

# Warabeya

## Nichiyo HLDGS.

# Report for Shareholders

From March 1, 2017 to August 31, 2017

## 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.

We will create safety, reliability, and valuable products and services through the combined power of the Warabeya Nichiyo Group.



## Series

Exploring the strengths of the Warabeya Nichiyo Group!! 1

Product development capability

Involving **200** product development staff members in Food Products Business, we launch **800** new products each year!



Bento Meal Boxes

## Creating attractive new "Food Products" through technology and development capabilities

Most of the personnel involved in product development are qualified national registered dietitians, nutritionists and chefs.

Development consists of a wide range of tasks, including market research, deciding on a menu, prototyping, testing and tasting, ingredient procurement, securing traceability, components analysis, bacteria testing, selection of packaging materials, quality standardization, hygiene management, upgrading and maintenance of a mass production infrastructure.



## October 2017 Renewed pork cutlet rice bowl!

Renewal key point

Quality improvement of eggs

Review of raw material procurement and manufacturing process

Pursuing more deliciousness, reproducing the "taste of a specialty store"

Toward affordable pricing

Commitment to manufacturing methods for deliciousness

Cooking one pot at a time, at high temperatures, to reproduce breaded pork cutlet deeply soaked in soup stock and plump boiled egg



Special pork cutlet rice bowl ¥498 (tax included)





# To our shareholders

Leveraging the capabilities of our Group, we carry out consistent management from product development to production and distribution. We deliver delicious food with safety and reliability.

In delivering Report for Shareholders for the first half of the 54th fiscal year, I would like to thank our shareholders for your daily warm support. I am pleased if your understanding of our company will be deepened by this Report for Shareholders.

The business climate surrounding the Group continues to be harsh due to labor shortages and increase in labor costs owing to changes in the employment environment, but we will continue to strive to provide "safe, reliable and valuable products and services." In addition, we will work on creating an attractive workplace, which is our objective for this fiscal year, and aim to become a sustainably growing corporate group together with our full-time and part-time employees. We look forward to your continued understanding and support.

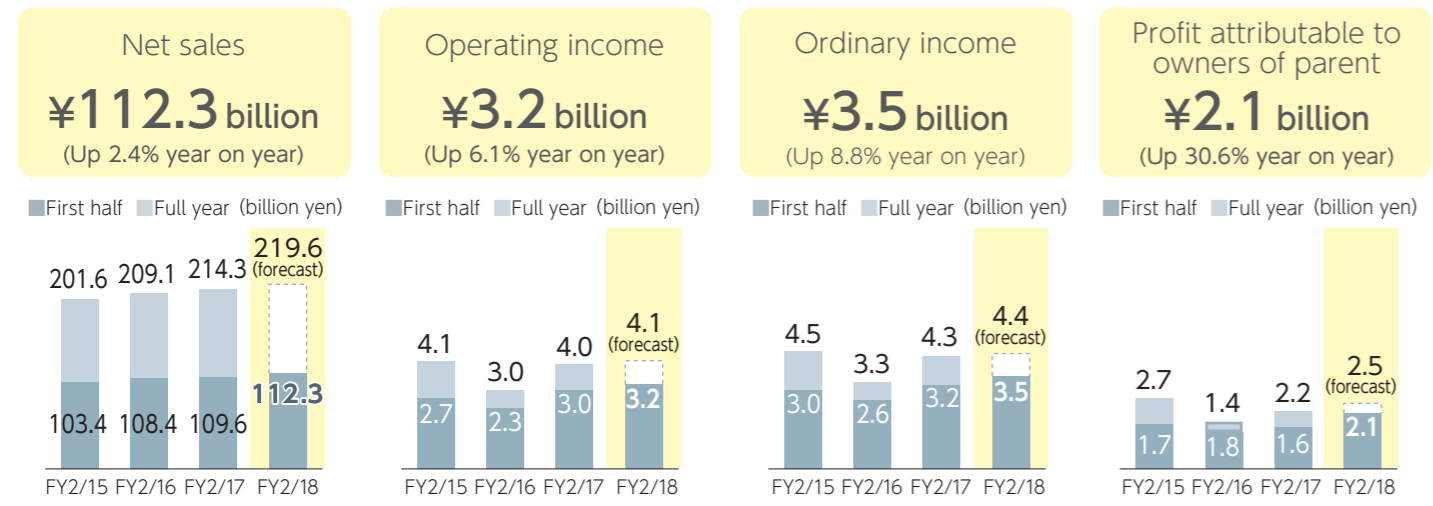


Hiroyuki Otomo  
Representative Director,  
President



## Financial highlights of the first half of the fiscal year ending February 28, 2018

Increase in revenue and profit driven by sales growth of onigiri rice balls and Japanese sweets in Food Products Business



### New product NEWS

**Rice beans steamed rice ball**  
Our long-seller items have become even more delicious. This is the improvement!  
Price: ¥130 (tax included). Sales area: Nationwide (excluding some areas).  
We insist on manufacturing methods that bring out a sense of rich moisture, granularity and sweetness to create a soft and full rice ball.

