

Consolidated Financial Results
for the First Nine Months Ended December 31, 2022 (Japanese GAAP)

February 6, 2023

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 Stock code: 7451 URL: <https://www.mitsubishi-shokuhin.com/en/>
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Scheduled date to file quarterly securities report: February 14, 2023
 Scheduled date for dividend payment: —
 Preparation of supplementary material on quarterly financial results: Yes
 Quarterly financial results briefing to be held : None

(Amounts less than one million yen are rounded down.)

1. Consolidated Financial Results for the First Nine Months Ended December 31, 2022
(April 1, 2022 to December 31, 2022)

(1) Consolidated operating results

(Percentages indicate YoY changes.)

	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, 2022	1,525,647	-0.3	19,250	30.4	20,885	31.2	14,132	26.2
Nine months ended December 31, 2021	1,529,673	—	14,759	24.4	15,915	23.3	11,200	14.0

Note: Comprehensive income for the first nine months ended December 31, 2022 was 14,149 million yen (58.2% YoY).
 Comprehensive income for the first nine months ended December 31, 2021 was 8,944 million yen (-36.5% YoY).

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2022	324.97	—
Nine months ended December 31, 2021	228.70	—

Note: The Company has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) from the beginning of Q1 FY03/22, and net sales in cumulative Q3 FY03/22 reflect the new accounting standard. As such, no YoY changes are provided.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Nine months ended December 31, 2022	825,932	180,047	21.8	4,144.59
Fiscal year ended March 31, 2022	665,177	170,291	25.6	3,908.32

Reference: Equity capital amounted to 180,032 million yen as of December 31, 2022 and 170,156 million yen as of March 31, 2022.

2. Dividends

	Annual dividend per share				
	End of Q1	End of Q2	End of Q3	Year-end	Total
Fiscal year ended March 31, 2022	Yen —	Yen 35.00	Yen —	Yen 45.00	Yen 80.00
Fiscal year ending March 31, 2023	—	45.00	—		
Fiscal year ending March 31, 2023 (forecast)				65.00	110.00

Note: Revisions to the most recently announced dividend forecast: Yes

For information on revisions to the dividend forecast, please see the "Notice on Revisions to the Earnings Forecast and Dividend Forecast (Dividend Increase)" released today (February 6, 2023).

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(Percentages indicate YoY changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full-year	1,990,000	1.8	23,000	20.8	25,000	22.7	17,000	21.9	391.02

Note: Revisions to the most recently announced earnings forecast: Yes

For information on revisions to the consolidated earnings forecast, please see the "Notice on Revisions to the Earnings Forecast and Dividend Forecast (Dividend Increase)" released today (February 6, 2023).

*Notes

- (1) Changes in significant subsidiaries during the period under review: None
(Transfers of specified subsidiaries resulting in changes in the Company's scope of consolidation)
- (2) Distinctive accounting treatment methods applied to prepare quarterly consolidated financial statements: None
- (3) Changes in accounting policies and accounting estimates and retrospective restatements
1. Accounting policy changes due to accounting standard revisions, etc.: Yes
 2. Other accounting policy changes: None
 3. Changes in accounting estimates: None
 4. Retrospective restatements: None

Note: For details, please refer to "2. Quarterly Consolidated Financial Statements and Primary Notes (3) Notes to Quarterly Consolidated Financial Statements (Changes in accounting policies)" on page 8 of the attached document.

(4) Number of issued shares (common stock)

1. Number of issued shares at end of period (including treasury stock)	As of December 31, 2022	43,537,200	As of March 31, 2022	43,537,200
2. Number of treasury shares at end of period	As of December 31, 2022	99,375	As of March 31, 2022	347
3. Average number of shares outstanding during period	For nine months ended December 31, 2022	43,487,341	For nine months ended December 31, 2021	48,977,084

*Summaries of quarterly financial statements are not subject to quarterly review by certified public accountants or auditing corporations.

*Appropriate use of earnings forecast and other special notes

(Notes on forward-looking statements, etc.)

The above forecast is based on information available as of the date of publication of this document, and actual results may differ from the forecast due to various factors that may arise in the future. For the preconditions of the earnings

forecast and the precautions in using the forecast, please refer to “1. Qualitative Information on Quarterly Financial Performance, (3) Explanation of Consolidated Earnings Forecast and Other Forward-Looking Information” on page 3 of the Accompanying Materials.

