

Consolidated Financial Statements – Summary

May 9, 2023

(For the year ended March 31, 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 of Fiscal Year Ended March 31, 2023 (April 1, 2022 through March 31, 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
FY ended March 31, 2023	662,204	32,935	33,448	21,568
FY ended March 31, 2022	602,696	31,410	31,667	23,382

(Note) Comprehensive income: FY ended March 31, 2023: 27,664 million yen (3.3%)
FY ended March 31, 2022: 26,792 million yen (4.6%)

	E.P.S.	Diluted E.P.S.	Return on equity	Ordinary profit / Total capital	Operating profit / Net sales
	Yen	Yen	%	%	%
FY ended March 31, 2023	167.14	–	9.9	7.6	5.0
FY ended March 31, 2022	176.72	–	11.3	7.6	5.2

(Note) Share of profit of entities accounted for using equity method:

FY ended March 31, 2023: 292 million yen FY ended March 31, 2022: 116 million yen

(2) Consolidated financial position

	Total assets	Total net assets	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	457,333	233,513	49.1	1,757.70
As of March 31, 2022	427,606	217,903	49.4	1,630.84

(Note) Shareholders' equity: As of March 31, 2023: 224,443 million yen
As of March 31, 2022: 211,169 million yen

(3) Consolidated cash flows

	From operating activities	From investing activities	From financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY ended March 31, 2023	37,865	(26,844)	(8,591)	27,767
FY ended March 31, 2022	34,660	(26,016)	(14,179)	23,340

2. Dividend Status

(Base date)	Dividend per share					Total cash dividends (annual)	Dividends payout ratio (consolidated)	Dividend on equity ratio (consolidated)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	End of FY	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY ended March 31, 2022	–	25.00	–	25.00	50.00	6,569	28.3	3.2
FY ended March 31, 2023	–	26.00	–	26.00	52.00	6,687	31.1	3.1
FY ending March 31, 2024 (Forecast)	–	37.00	–	37.00	74.00		42.2	

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

(Percentages show year-on-year changes.)

	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

*** 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) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies associated with the revision of accounting standards, etc.: Yes

(ii) Changes in accounting policies other than (i): None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(Change in accounting policy)

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company started to apply the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021; hereinafter the "Fair Value Measurement Accounting Standard Implementation Guidance") at the beginning of the consolidated fiscal year under review. In this connection, the Company has decided to apply the new accounting policies specified in the Fair Value Measurement Accounting Standard Implementation Guidance going forward, according to the provisional treatment prescribed in Paragraph 27-2 of the Fair Value Measurement Accounting Standard Implementation Guidance. The application has no impact on consolidated results for the fiscal year under review.

(3) Total number of outstanding shares (Common stock)

(i) Total number of outstanding shares at term end (Includes treasury stock):

As of March 31, 2023: 134,042,599 shares

As of March 31, 2022: 134,007,795 shares

(ii) Total treasury stock at term end:

As of March 31, 2023: 6,351,246 shares

As of March 31, 2022: 4,522,808 shares

(iii) Average number of outstanding shares during the period:

For the year ended March 31, 2023: 129,046,180 shares

For the year ended March 31, 2022: 132,317,386 shares

* The summary of financial results is not subject to audits.

* 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 9.

Consolidated Balance Sheets

NICHIREI CORPORATION

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

	FY 2022 (As of March 31, 2022)	FY 2023 (As of March 31, 2023)
<Assets>		
Current assets		
Cash and deposits	23,413	27,843
Notes and accounts receivable - trade	90,965	101,275
Merchandise and finished goods	41,077	42,741
Work in process	1,189	987
Raw materials and supplies	9,861	11,216
Other	13,904	12,761
Allowance for doubtful accounts	(112)	(130)
Total	180,299	196,695
Non-current assets		
Property, plant and equipment		
Buildings and structures	261,489	276,952
Accumulated depreciation	(179,393)	(186,834)
Buildings and structures, net	82,095	90,118
Machinery, equipment and vehicles	125,441	137,180
Accumulated depreciation	(88,650)	(95,987)
Machinery, equipment and vehicles, net	36,790	41,192
Land	41,075	41,433
Leased assets	36,267	33,592
Accumulated depreciation	(22,777)	(20,197)
Leased assets, net	13,490	13,394
Construction in progress	4,904	4,768
Other	12,866	15,361
Accumulated depreciation	(10,117)	(11,195)
Other, net	2,748	4,165
Total	181,106	195,073
Intangible assets		
Goodwill	6,700	6,687
Other	8,080	7,632
Total	14,781	14,319
Investments and other assets		
Investment securities	38,106	38,281
Net defined benefit asset	49	38
Deferred tax assets	2,607	2,726
Other	11,024	10,597
Allowance for doubtful accounts	(369)	(399)
Total	51,419	51,244
Total non-current assets	247,307	260,637
Total assets	427,606	457,333