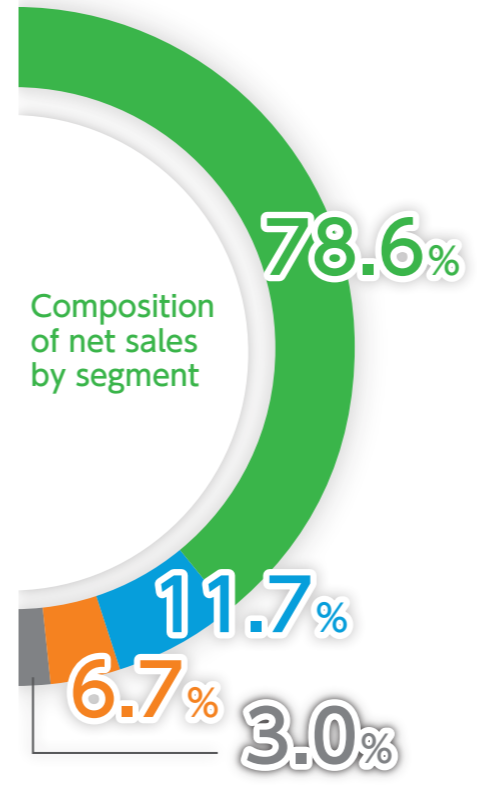
**Kuromitsu kinako pancake dora**  
Western-style dorayaki with Japanese and Western cuisine newly launched! This is the key point!  
Price: ¥190 (tax included). Sales area: Nationwide (excluding some areas).  
A western-style dorayaki that combines a popular fluffy pancake dough with the Japanese ingredients kuromitsu, kinako and shiratama (molasses, soybean flour and rice flour).

### Warabeya Project In-house cooking contest

The nine finalists (May 2017) | **First place**: Deep fried octopus and ginger rice ball

"Warabeya Project" to activate internal communication. We held an in-house cooking contest on the theme of "rice balls." The rice balls developed by a Tohoku Business Div. employee won first place (picture on right). It was a dish filled with affection for families, using roasted green tea when rice cooking to prevent fried octopus making rice ball too greasy so that it is easy to eat.

## Operating results by segment



Segment	Net sales (billion yen)	Operating income (billion yen)	Change (YoY)
Food Products Business	¥88.25	¥2.85	Up 2.8% / Up 18.3%
Logistics Business	¥7.53	¥0.05	Up 0.6% / Down 60.1%
Other	¥3.41	¥0.32	Up 12.8% / Up 23.2%

For detailed financial information, please visit our website: [www.warabeya.co.jp/en/ir/library/result.html](http://www.warabeya.co.jp/en/ir/library/result.html)

Or → Warabeya Nichiyo Holdings Search Home page For investors IR library

### Outlook for the full year / consolidated earnings forecast for the fiscal year ending February 28, 2018

Item	Value	Change (YoY)
Net sales	¥219.6 billion	Up 2.5%
Operating income	¥4.1 billion	Up 1.2%
Ordinary income	¥4.4 billion	Up 3.4%
Profit attributable to owners of parent	¥2.5 billion	Up 9.6%
Dividend forecast for the fiscal year ending February 28, 2018	¥40 per share	-

## Aiming for sustainable growth of corporate value

### Warabeya Nichiyo Group's ESG\* Initiatives

#### Toward Reducing Food Loss

In Japan, 6.21 million tons of food is discarded every year even though they were still fit for consumption (so-called "food loss") (Estimated by the Ministry of Agriculture, Forestry and Fisheries in 2015). Currently, closed-loop recycling system is being promoted, where residual food left at stores is converted into fertilizer and utilized at farms, etc. to produce agricultural products to be shipped back to stores. Warabeya Nichiyo Co., Ltd.'s recycling rate was 98.4% last year. We continue our efforts to achieve 100%.

