

Consolidated Financial Statements – Summary

October 31, 2023

(For the six months ended September 30, 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 Six Months Ended September 30, 2023 (April 1, 2023 through September 30, 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
Six months ended September 30, 2023	332,211	17,398	18,160	11,690
Six months ended September 30, 2022	321,836	14,709	15,009	9,798

(Note) Comprehensive income: Six months ended September 30, 2023: 23,463 million yen (12.4%)
Six months ended September 30, 2022: 20,872 million yen (54.8%)

	E.P.S.	Diluted E.P.S.
	Yen	Yen
Six months ended September 30, 2023	91.55	–
Six months ended September 30, 2022	75.67	–

(2) Consolidated financial position

	Total assets	Total net assets	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
As of September 30, 2023	490,970	256,147	49.6	1,907.48
As of March 31, 2023	457,333	233,513	49.1	1,757.70

(Note) Shareholders' equity: As of September 30, 2023: 243,630 million yen
As of March 31, 2023: 224,443 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, 2023	–	26.00	–	26.00	52.00
FY ending March 31, 2024	–	37.00			
FY ending March 31, 2024 (Forecast)			–	37.00	74.00

(Note) 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	668,000	35,000	35,700	23,000	180.10

(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: One company (company name) SCG Nichirei Logistics Co., Ltd.

Elimination: — companies (company name)

In the first six months under review, the Company purchased part of the shares privately placed by SCG Nichirei Logistics Co., Ltd., which was an equity method affiliate, and made it a consolidated subsidiary. As a result, SCG Nichirei Logistics is included in the scope of consolidation.

SCG Nichirei Logistics is a specified subsidiary of the Company.

- (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 six-month period ended September 30, 2023, 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 September 30, 2023: 134,075,652 shares

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

(ii) Total treasury stock at term end:

As of September 30, 2023: 6,352,232 shares

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

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

For the six months ended September 30, 2023: 127,705,109 shares

For the six months ended September 30, 2022: 129,499,699 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 9.

Consolidated Balance Sheets

NICHIREI CORPORATION

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

	FY 2023 (As of March 31, 2023)	As of September 30, 2023
<Assets>		
Current assets		
Cash and deposits	27,843	36,752
Notes and accounts receivable – trade	101,275	107,137
Merchandise and finished goods	42,741	46,021
Work in process	987	1,154
Raw materials and supplies	11,216	11,877
Other	12,761	14,973
Allowance for doubtful accounts	(130)	(152)
Total current assets	196,695	217,763
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	90,118	92,383
Machinery, equipment and vehicles, net	41,192	43,817
Land	41,433	44,621
Leased assets, net	13,394	13,519
Construction in progress	4,768	3,051
Other, net	4,165	4,299
Total	195,073	201,692
Intangible assets		
Goodwill	6,687	7,303
Other	7,632	8,740
Total	14,319	16,043
Investments and other assets		
Investment securities	38,281	41,771
Net defined benefit asset	38	38
Deferred tax assets	2,726	2,856
Other	10,597	11,232
Allowance for doubtful accounts	(399)	(428)
Total	51,244	55,471
Total non-current assets	260,637	273,207
Total assets	457,333	490,970

