

**Translation**

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## Summary of Consolidated Financial Results for the Year Ended February 28, 2023 (Based on Japanese GAAP)

April 11, 2023

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 of ordinary general meeting of shareholders: May 25, 2023  
 Scheduled date to file Securities Report: May 26, 2023  
 Scheduled date to commence dividend payments: May 26, 2023  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the year ended February 28, 2023 (from March 1, 2022 to February 28, 2023)

#### (1) Consolidated operating results

(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	%
Year ended February 28, 2023	194,416	1.1	4,985	12.3	4,628	(8.1)	2,810	(13.9)
Year ended February 28, 2022	192,326	(1.0)	4,441	33.3	5,035	35.7	3,264	378.1

(Note) Comprehensive income: Year ended February 28, 2023: ¥4,031 million [(4.9)%]  
 Year ended February 28, 2022: ¥4,239 million [734.3%]

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended February 28, 2023	160.94	–	5.7	5.3	2.6
Year ended February 28, 2022	186.98	–	7.1	6.1	2.3

(Reference) Equity in earnings of affiliates: Year ended February 28, 2023: ¥(571) million  
 Year ended February 28, 2022: ¥(137) million

(Note) The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) from the beginning of the fiscal year under review. The figures for the fiscal year ended February 28, 2023 are those after the application of the said accounting standard, etc.

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 28, 2023	92,684	51,529	54.5	2,891.48
As of February 28, 2022	82,184	47,901	57.9	2,723.51

(Reference) Equity capital: As of February 28, 2023: ¥50,497 million  
 As of February 28, 2022: ¥47,564 million

(Note) The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) from the beginning of the fiscal year under review. The figures for the fiscal year ended February 28, 2023 are those after the application of the said accounting standard, etc.

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended February 28, 2023	7,433	(7,541)	692	11,189
Year ended February 28, 2022	8,106	(3,963)	(3,546)	9,671

## 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended February 28, 2022	–	0.00	–	50.00	50.00	880	26.7	1.9
Year ended February 28, 2023	–	0.00	–	65.00	65.00	1,144	40.4	2.3
Year ending February 29, 2024 (Forecast)	–	35.00	–	35.00	70.00		38.2	

(Note) Total cash dividends for the year ended February 28, 2022 and the year ended February 28, 2023, respectively, include dividends of ¥7 million and ¥9 million paid for shares of the Company held by the BIP Trust.

## 3. Forecast of consolidated financial results for the year ending February 29, 2024 (from March 1, 2023 to February 29, 2024)

(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, 2023	101,000	3.2	3,650	8.1	3,950	29.1	2,400	49.4	137.42
Full year	204,000	4.9	5,200	4.3	5,550	19.9	3,200	13.9	183.23

\* Notes

- (1) Changes in significant subsidiaries during the year ended February 28, 2023  
(changes in specified subsidiaries resulting in the change in scope of consolidation): No  
Newly consolidated: – Excluded: –
- (2) 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

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of February 28, 2023	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 February 28, 2023	161,364 shares	As of February 28, 2022	161,323 shares
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Average number of shares during the period

Year ended February 28, 2023	17,464,305 shares	Year ended February 28, 2022	17,459,154 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.

(References) Overview of non-consolidated financial results

1. Non-consolidated financial results for the year ended February 28, 2023 (from March 1, 2022 to February 28, 2023)

(1) Non-consolidated operating results

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended February 28, 2023	4,235	92.2	1,850	406.1	1,808	284.8	1,187	730.3
Year ended February 28, 2022	2,203	17.3	365	(56.2)	469	(49.2)	142	(79.5)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Year ended February 28, 2023	67.98		–	
Year ended February 28, 2022	8.19		–	

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Millions of yen		Millions of yen		%		Yen	
As of February 28, 2023	46,372		38,327		82.7		2,194.63	
As of February 28, 2022	41,826		37,996		90.8		2,175.63	

(Reference) Equity capital: As of February 28, 2023: ¥38,327 million  
As of February 28, 2022: ¥37,996 million

\* This financial summary document is outside the scope of audit 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.