\* ESG is an abbreviation of Environment, Social, Governance



# Corporate Profile (As of August 31, 2017)

## Corporate profile

**Trade name** WARABEYA NICHIO HOLDINGS CO., LTD.  
**Established** March 18, 1964  
**Capital stock** ¥8,049 million  
 Listed on First Section of Tokyo Stock Exchange

**Number of employees (consolidated)**  
 Full-time employees 2,190  
 Temporary employees 12,840  
 (based on 8 working hours/day)

**Group's main businesses**  
 Manufacture and sale of cooked food  
 Procurement, processing and sale of food ingredients  
 Food-related distribution  
 Sale of food processing machines  
 Temporary staffing, Contracting business

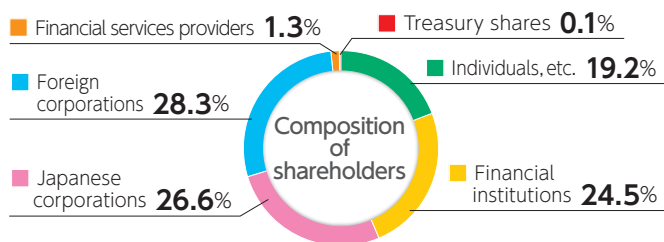
**Total number of authorized shares to be issued**  
 55,000,000 shares

**Total number of issued shares**  
 17,625,660 shares

**Number of shareholders**  
 5,257

## Major shareholders

Name of shareholder	Number of shares held (thousand shares)	Shareholding ratio (%)
Seven-Eleven Japan Co., Ltd.	2,195	12.45
Otomo Asset Management Co., Ltd.	1,350	7.65
Japan Trustee Services Bank, Ltd. (Trust Account)	1,039	5.89
The Master Trust Bank of Japan, Ltd. (Trust Account)	645	3.66
Hiroyuki Otomo	520	2.95
Warabeya Nichiyo Mutual Prosperity Association	488	2.76
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	480	2.72
The Bank of New York Mellon 140044	353	2.00
Government of Norway	340	1.93
Chase Manhattan Bank GTS Clients Account Escrow	295	1.67



## Information for shareholders

**Business year** From March 1 to the end of February  
**Record date for dividends of surplus**  
 Year-end dividends: End of February

**Annual general meeting of shareholders**  
 May

**Record date for annual general meeting of shareholders**  
 End of February  
 (Record date to determine the shareholders entitled to exercise voting rights at annual general meeting of shareholders) When necessary, record date will be established with prior public notice.

**Number of shares per share unit**  
 100 shares

**Method of public notice**  
 The method of public notices of the Company shall be electronic public notices; provided, however, that if the Company is unable to give an electronic public notice due to an accident or any other unavoidable reason, public notices of the Company may be given in "the Nikkei" newspaper.

**Public notice URL** <http://www.warabeya.co.jp/ir/accounting.html>  
 (in Japanese only)

**Shareholder register administrator / special-account managing institution**  
 Mitsubishi UFJ Trust and Banking Corporation

**Place of business** 1-4-5 Marunouchi, Chiyoda-ku, Tokyo  
 Mitsubishi UFJ Trust and Banking Corporation,  
 Corporate Agency Division

**Contact** Mitsubishi UFJ Trust and Banking Corporation,  
 Corporate Agency Division  
 1-1 Nikko-cho, Fuchu-shi, Tokyo  
 Telephone: 0120-232-7111 (toll free within Japan only)

**Mailing address**  
 P.O. Box 29, Shin-Tokyo Post Office, 137-8081  
 Mitsubishi UFJ Trust and Banking Corporation,  
 Corporate Agency Division

## Shareholder benefit announcement

We present a "QUO card" once a year at the end of May to shareholders recorded on the register of shareholders as of the end of February according to the following criteria.



**100 to 999 shares**  
 A shareholder who owns 100 to 999 shares will receive 1 QUO card equivalent to ¥1,000



**1,000 shares or more**  
 A shareholder who owns 1,000 shares or more will receive 1 QUO card equivalent to ¥5,000

Please tell us your opinions as shareholders

We will conduct a questionnaire to ask the opinions of our shareholders.

We would like to ask for your cooperation with this questionnaire.



\* This questionnaire will be carried out by the "e-kabunushi Research" service provided by a2media Corporation.  
 (For details about a2media Corporation, see <http://www.a2media.co.jp>)

\* The contents of the responses will be used only as statistical data and will not be used for any other purpose without prior consent.

● Questionnaire inquiries "e-kabunushi Research Secretariat" Tel: 03-5777-3900 (weekdays 10:00 - 17:30) E-mail: [info@e-kabunushi.com](mailto:info@e-kabunushi.com)

Please access the following URL and respond on the questionnaire website displayed after entering the access code. It will take about 5 minutes to complete.

<http://www.e-kabunushi.com>  
 Access code : 2918

e-kabunushi Search

Automatic URL reply to empty e-mail Please send an empty e-mail to [kabu@wjim.jp](mailto:kabu@wjim.jp) (with blank subject line and body) The questionnaire URL will be notified by an automatic reply e-mail.

● The questionnaire period is about 2 months from the arrival of this Report.

We will give a small prize (¥500 book card) by lottery to those who respond.

## Warabeya Nichiyo Holdings Co., Ltd.

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<http://www.warabeya.co.jp/en/>