

Translation

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## Summary of Consolidated Financial Results for the Year Ended February 28, 2019 (Based on Japanese GAAP)

April 12, 2019

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 of ordinary general meeting of shareholders: May 23, 2019  
 Scheduled date to file Securities Report: May 24, 2019  
 Scheduled date to commence dividend payments: May 24, 2019  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the year ended February 28, 2019 (from March 1, 2018 to February 28, 2019)

#### (1) Consolidated operating results

(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	%
Year ended February 28, 2019	215,696	(1.6)	1,526	(59.1)	1,766	(56.1)	610	(70.9)
Year ended February 28, 2018	219,103	2.2	3,731	(9.0)	4,023	(6.5)	2,093	(8.2)

(Note) Comprehensive income: Year ended February 28, 2019: ¥454 million [(75.1)%]  
 Year ended February 28, 2018: ¥1,824 million [(22.4)%]

	Earnings per share	Diluted earnings per share	Return on shareholders' equity	Ordinary profit to total assets	Operating profit net sales
	Yen	Yen	%	%	%
Year ended February 28, 2019	34.78	—	1.4	2.1	0.7
Year ended February 28, 2018	119.40	—	4.8	4.7	1.7

(Reference) Equity in earnings of affiliates: Year ended February 28, 2019: ¥— million  
 Year ended February 28, 2018: ¥— million

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 28, 2019	84,635	44,242	52.1	2,513.77
As of February 28, 2018	86,888	44,286	51.0	2,525.63

(Reference) Equity capital: As of February 28, 2019: ¥44,120 million  
 As of February 28, 2018: ¥44,286 million

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended February 28, 2019	5,974	(5,733)	(3,311)	2,439
Year ended February 28, 2018	8,082	(9,151)	(4,564)	5,203

## 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended February 28, 2018	—	0.00	—	40.00	40.00	704	33.5	1.6
Year ended February 28, 2019	—	0.00	—	40.00	40.00	704	115.0	1.6
Year ending February 29, 2020 (Forecast)	—	0.00	—	40.00	40.00		100.3	

(Note) Total cash dividends for the year ended February 28, 2018 and the year ended February 28, 2019, respectively, include dividends of ¥3 million and ¥2 million paid for shares of the Company held by the BIP Trust.

## 3. Forecast of consolidated financial results for the year ending February 29, 2020 (from March 1, 2019 to February 29, 2020)

(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, 2019	112,000	0.4	1,600	(5.6)	1,860	(7.5)	590	(34.5)	33.62
Full year	219,500	1.8	2,500	63.8	2,700	52.8	700	14.7	39.88

### \* Notes

(1) Changes in significant subsidiaries during the year ended February 28, 2019

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of February 28, 2019	17,625,660 shares	As of February 28, 2018	17,625,660 shares
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Number of treasury shares at the end of the period

As of February 28, 2019	74,162 shares	As of February 28, 2018	91,022 shares
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Average number of shares during the period

Year ended February 28, 2019	17,547,023 shares	Year ended February 28, 2018	17,535,982 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.

(References) Overview of non-consolidated financial results

1. Non-consolidated financial results for the year ended February 28, 2019 (from March 1, 2018 to February 28, 2019)

(1) Non-consolidated operating results

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended February 28, 2019	2,094	13.8	1,137	28.5	1,245	31.0	484	(38.2)
Year ended February 28, 2018	1,840	(97.8)	885	(57.6)	951	(63.4)	784	(86.7)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Year ended February 28, 2019	27.61	—
Year ended February 28, 2018	44.73	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 28, 2019	40,933	38,593	94.3	2,198.89
As of February 28, 2018	41,623	38,749	93.1	2,209.90

(Reference) Equity capital: As of February 28, 2019: ¥38,593 million  
As of February 28, 2018: ¥38,749 million

\* 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.

**Consolidated financial statements**  
**(1) Consolidated balance sheets**

(Millions of Yen)

	As of February 28, 2018	As of February 28, 2019
Assets		
Current assets		
Cash and deposits	5,203	3,057
Notes and accounts receivable - trade	18,339	17,403
Merchandise and finished goods	3,341	3,810
Raw materials and supplies	916	947
Deferred tax assets	719	763
Other	2,430	1,959
Allowance for doubtful accounts	(0)	(0)
Total current assets	30,952	27,941
Non-current assets		
Property, plant and equipment		
Buildings and structures	49,304	54,002
Accumulated depreciation	(30,766)	(31,118)
Buildings and structures, net	18,538	22,884
Machinery, equipment and vehicles	18,350	19,373
Accumulated depreciation	(14,609)	(15,094)
Machinery, equipment and vehicles, net	3,740	4,279
Land	13,182	12,603
Leased assets	14,810	15,115
Accumulated depreciation	(5,249)	(6,750)
Leased assets, net	9,560	8,365
Construction in progress	3,558	1,217
Other	1,455	1,553
Accumulated depreciation	(1,207)	(1,278)
Other, net	248	274
Total property, plant and equipment	48,830	49,625
Intangible assets		
Goodwill	—	352
Leased assets	2	1
Other	901	757
Total intangible assets	904	1,112
Investments and other assets		
Investment securities	549	574
Long-term loans receivable	587	19
Net defined benefit asset	358	455
Guarantee deposits	1,609	1,523
Deferred tax assets	2,245	2,593
Other	1,389	793
Allowance for doubtful accounts	(538)	(2)
Total investments and other assets	6,202	5,957
Total non-current assets	55,936	56,694
Total assets	86,888	84,635

