



# Fiscal Year Ended February 2020 Results Explanatory material

From March 1, 2019 to February 29, 2020

WARABEYA NICHIO HOLDINGS CO., LTD.  
(2918)

April 10, 2020



# Overview of Financial Results for FY2/20 and Full-year Forecast for FY2/21 (Consolidated Basis)



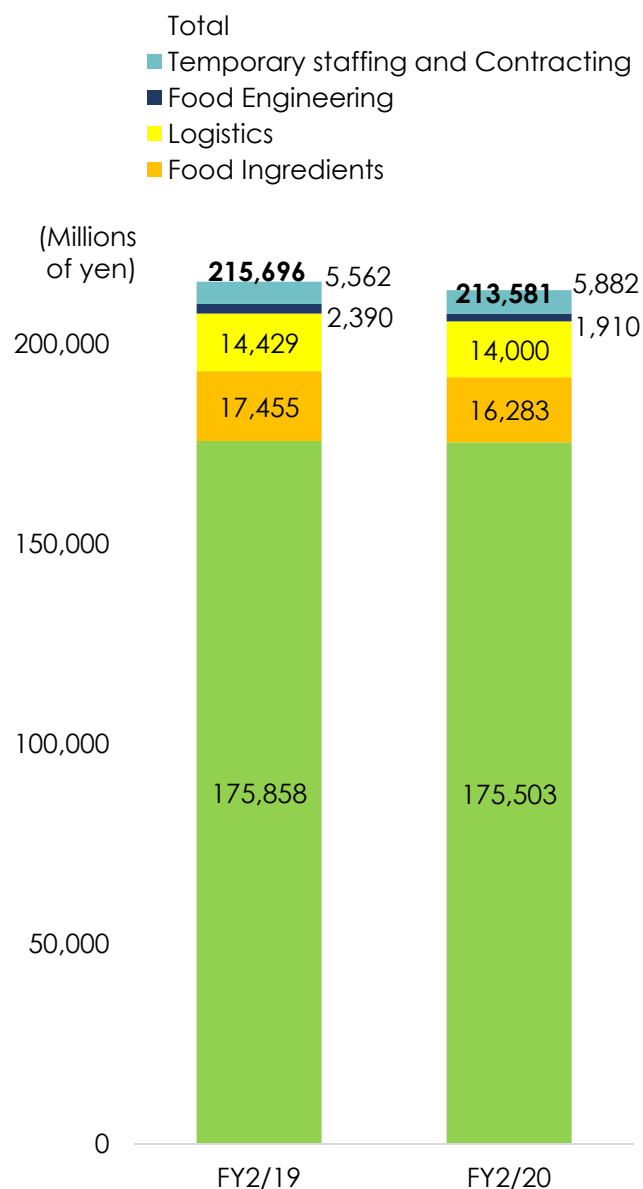
# Consolidated financial results for FY2/20

(Millions of yen)

	FY2/19	FY2/20		YoY	Vs. Revised forecast
	Results	Revised forecast (Announced in Oct. 2019)	<b>Results</b>		
Net sales	215,696 (100.0)	214,000 (100.0)	<b>213,581</b> <b>(100.0)</b>	-2,115 <-1.0>	-418 <-0.2>
Operating profit	1,526 (0.7)	2,500 (1.2)	<b>2,721</b> <b>(1.3)</b>	1,195 <78.3>	221 <8.9>
Ordinary profit	1,766 (0.8)	2,700 (1.3)	<b>2,773</b> <b>(1.3)</b>	1,007 <57.0>	73 <2.7>
Profit (attributable to owners of parent)	610 (0.3)	700 (0.3)	<b>1,010</b> <b>(0.5)</b>	399 <65.5>	310 <44.3>
EPS (Yen) (attributable to owners of parent)	34.78	39.88	<b>57.55</b>	22.77	17.67
ROE (%)	1.4	—	<b>2.3</b>	0.9 pt	—

\* Figures in ( ) show sales ratio, and figures in < > show change (%).  
Revised forecast announced on October 4, 2019.

