

Translation

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## Summary of Consolidated Financial Results for the Nine Months Ended November 30, 2021 (Based on Japanese GAAP)

January 11, 2022

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 to file Quarterly Securities Report: January 12, 2022  
 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, 2021 (from March 1, 2021 to November 30, 2021)

(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, 2021	144,703	(1.1)	4,292	45.6	5,057	52.6	3,228	282.7
Nine months ended November 30, 2020	146,317	(9.6)	2,948	(0.5)	3,313	7.5	843	(32.7)

(Note) Comprehensive income: Nine months ended November 30, 2021: ¥3,898 million [352.6%]  
 Nine months ended November 30, 2020: ¥861 million [(27.7)%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended November 30, 2021	184.96		–	
Nine months ended November 30, 2020	48.22		–	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of November 30, 2021	83,368		47,556		56.7	
As of February 28, 2021	82,273		44,372		53.7	

(Reference) Equity capital: As of November 30, 2021: ¥47,252 million  
 As of February 28, 2021: ¥44,164 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 28, 2021	–	0.00	–	40.00	40.00
Year ending February 28, 2022	–	0.00	–	–	–
Year ending February 28, 2022 (Forecast)	–	–	–	50.00	50.00

(Note) Revisions to the most recently announced dividends forecasts: Yes  
 For details regarding the revision to dividends forecasts, please see “Notice Regarding Revision to Dividends Forecasts (Increase) and Abolishment of Shareholder Benefit Plan” announced on January 11, 2022.

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
Full year	192,000	(1.2)	4,500	35.1	5,300	42.8	3,200	368.7	183.28

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

\* Notes

(1) Changes in significant subsidiaries during the nine months ended November 30, 2021  
 (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes  
 Newly consolidated: 1 company (Company name: Warabeya Nichiyo Foods Co., Ltd.)  
 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: Yes

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

As of November 30, 2021	161,323 shares	As of February 28, 2021	172,298 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended November 30, 2021	17,457,458 shares	Nine months ended November 30, 2020	17,499,818 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.

\* 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 28, 2021	As of November 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	8,946	9,269
Notes and accounts receivable - trade	16,101	17,044
Merchandise and finished goods	1,975	1,479
Raw materials and supplies	901	1,277
Other	1,508	1,441
Allowance for doubtful accounts	(0)	(24)
Total current assets	29,433	30,488
Non-current assets		
Property, plant and equipment		
Buildings and structures	56,157	54,959
Accumulated depreciation	(33,304)	(32,457)
Buildings and structures, net	22,852	22,502
Machinery, equipment and vehicles	18,497	18,865
Accumulated depreciation	(15,080)	(15,073)
Machinery, equipment and vehicles, net	3,417	3,791
Land	11,890	11,891
Construction in progress	38	280
Other	14,821	13,167
Accumulated depreciation	(8,542)	(7,436)
Other, net	6,278	5,731
Total property, plant and equipment	44,477	44,197
Intangible assets		
Goodwill	153	94
Other	523	401
Total intangible assets	677	496
Investments and other assets		
Other	7,852	8,308
Allowance for doubtful accounts	(166)	(122)
Total investments and other assets	7,685	8,186
Total non-current assets	52,840	52,879
Total assets	82,273	83,368

(Millions of Yen)

	As of February 28, 2021	As of November 30, 2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	9,195	10,186
Current portion of long-term borrowings	607	624
Accounts payable - other	8,251	6,845
Income taxes payable	812	617
Provision for bonuses	1,252	1,856
Provision for bonuses for directors (and other officers)	–	97
Other	3,419	2,660
<b>Total current liabilities</b>	<b>23,539</b>	<b>22,887</b>
<b>Non-current liabilities</b>		
Long-term borrowings	2,806	2,134
Lease obligations	5,640	4,947
Retirement benefit liability	4,148	3,951
Provision for Directors stock-based rewards	179	176
Asset retirement obligations	1,411	1,414
Other	176	299
<b>Total non-current liabilities</b>	<b>14,361</b>	<b>12,923</b>
<b>Total liabilities</b>	<b>37,900</b>	<b>35,811</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	8,049	8,049
Capital surplus	8,100	8,100
Retained earnings	28,693	31,217
Treasury shares	(367)	(334)
<b>Total shareholders' equity</b>	<b>44,475</b>	<b>47,032</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	116	144
Deferred gains or losses on hedges	1	0
Foreign currency translation adjustment	(262)	201
Remeasurements of defined benefit plans	(166)	(125)
<b>Total accumulated other comprehensive income</b>	<b>(311)</b>	<b>220</b>
<b>Non-controlling interests</b>	<b>208</b>	<b>304</b>
<b>Total net assets</b>	<b>44,372</b>	<b>47,556</b>
<b>Total liabilities and net assets</b>	<b>82,273</b>	<b>83,368</b>

