

**First Half of the Fiscal Year
Ended February 2025 (1H FY2/2025)**
(From March 1, 2024 to August 31, 2024)

Financial Results Briefing

October 8, 2024

Warabeya Nichiyo Holdings Co., Ltd.
(2918; Tokyo Stock Exchange, Prime Market)

- **Overview of Financial Results
for 1H FY2/2025**
- **Financial Forecast for FY2/2025**
- **Initiatives for Sustainable Growth**

(Consolidated) Financial Results

Net sales and interim profit set record highs for the first half

(Millions of yen)	1H FY2/2024 Result	1H FY2/2025 Forecast	1H FY2/2025 Result	Change	YoY	Vs. Forecast
Net sales	103,011	117,000	113,636	+10,625	+10.3%	(3,363)
Operating profit Operating profit margin	4,491 4.4%	4,200 3.6%	4,256 3.7%	(235)	(5.2%)	+56
Ordinary profit	4,862	4,450	4,613	(248)	(5.1%)	+163
Profit (attributable to owners of parent)	2,758	2,750	2,807	+49	+1.8%	+57
EPS(yen)	157.95	157.47	160.77	+2.82	-	+3.30
US\$ Exchange rate (yen)	134.9	140.0	152.3			

Note: We have adopted to average rate during the period for exchange rate conversions

Forecast: Announced on April 11, 2024

Business Segments

For operating profit of the Food Production Business, the decrease in the domestic business was offset by the overseas business
 (-¥1.18 billion) (+¥0.93 billion)

(Billions of yen)	Net sales				Operating profit			
	1H FY2/2024 Result	1H FY2/2025 Result	Change	Vs. Forecast	1H FY2/2024 Result	1H FY2/2025 Result	Change	Vs. Forecast
Food Production Business	90.4	101.2	+10.7	(3.1)	4.32	4.07	(0.25)	+0.06
Food Materials Business	5.9	5.9	+0.0	(0.2)	0.16	0.26	+0.09	+0.02
Logistics Business	6.5	6.3	(0.1)	(0.0)	0.41	0.38	(0.03)	(0.00)
Other Businesses	0.0	-	(0.0)	-	(0.02)	-	+0.02	-
Adjustment					(0.39)	(0.47)	(0.07)	(0.03)
Total	103.0	113.6	+10.6	(3.3)	4.49	4.25	(0.23)	+0.05

YoY Change

Food Production Business	Sales	Sales increased due to new plants in Japan and overseas
	Profit	Earnings fell due to a decline in sales at existing plants in Japan and an initial loss at the Iruma Plant, despite strong overseas business performance.
Food Materials Business	Sales/Profit	Increase in transaction volume of onigiri rice ball ingredients
Logistics Business	Sales/Profit	Decrease in transaction volume of joint delivery business

Food Production Business Sales

Overall sales increased due to new plants and the business acquired, while sales at existing plants in Japan decreased.

(Billions of yen)	Domestic	Overseas	Total
Existing plant	79.9 (4.1)	7.4 +1.0	87.3 (3.1)
New plant business acquired	7.3 +7.3	6.5 +6.5	13.9 +13.9
Total	87.2 +3.1	13.9 +7.5	101.2 +10.7

Note: For the new plant, sales are calculated from cooked noodles whose production was started this spring due to business acquisition, freshly baked bread and salads whose production was started last summer.
Pasta sales for which production was transferred from an existing factory to a new factory in June this year are calculated at the existing factory.



New plant
business
transfer
Iruma Plant
(Opening Date March 2024)



