

Translation

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## Summary of Consolidated Financial Results for the Nine Months Ended November 30, 2020 (Based on Japanese GAAP)

January 7, 2021

Company name: WARABEYA NICHIO HOLDINGS CO., LTD.  
 Stock exchange listing: Tokyo  
 Stock code: 2918 URL <https://www.warabeya.co.jp/>  
 Representative: Representative Director, President Hiroyuki Otomo  
 Inquiries: Director, Managing Executive Officer Naoshi Asano TEL 03-5363-7010  
 Scheduled date to file Quarterly Securities Report: January 8, 2021  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: No  
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the nine months ended November 30, 2020 (from March 1, 2020 to November 30, 2020)

(1) Consolidated operating results (cumulative) (Percentages indicate 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                         | %      |
| Nine months ended November 30, 2020 | 146,317         | (9.6) | 2,948            | (0.5) | 3,313           | 7.5  | 843                                     | (32.7) |
| Nine months ended November 30, 2019 | 161,914         | (1.7) | 2,962            | 78.3  | 3,081           | 56.9 | 1,254                                   | 53.6   |

(Note) Comprehensive income: Nine months ended November 30, 2020: ¥861 million [(27.7)%]  
 Nine months ended November 30, 2019: ¥1,190 million [30.9%]

|                                     | Earnings per share |  | Diluted earnings per share |  |
|-------------------------------------|--------------------|--|----------------------------|--|
|                                     | Yen                |  | Yen                        |  |
| Nine months ended November 30, 2020 | 48.22              |  | –                          |  |
| Nine months ended November 30, 2019 | 71.45              |  | –                          |  |

### (2) Consolidated financial position

|                         | Total assets    | Net assets      | Equity ratio |
|-------------------------|-----------------|-----------------|--------------|
|                         | Millions of yen | Millions of yen | %            |
| As of November 30, 2020 | 83,472          | 44,645          | 53.2         |
| As of February 29, 2020 | 86,078          | 44,523          | 51.5         |

(Reference) Equity capital: As of November 30, 2020: ¥44,438 million  
 As of February 29, 2020: ¥44,342 million

### 2. Cash dividends

|  | Annual dividends per share |                 |                 |                 |       |
|--|----------------------------|-----------------|-----------------|-----------------|-------|
|  | 1st quarter-end            | 2nd quarter-end | 3rd quarter-end | Fiscal year-end | Total |
|  | Yen                        |                 |                 |                 |       |
| Year ended February 29, 2020             | –                          | 0.00            | –               | 40.00           | 40.00 |
| Year ending February 28, 2021            | –                          | 0.00            | –               | –               | –     |
| Year ending February 28, 2021 (Forecast) | –                          | –               | –               | 40.00           | 40.00 |

(Note) Revisions to the most recently announced dividends forecasts: None

### 3. Forecast of consolidated financial results for the year ending February 28, 2021 (from March 1, 2020 to February 28, 2021)

(Percentages indicate year-on-year changes)

|           | Net sales       |        | Operating profit |        | Ordinary profit |       | Profit attributable to owners of parent |        | Earnings per share |
|-----------|-----------------|--------|------------------|--------|-----------------|-------|---|--------|--------------------|
|           | Millions of yen | %      | Millions of yen  | %      | Millions of yen | %     | Millions of yen                         | %      | Yen                |
| Full year | 192,000         | (10.1) | 2,200            | (19.2) | 2,550           | (8.1) | 300                                     | (70.3) | 17.15              |

(Note) Revisions to the most recently announced financial forecasts: None

\* Notes

(1) Changes in significant subsidiaries during the nine months ended November 30, 2020  
 (changes in specified subsidiaries resulting in the change in scope of consolidation): No  
 Newly consolidated: – Excluded: –

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

|                         |                   |                         |                   |
|-------------------------|-------------------|-------------------------|-------------------|
| As of November 30, 2020 | 17,625,660 shares | As of February 29, 2020 | 17,625,660 shares |
|-------------------------|-------------------|-------------------------|-------------------|

Number of treasury shares at the end of the period

|                         |                |                         |               |
|-------------------------|----------------|-------------------------|---------------|
| As of November 30, 2020 | 172,298 shares | As of February 29, 2020 | 72,998 shares |
|-------------------------|----------------|-------------------------|---------------|

Average number of shares during the period (cumulative from the beginning of the fiscal year)

|                                     |                   |                                     |                   |
|-------------------------------------|-------------------|-------------------------------------|-------------------|
| Nine months ended November 30, 2020 | 17,499,818 shares | Nine months ended November 30, 2019 | 17,552,357 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 quarterly review conducted by certified public accountants or an audit corporation.

