Translation

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Summary of Consolidated Financial Results for the Nine Months Ended November 30, 2024 (Based on Japanese GAAP)

January 9, 2025

Company name: WARABEYA NICHIYO 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 commence dividend payments: –
Preparation of supplementary material on financial results: Yes
Holding of financial results meeting: None

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended November 30, 2024 (from March 1, 2024 to November 30, 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	%
Nine months ended November 30, 2024	169,283	10.5	5,351	(2.1)	5,738	(2.1)	3,639	5.0
Nine months ended November 30, 2023	153,184	4.1	5,464	17.3	5,858	35.7	3,467	46.6

(Note) Comprehensive income: Nine months ended November 30, 2024: ¥3,768 million [(20.8%)]
Nine months ended November 30, 2023: ¥4,757 million [5.7%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended November 30, 2024	208.37	–
Nine months ended November 30, 2023	198.55	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of November 30, 2024	119,530	57,643	46.3
As of February 29, 2024	101,960	54,309	52.3

(Reference) Equity capital: As of November 30, 2024: ¥55,345 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	–		
Year ending February 28, 2025 (Forecast)				45.00	90.00

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

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: None

4. Notes

(1) Changes in significant subsidiaries during the nine months ended November 30, 2024 — None

Newly consolidated: - Excluded: -

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: None

(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:	None
Changes in accounting policies due to other reasons:	None
Changes in accounting estimates:	Yes
Restatement of prior period financial statements:	None

(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, 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 November 30, 2024	157,355 shares	As of February 29, 2024	161,475 shares

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

Nine months ended November 30, 2024	17,465,335 shares	Nine months ended November 30, 2023	17,464,244 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 29, 2024	As of November 30, 2024
Assets		
Current assets		
Cash and deposits	8,122	13,949
Accounts receivable - trade	17,113	19,560
Merchandise and finished goods	1,805	2,212
Raw materials and supplies	1,962	2,286
Other	2,302	2,029
Allowance for doubtful accounts	(0)	－
Total current assets	31,306	40,038
Non-current assets		
Property, plant and equipment		
Buildings and structures	66,357	68,265
Accumulated depreciation	(35,413)	(37,751)
Buildings and structures, net	30,943	30,514
Machinery, equipment and vehicles	21,363	24,266
Accumulated depreciation	(16,044)	(17,196)
Machinery, equipment and vehicles, net	5,319	7,070
Land	12,814	13,168
Construction in progress	2,925	8,006
Other	14,949	15,503
Accumulated depreciation	(6,320)	(6,319)
Other, net	8,628	9,183
Total property, plant and equipment	60,632	67,943
Intangible assets		
Other	847	2,039
Total intangible assets	847	2,039
Investments and other assets		
Other	9,287	9,621
Allowance for doubtful accounts	(114)	(112)
Total investments and other assets	9,173	9,508
Total non-current assets	70,653	79,492
Total assets	101,960	119,530

(Millions of yen)

	As of February 29, 2024	As of November 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,730	10,816
Current portion of long-term borrowings	768	2,385
Accounts payable - other	7,875	7,849
Income taxes payable	487	1,065
Provision for bonuses	1,347	2,257
Provision for bonuses for directors (and other officers)	—	135
Other	2,916	3,502
Total current liabilities	22,126	28,013
Non-current liabilities		
Long-term borrowings	11,037	18,781
Lease liabilities	8,161	8,599
Retirement benefit liability	4,075	4,182
Provision for Directors stock-based rewards	270	295
Asset retirement obligations	1,582	1,512
Other	397	501
Total non-current liabilities	25,524	33,873
Total liabilities	47,650	61,886
Net assets		
Shareholders' equity		
Share capital	8,049	8,049
Capital surplus	8,100	8,100
Retained earnings	35,519	37,573
Treasury shares	(335)	(329)
Total shareholders' equity	51,333	53,393
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	291	374
Deferred gains or losses on hedges	5	(2)
Foreign currency translation adjustment	1,589	1,484
Remeasurements of defined benefit plans	80	94
Total accumulated other comprehensive income	1,966	1,951
Non-controlling interests	1,008	2,298
Total net assets	54,309	57,643
Total liabilities and net assets	101,960	119,530

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

(Millions of yen)

