

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

[Prepared under Japanese GAAP, (UNAUDITED)]

July 5, 2017

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/>  
Representative: Hiroyuki Otomo, Representative Director, President  
Contact: Naoshi Asano, Director, Managing Executive Officer  
TEL: +81-42-345-3131  
Scheduled date of filing the quarterly securities report: July 6, 2017  
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, 2018

(March 1, 2017– May 31, 2017)

### (1) Consolidated operating results

(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	%
First quarter ended May 31, 2017	54,364	2.5	1,602	3.5	1,611	3.2	1,082	10.1
First quarter ended May 31, 2016	53,020	0.5	1,547	19.2	1,561	18.9	983	(8.4)

(Note) Comprehensive income: First quarter ended May 31, 2017: ¥976 million (up 7.4%)  
First quarter ended May 31, 2016: ¥909 million (down 20.1%)

	Net income per share	Diluted net income per share
	Yen	Yen
First quarter ended May 31, 2017	61.71	–
First quarter ended May 31, 2016	56.07	–

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
As of May 31, 2017	85,806	43,448	50.6
As of February 28, 2017	83,877	43,176	51.5

(Reference) Equity capital: As of May 31, 2017: ¥43,448 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	–				
Year ending February 28, 2018 (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, 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
First half	113,700	3.7	3,400	12.3	3,550	8.0	2,350	42.9	133.99
Full year	221,000	3.1	4,600	12.2	4,700	9.2	2,500	9.6	142.55

(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 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 issued and outstanding shares (common stock):

1) Number of issued and outstanding shares at the end of fiscal year (including treasury stock)	As of May 31, 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 May 31, 2017	87,370 shares	As of February 28, 2017	87,350 shares
3) Average number of shares	First quarter ended May 31, 2017	17,538,309 shares	First quarter ended May 31, 2016	17,537,714 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.

\* Explanations and other special notes concerning the appropriate use of financial forecasts:

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 May 31, 2017
Assets		
Current assets		
Cash and deposits	10,937	9,028
Notes and accounts receivable - trade	18,039	19,754
Merchandise and finished goods	3,404	3,667
Raw materials and supplies	805	1,157
Other	3,356	3,303
Allowance for doubtful accounts	(226)	(226)
Total current assets	36,316	36,684
Non-current assets		
Property, plant and equipment		
Buildings and structures	46,999	47,177
Accumulated depreciation	(29,396)	(29,788)
Buildings and structures, net	17,602	17,389
Machinery, equipment and vehicles	18,760	18,698
Accumulated depreciation	(14,201)	(14,376)
Machinery, equipment and vehicles, net	4,559	4,322
Land	12,315	13,121
Construction in progress	63	1,168
Other	12,510	12,659
Accumulated depreciation	(5,624)	(5,716)
Other, net	6,886	6,942
Total property, plant and equipment	41,427	42,944
Intangible assets		
Other	920	950
Total intangible assets	920	950
Investments and other assets		
Other	5,330	5,369
Allowance for doubtful accounts	(116)	(142)
Total investments and other assets	5,213	5,226
Total non-current assets	47,561	49,122
Total assets	83,877	85,806

(Millions of Yen)

	As of February 28, 2017	As of May 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,380	11,803
Current portion of long-term loans payable	1,498	1,414
Accounts payable - other	9,961	9,009
Income taxes payable	475	696
Provision for bonuses	1,160	1,790
Provision for directors' bonuses	—	29
Other	3,184	3,891
Total current liabilities	26,660	28,634
Non-current liabilities		
Long-term loans payable	2,875	2,728
Net defined benefit liability	2,826	2,719
Provision for directors' stock-based rewards	78	86
Provision for loss on business of subsidiaries and associates	51	33
Provision for loss on guarantees of subsidiaries and associates	444	444
Asset retirement obligations	1,202	1,157
Other	6,561	6,554
Total non-current liabilities	14,040	13,723
Total liabilities	40,700	42,357
Net assets		
Shareholders' equity		
Capital stock	8,049	8,049
Capital surplus	8,143	8,143
Retained earnings	26,858	27,236
Treasury shares	(261)	(261)
Total shareholders' equity	42,791	43,168
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	161	179
Deferred gains or losses on hedges	(1)	(1)
Foreign currency translation adjustment	137	1
Remeasurements of defined benefit plans	88	99
Total accumulated other comprehensive income	385	279
Total net assets	43,176	43,448
Total liabilities and net assets	83,877	85,806

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly consolidated statements of income

(Millions of Yen)

	First quarter ended May 31, 2016	First quarter ended May 31, 2017
Net sales	53,020	54,364
Cost of sales	44,868	45,896
Gross profit	8,152	8,467
Selling, general and administrative expenses	6,604	6,865
Operating income	1,547	1,602
Non-operating income		
Interest income	2	2
Dividend income	2	2
Rent income	40	41
Other	63	46
Total non-operating income	109	93
Non-operating expenses		
Interest expenses	23	25
Cost of lease revenue	30	30
Provision for loss on business of subsidiaries and associates	23	—
Other	18	28
Total non-operating expenses	95	84
Ordinary income	1,561	1,611
Profit before income taxes	1,561	1,611
Income taxes - current	691	717
Income taxes - deferred	(113)	(188)
Total income taxes	577	528
Profit	983	1,082
Profit attributable to owners of parent	983	1,082

Quarterly consolidated statements of comprehensive income

(Millions of Yen)

	First quarter ended May 31, 2016	First quarter ended May 31, 2017
Profit	983	1,082
Other comprehensive income		
Valuation difference on available-for-sale securities	8	18
Deferred gains or losses on hedges	5	0
Foreign currency translation adjustment	(86)	(136)
Remeasurements of defined benefit plans, net of tax	(2)	10
Total other comprehensive income	(74)	(106)
Comprehensive income	909	976
(Breakdown of comprehensive income)		
Comprehensive income attributable to owners of parent	909	976

(Segment information, etc.)

[Business segment information]

I. First quarter ended May 31, 2016 (March 1, 2016– May 31, 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	41,594	6,280	3,711	51,586	1,434	53,020	—	53,020
Intersegment sales and transfers	—	563	993	1,556	3,536	5,093	(5,093)	—
Total	41,594	6,843	4,704	53,142	4,970	58,113	(5,093)	53,020
Segment income (loss)	1,213	121	90	1,425	135	1,560	(12)	1,547

- 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 (12) million yen under the item of “Segment income” is an elimination of intersegment transactions. Group administrative expenses of the Company 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 consolidated statements of income.

II. 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 income (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” 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 income as recorded on the consolidated statements of income.