

**Translation**

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## Summary of Consolidated Financial Results for the Year Ended February 28, 2021 (Based on Japanese GAAP)

April 9, 2021

Company name: WARABEYA NICHIO HOLDINGS CO., LTD.  
 Stock exchange listing: Tokyo  
 Stock code: 2918 URL <https://www.warabeya.co.jp/ja/index.html>  
 Representative: Representative Director, President Hiroyuki Otomo  
 Inquiries: Director, Managing Executive Officer Naoshi Asano TEL 03-5363-7010  
 Scheduled date of ordinary general meeting of shareholders: May 27, 2021  
 Scheduled date to file Securities Report: May 28, 2021  
 Scheduled date to commence dividend payments: May 28, 2021  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the year ended February 28, 2021 (from March 1, 2020 to February 28, 2021)

#### (1) Consolidated operating results

(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	%
Year ended February 28, 2021	194,309	(9.0)	3,332	22.4	3,710	33.8	682	(32.4)
Year ended February 29, 2020	213,581	(1.0)	2,721	78.3	2,773	57.0	1,010	65.5

(Note) Comprehensive income: Year ended February 28, 2021: ¥508 million [(48.8)%]  
 Year ended February 29, 2020: ¥992 million [118.6%]

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended February 28, 2021	39.04	–	1.5	4.4	1.7
Year ended February 29, 2020	57.55	–	2.3	3.2	1.3

(Reference) Equity in earnings of affiliates: Year ended February 28, 2021: ¥120 million  
 Year ended February 29, 2020: ¥– million

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 28, 2021	82,273	44,372	53.7	2,530.40
As of February 29, 2020	86,078	44,523	51.5	2,526.24

(Reference) Equity capital: As of February 28, 2021: ¥44,164 million  
 As of February 29, 2020: ¥44,342 million

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended February 28, 2021	8,338	(5,226)	(1,922)	8,946
Year ended February 29, 2020	11,379	(1,349)	(4,556)	7,902

## 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended February 29, 2020	–	0.00	–	40.00	40.00	704	69.5	1.6
Year ended February 28, 2021	–	0.00	–	40.00	40.00	704	102.5	1.6
Year ending February 28, 2022 (Forecast)	–	0.00	–	40.00	40.00		24.9	

(Note) Total cash dividends for the year ended February 29, 2020 and the year ended February 28, 2021, respectively, include dividends of ¥2 million and ¥6 million paid for shares of the Company held by the BIP Trust.

## 3. Forecast of consolidated financial results for the year ending February 28, 2022 (from March 1, 2021 to February 28, 2022)

(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
Six months ending August 31, 2021	99,000	2.5	2,700	124.0	2,950	92.1	1,660	–	95.11
Full year	198,000	1.9	4,500	35.1	4,900	32.0	2,800	310.1	160.43

### \* Notes

(1) Changes in significant subsidiaries during the year ended February 28, 2021

(changes in specified subsidiaries resulting in the change in scope of consolidation):

No

Newly consolidated: – Excluded: –

(2) 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:

Yes

Restatement of prior period financial statements:

No

(3) Number of issued shares (common shares)

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

As of February 28, 2021	17,625,660 shares	As of February 29, 2020	17,625,660 shares
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Number of treasury shares at the end of the period

As of February 28, 2021	172,298 shares	As of February 29, 2020	72,998 shares
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Average number of shares during the period

Year ended February 28, 2021	17,488,363 shares	Year ended February 29, 2020	17,552,448 shares
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(Note) The Company has established a BIP Trust. Shares of the Company held by the trust are included in treasury shares.

