

Summary of Consolidated Financial Statements for the Third Quarter of the Fiscal Year Ending February 28, 2017

[Prepared under Japanese GAAP, (UNAUDITED)]

January 11, 2017

Name of listed company: WARABEYA NICHIO HOLDINGS CO., LTD. Listed on: Tokyo Stock Exchange, 1st Section
Securities code: 2918 URL: <http://www.warabeya.co.jp/>
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Scheduled date of filing the quarterly securities report: January 13, 2017
Scheduled date of payment of dividends: –
Supplementary documents for this summary of quarterly results: None
Quarterly results briefing: None

(Figures shown are rounded down to the nearest million yen.)

1. Consolidated financial results for the first three quarters of the fiscal year ending February 28, 2017

(March 1, 2016– November 30, 2016)

(1) Consolidated operating results (Accumulated)

(Percentage figures show year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Three quarters ended November 30, 2016	162,725	2.1	4,088	40.1	4,322	35.0	2,217	1.1
Three quarters ended November 30, 2015	159,330	4.0	2,917	(21.3)	3,202	(20.3)	2,191	(10.0)

(Note) Comprehensive income: Three quarters ended November 30, 2016: ¥2,032 million (down 9.8%)
Three quarters ended November 30, 2015: ¥2,253 million (down 11.9%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three quarters ended November 30, 2016	126.41	–
Three quarters ended November 30, 2015	124.71	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
As of November 30, 2016	85,566	42,859	50.1
As of February 29, 2016	77,334	41,529	53.7

(Reference) Equity capital: As of November 30, 2016: ¥42,859 million
As of February 29, 2016: ¥41,529 million

2. Dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended February 29, 2016	–	0.00	–	40.00	40.00
Year ending February 28, 2017	–	0.00	–		
Year ending February 28, 2017 (forecast)				40.00	40.00

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

3. Consolidated financial forecasts for the fiscal year ending February 28, 2017

(March 1, 2016 – February 28, 2017)

(Percentage figures show changes from the previous year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Full year	215,000	2.8	3,700	19.8	3,950	18.4	1,800	26.0	102.63

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

* Notes

(1) Significant changes in subsidiaries during the term

(Transfers of specific subsidiaries with changes in the scope of consolidation): Yes

Newly consolidated: – Excluded: 2,
WARABEYA TOKAI CO., LTD.
WARABEYA HOKKAIDO CO., LTD.

(2) Application of specified accounting methods for the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, accounting estimates and restatement of revisions

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|---|------|
| 1) Changes in accounting policies due to revisions of accounting standards, etc.: | Yes |
| 2) Changes in accounting policies other than 1): | None |
| 3) Changes in accounting estimates: | None |
| 4) Restatement of revisions: | None |

(4) Number of outstanding shares (common stock):

1) Number of shares outstanding (including treasury shares)	As of November 30, 2016	17,625,660 shares	As of February 29, 2016	17,625,660 shares
2) Number of treasury shares	As of November 30, 2016	87,330 shares	As of February 29, 2016	87,946 shares
3) Average number of shares outstanding in each period	Three quarters ended November 30, 2016	17,538,113 shares	Three quarters ended November 30, 2015	17,575,760 shares

(Note) The Company has established a BIP Trust. Shares of the Company held by the trust are included in treasury shares.

* Status of execution of the quarterly review of financial statements:

This quarterly financial summary is not subject to the quarterly review procedure based on the Financial Instruments and Exchange Act. As of the time of disclosure, this review procedure for quarterly financial statements had not been completed.

* Explanations and other special notes concerning the appropriate use of financial forecasts:

Effective September 1, 2016, the Company changed its name from WARABEYA NICHIO CO., LTD. to WARABEYA NICHIO HOLDINGS CO., LTD.

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.

1. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of Yen)

	As of February 29, 2016	As of November 30, 2016
Assets		
Current assets		
Cash and deposits	6,493	10,631
Notes and accounts receivable - trade	17,357	19,281
Merchandise and finished goods	2,554	3,334
Raw materials and supplies	936	979
Other	2,915	3,671
Allowance for doubtful accounts	(22)	(233)
Total current assets	30,235	37,663
Non-current assets		
Property, plant and equipment		
Buildings and structures	45,297	46,529
Accumulated depreciation	(27,923)	(28,970)
Buildings and structures, net	17,374	17,559
Machinery, equipment and vehicles	18,967	18,808
Accumulated depreciation	(13,636)	(13,993)
Machinery, equipment and vehicles, net	5,331	4,815
Land	12,332	12,332
Construction in progress	176	171
Other	10,702	12,187
Accumulated depreciation	(4,570)	(5,354)
Other, net	6,131	6,832
Total property, plant and equipment	41,345	41,711
Intangible assets		
Other	689	917
Total intangible assets	689	917
Investments and other assets		
Other	5,067	5,277
Allowance for doubtful accounts	(2)	(2)
Total investments and other assets	5,064	5,275
Total non-current assets	47,099	47,903
Total assets	77,334	85,566