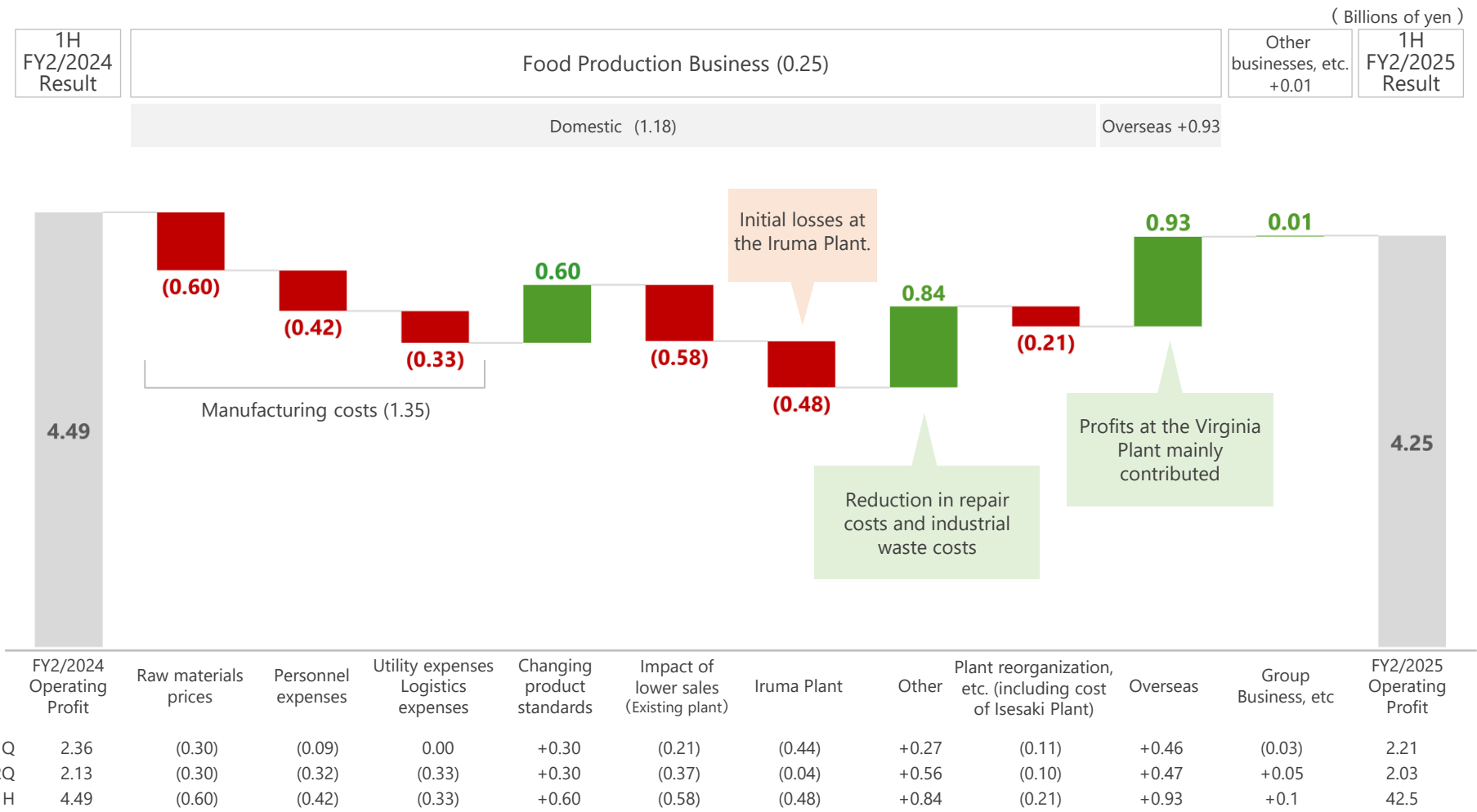
Business
transfer
Bakery Plant
(Operation starting Date April 2024)



New plant
Virginia Plant
(Opening Date September 2023)

(Consolidated) Operating profit : Analysis of changes — YoY

Profit decreased year on year due to the significant negative impact of lower sales at existing domestic plants and initial losses at the Iruma Plant.



Note: Breakdown of Other businesses, etc.: Food Production Business, Logistics Business, other businesses, consolidation adjustment

(Consolidated) non-operating profit expenses and extraordinary income/losses

(Millions of yen, %)	1H FY2/2024 Result	1H FY2/2025 Result	Change
Operating profit	4,491	4,256	(235)
Non-operating income	626	671	+45
Non-operating expenses	255	314	+59
Ordinary profit	4,862	4,613	(248)
Extraordinary income	-	-	-
Extraordinary losses	687	283	(403)
Profit before income taxes	4,174	4,329	+154
Total income taxes	1,356	1,320	(36)
Profit (loss) attributable to non-controlling interests	59	201	+142
Profit (attributable to owners of parent)	2,758	2,807	+49

Non-operating profit /expenses	YoY -¥0.01 billion	Extraordinary income/losses	YoY +¥ 0.4 billion
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Increase in dividends received +¥0.08 billion
Increased interest expenses -¥0.10 billion

Extraordinary losses	Impairment losses	1H FY2/2024 ¥0.68 billion	1H FY2/2025 ¥0.28 billion
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(Consolidated) Balance Sheets and Cash Flows

Balance Sheets

End of FY2/2024
(Total assets ¥101.9 billion)

Current assets ¥31.3 billion	Liabilities ¥47.6 billion
	Interest-bearing debt ¥21.6 billion
Non-current assets ¥70.6 billion	
Property, plant and equipment ¥60.6 billion	Net assets ¥54.3 billion



End of 1H FY2/2025
(Total assets ¥121.6 billion)

Current assets ¥40.1 billion	Liabilities ¥61.6 billion
	Interest-bearing debt ¥27.5 billion
Non-current assets ¥81.5 billion	
Property, plant and equipment ¥70.3 billion	Net assets ¥60.0 billion

Statements of Cash Flows

(Millions of yen)	1H FY2/2025
Cash flows from operating activities	8,265
Cash flows from investing activities	(8,725)
Cash flows from financing activities	3,922
Conversion differences for cash and cash equivalents	306
Net increase (decrease) in cash and cash equivalents	3,769
Cash and cash equivalents at the beginning balance	8,122
Cash and cash equivalents at the end of period	11,891

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(Consolidated) Financial forecast

Earnings forecast revised downward mainly due to sales shortfall in Food Production Business

