

Consolidated Financial Statements – Summary

August 2, 2022

(For the three months ended June 30, 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 Three Months Ended June 30, 2022 (April 1, 2022 through June 30, 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
Three months ended June 30, 2022	156,057	6,677	6,979	4,251
Three months ended June 30, 2021	143,658	7,050	7,295	4,361

(Note) Comprehensive income: Three months ended June 30, 2022: 11,588 million yen (150.5%)
Three months ended June 30, 2021: 4,627 million yen (19.9%)

	E.P.S.	Diluted E.P.S.
	Yen	Yen
Three months ended June 30, 2022	32.83	—
Three months ended June 30, 2021	32.73	—

(2) Consolidated financial position

	Total assets	Total net assets	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
As of June 30, 2022	448,916	226,246	48.7	1,687.30
As of March 31, 2022	427,606	217,903	49.4	1,630.84

(Note) Shareholders' equity: As of June 30, 2022: 218,480 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	—				
FY ending March 31, 2023 (Forecast)		26.00	—	26.00	52.00

(Note) 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	633,000	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): 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, 2022, 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, 2022: 134,007,795 shares
As of March 31, 2022: 134,007,795 shares
(ii) Total treasury stock at term end:
As of June 30, 2022: 4,522,867 shares
As of March 31, 2022: 4,522,808 shares
(iii) Average number of outstanding shares during the period:
For the three months ended June 30, 2022: 129,484,940 shares
For the three months ended June 30, 2021: 133,261,796 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 2021 (As of March 31, 2022)	As of June 30, 2022
<Assets>		
Current assets		
Cash and deposits	23,413	28,048
Notes and accounts receivable – trade	90,965	91,986
Merchandise and finished goods	41,077	45,466
Work in process	1,189	978
Raw materials and supplies	9,861	9,598
Other	13,904	21,929
Allowance for doubtful accounts	(112)	(133)
Total current assets	180,299	197,873
Non-current assets		
Property, plant and equipment		
Buildings and structures	261,489	266,747
Accumulated depreciation	(179,393)	(181,923)
Buildings and structures, net	82,095	84,824
Machinery, equipment and vehicles	125,441	128,711
Accumulated depreciation	(88,650)	(91,583)
Machinery, equipment and vehicles, net	36,790	37,127
Land	41,075	41,186
Leased assets	36,267	33,459
Accumulated depreciation	(22,777)	(18,930)
Leased assets, net	13,490	14,529
Construction in progress	4,904	1,884
Other	12,866	13,170
Accumulated depreciation	(10,117)	(10,467)
Other, net	2,748	2,702
Total property, plant and equipment	181,106	182,255
Intangible assets		
Goodwill	6,700	6,837
Other	8,080	7,872
Total	14,781	14,709
Investments and other assets		
Investment securities	38,106	39,933
Net defined benefit asset	49	49
Deferred tax assets	2,607	2,726
Other	11,024	11,765
Allowance for doubtful accounts	(369)	(396)
Total	51,419	54,077
Total non-current assets	247,307	251,042
Total assets	427,606	448,916

