

Consolidated Financial Statements – Summary

May 10, 2022

(For the year ended March 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 of Fiscal Year Ended March 31, 2022 (April 1, 2021 through March 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
FY ended March 31, 2022	602,696	31,410	31,667	23,382
FY ended March 31, 2021	572,757	32,949	33,532	21,212

(Note) Comprehensive income: FY ended March 31, 2022: 26,792 million yen (4.6%)
FY ended March 31, 2021: 25,609 million yen (59.1%)

	E.P.S.	Diluted E.P.S.	Return on equity	Ordinary profit / Total capital	Operating profit / Net sales
	Yen	Yen	%	%	%
FY ended March 31, 2022	176.72	–	11.3	7.6	5.2
FY ended March 31, 2021	159.19	–	10.9	8.4	5.8

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

FY ended March 31, 2022: 116 million yen FY ended March 31, 2021: 376 million yen

* The Group started to apply the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. at the beginning of the fiscal year under review. Therefore, figures for the fiscal year ended March 31, 2022 reflect the application of the said Accounting Standard, etc.

(2) Consolidated financial position

	Total assets	Total net assets	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	427,606	217,903	49.4	1,630.84
As of March 31, 2021	405,719	210,426	50.1	1,525.76

(Note) Shareholders' equity: As of March 31, 2022: 211,169 million yen
As of March 31, 2021: 203,325 million yen

* The Group started to apply the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. at the beginning of the fiscal year under review. Therefore, figures for the fiscal year ended March 31, 2022 reflect the application of the said Accounting Standard, etc.

(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, 2022	34,660	(26,016)	(14,179)	23,340
FY ended March 31, 2021	45,453	(32,213)	(10,709)	28,011

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, 2021	–	22.00	–	28.00	50.00	6,663	31.4	3.4
FY ended March 31, 2022	–	25.00	–	25.00	50.00	6,569	28.3	3.2
FY ending March 31, 2023 (Forecast)	–	26.00	–	26.00	52.00		31.8	

(Notes) Breakdown of the year-end dividend per share for the fiscal year ended March 31, 2021:

Ordinary dividend: 22.00 yen, Commemorative dividend for the 75th anniversary of founding: 6.00 yen

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

(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, 2023	618,000	31,500	31,900	21,200	163.73

* 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)

1. Application of Accounting Standard for Revenue Recognition

The Group started to apply the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020, hereinafter the "Revenue Recognition Accounting Standard"), etc. at the beginning of the fiscal year. Accordingly, it recognized revenue in the amount expected to be received in exchange for promised goods and services at points where control over such goods or services is transferred to customers.

Applying the alternative handling prescribed in Paragraph 98 of the Implementation Guidance on Revenue Recognition Accounting Standard, the Group records revenues from the domestic sale of merchandise or finished goods at the points of their shipment in cases where control over the concerned merchandise or finished goods moves to customers in a normal period after their shipment. Major changes in the application of Revenue Recognition Accounting Standard, etc. are shown below.

- For paid-for transactions in which the Company is not obligated to repurchase the supplied goods, the Group has changed to a method of not recognizing the consideration received from suppliers as revenue.

- As for the warehousing and shipping charges that were recorded as sales at the time of entry into the logistics warehouse, the Group changed the method of allocating the transaction price to the performance obligation related to the delivery service and recognizing revenue when the performance obligation is satisfied.

The application of the Revenue Recognition Accounting Standard, etc. follows the provisional treatment stipulated in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard. The cumulative impact of the retroactive application of the new accounting policy to before the beginning of the fiscal year is added to or deducted from retained earnings at the beginning of the fiscal year, and the new accounting policy is applied from this initial balance.

In the consolidated balance sheet for the previous fiscal year, refund liabilities were presented as accrued expenses under current liabilities, but from the fiscal year under review, they are included in other under current liabilities.

As a result, other current liabilities in the consolidated balance sheet for the fiscal year under review increased 769 million yen from the level before the application of the Revenue Recognition Accounting Standards, etc. In the consolidated statement of income for the fiscal year under review, net sales declined 7,272 million yen and the cost of sales decreased 7,329 million yen, while operating profit, ordinary profit and profit before income taxes increased by 57 million yen respectively.

With cumulative impacts reflected on net assets as of the beginning of the fiscal year under review, the initial balance of retained earnings in the consolidated statement of changes in equity decreased by 574 million yen.

2. Application of Accounting Standard for Fair Value Measurement, etc.

The Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019), etc. began to be applied from the beginning of the fiscal year. It was decided that the new accounting policies prescribed in the Application of Accounting Standard for Fair Value Measurement, etc. would continued to be adopted in accordance with the transitional treatment provided for in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). The impact on the Group's consolidated financial statements is insignificant.