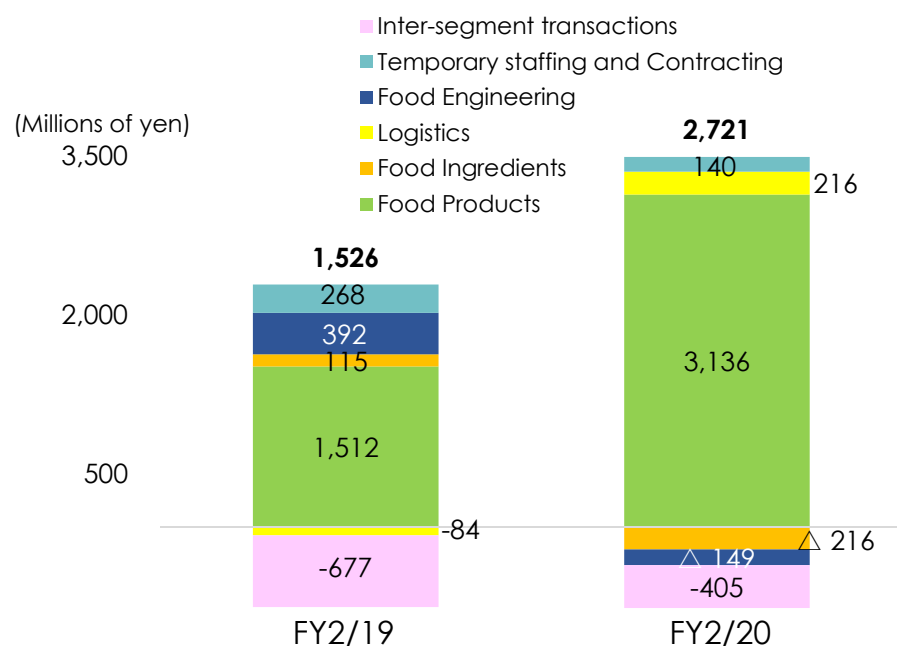
# Consolidated net sales by segment (YoY)



(Millions of yen)  
\* Figures in < > show change (%).

	FY2/19	FY2/20	Change	Change factors
<b>Total net sales</b>	215,696	<b>213,581</b>	-2,115 <-1.0>	
Food Products	175,858	<b>175,503</b>	-354 <-0.2>	Decrease of rice ball campaign(-¥2.27 billion), Growth in side dishes & Japanese Sweets (¥1.82billion)
Food Ingredients	17,455	<b>16,283</b>	-1,172 <-6.7>	Decline in volume of processed marine products & processed chicken products handled
Logistics	14,429	<b>14,000</b>	-428 <-3.0>	Return of Seven-Eleven store distribution routes
Food Engineering	2,390	<b>1,910</b>	-479 <-20.1>	Decline in orders for rice preparation equipment etc.
Temporary staffing and Contracting	5,562	<b>5,882</b>	319 <5.8>	Increase in orders in temporary staffing and technical intern training business

# Consolidated operating profit by segment (YoY)



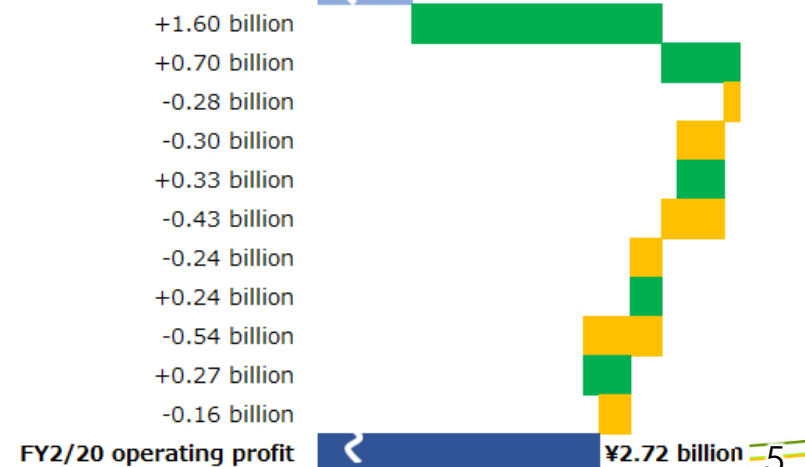
(Millions of yen) \* Figures in < > show change (%).

