

Consolidated Financial Statements – Summary

February 6, 2024

(For the nine months ended December 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 for the Nine Months Ended December 31, 2023 (April 1, 2023 through December 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
Nine months ended December 31, 2023	514,409	29,786	30,951	20,084
Nine months ended December 31, 2022	501,107	25,288	25,780	16,826

(Note) Comprehensive income: Nine months ended December 31, 2023: 31,560 million yen (25.1%)
 Nine months ended December 31, 2022: 25,223 million yen (34.8%)

	E.P.S.	Diluted E.P.S.
	Yen	Yen
Nine months ended December 31, 2023	157.26	–
Nine months ended December 31, 2022	130.03	–

(2) Consolidated financial position

	Total assets	Total net assets	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
As of December 31, 2023	508,690	259,346	48.4	1,929.00
As of March 31, 2023	457,333	233,513	49.1	1,757.70

(Note) Shareholders' equity: As of December 31, 2023: 246,376 million yen
 As of March 31, 2023: 224,443 million yen

2. Dividend Status

(Base date)	Dividend per share				
	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	–	37.00	–		
FY ending March 31, 2024 (Forecast)				37.00	74.00

(Notes) 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	36,500	37,500	24,000	187.93

(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): Yes

New inclusion: 1 company (company name) SCG Nichirei Logistics Co., Ltd.

Elimination: — companies (company name)

In the first six months under review, the Company turned SCG Nichirei Logistics Co., Ltd., which had been an equity method affiliate, into a consolidated subsidiary based on the effective control standards associated with purchasing part of the shares privately placed by SCG Nichirei Logistics Co., Ltd. As a result, SCG Nichirei Logistics is included in the scope of consolidation. SCG Nichirei Logistics Co., Ltd. is now classed as a specified subsidiary of the Company.

In addition, Nichirei TBA Logistics Vietnam LLC, which was an equity method affiliate, is now included in the scope of consolidation as the Company made it a consolidated subsidiary following an additional investment.

- (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, 2023, 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 restatements

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|--|------|
| (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 December 31, 2023: 134,075,652 shares

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

- (ii) Total treasury stock at term end:

As of December 31, 2023: 6,353,294 shares

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

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

For the nine months ended December 31, 2023: 127,710,443 shares

For the nine months ended December 31, 2022: 129,407,228 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 2023 (As of March 31, 2023)	As of December 31, 2023
<Assets>		
Current assets		
Cash and deposits	27,843	44,359
Notes and accounts receivable – trade	101,275	116,880
Merchandise and finished goods	42,741	42,268
Work in process	987	1,392
Raw materials and supplies	11,216	12,222
Other current assets	12,761	14,857
Allowance for doubtful accounts	(130)	(152)
Total	196,695	231,829
Non-current assets		
Property, plant and equipment		
Buildings and structures	90,118	96,337
Machinery, equipment and vehicles	41,192	43,580
Land	41,433	44,661
Leased assets	13,394	13,053
Construction in progress	4,768	2,764
Other	4,165	4,296
Total	195,073	204,694
Intangible assets		
Goodwill	6,687	7,156
Other	7,632	8,832
Total	14,319	15,988
Investments and other assets		
Investment securities	38,281	42,838
Net defined benefit asset	38	38
Deferred tax assets	2,726	2,890
Other	10,597	10,843
Allowance for doubtful accounts	(399)	(432)
Total	51,244	56,178
Total non-current assets	260,637	276,861
Total assets	457,333	508,690