\* Explanation of appropriate use of forecasts of financial results, and other important items:

(Caution regarding forward-looking statements and others)

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.

**Quarterly consolidated financial statements**  
**(1) Consolidated balance sheets**

(Millions of Yen)

|  | As of February 29, 2020 | As of November 30, 2020 |
|--|-------------------------|-------------------------|
| Assets                                 |                         |                         |
| Current assets                         |                         |                         |
| Cash and deposits                      | 8,121                   | 7,973                   |
| Notes and accounts receivable - trade  | 17,857                  | 17,738                  |
| Merchandise and finished goods         | 3,626                   | 2,430                   |
| Raw materials and supplies             | 981                     | 887                     |
| Other                                  | 1,979                   | 1,318                   |
| Allowance for doubtful accounts        | (0)                     | (32)                    |
| Total current assets                   | 32,566                  | 30,316                  |
| Non-current assets                     |                         |                         |
| Property, plant and equipment          |                         |                         |
| Buildings and structures               | 52,744                  | 53,007                  |
| Accumulated depreciation               | (32,313)                | (33,375)                |
| Buildings and structures, net          | 20,431                  | 19,631                  |
| Machinery, equipment and vehicles      | 19,002                  | 18,711                  |
| Accumulated depreciation               | (15,159)                | (15,553)                |
| Machinery, equipment and vehicles, net | 3,843                   | 3,157                   |
| Land                                   | 12,231                  | 11,907                  |
| Construction in progress               | 1,839                   | 3,518                   |
| Other                                  | 15,382                  | 14,741                  |
| Accumulated depreciation               | (8,055)                 | (8,280)                 |
| Other, net                             | 7,326                   | 6,461                   |
| Total property, plant and equipment    | 45,673                  | 44,676                  |
| Intangible assets                      |                         |                         |
| Goodwill                               | 255                     | 179                     |
| Other                                  | 681                     | 676                     |
| Total intangible assets                | 936                     | 856                     |
| Investments and other assets           |                         |                         |
| Other                                  | 7,068                   | 7,773                   |
| Allowance for doubtful accounts        | (165)                   | (150)                   |
| Total investments and other assets     | 6,903                   | 7,622                   |
| Total non-current assets               | 53,512                  | 53,155                  |
| Total assets                           | 86,078                  | 83,472                  |

(Millions of Yen)

|  | As of February 29, 2020 | As of November 30, 2020 |
|--|-------------------------|-------------------------|
| <b>Liabilities</b>                                       |                         |                         |
| Current liabilities                                      |                         |                         |
| Notes and accounts payable - trade                       | 10,304                  | 10,112                  |
| Current portion of long-term borrowings                  | 364                     | 601                     |
| Accounts payable - other                                 | 10,655                  | 7,163                   |
| Income taxes payable                                     | 622                     | 893                     |
| Provision for bonuses                                    | 1,331                   | 1,905                   |
| Provision for bonuses for directors (and other officers) | –                       | 4                       |
| Other  | 4,156                   | 3,638                   |
| Total current liabilities                                | 27,433                  | 24,320                  |
| Non-current liabilities                                  |                         |                         |
| Long-term borrowings                                     | 1,602                   | 2,934                   |
| Lease obligations  | 6,936                   | 5,957                   |
| Retirement benefit liability                             | 3,768                   | 3,905                   |
| Provision for Directors stock-based rewards              | 114                     | 166                     |
| Asset retirement obligations                             | 1,574                   | 1,406                   |
| Other  | 126                     | 134                     |
| Total non-current liabilities                            | 14,121                  | 14,506                  |
| <b>Total liabilities</b>                                 | <b>41,555</b>           | <b>38,826</b>           |
| <b>Net assets</b>  |                         |                         |
| Shareholders' equity                                     |                         |                         |
| Share capital  | 8,049                   | 8,049                   |
| Capital surplus  | 8,100                   | 8,100                   |
| Retained earnings  | 28,560                  | 28,854                  |
| Treasury shares  | (213)                   | (367)                   |
| Total shareholders' equity                               | 44,496                  | 44,636                  |
| Accumulated other comprehensive income                   |                         |                         |
| Valuation difference on available-for-sale securities    | 90                      | 64                      |
| Deferred gains or losses on hedges                       | 1                       | (3)                     |
| Foreign currency translation adjustment                  | (89)                    | (128)                   |
| Remeasurements of defined benefit plans                  | (156)                   | (130)                   |
| Total accumulated other comprehensive income             | (154)                   | (197)                   |
| Non-controlling interests                                | 181                     | 206                     |
| <b>Total net assets</b>                                  | <b>44,523</b>           | <b>44,645</b>           |
| <b>Total liabilities and net assets</b>                  | <b>86,078</b>           | <b>83,472</b>           |

