

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 Six Months Ended August 31, 2024 (Based on Japanese GAAP)

October 8, 2024

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: October 9, 2024
 Scheduled date to commence dividend payments: November 15, 2024
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended August 31, 2024 (from March 1, 2024 to August 31, 2024)

(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	%
Six months ended August 31, 2024	113,636	10.3	4,256	(5.2)	4,613	(5.1)	2,807	1.8
Six months ended August 31, 2023	103,011	5.3	4,491	33.0	4,862	59.0	2,758	71.7

(Note) Comprehensive income: Six months ended August 31, 2024: ¥5,405 million [46.3%]
 Six months ended August 31, 2023: ¥3,695 million [19.5%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended August 31, 2024	160.77		-	
Six months ended August 31, 2023	157.95		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of August 31, 2024	121,699	60,067	47.3
As of February 29, 2024	101,960	54,309	52.3

(Reference) Equity capital: As of August 31, 2024: ¥57,548 million
 As of February 29, 2024: ¥53,300 million

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 29, 2024	-	45.00	-	45.00	90.00
Year ending February 28, 2025	-	45.00	-	45.00	90.00
Year ending February 28, 2025 (Forecast)	-	-	-	45.00	90.00

(Note) Revisions to the most recently announced dividends forecasts: No

3. Forecast of consolidated financial results for the year ending February 28, 2025 (from March 1, 2024 to February 28, 2025)

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	222,500	7.5	3,600	(43.6)	3,800	(44.3)	2,000	(53.2)	114.51

(Note) Revisions to the most recently announced dividends forecasts: Yes

4. Notes

- (1) Changes in significant subsidiaries during the six months ended August 31, 2024
 (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: No
 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 August 31, 2024	17,625,660 shares	As of February 29, 2024	17,625,660 shares
-----------------------	-------------------	-------------------------	-------------------

Number of treasury shares at the end of the period

As of August 31, 2024	160,235 shares	As of February 29, 2024	161,475 shares
-----------------------	----------------	-------------------------	----------------

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

Six months ended August 31, 2024	17,464,957 shares	Six months ended August 31, 2023	17,464,257 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.

Explanation of Consolidated Financial Forecasts and Other Forward-looking Statements

Based on recent changes in financial results, we have revised our consolidated financial forecast for the fiscal year ending February 28, 2025, which we announced in the "Summary of Consolidated Financial Results for the Year Ended February 29, 2024 [Based on Japanese GAAP] (Consolidated)" dated April 11, 2024, as follows.

	Net sales (Millions of yen)	Operating profit (Millions of yen)	Ordinary profit (Millions of yen)	Profit attributable to owners of the parent (Millions of yen)	Earnings per share (Yen)
Previous forecast (A)	230,000	4,500	4,700	2,800	160.33
Revised forecast (B)	222,500	3,600	3,800	2,000	114.51
Change (B-A)	(7,500)	(900)	(900)	(800)	
Percentage change (%)	(3.3)	(20.0)	(19.1)	(28.6)	
Results for the previous fiscal year	207,009	6,380	6,824	4,273	244.71

(Reasons for the revision)

In the first half of the fiscal year, sales fell short of the plan, mainly in the cooked rice products in the domestic food production business. Based on the expectation that a similar trend will continue in the second half of the fiscal year, we have reduced the sales forecast by 7.5 billion yen from the previous forecast.

Profits were in line with the forecasts for the first half of the year. This was because even with the impact of lower-than-expected sales in the domestic food production business and the larger-than-expected initial loss at the newly established Iruma Plant, the Virginia Plant, which went into operation in September last year in the overseas food production business, has commenced operations more smoothly than expected. However, considering that the factors that caused the shortfall in our domestic business will persist in the second half of the year, we have reduced our full-year operating profit by 900 million yen, ordinary profit by 900 million yen, and profit attributable to owners of the parent by 800 million yen.

