FY2/2024 to FY2/2028)

No change to targets for the final fiscal year of the Medium-term Management Plan

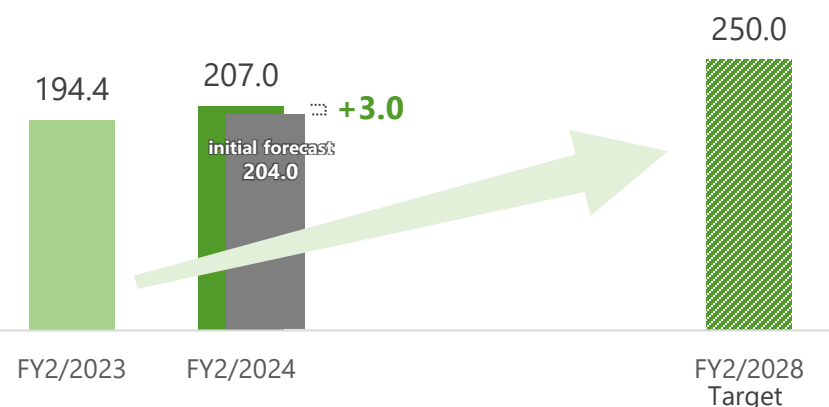


Medium-Term Management Plan : Progress

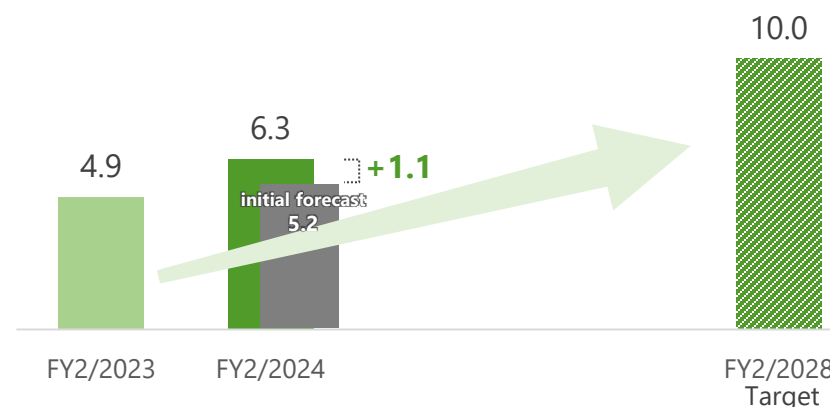
Review of the first year of the Medium-term Management Plan (FY2/2024)

Both net sales and operating profit exceeded the initial forecast

Net sales (Billions of yen)



Operating profit (Billions of yen)



Food Production Business (Domestic)

A new chilled product plant constructed and progress made in a plant reorganization in view of future demand changes and improved production efficiency

Food Production Business (Overseas)

Success in the launch of a new large plant (Virginia)

Group Business

A new decision to construct a new base of Logistics Business

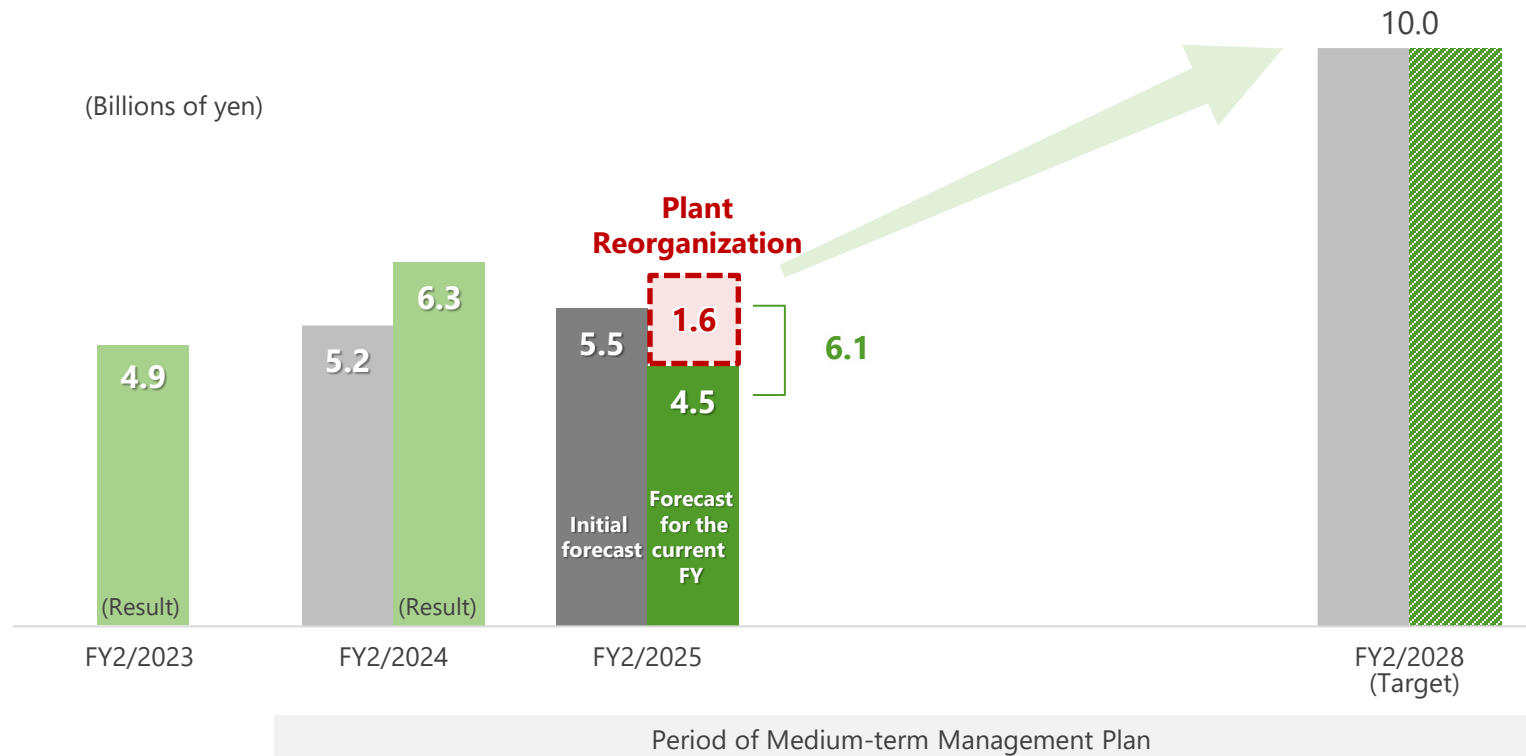
Medium-Term Management Plan : Trend in profit