**Consolidated financial statements**  
**(1) Consolidated balance sheets**

(Millions of yen)

	As of February 28, 2022	As of February 28, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	9,671	11,189
Notes and accounts receivable - trade	15,427	–
Accounts receivable - trade	–	15,879
Merchandise and finished goods	1,256	1,921
Raw materials and supplies	1,607	1,713
Other	1,505	1,640
Allowance for doubtful accounts	–	(0)
Total current assets	29,467	32,344
Non-current assets		
Property, plant and equipment		
Buildings and structures	55,349	57,632
Accumulated depreciation	(33,153)	(35,005)
Buildings and structures, net	22,196	22,626
Machinery, equipment and vehicles	19,383	20,135
Accumulated depreciation	(15,223)	(15,531)
Machinery, equipment and vehicles, net	4,160	4,603
Land	11,913	11,827
Leased assets	11,693	10,634
Accumulated depreciation	(6,260)	(5,367)
Leased assets, net	5,433	5,266
Construction in progress	440	4,578
Other	1,537	3,817
Accumulated depreciation	(1,305)	(1,410)
Other, net	232	2,406
Total property, plant and equipment	44,376	51,310
Intangible assets		
Goodwill	73	–
Leased assets	0	–
Other	371	314
Total intangible assets	445	314
Investments and other assets		
Investment securities	670	707
Long-term loans receivable	277	77
Retirement benefit asset	824	828
Guarantee deposits	1,386	1,346
Deferred tax assets	3,166	3,549
Other	1,690	2,319
Allowance for doubtful accounts	(121)	(114)
Total investments and other assets	7,895	8,714
Total non-current assets	52,716	60,339
Total assets	82,184	92,684

(Millions of yen)

	As of February 28, 2022	As of February 28, 2023
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	9,251	8,486
Current portion of long-term borrowings	628	940
Lease liabilities	1,833	1,652
Accounts payable - other	7,668	8,146
Income taxes payable	349	660
Provision for bonuses	1,194	1,334
Other	613	858
<b>Total current liabilities</b>	<b>21,539</b>	<b>22,079</b>
<b>Non-current liabilities</b>		
Long-term borrowings	1,995	5,608
Lease liabilities	4,857	6,952
Retirement benefit liability	3,972	4,058
Provision for share awards for directors (and other officers)	188	228
Asset retirement obligations	1,419	1,440
Other	310	785
<b>Total non-current liabilities</b>	<b>12,744</b>	<b>19,074</b>
<b>Total liabilities</b>	<b>34,283</b>	<b>41,154</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	8,049	8,049
Capital surplus	8,100	8,100
Retained earnings	31,253	33,183
Treasury shares	(334)	(335)
<b>Total shareholders' equity</b>	<b>47,068</b>	<b>48,998</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	216	242
Deferred gains or losses on hedges	0	2
Foreign currency translation adjustment	393	1,304
Remeasurements of defined benefit plans	(113)	(50)
<b>Total accumulated other comprehensive income</b>	<b>496</b>	<b>1,499</b>
<b>Non-controlling interests</b>	<b>336</b>	<b>1,031</b>
<b>Total net assets</b>	<b>47,901</b>	<b>51,529</b>
<b>Total liabilities and net assets</b>	<b>82,184</b>	<b>92,684</b>

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

(Millions of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Net sales	192,326	194,416
Cost of sales	160,214	160,908
Gross profit	32,112	33,508
Selling, general and administrative expenses		
Transportation costs	11,709	12,069
Salaries, allowances and bonuses	6,218	6,079
Provision for bonuses	441	586
Depreciation	476	408
Rent expenses	1,060	1,018
Other	7,764	8,360
Total selling, general and administrative expenses	27,670	28,522
Operating profit	4,441	4,985
Non-operating income		
Interest income	6	22
Dividend income	286	285
Rental income	198	195
Gain on forgiveness of debts	326	–
Subsidy income	129	106
Other	175	60
Total non-operating income	1,122	671
Non-operating expenses		
Interest expenses	86	145
Rental costs	154	170
Loss on retirement of non-current assets	54	54
Loss on cancellation of leases	43	13
Share of loss of entities accounted for using equity method	137	571
Other	52	71
Total non-operating expenses	529	1,027
Ordinary profit	5,035	4,628
Extraordinary income		
Gain on sale of businesses	–	500
Total extraordinary income	–	500
Extraordinary losses		
Impairment losses	303	938
Total extraordinary losses	303	938
Profit before income taxes	4,731	4,190
Income taxes - current	1,018	1,602
Income taxes - deferred	311	(350)
Total income taxes	1,329	1,251
Profit	3,401	2,939
Profit attributable to non-controlling interests	137	128
Profit attributable to owners of parent	3,264	2,810

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Profit	3,401	2,939
Other comprehensive income		
Valuation difference on available-for-sale securities	100	26
Deferred gains or losses on hedges	(0)	2
Foreign currency translation adjustment	528	928
Remeasurements of defined benefit plans, net of tax	52	63
Share of other comprehensive income of entities accounted for using equity method	157	71
Total other comprehensive income	838	1,092
Comprehensive income	4,239	4,031
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,071	3,814
Comprehensive income attributable to non-controlling interests	168	217