With respect to notes on financial instruments, the Company has decided to add notes including those regarding a breakdown of the fair value of financial instruments by classification made appropriately.

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

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

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

As of March 31, 2021: 140,003,877 shares

- (ii) Total treasury stock at term end:

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

As of March 31, 2021: 6,741,928 shares

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

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

For the year ended March 31, 2021: 133,251,575 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 2021 (As of March 31, 2021)	FY 2022 (As of March 31, 2022)
<Assets>		
Current assets		
Cash and deposits	28,933	23,413
Notes and accounts receivable - trade	81,749	90,965
Merchandise and finished goods	38,498	41,077
Work in process	995	1,189
Raw materials and supplies	8,372	9,861
Other	11,131	13,904
Allowance for doubtful accounts	(109)	(112)
Total	169,572	180,299
Non-current assets		
Property, plant and equipment		
Buildings and structures	259,690	261,489
Accumulated depreciation	(179,049)	(179,393)
Buildings and structures, net	80,641	82,095
Machinery, equipment and vehicles	115,963	125,441
Accumulated depreciation	(82,434)	(88,650)
Machinery, equipment and vehicles, net	33,528	36,790
Land	38,683	41,075
Leased assets	37,199	36,267
Accumulated depreciation	(22,517)	(22,777)
Leased assets, net	14,681	13,490
Construction in progress	3,716	4,904
Other	12,117	12,866
Accumulated depreciation	(9,407)	(10,117)
Other, net	2,710	2,748
Total	173,962	181,106
Intangible assets		
Goodwill	1,493	6,700
Other	6,901	8,080
Total	8,394	14,781
Investments and other assets		
Investment securities	40,506	38,106
Net defined benefit asset	52	49
Deferred tax assets	2,260	2,607
Other	11,215	11,024
Allowance for doubtful accounts	(245)	(369)
Total	53,789	51,419
Total non-current assets	236,146	247,307
Total assets	405,719	427,606

NICHIREI CORPORATION

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

	FY 2021 (As of March 31, 2021)	FY 2022 (As of March 31, 2022)
<Liabilities>		
Current liabilities		
Accounts payable - trade	24,645	26,778
Electronically recorded obligations - operating	3,427	2,476
Short-term loans payable	6,948	13,490
Commercial papers	—	2,000
Current portion of bonds payable	10,000	—
Current portion of long-term loans payable	4,797	14,798
Lease obligations	3,572	3,395
Accrued expenses	35,483	34,909
Income taxes payable	5,911	4,779
Provision for directors' bonuses	238	198
Other	13,481	17,947
Total	108,506	120,775
Non-current liabilities		
Bonds payable	30,000	40,000
Long-term loans payable	29,010	19,882
Lease obligations	12,093	11,149
Deferred tax liabilities	4,265	5,853
Provision for directors' retirement benefits	131	102
Net defined benefit liability	1,996	2,029
Asset retirement obligations	4,037	4,180
Long-term guarantee deposited	2,121	2,181
Other	3,129	3,548
Total	86,786	88,928
Total liabilities	195,293	209,703
<Net assets>		
Shareholders' equity		
Capital stock	30,418	30,472
Capital surplus	5,795	5,495
Retained earnings	172,436	172,369
Treasury shares	(17,648)	(11,841)
Total	191,002	196,494
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,344	11,984
Deferred gains or losses on hedges	1,639	2,360
Foreign currency translation adjustment	(1,660)	329
Total	12,323	14,674
Non-controlling interests	7,100	6,733
Total net assets	210,426	217,903
Total liabilities and net assets	405,719	427,606

Consolidated Statements of Income

NICHIREI CORPORATION

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

	FY 2021 (Apr. 2020–Mar. 2021)	FY 2022 (Apr. 2021–Mar. 2022)
Net sales	572,757	602,696
Cost of sales	473,954	500,451
Gross profit	98,803	102,245
Selling, general and administrative expenses		
Transportation and warehousing expenses	17,991	19,730
Promotion expenses	1,122	1,258
Advertising expenses	2,886	3,355
Directors' compensations, employees' salaries, bonuses and allowance	19,199	20,433
Retirement benefit expenses	971	1,071
Legal and employee benefits expenses	3,906	3,645
Transportation and communication expenses	1,062	1,247
Rent expenses	2,062	2,169
Business consignment expenses	3,966	4,388
Research and development expense	2,403	1,939
Other	10,279	11,594
Total	65,853	70,835
Operating profit	32,949	31,410
Non-operating income		
Interest income	103	106
Dividend income	776	797
Share of profit of entities accounted for using equity method	376	116
Other	540	423
Total	1,798	1,444
Non-operating expenses		
Interest expenses	709	619
Other	506	567
Total	1,215	1,187
Ordinary profit	33,532	31,667
Extraordinary income		
Gain on sales of non-current assets	49	38
Gain on sales of investment securities	144	3,924
Compensation for expropriation	565	1,221
Other	110	3
Total	870	5,188
Extraordinary losses		
Loss on sales of non-current assets	7	12
Loss on retirement of non-current assets	1,380	1,216
Impairment loss	1,273	196
Other	137	322
Total	2,799	1,747
Profit before income taxes	31,603	35,107
Income taxes – current	9,684	10,233
Income taxes – deferred	(730)	605
Total	8,954	10,839
Profit	22,649	24,268
Profit attributable to non-controlling interests	1,437	886
Profit attributable to owners of parent	21,212	23,382