	(Millions of Yen)	
	As of February 29, 2016	As of November 30, 2016
Liabilities		
Current liabilities		
Notes and accounts payable–trade	9,943	11,586
Short-term loans payable	100	—
Current portion of long-term loans payable	630	1,369
Accounts payable–other	8,630	8,927
Income taxes payable	361	1,302
Provision for bonuses	909	2,017
Provision for directors’ bonuses	—	87
Other	2,848	3,982
Total current liabilities	23,423	29,273
Non-current liabilities		
Long-term loans payable	2,569	2,218
Net defined benefit liability	2,514	2,794
Provision for directors’ stock options	34	66
Provision for loss on business of subsidiaries and associates	105	586
Asset retirement obligations	1,184	1,181
Other	5,973	6,586
Total non-current liabilities	12,381	13,434
Total liabilities	35,805	42,707
Net assets		
Shareholders’ equity		
Capital stock	8,049	8,049
Capital surplus	8,143	8,143
Retained earnings	25,281	26,794
Treasury shares	(263)	(260)
Total shareholders’ equity	41,212	42,726
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	163	160
Deferred gains or losses on hedges	(57)	(16)
Foreign currency translation adjustment	139	(73)
Remeasurements of defined benefit plans	71	61
Total accumulated other comprehensive income	317	132
Total net assets	41,529	42,859
Total liabilities and net assets	77,334	85,566

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly consolidated statements of income

(Millions of Yen)

	Three quarters ended November 30, 2015	Three quarters ended November 30, 2016
Net sales	159,330	162,725
Cost of sales	137,101	138,262
Gross profit	22,229	24,462
Selling, general and administrative expenses	19,311	20,374
Operating income	2,917	4,088
Non-operating income		
Interest income	8	8
Dividend income	295	321
Rent income	139	121
Other	74	101
Total non-operating income	516	552
Non-operating expenses		
Interest expenses	69	69
Loss on retirement of non-current assets	33	95
Cost of lease revenue	108	91
Other	20	62
Total non-operating expenses	232	318
Ordinary income	3,202	4,322
Extraordinary losses		
Impairment loss	132	—
Provision of allowance for doubtful accounts for subsidiaries and associates	—	211
Provision for loss on business of subsidiaries and associates	—	481
Total extraordinary losses	132	693
Profit before income taxes	3,070	3,629
Income taxes - current	1,239	1,956
Income taxes - deferred	(361)	(543)
Total income taxes	878	1,412
Profit	2,191	2,217
Profit attributable to owners of parent	2,191	2,217

Quarterly consolidated statements of comprehensive income

(Millions of Yen)

	Three quarters ended November 30, 2015	Three quarters ended November 30, 2016
Profit	2,191	2,217
Other comprehensive income		
Valuation difference on available-for-sale securities	61	(2)
Deferred gains or losses on hedges	(1)	40
Foreign currency translation adjustment	(5)	(212)
Remeasurements of defined benefit plans, net of tax	7	(10)
Total other comprehensive income	61	(184)
Comprehensive income	2,253	2,032
(Breakdown of comprehensive income)		
Comprehensive income attributable to owners of parent	2,253	2,032

(3) Segment information, etc.

[Business segment information]

I. Three quarters ended November 30, 2015 (March 1, 2015– November 30, 2015)

1. Sales and profits or losses by reportable segments

(Millions of Yen)

	Reportable segments				Other (Note 1*)	Total	Adjustment (Note 2*)	Carried on quarterly consolidated financial statements (Note 3*)
	Food Products Business	Food Ingredients Business	Logistics Business	Total				
Net sales								
Sales to external customers	124,544	18,315	10,557	153,417	5,913	159,330	—	159,330
Intersegment sales and transfers	—	1,721	2,661	4,382	13,152	17,535	(17,535)	—
Total	124,544	20,036	13,219	157,800	19,066	176,866	(17,535)	159,330
Segment income (loss)	1,977	358	89	2,425	546	2,972	(54)	2,917

- Notes: 1. The “Other” column indicates businesses not included in the reportable segments, such as the sales of Food engineering business, Temporary staffing and Business contract business.
2. The adjustment of (54) million yen under the item of “Segment income” is an elimination of intersegment transactions. Group administrative expenses of the Company are included in “Food Products Business,” as it was not practicable to calculate the expenses that were incurred before the transition to a holding company structure.
3. Segment income is adjusted to reflect operating income as recorded on the quarterly consolidated statements of income.

II. Three quarters ended November 30, 2016 (March 1, 2016– November 30, 2016)

1. Sales and profits or losses by reportable segments

(Millions of Yen)

	Reportable segments				Other (Note 1*)	Total	Adjustment (Note 2*)	Carried on quarterly consolidated financial statements (Note 3*)
	Food Products Business	Food Ingredients Business	Logistics Business	Total				
Net sales								
Sales to external customers	127,939	19,094	11,185	158,218	4,506	162,725	—	162,725
Intersegment sales and transfers	—	1,747	3,011	4,758	10,592	15,350	(15,350)	—
Total	127,939	20,841	14,196	162,977	15,098	178,076	(15,350)	162,725
Segment income (loss)	3,322	339	196	3,858	355	4,214	(125)	4,088

- Notes: 1. The “Other” column indicates businesses not included in the reportable segments, such as the sales of Food engineering business, Temporary staffing and Business contract business.
2. The adjustment of (125) million yen under the item of “Segment income” includes an elimination of intersegment transactions of (9) million yen, as well as corporate expenses of (116) million yen, which are not allocated to the reportable segments. As a result of the transition to a holding company structure during the quarter ended November 30, 2016, the Company has recorded new corporate expenses that are not allocated to the reportable segments.
3. Segment income is adjusted to reflect operating income as recorded on the quarterly consolidated statements of income.