

# Summary of Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending February 28, 2019

[Prepared under Japanese GAAP, (UNAUDITED)]

July 4, 2018

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: July 5, 2018  
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 fiscal year ending February 28, 2019 (March 1, 2018– May 31, 2018)

### (1) Consolidated operating results

(Percentage figures show 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	%
First quarter ended May 31, 2018	54,461	0.2	1,116	(30.3)	1,120	(30.5)	716	(33.8)
First quarter ended May 31, 2017	54,364	2.5	1,602	3.5	1,611	3.2	1,082	10.1

(Note) Comprehensive income: First quarter ended May 31, 2018: ¥517 million (down 46.9%)  
First quarter ended May 31, 2017: ¥976 million (up 7.4%)

	Profit per share	Diluted profit per share
	Yen	Yen
First quarter ended May 31, 2018	40.85	–
First quarter ended May 31, 2017	61.71	–

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
As of May 31, 2018	88,930	44,333	49.7
As of February 28, 2018	86,888	44,286	51.0

(Reference) Equity capital: As of May 31, 2018: ¥ 44,202 million  
As of February 28, 2018: ¥ 44,286 million

## 2. Dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended February 28, 2018	–	0.00	–	40.00	40.00
Year ending February 28, 2019	–				
Year ending February 28, 2019 (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, 2019 (March 1, 2018 – February 28, 2019)

(Percentage figures show changes from the previous year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
First half	113,600	1.2	3,000	(6.6)	3,200	(10.5)	1,775	(17.3)	101.23
Full year	224,600	2.5	4,000	7.2	4,150	3.1	2,150	2.7	122.61

(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.: None

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, 2018	17,625,660 shares	As of February 28, 2018	17,625,660 shares
2) Number of treasury shares	As of May 31, 2018	91,022 shares	As of February 28, 2018	91,022 shares
3) Average number of shares outstanding in each period	First quarter ended May 31, 2018	17,534,638 shares	First quarter ended May 31, 2017	17,538,309 shares

(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, 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.

# 1. Quarterly Consolidated Financial Statements

## (1) Quarterly consolidated balance sheet

(Millions of Yen)

	As of February 28, 2018	As of May 31, 2018
Assets		
Current assets		
Cash and deposits	5,203	3,588
Notes and accounts receivable - trade	18,339	19,270
Merchandise and finished goods	3,341	5,117
Raw materials and supplies	916	1,047
Other	3,149	3,055
Allowance for doubtful accounts	(0)	(0)
Total current assets	30,952	32,078
Non-current assets		
Property, plant and equipment		
Buildings and structures	49,304	51,506
Accumulated depreciation	(30,766)	(31,525)
Buildings and structures, net	18,538	19,980
Machinery, equipment and vehicles	18,350	18,553
Accumulated depreciation	(14,609)	(14,735)
Machinery, equipment and vehicles, net	3,740	3,818
Land	13,182	13,134
Construction in progress	3,558	2,900
Other	16,265	16,686
Accumulated depreciation	(6,456)	(6,689)
Other, net	9,809	9,996
Total property, plant and equipment	48,830	49,830
Intangible assets		
Goodwill	—	405
Other	904	868
Total intangible assets	904	1,273
Investments and other assets		
Other	6,740	6,420
Allowance for doubtful accounts	(538)	(674)
Total investments and other assets	6,202	5,746
Total non-current assets	55,936	56,851
Total assets	86,888	88,930

(Millions of Yen)

