

Consolidated Financial Statements – Summary

February 1, 2022

(For the nine months ended December 31, 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 Nine Months Ended December 31, 2021 (April 1, 2021 through December 31, 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 |
| Nine months ended December 31, 2021 | 453,774 | 25,744 | 26,028 | 18,154 |
| Nine months ended December 31, 2020 | 435,716 | 27,431 | 27,949 | 16,952 |

(Note) Comprehensive income: Nine months ended December 31, 2021: 18,712 million yen (12.6%)
Nine months ended December 31, 2020: 16,625 million yen (8.0%)

| | E.P.S. | Diluted E.P.S. |
|--|---------------|----------------|
| | Yen | Yen |
| Nine months ended December 31, 2021 | 136.47 | – |
| Nine months ended December 31, 2020 | 127.23 | – |

* 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 nine months 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 |
| As of December 31, 2021 | 443,100 | 216,821 | 47.2 | 1,591.66 |
| As of March 31, 2021 | 405,719 | 210,426 | 50.1 | 1,525.76 |

(Note) Shareholders' equity: As of December 31, 2021: 209,359 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 nine months 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 |

(Notes) 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 | 32,000 | 32,300 | 22,500 | 169.14 |

(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 nine-month period ended December 31, 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 nine months under review decreased 5,977 million yen and 5,961 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 843 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 December 31, 2021: 134,007,795 shares

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

(ii) Total treasury stock at term end:

As of December 31, 2021: 2,472,093 shares

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

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

For the nine months ended December 31, 2021: 133,026,555 shares

For the nine months ended December 31, 2020: 133,248,433 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 2021 (As of March 31, 2021) | As of December 31, 2021 |
|--|-----------------------------------|-------------------------|
| <Assets> | | |
| Current assets | | |
| Cash and deposits | 28,933 | 27,382 |
| Notes and accounts receivable – trade | 81,749 | 104,657 |
| Merchandise and finished goods | 38,498 | 39,637 |
| Work in process | 995 | 1,929 |
| Raw materials and supplies | 8,372 | 10,228 |
| Other current assets | 11,131 | 14,760 |
| Allowance for doubtful accounts | (109) | (107) |
| Total | 169,572 | 198,487 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 259,690 | 261,156 |
| Accumulated depreciation | (179,049) | (180,014) |
| Buildings and structures, net | 80,641 | 81,141 |
| Machinery, equipment and vehicles | 115,963 | 122,141 |
| Accumulated depreciation | (82,434) | (87,277) |
| Machinery, equipment and vehicles, net | 33,528 | 34,864 |
| Land | 38,683 | 39,238 |
| Leased assets | 37,199 | 35,946 |
| Accumulated depreciation | (22,517) | (22,393) |
| Leased assets, net | 14,681 | 13,552 |
| Construction in progress | 3,716 | 6,022 |
| Other | 12,117 | 12,662 |
| Accumulated depreciation | (9,407) | (9,951) |
| Other, net | 2,710 | 2,711 |
| Total | 173,962 | 177,531 |
| Intangible assets | | |
| Goodwill | 1,493 | 9,085 |
| Other | 6,901 | 6,810 |
| Total | 8,394 | 15,895 |
| Investments and other assets | | |
| Investment securities | 40,506 | 38,793 |
| Net defined benefit asset | 52 | 52 |
| Deferred tax assets | 2,260 | 2,252 |
| Other | 11,215 | 10,448 |
| Allowance for doubtful accounts | (245) | (361) |
| Total | 53,789 | 51,185 |
| Total non-current assets | 236,146 | 244,612 |
| Total assets | 405,719 | 443,100 |

NICHIREI CORPORATION

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

| | FY 2021 (As of March 31, 2021) | As of December 31, 2021 |
|---|-----------------------------------|-------------------------|
| <Liabilities> | | |
| Current liabilities | | |
| Accounts payable – trade | 24,645 | 30,566 |
| Electronically recorded obligations – operating | 3,427 | 2,955 |
| Short-term loans payable | 6,948 | 24,038 |
| Commercial papers | 0 | 9,000 |
| Current portion of bonds payable | 10,000 | 0 |
| Current portion of long-term loans payable | 4,797 | 4,973 |
| Lease obligations | 3,572 | 3,394 |
| Accrued expenses | 35,483 | 32,297 |
| Income taxes payable | 5,911 | 3,107 |
| Provision for directors' bonuses | 238 | 162 |
| Other | 13,481 | 21,244 |
| Total | 108,506 | 131,740 |
| Non-current liabilities | | |
| Bonds payable | 30,000 | 40,000 |
| Long-term loans payable | 29,010 | 27,958 |
| Lease obligations | 12,093 | 11,188 |
| Deferred tax liabilities | 4,265 | 4,008 |
| Provision for directors' retirement benefits | 131 | 122 |
| Net defined benefit liability | 1,996 | 2,040 |
| Asset retirement obligations | 4,037 | 4,114 |
| Long-term guarantee deposited | 2,121 | 2,227 |
| Other | 3,129 | 2,878 |
| Total | 86,786 | 94,538 |
| Total liabilities | 195,293 | 226,279 |
| <Net assets> | | |
| Shareholders' equity | | |
| Capital stock | 30,418 | 30,472 |
| Capital surplus | 5,795 | 5,848 |
| Retained earnings | 172,436 | 167,140 |
| Treasury shares | (17,648) | (6,538) |
| Total | 191,002 | 196,922 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 12,344 | 11,754 |
| Deferred gains or losses on hedges | 1,639 | 1,233 |
| Foreign currency translation adjustment | (1,660) | (551) |
| Total | 12,323 | 12,436 |
| Non-controlling interests | 7,100 | 7,461 |
| Total net assets | 210,426 | 216,821 |
| Total liabilities and net assets | 405,719 | 443,100 |