(References) Overview of non-consolidated financial results

1. Non-consolidated financial results for the year ended February 28, 2021 (from March 1, 2020 to February 28, 2021)

(1) Non-consolidated operating results

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended February 28, 2021	1,878	(5.2)	835	6.4	924	4.8	696	(7.7)
Year ended February 29, 2020	1,980	(5.5)	785	(30.9)	882	(29.2)	754	55.8

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Year ended February 28, 2021	39.82		-	
Year ended February 29, 2020	42.99		-	

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Millions of yen		Millions of yen		%		Yen	
As of February 28, 2021	41,911		38,426		91.7		2,201.69	
As of February 29, 2020	39,947		38,564		96.5		2,197.06	

(Reference) Equity capital: As of February 28, 2021: ¥38,426 million  
As of February 29, 2020: ¥38,564 million

\* This financial summary document is outside the scope of audit conducted by certified public accountants or an audit corporation.

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

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.

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

(Millions of Yen)

	As of February 29, 2020	As of February 28, 2021
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	8,121	8,946
Notes and accounts receivable - trade	17,857	16,101
Merchandise and finished goods	3,626	1,975
Raw materials and supplies	981	901
Other	1,979	1,508
Allowance for doubtful accounts	(0)	(0)
<b>Total current assets</b>	<b>32,566</b>	<b>29,433</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	52,744	56,157
Accumulated depreciation	(32,313)	(33,304)
Buildings and structures, net	20,431	22,852
Machinery, equipment and vehicles	19,002	18,497
Accumulated depreciation	(15,159)	(15,080)
Machinery, equipment and vehicles, net	3,843	3,417
Land	12,231	11,890
Leased assets	13,851	13,308
Accumulated depreciation	(6,791)	(7,243)
Leased assets, net	7,059	6,064
Construction in progress	1,839	38
Other	1,530	1,513
Accumulated depreciation	(1,263)	(1,299)
Other, net	266	214
<b>Total property, plant and equipment</b>	<b>45,673</b>	<b>44,477</b>
<b>Intangible assets</b>		
Goodwill	255	153
Leased assets	2	0
Other	678	522
<b>Total intangible assets</b>	<b>936</b>	<b>677</b>
<b>Investments and other assets</b>		
Investment securities	473	512
Long-term loans receivable	12	182
Retirement benefit asset	667	800
Guarantee deposits	1,530	1,489
Deferred tax assets	3,452	3,425
Other	932	1,441
Allowance for doubtful accounts	(165)	(166)
<b>Total investments and other assets</b>	<b>6,903</b>	<b>7,685</b>
<b>Total non-current assets</b>	<b>53,512</b>	<b>52,840</b>
<b>Total assets</b>	<b>86,078</b>	<b>82,273</b>

(Millions of Yen)

	As of February 29, 2020	As of February 28, 2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	10,304	9,195
Current portion of long-term borrowings	364	607
Lease obligations	2,433	2,159
Accounts payable - other	10,655	8,251
Income taxes payable	622	812
Provision for bonuses	1,331	1,252
Other	1,723	1,260
<b>Total current liabilities</b>	<b>27,433</b>	<b>23,539</b>
<b>Non-current liabilities</b>		
Long-term borrowings	1,602	2,806
Lease obligations	6,936	5,640
Retirement benefit liability	3,768	4,148
Provision for share-based remuneration for directors (and other officers)	114	179
Asset retirement obligations	1,574	1,411
Other	126	176
<b>Total non-current liabilities</b>	<b>14,121</b>	<b>14,361</b>
<b>Total liabilities</b>	<b>41,555</b>	<b>37,900</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	8,049	8,049
Capital surplus	8,100	8,100
Retained earnings	28,560	28,693
Treasury shares	(213)	(367)
<b>Total shareholders' equity</b>	<b>44,496</b>	<b>44,475</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	90	116
Deferred gains or losses on hedges	1	1
Foreign currency translation adjustment	(89)	(262)
Remeasurements of defined benefit plans	(156)	(166)
<b>Total accumulated other comprehensive income</b>	<b>(154)</b>	<b>(311)</b>
<b>Non-controlling interests</b>	<b>181</b>	<b>208</b>
<b>Total net assets</b>	<b>44,523</b>	<b>44,372</b>
<b>Total liabilities and net assets</b>	<b>86,078</b>	<b>82,273</b>

