

# Consolidated Financial Statements – Summary

November 2, 2021

(For the six months ended September 30, 2021)

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 Six Months Ended September 30, 2021 (April 1, 2021 through September 30, 2021)

(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
<b>Six months ended September 30, 2021</b>	<b>294,578</b>	<b>16,020</b>	<b>16,217</b>	<b>11,115</b>
Six months ended September 30, 2020	281,762	16,745	17,033	10,875

(Note) Comprehensive income: Six months ended September 30, 2021: 13,482 million yen (28.6%)  
Six months ended September 30, 2020: 10,484 million yen (27.1%)

	E.P.S.	Diluted E.P.S.
	Yen	Yen
<b>Six months ended September 30, 2021</b>	<b>83.40</b>	–
Six months ended September 30, 2020	81.62	–

\* The Accounting Standard for Revenue Recognition (Corporate Accounting Standards No.29, March 31, 2020) began to be applied from the beginning of the first quarter. This standard has been applied to figures for the first half of the fiscal year ending March 31, 2022.

## (2) Consolidated financial position

	Total assets	Total net assets	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
<b>As of September 30, 2021</b>	<b>414,376</b>	<b>219,623</b>	<b>51.2</b>	<b>1,591.07</b>
As of March 31, 2021	405,719	210,426	50.1	1,525.76

(Note) Shareholders' equity: As of September 30, 2021: 212,087 million yen  
As of March 31, 2021: 203,325 million yen

\* The Accounting Standard for Revenue Recognition (Corporate Accounting Standards No.29, March 31, 2020) began to be applied from the beginning of the first quarter. This standard has been applied to figures for the first half of the fiscal year ending March 31, 2022.

## 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, 2021	–	22.00	–	28.00	50.00
FY ending March 31, 2022	–	25.00			
FY ending March 31, 2022 (Forecast)			–	25.00	50.00

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

## 3. Estimation of Business Results of Fiscal Year Ending March 31, 2022 (April 1, 2021 through March 31, 2022)

	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, 2022	600,000	33,000	33,500	22,500	168.82

(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 six-month period ended September 30, 2021, 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

(Change in accounting policy)

(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 first quarter. 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 first quarter is added to or deducted from retained earnings at the beginning of the first quarter, and the new accounting policy is applied from this initial balance.

As a result, both net sales and cost of sales for the first half under review decreased 3,782 million yen and 3,795 million yen respectively. However, the impact of the decrease on operating profit, ordinary profit, and profit before taxes is minimal. Current liabilities and other increased 814 million yen, and the balance of retained earnings at the beginning of the current fiscal year decreased 574 million yen.

In the consolidated balance sheet for the previous fiscal year, refund liabilities were presented as accrued expenses under current liabilities, but from the first quarter, they are included in other under current liabilities. In accordance with the transitional measures prescribed in paragraph 89-2 of the Revenue Recognition Accounting Standard, the Group did not implement a reclassification that reflects the new method of presentation for the results of the previous consolidated fiscal year.

(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 first quarter. It was decided that the new accounting policies prescribed in Application of Accounting Standard for Fair Value Measurement, etc. 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 quarterly financial statements is insignificant.

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

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

As of September 30, 2021: 140,041,395 shares

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

(ii) Total treasury stock at term end:

As of September 30, 2021: 6,742,708 shares

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

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

For the six months ended September 30, 2021: 133,277,668 shares

For the six months ended September 30, 2020: 133,242,095 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 10.

## Consolidated Balance Sheets

NICHIREI CORPORATION

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

	FY 2021 (As of March 31, 2021)	As of September 30, 2021
<b>&lt;Assets&gt;</b>		
<b>Current assets</b>		
Cash and deposits	28,933	27,379
Notes and accounts receivable – trade	81,749	88,972
Merchandise and finished goods	38,498	40,378
Work in process	995	1,517
Raw materials and supplies	8,372	8,352
Other current assets	11,131	10,862
Allowance for doubtful accounts	(109)	(85)
<b>Total</b>	<b>169,572</b>	<b>177,377</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	259,690	259,891
Accumulated depreciation	(179,049)	(179,113)
Buildings and structures, net	80,641	80,777
Machinery, equipment and vehicles	115,963	118,968
Accumulated depreciation	(82,434)	(84,742)
Machinery, equipment and vehicles, net	33,528	34,225
Land	38,683	38,714
Leased assets	37,199	35,769
Accumulated depreciation	(22,517)	(22,004)
Leased assets, net	14,681	13,764
Construction in progress	3,716	5,093
Other	12,117	12,601
Accumulated depreciation	(9,407)	(9,830)
Other, net	2,710	2,770
<b>Total</b>	<b>173,962</b>	<b>175,346</b>
<b>Intangible assets</b>		
Goodwill	1,493	1,834
Other	6,901	6,758
<b>Total</b>	<b>8,394</b>	<b>8,593</b>
<b>Investments and other assets</b>		
Investment securities	40,506	40,277
Net defined benefit asset	52	52
Deferred tax assets	2,260	2,248
Other	11,215	10,736
Allowance for doubtful accounts	(245)	(256)
<b>Total</b>	<b>53,789</b>	<b>53,058</b>
<b>Total non-current assets</b>	<b>236,146</b>	<b>236,998</b>
<b>Total assets</b>	<b>405,719</b>	<b>414,376</b>