Temporary expenses for plant reorganization were newly reflected in the Medium-term Management Plan

Remained strong mostly toward the target under the Medium-term Management Plan

Plant reorganization

Details Reorganization involving new plant construction
 - New construction of Isesaki Plant
 - Consolidation of manufacturing involving plant closure, based on new plant
 Period FY2/2025 to FY2/2026



Initiatives in each business segment

<p>Food Production Business (Domestic)</p>	<p>Profit improvement</p>	<ul style="list-style-type: none"> - Plant reorganization - Productivity improvement through automation and efficiency improvement, and others
<p>Food Production Business (Overseas)</p>	<p>Pursuit of consumer demand</p>	<ul style="list-style-type: none"> - Building a manufacturing environment that can respond to changes in demand - Development of products reflecting consumer needs, and others
<p>Group Business (Food Materials/ Logistics)</p>	<p>Business growth</p>	<ul style="list-style-type: none"> - Focusing efforts on the U.S., where market growth continues - Increasing the number of products manufactured - Product development reflecting needs that differ greatly among regions, and others
<p>Group Business (Food Materials/ Logistics)</p>	<p>Profitability improvement</p>	<ul style="list-style-type: none"> - Development of logistics bases reflecting changes in consumer demand (chilled products) - Launch of a freezer warehouse business - Increasing transactions of food materials whose added value is increased through processing, and others

New plants -- Operation begun in the current fiscal year

Delivery to areas where the business was transferred was begun in stages, with the first transfer made in March this year

- The Group's first domestic plant specializing in cooked noodles and one dedicated to baked bread
- Expected to help increase net sales by 12.0 billion yen this fiscal year

Iruma Plant (Cooked noodles)

Opening Date	March 11, 2024
Total floor area	10,897m ²
Production capacity	270,000 meals (per day)
Products	Soba noodles, udon noodles, Chinese noodles, pasta, etc.
Location	Iruma City, Saitama



Bakery Plant (Baked breads)

Opening Date	April 1, 2024
Total floor area	7,859m ²
Production capacity	250,000 meals (per day)
Products	Cooked bread/pastries, doughnuts, and doria
Location	Ota City, Gunma



Major products manufactured initially (April)



Cold soba noodles made from stone-ground buckwheat flour, served with dipping sauce



Cold noodles with assorted toppings, featuring juicy deep-fried tofu



Cold soba noodles topped with yam soup and served with mekabu seaweed from the Sanriku area



European curry bread



Miso bread



Toasted cheesy onion breadsticks



Bread filled with Hokkaido Tokachi azuki beans and fresh whipped cream

Business transfer and investment in plants

(Total investment amount: ¥7.2 billion)

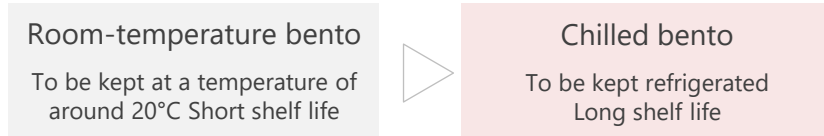
- Business transfer from Higashiya Delica
- Business of supplying products manufactured at the above plants to 7-Eleven stores
- Land, building, equipment, etc. of the bakery plant
- Equipment and construction work of Iruma Plant (Land and building are leased)

