

**Translation**

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## Summary of Consolidated Financial Results for the ThirdQuarter of Fiscal Year Ending March 31, 2021 (Japanese GAAP)

February 12, 2021

Company name: DELICA FOODS HOLDINGS CO., LTD.

Stock exchange listing: Tokyo Stock Exchange

Stock code: 3392

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Date of release of quarterly securities report: February 12,2021

Starting date of dividend payments: —

Preparation of explanatory materials on quarterly financial results: No

Information meetings arranged related to quarterly financial results: No

(Amounts are rounded down to less than million)

### 1. Consolidated Financial Results for the Nine Months Period (cumulative) Ended December 31, 2020

#### (1) Consolidated Operating Results

(% figures denote year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of the parent	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
Nine months period ended December 31,2020	23,582	Δ24.0	Δ1,142	—	Δ782	—	Δ591	—
Nine months period ended December 31,2019	31,020	4.3	635	6.0	681	5.0	433	11.0

(Note)Comprehensive income: Nine months period ended December 31,2020: Δ527million Yen(—%)

Nine months period ended December 31 2019: 433million Yen(28.4%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months period ended December 31,2020	Δ40.11	—
Nine months period ended December 31, 2019	29.36	—

#### (2) Consolidated financial position

	Total assets	Net assets	Shareholders equity ratio
	Million Yen	Million Yen	%
As of Dec. 31 , 2020	22,873	7,427	32.5
As of Mar. 31, 2020	21,873	8,023	36.7

(Reference)Shareholders equity ( million yen): As of Dec. 31 , 2020 : 7,427 million Yen

As of Mar. 31, 2020 : 8,023 million Yen

## 2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Fiscal Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2020	—	0.00	—	5.00	5.00
Fiscal year ending Mar. 31, 2021	—	0.00	—		
Fiscal year ending Mar. 31, 2021 (forecast)				5.00	5.00

(Note) Revisions to the most recently announced dividend forecast: Yes

## 3. Consolidated Financial Results Forecasts for the Fiscal Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

The consolidated financial results forecast during fiscal year ending March 2021 is on hold, since it is difficult to estimate the impact of the spread of novel coronavirus infections (COVID-19) at this point. The results will be disclosed promptly when a rational estimation becomes available.

(Note) Revisions to the most recently announced earnings forecast: None

### ※ Notes

(1) Changes in material subsidiaries during the third quarter ended December 31, 2020 : No.

(Changes in special subsidiaries accompanying with a change in the scope of consolidation)

Inclusion — (Company name:) Exclusion — (Company name:)

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies and accounting estimates, and correction and restatement

(i) Changes in accounting policies due to the revision of accounting standards, etc. : No

(ii) Changes in accounting policies other than the above item (i) : Yes.

(iii) Changes in the accounting estimates : No

(iv) Retrospective restatement: No

(4) Total number of issued shares (Common stock)

(i) Total number of issued shares at the end of the period (including treasury shares)	Third Quarter ended December 31, 2020	14,872,000	FY Ended March 31, 2020	14,872,000
(ii) Total number of treasury shares at the end of the period	Third Quarter ended December 31, 2020	108,764	FY Ended March 31, 2020	118,484
(iii) The average number of shares during the period	Third Quarter ended December 31, 2020	14,758,535	Third Quarter ended December 31, 2019	14,750,405

\*The current quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

\*Explanation of appropriate use of financial forecasts and other special notes

Any forecasts contained in this report, including performance projections, are based on information currently available to the Company as well as certain assumptions that the Company determined to be rational at the time of the release of this report, and it is not intended that the company commit to achieve such results. Actual results may differ significantly from these forecasts due to a variety of factors.

Please refer to Explanation of Projections of Consolidated Operating Results on page 6 of this report (the attached document) for the suppositions on which the performance projections are based and points that have to be borne in mind for the use of such projections.