(How to access supplementary materials on financial results)

Supplementary materials on financial results will be posted on the Company's website on February 6, 2023.

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1. Qualitative Information on Quarterly Financial Performance

(1) Explanation of Operating Results

During the first nine months (April 1 to December 31, 2022) of the current fiscal year, despite the latest increase in COVID-19 cases, consumption recovered to a certain degree mainly in the food service industry, driven by factors such as a recovery in foot traffic accompanying the easing of activity restrictions.

On the other hand, price hikes due to cost increases have also continued in the food industry amid soaring energy and raw material prices and the sharp depreciation of the yen. There are concerns over a loss of appetite for spending, triggered by price increases surpassing wage growth and making consumers even more keen to defend their livelihoods. As such, the outlook remains uncertain for the time being.

Under such circumstances, the Mitsubishi Shokuhin Group has worked to provide higher value-added functions and services, as outlined in the "Medium-term Management Plan 2023," in line with its mission to support the food supply chain.

Specifically, the Group has sought to create and provide new customer value by building a digital marketing platform to promote automated ordering through AI-based demand forecasting, and to introduce marketing measures that integrate the Group's proprietary big data with location information and receipt data. In addition, the Group began initiatives to create value associated with regional information in cooperation with the group companies of Mitsubishi Corporation.

As a "food life partner" to consumers, the Group will continue its efforts to "contribute to the realization of a sustainable society through the food business."

In the first nine months of the current fiscal year, net sales fell 0.3% year-on-year to ¥1,525,647 million. This was mainly attributable to a drop in demand for food for at-home consumption and a review of transactions, which worked against the signs of recovery seen in some business formats as foot traffic picked up due to the easing of COVID-19-related activity restrictions. Operating profit rose 30.4% year-on-year to ¥19,250 million, reflecting improved profit margins from tighter profitability management, the recovery of transactions in commercial-use products, as well as the new inclusion of KCS Co., Ltd. in the scope of consolidation beginning in the first three months of the current fiscal year. Ordinary profit rose 31.2% year-on-year to ¥20,885 million, and profit attributable to owners of parent increased 26.2% year-on-year to ¥14,132 million.

Results by segment are as follows.

① Processed foods business

Sales in the processed foods business decreased due mainly to a drop in demand for food for at-home consumption and a review of transactions. Operating profit rose year-on-year thanks to improved profitability following a review of transactions.

As a result, the processed foods business generated sales of ¥504,268 million (-3.6% year-on-year) and operating profit of ¥4,996 million (+38.7% year-on-year).

② Frozen and chilled foods business

Sales in the frozen and chilled foods business rose on the back of growth in transactions with the food service industry, discount stores, and other customers, centering on commercial-use products. Operating profit was higher year-on-year, reflecting an increase in gross profit on the back of a recovery in sales of commercial-use products, as well as the new inclusion of KCS Co., Ltd. in the scope of consolidation beginning in the first three months of the current fiscal year.

As a result, the frozen and chilled foods business posted sales of ¥444,547 million (+2.9% year-on-year) and operating profit of ¥10,740 million (+36.7% year-on-year).

③ Alcoholic beverages business

Sales in the alcoholic beverages business rose, with a recovery in sales of commercial-use products and a surge in demand ahead of price hikes making up for a decline in transactions with supermarkets and other retailers caused by a drop in demand for at-home drinking. Operating profit grew year-on-year due mainly to an increase in gross profit accompanying sales growth.

As a result, the alcoholic beverages business reported sales of ¥375,026 million (+1.8% year-on-year) and operating

profit of ¥2,746 million (+5.9% year-on-year).

④ Confectionery business

Sales in the confectionery business fell due mainly to a decline in rice cracker sales as well as a review of transactions. Operating profit rose year-on-year, reflecting an increase in gross profit due to sales recovery since October, as well as improvements in profitability.

As a result, the confectionery business generated sales of ¥200,230 million (-2.1% year-on-year) and operating profit of ¥1,895 million (+4.8% year-on-year).

(2) Explanation of Financial Position

At the end of the first nine months of the current fiscal year, total assets increased by ¥160,754 million, liabilities increased by ¥150,998 million, and net assets increased by ¥9,756 million, compared to the end of the previous fiscal year.