Food Production Business | New plants -- Operations to commence the next fiscal year (Domestic)

Responding to demand for chilled bento, which has continued to grow (Isesaki Plant)

Responding to demand

- Changes in demand for bento

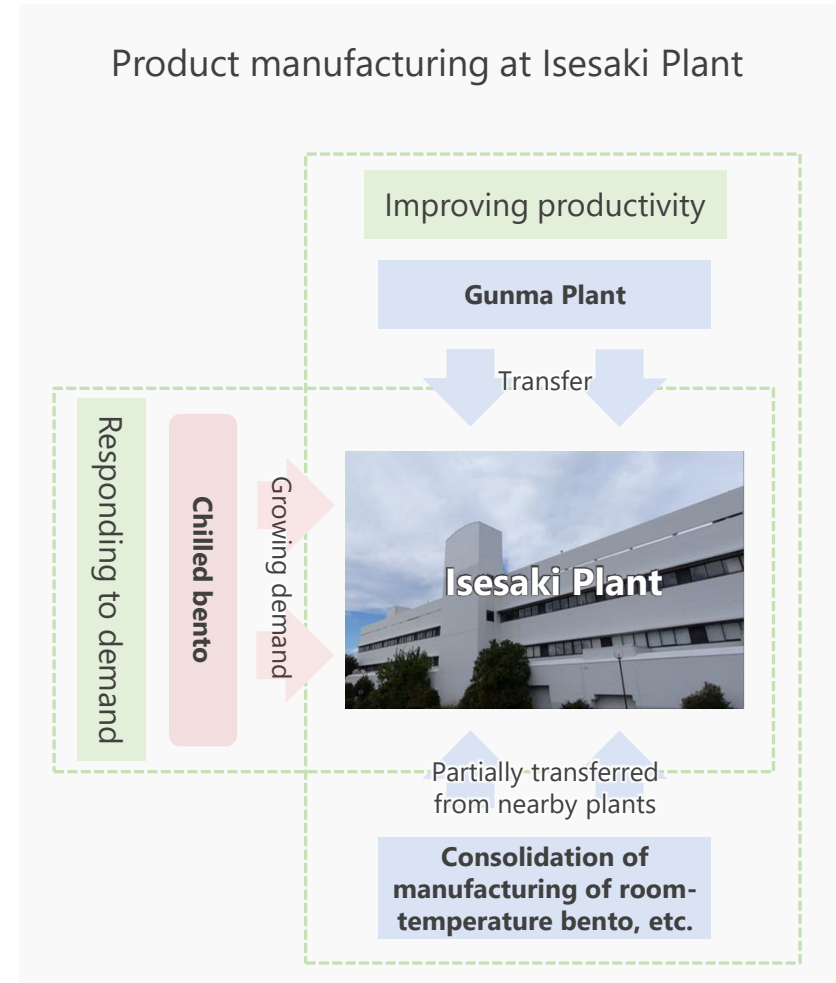


- Chilled bento helps prevent stockout at stores and reduce disposal loss

Improving productivity

- Efficiency improvement with small-variety, high-volume production
- Aggressive automation of manufacturing lines where consolidation of manufacturing is expected to increase the operating rate

Isesaki Plant	
Opening Date	Planned in March 2025
Total floor area	21,374m2 (6,465 tsubo)
Production capacity	430,000 meals (per day) *Approx. 2.5 times that of Gunma Plant
Capital expenditures	Approx. ¥15 billion

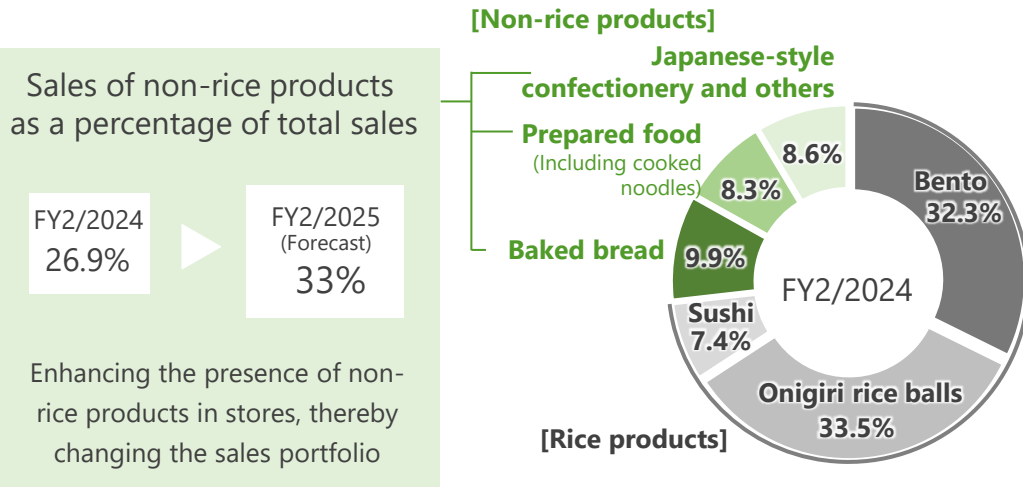


Food Production Business | Sales by product (Domestic)

