

Consolidated Financial Statements – Summary

August 1, 2023

(For the three months ended June 30, 2023)

English translation from the original Japanese-language document

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan.)

Company name: **NICHIREI CORPORATION** (Code number 2871)

1. Results for the Three Months Ended June 30, 2023 (April 1, 2023 through June 30, 2023)

(1) Consolidated financial results

(Amounts less than one million yen are omitted)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
	Million yen	Million yen	Million yen	Million yen
Three months ended June 30, 2023	163,965	7,924	8,325	4,964
Three months ended June 30, 2022	156,057	6,677	6,979	4,251

(Note) Comprehensive income: Three months ended June 30, 2023: 10,952 million yen (-5.5%)
Three months ended June 30, 2022: 11,588 million yen (150.5%)

	E.P.S.	Diluted E.P.S.
	Yen	Yen
Three months ended June 30, 2023	38.88	—
Three months ended June 30, 2022	32.83	—

(2) Consolidated financial position

	Total assets	Total net assets	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
As of June 30, 2023	475,111	241,141	48.8	1,814.61
As of March 31, 2023	457,333	233,513	49.1	1,757.70

(Note) Shareholders' equity: As of June 30, 2023: 231,708 million yen
As of March 31, 2023: 224,443 million yen

2. Dividend Status

	Dividend per share				
(Base date)	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	End of FY	Annual
	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2023	—	26.00	—	26.00	52.00
FY ending March 31, 2024	—				
FY ending March 31, 2024 (Forecast)		37.00	—	37.00	74.00

(Note) Revisions to dividend forecasts published most recently (Y/N): No

3. Estimation of Business Results of Fiscal Year Ending March 31, 2024 (April 1, 2023 through March 31, 2024)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	E.P.S.
	Million yen	Million yen	Million yen	Million yen	Yen
FY ending March 31, 2024	675,000	34,500	34,800	22,400	175.42

(Note) Revisions to financial estimation published most recently (Y/N): No

*** Notes**

- (1) Any changes in important subsidiaries during the term (Change in specific subsidiaries as a result of a change in the scope of consolidation): None
New inclusion: — companies (company name)
Elimination: — companies (company name)
- (2) Adoption of accounting treatment unique to the preparation of quarterly consolidated financial statements: Yes
(Calculation of tax cost)
With respect to tax cost, an effective tax rate was reasonably estimated after applying tax effect accounting to profit before taxes for the fiscal year including the three-month period ended June 30, 2023, and tax cost was calculated by multiplying profit before taxes by the effective tax rate.
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
(i) Changes in accounting policies associated with the revision of accounting standards, etc.: None
(ii) Changes in accounting policies other than (i): None
(iii) Changes in accounting estimates: None
(iv) Restatement: None
- (4) Total number of outstanding shares (Common stock)
(i) Total number of outstanding shares at term end (Includes treasury stock):
As of June 30, 2023: 134,042,599 shares
As of March 31, 2023: 134,042,599 shares
(ii) Total treasury stock at term end:
As of June 30, 2023: 6,351,607 shares
As of March 31, 2023: 6,351,246 shares
(iii) Average number of outstanding shares during the period:
For the three months ended June 30, 2023: 127,691,181 shares
For the three months ended June 30, 2022: 129,484,940 shares

* Quarterly financial summaries are not subject to quarterly review by any certified public accountant or auditing firm.

* Note to proper use of forecast of operating results and other special remarks

This statement was prepared based on information available at the time of disclosure. The Company makes no guarantee that the forecasts will be achieved. Actual results may vary significantly as a result of a variety of factors. Please refer to the "Cautionary Statements" on page 8.