For more information or question, please contact us to [pr-and-ir@delica.co.jp](mailto:pr-and-ir@delica.co.jp)

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

In the first nine months of the fiscal year under review, economic activities in Japan stagnated due to the spread of the new coronavirus infection, causing people to exercise self-restraint in going out and traveling nationwide. Although economic activities temporarily showed signs of recovery thanks to the success of various measures taken by the national and local governments, such as the Go To campaigns, the number of infections has increased rapidly nationwide since December, leading to a so-called third wave of infection, and the outlook for the economy thus remains extremely uncertain.

In the future, it is difficult to predict when the new coronavirus infection will recede, and difficult conditions are expected to persist for economic activity.

In the food-related industry, to which the Group belongs, the future outlook is increasingly uncertain, as the food-service industry continues to be severely impacted by people's self-restraint in going out and traveling and the loss of inbound demand.

Under these circumstances, the Group continued to place the highest priority on ensuring the safety of its employees and business partners, and has continued to implement thorough measures against the new coronavirus infection. These counter measures include ensuring internal ventilation and the wearing of masks, checking the physical condition of all employees and visitors, keeping social distance such as seat intervals, and recommending telecommuting and staggered commuting.

In the Group's mainstay fruit and vegetable wholesaling business, the food-service industry to which our customers belong has seen a gradual recovery in the number of customers since the declaration of a state of emergency was lifted, and the Group's sales volume was trending toward recovery. Performance, however, was once again affected by the spread of the infection nationwide from December, and thus the Group's sales volume did not fully recover.

Recognizing the importance of these changes in the business environment, the Group worked to lower its level of break-even point by thoroughly streamlining its operations through such measures as strict controls on purchasing and inventories, thorough reduction of discarded inventory, reorganization of distribution routes, and reduction of overtime work expenses. The Group's processing plants and distribution centers, as well as the distribution network of F.S. Logistics Co., Ltd., which had been developed under the Fresh & Speedy delivery model, were well received by supermarkets, convenience stores, meal service businesses, and other businesses, and as such we were able to develop new sales channels. We are also expanding our new business of selling directly to consumers.

As a result, our monthly ordinary profit has been back in the black since September, and in the three-month period of the third quarter under review, we took steps to build a lean structure, thereby restoring our quarterly ordinary profit to 232 million yen.

In the first nine months of the fiscal year under review, however, this did not cover the impact of the decline in sales in the first quarter, which was particularly significant, resulting in net sales of 23,582 million yen (24.0% decrease from the same period of the previous fiscal year). Regarding profit, the Company recorded an operating loss of 1,142 million yen (operating profit of 635 million yen in the same period of the previous fiscal year), ordinary loss of 782 million yen (ordinary profit of 681 million yen in the same period of the previous fiscal year), and loss attributable to owners of parent of 591 million yen (profit attributable to owners of parent of 433 million yen in the same period of the previous fiscal year).

In the meantime, in terms of specific new businesses, we launched drive-through vegetable stores in April as a means of entering direct-to-consumer sales (the B2C and D2C business). In July, we launched our own e-commerce site under the "VegeMarché" brand. In September, the Group also established an associate, "Seika Biyori," as a joint venture with an industry peer. In December, we began mail-order sales under the "Seika Biyori" brand to general consumers. Furthermore, in December, the Company also established "Delica Foods Nagasaki Co., Ltd." as a subsidiary of a subsidiary in Nagasaki Prefecture, in order to manufacture and sell meal kits. This company is expected to commence operations in March.

These initiatives did not make a significant contribution to the Group's earnings in the first nine months of the fiscal year under review, but the Group intends to promote these new businesses alongside existing businesses, so as to make them a major source of future earnings.

### (2) Explanation of Financial Position

(Assets)

Current assets increased 7.7% from the end of the previous fiscal year to 9,019 million yen. This was mainly due to a 588 million yen increase in accounts receivable trade.

