

Translation

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Summary of Consolidated Financial Results for the Three Months Ended May 31, 2020 (Based on Japanese GAAP)

July 2, 2020

Company name: WARABEYA NICHIO HOLDINGS CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 2918 URL <http://www.warabeya.co.jp/>
 Representative: Representative Director, President Hiroyuki Otomo
 Inquiries: Director, Managing Executive Officer Naoshi Asano TEL 03-5363-7010
 Scheduled date to file Quarterly Securities Report: July 3, 2020
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended May 31, 2020 (from March 1, 2020 to May 31, 2020)

(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	%
Three months ended May 31, 2020	46,330	(14.7)	215	(80.7)	249	(77.1)	94	(86.6)
Three months ended May 31, 2019	54,284	(0.3)	1,115	(0.1)	1,089	(2.8)	703	(1.8)

(Note) Comprehensive income: Three months ended May 31, 2020: ¥99 million [(84.4) %]
 Three months ended May 31, 2019: ¥639 million [23.5%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended May 31, 2020	5.38	–
Three months ended May 31, 2019	40.06	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of May 31, 2020	85,459	44,116	51.4
As of February 29, 2020	86,078	44,523	51.5

(Reference) Equity capital: As of May 31, 2020: ¥43,947 million
 As of February 29, 2020: ¥44,342 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, 2020	–	0.00	–	40.00	40.00
Year ending February 28, 2021	–				
Year ending February 28, 2021 (Forecast)		0.00	–	40.00	40.00

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

3. Forecast of consolidated financial results for the year ending February 28, 2021 (from March 1, 2020 to February 28, 2021)

(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
Six months ending August 31, 2020	98,000	(10.8)	500	(74.7)	800	(62.2)	(100)	–	(5.70)
Full year	202,000	(5.4)	1,800	(33.9)	2,100	(24.3)	700	(30.7)	39.88

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

* Notes

- (1) Changes in significant subsidiaries during the three months ended May 31, 2020
(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 May 31, 2020	:	17,625,660 shares	As of February 29, 2020	:	17,625,660 shares
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Number of treasury shares at the end of the period

As of May 31, 2020	:	72,998 shares	As of February 29, 2020	:	72,998 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended May 31, 2020	:	17,552,662 shares	Three months ended May 31, 2019	:	17,551,519 shares
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(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 audit.

* 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, 2020	As of May 31, 2020
Assets		
Current assets		
Cash and deposits	8,121	8,525
Notes and accounts receivable - trade	17,857	16,598
Merchandise and finished goods	3,626	4,180
Raw materials and supplies	981	918
Other	1,979	1,674
Allowance for doubtful accounts	(0)	(0)
Total current assets	32,566	31,896
Non-current assets		
Property, plant and equipment		
Buildings and structures	52,744	52,799
Accumulated depreciation	(32,313)	(32,697)
Buildings and structures, net	20,431	20,102
Machinery, equipment and vehicles	19,002	19,053
Accumulated depreciation	(15,159)	(15,303)
Machinery, equipment and vehicles, net	3,843	3,749
Land	12,231	11,999
Construction in progress	1,839	2,476
Other	15,382	14,899
Accumulated depreciation	(8,055)	(7,833)
Other, net	7,326	7,066
Total property, plant and equipment	45,673	45,394
Intangible assets		
Goodwill	255	230
Other	681	657
Total intangible assets	936	888
Investments and other assets		
Other	7,068	7,444
Allowance for doubtful accounts	(165)	(164)
Total investments and other assets	6,903	7,279
Total non-current assets	53,512	53,562
Total assets	86,078	85,459

(Millions of Yen)