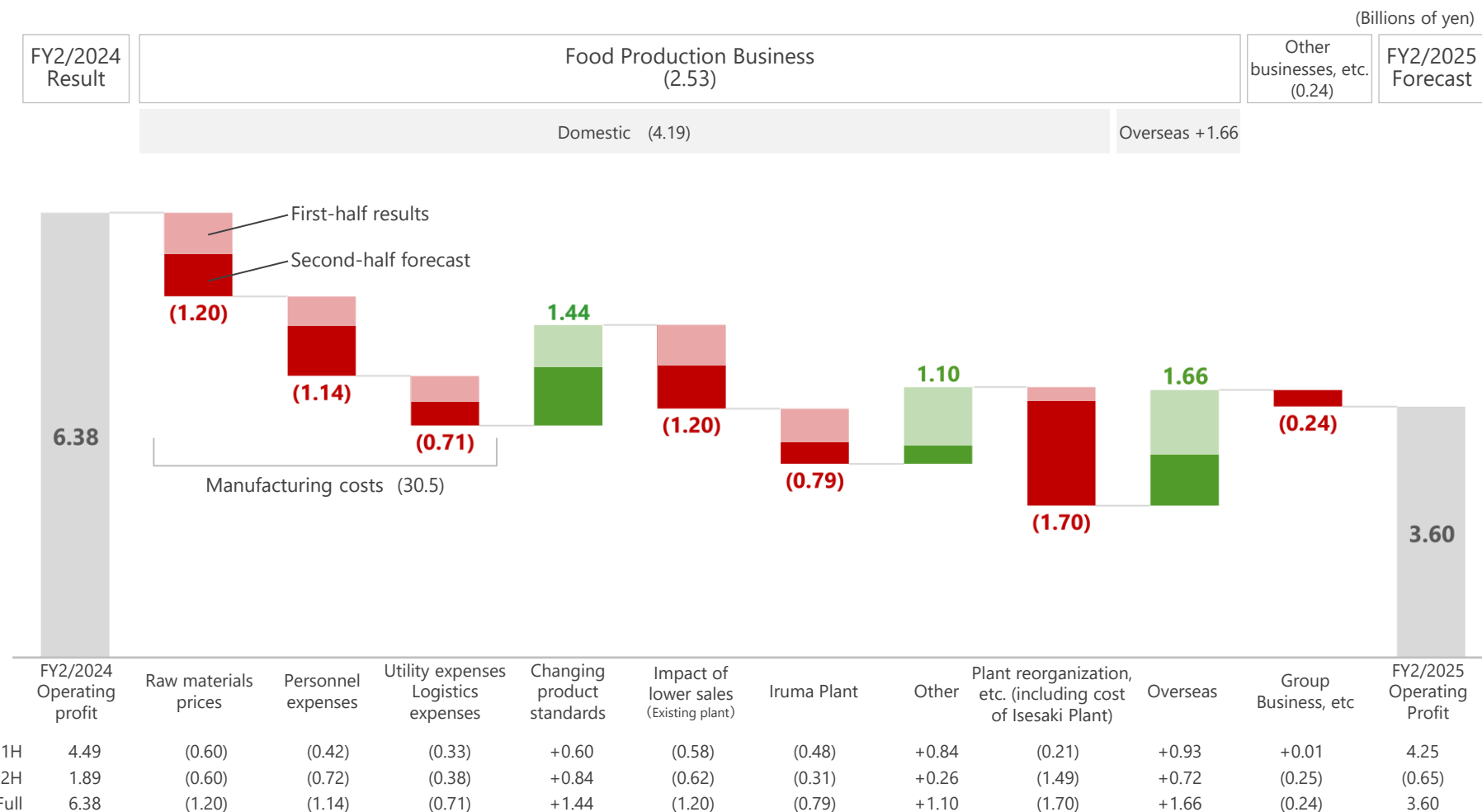
(Millions of yen)	FY2/2024 Result	FY2/2025 Initial forecast	FY2/2025 Revised forecast	Change	YoY	Initial forecast difference
Net sales	207,009	230,000	222,500	+15,490	+7.5 %	(7,500)
Operating profit Operating profit margin	6,380 3.1%	4,500 2.0%	3,600 1.6%	(2,780)	(43.6)%	(900)
Ordinary profit	6,824	4,700	3,800	(3,024)	(44.3)%	(900)
Profit (attributable to owners of parent)	4,273	2,800	2,000	(2,273)	(53.2)%	(800)
EPS (yen)	244.71	160.33	114.51	(130.20)	-	(45.82)
US\$ Exchange rate (yen)	140.6	140.0	145.0			

Foreign exchange sensitivity (based on operating profit) for the fiscal year ending February 2025: 18 million yen per year for a change of 1 yen (vs. US\$)