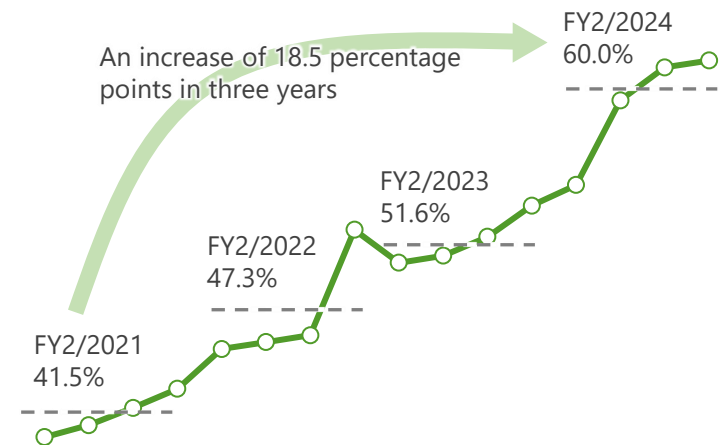
Driving changes to the sales portfolio by expanding the range of non-rice products

- Building an appropriate sales portfolio that enables us to respond to changes in consumer demand
- Strengthening product development and manufacturing of chilled bento

Net sales share by product



Sales of chilled bento as a percentage of bento sales



Hotteok Anko

Hotteok from food stalls was reproduced with a sandwiching and baking method, which is applied by using a paste-filling machine for the baked confectionery production line.



Smooth starch noodle salad with okra and Chinese yam

We aim to increase supply in stages with this salad and soup featuring healthy, traditional Japanese soup stock. The sealed top prevents leakage.



Omelet with a rice filling

It features a moist, fluffy omelet cooked with superheated steam and an authentic taste created by a tomato sauce made using diced tomatoes, so that the presence of the ingredients is felt.

Chilled bento



Charcoal grilled yakitori rice bowl

Fragrant, charcoal grilled yakitori that comes with a specially made sauce, with importance also attached to the balance of nutrients including protein and fat

Chilled bento



Roast beef rice bowl

Made in pursuit of moist texture using soft red meat, the roast beef is popular with women as well.

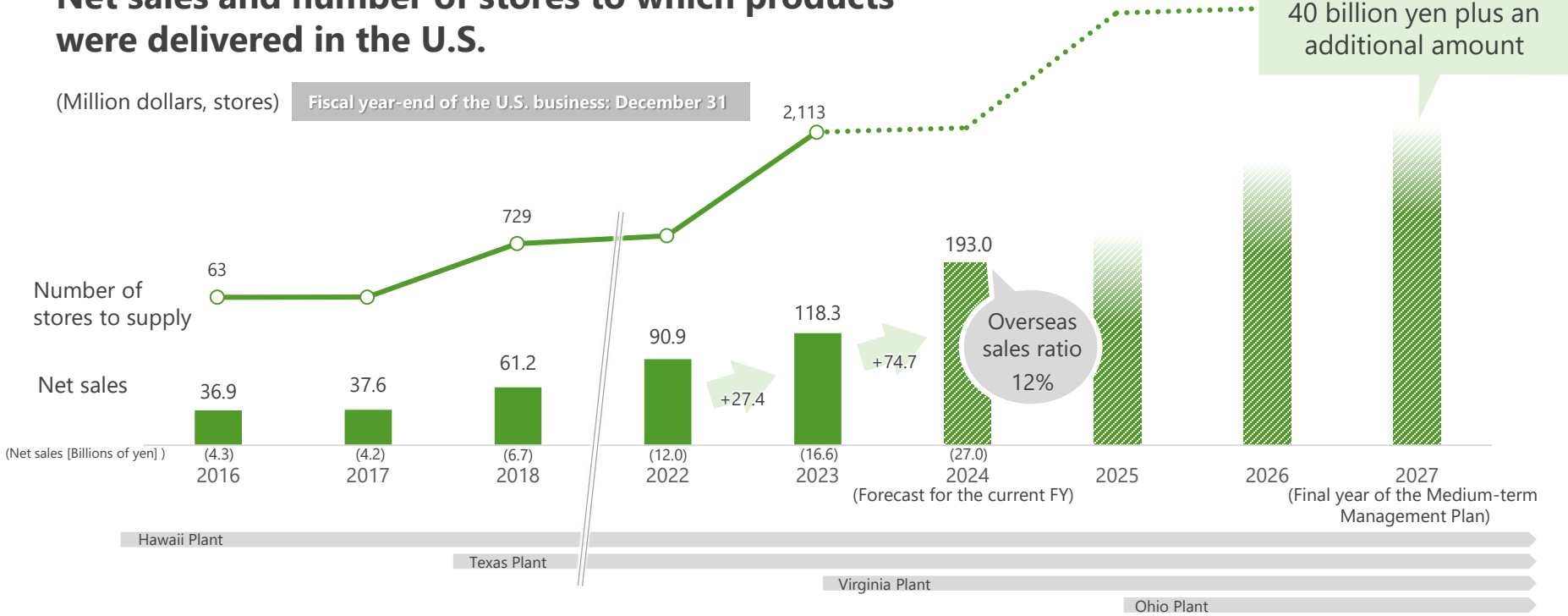
Chilled bento

Food Production Business | Summary of U.S. business

U.S. business enhancing presence

Net sales and number of stores to which products were delivered in the U.S.