Consolidated Statements of Income

NICHIREI CORPORATION

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

| | Nine months ended December 31, 2020 (Apr. 2020–Dec. 2020) | Nine months ended December 31, 2021 (Apr. 2021–Dec. 2021) |
|--|---|---|
| Net sales | 435,716 | 453,774 |
| Cost of sales | 359,862 | 375,690 |
| Gross profit | 75,854 | 78,084 |
| Selling, general and administrative expenses | | |
| Transportation and warehousing expenses | 13,658 | 14,863 |
| Promotion expenses | 766 | 928 |
| Advertising expenses | 2,224 | 2,714 |
| Directors' compensations, employees' salaries, bonuses and allowance | 14,019 | 15,115 |
| Retirement benefit expenses | 700 | 783 |
| Legal and employee benefits expenses | 2,868 | 2,848 |
| Transportation and communication expenses | 769 | 883 |
| Rent expenses | 1,535 | 1,624 |
| Business consignment expenses | 2,945 | 3,227 |
| Research and development expense | 1,792 | 1,292 |
| Other | 7,140 | 8,059 |
| Total | 48,423 | 52,339 |
| Operating profit | 27,431 | 25,744 |
| Non-operating income | | |
| Interest income | 63 | 67 |
| Dividend income | 654 | 739 |
| Share of profit of entities accounted for using equity method | 387 | 131 |
| Other | 353 | 310 |
| Total | 1,458 | 1,247 |
| Non-operating expenses | | |
| Interest expenses | 546 | 467 |
| Other | 393 | 496 |
| Total | 939 | 964 |
| Ordinary profit | 27,949 | 26,028 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 34 | 33 |
| Gain on sales of investment securities | 49 | 1,275 |
| Compensation for expropriation | – | 1,221 |
| Other | 10 | – |
| Total | 94 | 2,530 |
| Extraordinary losses | | |
| Loss on sales of non-current assets | 6 | 11 |
| Loss on retirement of non-current assets | 750 | 842 |
| Impairment loss | 1,139 | 104 |
| Other | 32 | 174 |
| Total | 1,928 | 1,132 |
| Profit before income taxes | 26,116 | 27,426 |
| Income taxes | 8,045 | 8,593 |
| Profit | 18,070 | 18,832 |
| Profit attributable to non-controlling interests | 1,117 | 678 |
| Profit attributable to owners of parent | 16,952 | 18,154 |

Consolidated Statements of Comprehensive Income

NICHIREI CORPORATION

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

| | Nine months ended December 31, 2020 (Apr. 2020–Dec. 2020) | Nine months ended December 31, 2021 (Apr. 2021–Dec. 2021) |
|--|---|---|
| Profit | 18,070 | 18,832 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,779 | (585) |
| Deferred gains or losses on hedges | (1,114) | (506) |
| Foreign currency translation adjustment | (1,808) | 878 |
| Share of other comprehensive income of entities, accounted for using equity method | (301) | 93 |
| Total | (1,444) | (120) |
| Comprehensive income | 16,625 | 18,712 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 16,033 | 18,267 |
| Comprehensive income attributable to non-controlling interests | 592 | 445 |

Industrial Segment Information

NICHIREI CORPORATION

(1) Nine Months Ended December 31, 2020 (April 1, 2020 through December 31, 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 | 170,551 | 50,179 | 62,314 | 147,231 | 2,346 | 3,092 | 435,716 | – | 435,716 |
| Intra-group sales and transfers | 202 | 101 | 1,785 | 12,634 | 1,208 | 592 | 16,525 | (16,525) | – |
| Total | 170,754 | 50,281 | 64,100 | 159,866 | 3,554 | 3,684 | 452,242 | (16,525) | 435,716 |
| Operating profit | 13,381 | 666 | 1,041 | 11,322 | 1,589 | (282) | 27,719 | (288) | 27,431 |

(2) Nine Months Ended December 31, 2021 (April 1, 2021 through December 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 | 181,654 | 53,677 | 59,134 | 154,896 | 2,152 | 2,259 | 453,774 | – | 453,774 |
| Intra-group sales and transfers | 207 | 68 | 1,964 | 13,136 | 1,064 | 652 | 17,093 | (17,093) | – |
| Total | 181,861 | 53,745 | 61,098 | 168,033 | 3,216 | 2,912 | 470,867 | (17,093) | 453,774 |
| Operating profit | 10,800 | 1,428 | 949 | 12,211 | 1,233 | (333) | 26,290 | (546) | 25,744 |

(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) | 243,000 | 64,000 | 82,000 | 224,000 | 4,400 | 4,000 | (21,400) | 600,000 |
| Operating profit | 14,500 | 1,100 | 1,200 | 14,800 | 1,800 | (400) | (1,000) | 32,000 |

(*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.