**(3) Consolidated statements of changes in equity**

Fiscal year ended February 28, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,049	8,100	28,693	(367)	44,475
Changes during period					
Dividends of surplus	–	–	(704)	–	(704)
Profit attributable to owners of parent	–	–	3,264	–	3,264
Disposal of treasury shares	–	–	–	32	32
Net changes in items other than shareholders' equity	–	–	–	–	–
Total changes during period	–	–	2,559	32	2,592
Balance at end of period	8,049	8,100	31,253	(334)	47,068

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	116	1	(262)	(166)	(311)	208	44,372
Changes during period							
Dividends of surplus	–	–	–	–	–	–	(704)
Profit attributable to owners of parent	–	–	–	–	–	–	3,264
Disposal of treasury shares	–	–	–	–	–	–	32
Net changes in items other than shareholders' equity	100	(0)	655	52	807	128	935
Total changes during period	100	(0)	655	52	807	128	3,528
Balance at end of period	216	0	393	(113)	496	336	47,901



Fiscal year ended February 28, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,049	8,100	31,253	(334)	47,068
Changes during period					
Dividends of surplus	–	–	(880)	–	(880)
Profit attributable to owners of parent	–	–	2,810	–	2,810
Purchase of treasury shares	–	–	–	(0)	(0)
Net changes in items other than shareholders' equity	–	–	–	–	–
Total changes during period	–	–	1,929	(0)	1,929
Balance at end of period	8,049	8,100	33,183	(335)	48,998

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	216	0	393	(113)	496	336	47,901
Changes during period							
Dividends of surplus	–	–	–	–	–	–	(880)
Profit attributable to owners of parent	–	–	–	–	–	–	2,810
Purchase of treasury shares	–	–	–	–	–	–	(0)
Net changes in items other than shareholders' equity	26	2	911	63	1,003	694	1,698
Total changes during period	26	2	911	63	1,003	694	3,628
Balance at end of period	242	2	1,304	(50)	1,499	1,031	51,529

**(4) Consolidated statements of cash flows**

(Millions of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Cash flows from operating activities		
Profit before income taxes	4,731	4,190
Depreciation	5,178	4,654
Impairment losses	303	938
Increase (decrease) in allowance for doubtful accounts	(45)	(6)
Increase (decrease) in provision for bonuses	(58)	140
Increase (decrease) in retirement benefit liability	(86)	182
Interest and dividend income	(292)	(308)
Interest expenses	86	145
Share of loss (profit) of entities accounted for using equity method	137	571
Loss on retirement of non-current assets	54	54
Gain on forgiveness of debt	(326)	–
Decrease (increase) in trade receivables	704	(382)
Decrease (increase) in inventories	18	(758)
Increase (decrease) in trade payables	30	(811)
Increase (decrease) in accounts payable - other	(616)	(577)
Other, net	(417)	377
Subtotal	9,403	8,410
Interest and dividends received	292	306
Interest paid	(86)	(116)
Income taxes paid	(1,502)	(1,167)
Net cash provided by (used in) operating activities	8,106	7,433
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,762)	(7,010)
Proceeds from sale of property, plant and equipment	163	62
Purchase of intangible assets	(62)	(91)
Loan advances	(860)	(190)
Proceeds from collection of loans receivable	762	213
Other, net	(202)	(524)
Net cash provided by (used in) investing activities	(3,963)	(7,541)
Cash flows from financing activities		
Proceeds from long-term borrowings	–	3,848
Repayments of long-term borrowings	(620)	(819)
Repayments of lease liabilities	(2,212)	(1,933)
Dividends paid	(704)	(880)
Other, net	(8)	477
Net cash provided by (used in) financing activities	(3,546)	692
Effect of exchange rate change on cash and cash equivalents	128	933
Net increase (decrease) in cash and cash equivalents	725	1,518
Cash and cash equivalents at beginning of period	8,946	9,671
Cash and cash equivalents at end of period	9,671	11,189

## (5) Notes to Consolidated Financial Statements

[Revenue Recognition]

Revenue from contracts with customers

Fiscal year ended February 28, 2023 (from March 1, 2022 to February 28, 2023)

(Millions of Yen)

	Reportable segments				Total	Total
	Food Production Businesses	Food Materials Businesses	Logistics Businesses	Food Plant and Equipment, Design and Development Businesses		
Japan	157,444	11,393	12,962	483	182,283	182,283
U.S.	12,063	–	–	–	12,063	12,063
Other	44	0	–	24	69	69
Revenue from contracts with customers	169,552	11,394	12,962	507	194,416	194,416
Other revenue	–	–	–	–	–	–
Sales to external customers	169,552	11,394	12,962	507	194,416	194,416

[Segment information]

1. Overview of the reportable segments

The reporting segments of the Company and its consolidated subsidiaries are components for which separate financial information is available and whose operating results are regularly reviewed by the Board of Directors in order to determine the allocation of business resources to them as well as to evaluate their business performance. These segments are classified into “Food Production Business,” “Food Materials Business,” “Logistics Business” and “Food Plant and Equipment, Design and Development Business” according to their products and services.