(Consolidated) Financial forecast : Analysis of changes—YoY

Previous fiscal year results versus revised forecast

Newly incorporate negative impact mainly due to a downward revision of net sales

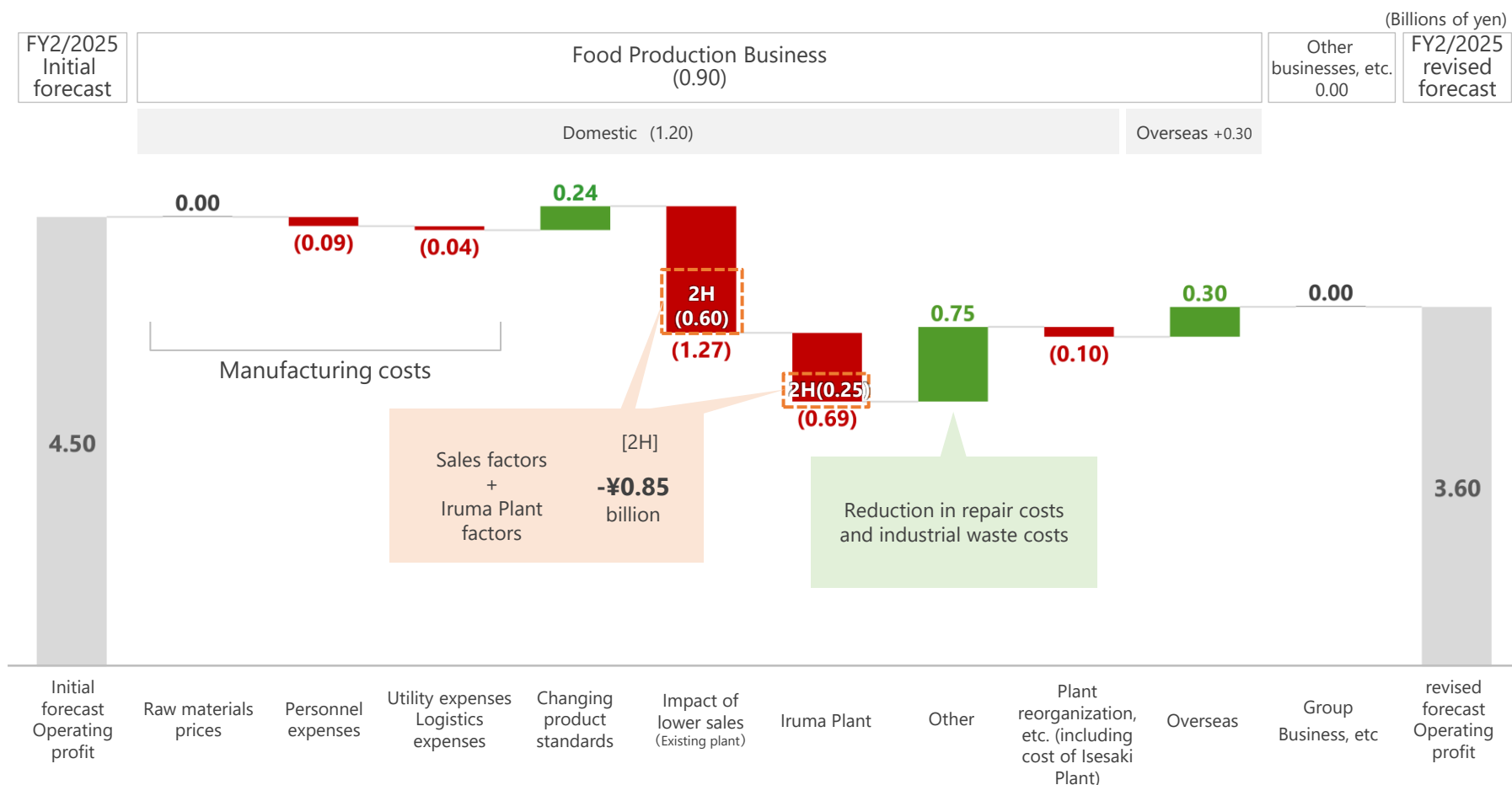


Note: Breakdown of Other Business, etc.: Food Production Business, Logistics Business, other businesses, consolidation adjustment

(Consolidated) Financial forecast : Analysis of changes—Vs. Initial forecast

Initial forecast versus revised forecast

Downturn than initial forecast due to lower sales and the factor at the Iruma Plant