The increases in total assets and liabilities were largely due to seasonal factors. In total assets, notes and accounts receivable - trade under current assets rose by ¥101,927 million, while for liabilities, accounts payable - trade under current liabilities expanded by ¥148,906 million.

(3) Explanation of Consolidated Earnings Forecast and Other Forward-Looking Information

In light of the business performance over the first nine months of the current fiscal year, the Company revised its consolidated earnings forecast for the fiscal year ending March 31, 2023, announced on May 9, 2022.

The forecast for net sales remains unchanged from the initial projection. This factors in the sales decline from lower demand for food for at-home consumption, which offsets the recovery in commercial-use transactions with the food service industry, boosted by a turnaround in foot traffic due to the easing of COVID-19-related activity restrictions. Meanwhile, the Company expects all profit lines to exceed its initial expectations because of improved profit margins from tighter profitability management and the recovery of commercial-use transactions, at a time of intermittent price hikes of an unprecedented level. The new inclusion of KCS Co., Ltd. in the scope of consolidation beginning in the first three months of the current fiscal year is another contributing factor.

The Company also revised its year-end dividend forecast for the current fiscal year based on the basic policy of actively returning profits to shareholders while emphasizing capital efficiency and prioritizing growth investments, and in line with the revision of consolidated earnings forecast.

For details, please see the “Notice on Revisions to the Earnings Forecast and Dividend Forecast (Dividend Increase)” released today (February 6, 2023).

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	Fiscal year ended March 31, 2022 (as of March 31, 2022)	Nine months ended December 31, 2022 (as of December 31, 2022)
Assets		
Current assets		
Cash and deposits	205	583
Notes and accounts receivable – trade	317,670	419,598
Merchandise and finished goods	68,706	95,975
Raw materials and supplies	872	1,046
Short-term loans receivable	63,757	84,689
Other	63,886	73,914
Allowance for doubtful accounts	(256)	(264)
Total current assets	514,842	675,541
Non-current assets		
Property, plant and equipment	79,474	81,560
Intangible assets		
Goodwill	1,425	2,291
Other	17,163	15,822
Total intangible assets	18,589	18,113
Investments and other assets		
Investment securities	28,892	29,010
Other	23,467	21,797
Allowance for doubtful accounts	(87)	(91)
Total investments and other assets	52,271	50,716
Total non-current assets	150,335	150,390
Total assets	665,177	825,932

(Millions of yen)

	Fiscal year ended March 31, 2022 (as of March 31, 2022)	Nine months ended December 31, 2022 (as of December 31, 2022)
Liabilities		
Current liabilities		
Accounts payable – trade	402,495	551,402
Provisions	3,337	160
Other	60,696	64,720
Total current liabilities	466,529	616,283
Non-current liabilities		
Retirement benefit liability	11,262	11,348
Provisions	—	58
Asset retirement obligations	8,752	9,139
Other	8,341	9,055
Total non-current liabilities	28,357	29,602
Total liabilities	494,886	645,885
Net assets		
Shareholders' equity		
Share capital	10,630	10,630
Capital surplus	10,117	10,117
Retained earnings	140,584	150,798
Treasury shares	(0)	(339)
Total shareholders' equity	161,331	171,206
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,152	8,349
Deferred gains or losses on hedges	123	(46)
Foreign currency translation adjustment	172	142
Remeasurements of defined benefit plans	376	379
Total accumulated other comprehensive income	8,824	8,825
Non-controlling interests	135	15
Total net assets	170,291	180,047
Total liabilities and net assets	665,177	825,932

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income

Consolidated Statement of Income (for the first nine months of the current fiscal year)

	(Millions of yen)	
	Nine months ended December 31, 2021 (from April 1, 2021 to December 31, 2021)	Nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)
Net sales	1,529,673	1,525,647
Cost of sales	1,427,943	1,414,164
Gross profit	101,729	111,482
Selling, general and administrative expenses	86,970	92,231
Operating profit	14,759	19,250
Non-operating income		
Interest income	53	47
Dividend income	614	648
Rental income from real estate	990	1,038
Other	917	1,146
Total non-operating income	2,576	2,880
Non-operating expenses		
Interest expenses	125	114
Real estate lease expenses	932	929
Other	362	202
Total non-operating expenses	1,420	1,246
Ordinary profit	15,915	20,885
Extraordinary income		
Gain on sale of non-current assets	211	—
Gain on liquidation of investment securities	—	2
Gain on sale of golf membership	—	1
Total extraordinary income	211	3
Extraordinary losses		
Impairment losses	55	76
Loss on sale of shares of subsidiaries	—	22
Loss on sale of investment securities	31	0
Other	8	—
Total extraordinary losses	95	98
Profit before income taxes	16,031	20,790
Income taxes – current	3,909	5,270
Income taxes – deferred	902	1,370
Total income taxes	4,812	6,640
Profit	11,219	14,149
Profit attributable to non-controlling interests	18	17
Profit attributable to owners of parent	11,200	14,132