	FY2/19	FY2/20	Change
<b>Total operating profit</b>	1,526	<b>2,721</b>	1,195 <78.3>
Food Products	1,512	<b>3,136</b>	1,624 <107.4>
Food Ingredients	115	<b>-216</b>	-332 <->
Logistics	-84	<b>216</b>	300 <->
Food Engineering	392	<b>-149</b>	-541 <->
Temporary staffing and Contracting	268	<b>140</b>	-128 <-47.8>
Inter-segment transactions	-677	<b>-405</b>	272 <->

## YoY +¥1.19 billion Change factors

Food Products	Improvement due to changes to product standards, etc	+1.60 billion
	Improvement in productivity	+0.70 billion
	Part-time personnel expenses	-0.28 billion
	Increase in Head count of Full-time employees	-0.30 billion
	Absence of special factors in last FY	+0.33 billion
Production	Plant reorganization expenses (Tochigi's depreciation etc)	-0.43 billion
	Increase in maintenance expenses/ decrease in Utilities expenses	-0.24 billion
	Expansion of overseas business	+0.24 billion
Other	Food Engineering business	-0.54 billion
	Elimination of unrealized profit etc	+0.27 billion
	Other	-0.16 billion

FY2/19 operating profit < ¥1.52 billion



# Non-operating profit/expenses and extraordinary income/losses (YoY)

(Millions of yen)

	FY2/19	FY2/20	Change
<b>Operating profit</b>	1,526 (0.7)	2,721 (1.3)	1,195 <78.3>
Non-operating income	611 (0.3)	563 (0.3)	-47 < -7.8>
Non-operating expenses	370 (0.2)	510 (0.2)	140 <37.7>
<b>Ordinary profit</b>	1,766 (0.8)	2,773 (1.3)	1,007 <57.0>
Extraordinary income	903 (0.4)	- (-)	-903 <-100.0>
Extraordinary losses	1,721 (0.8)	882 (0.4)	-839 < -48.7>
Profit before income taxes	948 (0.4)	1,891 (0.9)	942 <99.3>
Total income taxes	306 (0.1)	808 (0.4)	501 <163.4>
Profit (attributable to non-controlling interests)	31 (0.0)	72 (0.0)	41 <130.2>
<b>Profit (attributable to owners of parent)</b>	610 (0.3)	1,010 (0.5)	399 <65.5>

FY2/19

Extraordinary income ¥0.90 billion

- Nichiyo: Gain on reversal of allowances for doubtful accounts and for losses on loan guarantees for Nichiman ¥0.77 billion
- Gain on sale of former head office land ¥0.12 billion

Extraordinary losses ¥1.72 billion

- Warabeya Nichiyo: Impairment losses on some business assets ¥1.04 billion
- Warabeya Nichiyo: Loss on sale of Iruma Plant ¥0.67 billion

FY2/20

Extraordinary losses ¥0.88 billion

- Warabeya Nichiyo: Impairment losses for Kagawa Plant ¥0.66 billion
- Warabeya Nichiyo: Impairment losses for Kushiro Plant ¥0.10 billion
- Warabeya Nichiyo HD: Impairment losses for Tochigi Plant ¥0.09 billion

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# Consolidated balance sheets (YoY)

(Millions of yen)				(Millions of yen)			
[Assets]	End-FY2/19	End-FY2/20	Change	[Liabilities and net assets]	End-FY2/19	End-FY2/20	Change
Current assets	27,178	<b>32,566</b>	5,388	Current liabilities	24,487	<b>27,433</b>	2,946
Non-current assets	57,457	<b>53,512</b>	-3,945	Non-current liabilities	15,906	<b>14,121</b>	-1,784
[Property, plant and equipment]	[49,625]	<b>[45,673]</b>	[-3,951]	[Interest-bearing debt]	[14,176]	<b>[11,336]</b>	[-2,839]
[Intangible assets]	[1,112]	<b>[936]</b>	[-175]	Total liabilities	40,393	<b>41,555</b>	1,161
[Investments and other assets]	[6,720]	<b>[6,903]</b>	[183]	Total net assets	44,242	<b>44,523</b>	281
Total assets	84,635	<b>86,078</b>	1,442	[Retained earnings]	[28,254]	<b>[28,560]</b>	[305]
				Total liabilities and net assets	84,635	<b>86,078</b>	1,442