(Million dollars, stores) Fiscal year-end of the U.S. business: December 31



All the figures indicating the number of stores to which products were delivered are as of December 31, 2023.


Companies operating the plants
WARABEYA U.S.A., INC. (Investment ratio 100%)
WARABEYA NORTH AMERICA, INC. (Investment ratio 70%)


Plant operated : Hawaii
Plant operated : Texas, Virginia, Ohio

Food Production Business | Virginia Plant (Overseas)


The number of supplied products increased with product development catering to customer needs


Released to coincide with the commencement of operations


- 

Nashville Hot Chicken Slider
A slider as a sandwich of fried chicken and a spicy hot sauce
- 

Ham & Egg Sweet Bread Sandwich
The product that is popular in Hawaii has been deployed horizontally using the Group's synergy.
- 


Italian Job Sub
A basic sub sandwich available for a reasonable price
- 


Chicken Cobb Salad
A salad featuring a newly introduced container with top seal packaging
- 


Turkey Jk Chs Sandwich
A sandwich of turkey, a staple in the U.S., and Monterey Jack cheese that is popular in the country
- 


Chicken Alfredo Pasta
A standard pasta dish in the U.S. featuring the use of penne pasta, chicken breast, Alfredo red sauce, and cheese

Released after the commencement of operations

- 

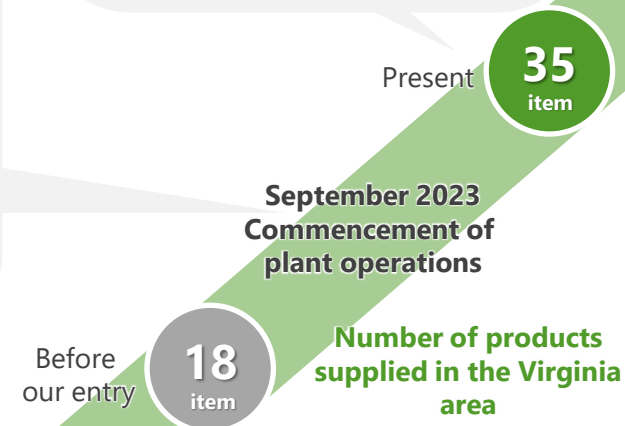
Chili Rice Bowl
Developed with reference to a popular restaurant on the East Coast
- 

Chicken Biscuit
The recipe was developed with reference to breakfast menu items from popular restaurant chains that are popular all over the U.S.
- 

Southwestern Style Chicken Wrap
The product developed in Texas is provided in Virginia as well.
- 

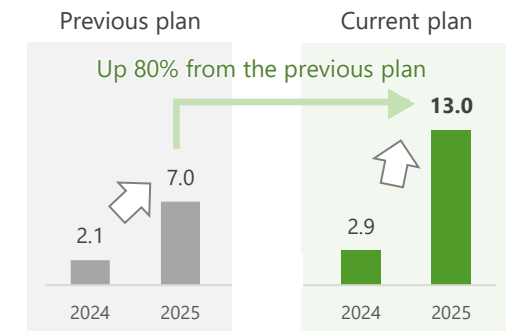
Spicy Miso Ramen Bowl
A menu item developed with the aim of establishing ramen as a popular choice at 7-Eleven stores

Future new products



Net sales at Virginia Plant

(Billions of yen)
A rapid increase in sales expected to be achieved through an early stabilization of operations



Food Production Business | Ohio Plant
(Overseas)

Aim for vertical start-up by horizontally applying expertise cultivated in Virginia

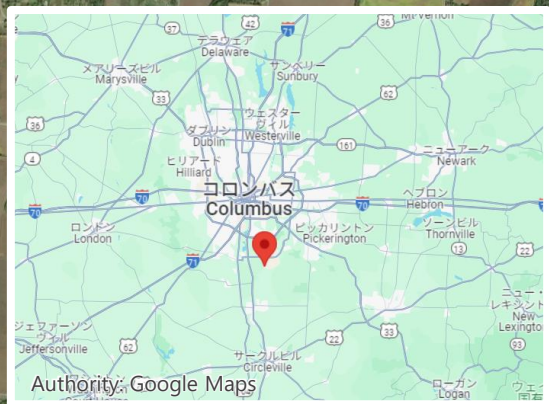


Schedule of the Ohio Plant



Review of layout and equipment and efficiency improvement

Current plan	Both commencement of product supply and construction will be done in a single step.
Previous plan	<p>Product supply will proceed in two phases.</p> <ul style="list-style-type: none"> - Phase 1: Fresh food (Dec. 2024) - Phase 2: Pizza (Summer of 2025) <p>Construction of the plant will proceed in two phases in accordance with the product supply plan.</p>