(Millions of Yen)

	As of February 28, 2018	As of February 28, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,310	9,608
Current portion of long-term loans payable	586	646
Lease obligations	2,575	2,653
Accounts payable - other	9,257	8,472
Income taxes payable	629	268
Provision for bonuses	1,258	1,323
Other	1,436	1,514
Total current liabilities	26,053	24,487
Non-current liabilities		
Long-term loans payable	2,289	2,442
Lease obligations	9,257	8,434
Net defined benefit liability	3,075	3,377
Provision for Directors stock-based rewards	117	85
Provision for loss on guarantees of subsidiaries and associates	242	—
Asset retirement obligations	1,390	1,451
Other	175	115
Total non-current liabilities	16,548	15,906
Total liabilities	42,602	40,393
Net assets		
Shareholders' equity		
Capital stock	8,049	8,049
Capital surplus	8,143	8,100
Retained earnings	28,247	28,254
Treasury shares	(271)	(217)
Total shareholders' equity	44,169	44,186
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	166	175
Deferred gains or losses on hedges	(2)	(0)
Foreign currency translation adjustment	24	(39)
Remeasurements of defined benefit plans	(72)	(202)
Total accumulated other comprehensive income	116	(66)
Non-controlling interests	—	121
Total net assets	44,286	44,242
Total liabilities and net assets	86,888	84,635

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

(Millions of Yen)

	Fiscal year ended February 28, 2018	Fiscal year ended February 28, 2019
Net sales	219,103	215,696
Cost of sales	187,622	185,411
Gross profit	31,480	30,285
Selling, general and administrative expenses		
Haulage expenses	12,213	12,356
Salaries, allowances and bonuses	5,856	6,364
Provision for bonuses	485	526
Depreciation	465	493
Rent expenses	963	1,152
Other	7,764	7,864
Total selling, general and administrative expenses	27,748	28,758
Operating profit	3,731	1,526
Non-operating income		
Interest income	9	16
Dividend income	349	341
Rent income	168	164
Other	161	89
Total non-operating income	689	611
Non-operating expenses		
Interest expenses	114	129
Loss on retirement of non-current assets	111	87
Cost of lease revenue	124	125
Other	48	28
Total non-operating expenses	398	370
Ordinary profit	4,023	1,766
Extraordinary income		
Gain on sales of non-current assets	—	126
Reversal of allowance for doubtful accounts	—	535
Reversal of provision for loss on guarantees for subsidiaries and associates	—	242
Total extraordinary income	—	903
Extraordinary losses		
Loss on sales of non-current assets	—	674
Impairment loss	444	1,046
Provision of allowance for doubtful accounts for subsidiaries and associates	308	—
Provision for loss on guarantees for subsidiaries and associates	242	—
Total extraordinary losses	995	1,721
Profit before income taxes	3,027	948
Income taxes - current	1,043	617
Income taxes - deferred	(109)	(310)
Total income taxes	933	306
Profit	2,093	642
Profit attributable to non-controlling interests	—	31
Profit attributable to owners of parent	2,093	610

## Consolidated statements of comprehensive income

(Millions of Yen)

	Fiscal year ended February 28, 2018	Fiscal year ended February 28, 2019
Profit	2,093	642
Other comprehensive income		
Valuation difference on available-for-sale securities	5	9
Deferred gains or losses on hedges	(0)	2
Foreign currency translation adjustment	(112)	(69)
Remeasurements of defined benefit plans, net of tax	(160)	(130)
Total other comprehensive income	(269)	(187)
Comprehensive income	1,824	454
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	1,824	426
Comprehensive income attributable to non-controlling interests	—	27

### (3) Consolidated statements of changes in equity

Fiscal year ended February 28, 2018

(Millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	8,049	8,143	26,858	(261)	42,791
Changes of items during period					
Dividends of surplus	—	—	(704)	—	(704)
Profit attributable to owners of parent	—	—	2,093	—	2,093
Purchase of treasury shares	—	—	—	(14)	(14)
Disposal of treasury shares	—	—	—	3	3
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during period	—	—	1,389	(10)	1,378
Balance at end of current period	8,049	8,143	28,247	(271)	44,169