NICHIREI CORPORATION

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

	FY 2021 (As of March 31, 2021)	As of September 30, 2021
<b>&lt;Liabilities&gt;</b>		
<b>Current liabilities</b>		
Accounts payable – trade	24,645	26,563
Electronically recorded obligations – operating	3,427	2,201
Short-term loans payable	6,948	10,096
Commercial papers	0	2,000
Current portion of bonds payable	10,000	10,000
Current portion of long-term loans payable	4,797	4,998
Lease obligations	3,572	3,439
Accrued expenses	35,483	29,430
Income taxes payable	5,911	4,582
Provision for directors' bonuses	238	107
Other	13,481	16,608
<b>Total</b>	<b>108,506</b>	<b>110,030</b>
<b>Non-current liabilities</b>		
Bonds payable	30,000	30,000
Long-term loans payable	29,010	27,875
Lease obligations	12,093	11,302
Deferred tax liabilities	4,265	4,190
Provision for directors' retirement benefits	131	111
Net defined benefit liability	1,996	2,044
Asset retirement obligations	4,037	4,104
Long-term guarantee deposited	2,121	2,212
Other	3,129	2,881
<b>Total</b>	<b>86,786</b>	<b>84,722</b>
<b>Total liabilities</b>	<b>195,293</b>	<b>194,752</b>
<b>&lt;Net assets&gt;</b>		
<b>Shareholders' equity</b>		
Capital stock	30,418	30,472
Capital surplus	5,795	5,848
Retained earnings	172,436	179,246
Treasury shares	(17,648)	(17,650)
<b>Total</b>	<b>191,002</b>	<b>197,916</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	12,344	12,903
Deferred gains or losses on hedges	1,639	1,182
Foreign currency translation adjustment	(1,660)	84
<b>Total</b>	<b>12,323</b>	<b>14,170</b>
<b>Non-controlling interests</b>	<b>7,100</b>	<b>7,536</b>
<b>Total net assets</b>	<b>210,426</b>	<b>219,623</b>
<b>Total liabilities and net assets</b>	<b>405,719</b>	<b>414,376</b>

## Consolidated Statements of Income

NICHIREI CORPORATION

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

	Six months ended September 30, 2020 (Apr. 2020–Sep. 2020)	Six months ended September 30, 2021 (Apr. 2021–Sep. 2021)
<b>Net sales</b>	<b>281,762</b>	<b>294,578</b>
Cost of sales	232,678	243,775
<b>Gross profit</b>	<b>49,084</b>	<b>50,802</b>
Selling, general and administrative expenses		
Transportation and warehousing expenses	9,063	9,848
Promotion expenses	652	597
Advertising expenses	1,433	2,116
Directors' compensations, employees' salaries, bonuses and allowance	9,216	9,917
Retirement benefit expenses	468	526
Legal and employee benefits expenses	1,996	1,862
Transportation and communication expenses	499	566
Rent expenses	1,023	1,087
Business consignment expenses	1,972	2,114
Research and development expense	1,177	875
Other	4,835	5,270
Total	32,338	34,782
<b>Operating profit</b>	<b>16,745</b>	<b>16,020</b>
Non-operating income		
Interest income	45	41
Dividend income	440	503
Share of profit of entities accounted for using equity method	186	41
Other	224	209
Total	<b>898</b>	<b>795</b>
Non-operating expenses		
Interest expenses	375	317
Other	233	281
Total	609	598
<b>Ordinary profit</b>	<b>17,033</b>	<b>16,217</b>
Extraordinary income		
Gain on sales of non-current assets	24	23
Gain on sales of investment securities	40	1,275
Compensation for expropriation	–	157
Other	5	–
Total	<b>71</b>	<b>1,456</b>
Extraordinary losses		
Loss on sales of non-current assets	4	4
Loss on retirement of non-current assets	560	525
Impairment loss	18	104
Other	30	55
Total	613	690
<b>Profit before income taxes</b>	<b>16,491</b>	<b>16,983</b>
<b>Income taxes</b>	<b>4,900</b>	<b>5,366</b>
<b>Profit</b>	<b>11,590</b>	<b>11,617</b>
<b>Profit attributable to non-controlling interests</b>	<b>715</b>	<b>501</b>
<b>Profit attributable to owners of parent</b>	<b>10,875</b>	<b>11,115</b>