Non-current assets increased 2.6% from the end of the previous fiscal year to 13,853 million yen. This was mainly due to increases

of 232 million yen in leased assets, 211 million yen in deferred tax assets, and 89 million yen in investment securities, against a decrease of 162 million yen in buildings and structures.

As a result, total assets increased 4.6% from the end of the previous fiscal year to 22,873 million yen.

(Liabilities)

Current liabilities increased 43.8% from the end of the previous fiscal year to 6,937 million yen. This was mainly due to increases of 1,940 million yen in short-term borrowings and 220 million yen in accounts payable.

Non-current liabilities decreased 5.7% from the end of the previous fiscal year to 8,507 million yen. This was mainly due to a decrease of 758 million yen in long-term borrowings, against an increase of 223 million yen in lease obligations.

As a result, total liabilities increased 11.5% from the end of the previous fiscal year to 15,445 million yen.

(Net assets)

Total net assets decreased 7.4% from the end of the previous fiscal year to 7,427 million yen. This was mainly due to a decrease of 665 million yen in retained earnings.

### (3) Explanation of Consolidated Forecast and Other Forward-looking Statements

The forecast for consolidated business results for the fiscal year under review is still undetermined because the spread of the new coronavirus infection affects the Group as a whole and it is difficult to make a reasonable forecast at this time. We will announce a forecast as soon as it becomes possible

## 2. Quarterly Consolidated Financial Statements and Main Notes

### (1) Quarterly Consolidated Balance Sheets

	(Unit : thousands of yen)	
	Previous consolidated fiscal year (As of March 31, 2020)	End of this consolidated third quarter (As of December 31, 2020)
Assets		
Current assets		
Cash and deposits	4,276,968	4,224,699
Accounts receivable trade	3,638,084	4,226,666
Merchandise and finished goods	160,999	199,109
Work in process	10,437	9,402
Raw materials and supplies	60,485	125,055
Other	229,057	237,470
Allowance for doubtful accounts	△2,948	△2,417
Total current assets	8,373,083	9,019,988
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,463,057	6,300,431
Land	3,639,663	3,639,663
Other, net	2,198,447	2,416,988
Total property, plant and equipment	12,301,168	12,357,083
Intangible assets		
Other	67,356	61,515,
Total intangible assets	67,356	61,515
Investments and other assets		
Other	1,133,335	1,438,832
Allowance for doubtful accounts	△1,519	△4,301
Total investments and other assets	1,131,816	1,431,641
Total non-current assets	13,500,342	13,853,130
Total assets	21,873,425	22,873,119

	(Unit : thousands of yen)	
	Previous consolidated fiscal year (As of March 31, 2020)	End of this consolidated third quarter (As of December 31, 2020)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable trade	1,632,816	1,835,425
Short-term borrowings	260,000	2,200,000
Current portion of long term borrowings	1,071,141	1,135,400
Income taxes payable	113,330	6,240
Accounts payable	1,424,905	1,370,697
Provision for bonuses	119,329	23,477
Other	203,492	348,252
<b>Total current liabilities</b>	<b>4,825,017</b>	<b>6,937,493</b>
<b>Non-current liabilities</b>		
Long-term borrowings	8,303,440	7,545,167
Net defined benefit liability	135,230	149,474
Asset retirement obligations	261,624	262,673
Other	325,085	550,619
<b>Total non-current liabilities</b>	<b>9,025,380</b>	<b>8,507,935</b>
<b>Total liabilities</b>	<b>13,850,397</b>	<b>15,445,428</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	1,377,113	1,377,113
Capital surplus	2,167,666	2,171,446
Retained earnings	4,447,991	3,782,277
Treasury shares	△27,025	△24,808
<b>Total shareholders' equity</b>	<b>7,965,745</b>	<b>7,306,029</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available for sale securities	51,866	120,307
Remeasurements of defined benefit plans	5,415	1,353
<b>Total accumulated other comprehensive income</b>	<b>57,281</b>	<b>121,660</b>
<b>Total net assets</b>	<b>8,023,027</b>	<b>7,427,690</b>
<b>Total liabilities and net assets</b>	<b>21,873,425</b>	<b>22,873,119</b>