	As of February 29, 2020	As of May 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,304	10,039
Current portion of long-term borrowings	364	610
Accounts payable - other	10,655	8,700
Income taxes payable	622	208
Provision for bonuses	1,331	1,981
Provision for bonuses for directors (and other officers)	—	28
Other	4,156	4,724
Total current liabilities	27,433	26,293
Non-current liabilities		
Long-term borrowings	1,602	2,985
Lease obligations	6,936	6,542
Retirement benefit liability	3,768	3,801
Provision for Directors stock-based rewards	114	123
Asset retirement obligations	1,574	1,464
Other	126	133
Total non-current liabilities	14,121	15,049
Total liabilities	41,555	41,343
Net assets		
Shareholders' equity		
Share capital	8,049	8,049
Capital surplus	8,100	8,100
Retained earnings	28,560	28,105
Treasury shares	(213)	(213)
Total shareholders' equity	44,496	44,040
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	90	92
Deferred gains or losses on hedges	1	0
Foreign currency translation adjustment	(89)	(38)
Remeasurements of defined benefit plans	(156)	(147)
Total accumulated other comprehensive income	(154)	(93)
Non-controlling interests	181	168
Total net assets	44,523	44,116
Total liabilities and net assets	86,078	85,459

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

(Millions of Yen)

	Three months ended May 31, 2019	Three months ended May 31, 2020
Net sales	54,284	46,330
Cost of sales	45,740	39,293
Gross profit	8,544	7,037
Selling, general and administrative expenses	7,428	6,821
Operating profit	1,115	215
Non-operating income		
Interest income	3	2
Dividend income	2	2
Rental income	40	44
Insurance claim income	0	27
Share of profit of entities accounted for using equity method	—	16
Other	8	11
Total non-operating income	54	105
Non-operating expenses		
Interest expenses	31	28
Rental cost	32	32
Other	17	10
Total non-operating expenses	80	71
Ordinary profit	1,089	249
Extraordinary income		
Gain on sales of non-current assets	—	61
Total extraordinary income	—	61
Extraordinary losses		
Impairment loss	—	9
Total extraordinary losses	—	9
Profit before income taxes	1,089	301
Income taxes - current	456	267
Income taxes - deferred	(81)	(85)
Total income taxes	374	181
Profit	714	120
Profit attributable to non-controlling interests	11	25
Profit attributable to owners of parent	703	94

Consolidated statements of comprehensive income

(Millions of Yen)

	Three months ended May 31, 2019	Three months ended May 31, 2020
Profit	714	120
Other comprehensive income		
Valuation difference on available-for-sale securities	(79)	1
Deferred gains or losses on hedges	(0)	(1)
Foreign currency translation adjustment	(0)	(29)
Remeasurements of defined benefit plans, net of tax	5	8
Total other comprehensive income	(75)	(20)
Comprehensive income	639	99
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	628	76
Comprehensive income attributable to non-controlling interests	11	23

(3) Segment information, etc.

[Segment information]

I. Three months ended May 31, 2019 (from March 1, 2019 to May 31, 2019)

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 Products Business	Food Ingredients Business	Logistics Business	Food Engineering Business	Temporary Staffing and Contracting Business	Total		
Net sales								
Sales to external customers	44,669	3,965	3,537	690	1,420	54,284	–	54,284
Intersegment sales and transfers	–	670	1,150	675	1,873	4,371	(4,371)	–
Total	44,669	4,636	4,688	1,366	3,294	58,655	(4,371)	54,284
Segment profit (loss)	1,182	14	(71)	(5)	58	1,179	(63)	1,115

Notes: 1. The adjustment of (63) million yen under the item of “Segment profit (loss)” includes an elimination of intersegment transactions of 99 million yen, as well as corporate expenses of (162) 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.

II. Three months ended May 31, 2020 (from March 1, 2020 to May 31, 2020)

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 Products Business	Food Ingredients Business	Logistics Business	Food Engineering Business	Temporary Staffing and Contracting Business	Total		
Net sales								
Sales to external customers	38,245	3,362	3,215	321	1,185	46,330	–	46,330
Intersegment sales and transfers	–	560	1,154	665	1,282	3,662	(3,662)	–
Total	38,245	3,922	4,370	987	2,467	49,992	(3,662)	46,330
Segment profit (loss)	594	(181)	(1)	(18)	(70)	322	(107)	215

Notes: 1. The adjustment of (107) million yen under the item of “Segment profit (loss)” includes an elimination of intersegment transactions of 74 million yen, as well as corporate expenses of (182) 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.