	As of February 28, 2018	As of May 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,310	11,288
Current portion of long-term loans payable	586	586
Accounts payable - other	9,257	9,004
Income taxes payable	629	516
Provision for bonuses	1,258	1,910
Provision for directors' bonuses	-	29
Other	4,011	5,014
Total current liabilities	26,053	28,350
Non-current liabilities		
Long-term loans payable	2,289	2,142
Lease obligations	9,257	9,294
Net defined benefit liability	3,075	3,107
Provision for Directors stock-based rewards	117	71
Provision for loss on guarantees of subsidiaries and associates	242	106
Asset retirement obligations	1,390	1,389
Other	175	135
Total non-current liabilities	16,548	16,246
Total liabilities	42,602	44,596
Net assets		
Shareholders' equity		
Capital stock	8,049	8,049
Capital surplus	8,143	8,143
Retained earnings	28,247	28,360
Treasury shares	(271)	(271)
Total shareholders' equity	44,169	44,282
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	166	189
Deferred gains or losses on hedges	(2)	0
Foreign currency translation adjustment	24	(202)
Remeasurements of defined benefit plans	(72)	(67)
Total accumulated other comprehensive income	116	(80)
Non-controlling interests	-	131
Total net assets	44,286	44,333
Total liabilities and net assets	86,888	88,930

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly consolidated statement of income

(Millions of Yen)

	First quarter ended May 31, 2017	First quarter ended May 31, 2018
Net sales	54,364	54,461
Cost of sales	45,896	46,170
Gross profit	8,467	8,290
Selling, general and administrative expenses	6,865	7,174
Operating profit	1,602	1,116
Non-operating income		
Interest income	2	3
Dividend income	2	2
Rent income	41	42
Other	46	37
Total non-operating income	93	84
Non-operating expenses		
Interest expenses	25	32
Cost of lease revenue	30	32
Other	28	16
Total non-operating expenses	84	80
Ordinary profit	1,611	1,120
Profit before income taxes	1,611	1,120
Income taxes - current	717	553
Income taxes - deferred	(188)	(160)
Total income taxes	528	393
Profit	1,082	726
Profit attributable to non-controlling interests	-	10
Profit attributable to owners of parent	1,082	716

Quarterly consolidated statement of comprehensive income

(Millions of Yen)

	First quarter ended May 31, 2017	First quarter ended May 31, 2018
Profit	1,082	726
Other comprehensive income		
Valuation difference on available-for-sale securities	18	23
Deferred gains or losses on hedges	0	3
Foreign currency translation adjustment	(136)	(239)
Remeasurements of defined benefit plans, net of tax	10	4
Total other comprehensive income	(106)	(208)
Comprehensive income	976	517
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	976	519
Comprehensive income attributable to non-controlling interests	–	(1)

(Segment information, etc.)

[Segment information]

I. First quarter ended May 31, 2017 (March 1, 2017– May 31, 2017)

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	42,940	6,072	3,778	52,791	1,572	54,364	—	54,364
Intersegment sales and transfers	—	641	975	1,617	2,794	4,411	(4,411)	—
Total	42,940	6,713	4,754	54,408	4,367	58,775	(4,411)	54,364
Segment profit (loss)	1,479	101	28	1,609	85	1,695	(92)	1,602

Notes: 1. The “Other” column indicates businesses not included in the reporting segments, such as sales of food processing machines, temporary staffing, and contracting business.

2. The adjustment of (92) million yen under the item of “Segment income (loss)” includes an elimination of intersegment transactions of 51 million yen, as well as corporate expenses of (144) million yen, which are not allocated to the reportable segments.

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

II. First quarter ended May 31, 2018 (March 1, 2018– May 31, 2018)

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	44,487	4,305	3,747	52,540	1,920	54,461	—	54,461
Intersegment sales and transfers	—	730	1,100	1,830	5,270	7,100	(7,100)	—
Total	44,487	5,035	4,847	54,371	7,190	61,562	(7,100)	54,461
Segment profit (loss)	960	39	115	1,115	200	1,316	(199)	1,116

Notes: 1. The “Other” column indicates businesses not included in the reporting segments, such as sales of food processing machines, temporary staffing, and contracting business.

2. The adjustment of (199) million yen under the item of “Segment income (loss)” includes an elimination of intersegment transactions of (35) million yen, as well as corporate expenses of (163) million yen, which are not allocated to the reportable segments.

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

2. Information regarding impairment losses on non-current assets, goodwill, etc. by reportable segment  
(Material changes in goodwill amounts)

In the first quarter of the fiscal year under review, the Company booked goodwill of 405 million yen in the Food Products Business related to the inclusion of subsidiary Prime Deli Corporation in the scope of consolidation.