Quarterly consolidated financial statements
(1) Consolidated balance sheets

(Millions of yen)

	As of February 29, 2024	As of August 31, 2024
Assets		
Current assets		
Cash and deposits	8,122	11,891
Accounts receivable - trade	17,113	22,119
Merchandise and finished goods	1,805	1,665
Raw materials and supplies	1,962	2,281
Other	2,302	2,162
Allowance for doubtful accounts	(0)	—
Total current assets	31,306	40,120
Non-current assets		
Property, plant and equipment		
Buildings and structures	66,357	69,825
Accumulated depreciation	(35,413)	(36,999)
Buildings and structures, net	30,943	32,825
Machinery, equipment and vehicles	21,363	24,343
Accumulated depreciation	(16,044)	(16,944)
Machinery, equipment and vehicles, net	5,319	7,398
Land	12,814	13,300
Construction in progress	2,925	7,035
Other	14,949	16,030
Accumulated depreciation	(6,320)	(6,290)
Other, net	8,628	9,740
Total property, plant and equipment	60,632	70,300
Intangible assets		
Other	847	2,086
Total intangible assets	847	2,086
Investments and other assets		
Other	9,287	9,304
Allowance for doubtful accounts	(114)	(112)
Total investments and other assets	9,173	9,192
Total non-current assets	70,653	81,579
Total assets	101,960	121,699

(Millions of yen)

	As of February 29, 2024	As of August 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,730	11,445
Current portion of long-term borrowings	768	981
Accounts payable - other	7,875	11,560
Income taxes payable	487	1,179
Provision for bonuses	1,347	1,522
Provision for bonuses for directors (and other officers)	—	89
Other	2,916	3,542
Total current liabilities	22,126	30,320
Non-current liabilities		
Long-term borrowings	11,037	15,481
Lease liabilities	8,161	9,248
Retirement benefit liability	4,075	4,139
Provision for Directors stock-based rewards	270	290
Asset retirement obligations	1,582	1,639
Other	397	512
Total non-current liabilities	25,524	31,311
Total liabilities	47,650	61,631
Net assets		
Shareholders' equity		
Share capital	8,049	8,049
Capital surplus	8,100	8,100
Retained earnings	35,519	37,534
Treasury shares	(335)	(335)
Total shareholders' equity	51,333	53,349
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	291	265
Deferred gains or losses on hedges	5	(2)
Foreign currency translation adjustment	1,589	3,836
Remeasurements of defined benefit plans	80	99
Total accumulated other comprehensive income	1,966	4,198
Non-controlling interests	1,008	2,519
Total net assets	54,309	60,067
Total liabilities and net assets	101,960	121,699

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

(Millions of yen)

	Six months ended August 31, 2023	Six months ended August 31, 2024
Net sales	103,011	113,636
Cost of sales	83,338	92,553
Gross profit	19,672	21,082
Selling, general and administrative expenses	15,180	16,826
Operating profit	4,491	4,256
Non-operating income		
Interest income	6	15
Dividend income	283	371
Rental income	111	107
Share of profit of entities accounted for using equity method	47	78
Other	176	98
Total non-operating income	626	671
Non-operating expenses		
Interest expenses	59	168
Loss on retirement of non-current assets	33	9
Rental costs	86	87
Other	76	49
Total non-operating expenses	255	314
Ordinary profit	4,862	4,613
Extraordinary losses		
Impairment losses	687	283
Total extraordinary losses	687	283
Profit before income taxes	4,174	4,329
Income taxes - current	1,273	1,336
Income taxes - deferred	83	(16)
Total income taxes	1,356	1,320
Profit	2,818	3,009
Profit attributable to non-controlling interests	59	201
Profit attributable to owners of parent	2,758	2,807

Consolidated statements of comprehensive income

(Millions of yen)

	Six months ended August 31, 2023	Six months ended August 31, 2024
Profit	2,818	3,009
Other comprehensive income		
Valuation difference on available-for-sale securities	(6)	(26)
Deferred gains or losses on hedges	7	(7)
Foreign currency translation adjustment	785	2,241
Remeasurements of defined benefit plans, net of tax	17	18
Share of other comprehensive income of entities accounted for using equity method	73	169
Total other comprehensive income	876	2,395
Comprehensive income	3,695	5,405
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,541	5,040
Comprehensive income attributable to non-controlling interests	154	365

(3) Consolidated statements of cash flows

(Millions of yen)