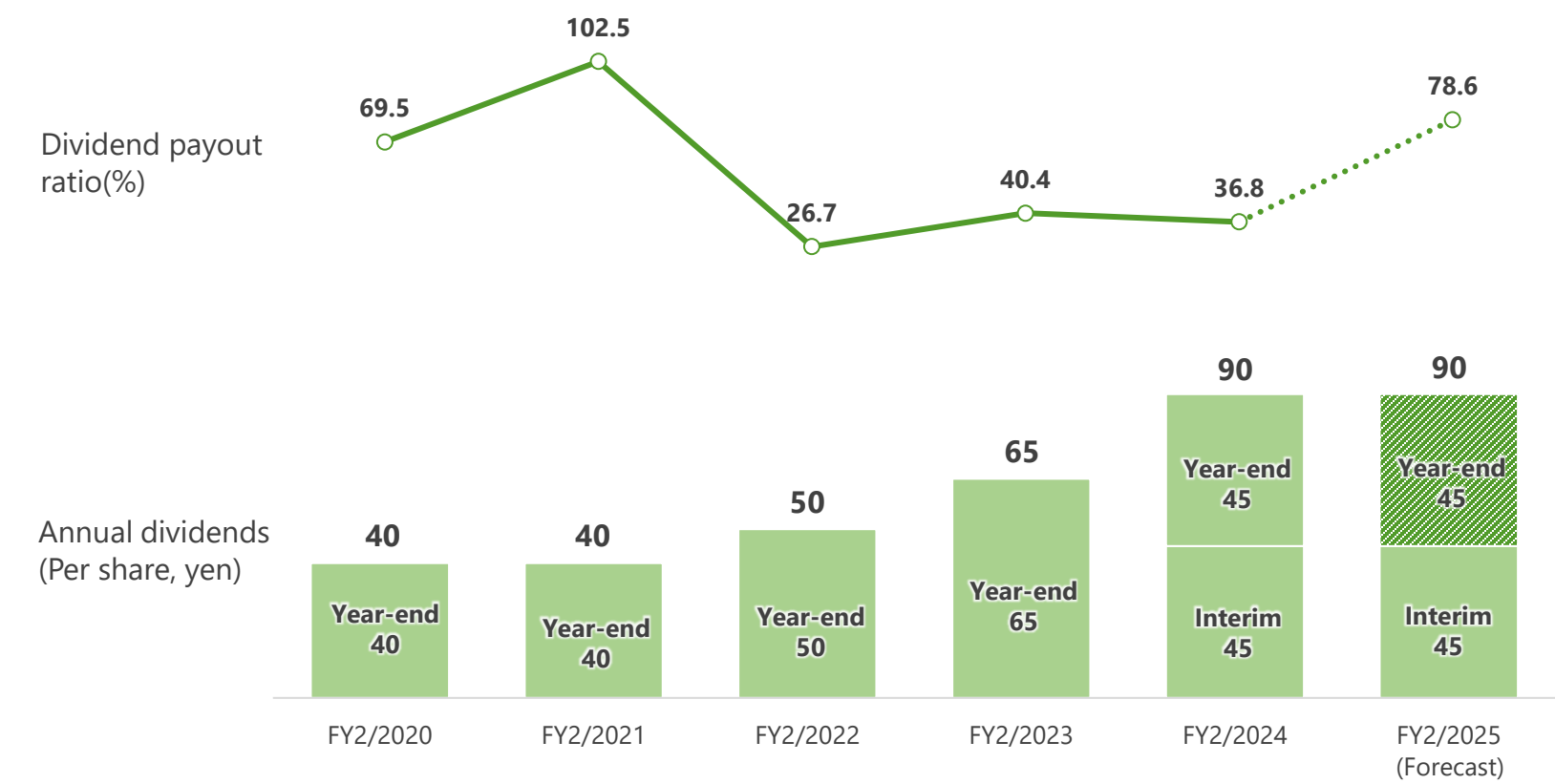


Note: Breakdown of Other businesses, etc.: Food Production Business, Logistics Business, other businesses, consolidation adjustment

Shareholder return

The initial forecast of an annual dividend of 90 yen per share for the fiscal year ending February 2025 remains unchanged.

Stable and continuous shareholder returns will be implemented, targeting a dividend payout ratio of 40%



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Initiatives to Achieve Sustainable Growth

Food Production Business (Domestic)	Profit improvement	- Plant reorganization - Productivity improvement through automation and efficiency improvement, and others
Food Production Business (Overseas)	Pursuit of consumer demand	- Building a manufacturing environment that can respond to changes in demand - Development of products reflecting consumer needs, and others
Group Business (Food Materials/ Logistics)	Business growth	- Focusing efforts on the U.S., where market growth continues - Increasing the number of products manufactured - Product development reflecting needs that differ greatly among regions, and others
	Profitability improvement	- Development of logistics bases reflecting changes in consumer demand (chilled products) - Launch of a freezer warehouse business - Increasing transactions of food materials whose added value is increased through processing, and others

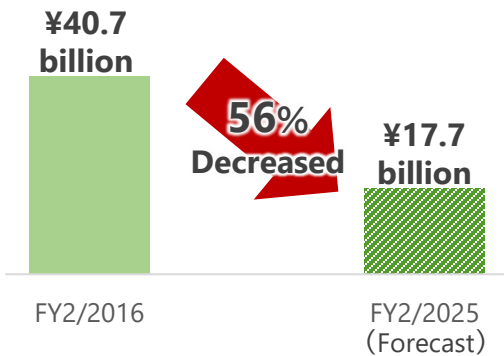
Food Production Business (Domestic) **Plant reorganization**

In response to changes in demand, we will reorganize for room temperature rice products plant

Changing Markets and Needs

- Decline in the domestic population
- Reduce disposal loss
- Diversification of food needs

Sales of room temperature bento boxes have declined significantly in 10 years



Gunma plant
(Closure decided January 2024)

Location	Ota City, Gunma
Establishment	November 1984
Products	Room-temperature rice
Close period	End of February 2025 (Plan)



[New] Isesaki plant

Omiya plant
(Closure decided October 2024)

Location	Saitama City, Saitama
Establishment	July 1992
Products	Room-temperature rice
Close period	End of February 2025 (Plan)



[Existing] Other plants

Chiba plant
(Closure decided October 2024)

Location	Sodegaura City, Chiba
Establishment	January 1988
Products	Room-temperature rice
Close period	End of February 2025 (Plan)



[Existing] Yokohama plant

Food Production Business (Domestic) **Plant reorganization—Isesaki Plant**

Aiming to improve productivity and provide new value by taking advantage of scale

- Strengthening production capacity in the Tokyo metropolitan area of chilled rice, to which demand is shifting, and moving away from room-temperature rice
- Improving productivity and profits by consolidating production bases
- Enhancing product safety and production stability by shifting production from aging plants



Four chilled production lines

Grill

Baking with a browned surface is possible, using high-heating-power heaters and ovens

Fry

Making even thick food fried crispy with the fryer line for frying twice.