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	161	(1)	137	88	385	43,176
Changes of items during period						
Dividends of surplus	—	—	—	—	—	(704)
Profit attributable to owners of parent	—	—	—	—	—	2,093
Purchase of treasury shares	—	—	—	—	—	(14)
Disposal of treasury shares	—	—	—	—	—	3
Net changes of items other than shareholders' equity	5	(0)	(112)	(160)	(269)	(269)
Total changes of items during period	5	(0)	(112)	(160)	(269)	1,109
Balance at end of current period	166	(2)	24	(72)	116	44,286



Fiscal year ended February 28, 2019

(Millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	8,049	8,143	28,247	(271)	44,169
Changes of items during period					
Dividends of surplus	—	—	(704)	—	(704)
Profit attributable to owners of parent	—	—	610	—	610
Change of scope of consolidation	—	—	101	—	101
Purchase of shares of consolidated subsidiaries	—	(43)	—	—	(43)
Purchase of treasury shares	—	—	—	(0)	(0)
Disposal of treasury shares	—	—	—	54	54
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during period	—	(43)	6	54	17
Balance at end of current period	8,049	8,100	28,254	(217)	44,186

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	166	(2)	24	(72)	116	—	44,286
Changes of items during period							
Dividends of surplus	—	—	—	—	—	—	(704)
Profit attributable to owners of parent	—	—	—	—	—	—	610
Change of scope of consolidation	—	—	—	—	—	—	101
Purchase of shares of consolidated subsidiaries	—	—	—	—	—	—	(43)
Purchase of treasury shares	—	—	—	—	—	—	(0)
Disposal of treasury shares	—	—	—	—	—	—	54
Net changes of items other than shareholders' equity	9	2	(64)	(130)	(182)	121	(60)
Total changes of items during period	9	2	(64)	(130)	(182)	121	(43)
Balance at end of current period	175	(0)	(39)	(202)	(66)	121	44,242

#### (4) Consolidated statements of cash flows

(Millions of Yen)

	Fiscal year ended February 28, 2018	Fiscal year ended February 28, 2019
Cash flows from operating activities		
Profit before income taxes	3,027	948
Depreciation	5,082	5,472
Impairment loss	444	1,046
Increase (decrease) in allowance for doubtful accounts	195	(535)
Increase (decrease) in provision for loss on business of subsidiaries and associates	(51)	—
Increase (decrease) in provision for loss on guarantees of subsidiaries and associates	242	(242)
Increase (decrease) in provision for bonuses	98	64
Increase (decrease) in net defined benefit liability	(47)	182
Interest and dividend income	(359)	(357)
Interest expenses	114	129
Loss (gain) on sales of property, plant and equipment	0	548
Loss on retirement of non-current assets	111	87
Decrease (increase) in notes and accounts receivable - trade	(305)	1,043
Decrease (increase) in inventories	(36)	(478)
Increase (decrease) in notes and accounts payable - trade	(67)	(879)
Increase (decrease) in accounts payable - other	(1,109)	75
Other, net	1,394	(198)
Subtotal	8,733	6,908
Interest and dividend income received	359	357
Interest expenses paid	(115)	(130)
Income taxes paid	(894)	(1,161)
Net cash provided by (used in) operating activities	8,082	5,974
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,722)	(5,736)
Proceeds from sales of property, plant and equipment	0	148
Purchase of intangible assets	(249)	(121)
Payments of loans receivable	(831)	(837)
Collection of loans receivable	1,005	1,408
Payments into time deposits	—	(618)
Other, net	(1,353)	22
Net cash provided by (used in) investing activities	(9,151)	(5,733)
Cash flows from financing activities		
Proceeds from long-term loans payable	—	800
Repayments of long-term loans payable	(1,498)	(586)
Repayments of lease obligations	(2,351)	(2,737)
Purchase of treasury shares	(14)	(0)
Cash dividends paid	(704)	(704)
Other, net	3	(82)
Net cash provided by (used in) financing activities	(4,564)	(3,311)
Effect of exchange rate change on cash and cash equivalents	(100)	(18)
Net increase (decrease) in cash and cash equivalents	(5,733)	(3,089)
Cash and cash equivalents at beginning of period	10,937	5,203
Increase in cash and cash equivalents from newly consolidated subsidiary	—	325
Cash and cash equivalents at end of period	5,203	2,439

## (5) Segment information, etc.

### [Segment information]

#### 1. Overview of the reportable segments

The reporting segments of the Company and its consolidated subsidiaries are components for which separate financial information is available and whose operating results are regularly reviewed by the Board of Directors in order to determine the allocation of business resources to them as well as to evaluate their business performance. These segments are classified into “Food Products Business,” “Food Ingredients Business,” “Logistics Business,” “Food Engineering Business” and “Temporary Staffing and Contracting Business” according to their products and services, and their main business operations are as follows. From the year ended February 28, 2019, the Food Engineering Business and the Temporary Staffing and Contracting Business, which were previously classified as “Other,” have been classified as reportable segments, as their quantitative materiality has increased. As a result, the figures for the year ended February 28, 2018, have been reclassified to reflect this change in reportable segments.

