

Translation

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Summary of Consolidated Financial Results for the Three Months Ended May 31, 2022 (Based on Japanese GAAP)

July 6, 2022

Company name: WARABEYA NICHIIYO 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: July 7, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended May 31, 2022 (from March 1, 2022 to May 31, 2022)

(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	%
Three months ended May 31, 2022	47,414	0.8	1,694	25.0	1,658	16.3	1,271	67.0
Three months ended May 31, 2021	47,058	1.6	1,355	529.5	1,426	472.2	761	706.6

(Note) Comprehensive income: Three months ended May 31, 2022: ¥1,710 million [33.0%]
 Three months ended May 31, 2021: ¥1,285 million [–%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended May 31, 2022	72.82		–	
Three months ended May 31, 2021	43.64		–	

(Note) The Company started to adopt the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29 March 31, 2020), etc. at the beginning of the first quarter of the consolidated fiscal year under review. The figures for the first quarter of the fiscal year ending February 28, 2023 are those after the application of the said accounting standard, etc.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of May 31, 2022	87,665	49,208	55.1
As of February 28, 2022	82,184	47,901	57.9

(Reference) Equity capital: As of May 31, 2022: ¥48,327 million
 As of February 28, 2022: ¥47,564 million

(Note) The Company started to adopt the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29 March 31, 2020), etc. at the beginning of the first quarter of the consolidated fiscal year under review. The figures for the first quarter of the fiscal year ending February 28, 2023 are those after the application of the said accounting standard, etc.

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended February 28, 2022	–	0.00	–	50.00	50.00
Year ending February 28, 2023	–				
Year ending February 28, 2023 (Forecast)		0.00	–	50.00	50.00

(Note) Revisions to the most recently announced dividends forecasts: None

3. Forecast of consolidated financial results for the year ending February 28, 2023 (from March 1, 2022 to February 28, 2023)

(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, 2022	96,700	0.7	2,600	(18.6)	2,750	(30.0)	1,750	(28.1)	100.20
Full year	194,000	0.9	4,500	1.3	4,750	(5.7)	3,000	(8.1)	171.78

(Note) 1. Revisions to the most recently announced financial forecasts: None

2. The Company started to adopt the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29 March 31, 2020), etc. at the beginning of the first quarter of the consolidated fiscal year under review. The above forecasts for consolidated financial results reflect figures compiled after the application of the said accounting standard, etc.

* Notes

(1) Changes in significant subsidiaries during the three months ended May 31, 2022
(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: Yes
Changes in accounting policies due to other reasons: No
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 May 31, 2022	17,625,660 shares	As of February 28, 2022	17,625,660 shares
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Number of treasury shares at the end of the period

As of May 31, 2022	161,363 shares	As of February 28, 2022	161,323 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended May 31, 2022	17,464,328 shares	Three months ended May 31, 2021	17,454,293 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, 2022	As of May 31, 2022
Assets		
Current assets		
Cash and deposits	9,671	13,341
Notes and accounts receivable - trade	15,427	16,461
Merchandise and finished goods	1,256	1,853
Raw materials and supplies	1,607	1,671
Other	1,505	1,431
Allowance for doubtful accounts	–	(0)
Total current assets	29,467	34,759
Non-current assets		
Property, plant and equipment		
Buildings and structures	55,349	55,686
Accumulated depreciation	(33,153)	(33,676)
Buildings and structures, net	22,196	22,010
Machinery, equipment and vehicles	19,383	19,583
Accumulated depreciation	(15,223)	(15,409)
Machinery, equipment and vehicles, net	4,160	4,173
Land	11,913	11,852
Construction in progress	440	899
Other	13,231	12,518
Accumulated depreciation	(7,565)	(7,048)
Other, net	5,665	5,470
Total property, plant and equipment	44,376	44,407
Intangible assets		
Goodwill	73	51
Other	372	349
Total intangible assets	445	401
Investments and other assets		
Other	8,016	8,216
Allowance for doubtful accounts	(121)	(119)
Total investments and other assets	7,895	8,097
Total non-current assets	52,716	52,905
Total assets	82,184	87,665

(Millions of yen)

	As of February 28, 2022	As of May 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,251	9,495
Current portion of long-term borrowings	628	913
Accounts payable - other	7,668	6,698
Income taxes payable	349	716
Provision for bonuses	1,194	1,771
Provision for bonuses for directors (and other officers)	–	27
Other	2,447	2,751
Total current liabilities	21,539	22,374
Non-current liabilities		
Long-term borrowings	1,995	5,544
Lease obligations	4,857	4,623
Retirement benefit liability	3,972	3,976
Provision for Directors stock-based rewards	188	199
Asset retirement obligations	1,419	1,424
Other	310	312
Total non-current liabilities	12,744	16,081
Total liabilities	34,283	38,456
Net assets		
Shareholders' equity		
Share capital	8,049	8,049
Capital surplus	8,100	8,100
Retained earnings	31,253	31,644
Treasury shares	(334)	(335)
Total shareholders' equity	47,068	47,459
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	216	193
Deferred gains or losses on hedges	0	4
Foreign currency translation adjustment	393	767
Remeasurements of defined benefit plans	(113)	(97)
Total accumulated other comprehensive income	496	868
Non-controlling interests	336	881
Total net assets	47,901	49,208
Total liabilities and net assets	82,184	87,665