NICHIREI CORPORATION

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

	FY 2022 (As of March 31, 2022)	FY 2023 (As of March 31, 2023)
<Liabilities>		
Current liabilities		
Accounts payable - trade	26,778	28,423
Electronically recorded obligations - operating	2,476	1,710
Short-term loans payable	13,490	16,919
Commercial papers	2,000	6,000
Current portion of bonds payable	—	10,000
Current portion of long-term loans payable	14,798	2,277
Lease obligations	3,395	3,462
Accrued expenses	34,909	37,535
Income taxes payable	4,779	4,049
Provision for directors' bonuses	198	185
Other	17,947	19,520
Total	120,775	130,086
Non-current liabilities		
Bonds payable	40,000	30,000
Long-term loans payable	19,882	34,867
Lease obligations	11,149	11,052
Deferred tax liabilities	5,853	6,145
Provision for directors' retirement benefits	102	65
Net defined benefit liability	2,029	2,121
Asset retirement obligations	4,180	4,643
Long-term guarantee deposited	2,181	2,327
Other	3,548	2,510
Total	88,928	93,733
Total liabilities	209,703	223,819
<Net assets>		
Shareholders' equity		
Capital stock	30,472	30,512
Capital surplus	5,495	5,492
Retained earnings	172,369	187,333
Treasury shares	(11,841)	(16,847)
Total	196,494	206,490
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,984	12,342
Deferred gains or losses on hedges	2,360	1,436
Foreign currency translation adjustment	329	4,173
Total	14,674	17,952
Non-controlling interests	6,733	9,070
Total net assets	217,903	233,513
Total liabilities and net assets	427,606	457,333

Consolidated Statements of Income

NICHIREI CORPORATION

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

	FY 2022 (Apr. 2021–Mar. 2022)	FY 2023 (Apr. 2022–Mar. 2023)
Net sales	602,696	662,204
Cost of sales	500,451	553,330
Gross profit	102,245	108,874
Selling, general and administrative expenses		
Transportation and warehousing expenses	19,730	21,760
Promotion expenses	1,258	1,282
Advertising expenses	3,355	3,450
Directors' compensations, employees' salaries, bonuses and allowance	20,433	21,032
Retirement benefit expenses	1,071	1,127
Legal and employee benefits expenses	3,645	3,733
Transportation and communication expenses	1,247	1,835
Rent expenses	2,169	2,367
Business consignment expenses	4,388	4,511
Research and development expense	1,939	1,892
Other	11,594	12,943
Operating profit	31,410	32,935
Non-operating income		
Interest income	106	201
Dividend income	797	867
Share of profit of entities accounted for using equity method	116	292
Other	423	641
Ordinary profit	31,667	33,448
Extraordinary income		
Gain on sales of non-current assets	38	90
Gain on sales of investment securities	3,924	674
Compensation for expropriation	1,221	242
Gain on bargain purchase	–	543
Other	3	102
Extraordinary losses	5,188	1,653
Loss on sales of non-current assets	12	35
Loss on retirement of non-current assets	1,216	1,083
Impairment loss	196	487
Other	322	506
Profit before income taxes	35,107	32,987
Income taxes – current	10,233	8,696
Income taxes – deferred	605	653
Profit	24,268	23,638
Profit attributable to non-controlling interests	886	2,069
Profit attributable to owners of parent	23,382	21,568