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

(Millions of Yen)

	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021
Net sales	213,581	194,309
Cost of sales	181,097	162,994
Gross profit	32,483	31,314
Selling, general and administrative expenses		
Transportation costs	12,526	11,784
Salaries, allowances and bonuses	6,586	6,378
Provision for bonuses	548	545
Depreciation	567	511
Rent expenses	1,174	1,176
Other	8,359	7,586
Total selling, general and administrative expenses	29,762	27,982
Operating profit	2,721	3,332
Non-operating income		
Interest income	16	8
Dividend income	313	311
Rental income	164	176
Share of profit of entities accounted for using equity method	–	120
Other	69	162
Total non-operating income	563	780
Non-operating expenses		
Interest expenses	109	98
Rental costs	130	129
Loss on retirement of non-current assets	116	55
Loss on sales of non-current assets	52	0
Loss on cancellation of leases	69	32
Other	32	84
Total non-operating expenses	510	401
Ordinary profit	2,773	3,710
Extraordinary income		
Gain on sales of non-current assets	–	61
Total extraordinary income	–	61
Extraordinary losses		
Impairment loss	882	1,673
Other	–	96
Total extraordinary losses	882	1,770
Profit before income taxes	1,891	2,001
Income taxes - current	878	1,166
Income taxes - deferred	(70)	74
Total income taxes	808	1,241
Profit	1,083	760
Profit attributable to non-controlling interests	72	77
Profit attributable to owners of parent	1,010	682

## Consolidated statements of comprehensive income

(Millions of Yen)

	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021
Profit	1,083	760
Other comprehensive income		
Valuation difference on available-for-sale securities	(85)	25
Deferred gains or losses on hedges	1	(0)
Foreign currency translation adjustment	(52)	(280)
Remeasurements of defined benefit plans, net of tax	46	(10)
Share of other comprehensive income of entities accounted for using equity method	–	12
Total other comprehensive income	(90)	(252)
Comprehensive income	992	508
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	922	446
Comprehensive income attributable to non-controlling interests	70	61

### (3) Consolidated statements of changes in equity

Fiscal year ended February 29, 2020

(Millions of Yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,049	8,100	28,254	(217)	44,186
Changes during period					
Dividends of surplus	–	–	(704)	–	(704)
Profit attributable to owners of parent	–	–	1,010	–	1,010
Purchase of treasury shares	–	–	–	(0)	(0)
Disposal of treasury shares	–	–	–	4	4
Net changes in items other than shareholders' equity	–	–	–	–	–
Total changes during period	–	–	305	3	309
Balance at end of period	8,049	8,100	28,560	(213)	44,496

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	175	(0)	(39)	(202)	(66)	121	44,242
Changes during period							
Dividends of surplus	–	–	–	–	–	–	(704)
Profit attributable to owners of parent	–	–	–	–	–	–	1,010
Purchase of treasury shares	–	–	–	–	–	–	(0)
Disposal of treasury shares	–	–	–	–	–	–	4
Net changes in items other than shareholders' equity	(85)	1	(50)	46	(87)	59	(28)
Total changes during period	(85)	1	(50)	46	(87)	59	281
Balance at end of period	90	1	(89)	(156)	(154)	181	44,523



Fiscal year ended February 28, 2021

(Millions of Yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,049	8,100	28,560	(213)	44,496
Changes during period					
Dividends of surplus	–	–	(704)	–	(704)
Profit attributable to owners of parent	–	–	682	–	682
Change in scope of equity method	–	–	154	–	154
Purchase of treasury shares	–	–	–	(153)	(153)
Net changes in items other than shareholders' equity	–	–	–	–	–
Total changes during period	–	–	133	(153)	(20)
Balance at end of period	8,049	8,100	28,693	(367)	44,475

