



October 5, 2017

Company name: Warabeya Nichiyo Holdings Co., Ltd.  
Representative: Hiroyuki Otomo, Representative Director, President  
(Securities code: 2918, Tokyo Stock Exchange First Section)  
Contact: Naoshi Asano, Director, Managing Executive Officer  
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## **Prime Deli Corporation to become a subsidiary of Warabeya Nichiyo Holdings through additional purchase of shares**

Warabeya Nichiyo Holdings Co., Ltd. (the "Company") is to make US Texas-based Prime Deli Corporation ("PD") a subsidiary through the purchase of additional shares. A subsidiary of the Company will acquire the shares. Details are as follows.

### **1. Objectives**

The Warabeya Nichiyo Group (the "Group") is aiming to expand its business with Seven-Eleven Japan by developing new product categories and moving into new areas, while also stepping up expansion in overseas markets to tap prospects for sustained growth over the long term.

Through its wholly owned US subsidiary WARABEYA U.S.A., INC. based in Hawaii ("WARABEYA USA"), the Company has supplied boxed meals and deli items to Seven-Eleven stores and other local customers for 36 years.

In order to extend the Group's operations into the continental US, a large and promising growth market, WARABEYA USA and a US subsidiary of Mitsui & Co., Ltd. (Chiyoda-ku, Tokyo) set up a joint subsidiary called WPM FOODS, LLC ("WPM") in May 2016, WPM acquired a 19.3% stake in PD, which is a supplier of sandwiches to Seven-Eleven stores in Texas.

Based on analysis of the local market and other research, the Company believes it is highly feasible to expand PD's business by implementing strategies such as supplying prepared food products, an area where the Group already has extensive experience. In light of this assessment, the Company decided to acquire additional shares in PD through WPM, making PD a subsidiary of the Company.

## 2. Overview of the company becoming a subsidiary (PD)

(1) Company name	Prime Deli Corporation	
(2) Location:	1301A Ridgeview Drive, Suite 200, Lewisville, Texas, 75057 U.S.A.	
(3) Position and name of representative	Hiroshi Nakamura, President and CEO	
(4) Business	Manufacture and sale of sandwiches, burritos and other light meals	
(5) Capital and capital reserve	\$899,000	
(6) Establishment date	July 30, 1993 (started operations March 7, 1994)	
(7) Major shareholders and ownership ratio	Prima Meat Packers, Ltd. 80.7%, WPM 19.3%	
(8) Relationship between the listed company and PD	Capital relationship	The Company controls 19.3% of issued shares in PD through WPM, in which the Company's wholly-owned subsidiary WARABEYA USA has a 70% stake.
	Personnel relationship	A Director of the Company's wholly-owned subsidiary WARABEYA USA is also a director of PD.
	Business relationship	None
(9) Net sales	\$25,933,000 (fiscal year ended March 31, 2017)	
(10) Operating income	\$2,102,000 (as above)	
(11) Net assets	\$4,703,000 (as above)	

## 3. Overview of WPM

(1) Company name	WPM FOODS, LLC
(2) Location	1209 Orange Street, Wilmington, Delaware 19801 U.S.A.
(3) Business	Investment in PD and participation in business management
(4) Capital	\$1,000,000
(5) Established	April 28, 2016
(6) Investors and ownership ratio	WARABEYA USA 70.0%, US subsidiary of Mitsui & Co., Ltd. 30.0%

Before acquiring the shares, WARABEYA USA and the US subsidiary of Mitsui & Co., Ltd. will make an additional investment in WPM based on ratio of 70.0% and 30.0%, respectively, to provide funds for the share purchase.

## 4. Overview of the company selling the shares

(1) Company name	Prima Meat Packers, Ltd.
(2) Location	Shinagawa Seaside West Tower, 4-12-2 Higashi-Shinagawa, Shinagawa-ku, Tokyo

(3) Position and name of representative	Tetsuya Matsui, President and Representative Director	
(4) Business	Manufactures and sells ham, sausages, fresh meat and processed food products	
(5) Capital	¥7,908 million	
(6) Established	July 9, 1948	
(7) Net assets	¥79,198 million (fiscal year ended March 31, 2017)	
(8) Total assets	¥170,919 million (as above)	
(9) Major shareholders and ownership ratio	ITOCHU Corporation 39.68%	
(10) Relationship between listed company and PD	Capital relationship	None
	Personnel relationship	None
	Business relationship	Warabeya Nichiyo Co., Ltd., a wholly owned subsidiary of the Company, sources food ingredients and other products from Prima Meat Packers, Ltd. through Nihon Delica Foods Association.
	Related party relationship	None

#### 5. Share acquisition method

WPM will acquire a total of 121 shares from Prima Meat Packers, Ltd. in two tranches: 106 shares in September 2017 and 15 shares in January 2019. WPM's stake in PD will rise to 90% after the first transaction and to 100% after the second transaction.

#### 6. Number of shares to be acquired and stake in company before and after acquisition

(1) Number of shares before change to consolidated subsidiary	WPM 29 shares (ratio of shares: 19.3%)
(2) Number of shares to be acquired	WPM 121 shares (ratio of shares: 80.7%)
(3) Acquisition price	WPM \$7.4 million
(4) Number of shares after change to consolidated subsidiary	WPM 150 shares (ratio of shares: 100.0%)

#### 7. Schedule

(1) Additional acquisition of first tranche	October 2017 (planned)
(2) Additional acquisition of second tranche	January 2019 (planned)

#### 8. Outlook

The acquisition of shares in PD will have only a modest impact on the Company's results for the current fiscal year but is expected to be positive for earnings over the medium and long term. PD is expected to become a consolidated company of the Company in the fiscal year ending February 2019.