Stir-Fry

Capable of heating uniformly with high-heating-power, enabling continuous production in a series of steps from stir-frying to adding ingredients.

Topping

Creating unprecedentedly chilled lunch boxes using multiple ingredients, while extending the use-by date with a unique chilled production process.

Present



Future



Today's chilled lunch boxes are mainly rice bowl dishes. By utilizing multiple chilled production lines, we believe that we can supply colorful chilled lunch boxes with many freshly prepared ingredients.

Seven-Eleven Japan's product policy

Among the three levels of product lineup that are conscious of the price range, low-priced products are being strengthened

128 yen (excluding tax) onigiri rice balls (salmon and tuna-mayonnaise) were launched in July.

Expansion of affordable "Pleasant Value!" products for economy-minded customers from September (270 items as of the end of September, including 65 fresh food items)

"Pleasant Value!" products (examples)



Butter chicken curry
¥323(¥348)



Mabo rice bowl
¥323(¥348)

It was sold for 370 yen (399 yen)
before the renewal to "Pleasant Value!"



Onigiri rice ball with
tempura sauce and red
pickled ginger
¥110(¥118)



Egg salad roll
¥158(¥170)



Strawberry sauce &
whipped cream
sandwich
¥230(¥248)



Tuna salad roll
¥158(¥170)



Bean paste & whipped
cream dorayaki using
Hokkaido Tokachi azuki
beans
¥180(¥194)

Food Production Business (Domestic) Product development

Continuous product development that accurately captures changes in consumer needs

**Volume
x
Popular
ingredients
x
One hand**



Do-nto (Overwhelming) Onigiri Rice Ball

"Do-nto (Overwhelming) Onigiri Rice Ball" is characterized by the large amount of rice and ingredients that you can feel by looking, touching, and eating. It is easy to eat with one hand and is affordable. Full-scale nationwide sales started in October after testing mainly in the Tokyo metropolitan area since this spring.

Voluminousness

Rice Approx. **1.5times**

Percentage of ingredients Approx. **2times**

Comparison with directly rolled onigiri rice balls (average)

New products for autumn (examples)



Dry Curry & Chicken Nanban

It's a voluminous lunch box weighing over 500g, combining flavorful dry curry and chicken nanban with rich tartar sauce.



Crispy chips with salted lotus root and seaweed

The crispy chips with thinly sliced lotus root covered with sea lettuce seaweed are made into a form that can be easily eaten anywhere from a container.



Whipped Cream-Only Dora

A new sense dorayaki (two small pancakes with bean jam in between) that tastes like a cake with only whipped cream sandwiched between fluffy dorayaki dough.



7 Premium Chicken Chinese Porridge

This Chinese porridge with mochi brown rice is characterized by the flavor of ginger and the delicious taste of chicken. We are also considering new soups for fall and winter.



Whole Crunchy Berry Chocolate

You can enjoy the sourness of strawberries and the crunchy texture of chocolate. (Test-marketed)

Food Production Business (Overseas) Further improvement in quality

Promoting quality improvement to stimulate overall demand in North America

Review of bread

MILK BREAD (Renewed in June 2024)

Achieving a soft and moist texture by improving the recipe with milk.
Used for Egg Salad Sandwich and Chicken Salad Sandwich.



Change of packaging

Mini Burrito (During test marketing)

Packaging that is easy to eat with one hand and enhances the attractiveness of the product also contributes to the mechanization of the packaging process.

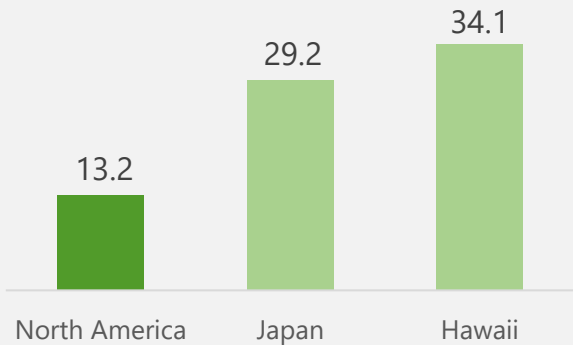


Test product with improved packaging



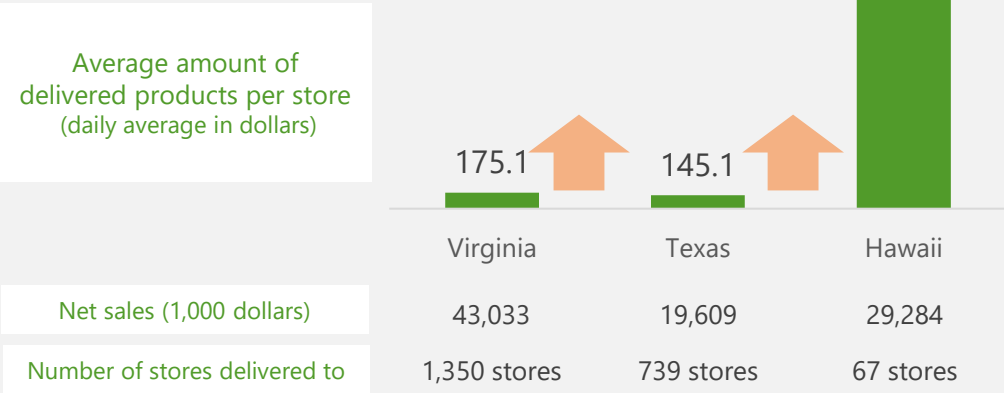
Existing product

Breakdown of Seven-Eleven store's fast food sales (FY2024,%)