Consolidated Balance Sheets

NICHIREI CORPORATION

(Million yen; amounts less than one million yen are omitted)

	FY 2022 (As of March 31, 2023)	As of June 30, 2023
<Assets>		
Current assets		
Cash and deposits	27,843	34,369
Notes and accounts receivable – trade	101,275	96,149
Merchandise and finished goods	42,741	45,868
Work in process	987	1,101
Raw materials and supplies	11,216	11,330
Other	12,761	19,735
Allowance for doubtful accounts	(130)	(137)
Total	196,695	208,417
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	90,118	89,516
Machinery, equipment and vehicles, net	41,192	42,782
Land	41,433	43,388
Leased assets, net	13,394	13,093
Construction in progress	4,768	3,759
Other, net	4,165	4,216
Total	195,073	196,757
Intangible assets		
Goodwill	6,687	6,752
Other	7,632	7,781
Total	14,319	14,534
Investments and other assets		
Investment securities	38,281	41,948
Net defined benefit asset	38	38
Deferred tax assets	2,726	2,726
Other	10,597	11,094
Allowance for doubtful accounts	(399)	(405)
Total	51,244	55,402
Total non-current assets	260,637	266,693
Total assets	457,333	475,111

NICHIREI CORPORATION

(Million yen; amounts less than one million yen are omitted)

	FY 2022 (As of March 31, 2023)	As of June 30, 2023
<Liabilities>		
Current liabilities		
Accounts payable – trade	28,423	30,940
Electronically recorded obligations – operating	1,710	2,066
Short-term loans payable	16,919	23,312
Commercial papers	6,000	7,000
Current portion of bonds payable	10,000	10,000
Current portion of long-term loans payable	2,277	1,710
Lease obligations	3,462	3,584
Accrued expenses	37,535	32,576
Income taxes payable	4,049	3,414
Provision for directors' bonuses	185	87
Other	19,520	25,320
Total	130,086	140,014
Non-current liabilities		
Bonds payable	30,000	30,000
Long-term loans payable	34,867	33,820
Lease obligations	11,052	10,617
Deferred tax liabilities	6,145	8,156
Provision for retirement benefits for directors (and other officers)	65	41
Retirement benefit liability	2,121	2,177
Asset retirement obligations	4,643	4,700
Long-term guarantee deposited	2,327	1,982
Other	2,510	2,458
Total	93,733	93,955
Total liabilities	223,819	233,969
<Net assets>		
Shareholders' equity		
Share capital	30,512	30,512
Capital surplus	5,492	5,492
Retained earnings	187,333	188,977
Treasury shares	(16,847)	(16,848)
Total	206,490	208,133
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,342	14,742
Deferred gains or losses on hedges	1,436	3,425
Foreign currency translation adjustment	4,173	5,407
Total	17,952	23,575
Non-controlling interests	9,070	9,432
Total net assets	233,513	241,141
Total liabilities and net assets	457,333	475,111

Consolidated Statements of Income

NICHIREI CORPORATION

(Million yen; amounts less than one million yen are omitted)

	Three months ended June 30, 2022 (Apr. 2022–June 2022)	Three months ended June 30, 2023 (Apr. 2023–June 2023)
Net sales	156,057	163,965
Cost of sales	130,763	135,752
Gross profit	25,294	28,212
Selling, general and administrative expenses		
Transportation and storage costs	5,396	5,329
Promotion expenses	330	352
Advertising expenses	1,172	1,152
Remuneration, salaries and allowances for directors (and other officers)	4,953	5,665
Retirement benefit expenses	273	316
Legal and other welfare expenses	912	1,032
Travel, transportation and communication expenses	395	542
Rent expenses	592	628
Outsourcing expenses	1,099	1,221
Research and development expenses	467	455
Other	3,024	3,590
Operating profit	18,617	20,287
Non-operating income		
Interest income	32	67
Dividend income	424	472
Share of profit of entities accounted for using equity method	—	149
Other	145	116
Non-operating expenses	601	806
Interest expenses	172	230
Share of loss of entities accounted for using equity method	1	—
Other	125	175
Ordinary profit	299	406
Extraordinary income		
Gain on sales of non-current assets	8	20
Extraordinary losses	8	20
Loss on sales of non-current assets	19	0
Loss on retirement of non-current assets	169	148
Impairment losses	20	0
Compensation for damage	—	195
Other	46	54
Profit before income taxes	255	399
Income taxes	6,731	7,945
Profit	1,948	2,821
Profit attributable to non-controlling interests	4,783	5,124
Profit attributable to owners of parent	532	160
	4,251	4,964

Consolidated Statements of Comprehensive Income

NICHIREI CORPORATION

(Million yen; amounts less than one million yen are omitted)