NICHIREI CORPORATION

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

	FY 2023 (As of March 31, 2023)	As of December 31, 2023
<Liabilities>		
Current liabilities		
Accounts payable – trade	28,423	33,507
Electronically recorded obligations – operating	1,710	1,765
Short-term loans payable	16,919	29,214
Commercial papers	6,000	10,000
Current portion of bonds payable	10,000	–
Current portion of long-term loans payable	2,277	10,470
Lease obligations	3,462	3,567
Accrued expenses	37,535	37,138
Income taxes payable	4,049	5,536
Provision for directors' bonuses	185	165
Other	19,520	23,317
Total	130,086	154,684
Non-current liabilities		
Bonds payable	30,000	40,000
Long-term loans payable	34,867	24,028
Lease obligations	11,052	10,576
Deferred tax liabilities	6,145	8,197
Provision for directors' retirement benefits	65	52
Net defined benefit liability	2,121	2,285
Asset retirement obligations	4,643	4,848
Long-term guarantee deposited	2,327	1,985
Other	2,510	2,685
Total	93,733	94,659
Total liabilities	223,819	249,344
<Net assets>		
Shareholders' equity		
Capital stock	30,512	30,563
Capital surplus	5,492	5,543
Retained earnings	187,333	199,371
Treasury shares	(16,847)	(16,854)
Total	206,490	218,625
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,342	16,266
Deferred gains or losses on hedges	1,436	1,174
Foreign currency translation adjustment	4,173	10,310
Total	17,952	27,751
Non-controlling interests	9,070	12,969
Total net assets	233,513	259,346
Total liabilities and net assets	457,333	508,690

Consolidated Statements of Income

NICHIREI CORPORATION

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

	Nine months ended December 31, 2022 (Apr. 2022–Dec. 2022)	Nine months ended December 31, 2023 (Apr. 2023–Dec. 2023)
Net sales	501,107	514,409
Cost of sales	419,596	423,429
Gross profit	81,510	90,980
Selling, general and administrative expenses		
Transportation and warehousing expenses	16,695	15,788
Promotion expenses	944	1,077
Advertising expenses	2,509	3,698
Directors' compensations, employees' salaries, bonuses and allowance	15,563	17,352
Retirement benefit expenses	824	897
Legal and employee benefits expenses	2,867	3,092
Transportation and communication expenses	1,277	1,724
Rent expenses	1,770	1,867
Business consignment expenses	3,261	3,581
Research and development expense	1,398	1,406
Other	9,108	10,707
Total	56,221	61,193
Operating profit	25,288	29,786
Non-operating income		
Interest income	131	247
Dividend income	763	819
Share of profit of entities accounted for using equity method	248	624
Other	399	540
Total	1,542	2,232
Non-operating expenses		
Interest expenses	553	655
Other	497	412
Total	1,051	1,067
Ordinary profit	25,780	30,951
Extraordinary income		
Gain on sales of non-current assets	56	83
Gain on sales of investment securities	523	133
Gain on step acquisitions	–	547
Gain on bargain purchase	543	–
Other	87	47
Total	1,211	811
Extraordinary losses		
Loss on sales of non-current assets	35	0
Loss on retirement of non-current assets	570	671
Impairment loss	472	195
Damage compensation expenses	–	205
Other	262	295
Total	1,342	1,368
Profit before income taxes	25,649	30,394
Income taxes	7,177	9,330
Profit	18,471	21,063
Profit attributable to non-controlling interests	1,645	979
Profit attributable to owners of parent	16,826	20,084

Consolidated Statements of Comprehensive Income**NICHIREI CORPORATION**

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

	Nine months ended December 31, 2022 (Apr. 2022–Dec. 2022)	Nine months ended December 31, 2023 (Apr. 2023–Dec. 2023)
Profit	18,471	21,063
Other comprehensive income		
Valuation difference on available-for-sale securities	747	3,920
Deferred gains or losses on hedges	(961)	(282)
Foreign currency translation adjustment	6,655	6,879
Share of other comprehensive income of entities, accounted for using equity method	310	(21)
Total	6,752	10,496
Comprehensive income	25,223	31,560
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	22,657	29,882
Comprehensive income attributable to non-controlling interests	2,566	1,678

Industrial Segment Information

NICHIREI CORPORATION

(1) 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

(2) Nine Months Ended December 31, 2023 (April 1, 2023 through December 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	218,914	48,723	60,666	179,980	2,186	3,938	514,409	–	514,409
Intra-group sales and transfers	190	17	2,314	13,084	1,157	645	17,409	(17,409)	–
Total	219,104	48,740	62,981	193,064	3,343	4,583	531,819	(17,409)	514,409
Operating profit	13,295	562	901	13,518	1,236	777	30,291	(504)	29,786

(3) 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)	292,000	58,000	79,000	257,000	4,500	6,600	(22,100)	675,000
Operating profit	16,800	700	1,000	16,200	1,700	1,000	(900)	36,500

(*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.