Source: Seven & i Holdings disclosure materials

Amount of delivered products per store for North American plants with significant room for improvement (January - June 2024)



Food Production Business (Overseas) North American plants

Replicate Virginia success in Ohio to optimize production quickly

	Ohio Plant	Virginia Plant
Total floor area	Approx.13,000m ²	11,797m ²
Number of stores delivered to *1	Approx.1,400 stores	1,350 stores
Opening Date	September 2025 (Plan)	September 2023
Products	Cooked bread, light meals	Cooked bread, light meals
Capital expenditures	90 Million dollars (Plan)	54 Million dollars
Areas to supply *2	Ohio, Michigan, Indiana, Pennsylvania, Kentucky	Virginia, Pennsylvania, Maryland, Delaware, North Carolina, Washington, D.C.

*1 Fresh food *2 Including deliveries to part of the state

Number of stores delivered to North America

Present

2,206 stores
(End of August 2024)

After the start of operations in Ohio Plant

Approx.3,600 stores

Texas Plant

Started delivery to Oklahoma area

Oklahoma (116 stores) was added as a delivery destination of the Texas Plant from this summer.



Number of stores delivered to 739 stores (Jun. 2024) → 855 stores (Aug. 2024)

Fresh food sales started slowly due to regional characteristics.



Management conscious of cost of capital and stock price

Achieve earnings growth through aggressive growth investments

Promote management conscious of cost of capital and stock price



Target
ROE of 10% or more
(FY2/2028)

Initiatives to improve the P/B ratio based on the Medium-term Management Plan

Medium-term Management Plan

(Final fiscal year FY2/2028)

Net sales **¥250.0 billion**

Operating profit **¥10.0 billion**

ROE **10% or more**

Profitability improvement

Domestic

- Improve production efficiency by consolidating manufacturing, mechanization, etc. through plant reorganization
- Building a sales portfolio by entering new categories
- Strengthening the business foundation of Group Business

Overseas

- Establishment of a new base in North America, where market growth continues
- Continued growth in existing areas, leveraging expertise in Japan

Financial strategy

- Active use of interest-bearing debt
- Stable and continuous shareholder returns through dividends

IR

- Active and attentive dialogue with shareholders and investors

Sustainability

- Initiatives related to strengthening governance, as well as environment and human capital

Analysis of Current Situation

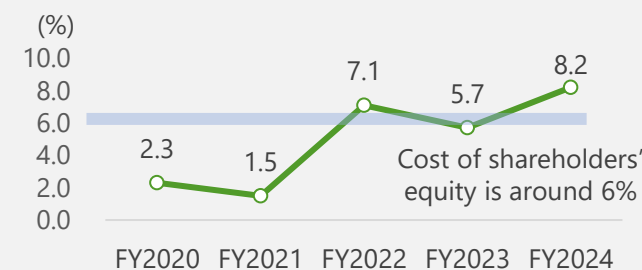
P/B ratios remain below 1×

Cost of shareholders' equity is estimated to be around 6%

P/B ratios



ROE



ROE = Profit ÷ Equity (Average of beginning and ending amounts)

Sustainability

Provision of safety and security

Acquisition of international standard FSSC 22000

Further improving the level of food safety management to respond to the growing awareness of food safety in society



FSSC 22000 acquired by Warabeya Nichiyo Foods

In July this year, the Tokyo Plant and Head Office acquired a food safety management system approved by GFSI, a private-sector organization in which the global food manufacturing and retail businesses participate.

Declaring compliance with international standard ISO 10002

Reviewing basic operational procedures to improve customer service and strengthen organizational response

Constructed a customer service system that complied with ISO 10002 (International standard for customer satisfaction) and implemented a self-compliance declaration in September this year

Supply chain

Introduction of hydrogen fuel cell trucks

Aiming to achieve our group's target of halving CO2 emissions by FY 2031, we started using hydrogen trucks with zero CO2 emissions for deliveries to stores in November this year.



Business Partner Sustainable Action Guidelines

Established the "Warabeya Nichiyo Group Business Partner Sustainable Action Guidelines" in August of this year with the aim of achieving sustainable procurement and disseminated them to suppliers

Appendix

Capital expenditures (current outlook)

Capital expenditures under the Five-Year Medium-term Management Plan

Total amount Approx. ¥75.0 billion

Breakdown

Approx. ¥50.0 billion

Approx. 70% of total investment

Growth investments

- New plant Domestic: Iruma and Bakery, Isesaki
Overseas: Virginia, Ohio, etc.
- Manufacturing equipment for new products,
freezer warehouses

Approx. ¥17.0 billion

Replacement, safety and health investment, etc.

Approx. ¥8.0 billion

Environmental investment, investment for efficiency improvement, etc.