	Three months ended June 30, 2022 (Apr. 2022–June 2022)	Three months ended June 30, 2023 (Apr. 2023–June 2023)
Profit	4,783	5,124
Other comprehensive income		
Valuation difference on available-for-sale securities	1,293	2,396
Deferred gains or losses on hedges	1,986	1,983
Foreign currency translation adjustment	3,312	1,375
Share of other comprehensive income of entities accounted for using equity method	213	72
Total	6,805	5,828
Comprehensive income	11,588	10,952
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,548	10,586
Comprehensive income attributable to non-controlling interests	1,040	366

Industrial Segment Information

NICHIREI CORPORATION

(1) Three Months Ended June 30, 2022 (April 1, 2022 through June 30, 2022)

(Million yen; amounts less than one million yen are omitted)

	Processed Foods	Marine Products	Meat and Poultry Products	Logistics	Real Estate	Other	Total	Adjustments	Consolidated
Net sales	65,745	15,945	20,006	52,830	754	775	156,057	–	156,057
Intra-group sales and transfers	70	28	709	4,461	357	221	5,849	(5,849)	–
Total	65,815	15,973	20,716	57,291	1,112	997	161,907	(5,849)	156,057
Operating profit	2,977	104	237	3,391	445	(28)	7,129	(451)	6,677

(2) Three Months Ended June 30, 2023 (April 1, 2023 through June 30, 2023)

(Million yen; amounts less than one million yen are omitted)

	Processed Foods	Marine Products	Meat and Poultry Products	Logistics	Real Estate	Other	Total	Adjustments	Consolidated
Net sales	71,456	13,816	20,179	56,981	735	796	163,965	–	163,965
Intra-group sales and transfers	65	4	836	4,323	384	210	5,825	(5,825)	–
Total	71,522	13,820	21,015	61,304	1,120	1,007	169,790	(5,825)	163,965
Operating profit	3,795	22	229	3,969	420	(89)	8,349	(424)	7,924

Forecast of Fiscal Year Ending March 31, 2024

NICHIREI CORPORATION

Forecast of Fiscal Year Ending March 31, 2024 (April 1, 2023 through March 31, 2024)

(Million yen; amounts less than one million yen are omitted)

	Processed Foods	Marine Products	Meat and Poultry Products	Logistics	Real Estate	Other	Adjustments	Consolidated
Net sales (*1)	296,000	50,000	85,000	255,000	4,500	6,400	(21,900)	675,000
Operating profit	15,600	1,000	1,600	15,300	1,700	400	(1,100)	34,500

(*1) Net sales include Intra-group sales and transfers.

Cautionary Statement with Respect to Forward-Looking Statements

This financial statement contains, in addition to historical facts, forward-looking statements regarding plans, outlook, strategies and future results. These explanations concerning future business results may or may not include words such as "believes," "expects," "plans," "strategy," "prospects," "estimates," and "forecasts," or variations of these words or similar expressions. All such statements are based on management's assumptions and beliefs derived from the information available to it at the time of publication of this report. A variety of important factors may cause actual results to differ significantly from these forecasts. Thus, it is advised that investors refrain from making investment decisions based solely on these forward-looking statements. Nichirei and its Group companies will not necessarily revise their forward-looking statements in accordance with new information, future events and other results. Risks and uncertainties that could affect the actual results of Nichirei and its Group companies include, but are not limited to:

- 1) Economic conditions and industry environment surrounding the business activities of Nichirei and its Group companies;
- 2) Foreign exchange rate fluctuations, particularly involving U.S. dollars and euros;
- 3) The feasibility of establishing a unified quality control structure covering product development, purchasing of ingredients, production and sales;
- 4) The feasibility of new product and service development;
- 5) Nichirei's and its Group companies' ability to implement growth strategies and build a low-cost structure;
- 6) The feasibility of achieving effective alliances between the Nichirei Group and outside companies;
- 7) Contingency and related risk, etc.

However, factors that may affect the performance of the Nichirei Group are not limited to those listed above. Further, risks and uncertainties include the possibility of future events that may have a serious and unpredictable impact on the Group.