**(2) Consolidated statements of income and comprehensive income**  
**Consolidated statements of income**

(Millions of Yen)

|   | Nine months ended<br>November 30, 2019 | Nine months ended<br>November 30, 2020 |
|---|--|--|
| Net sales   | 161,914                                | 146,317                                |
| Cost of sales   | 136,437                                | 122,472                                |
| Gross profit  | 25,477                                 | 23,845                                 |
| Selling, general and administrative expenses                  | 22,514                                 | 20,897                                 |
| Operating profit  | 2,962                                  | 2,948                                  |
| Non-operating income  |  |  |
| Interest income   | 12                                     | 6                                      |
| Dividend income   | 310                                    | 310                                    |
| Rental income   | 121                                    | 132                                    |
| Share of profit of entities accounted for using equity method | –                                      | 91                                     |
| Other   | 36                                     | 81                                     |
| Total non-operating income                                    | 480                                    | 622                                    |
| Non-operating expenses  |  |  |
| Interest expenses   | 84                                     | 79                                     |
| Loss on retirement of non-current assets                      | 86                                     | 20                                     |
| Rental cost   | 95                                     | 96                                     |
| Other   | 94                                     | 61                                     |
| Total non-operating expenses                                  | 362                                    | 257                                    |
| Ordinary profit   | 3,081                                  | 3,313                                  |
| Extraordinary income  |  |  |
| Gain on sales of non-current assets                           | –                                      | 61                                     |
| Total extraordinary income                                    | –                                      | 61                                     |
| Extraordinary losses  |  |  |
| Impairment loss   | 674                                    | 1,276                                  |
| Total extraordinary losses                                    | 674                                    | 1,276                                  |
| Profit before income taxes                                    | 2,406                                  | 2,098                                  |
| Income taxes - current  | 1,421                                  | 1,349                                  |
| Income taxes - deferred                                       | (347)                                  | (165)                                  |
| Total income taxes  | 1,073                                  | 1,184                                  |
| Profit  | 1,332                                  | 914                                    |
| Profit attributable to non-controlling interests              | 78                                     | 70                                     |
| Profit attributable to owners of parent                       | 1,254                                  | 843                                    |

## Consolidated statements of comprehensive income

(Millions of Yen)

|  | Nine months ended<br>November 30, 2019 | Nine months ended<br>November 30, 2020 |
|--|--|--|
| Profit   | 1,332                                  | 914                                    |
| Other comprehensive income                                     |  |  |
| Valuation difference on available-for-sale securities          | (48)                                   | (25)                                   |
| Deferred gains or losses on hedges                             | 2                                      | (5)                                    |
| Foreign currency translation adjustment                        | (113)                                  | (48)                                   |
| Remeasurements of defined benefit plans, net of tax            | 17                                     | 25                                     |
| Total other comprehensive income                               | (141)                                  | (53)                                   |
| Comprehensive income   | 1,190                                  | 861                                    |
| (Comprehensive income attributable to)                         |  |  |
| Comprehensive income attributable to owners of parent          | 1,118                                  | 800                                    |
| Comprehensive income attributable to non-controlling interests | 72                                     | 60                                     |

### (3) Segment information, etc.

[Segment information]