(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

(For the Nine months Period)

	(Unit : thousands of yen)	
	nine months period of Previous fiscal year (Apr. 1, 2019 to Dec. 31, 2019)	Third nine months period of This fiscal year (Apr. 1, 2020 to Dec. 31, 2020)
Net sales	31,020,618	23,582,417
Cost of sales	23,849,807	18,953,037
Gross profit	7,170,810	4,629,379
Selling, general and administrative expenses	6,535,243	5,771,395
Operating profit (loss)	635,567	△1,142,015
Non-operating income		
Interest income	1,740	1,677
Dividend income	4,208	2,815
Gain on sale of goods	12,740	7,094
Rent income	28,106	30,385
Subsidy income	3,300	335,499
Other	20,019	20,523
Total non-operating income	70,114	397,996
Non-operating expenses		
Interest expenses	22,680	24,842
Depreciation of inactive non-current assets	—	8,757
Other	1,017	5,054
Total non-operating expenses	23,698	38,653
Ordinary profit (loss)	681,983	△782,673
Extraordinary income		
Gain on sales of non-current assets	396	171
Gain on sale of investment securities	—	136
Insurance cancellation refund	—	140
Gain on negative goodwill	10,093	—
Total extraordinary income	10,489	447
Extraordinary losses		
Loss on retirement of non-current assets	10,089	2,996
Loss on devaluation of investment securities	—	665
Loss on devaluation of investment securities	471	—
Real estate acquisition tax	17,296	21,958
Operation suspension related costs	—	6,420
Other	1,856	970
Total extraordinary losses	29,714	33,011
Profit before income taxes(loss)	662,759	△815,237
Income taxes	229,693	△223,291
Profit(loss)	433,066	△591,945
Profit attributable to owners of parent(loss)	433,066	△591,945

Quarterly Consolidated Statement of Comprehensive Income  
(For the Nine month Period)

(Unit : thousands of yen)

	nine months period of Previous fiscal year (Apr. 1, 2019 to Dec. 31, 2019)	nine months period of This fiscal year (Apr. 1, 2020 to Dec. 31, 2020)
Profit(loss)	433,066	△591,945
Other comprehensive income		
Valuation difference on available for sale securities	△4,286	68,440
Remeasurements of defined benefit plans, net of tax	4,500	△4,061
Total other comprehensive income	213	64,378
Comprehensive income	433,280	△527,566
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	433,280	△527,566
Comprehensive income attributable to non-controlling interests	—	—

### (3) Notes to Quarterly Consolidated Financial Statements

(Going Concern Assumption)

Not applicable.

(Significant Changes in Shareholders Equity)

The first nine months of the fiscal year under review (from April 1, 2020 to December 31, 2020)

Not applicable.

(Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements)

(Calculation of tax expenses)

The Company calculates tax expenses by multiplying profit before income taxes by an effective tax rate that was reasonably estimated by applying tax effect accounting to estimated profit before income taxes for the fiscal year including the third quarter of the fiscal year under review.

However, in cases where it would be significantly unreasonable to calculate tax expenses using the estimated effective tax rate, the Company uses the statutory tax rate.

