

# Summary of Consolidated Financial Statements for the Third Quarter of the Fiscal Year Ending February 28, 2018

[Prepared under Japanese GAAP, (UNAUDITED)]

January 10, 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: January 11, 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 three quarters of the fiscal year ending February 28, 2018

(March 1, 2017– November 30, 2017)

### (1) Consolidated operating results (Accumulated)

(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	%
Three quarters ended November 30, 2017	166,338	2.2	3,939	(3.6)	4,281	(1.0)	2,559	15.5
Three quarters ended November 30, 2016	162,725	2.1	4,088	40.1	4,322	35.0	2,217	1.1

(Note) Comprehensive income: Three quarters ended November 30, 2017: ¥2,462 million (up 21.2%)

Three quarters ended November 30, 2016: ¥2,032 million (down 9.8%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three quarters ended November 30, 2017	145.97	–
Three quarters ended November 30, 2016	126.41	–

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
As of November 30, 2017	89,277	44,924	50.3
As of February 28, 2017	83,877	43,176	51.5

(Reference) Equity capital: As of November 30, 2017: ¥44,924 million

As of February 28, 2017: ¥43,176 million

## 2. Dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended February 28, 2017	–	0.00	–	40.00	40.00
Year ending February 28, 2018	–	0.00	–		
Year ending February 28, 2018 (forecast)				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, 2018

(March 1, 2017 – February 28, 2018)

(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
Full year	219,000	2.2	3,700	(9.7)	4,000	(7.1)	2,350	3.0	134.01

(Note) Revisions to the most recently announced financial forecasts: Yes

\* 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 retrospective restatement

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: Yes

4) Retrospective restatement: None

(4) Number of outstanding shares (common stock):

1) Number of issued and outstanding shares at the end of fiscal year (including treasury stock)	As of November 30, 2017	17,625,660 shares	As of February 28, 2017	17,625,660 shares
2) Number of treasury stock at the end of fiscal year	As of November 30, 2017	91,000 shares	As of February 28, 2017	87,350 shares
3) Average number of shares	Three quarters ended November 30, 2017	17,536,421 shares	Three quarters ended November 30, 2016	17,538,113 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 Sheets

(Millions of Yen)

	As of February 28, 2017	As of November 30, 2017
Assets		
Current assets		
Cash and deposits	10,937	9,882
Notes and accounts receivable - trade	18,039	19,613
Merchandise and finished goods	3,404	3,310
Raw materials and supplies	805	1,037
Other	3,356	3,329
Allowance for doubtful accounts	(226)	(412)
Total current assets	36,316	36,761
Non-current assets		
Property, plant and equipment		
Buildings and structures	46,999	48,036
Accumulated depreciation	(29,396)	(30,374)
Buildings and structures, net	17,602	17,661
Machinery, equipment and vehicles	18,760	18,474
Accumulated depreciation	(14,201)	(14,521)
Machinery, equipment and vehicles, net	4,559	3,952
Land	12,315	13,125
Construction in progress	63	2,514
Other	12,510	14,112
Accumulated depreciation	(5,624)	(6,111)
Other, net	6,886	8,001
Total property, plant and equipment	41,427	45,255
Intangible assets		
Other	920	936
Total intangible assets	920	936
Investments and other assets		
Other	5,330	6,916
Allowance for doubtful accounts	(116)	(591)
Total investments and other assets	5,213	6,324
Total non-current assets	47,561	52,516
Total assets	83,877	89,277

	(Millions of Yen)	
	As of February 28, 2017	As of November 30, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,380	12,034
Current portion of long-term loans payable	1,498	586
Accounts payable - other	9,961	10,033
Income taxes payable	475	1,268
Provision for bonuses	1,160	1,874
Provision for directors' bonuses	-	89
Other	3,184	4,221
Total current liabilities	26,660	30,107
Non-current liabilities		
Long-term loans payable	2,875	2,435
Net defined benefit liability	2,826	2,766
Provision for directors' stock-based rewards	78	110
Provision for loss on business of subsidiaries and associates	51	-
Provision for loss on guarantees of subsidiaries and associates	444	-
Asset retirement obligations	1,202	1,168
Other	6,561	7,764
Total non-current liabilities	14,040	14,245
Total liabilities	40,700	44,353
Net assets		
Shareholders' equity		
Capital stock	8,049	8,049
Capital surplus	8,143	8,143
Retained earnings	26,858	28,713
Treasury shares	(261)	(271)
Total shareholders' equity	42,791	44,635
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	161	176
Deferred gains or losses on hedges	(1)	0
Foreign currency translation adjustment	137	22
Remeasurements of defined benefit plans	88	88
Total accumulated other comprehensive income	385	288
Total net assets	43,176	44,924
Total liabilities and net assets	83,877	89,277