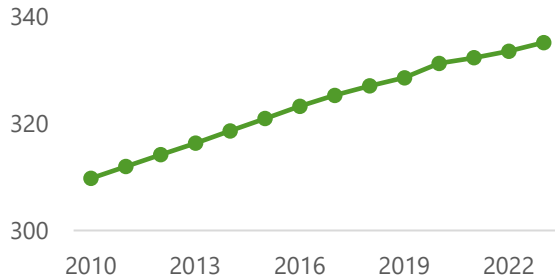


Food Production Business | Business environment
(Overseas)

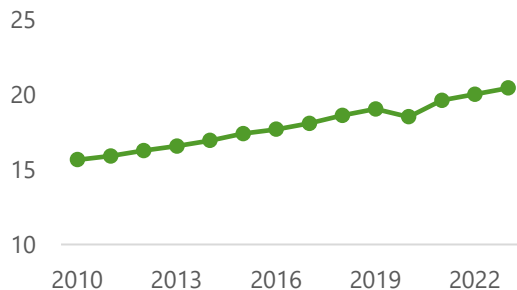
Focusing efforts on the U.S. market, which continues to grow

United States

Population trend
(Million people)

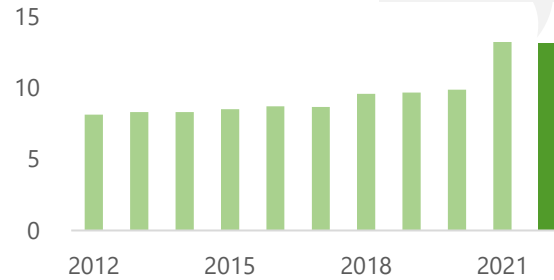


Real GDP
(Billion dollars)

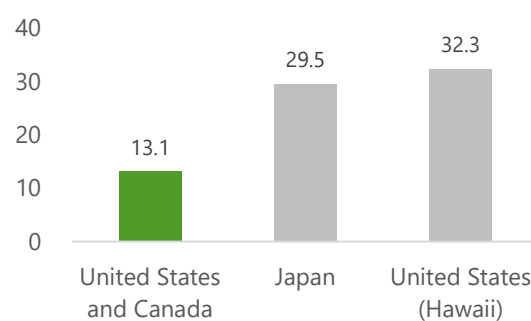


7-Eleven, Inc

Number of stores
(Thousands of stores)



Sales of fast food as a percentage
(%)



The Group

Strengthening cooperation between plants by taking advantage of multiple plant operations



Strengthening business administration by localizing the management

Warabeya
North America

Warabeya North America, Inc.

(Sources) U.S.: 2023 figures are estimations made in October. 7-Eleven, Inc.: Disclosed materials (FY2022)

Group Business | Profitability improvement

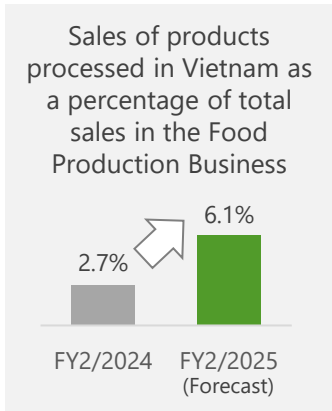
Strengthening our business foundations for sustainable growth

Food Materials Business

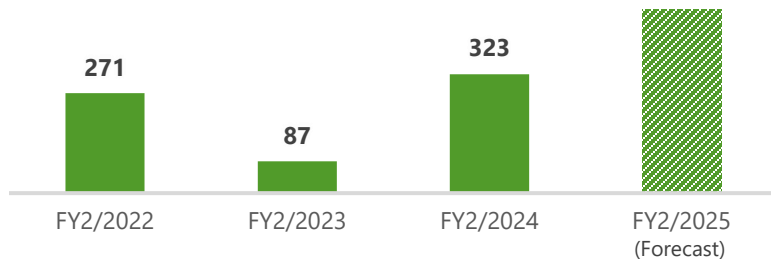
Increasing added value through processing

Expanding the processing business in Vietnam

- Opening new office and increasing the number of staff members
- Increasing the number of processing partners



Operating profit
(Millions of yen)



