

Consolidated Financial Statements – Summary

February 7, 2023

(For the nine months ended December 31, 2022)

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 Nine Months Ended December 31, 2022 (April 1, 2022 through December 31, 2022)

(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
Nine months ended December 31, 2022	501,107	25,288	25,780	16,826
Nine months ended December 31, 2021	453,774	25,744	26,028	18,154

(Note) Comprehensive income: Nine months ended December 31, 2022: 25,223 million yen (34.8%)
Nine months ended December 31, 2021: 18,712 million yen (12.6%)

	E.P.S.	Diluted E.P.S.
	Yen	Yen
Nine months ended December 31, 2022	130.03	–
Nine months ended December 31, 2021	136.47	–

(2) Consolidated financial position

	Total assets	Total net assets	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
As of December 31, 2022	482,533	234,326	46.7	1,748.69
As of March 31, 2022	427,606	217,903	49.4	1,630.84

(Note) Shareholders' equity: As of December 31, 2022: 225,139 million yen
As of March 31, 2022: 211,169 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, 2022	–	25.00	–	25.00	50.00
FY ending March 31, 2023	–	26.00	–		
FY ending March 31, 2023 (Forecast)				26.00	52.00

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

3. Estimation of Business Results of Fiscal Year Ending March 31, 2023 (April 1, 2022 through March 31, 2023)

	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, 2023	660,000	31,500	31,900	21,200	163.73

(Note) Revisions to financial estimation published most recently (Y/N): Yes

*** 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): No

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 net income before taxes for the fiscal year including the nine-month period ended December 31, 2022, and tax cost was calculated by multiplying quarterly net income 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.: Yes

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

(iii) Changes in accounting estimates: None

(iv) Restatement: None

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

The Company has been applying 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") since the beginning of the first quarter of the fiscal year under review and has decided to apply the new accounting policy specified by the Fair Value Measurement Accounting Standard Implementation Guidance into the future under the transitional provisions of paragraph 27-2 of the Fair Value Measurement Accounting Standard Implementation Guidance. This does not have any impact on the results in the first nine months ended December 31, 2022.

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

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

As of December 31, 2022: 134,042,599 shares

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

(ii) Total treasury stock at term end:

As of December 31, 2022: 5,295,025 shares

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

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

For the nine months ended December 31, 2022: 129,407,228 shares

For the nine months ended December 31, 2021: 133,026,555 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, 2022)	As of December 31, 2022
<Assets>		
Current assets		
Cash and deposits	23,413	34,042
Notes and accounts receivable – trade	90,965	115,877
Merchandise and finished goods	41,077	47,749
Work in process	1,189	1,421
Raw materials and supplies	9,861	11,630
Other current assets	13,904	17,195
Allowance for doubtful accounts	(112)	(120)
Total	180,299	227,796
Non-current assets		
Property, plant and equipment		
Buildings and structures	261,489	271,884
Accumulated depreciation	(179,393)	(185,918)
Buildings and structures, net	82,095	85,966
Machinery, equipment and vehicles	125,441	131,669
Accumulated depreciation	(88,650)	(95,833)
Machinery, equipment and vehicles, net	36,790	35,835
Land	41,075	41,368
Leased assets	36,267	33,377
Accumulated depreciation	(22,777)	(19,782)
Leased assets, net	13,490	13,594
Construction in progress	4,904	7,709
Other	12,866	15,195
Accumulated depreciation	(10,117)	(11,178)
Other, net	2,748	4,017
Total	181,106	188,491
Intangible assets		
Goodwill	6,700	6,456
Other	8,080	7,722
Total	14,781	14,179
Investments and other assets		
Investment securities	38,106	39,243
Net defined benefit asset	49	49
Deferred tax assets	2,607	2,789
Other	11,024	10,387
Allowance for doubtful accounts	(369)	(403)
Total	51,419	52,066
Total non-current assets	247,307	254,737
Total assets	427,606	482,533

NICHIREI CORPORATION

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

	FY 2022 (As of March 31, 2022)	As of December 31, 2022
<Liabilities>		
Current liabilities		
Accounts payable – trade	26,778	34,428
Electronically recorded obligations – operating	2,476	1,926
Short-term loans payable	13,490	31,265
Commercial papers	2,000	12,000
Current portion of bonds payable	–	10,000
Current portion of long-term loans payable	14,798	15,651
Lease obligations	3,395	3,405
Accrued expenses	34,909	35,303
Income taxes payable	4,779	2,603
Provision for directors' bonuses	198	153
Other	17,947	21,698
Total	120,775	168,435
Non-current liabilities		
Bonds payable	40,000	30,000
Long-term loans payable	19,882	20,438
Lease obligations	11,149	11,325
Deferred tax liabilities	5,853	6,158
Provision for directors' retirement benefits	102	72
Net defined benefit liability	2,029	2,175
Asset retirement obligations	4,180	4,629
Long-term guarantee deposited	2,181	2,233
Other	3,548	2,735
Total	88,928	79,771
Total liabilities	209,703	248,206
<Net assets>		
Shareholders' equity		
Capital stock	30,472	30,512
Capital surplus	5,495	5,535
Retained earnings	172,369	182,590
Treasury shares	(11,841)	(14,004)
Total	196,494	204,634
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,984	12,735
Deferred gains or losses on hedges	2,360	1,434
Foreign currency translation adjustment	329	6,334
Total	14,674	20,505
Non-controlling interests	6,733	9,186
Total net assets	217,903	234,326
Total liabilities and net assets	427,606	482,533