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

(Millions of yen)

	Three months ended May 31, 2021	Three months ended May 31, 2022
Net sales	47,058	47,414
Cost of sales	38,721	38,773
Gross profit	8,337	8,641
Selling, general and administrative expenses	6,982	6,947
Operating profit	1,355	1,694
Non-operating income		
Interest income	1	1
Dividend income	2	2
Rental income	43	48
Subsidy income	27	22
Share of profit of entities accounted for using equity method	22	–
Other	52	29
Total non-operating income	150	106
Non-operating expenses		
Interest expenses	23	39
Rental costs	35	41
Share of loss of entities accounted for using equity method	–	48
Other	19	11
Total non-operating expenses	78	141
Ordinary profit	1,426	1,658
Extraordinary income		
Gain on sale of businesses	–	500
Total extraordinary income	–	500
Extraordinary losses		
Impairment losses	191	143
Total extraordinary losses	191	143
Profit before income taxes	1,235	2,014
Income taxes - current	630	906
Income taxes - deferred	(180)	(201)
Total income taxes	450	704
Profit	784	1,310
Profit attributable to non-controlling interests	22	38
Profit attributable to owners of parent	761	1,271

Consolidated statements of comprehensive income

(Millions of yen)

	Three months ended May 31, 2021	Three months ended May 31, 2022
Profit	784	1,310
Other comprehensive income		
Valuation difference on available-for-sale securities	46	(22)
Deferred gains or losses on hedges	(0)	4
Foreign currency translation adjustment	368	311
Remeasurements of defined benefit plans, net of tax	13	16
Share of other comprehensive income of entities accounted for using equity method	73	90
Total other comprehensive income	501	400
Comprehensive income	1,285	1,710
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	1,241	1,644
Comprehensive income attributable to non-controlling interests	44	66

(3) Segment information, etc.

[Segment information]

I. Three months ended May 31, 2021 (from March 1, 2021 to May 31, 2021)

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	Food Plant and Equipment, Design and Development Businesses	Total				
Net sales									
Sales to external customers	39,956	3,354	3,372	337	47,020	38	47,058	–	47,058
Intersegment sales and transfers	–	668	1,206	37	1,911	961	2,872	(2,872)	–
Total	39,956	4,022	4,578	374	48,932	999	49,931	(2,872)	47,058
Segment profit (loss)	1,395	44	181	(26)	1,595	(138)	1,456	(101)	1,355

- Notes: 1. The classification “Other” is the segment of businesses not included in the reportable segments, and includes Temporary Staffing and Contracting Business.
2. The adjustment of (101) million yen under the item of “Segment profit (loss)” includes an elimination of intersegment transactions of 235 million yen, as well as corporate expenses of (336) 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. Three months ended May 31, 2022 (from March 1, 2022 to May 31, 2022)

1. Sales and profits or losses by reportable segments

(Millions of Yen)

	Reportable segments					Adjustment (Note 1)	Carried on quarterly consolidated statements of income (Note 2)
	Food Production Businesses	Food Materials Businesses	Logistics Businesses	Food Plant and Equipment, Design and Development Businesses	Total		
Net sales							
Sales to external customers	41,383	2,613	3,265	152	47,414	–	47,414
Intersegment sales and transfers	–	69	1,206	10	1,286	(1,286)	–
Total	41,383	2,683	4,471	162	48,700	(1,286)	47,414
Segment profit (loss)	1,714	17	159	(20)	1,870	(176)	1,694

- Notes: 1. The adjustment of (176) million yen under the item of “Segment profit (loss)” includes an elimination of intersegment transactions of 83 million yen, as well as corporate expenses of (259) million yen, which are not allocated to the reportable segments.
2. 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

The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. began to be applied from the beginning of the first quarter under review, and the account processing method regarding revenue recognition was changed, so the method of measuring segment profit (loss) was changed accordingly.

As a result of this change, net sales of the Food Materials Businesses for the first quarter under review decreased 571 million yen, net sales of the Logistics Businesses were down 3 million yen, and net sales of the Food Plant and Equipment, Design and Development Businesses declined 65 million yen compared to the previous method. This will not affect the segment profit or loss.

(Revenue Recognition)

Revenue from contracts with customers

Three months ended May 31, 2022 (from March 1, 2022 to May 31, 2022)

(Millions of Yen)

	Reportable segments					Total
	Food Production Businesses	Food Materials Businesses	Logistics Businesses	Food Plant and Equipment, Design and Development Businesses	Total	
Japan	38,823	2,612	3,265	137	44,839	44,839
U.S.	2,560	–	–	–	2,560	2,560
Other	–	0	–	14	14	14
Revenue from contracts with customers	41,383	2,613	3,265	152	47,414	47,414
Other revenue	–	–	–	–	–	–
Sales to external customers	41,383	2,613	3,265	152	47,414	47,414