Consolidated Statement of Comprehensive Income (for the first nine months of the current fiscal year)

(Millions of yen)

	Nine months ended December 31, 2021 (from April 1, 2021 to December 31, 2021)	Nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)
Profit	11,219	14,149
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,478)	197
Deferred gains or losses on hedges	(7)	(170)
Foreign currency translation adjustment	16	38
Remeasurements of defined benefit plans	21	3
Share of other comprehensive income of entities accounted for using equity method	173	(68)
Total other comprehensive income	(2,275)	0
Comprehensive income	8,944	14,149
(Breakdown)		
Comprehensive income attributable to owners of parent	8,925	14,132
Comprehensive income attributable to non-controlling interests	18	17

(3) Notes to Quarterly Consolidated Financial Statements

(Notes to going concern assumptions)

None to be reported.

(Notes in the event of significant changes in shareholders' equity)

None to be reported.

(Changes in accounting policies)

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has adopted the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021; hereinafter referred to as the "Implementation Guidance on Accounting Standard for Fair Value Measurement") from the beginning of the first three months of the current fiscal year. Accordingly, the Company has decided to apply the new accounting policies prescribed by the Implementation Guidance on Accounting Standard for Fair Value Measurement into the future, in accordance with the transitional treatment set forth in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement. This change has no impact on the quarterly consolidated financial statements.

(Additional information)

(Performance-linked stock compensation plan for directors, etc.)

In the second quarter of the fiscal year under review, the Company introduced a new performance-linked stock compensation plan (hereafter, the "Plan") for its directors and executive officers (excluding external directors, non-permanent directors, secondees from other companies, and non-residents of Japan; hereafter, collectively referred to as "Directors, etc.") based on the resolution at the FY2021 General Meeting of Shareholders held on June 27, 2022. The purpose of the Plan is to motivate Directors, etc. to contribute to increasing corporate value over the medium to long term, and promote their sharing of profits and risks, as well as visions with shareholders and all other stakeholders.

Accounting procedures regarding the Plan are in accordance with the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc. through Trusts" (Practical Issues Task Force No. 30, March 26, 2015).

1. Overview of transactions

The Company will adopt the Board Incentive Plan (BIP) Trust scheme for the Plan. During the fiscal years covered by the Company's medium-term management plan, the Company will deliver or grant its shares and cash equivalent to the converted value of such shares to Directors, etc., based on their position and degree of achievement of performance targets.

2. Remaining shares in the BIP Trust

The Company's remaining shares held in the BIP Trust are recorded at their trust book value (excluding ancillary expenses) as treasury shares under net assets. As of the end of the nine-month period under review (December 31, 2022), the book value and number of such shares were ¥337 million and 98,900, respectively.

(Segment information, etc.)

Segment information

I First nine months ended December 31, 2021 (from April 1, 2021 to December 31, 2021)

1. Information on sales and profit or loss by reportable segment and breakdown of earnings

(Millions of yen)

	Reportable segments					Other*	Adjustments	Amount recorded on consolidated statement of income
	Processed foods	Frozen and chilled foods	Alcoholic beverages	Confectionery	Total			
Sales								
Sales generated through contracts with customers	522,982	432,069	368,255	204,457	1,527,765	1,908	—	1,529,673
Other sales	—	—	—	—	—	—	—	—
Sales generated through external customers	522,982	432,069	368,255	204,457	1,527,765	1,908	—	1,529,673
Intersegment sales and transfers	54	0	61	2	118	5,941	(6,059)	—
Total	523,036	432,070	368,317	204,459	1,527,883	7,849	(6,059)	1,529,673
Segment profit	3,601	7,857	2,592	1,808	15,860	299	(1,400)	14,759

Notes: The "Other" segment is not included in the reportable segments and contains the logistics business and other businesses.