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	90	1	(89)	(156)	(154)	181	44,523
Changes during period							
Dividends of surplus	–	–	–	–	–	–	(704)
Profit attributable to owners of parent	–	–	–	–	–	–	682
Change in scope of equity method	–	–	–	–	–	–	154
Purchase of treasury shares	–	–	–	–	–	–	(153)
Net changes in items other than shareholders' equity	25	(0)	(172)	(10)	(157)	27	(129)
Total changes during period	25	(0)	(172)	(10)	(157)	27	(150)
Balance at end of period	116	1	(262)	(166)	(311)	208	44,372

**(4) Consolidated statements of cash flows**

(Millions of Yen)

	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021
Cash flows from operating activities		
Profit before income taxes	1,891	2,001
Depreciation	5,802	4,812
Impairment loss	882	1,673
Increase (decrease) in allowance for doubtful accounts	162	1
Increase (decrease) in provision for bonuses	8	(78)
Increase (decrease) in retirement benefit liability	440	361
Interest and dividend income	(329)	(319)
Interest expenses	109	98
Share of loss (profit) of entities accounted for using equity method	–	(120)
Loss (gain) on sales of property, plant and equipment	52	(61)
Loss on retirement of non-current assets	116	55
Decrease (increase) in trade receivables	(619)	1,738
Decrease (increase) in inventories	144	1,724
Increase (decrease) in trade payables	698	(1,092)
Increase (decrease) in accounts payable - other	2,071	(1,868)
Other, net	129	144
Subtotal	11,560	9,070
Interest and dividends received	329	319
Interest paid	(110)	(98)
Income taxes paid	(399)	(954)
Net cash provided by (used in) operating activities	11,379	8,338
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,871)	(5,234)
Proceeds from sales of property, plant and equipment	1,399	291
Purchase of intangible assets	(209)	(219)
Loan advances	(350)	(436)
Collection of loans receivable	332	332
Payments into time deposits	(775)	–
Proceeds from withdrawal of time deposits	1,166	207
Other, net	(40)	(166)
Net cash provided by (used in) investing activities	(1,349)	(5,226)
Cash flows from financing activities		
Proceeds from long-term borrowings	–	2,034
Repayments of long-term borrowings	(1,122)	(545)
Repayments of lease obligations	(2,722)	(2,516)
Purchase of treasury shares	(0)	(153)
Dividends paid	(704)	(704)
Other, net	(6)	(36)
Net cash provided by (used in) financing activities	(4,556)	(1,922)
Effect of exchange rate change on cash and cash equivalents	(10)	(145)
Net increase (decrease) in cash and cash equivalents	5,462	1,043
Cash and cash equivalents at beginning of period	2,439	7,902
Cash and cash equivalents at end of period	7,902	8,946

## (5) Segment information, etc.

[Segment information]

### 1. Overview of the reportable segments

The reporting segments of the Company and its consolidated subsidiaries are components for which separate financial information is available and whose operating results are regularly reviewed by the Board of Directors in order to determine the allocation of business resources to them as well as to evaluate their business performance. These segments are classified into “Food Products Business,” “Food Ingredients Business,” “Logistics Business,” “Food Engineering Business” and “Temporary Staffing and Contracting Business” according to their products and services, and their main business operations are as follows.

Food Products Business: Manufacturing and sales of cooked foods such as cooked rice products, bread products, side dishes and chilled Japanese sweets

Food Ingredients Business: Procurement, processing and sales of food ingredients

Logistics Business: Sorting and delivery of food products and ingredients

Food Engineering Business: Sales of food processing machines, etc.

Temporary Staffing and Contracting Business: Temporary staffing and contracting business

### 2. Calculation method for the amounts of sales, profits/losses, assets/liabilities, and other items by reporting segment

The figures of profit (loss) of reporting segments are recorded on an operating profit basis.

Internal sales and transfers between segments are recorded based on actual market prices.

