

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Nine Months Ended November 30, 2022 (Based on Japanese GAAP)

January 10, 2023

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 to file Quarterly Securities Report: January 11, 2023
 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 nine months ended November 30, 2022 (from March 1, 2022 to November 30, 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	%
Nine months ended November 30, 2022	147,171	1.7	4,659	8.6	4,317	(14.6)	2,365	(26.7)
Nine months ended November 30, 2021	144,703	(1.1)	4,292	45.6	5,057	52.6	3,228	282.7

(Note) Comprehensive income: Nine months ended November 30, 2022: ¥4,502 million [15.5%]
 Nine months ended November 30, 2021: ¥3,898 million [352.6%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended November 30, 2022	135.44		–	
Nine months ended November 30, 2021	184.96		–	

(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 third 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 November 30, 2022	95,340	52,000	53.4
As of February 28, 2022	82,184	47,901	57.9

(Reference) Equity capital: As of November 30, 2022: ¥50,902 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 third 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	–	0.00	–	–	–
Year ending February 28, 2023 (Forecast)	–	–	–	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
Full year	195,000	1.4	4,800	8.1	4,600	(8.6)	2,600	(20.4)	148.88

(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.

4. Notes

(1) Changes in significant subsidiaries during the nine months ended November 30, 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 November 30, 2022	17,625,660 shares	As of February 28, 2022	17,625,660 shares
-------------------------	-------------------	-------------------------	-------------------

Number of treasury shares at the end of the period

As of November 30, 2022	161,364 shares	As of February 28, 2022	161,323 shares
-------------------------	----------------	-------------------------	----------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended November 30, 2022	17,464,307 shares	Nine months ended November 30, 2021	17,457,458 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

(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 November 30, 2022
Assets		
Current assets		
Cash and deposits	9,671	14,416
Notes and accounts receivable - trade	15,427	17,237
Merchandise and finished goods	1,256	2,039
Raw materials and supplies	1,607	1,739
Other	1,505	1,570
Allowance for doubtful accounts	-	(0)
Total current assets	29,467	37,003
Non-current assets		
Property, plant and equipment		
Buildings and structures	55,349	57,656
Accumulated depreciation	(33,153)	(34,590)
Buildings and structures, net	22,196	23,066
Machinery, equipment and vehicles	19,383	20,333
Accumulated depreciation	(15,223)	(15,653)
Machinery, equipment and vehicles, net	4,160	4,679
Land	11,913	11,931
Construction in progress	440	2,578
Other	13,231	14,502
Accumulated depreciation	(7,565)	(6,864)
Other, net	5,665	7,638
Total property, plant and equipment	44,376	49,894
Intangible assets		
Other	445	280
Total intangible assets	445	280
Investments and other assets		
Other	8,016	8,277
Allowance for doubtful accounts	(121)	(116)
Total investments and other assets	7,895	8,161
Total non-current assets	52,716	58,336
Total assets	82,184	95,340

(Millions of yen)

	As of February 28, 2022	As of November 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,251	9,808
Current portion of long-term borrowings	628	959
Accounts payable - other	7,668	7,835
Income taxes payable	349	1,070
Provision for bonuses	1,194	1,771
Provision for bonuses for directors (and other officers)	–	81
Other	2,447	2,548
Total current liabilities	21,539	24,075
Non-current liabilities		
Long-term borrowings	1,995	5,894
Lease obligations	4,857	6,924
Retirement benefit liability	3,972	4,061
Provision for Directors stock-based rewards	188	221
Asset retirement obligations	1,419	1,435
Other	310	726
Total non-current liabilities	12,744	19,264
Total liabilities	34,283	43,339
Net assets		
Shareholders' equity		
Share capital	8,049	8,049
Capital surplus	8,100	8,100
Retained earnings	31,253	32,737
Treasury shares	(334)	(335)
Total shareholders' equity	47,068	48,552
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	216	208
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	393	2,206
Remeasurements of defined benefit plans	(113)	(65)
Total accumulated other comprehensive income	496	2,350
Non-controlling interests	336	1,097
Total net assets	47,901	52,000
Total liabilities and net assets	82,184	95,340