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly consolidated statements of income

(Millions of Yen)

	Three quarters ended November 30, 2016	Three quarters ended November 30, 2017
Net sales	162,725	166,338
Cost of sales	138,262	141,689
Gross profit	24,462	24,649
Selling, general and administrative expenses	20,374	20,709
Operating income	4,088	3,939
Non-operating income		
Interest income	8	7
Dividend income	321	347
Rent income	121	125
Other	101	112
Total non-operating income	552	593
Non-operating expenses		
Interest expenses	69	82
Loss on retirement of non-current assets	95	61
Cost of lease revenue	91	92
Other	62	15
Total non-operating expenses	318	252
Ordinary income	4,322	4,281
Extraordinary losses		
Impairment loss	–	420
Provision of allowance for doubtful accounts for subsidiaries and associates	211	185
Provision for loss on business of subsidiaries and associates	481	–
Total extraordinary losses	693	606
Profit before income taxes	3,629	3,675
Income taxes - current	1,956	1,717
Income taxes - deferred	(543)	(602)
Total income taxes	1,412	1,115
Profit	2,217	2,559
Profit attributable to owners of parent	2,217	2,559

Quarterly consolidated statements of comprehensive income

(Millions of Yen)

	Three quarters ended November 30, 2016	Three quarters ended November 30, 2017
Profit	2,217	2,559
Other comprehensive income		
Valuation difference on available-for-sale securities	(2)	15
Deferred gains or losses on hedges	40	1
Foreign currency translation adjustment	(212)	(114)
Remeasurements of defined benefit plans, net of tax	(10)	(0)
Total other comprehensive income	(184)	(97)
Comprehensive income	2,032	2,462
(Breakdown of comprehensive income)		
Comprehensive income attributable to owners of parent	2,032	2,462

(3) Segment information, etc.

[Business segment information]

I. Three quarters ended November 30, 2016 (March 1, 2016– November 30, 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	127,939	19,094	11,185	158,218	4,506	162,725	—	162,725
Intersegment sales and transfers	—	1,747	3,011	4,758	10,592	15,350	(15,350)	—
Total	127,939	20,841	14,196	162,977	15,098	178,076	(15,350)	162,725
Segment income (loss)	3,322	339	196	3,858	355	4,214	(125)	4,088

- Notes: 1. The “Other” column indicates businesses not included in the reportable segments, such as sales of food processing machines, temporary staffing, and contracting business.
2. The adjustment of (125) million yen under the item of “Segment income” includes an elimination of intersegment transactions of (9) million yen, as well as corporate expenses of (116) million yen, which are not allocated to the reportable segments. Group administrative expenses of the Company prior to the quarter ended November 30 are included in “Food Products Business,” as it was not practicable to calculate the expenses that were incurred before the transition to a holding company structure.
3. Segment income is adjusted to reflect operating income as recorded on the quarterly consolidated statements of income.

II. Three quarters ended November 30, 2017 (March 1, 2017– November 30, 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	130,940	19,170	11,135	161,247	5,091	166,338	—	166,338
Intersegment sales and transfers	—	2,027	3,043	5,070	11,225	16,296	(16,296)	—
Total	130,940	21,198	14,179	166,318	16,317	182,635	(16,296)	166,338
Segment income (loss)	3,432	390	106	3,929	477	4,406	(467)	3,939

- Notes: 1. The “Other” column indicates businesses not included in the reportable segments, such as sales of food processing machines, temporary staffing, and contracting business.
2. The adjustment of (467) million yen under the item of “Segment income” includes an elimination of intersegment transactions of (17) million yen, as well as corporate expenses of (449) million yen, which are not allocated to reportable segments.
3. Segment income is adjusted to reflect operating income as recorded on the quarterly consolidated statements of income.

2. Information regarding impairment losses on non-current assets, goodwill, etc. by reportable segment  
(Significant impairment losses related to non-current assets)

In the food products business, the Company has marked down the book value of non-current assets owned by the Kushiro Plant to a level deemed recoverable, as the profitability of the assets has declined. This writedown has been booked as an impairment loss under extraordinary losses. The impairment loss related to the Kushiro Plant booked in the first three quarters of the fiscal year under review is 420 million yen.