NICHIREI CORPORATION

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

	FY 2021 (As of March 31, 2022)	As of June 30, 2022
<Liabilities>		
Current liabilities		
Accounts payable – trade	26,778	29,347
Electronically recorded obligations – operating	2,476	1,966
Short-term borrowings	13,490	21,599
Commercial papers	2,000	6,000
Current portion of bonds payable	14,798	15,218
Lease obligations	3,395	3,384
Accrued expenses	34,909	30,199
Income taxes payable	4,779	2,092
Provision for directors' bonuses	198	51
Other	17,947	22,414
Total current liabilities	120,775	132,273
Non-current liabilities		
Bonds payable	40,000	40,000
Long-term borrowings	19,882	19,543
Lease obligations	11,149	12,146
Deferred tax liabilities	5,853	7,382
Provision for retirement benefits for directors (and other officers)	102	69
Net defined benefit liability	2,029	2,107
Asset retirement obligations	4,180	4,554
Long-term guarantee deposited	2,181	2,108
Other	3,548	2,483
Total non-current liabilities	88,928	90,396
Total liabilities	209,703	222,669
<Net assets>		
Shareholders' equity		
Share capital	30,472	30,472
Capital surplus	5,495	5,495
Retained earnings	172,369	173,383
Treasury shares	(11,841)	(11,841)
Total shareholders' equity	196,494	197,509
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,984	13,280
Deferred gains or losses on hedges	2,360	4,351
Foreign currency translation adjustment	329	3,339
Total accumulated other comprehensive income	14,674	20,971
Non-controlling interests	6,733	7,766
Total net assets	217,903	226,246
Total liabilities and net assets	427,606	448,916

Consolidated Statements of Income

NICHIREI CORPORATION

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

	Three months ended June 30, 2021 (Apr. 2021–June 2021)	Three months ended June 30, 2022 (Apr. 2022–June 2022)
Net sales	143,658	156,057
Cost of sales	118,968	130,763
Gross profit	24,689	25,294
Selling, general and administrative expenses		
Transportation and warehousing expenses	4,845	5,396
Promotion expenses	303	330
Advertising expenses	1,369	1,172
Directors' compensations, employees' salaries, bonuses and allowance	4,959	4,953
Retirement benefit expenses	262	273
Legal and employee benefits expenses	924	912
Transportation and communication expenses	288	395
Rent expenses	550	592
Business consignment expenses	1,063	1,099
Research and development expense	439	467
Other	2,633	3,024
Total	17,639	18,617
Operating profit	7,050	6,677
Non-operating income		
Interest income	19	32
Dividend income	418	424
Share of profit of entities accounted for using equity method	–	–
Other	168	145
Total	606	601
Non-operating expenses		
Interest expenses	160	172
Share of loss of entities accounted for using equity method	10	1
Other	189	125
Total	360	299
Ordinary profit	7,295	6,979
Extraordinary income		
Gain on sales of non-current assets	12	8
Gain on sales of investment securities	2	–
Total	14	8
Extraordinary losses		
Loss on sales of non-current assets	2	19
Loss on retirement of non-current assets	312	169
Impairment losses	101	20
Other	16	46
Total	433	255
Profit before income taxes	6,877	6,731
Income taxes	2,319	1,948
Profit	4,557	4,783
Profit attributable to non-controlling interests	196	532
Profit attributable to owners of parent	4,361	4,251

Consolidated Statements of Comprehensive Income

NICHIREI CORPORATION

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

	Three months ended June 30, 2021 (Apr. 2021–June 2021)	Three months ended June 30, 2022 (Apr. 2022–June 2022)
Profit	4,557	4,783
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,034)	1,293
Deferred gains or losses on hedges	(511)	1,986
Foreign currency translation adjustment	1,453	3,312
Share of other comprehensive income of entities accounted for using equity method	162	213
Total other comprehensive income	69	6,805
Comprehensive income	4,627	11,588
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,255	10,548
Comprehensive income attributable to non-controlling interests	372	1,040

Industrial Segment Information

NICHIREI CORPORATION

(1) Three Months Ended June 30, 2021 (April 1, 2021 through June 30, 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	58,751	14,871	19,504	48,980	722	827	143,658	–	143,658
Intra-group sales and transfers	65	28	590	4,314	364	205	5,568	(5,568)	–
Total	58,817	14,900	20,095	53,294	1,086	1,032	149,227	(5,568)	143,658
Operating profit	2,745	235	364	3,747	465	(97)	7,461	(411)	7,050

(2) 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

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)	273,000	53,100	85,000	234,000	4,600	4,900	(21,600)	633,000
Operating profit	14,500	1,000	1,600	15,300	1,900	(300)	(2,500)	31,500

(*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.