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

(Millions of yen)

	Nine months ended November 30, 2021	Nine months ended November 30, 2022
Net sales	144,703	147,171
Cost of sales	119,592	121,110
Gross profit	25,110	26,060
Selling, general and administrative expenses	20,818	21,401
Operating profit	4,292	4,659
Non-operating income		
Interest income	4	9
Dividend income	279	282
Rental income	149	150
Share of profit of entities accounted for using equity method	105	-
Other	500	194
Total non-operating income	1,038	636
Non-operating expenses		
Interest expenses	66	117
Loss on retirement of non-current assets	32	39
Rental costs	119	129
Share of loss of entities accounted for using equity method	-	489
Other	55	201
Total non-operating expenses	274	978
Ordinary profit	5,057	4,317
Extraordinary income		
Gain on sale of businesses	-	500
Total extraordinary income	-	500
Extraordinary losses		
Impairment losses	297	749
Total extraordinary losses	297	749
Profit before income taxes	4,759	4,068
Income taxes - current	1,237	1,769
Income taxes - deferred	180	(178)
Total income taxes	1,418	1,591
Profit	3,341	2,477
Profit attributable to non-controlling interests	112	111
Profit attributable to owners of parent	3,228	2,365

Consolidated statements of comprehensive income

(Millions of yen)

	Nine months ended November 30, 2021	Nine months ended November 30, 2022
Profit	3,341	2,477
Other comprehensive income		
Valuation difference on available-for-sale securities	28	(7)
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	383	1,809
Remeasurements of defined benefit plans, net of tax	40	48
Share of other comprehensive income of entities accounted for using equity method	105	174
Total other comprehensive income	556	2,025
Comprehensive income	3,898	4,502
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	3,760	4,219
Comprehensive income attributable to non-controlling interests	137	282

(3) Segment information, etc.

[Segment information]

I. Nine months ended November 30, 2021 (from March 1, 2021 to November 30, 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 Developme nt Businesses	Total				
Net sales									
Sales to external customers	122,697	10,096	10,022	1,849	144,665	38	144,703	–	144,703
Intersegment sales and transfers	–	1,961	3,687	87	5,737	961	6,698	(6,698)	–
Total	122,697	12,058	13,709	1,937	150,402	999	151,401	(6,698)	144,703
Segment profit (loss)	4,114	218	528	(13)	4,847	(138)	4,709	(416)	4,292

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 (416) million yen under the item of “Segment profit (loss)” includes an elimination of intersegment transactions of 384 million yen, as well as corporate expenses of (800) 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. Nine months ended November 30, 2022 (from March 1, 2022 to November 30, 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	128,784	8,286	9,769	331	147,171	–	147,171
Intersegment sales and transfers	–	215	3,748	20	3,985	(3,985)	–
Total	128,784	8,502	13,518	352	151,157	(3,985)	147,171
Segment profit (loss)	4,608	66	567	(66)	5,176	(516)	4,659

Notes: 1. The adjustment of (516) million yen under the item of “Segment profit (loss)” includes an elimination of intersegment transactions of 643 million yen, as well as corporate expenses of (1,160) 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 third quarter under review decreased 1,481 million yen, net sales of the Logistics Businesses were down 8 million yen, and net sales of the Food Plant and Equipment, Design and Development Businesses declined 191 million yen compared to the previous method. This will not affect the segment profit or loss.

[Revenue Recognition]

Revenue from contracts with customers

Nine months ended November 30, 2022 (from March 1, 2022 to November 30, 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	119,019	8,285	9,769	307	137,381	137,381
U.S.	9,765	–	–	–	9,765	9,765
Other	–	0	–	24	25	25
Revenue from contracts with customers	128,784	8,286	9,769	331	147,171	147,171
Other revenue	–	–	–	–	–	–
Sales to external customers	128,784	8,286	9,769	331	147,171	147,171