**Consolidated Statements of Comprehensive Income**

NICHIREI CORPORATION

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

	Six months ended September 30, 2020 (Apr. 2020–Sep. 2020)	Six months ended September 30, 2021 (Apr. 2021–Sep. 2021)
Profit	11,590	11,617
Other comprehensive income		
Valuation difference on available-for-sale securities	1,142	558
Deferred gains or losses on hedges	(581)	(555)
Foreign currency translation adjustment	(1,463)	1,728
Share of other comprehensive income of entities, accounted for using equity method	(203)	134
Total	(1,105)	1,865
Comprehensive income	10,484	13,482
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,017	12,962
Comprehensive income attributable to non-controlling interests	467	520

## Consolidated Statements of Cash Flows

NICHIREI CORPORATION

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

	Six months ended September 30, 2020 (Apr. 2020–Sep. 2020)	Six months ended September 30, 2021 (Apr. 2021–Sep. 2021)
<b>Cash flows from operating activities</b>		
Income before income taxes	16,491	16,983
Depreciation	9,453	10,265
Impairment loss	18	104
Increase (decrease) in allowance for doubtful accounts	26	(26)
Interest and dividend income	(486)	(544)
Interest expenses	375	317
Share of (profit) loss of entities accounted for using equity method	(186)	(41)
Loss (gain) on sales of non-current assets	(20)	(18)
Loss on retirement of non-current assets	560	525
Loss (gain) on sales of investment securities	(40)	(1,275)
Decrease (increase) in notes and accounts receivable – trade	(3,504)	(6,659)
Decrease (increase) in inventories	(1,434)	(2,104)
Increase (decrease) in notes and accounts payable – trade	(1,874)	561
Compensation for expropriation	–	(157)
Other	(4,376)	(1,420)
Subtotal	15,002	16,509
Interest and dividend income received	745	642
Proceeds from compensation for expropriation	–	157
Interest expenses paid	(378)	(317)
Income taxes refund (paid)	1,647	(5,258)
<b>Net cash provided by (used in) operating activities</b>	<b>17,017</b>	<b>11,734</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(14,563)	(13,539)
Proceeds from sales of property, plant and equipment	42	51
Purchase of intangible assets	(858)	(725)
Purchase of investment securities	(381)	(65)
Proceeds from sales of investment securities	78	2,303
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(27)	(307)
Other	(704)	566
<b>Net cash provided by (used in) investing activities</b>	<b>(16,413)</b>	<b>(11,716)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	1,911	2,839
Net increase (decrease) in commercial papers	8,000	2,000
Proceeds from long-term loans payable	429	–
Repayments of long-term loans payable	(704)	(955)
Proceeds from issuance of bonds	9,951	–
Redemption of bonds	(10,000)	–
Repayments of lease obligations	(1,945)	(1,851)
Purchase of treasury shares	(1)	(2)
Cash dividends paid	(2,794)	(3,725)
Dividends paid to non-controlling interests	(0)	(1)
Other	0	0
<b>Net cash provided by (used in) financing activities</b>	<b>4,847</b>	<b>(1,697)</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>(458)</b>	<b>979</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>4,992</b>	<b>(700)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>25,434</b>	<b>28,011</b>
<b>Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation</b>	<b>–</b>	<b>6</b>
<b>Cash and cash equivalents at end of period</b>	<b>30,426</b>	<b>27,311</b>



## Industrial Segment Information

NICHIREI CORPORATION

### (1) Six Months Ended September 30, 2020 (April 1, 2020 through September 30, 2020)

(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	112,490	29,286	39,987	96,319	1,625	2,052	281,762	–	281,762
Intra-group sales and transfers	132	44	1,221	8,394	801	395	10,990	(10,990)	–
Total	112,623	29,330	41,209	104,714	2,427	2,448	292,752	(10,990)	281,762
Operating profit	8,589	(28)	562	6,879	1,115	(112)	17,006	(260)	16,745

### (2) Six Months Ended September 30, 2021 (April 1, 2021 through September 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	120,632	31,628	38,387	100,896	1,437	1,595	294,578	–	294,578
Intra-group sales and transfers	134	38	1,312	8,733	711	442	11,372	(11,372)	–
Total	120,766	31,667	39,700	109,629	2,148	2,038	305,951	(11,372)	294,578
Operating profit	6,766	626	580	7,813	836	(182)	16,441	(421)	16,020

### (3) 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

## Forecast of Fiscal Year Ending March 31, 2022

NICHIREI CORPORATION

Forecast of Fiscal Year Ending 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	Adjustments	Consolidated
Net sales (*1)	241,000	63,000	84,000	224,000	4,400	5,000	(21,400)	600,000
Operating profit	15,200	700	1,600	14,800	1,800	(100)	(1,000)	33,000

(\*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.