Consolidated Statements of Comprehensive Income

NICHIREI CORPORATION

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

	FY 2021 (Apr. 2020–Mar. 2021)	FY 2022 (Apr. 2021–Mar. 2022)
Profit	22,649	24,268
Other comprehensive income		
Valuation difference on available-for-sale securities	3,319	(356)
Deferred gains or losses on hedges	837	693
Foreign currency translation adjustment	(973)	1,983
Share of other comprehensive income of entities, accounted for using equity method	(224)	203
Total	2,959	2,523
Comprehensive income	25,609	26,792
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	24,452	25,733
Comprehensive income attributable to non-controlling interests	1,156	1,058

Consolidated Statements of Cash Flows

NICHIREI CORPORATION

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

	FY 2021 (Apr. 2020–Mar. 2021)	FY 2022 (Apr. 2021–Mar. 2022)
Cash flows from operating activities		
Profit before income taxes	31,603	35,107
Depreciation	19,669	21,089
Impairment loss	1,273	196
Increase (decrease) in allowance for doubtful accounts	(17)	100
Interest and dividend income	(880)	(904)
Interest expenses	709	619
Share of (profit) loss of entities accounted for using equity method	(376)	(116)
Loss (gain) on sales of non-current assets	(42)	(26)
Loss on retirement of non-current assets	1,380	1,216
Loss (gain) on sales of investment securities	(144)	(3,923)
Decrease (increase) in notes and accounts receivable - trade	531	(7,943)
Decrease (increase) in inventories	(477)	(3,902)
Increase (decrease) in notes and accounts payable - trade	(234)	935
Compensation for expropriation	(565)	(1,221)
Other	(4,470)	2,461
Subtotal	47,958	43,688
Interest and dividend income received	1,190	1,102
Proceeds from compensation for expropriation	565	1,221
Interest expenses paid	(712)	(630)
Income taxes paid	(3,547)	(10,721)
Net cash provided by operating activities	45,453	34,660
Cash flows from investing activities		
Purchase of property, plant and equipment	(28,529)	(21,289)
Proceeds from sales of property, plant and equipment	1,623	142
Purchase of intangible assets	(2,124)	(1,422)
Purchase of investment securities	(392)	(80)
Proceeds from sales of investment securities	257	5,611
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(27)	(8,432)
Other	(3,019)	(545)
Net cash used in investing activities	(32,213)	(26,016)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	2,456	5,790
Net increase (decrease) in commercial papers	(2,000)	2,000
Proceeds from long-term loans payable	409	5,454
Repayments of long-term loans payable	(955)	(4,832)
Proceeds from issuance of bonds	9,951	9,951
Redemption of bonds	(10,000)	(10,000)
Repayments of lease obligations	(3,886)	(3,699)
Purchase of treasury shares	(7)	(10,012)
Cash dividends paid	(5,722)	(7,053)
Dividends paid to non-controlling interests	(955)	(899)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	(878)
Other	0	0
Net cash used in financing activities	(10,709)	(14,179)
Effect of exchange rate change on cash and cash equivalents	45	865
Net increase (decrease) in cash and cash equivalents	2,577	(4,670)
Cash and cash equivalents at beginning of period	25,434	28,011
Cash and cash equivalents at end of period	28,011	23,340

Industrial Segment Information

NICHIREI CORPORATION

(1) Fiscal Year Ended March 31, 2021 (April 1, 2020 through March 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	225,180	62,987	81,685	195,723	3,077	4,103	572,757	–	572,757
Intra-group sales and transfers	269	107	2,414	16,597	1,568	796	21,753	(21,753)	–
Total	225,450	63,095	84,099	212,320	4,646	4,899	594,511	(21,753)	572,757
Operating profit	17,167	521	1,298	13,084	2,017	(325)	33,764	(814)	32,949

(2) 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)	258,000	53,100	85,000	234,000	4,600	4,900	(21,600)	618,000
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.