2. Difference between the total amount of profit or loss of the reportable segments and the amount recorded in the quarterly consolidated statement of income, and key details of the difference (matters related to adjustment of the difference)

(Millions of yen)

Profit	Amount
Total of reportable segments	15,860
Profit in the "Other" segment	299
Amortization of goodwill	(223)
Corporate-wide expenses	(1,177)
Operating profit on quarterly consolidated statement of income	14,759

II First nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)

1. Information on sales and profit or loss by reportable segment and breakdown of earnings

(Millions of yen)

	Reportable segments					Other*	Adjustments	Amount recorded on consolidated statement of income
	Processed foods	Frozen and chilled foods	Alcoholic beverages	Confectionery	Total			
Sales								
Sales generated through contracts with customers	504,268	444,547	375,026	200,230	1,524,073	1,573	—	1,525,647
Other sales	—	—	—	—	—	—	—	—
Sales generated through external customers	504,268	444,547	375,026	200,230	1,524,073	1,573	—	1,525,647
Intersegment sales and transfers	111	8	91	1	213	6,460	(6,673)	—
Total	504,380	444,556	375,117	200,232	1,524,287	8,033	(6,673)	1,525,647
Segment profit	4,996	10,740	2,746	1,895	20,378	120	(1,248)	19,250

Notes: The "Other" segment is not included in the reportable segments and contains the logistics business and other businesses.

2. Difference between the total amount of profit or loss of the reportable segments and the amount recorded in the quarterly consolidated statement of income, and key details of the difference (matters related to adjustment of the difference)

(Millions of yen)

Profit	Amount
Total of reportable segments	20,378
Profit in the "Other" segment	120
Amortization of goodwill	(223)
Corporate-wide expenses	(1,024)
Operating profit on quarterly consolidated statement of income	19,250

3. Supplementary Information

(1) Sales by Product Category

(Rounded down to the nearest million yen)

Product category	Nine months ended December 31, 2021 (from April 1, 2021 to December 31, 2021)		Nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)		Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)	
	Amount (Millions of yen)	% of total sales	Amount (Millions of yen)	% of total sales	Amount (Millions of yen)	% of total sales
Canned foods and seasonings	186,118	12.1	182,318	12.0	238,389	12.2
Noodles and dried foods	106,431	7.0	107,559	7.0	140,693	7.2
Luxury foods and beverages	184,168	12.0	171,724	11.3	231,680	11.8
Confectionery	204,008	13.3	199,850	13.1	268,907	13.8
Frozen and chilled foods	363,706	23.8	366,183	24.0	452,023	23.1
Beer	195,285	12.8	198,617	13.0	247,553	12.7
Other alcoholic beverages	155,674	10.2	159,169	10.4	202,068	10.3
Others	134,279	8.8	140,222	9.2	174,285	8.9
Total	1,529,673	100.0	1,525,647	100.0	1,955,601	100.0

(2) Sales by Business Format

(Rounded down to the nearest million yen)

Business format	Nine months ended December 31, 2021 (from April 1, 2021 to December 31, 2021)		Nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)		Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)	
	Amount (Millions of yen)	% of total sales	Amount (Millions of yen)	% of total sales	Amount (Millions of yen)	% of total sales
Wholesalers	129,554	8.5	151,294	9.9	166,964	8.5
Supermarkets	749,796	49.0	723,671	47.4	968,011	49.5
Convenience stores	302,791	19.8	282,202	18.5	361,737	18.5
Drugstores	118,150	7.7	127,178	8.4	155,441	8.0
Users	25,190	1.6	31,819	2.1	33,052	1.7
Other direct sales	174,026	11.4	170,752	11.2	225,592	11.5
(Total of direct sales)	1,369,956	89.5	1,335,624	87.6	1,743,835	89.2
Manufacturers and others	30,163	2.0	38,727	2.5	44,800	2.3
Total	1,529,673	100.0	1,525,647	100.0	1,955,601	100.0

Notes: 1. Users are businesses that provide food and beverage services directly to consumers, such as restaurants and food service operators that provide home-meal replacements and school lunches.

2. Other direct sales include discount stores, e-commerce operators, home improvement stores, department stores, etc.