

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

[Prepared under Japanese GAAP, (UNAUDITED)]

July 4, 2016

Name of listed company: WARABEYA NICHIO 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: July 7, 2016
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 quarter of the year ending February 28, 2017

(March 1, 2016– May 31, 2016)

(1) Consolidated operating results

(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	%
First quarter ended May 31, 2016	53,020	0.5	1,547	19.2	1,561	18.9	983	(8.4)
First quarter ended May 31, 2015	52,776	4.8	1,298	15.8	1,313	12.4	1,073	58.6

(Note) Comprehensive income: First quarter ended May 31, 2016: ¥909 million (down 20.1%)
First quarter ended May 31, 2015: ¥1,138 million (up 70.5%)

	Net income per share	Diluted net income per share
	Yen	Yen
First quarter ended May 31, 2016	56.07	—
First quarter ended May 31, 2015	60.93	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
As of May 31, 2016	81,694	41,733	51.1
As of February 29, 2016	77,334	41,529	53.7

(Reference) Equity capital: As of May 31, 2016: ¥41,733 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	—				
Year ending February 28, 2017 (forecast)		0.00	—	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
First half	111,200	2.6	2,800	17.3	2,900	8.3	1,750	(7.4)	99.78
Full year	217,000	3.8	3,300	6.9	3,400	1.9	1,600	12.0	91.23

(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): None

Newly consolidated: – Excluded: –

(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

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 May 31, 2016	17,625,660 shares	As of February 29, 2016	17,625,660 shares
2) Number of treasury shares	As of May 31, 2016	87,946 shares	As of February 29, 2016	87,946 shares
3) Average number of shares outstanding in each period	First quarter ended May 31, 2016	17,537,714 shares	First quarter ended May 31, 2015	17,614,321 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:

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 May 31, 2016
Assets		
Current assets		
Cash and deposits	6,493	6,444
Notes and accounts receivable-trade	17,357	19,403
Merchandise and finished goods	2,554	3,794
Raw materials and supplies	936	1,127
Other	2,915	3,426
Allowance for doubtful accounts	(22)	(22)
Total current assets	30,235	34,174
Fixed assets		
Tangible fixed assets		
Buildings and structures	45,297	45,627
Accumulated depreciation	(27,923)	(28,259)
Buildings and structures, net	17,374	17,367
Machinery, equipment and vehicles	18,967	18,913
Accumulated depreciation	(13,636)	(13,826)
Machinery, equipment and vehicles, net	5,331	5,087
Land	12,332	12,332
Construction in progress	176	201
Other	10,702	11,576
Accumulated depreciation	(4,570)	(4,871)
Other, net	6,131	6,705
Total tangible fixed assets	41,345	41,695
Intangible assets		
Other	689	813
Total intangible assets	689	813
Investments and other assets		
Other	5,067	5,014
Allowance for doubtful accounts	(2)	(2)
Total investments and other assets	5,064	5,011
Total fixed assets	47,099	47,519
Total assets	77,334	81,694

	(Millions of Yen)	
	As of February 29, 2016	As of May 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable–trade	9,943	11,446
Short-term loans payable	100	—
Current portion of long-term loans payable	630	649
Accounts payable–other	8,630	9,034
Accrued income taxes	361	514
Provision for bonuses	909	1,440
Provision for directors’ bonuses	—	25
Other	2,848	3,251
Total current liabilities	23,423	26,362
Long-term liabilities		
Long-term loans payable	2,569	3,275
Provision for retirement benefits	2,514	2,532
Provision for director stock options	34	43
Provision for loss on business of subsidiaries and associates	105	128
Asset retirement obligations	1,184	1,182
Other	5,973	6,436
Total long-term liabilities	12,381	13,597
Total liabilities	35,805	39,960
Net assets		
Shareholders’ equity		
Capital stock	8,049	8,049
Capital surplus	8,143	8,143
Retained earnings	25,281	25,560
Treasury shares	(263)	(263)
Total shareholders’ equity	41,212	41,490
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	163	171
Deferred gains or losses on hedges	(57)	(51)
Foreign currency translation adjustment	139	52
Remeasurements of defined benefit plans	71	69
Total accumulated other comprehensive income	317	242
Total net assets	41,529	41,733
Total liabilities and net assets	77,334	81,694

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly consolidated statements of income

	(Millions of Yen)	
	First quarter ended May 31, 2015	First quarter ended May 31, 2016
Net sales	52,776	53,020
Cost of sales	45,113	44,868
Gross profit	7,662	8,152
Selling, general and administrative expenses	6,364	6,604
Operating income	1,298	1,547
Non-operating income		
Interest income	3	2
Dividend income	1	2
Rent income	52	40
Other	26	63
Total non-operating income	84	109
Non-operating expenses		
Interest expenses	21	23
Cost of lease revenue	35	30
Provision for loss on business of subsidiaries and associates	—	23
Other	13	18
Total non-operating expenses	70	95
Ordinary income	1,313	1,561
Income before income taxes	1,313	1,561
Current income taxes	578	691
Deferred income taxes	(338)	(113)
Total income taxes	239	577
Net income	1,073	983
Profit attributable to owners of parent	1,073	983

Quarterly consolidated statements of comprehensive income

	(Millions of Yen)	
	First quarter ended May 31, 2015	First quarter ended May 31, 2016
Income before minority interests	1,073	983
Other comprehensive income		
Valuation difference on available-for-sale securities	41	8
Deferred gains or losses on hedges	24	5
Foreign currency translation adjustment	(3)	(86)
Remeasurements of defined benefit plans, net of tax	2	(2)
Total other comprehensive income	64	(74)
Comprehensive income	1,138	909
(Breakdown of comprehensive income)		
Comprehensive income attributable to owners of parent	1,138	909

(3) Segment information, etc.

[Business segment information]

I. First quarter ended May 31, 2015 (March 1, 2015– May 31, 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	40,668	6,329	3,477	50,475	2,301	52,776	—	52,776
Intersegment sales and transfers	—	597	896	1,493	5,563	7,057	(7,057)	—
Total	40,668	6,926	4,373	51,969	7,864	59,833	(7,057)	52,776
Segment income (loss)	827	118	139	1,085	316	1,402	(103)	1,298

- Notes: 1. The “Other” column indicates businesses not included in the reportable segments, such as the sales of food production facilities, temporary staffing, and outsourcing of operations.
2. The adjustment of (103) million yen under the item of “Segment income” is an elimination of intersegment transactions.
3. Segment income is adjusted to reflect operating income as recorded on the quarterly consolidated statements of income.

II. First quarter ended May 31, 2016 (March 1, 2016– May 31, 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	41,594	6,280	3,711	51,586	1,434	53,020	—	53,020
Intersegment sales and transfers	—	563	993	1,556	3,536	5,093	(5,093)	—
Total	41,594	6,843	4,704	53,142	4,970	58,113	(5,093)	53,020
Segment income (loss)	1,213	121	90	1,425	135	1,560	(12)	1,547

- Notes: 1. The “Other” column indicates businesses not included in the reportable segments, such as the sales of food production facilities, temporary staffing, and outsourcing of operations.
2. The adjustment of (12) million yen under the item of “Segment income” is an elimination of intersegment transactions.
3. Segment income is adjusted to reflect operating income as recorded on the quarterly consolidated statements of income.