NICHIREI CORPORATION

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

	FY 2023 (As of March 31, 2023)	As of September 30, 2023
<Liabilities>		
Current liabilities		
Accounts payable – trade	28,423	32,182
Electronically recorded obligations – operating	1,710	1,766
Short-term borrowings	16,919	24,753
Commercial papers	6,000	7,000
Current portion of bonds payable	10,000	10,000
Current portion of long-term borrowings	2,277	541
Lease obligations	3,462	3,621
Accrued expenses	37,535	34,617
Income taxes payable	4,049	5,165
Provision for directors' bonuses	185	110
Other	19,520	19,546
Total current liabilities	130,086	139,305
Non-current liabilities		
Bonds payable	30,000	30,000
Long-term borrowings	34,867	34,095
Lease obligations	11,052	10,933
Deferred tax liabilities	6,145	8,835
Provision for retirement benefits for directors (and other officers)	65	47
Net defined benefit liability	2,121	2,252
Asset retirement obligations	4,643	4,823
Long-term guarantee deposited	2,327	1,980
Other	2,510	2,549
Total non-current liabilities	93,733	95,518
Total liabilities	223,819	234,823
<Net assets>		
Shareholders' equity		
Share capital	30,512	30,563
Capital surplus	5,492	5,543
Retained earnings	187,333	195,704
Treasury shares	(16,847)	(16,850)
Total shareholders' equity	206,490	214,961
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,342	15,682
Deferred gains or losses on hedges	1,436	3,364
Foreign currency translation adjustment	4,173	9,622
Total accumulated other comprehensive income	17,952	28,668
Non-controlling interests	9,070	12,516
Total net assets	233,513	256,147
Total liabilities and net assets	457,333	490,970

Consolidated Statements of Income

NICHIREI CORPORATION

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

	Six months ended September 30, 2022 (Apr. 2022–Sep. 2022)	Six months ended September 30, 2023 (Apr. 2023–Sep. 2023)
Net sales	321,836	332,211
Cost of sales	269,937	274,597
Gross profit	51,898	57,614
Selling, general and administrative expenses		
Transportation and warehousing expenses	11,035	10,620
Promotion expenses	628	713
Advertising expenses	1,758	2,138
Directors' compensations, employees' salaries, bonuses and allowance	10,169	11,414
Retirement benefit expenses	553	600
Legal and employee benefits expenses	1,878	2,062
Transportation and communication expenses	811	1,124
Rent expenses	1,175	1,244
Business consignment expenses	2,187	2,314
Research and development expense	933	927
Other	6,056	7,053
Total	37,189	40,215
Operating profit	14,709	17,398
Non-operating income		
Interest income	79	146
Dividend income	479	499
Share of profit of entities accounted for using equity method	11	390
Other	308	435
Total	878	1,471
Non-operating expenses		
Interest expenses	354	433
Other	224	277
Total	579	710
Ordinary profit	15,009	18,160
Extraordinary income		
Gain on sales of non-current assets	39	49
Gain on sales of investment securities	54	99
Gain on step acquisitions	–	547
Gain on bargain purchase	543	–
Other	0	46
Total	638	743
Extraordinary losses		
Loss on sales of non-current assets	31	0
Loss on retirement of non-current assets	333	424
Impairment loss	202	164
Damage compensation expenses	–	205
Other	154	157
Total	722	952
Profit before income taxes	14,926	17,950
Income taxes	4,216	5,765
Profit	10,709	12,185
Profit attributable to non-controlling interests	911	494
Profit attributable to owners of parent	9,798	11,690

Consolidated Statements of Comprehensive Income

NICHIREI CORPORATION

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

	Six months ended September 30, 2022 (Apr. 2022–Sep. 2022)	Six months ended September 30, 2023 (Apr. 2023–Sep. 2023)
Profit	10,709	12,185
Other comprehensive income		
Valuation difference on available-for-sale securities	599	3,333
Deferred gains or losses on hedges	3,297	1,901
Foreign currency translation adjustment	5,990	6,159
Share of other comprehensive income of entities, accounted for using equity method	276	(115)
Total other comprehensive income	10,162	11,278
Comprehensive income	20,872	23,463
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	19,035	22,406
Comprehensive income attributable to non-controlling interests	1,837	1,057