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

(Millions of Yen)

	Nine months ended November 30, 2020	Nine months ended November 30, 2021
Net sales	146,317	144,703
Cost of sales	122,472	119,592
Gross profit	23,845	25,110
Selling, general and administrative expenses	20,897	20,818
Operating profit	2,948	4,292
Non-operating income		
Interest income	6	4
Dividend income	310	279
Rental income	132	149
Insurance claim income	27	54
Gain on forgiveness of debts	–	317
Share of profit of entities accounted for using equity method	91	105
Other	54	128
Total non-operating income	622	1,038
Non-operating expenses		
Interest expenses	79	66
Loss on retirement of non-current assets	20	32
Rental costs	96	119
Other	61	55
Total non-operating expenses	257	274
Ordinary profit	3,313	5,057
Extraordinary income		
Gain on sales of non-current assets	61	–
Total extraordinary income	61	–
Extraordinary losses		
Impairment loss	1,276	297
Total extraordinary losses	1,276	297
Profit before income taxes	2,098	4,759
Income taxes - current	1,349	1,237
Income taxes - deferred	(165)	180
Total income taxes	1,184	1,418
Profit	914	3,341
Profit attributable to non-controlling interests	70	112
Profit attributable to owners of parent	843	3,228

## Consolidated statements of comprehensive income

(Millions of Yen)

	Nine months ended November 30, 2020	Nine months ended November 30, 2021
Profit	914	3,341
Other comprehensive income		
Valuation difference on available-for-sale securities	(25)	28
Deferred gains or losses on hedges	(5)	(0)
Foreign currency translation adjustment	(40)	383
Remeasurements of defined benefit plans, net of tax	25	40
Share of other comprehensive income of entities accounted for using equity method	(7)	105
Total other comprehensive income	(53)	556
Comprehensive income	861	3,898
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	800	3,760
Comprehensive income attributable to non-controlling interests	60	137

### (3) Segment information, etc.

[Segment information]

#### I. 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					Other (Note 1)	Total	Adjustment (Note 2)	Carried on quarterly consolidated statements of income (Note 3)
	Food Products Business	Food Ingredients Business	Logistics Business	Food Engineering Business	Total				
Net sales									
Sales to external customers	120,730	11,292	9,837	1,109	142,969	3,348	146,317	–	146,317
Intersegment sales and transfers	–	1,817	3,624	1,884	7,327	4,043	11,370	(11,370)	–
Total	120,730	13,109	13,462	2,993	150,296	7,392	157,688	(11,370)	146,317
Segment profit (loss)	3,695	(730)	360	7	3,332	(141)	3,191	(242)	2,948

Notes: 1. The classification “Other” is the segment of businesses not included in the reportable segments, and includes Temporary Staffing and Contracting Business.

2. 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.

3. 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.

#### II. Nine months ended November 30, 2021 (from March 1, 2021 to November 30, 2021)

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

(Millions of Yen)

	Reportable segments					Other (Note 1)	Total	Adjustment (Note 2)	Carried on quarterly consolidated statements of income (Note 3)
	Food Products Business	Food Ingredients Business	Logistics Business	Food Engineering Business	Total				
Net sales									
Sales to external customers	122,697	10,096	10,022	1,849	144,665	38	144,703	–	144,703
Intersegment sales and transfers	–	1,961	3,687	87	5,737	961	6,698	(6,698)	–
Total	122,697	12,058	13,709	1,937	150,402	999	151,401	(6,698)	144,703
Segment profit (loss)	4,114	218	528	(13)	4,847	(138)	4,709	(416)	4,292

Notes: 1. The classification “Other” is the segment of businesses not included in the reportable segments, and includes Temporary Staffing and Contracting Business.

2. The adjustment of (416) million yen under the item of “Segment profit (loss)” includes an elimination of intersegment transactions of 384 million yen, as well as corporate expenses of (800) million yen, which are not allocated to the reportable segments.

3. Segment profit (loss) is adjusted to reflect operating profit as recorded on the quarterly consolidated statements of income.
2. Matters regarding changes in reportable segments  
From the first quarter ended May 31, 2021, the Temporary Staffing and Contracting Business, which was previously a reportable segment, has become insignificant due to the Company's withdrawal from this business, and is therefore listed in "Other."

The segment information for the nine months ended November 30, 2020 has been restated to reflect the reportable segments adopted in the nine months ended November 30, 2021.