Schedule for newly constructed (closed) plants and capital expenditures

Region	Category	plant	FY2/2023	FY2/2024	FY2/2025	FY2/2026
Domestic	New construction	Iruma / Bakery		Approx. ¥7.2 billion	● Operations begun in Mar. to Apr. 2024	
		Isesaki			Approx. ¥15.0 billion	● Planned to start operations in Mar. 2025
	Closure	Gunma / Omiya / Chiba				● Planned to close in Feb. 2025
		other				Timing and details TBD
Overseas	New construction	Virginia		¥7.5 billion	● Operations begun in Sep. 2023	
		Ohio			Approx. ¥13.0 billion	● Planned to start operations in Sep. 2025

Segment information

Business segment

(Millions of yen)

		FY2/2023				FY2/2024				FY2/2025		
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	Change
Net sales	Food Production Business	41,383	85,390	128,784	169,552	43,777	90,487	134,868	180,608	48,804	101,247	+10,760
	Food Materials Business	2,613	5,762	8,286	11,394	2,694	5,973	8,523	11,362	2,719	5,997	+24
	Logistics Business	3,265	6,505	9,769	12,962	3,271	6,507	9,749	12,895	3,196	6,390	(116)
	Other	152	201	331	507	43	43	43	2,143	-	-	(43)
	Consolidated	47,414	97,858	147,171	194,416	49,786	103,011	153,184	207,009	54,720	113,636	+10,625
Operating profit	Food Production Business	1,714	3,389	4,608	5,042	2,300	4,328	5,223	5,929	2,185	4,077	(250)
	Food Materials Business	17	36	66	87	52	163	245	323	59	262	+98
	Logistics Business	159	353	567	643	216	419	615	704	206	388	(31)
	Other	(20)	(50)	(66)	(76)	(12)	(24)	(36)	173	-	-	+24
	Adjustment	(176)	(353)	(516)	(711)	(188)	(394)	(582)	(751)	(232)	(472)	(77)
	Consolidated	1,694	3,376	4,659	4,985	2,369	4,491	5,464	6,380	2,219	4,256	(235)

Net sales by product (Food Production Business - Domestic)

(Millions of yen)

		FY2/2023				FY2/2024				FY2/2025		
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	Change
Cooked Rice Products		28,054	56,911	85,725	114,118	29,912	61,444	90,968	119,838	28,786	58,028	(3,415)
	Bento Meal Boxes	6,748	13,058	19,574	25,595	5,930	11,469	16,483	21,149	4,575	9,248	(2,220)
	Chilled Bento Meal Boxes	6,818	13,313	20,321	27,283	7,185	15,377	23,409	31,788	7,783	15,144	(232)
	Onigiri Rice Balls	11,657	24,943	37,459	49,673	13,765	28,396	42,127	54,848	13,997	28,567	+171
	Sushi	2,829	5,595	8,369	11,566	3,030	6,199	8,948	12,052	2,429	5,067	(1,132)
Bread Products(Chilled Bread)		4,072	8,368	12,490	16,263	4,263	8,612	12,606	16,190	3,852	7,819	(793)
Side Dishes *		3,243	6,695	9,849	12,715	3,092	6,698	10,299	13,662	4,899	11,736	+5,037
Chilled Japanese Sweets		2,544	5,510	7,947	10,265	2,369	5,045	7,275	9,478	2,363	4,991	(53)
Others *		917	1,908	2,990	4,081	1,067	2,267	3,524	4,774	2,144	4,675	+2,408
Total		38,833	79,393	119,002	157,444	40,704	84,068	124,674	163,945	42,045	87,252	+3,183
Number of stores to supply (Stores)		18,002	18,034	18,003	18,037	18,035	18,060	18,076	18,121	18,129	18,174	+114

* Cooked noodles are counted Side dishes and Baked Bread is counted Others.

Overseas

(Millions of yen)

		FY2/2023				FY2/2024				FY2/2025		
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	Change
U.S. Sales	Yen-based (Millions of yen)	2,560	6,000	9,765	12,063	3,047	6,394	10,169	16,633	6,758	13,995	+7,601
	\$-based (Thousand \$)	20,919	43,901	67,434	90,905	23,027	47,420	73,635	118,338	45,477	91,926	+44,505
	Number of stores to supply (Stores)	817	823	823	827	830	831	2,179	2,163	2,158	2,156	+1,325
The exchange rate U.S.\$1 * (Yen)		122.4	136.7	144.8	132.7	132.3	134.9	138.1	140.6	148.6	152.3	-

* From FY2/2024, the exchange rates for foreign subsidiaries have been changed to the average rate during the fiscal period (was previously the rate at the end of the fiscal year).

Note : Financial results of overseas subsidiaries - End of December



Group Philosophy

We contribute to the healthy, abundant dietary lives of our customers by providing “safety” together with “products and services of value.”

Management Principles

We pursue customer needs and encourage innovation.

We aspire to a company that earns the trust of society by practicing compliance and engaging in highly transparent management.

We aspire to a company that provides opportunities for employee growth, ensures work is rewarding, and is environmentally friendly.

This document contains “forward-looking statements” based on the Company’s plans, forecast, business strategies and policies at the time of preparation.

These statements include the Company’s managerial judgments and assumptions made based on information available before its announcement, and actual results may differ materially from those anticipated in the statements due to changes in various factors.

Therefore, the Company undertakes no obligation to guarantee that these “forward-looking statements” including earnings forecast described in this document will be valid in the future.