Consolidated Statements of Comprehensive Income

NICHIREI CORPORATION

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

	FY 2022 (Apr. 2021–Mar. 2022)	FY 2023 (Apr. 2022–Mar. 2023)
Profit	24,268	23,638
Other comprehensive income		
Valuation difference on available-for-sale securities	(356)	351
Deferred gains or losses on hedges	693	(927)
Foreign currency translation adjustment	1,983	4,479
Share of other comprehensive income of entities, accounted for using equity method	203	122
Total	2,523	4,025
Comprehensive income	26,792	27,664
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	25,733	24,846
Comprehensive income attributable to non-controlling interests	1,058	2,817

Consolidated Statements of Cash Flows

NICHIREI CORPORATION

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

	FY 2022 (Apr. 2021–Mar. 2022)	FY 2023 (Apr. 2022–Mar. 2023)
Cash flows from operating activities		
Profit before income taxes	35,107	32,987
Depreciation	21,089	22,198
Impairment loss	196	487
Increase (decrease) in allowance for doubtful accounts	100	16
Interest and dividend income	(904)	(1,069)
Interest expenses	619	787
Share of (profit) loss of entities accounted for using equity method	(116)	(292)
Gain on bargain purchase	–	(543)
Loss (gain) on sales of non-current assets	(26)	(54)
Loss on retirement of non-current assets	1,216	1,083
Loss (gain) on sales of investment securities	(3,923)	(674)
Decrease (increase) in notes and accounts receivable - trade	(7,943)	(8,407)
Decrease (increase) in inventories	(3,902)	(1,327)
Increase (decrease) in notes and accounts payable - trade	935	114
Compensation for expropriation	(1,221)	(242)
Other	2,461	1,623
Subtotal	43,688	46,687
Interest and dividend income received	1,102	1,221
Proceeds from compensation for expropriation	1,221	242
Interest expenses paid	(630)	(755)
Income taxes paid	(10,721)	(9,530)
Net cash provided by operating activities	34,660	37,865
Cash flows from investing activities		
Purchase of property, plant and equipment	(21,289)	(23,830)
Proceeds from sales of property, plant and equipment	142	117
Purchase of intangible assets	(1,422)	(1,261)
Purchase of investment securities	(80)	(1,565)
Proceeds from sales of investment securities	5,611	1,913
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(8,432)	(659)
Other	(545)	(1,560)
Net cash used in investing activities	(26,016)	(26,844)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	5,790	2,748
Net increase (decrease) in commercial papers	2,000	4,000
Proceeds from long-term loans payable	5,454	15,794
Repayments of long-term loans payable	(4,832)	(15,390)
Proceeds from issuance of bonds	9,951	–
Redemption of bonds	(10,000)	–
Repayments of lease obligations	(3,699)	(3,621)
Purchase of treasury shares	(10,012)	(5,009)
Cash dividends paid	(7,053)	(6,595)
Dividends paid to non-controlling interests	(899)	(388)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(878)	(128)
Other	0	0
Net cash used in financing activities	(14,179)	(8,591)
Effect of exchange rate change on cash and cash equivalents	865	1,997
Net increase (decrease) in cash and cash equivalents	(4,670)	4,426
Cash and cash equivalents at beginning of period	28,011	23,340
Cash and cash equivalents at end of period	23,340	27,767

Industrial Segment Information

NICHIREI CORPORATION

(1) Fiscal Year Ended March 31, 2022 (April 1, 2021 through March 31, 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	243,963	67,663	77,646	207,242	2,901	3,279	602,696	–	602,696
Intra-group sales and transfers	273	78	2,650	17,304	1,413	900	22,620	(22,620)	–
Total	244,236	67,741	80,297	224,547	4,314	4,179	625,317	(22,620)	602,696
Operating profit	14,244	956	1,167	14,626	1,653	(329)	32,319	(909)	31,410

(2) Fiscal Year Ended March 31, 2023 (April 1, 2022 through March 31, 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	275,398	68,903	82,975	226,710	3,043	5,174	662,204	–	662,204
Intra-group sales and transfers	299	91	2,779	17,497	1,489	917	23,075	(23,075)	–
Total	275,697	68,995	85,755	244,207	4,532	6,092	685,279	(23,075)	662,204
Operating profit	13,962	951	959	15,147	1,798	829	33,648	(713)	32,935

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.