Food Products Business: Manufacturing and sales of cooked food including bento meal boxes, onigiri rice balls, sushi, bread products and side dishes  
Food Ingredients Business: Procurement, processing and sales of food ingredients  
Logistics Business: Sorting and delivery of food products and ingredients  
Food Engineering Business: Sales of food processing machines, etc.  
Temporary Staffing and Contracting Business: Temporary staffing and contracting business

#### 2. Calculation method for the amounts of sales, profits/losses, assets/liabilities, and other items by reporting segment

The figures of profit of reporting segments are recorded on an operating profit basis.

Internal sales and transfers between segments are recorded based on actual market prices.

#### 3. Information on the amounts of sales, profits/losses, assets/liabilities, and other items by reporting segment

Year ended February 28, 2018

(Millions of Yen)

	Reportable segments						Adjustment (Note 1)	Carried on 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	173,119	24,473	14,721	1,698	5,089	219,103	—	219,103
Intersegment sales and transfers	—	2,689	4,159	6,877	7,655	21,382	(21,382)	—
Total	173,119	27,163	18,881	8,575	12,745	240,485	(21,382)	219,103
Segment profit (loss)	3,207	443	122	286	250	4,309	(577)	3,731
Segment assets	67,255	7,511	6,799	6,660	1,939	90,166	(3,278)	86,888
Other								
Amortization of goodwill	—	—	—	—	—	—	—	—
Depreciation	5,008	121	202	6	18	5,357	(274)	5,082
Increase in property, plant and equipment and intangible assets	11,170	396	2,683	2	157	14,410	(1,353)	13,056

Notes: 1. The adjustment of (577) million yen under the item of “Segment profit (loss)” includes an elimination of intersegment transactions of 27 million yen, as well as corporate expenses of (605) million yen, which are not allocated to the reportable segments.

The adjustment of (3,278) million yen under the item of “Segment assets” includes an elimination of intersegment transactions of (29,192) million yen, as well as corporate assets of 25,913 million yen, which are not allocated to the reportable segments.

The adjustment of (274) million yen under the item of “Depreciation” includes an elimination of intersegment transactions of (323) million yen and depreciation of 49 million yen related to corporate assets, which are not allocated to the reportable segments.

The adjustment of (1,353) million yen under the item of “Increase in property, plant and equipment and intangible assets”

includes an elimination of intersegment transactions of (1,353) million yen.

2. Segment profit is adjusted to reflect operating profit as recorded on the consolidated statements of income.

Year ended February 28, 2019

(Millions of Yen)

	Reportable segments						Adjustment (Note 1)	Carried on 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	175,858	17,455	14,429	2,390	5,562	215,696	–	215,696
Intersegment sales and transfers	–	2,784	4,474	11,602	7,721	26,582	(26,582)	–
Total	175,858	20,240	18,904	13,992	13,284	242,279	(26,582)	215,696
Segment profit (loss)	1,512	115	(84)	392	268	2,203	(677)	1,526
Segment assets	67,431	7,303	7,179	4,456	1,949	88,319	(3,683)	84,635
Other								
Amortization of goodwill	95	–	–	–	–	95	–	95
Depreciation	5,279	154	364	5	17	5,821	(348)	5,472
Increase in property, plant and equipment and intangible assets	6,871	250	1,305	2	47	8,478	(549)	7,929

Notes: 1. The adjustment of (677) million yen under the item of “Segment profit (loss)” includes an elimination of intersegment transactions of (71) million yen, as well as corporate expenses of (606) million yen, which are not allocated to the reportable segments.

The adjustment of (3,683) million yen under the item of “Segment assets” includes an elimination of intersegment transactions of (29,655) million yen, as well as corporate assets of 25,972 million yen, which are not allocated to the reportable segments.

The adjustment of (348) million yen under the item of “Depreciation” includes an elimination of intersegment transactions of (349) million yen and depreciation of 0 million yen related to corporate assets, which are not allocated to the reportable segments.

The adjustment of (549) million yen under the item of “Increase in property, plant and equipment and intangible assets” includes an elimination of intersegment transactions of (549) million yen.

2. Segment profit is adjusted to reflect operating profit as recorded on the consolidated statements of income.