## Total assets as of end-FY2/20: approx. ¥1.4 billion increase

- Increase in current assets (cash and deposits, notes and accounts receivable – trade, etc.): approx. ¥5.3 billion  
(include the effect of the term-end day was holiday approx. ¥1.9 billion)
- Decrease in non-current assets (buildings and structures, etc.): approx. ¥3.9 billion

## Total liabilities/net assets as of end-FY2/20: approx. ¥1.4 billion increase

- Increase in current liabilities (notes and accounts payable – trade, accounts payable – other, etc.): approx. ¥2.9 billion  
(include the effect of the term-end day was holiday approx. ¥1.9 billion)
- Decrease in non-current liabilities (long-term lease obligations, etc.): approx. ¥1.7 billion
- Increase in net assets : approx. ¥0.2 billion

# Consolidated statements of cash flows

(Millions of yen)

	<b>FY2/20</b>
Profit before income taxes	<b>1,891</b>
Depreciation	<b>5,802</b>
Decrease (increase) in notes and accounts receivable – trade	<b>-619</b>
Decrease (increase) in inventories	<b>144</b>
Increase (decrease) in notes and accounts payable – trade	<b>698</b>
Increase (decrease) in accounts payable – other	<b>2,071</b>
Other	<b>1,573</b>
<b>Subtotal</b>	<b>11,560</b>
Income taxes paid	<b>-399</b>
Other	<b>219</b>
<b>Cash flows from operating activities</b>	<b>11,379</b>
Purchase of property, plant and equipment	<b>-2,871</b>
Other	<b>1,522</b>
<b>Cash flows from investing activities</b>	<b>-1,349</b>
<b>Cash flows from financing activities</b>	<b>-4,556</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>-10</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>5,462</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>2,439</b>
<b>Cash and cash equivalents at the end of period</b>	<b>7,902</b>




# Consolidated financial forecast for FY2/21

(Millions of yen)

	FY2/20 Results	<b>FY2/21 Forecast</b>	Change
Net sales	213,581 (100.0)	<b>202,000</b> <b>(100.0)</b>	-11,581 <-5.4>
Operating profit	2,721 (1.3)	<b>1,800</b> <b>(0.9)</b>	-921 <-33.9>
Ordinary profit	2,773 (1.3)	<b>2,100</b> <b>(1.0)</b>	-673 <-24.3>
Profit (attributable to owners of parent)	1,010 (0.5)	<b>700</b> <b>(0.3)</b>	-310 <-30.7>
EPS (Yen) (attributable to owners of parent)	57.55	<b>39.88</b>	-17.67
Change factors (Billions of yen)	<p>◆Net sales: Impact of COVID-19 -10.0 etc.</p> <p>◆Operating profit: Sales decrease -2.3 (include impact of COVID-19 -1.8) Absence of special factors booked in previous fiscal year +1.4 (Food Products: Plant reorganization expenses +0.5, Maintenance expenses +0.4, Food Ingredients: Loss on valuation of inventories +0.3, Food Engineering: Provision of allowance for doubtful accounts +0.1) Calculated on the premise that the sales decline trend due to COVID-19 will continue in the first half and disappear in the second half.</p>		

\* Figures in ( ) show sales ratio, and figures in < > show change (%). 9



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.

## GROUP PHILOSOPHY

We will contribute to the **healthy and enjoyable eating habits** of our customers by providing a sense of **safety and peace of mind** in addition to **valuable products and services**.

## Management Philosophy

We will pursue the highest level of customer satisfaction and promote innovation.  
We will strive to be a company that society can trust by committing to compliance standards and conducting our business in a highly transparent manner.  
We will strive to be an eco-friendly company at which our employees can obtain personal growth and job satisfaction.