### 3. Information on the amounts of sales, profits/losses, assets/liabilities, and other items by reporting segment

Year ended February 29, 2020

(Millions of Yen)

	Reportable segments						Adjustment (Note 1)	Carried on consolidated statements of income (Note 2)
	Food Products Business	Food Ingredients Business	Logistics Business	Food Engineering Business	Temporary Staffing and Contracting Business	Total		
Net sales								
Sales to external customers	175,503	16,283	14,000	1,910	5,882	213,581	–	213,581
Intersegment sales and transfers	–	2,559	4,680	5,044	6,863	19,148	(19,148)	–
Total	175,503	18,842	18,681	6,955	12,746	232,729	(19,148)	213,581
Segment profit (loss)	3,136	(216)	216	(149)	140	3,126	(405)	2,721
Segment assets	63,785	7,018	7,257	4,119	2,150	84,332	1,746	86,078
Other								
Amortization of goodwill	92	–	–	–	–	92	–	92
Depreciation	5,556	130	392	24	18	6,123	(320)	5,802
Increase in property, plant and equipment and intangible assets	4,138	20	203	43	61	4,467	(161)	4,305

Notes: 1. The adjustment of (405) million yen under the item of “Segment profit (loss)” includes an elimination of intersegment transactions of 282 million yen, as well as corporate expenses of (688) million yen, which are not allocated to the reportable segments.

The adjustment of 1,746 million yen under the item of “Segment assets” includes an elimination of intersegment transactions of (23,734) million yen, as well as corporate assets of 25,481 million yen, which are not allocated to the reportable segments.

The adjustment of (320) million yen under the item of “Depreciation” includes an elimination of intersegment transactions of (322) million yen and depreciation of 1 million yen related to corporate assets, which are not allocated to the reportable segments.

The adjustment of (161) million yen under the item of “Increase in property, plant and equipment and intangible assets” includes an elimination of intersegment transactions of (170) million yen, as well as the increase in corporate assets of 8 million yen, which is not allocated to the reportable segments.

2. Segment profit (loss) is adjusted to reflect operating profit as recorded on the consolidated statements of income.

Year ended February 28, 2021

(Millions of Yen)

	Reportable segments						Adjustment (Note 1)	Carried on consolidated statements of income (Note 2)
	Food Products Business	Food Ingredients Business	Logistics Business	Food Engineering Business	Temporary Staffing and Contracting Business	Total		
Net sales								
Sales to external customers	160,417	14,994	13,121	1,473	4,303	194,309	–	194,309
Intersegment sales and transfers	–	2,451	4,828	1,902	5,299	14,480	(14,480)	–
Total	160,417	17,445	17,949	3,375	9,603	208,790	(14,480)	194,309
Segment profit (loss)	4,261	(757)	447	(12)	(277)	3,662	(330)	3,332
Segment assets	62,970	4,575	6,839	1,389	1,356	77,131	5,142	82,273
Other								
Amortization of goodwill	87	–	–	–	–	87	–	87
Depreciation	4,602	110	411	2	27	5,154	(341)	4,812
Investments to entities accounted for using equity method	1,092	–	–	–	–	1,092	–	1,092
Increase in property, plant and equipment and intangible assets	5,441	104	94	–	55	5,696	(73)	5,623

Notes: 1. The adjustment of (330) million yen under the item of “Segment profit (loss)” includes an elimination of intersegment transactions of 372 million yen, as well as corporate expenses of (702) million yen, which are not allocated to the reportable segments.

The adjustment of 5,142 million yen under the item of “Segment assets” includes an elimination of intersegment transactions of (22,533) million yen, as well as corporate assets of 27,675 million yen, which are not allocated to the reportable segments.

The adjustment of (341) million yen under the item of “Depreciation” includes an elimination of intersegment transactions of (343) million yen and depreciation of 1 million yen related to corporate assets, which are not allocated to the reportable segments.

The adjustment of (73) million yen under the item of “Increase in property, plant and equipment and intangible assets” includes an elimination of intersegment transactions of (73) million yen.

2. Segment profit (loss) is adjusted to reflect operating profit as recorded on the consolidated statements of income.

3. A part of businesses operated by Nichiyo Fresh Co., Ltd. was included in the Food Products Business due to changes in commercial distribution during the fiscal year ended February 28, 2021.