Consolidated Statements of Cash Flows

NICHIREI CORPORATION

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

	Six months ended September 30, 2022 (Apr. 2022–Sep. 2022)	Six months ended September 30, 2023 (Apr. 2023–Sep. 2023)
Cash flows from operating activities		
Income before income taxes	14,926	17,950
Depreciation	10,863	11,776
Impairment losses	202	164
Increase (decrease) in allowance for doubtful accounts	3	9
Interest and dividend income	(558)	(646)
Interest expenses	354	433
Share of loss (profit) of entities accounted for using equity method	(11)	(390)
Gain on bargain purchase	(543)	–
Loss (gain) on step acquisitions	–	(547)
Loss (gain) on sale of non-current assets	(7)	(48)
Loss on retirement of non-current assets	333	424
Loss (gain) on sale of investment securities	(54)	(99)
Decrease (increase) in trade receivables	(5,887)	(3,519)
Decrease (increase) in inventories	(8,890)	(3,095)
Increase (decrease) in trade payables	2,706	3,404
Damage compensation expenses	–	205
Other, net	(2,929)	(506)
Subtotal	10,504	25,515
Interest and dividends received	735	784
Compensation paid for damage	–	(131)
Interest paid	(346)	(472)
Income taxes refund (paid)	(4,678)	(3,670)
Net cash provided by (used in) operating activities	6,214	22,025
Cash flows from investing activities		
Purchase of property, plant and equipment	(11,908)	(13,493)
Proceeds from sale of property, plant and equipment	67	83
Purchase of intangible assets	(528)	(906)
Purchase of investment securities	(1,550)	(16)
Proceeds from sale of investment securities	665	214
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(313)	(54)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	658
Other, net	(483)	(1,477)
Net cash provided by (used in) investing activities	(14,051)	(14,990)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	9,594	6,362
Net increase (decrease) in commercial papers	5,000	1,000
Proceeds from long-term borrowings	400	–
Repayments of long-term borrowings	(1,136)	(3,572)
Repayments of lease obligations	(1,854)	(1,876)
Purchase of treasury shares	(1)	(3)
Dividends paid	(3,230)	(3,316)
Dividends paid to non-controlling interests	(41)	(4)
Other, net	0	–
Net cash provided by (used in) financing activities	8,730	(1,409)
Effect of exchange rate change on cash and cash equivalents	2,047	2,468
Net increase (decrease) in cash and cash equivalents	2,941	8,093
Cash and cash equivalents at beginning of period	23,340	27,767
Cash and cash equivalents at end of period	26,281	35,860

Industrial Segment Information

NICHIREI CORPORATION

(1) Six Months Ended September 30, 2022 (April 1, 2022 through September 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	135,189	32,438	40,555	110,141	1,512	1,999	321,836	–	321,836
Intra-group sales and transfers	145	75	1,459	9,022	738	461	11,902	(11,902)	–
Total	135,334	32,513	42,014	119,164	2,250	2,461	333,739	(11,902)	321,836
Operating profit	6,197	146	523	7,223	912	192	15,196	(486)	14,709

(2) Six Months Ended September 30, 2023 (April 1, 2023 through September 30, 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	142,908	29,117	39,724	117,283	1,454	1,723	332,211	–	332,211
Intra-group sales and transfers	126	9	1,715	8,678	771	430	11,730	(11,730)	–
Total	143,034	29,126	41,440	125,962	2,225	2,153	343,942	(11,730)	332,211
Operating profit	7,783	152	452	8,627	815	(65)	17,767	(368)	17,398

(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)	289,000	56,000	79,000	255,000	4,500	6,400	(21,900)	668,000
Operating profit	16,000	1,000	1,000	16,000	1,700	400	(1,100)	35,000

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

(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

In the first six months under review, the Company purchased part of the shares privately placed by SCG Nichirei Logistics Co., Ltd., which was an equity method affiliate, and made it a consolidated subsidiary. As a result, SCG Nichirei Logistics is included in the scope of consolidation.

In the first six months under review, the Company made an additional investment in Nichirei TBA Logistics Vietnam LLC, which was an equity method affiliate, and included it in the scope of consolidation.

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

In the first six months under review, the Company included SCG Nichirei Logistics Co., Ltd. and Nichirei TBA Logistics Vietnam LLC in the scope of consolidation, and as a result, they have ceased to be equity method affiliates.

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.