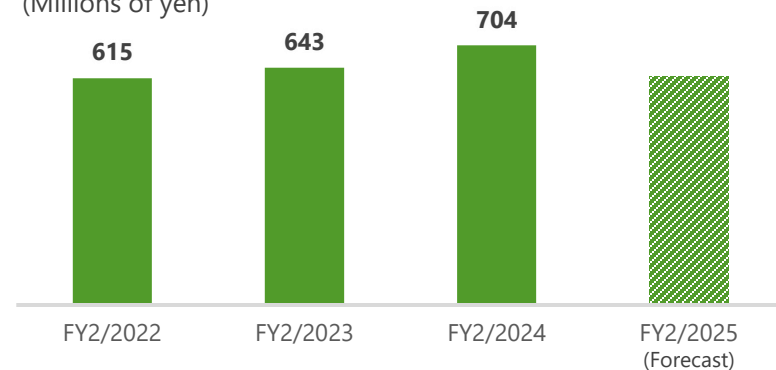
Logistics Business

Response to 2024 issues

Responding to changes in demand (shift to chilled products)

Construction of new freezer warehouses

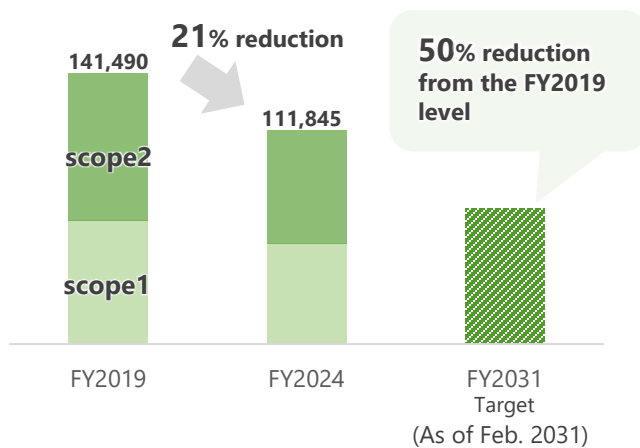
Operating profit
(Millions of yen)



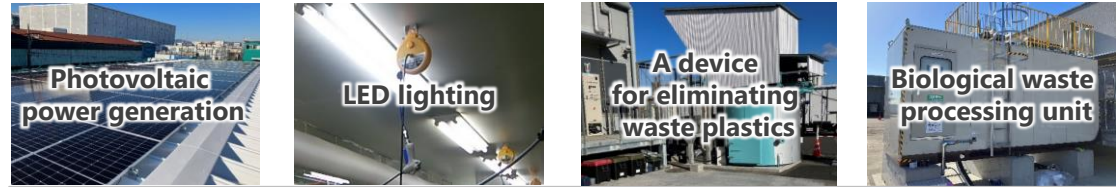
Sustainability

Tackling climate change (Material issue: Contribute to a circular society)

GHG emissions (t-CO2)



Initiatives to reduce GHG emissions and industrial waste emissions (Examples)



TCFD	
Metrics and Targets	Reducing GHG emissions and industrial waste emissions by half by FY2031 (Benchmark year: FY2019)
Governance	Formulating relevant policies, targets, and measures and taking other initiatives at Sustainability Committee meetings and reporting them to the Board of Directors in each case
Strategy	Evaluating the impact of climate change based on two outlooks on the world (4°C and 1.5°C scenarios)
Risk Management	The Sustainability Committee identifies and assesses climate change risks, considers and drives measures, and also reports to the Board of Directors in each case.

Human capital (Material issue: Ensure work is rewarding, and respect human rights and diversity)

Our human resources Driving force that supports our sustainable growth

Indicator	FY2024 Result		FY2031 (Target)
	Warabeya Nichiyo Holdings Co., Ltd.	Warabeya Nichiyo Foods Co., Ltd.	HD+Foods
Ratio of women in management	6.5%	3.4%	10%
Annual paid leave acquisition rate	74.5%	79.8%	80%

Initiatives
<ul style="list-style-type: none"> - Increase the ratio of women in management - Enhancing programs that support balancing work and childcare - Continuing to implement measures to encourage employees to take annual paid leave - Enhancing a human resources cultivation program - Raising awareness of health management for continuing to work with good health