(Changes in Accounting Policies)

(Changes in accounting policies that are difficult to distinguish from changes in accounting estimates)

The Company and its consolidated subsidiaries had adopted the declining-balance depreciation method for property, plant and equipment (except for leased assets) (buildings (other than facilities attached to buildings) acquired on or after April 1, 1998, and facilities attached to buildings and structures acquired on or after April 1, 2016 were depreciated by the straight-line method). However, they changed their depreciation method to the straight-line method from the first quarter of the fiscal year under review. In line with the establishment of capital investment plans in the medium-term management plan, the Group has investigated the status of use of the property, plant and equipment of the Company and its consolidated subsidiaries. It has also reviewed the depreciation method for property, plant and equipment. This has been done from the perspective of appropriate periodic accounting of profit and loss. As a result, we observed no rapid obsolescence either technologically or economically in terms of the past use of production equipment, and confirmed stable operation over the useful life of production equipment. The Group expects that production equipment will continue to stably contribute to earnings, and concluded that the change from the declining-balance depreciation method to the straight-line depreciation method would more appropriately reflect the economic realities.

As a result of this change, gross profit for the first nine months of the fiscal year under review increased 79,191 thousand yen, operating loss decreased 112,305 thousand yen, and ordinary loss and loss before income taxes decreased 113,955 thousand yen compared with the figures that would have been posted under the previous depreciation method.

(Additional Information)

(Accounting estimates regarding the spread of the new coronavirus infection)

In the previous fiscal year, accounting estimates were reflected in the accounting treatment on the assumption that the spread of the new coronavirus infection would affect the Group's business results until at least June 2020. Notwithstanding previous assumption, in the third quarter of the fiscal year under review, the Company has assumed that it will be difficult for business results to recover to levels prior to the spread of the infection during the fiscal year under review, and has reflected accounting estimates in the accounting treatment.

### 3. Other

#### (1) Quarterly earnings trends

FY ending March 31,  
2021(consolidated)

(Unit : thousands of yen)

	1st quarter	2nd quarter	3rd quarter	4th quarter
Net sales	5,459,812	8,582,900	9,539,704	
Operating profit(loss)	△ 1,058,086	△ 296,135	212,206	
Ordinary profit(loss)	△ 755,719	△ 259,715	232,761	
Profit attributable to non-controlling interests(loss)	△ 600,752	△ 175,712	184,519	
Net income per share(loss)	△40.72yen	△11.91yen	12.50yen	
Total assets	22,451,466	22,470,731	22,873,119	
Net assets	7,386,408	7,235,113	7,427,690	
Net assets per share	500.65yen	490.08yen	503.12yen	

FY ended March 31,  
2020(consolidated)

(Unit : thousands of yen)

	1st quarter	2nd quarter	3rd quarter	4th quarter
Net sales	9,930,446	10,498,653	10,591,518	9,392,771
Operating profit(loss)	207,101	134,900	293,566	△ 63,889
Ordinary profit(loss)	223,418	149,988	308,577	△ 40,335
Profit attributable to non-controlling interests(loss)	138,825	95,047	199,193	△ 72,254
Net income per share(loss)	9.41yen	6.44yen	13.50yen	△4.90yen
Total assets	20,477,643	21,309,815	21,757,501	21,873,425
Net assets	7,851,774	7,972,009	8,167,653	8,023,027
Net assets per share	532.44yen	540.35yen	553.61yen	543.80yen

(Note) The company conducted a 2 for 1 common stock split effective on September 1, 2019. Net income per share and net assets per share have been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

#### (2) Sales by department

	Fiscal Year ended March 31, 2020 Nine months period (Apr. 1, 2019 to Dec. 31, 2019)		Fiscal Year ending March 31, 2021 Nine months period (Apr. 1, 2020 to Dec. 31, 2020)		Increase or decrease  (thousands of yen)	Increase or decrease  (%)
	Amount (thousands of yen)	Composition ratio (%)	Amount (thousands of yen)	Composition ratio (%)		
Cut vegetables	13,259,003	42.7	10,984,673	46.6	△ 2,274,329	△ 17.2
Wholevegetables	13,929,966	44.9	9,779,206	41.5	△ 4,150,759	△ 29.8
Other	3,831,648	12.4	2,818,536	11.9	△ 1,013,112	△ 26.4
Total	31,020,618	100.0	23,582,417	100.0	△7,438,201	△ 24.0