	Nine months ended November 30, 2023	Nine months ended November 30, 2024
Net sales	153,184	169,283
Cost of sales	124,814	138,798
Gross profit	28,370	30,484
Selling, general and administrative expenses	22,905	25,132
Operating profit	5,464	5,351
Non-operating income		
Interest income	10	69
Dividend income	285	374
Rental income	165	160
Share of profit of entities accounted for using equity method	90	104
Other	200	116
Total non-operating income	751	825
Non-operating expenses		
Interest expenses	90	263
Rental costs	128	128
Loss on retirement of non-current assets	44	19
Other	94	26
Total non-operating expenses	357	438
Ordinary profit	5,858	5,738
Extraordinary losses		
Impairment losses	807	309
Total extraordinary losses	807	309
Profit before income taxes	5,051	5,429
Income taxes - current	1,689	1,871
Income taxes - deferred	(92)	(351)
Total income taxes	1,596	1,520
Profit	3,454	3,909
Profit (loss) attributable to non-controlling interests	(12)	270
Profit attributable to owners of parent	3,467	3,639

Consolidated statements of comprehensive income

(Millions of yen)

	Nine months ended November 30, 2023	Nine months ended November 30, 2024
Profit	3,454	3,909
Other comprehensive income		
Valuation difference on available-for-sale securities	(41)	83
Deferred gains or losses on hedges	(0)	(7)
Foreign currency translation adjustment	1,201	(282)
Remeasurements of defined benefit plans, net of tax	25	13
Share of other comprehensive income of entities accounted for using equity method	116	52
Total other comprehensive income	1,302	(140)
Comprehensive income	4,757	3,768
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,647	3,624
Comprehensive income attributable to non-controlling interests	110	144

(3) Notes Regarding Quarterly Consolidated Financial Statements

(Notes Regarding Changes in Accounting Estimates)

(Changes in Service Life)

At a Board of Directors meeting held on October 8, 2024, the Company resolved to close the Chiba Plant and Omiya Plant operated by our consolidated subsidiary, Warabeya Nichiyo Foods Co., Ltd. The service life of fixed assets that will become unavailable due to these closures has been shortened and revised for the future.

As a result, operating income, ordinary income, and income before income taxes and minority interests for the third quarter of the current consolidated fiscal year decreased by 299 million yen each compared with the previous method.

(4) Segment information, etc.

[Segment information]

I. Nine months ended November 30, 2023 (from March 1, 2023 to November 30, 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	134,868	8,523	9,749	153,141	43	153,184	–	153,184
Intersegment sales and transfers	–	243	3,931	4,174	–	4,174	(4,174)	–
Total	134,868	8,766	13,681	157,316	43	157,359	(4,174)	153,184
Segment profit (loss)	5,223	245	615	6,083	(36)	6,047	(582)	5,464

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 (582) million yen under the item of “Segment profit (loss)” includes an elimination of intersegment transactions of 107 million yen, as well as corporate expenses of (689) 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, 2024 (from March 1, 2024 to November 30, 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	150,985	8,696	9,601	169,283	–	169,283
Intersegment sales and transfers	–	243	4,451	4,695	(4,695)	–
Total	150,985	8,940	14,052	173,978	(4,695)	169,283
Segment profit (loss)	5,107	421	561	6,090	(738)	5,351

Notes: 1. The adjustment of (738) million yen under the item of “Segment profit (loss)” includes an elimination of intersegment transactions of 147 million yen, as well as corporate expenses of (886) 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 nine months of the previous fiscal year, has been discontinued from the first quarter of the current fiscal year following the Company's withdrawal from this business.

(Revenue Recognition)

1. Revenue from contracts with customers

Nine months ended November 30, 2023 (from March 1, 2023 to November 30, 2023)

(Millions of Yen)

	Reportable segments				Other (Note)	Total
	Food Production Businesses	Food Materials Businesses	Logistics Businesses	Total		
Japan	124,674	8,523	9,749	142,947	43	142,990
U.S.	10,169	–	–	10,169	–	10,169
Other	25	–	–	25	–	25
Revenue from contracts with customers	134,868	8,523	9,749	153,141	43	153,184
Other revenue	–	–	–	–	–	–
Sales to external customers	134,868	8,523	9,749	153,141	43	153,184

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.

Nine months ended November 30, 2024 (from March 1, 2024 to November 30, 2024)

(Millions of Yen)

	Reportable segments			Total
	Food Production Businesses	Food Materials Businesses	Logistics Businesses	
Japan	130,339	8,696	9,601	148,637
U.S.	20,645	–	–	20,645
Revenue from contracts with customers	150,985	8.696	9,601	169,283
Other revenue	–	–	–	–
Sales to external customers	150,985	8,696	9,601	169,283

2. Matters regarding changes in reportable segments

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