The main business operations are as follows.

Food Production Business: Manufacturing and sales of cooked foods such as cooked rice products, bread products, side dishes and chilled Japanese sweets

Food Materials Business: Procurement, processing and sales of food ingredients

Logistics Business: Sorting and delivery of food products and ingredients

Food Plant and Equipment, Design and Development Business: Sales of food processing machines, etc.

2. Calculation method for the amounts of sales, profits/losses, assets/liabilities, and other items by reporting segment

The figures of profit (loss) of reporting segments are recorded on an operating profit basis.

Internal sales and transfers between segments are recorded based on actual market prices.

Application of Accounting Standard for Revenue Recognition

The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. began to be applied from the beginning of the fiscal year 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 fiscal year under review decreased 1,941 million yen, net sales of the Logistics Businesses were down 11 million yen, and net sales of the Food Plant and Equipment, Design and Development Businesses declined 206 million yen compared to the previous method. This will not affect the segment profit or loss.

3. Information on the amounts of sales, profits/losses, assets/liabilities, and other items by reporting segment

Year ended February 28, 2022

(Millions of Yen)

	Reportable segments					Other (Note 1)	Total	Adjustment (Note 2)	Carried on 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	162,502	13,393	13,260	3,132	192,288	38	192,326	–	192,326
Intersegment sales and transfers	–	2,514	4,898	192	7,605	961	8,567	(8,567)	–
Total	162,502	15,907	18,158	3,325	199,894	999	200,893	(8,567)	192,326
Segment profit (loss)	4,289	271	615	85	5,261	(138)	5,123	(681)	4,441
Segment assets	63,250	4,097	6,752	2,008	76,107	169	76,277	5,907	82,184
Other									
Amortization of goodwill	97	–	–	–	97	–	97	–	97
Depreciation	4,967	86	391	1	5,447	9	5,457	(278)	5,178
Investments to entities accounted for using equity method	1,360	–	–	–	1,360	–	1,360	–	1,360
Increase in property, plant and equipment and intangible assets	4,724	52	148	2	4,926	1	4,928	(9)	4,918

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 (681) million yen under the item of “Segment profit (loss)” includes an elimination of intersegment transactions of 435 million yen, as well as corporate expenses of (1,117) million yen, which are not allocated to the reportable segments.

The adjustment of 5,907 million yen under the item of “Segment assets” includes an elimination of intersegment transactions of (22,176) million yen, as well as corporate assets of 28,083 million yen, which are not allocated to the reportable segments.

The adjustment of (278) million yen under the item of “Depreciation” includes an elimination of intersegment transactions of (280) million yen and depreciation of 1 million yen related to corporate assets, which are not allocated to the reportable segments.

The adjustment of (9) million yen under the item of “Increase in property, plant and equipment and intangible assets” includes an elimination of intersegment transactions of (9) million yen.

3. Segment profit (loss) is adjusted to reflect operating profit as recorded on the consolidated statements of income.

Year ended February 28, 2023

(Millions of Yen)

	Reportable segments					Adjustment (Note 1)	Carried on 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	169,552	11,394	12,962	507	194,416	–	194,416
Intersegment sales and transfers	–	289	4,989	32	5,311	(5,311)	–
Total	169,552	11,684	17,951	539	199,727	(5,311)	194,416
Segment profit (loss)	5,042	87	643	(76)	5,697	(711)	4,985
Segment assets	73,822	4,687	6,824	1,054	86,388	6,295	92,684
Other							
Amortization of goodwill	84	–	–	–	84	–	84
Depreciation	4,450	42	387	1	4,883	(228)	4,654
Investments to entities accounted for using equity method	1,469	–	–	–	1,469	–	1,469
Increase in property, plant and equipment and intangible assets	9,424	13	159	–	9,597	(6)	9,591

Notes: 1. The adjustment of (711) million yen under the item of “Segment profit (loss)” includes an elimination of intersegment transactions of 745 million yen, as well as corporate expenses of (1,456) million yen, which are not allocated to the reportable segments.

The adjustment of 6,295 million yen under the item of “Segment assets” includes an elimination of intersegment transactions of (26,850) million yen, as well as corporate assets of 33,146 million yen, which are not allocated to the reportable segments.

The adjustment of (228) million yen under the item of “Depreciation” includes an elimination of intersegment transactions of (237) million yen and depreciation of 9 million yen related to corporate assets, which are not allocated to the reportable segments.

The adjustment of (6) million yen under the item of “Increase in property, plant and equipment and intangible assets” includes an elimination of intersegment transactions of (6) million yen.

2. Segment profit (loss) is adjusted to reflect operating profit as recorded on the consolidated statements of income.