	Six months ended August 31, 2023	Six months ended August 31, 2024
Cash flows from operating activities		
Profit before income taxes	4,174	4,329
Depreciation	2,283	3,320
Impairment losses	687	283
Increase (decrease) in allowance for doubtful accounts	(0)	(2)
Increase (decrease) in provision for bonuses	113	175
Interest and dividend income	(289)	(387)
Interest expenses	59	168
Share of loss (profit) of entities accounted for using equity method	(47)	(78)
Loss on retirement of non-current assets	33	9
Decrease (increase) in trade receivables	(3,205)	(4,823)
Decrease (increase) in inventories	235	(148)
Increase (decrease) in trade payables	1,824	2,644
Increase (decrease) in accounts payable - other	869	1,022
Other, net	913	1,314
Subtotal	7,651	7,827
Interest and dividends received	292	653
Interest paid	(57)	(111)
Income taxes paid	(1,368)	(103)
Net cash provided by (used in) operating activities	6,517	8,265
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,183)	(5,935)
Proceeds from sale of property, plant and equipment	50	51
Purchase of intangible assets	(611)	(36)
Payments for acquisition of businesses	—	(2,737)
Other, net	(393)	(66)
Net cash provided by (used in) investing activities	(7,138)	(8,725)
Cash flows from financing activities		
Proceeds from long-term borrowings	1,304	5,000
Repayments of long-term borrowings	(475)	(396)
Repayments of lease liabilities	(953)	(1,029)
Dividends paid	(1,143)	(792)
Other, net	(65)	1,141
Net cash provided by (used in) financing activities	(1,333)	3,922
Effect of exchange rate change on cash and cash equivalents	339	306
Net increase (decrease) in cash and cash equivalents	(1,614)	3,769
Cash and cash equivalents at beginning of period	11,189	8,122
Cash and cash equivalents at end of period	9,574	11,891

(4) Segment information, etc.

[Segment information]

I. Six months ended August 31, 2023 (from March 1, 2023 to August 31, 2023)

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	Total				
Net sales								
Sales to external customers	90,487	5,973	6,507	102,968	43	103,011	–	103,011
Intersegment sales and transfers	–	166	2,601	2,768	–	2,768	(2,768)	–
Total	90,487	6,140	9,108	105,736	43	105,779	(2,768)	103,011
Segment profit (loss)	4,328	163	419	4,911	(24)	4,886	(394)	4,491

Notes: 1. The classification “Other” is the segment of businesses not included in the reportable segments, and includes Food Plant and Equipment, Design and Development Business.

2. The adjustment of (394) million yen under the item of “Segment profit (loss)” includes an elimination of intersegment transactions of 44 million yen, as well as corporate expenses of (439) 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. Six months ended August 31, 2024 (from March 1, 2024 to August 31, 2024)

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	Total		
Net sales						
Sales to external customers	101,247	5,997	6,390	113,636	–	113,636
Intersegment sales and transfers	–	172	2,972	3,145	(3,145)	–
Total	101,247	6,170	9,363	116,781	(3,145)	113,636
Segment profit (loss)	4,077	262	388	4,728	(472)	4,256

Notes: 1. The adjustment of (472) million yen under the item of “Segment profit (loss)” includes an elimination of intersegment transactions of 104 million yen, as well as corporate expenses of (577) 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 Food Plant and Equipment, Design and Development Businesses, which was included in "Other" in the six months of the previous fiscal year, has been discontinued from the six months of the current fiscal year following the Company's withdrawal from this business.

(Revenue Recognition)

1. Revenue from contracts with customers

Six months ended August 31, 2023 (from March 1, 2023 to August 31, 2023)

(Millions of Yen)

	Reportable segments				Other (Note)	Total
	Food Production Businesses	Food Materials Businesses	Logistics Businesses	Total		
Japan	84,067	5,969	6,507	96,544	43	96,587
U.S.	6,394	–	–	6,394	–	6,394
Other	25	4	–	29	–	29
Revenue from contracts with customers	90,487	5,973	6,507	102,968	43	103,011
Other revenue	–	–	–	–	–	–
Sales to external customers	90,487	5,973	6,507	102,968	43	103,011

Note: The classification “Other” is the segment of businesses not included in the reportable segments, and includes Food Plant and Equipment, Design and Development Business.

Six months ended August 31, 2024 (from March 1, 2024 to August 31, 2024)

(Millions of Yen)

	Reportable segments			Total
	Food Production Businesses	Food Materials Businesses	Logistics Businesses	
Japan	87,252	5,997	6,390	99,640
U.S.	13,995	–	–	13,995
Revenue from contracts with customers	101,247	5,997	6,390	113,636
Other revenue	–	–	–	–
Sales to external customers	101,247	5,997	6,390	113,636

2. Matters regarding changes in reportable segments

The Food Plant and Equipment, Design and Development Businesses, which was included in "Other" in the six months of the previous fiscal year, has been discontinued from the six months of the current fiscal year following the Company's withdrawal from this business.