Consolidated Statements of Income

NICHIREI CORPORATION

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

	Nine months ended December 31, 2021 (Apr. 2021–Dec. 2021)	Nine months ended December 31, 2022 (Apr. 2022–Dec. 2022)
Net sales	453,774	501,107
Cost of sales	375,690	419,596
Gross profit	78,084	81,510
Selling, general and administrative expenses		
Transportation and warehousing expenses	14,863	16,695
Promotion expenses	928	944
Advertising expenses	2,714	2,509
Directors' compensations, employees' salaries, bonuses and allowance	15,115	15,563
Retirement benefit expenses	783	824
Legal and employee benefits expenses	2,848	2,867
Transportation and communication expenses	883	1,277
Rent expenses	1,624	1,770
Business consignment expenses	3,227	3,261
Research and development expense	1,292	1,398
Other	8,059	9,108
Total	52,339	56,221
Operating profit	25,744	25,288
Non-operating income		
Interest income	67	131
Dividend income	739	763
Share of profit of entities accounted for using equity method	131	248
Other	310	399
Total	1,247	1,542
Non-operating expenses		
Interest expenses	467	553
Other	496	497
Total	964	1,051
Ordinary profit	26,028	25,780
Extraordinary income		
Gain on sales of non-current assets	33	56
Gain on sales of investment securities	1,275	523
Compensation for expropriation	1,221	–
Gain on bargain purchase	–	543
Other	–	87
Total	2,530	1,211
Extraordinary losses		
Loss on sales of non-current assets	11	35
Loss on retirement of non-current assets	842	570
Impairment loss	104	472
Other	174	262
Total	1,132	1,342
Profit before income taxes	27,426	25,649
Income taxes	8,593	7,177
Profit	18,832	18,471
Profit attributable to non-controlling interests	678	1,645
Profit attributable to owners of parent	18,154	16,826

Consolidated Statements of Comprehensive Income

NICHIREI CORPORATION

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

	Nine months ended December 31, 2021 (Apr. 2021–Dec. 2021)	Nine months ended December 31, 2022 (Apr. 2022–Dec. 2022)
Profit	18,832	18,471
Other comprehensive income		
Valuation difference on available-for-sale securities	(585)	747
Deferred gains or losses on hedges	(506)	(961)
Foreign currency translation adjustment	878	6,655
Share of other comprehensive income of entities, accounted for using equity method	93	310
Total	(120)	6,752
Comprehensive income	18,712	25,223
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	18,267	22,657
Comprehensive income attributable to non-controlling interests	445	2,566

Industrial Segment Information

NICHIREI CORPORATION

(1) Nine Months Ended December 31, 2021 (April 1, 2021 through December 31, 2021)

(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	181,654	53,677	59,134	154,896	2,152	2,259	453,774	–	453,774
Intra-group sales and transfers	207	68	1,964	13,136	1,064	652	17,093	(17,093)	–
Total	181,861	53,745	61,098	168,033	3,216	2,912	470,867	(17,093)	453,774
Operating profit	10,800	1,428	949	12,211	1,233	(333)	26,290	(546)	25,744

(2) Nine Months Ended December 31, 2022 (April 1, 2022 through December 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	206,492	54,675	63,466	170,448	2,268	3,754	501,107	–	501,107
Intra-group sales and transfers	222	89	2,083	13,488	1,120	684	17,689	(17,689)	–
Total	206,715	54,765	65,549	183,937	3,389	4,439	518,796	(17,689)	501,107
Operating profit	10,437	898	926	11,532	1,375	635	25,806	(517)	25,288

(3) 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

Forecast of Fiscal Year Ending March 31, 2023

NICHIREI CORPORATION

Forecast of Fiscal Year Ending 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	Adjustments	Consolidated
Net sales (*1)	275,000	66,000	85,000	246,000	4,600	6,100	(22,700)	660,000
Operating profit	13,800	1,000	1,000	14,800	1,800	800	(1,700)	31,500

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

(Note in the event of significant changes in the amount of shareholders' equity)

At a meeting of the Board of Directors held on November 15, 2022, the Company resolved matters pertaining to the acquisition of treasury shares in accordance with the provision of Article 156 of the Companies Act that is applied by rereading it based on the provision of Article 165, Paragraph 3 of the said Act. Accordingly, the Company repurchased 770,800 shares of its common stock for 2,158 million yen before December 31, 2022 by means of a market purchase on the Tokyo Stock Exchange.

(Significant changes in the scope of consolidation or in the scope of application of the equity method)

1. Significant change in the scope of consolidation

The Company acquired additional shares in Shinmei Foods U.S.A. Corporation, which was an entity accounted for using the equity method, in the second quarter and has included Shinmei Foods U.S.A. Corporation in the scope of consolidation.

Following the acquisition of additional shares in Shinmei Foods U.S.A. Corporation, the Company changed the business name of the company to Nichirei Sacramento Foods Corporation on August 2, 2022.

2. Significant change in the scope of application of the equity method

The Company included Shinmei Foods U.S.A. Corporation in the scope of consolidation in the second quarter and excluded it from entities accounted for using the equity method.

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.