Appendix

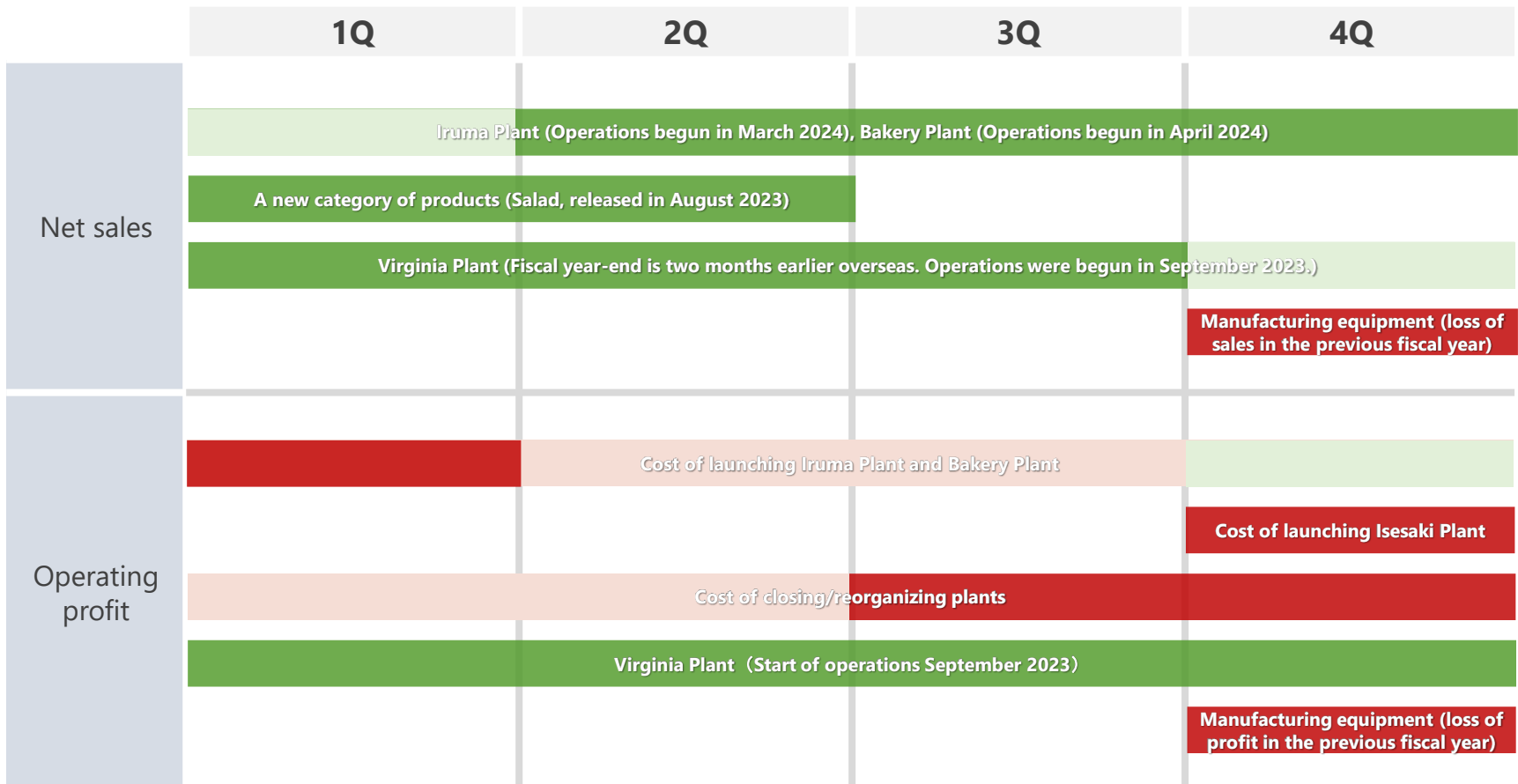
Quarterly changes in sales and profit (FY2/2025 forecast)

Time of occurrence of factors for significant quarterly fluctuations and their impacts (YoY/For illustration purposes only)

- Positive factor (which increases sales and profit)
- Negative factor (which decreases sales and profit)

Level of impact in each

Small Impact High



Capital expenditures (current outlook)

Capital expenditures under the Five-Year Medium-term Management Plan

Total amount **Approx. ¥75.0 billion**

Breakdown

Approx. ¥50.0 billion

Approx. 70% of total investment

Growth investments

- New plant Domestic: Iruma and Bakery, Iseaki
 Overseas: Virginia, Ohio, etc.
- Manufacturing equipment for new products,
 freezer warehouses

Approx. ¥17.0 billion

Replacement, safety and health investment, etc.

Approx. ¥8.0 billion

Environmental investment, investment for efficiency improvement, etc.

Change to the amount of capital expenditures

Present ¥75.0 billion (Vs. initial plan +¥15.0 billion)

(Details of the increase)

Plant reorganization (Iseaki)	Approx. ¥8.0 billion
Effect of foreign exchange rate	Approx. ¥1.0 billion
Logistics bases	Approx. ¥2.0 billion
Environmental facilities	Approx. ¥2.0 billion

Schedule for newly constructed (closed) plants and capital expenditures

Region	Category	plant	FY2/2023	FY2/2024	FY2/2025	FY2/2026
Domestic	New construction	Iruma/Bakery		Approx. ¥7.2 billion	• Operations begun in Mar. to Apr. 2024	
		Iseaki			Approx. ¥15.0 billion	• Planned to start operations in Mar. 2025
	Closure	Gunma				• Planned to close in Mar. 2025
		other				Timing and details TBD
Overseas	New construction	Virginia		¥7.5 billion	• Operations begun in Sep. 2023	
		Ohio			Approx. ¥11.0 billion	• Planned to start operations in Sep. 2025

A large, modern industrial building with a white facade and green accents. The company name "Warabeya Nichiyo" is prominently displayed on the upper part of the building. The building has multiple windows and a large entrance area.

**Warabeya
Nichiyo**

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.

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.

