

January 18, 2021

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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Notice Regarding Business Withdrawal and Partial Business Transfer of Our Subsidiary

Warabeya Nichiyo Holdings Co., Ltd. (hereinafter the “Company”) has decided to withdraw from the business of its consolidated subsidiary, SOCIALINK CO., LTD. (hereinafter the “Subsidiary”) and to transfer a part of its business as follows.

1. Reasons for the Business Withdrawal and Partial Business Transfer

Since its establishment in September 2002, the Subsidiary has expanded its business by doing business with the Company’s group companies and other manufacturers, mainly in the fields of general worker dispatching and business contracting.

However, the Subsidiary’s earnings have declined due to the impact of a decrease in demand for staffing as a result of the spread of the novel coronavirus disease (COVID-19), and the outlook for a recovery in earnings is uncertain due to the prolonged impact of COVID-19. As announced in the “Notice of the Prosecution Case of Our Subsidiary” on January 5, 2021, the Subsidiary was prosecuted by the Chiba District Public Prosecutors Office on December 28, 2020 on suspicion of violation of the Immigration Control and Refugee Recognition Law with regard to the circumstances and nature of the employment of foreign nationals by employees of the Subsidiary’s Chiba Sales Office. While we are currently investigating this matter, as a result of a comprehensive evaluation of the future business development of the Subsidiary, and taking into consideration the costs and other factors necessary to establish a system that would prevent reoccurrence of such a misconduct, we have decided to transfer some of the businesses of the Subsidiary to an external company operating in the same industry and withdraw from all its businesses.

2. Outline of the Subsidiary

(1) Name	SOCIALINK CO., LTD.
(2) Location	13-19 Tomihisa-cho, Shinjuku-ku, Tokyo
(3) Representative	Teruo Kamase, President and Representative Director
(4) Business	General worker dispatching business, fee-based job placement business, various business contracting business, etc.
(5) Capital and shareholding ratio	¥50 million 100% by the Company
(6) Established	September 10, 2002

(7) Financial results and number of employees of the subsidiary for the last three years			
Fiscal period	Year ended February 28, 2019	Year ended February 29, 2020	Year ending February 28, 2021 (from March 1, 2020 to November 30, 2020)
Net sales	¥13,284 million	¥12,746 million	¥7,392 million
Ordinary profit	¥269 million	¥133 million	¥(159) million
Profit	¥167 million	¥76 million	¥(263) million
Number of employees	182	170	159

3. Details of the Partial Business Transfer

(1) Subject of business transfer

Worker dispatching business, business contracting business, etc. for companies other than the Company's group companies

(2) Transferee

Human-i Co., Ltd.

(3) Net sales and ordinary profit of the division to be transferred in the most recent fiscal period

Fiscal period	Year ended February 29, 2020	Year ending February 28, 2021 (from March 1, 2020 to November 30, 2020)
Net sales	¥5,464 million	¥3,327 million
Ordinary profit	¥155 million	¥(45) million

(4) Assets and liabilities of the division to be transferred

	Details	Book value (as of December 31, 2020)
Assets to be transferred	Movables such as building equipment and fixtures of the sales offices of the division to be transferred	¥1 million
Liabilities to be transferred	Lease liabilities of the sales offices of the division to be transferred	¥1 million

(5) Transfer price

Free (taking into consideration the latest earnings situation of the Subsidiary and the terms and conditions of the continued employment of temporary staff and employees belonging to the Subsidiary)

4. Outline of the Transferee of the Partial Business Transfer

(1) Name	Human-i Co., Ltd.
(2) Location	9-10 Azuma-cho, Hachioji-shi, Tokyo
(3) Representative	Ichiro Kiryu, Chairman and Representative Director Ryosuke Takahashi, President and CEO
(4) Business	Worker dispatching business / Staff placement business / Foreign national employment business / Consulting business, etc.

(5) Capital	¥43 million	
(6) Established	December 11, 2000	
(7) Net assets	¥1,212 million (August 31, 2020)	
(8) Total assets	¥1,746 million (August 31, 2020)	
(9) Major shareholder and shareholding ratio	100% by Grop Corporation	
(10) Relation between the Company and the Transferee	Capital relationship	Not applicable
	Personnel relationshipal	Not applicable
	Business relationship	Not applicable
	Relationship with related parties	Not applicable

5. Handling of Employees, Assets, etc. belonging to the Subsidiary

Assets attributable to the businesses of the partial business transfer mentioned above will be transferred or otherwise to the transferee company after careful examination.

Other businesses will be terminated, and the assets attributable to them will be transferred or otherwise to the Company's group companies after careful examination.

Employees of the Subsidiary will be provided with support including transfer to the transferee company or one of the Company's group companies, proposals of a voluntary retirement program and assistance in employment placement program.

6. Schedule of the Business Withdrawal and Partial Business Transfer

Date of resolution by the Board of Directors:	January 18, 2021
Date of business transfer agreement:	January 18, 2021
Date of business transfer:	March 1, 2021
Date of completion of business withdrawal:	June 1, 2021 (planned)

7. Future Outlook

In light of this matter, we project expenses, for withdrawal from the business, to be recorded in the fiscal year ending February 28, 2021.

We are currently reviewing the business forecast for the fiscal year ending February 28, 2021, and will make an announcement as soon as it becomes necessary to make revisions.

Note: This English translation is provided solely for information purposes. Should there be any discrepancies between this translation and the Japanese original, the latter shall prevail.