#### I. Nine months ended November 30, 2019 (from March 1, 2019 to November 30, 2019)

##### 1. Sales and profits or losses by reportable segments

(Millions of Yen)

|                                  | Reportable segments          |                                 |                       |                                 |  |         | Adjustment<br>(Note 1) | Carried on<br>quarterly<br>consolidated<br>statements of<br>income<br>(Note 2) |
|----------------------------------|------------------------------|---------------------------------|-----------------------|---------------------------------|--|---------|------------------------|--|
|                                  | Food<br>Products<br>Business | Food<br>Ingredients<br>Business | Logistics<br>Business | Food<br>Engineering<br>Business | Temporary<br>Staffing and<br>Contracting<br>Business | Total   |                        |  |
| Net sales                        |                              |                                 |                       |                                 |  |         |                        |  |
| Sales to external customers      | 133,371                      | 12,151                          | 10,486                | 1,360                           | 4,544  | 161,914 | –                      | 161,914  |
| Intersegment sales and transfers | –                            | 1,919                           | 3,499                 | 2,805                           | 5,237  | 13,461  | (13,461)               | –  |
| Total                            | 133,371                      | 14,070                          | 13,986                | 4,165                           | 9,782  | 175,376 | (13,461)               | 161,914  |
| Segment profit (loss)            | 3,291                        | (73)                            | 89                    | (214)                           | 127  | 3,220   | (257)                  | 2,962  |

Notes: 1. The adjustment of (257) million yen under the item of “Segment profit (loss)” includes an elimination of intersegment transactions of 254 million yen, as well as corporate expenses of (512) million yen, which are not allocated to the reportable segments.

2. Segment profit (loss) 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 (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 of certain plants operated by Warabeya Nichiyo Co., Ltd. to a level deemed recoverable as the profitability of those assets has declined. This writedown has been booked as an impairment loss under extraordinary losses. The impairment loss related to non-current assets of certain plants operated by Warabeya Nichiyo Co., Ltd. booked in the nine months ended November 30, 2019 is 656 million yen.

#### II. Nine months ended November 30, 2020 (from March 1, 2020 to November 30, 2020)

##### 1. Sales and profits or losses by reportable segments

(Millions of Yen)

|                                  | Reportable segments          |                                 |                       |                                 |  |         | Adjustment<br>(Note 1) | Carried on<br>quarterly<br>consolidated<br>statements of<br>income<br>(Note 2) |
|----------------------------------|------------------------------|---------------------------------|-----------------------|---------------------------------|--|---------|------------------------|--|
|                                  | Food<br>Products<br>Business | Food<br>Ingredients<br>Business | Logistics<br>Business | Food<br>Engineering<br>Business | Temporary<br>Staffing and<br>Contracting<br>Business | Total   |                        |  |
| Net sales                        |                              |                                 |                       |                                 |  |         |                        |  |
| Sales to external customers      | 120,730                      | 11,292                          | 9,837                 | 1,109                           | 3,348  | 146,317 | –                      | 146,317  |
| Intersegment sales and transfers | –                            | 1,817                           | 3,624                 | 1,884                           | 4,043  | 11,370  | (11,370)               | –  |
| Total                            | 120,730                      | 13,109                          | 13,462                | 2,993                           | 7,392  | 157,688 | (11,370)               | 146,317  |
| Segment profit (loss)            | 3,695                        | (730)                           | 360                   | 7                               | (141)  | 3,191   | (242)                  | 2,948  |

Notes: 1. The adjustment of (242) million yen under the item of “Segment profit (loss)” includes an elimination of intersegment transactions of 268 million yen, as well as corporate expenses of (511) million yen, which are not allocated to the reportable segments.

2. Segment profit (loss) 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 (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 of certain plants operated by Warabeya Nichiyo Co., Ltd. to a level deemed recoverable as the profitability of those assets has declined. This writedown has been booked as an impairment loss under extraordinary losses. The impairment loss related to non-current assets of certain plants operated by Warabeya Nichiyo Co., Ltd. booked in the nine months ended November 30, 2020 is 929 million yen.

In the Food Ingredients Business, the Company has marked down the book value of non-current assets of plants operated by Nichiyo Fresh Co., Ltd. to a level deemed recoverable as the profitability of those assets has declined. This writedown has been

booked as an impairment loss under extraordinary losses. The impairment loss related to non-current assets of plants operated by Nichiyo Fresh Co., Ltd. booked in the nine months ended November 30, 2020 is 346 million yen.