

Consolidated Financial Results
for the First Three Months Ended June 30, 2023 (Japanese GAAP)

August 4, 2023

Company name: Mitsubishi Shokuhin Co., Ltd. Listing Stock Exchange: Tokyo
 Stock code: 7451 URL: <https://www.mitsubishi-shokuhin.com/en/>
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Scheduled date to file quarterly securities report: August 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 Three Months Ended June 30, 2023
(April 1, 2023 to June 30, 2023)

(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	%
Three months ended June 30, 2023	510,187	4.3	5,844	44.7	6,573	38.4	4,558	39.3
Three months ended June 30, 2022	489,270	-2.3	4,040	10.7	4,749	14.4	3,271	7.7

Note: Comprehensive income for the first three months ended June 30, 2023 was 7,029 million yen (214.9% YoY).
 Comprehensive income for the first three months ended June 30, 2022 was 2,232 million yen (17.0% YoY).

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2023	104.94	—
Three months ended June 30, 2022	75.15	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Three months ended June 30, 2023	711,518	186,797	26.3	4,300.16
Fiscal year ended March 31, 2023	707,503	182,617	25.8	4,203.59

Reference: Equity capital amounted to 186,789 million yen as of June 30, 2023 and 182,594 million yen as of March 31, 2023.

2. Dividends

	Annual dividend per share				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ending March 31, 2023	—	45.00	—	65.00	110.00
Fiscal year ending March 31, 2024	—	—	—	—	—
Fiscal year ending March 31, 2024 (forecast)	—	65.00	—	65.00	130.00

Note: Revisions to the most recently announced dividend forecast: None

**3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2024
(April 1, 2023 to March 31, 2024)**

(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	2,020,000	1.2	24,300	3.7	26,000	3.2	17,500	2.2	402.88

Note: Revisions to the most recently announced earnings forecast: None

***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.: None
 2. Other accounting policy changes: None
 3. Changes in accounting estimates: None
 4. Retrospective restatements: None

(4) Number of issued shares (common stock)

1. Number of issued shares at end of period (including treasury stock)	As of June 30, 2023	43,537,200	As of March 31, 2023	43,537,200
2. Number of treasury shares at end of period	As of June 30, 2023	99,509	As of March 31, 2023	99,388
3. Average number of shares outstanding during period	Three months ended June 30, 2023	43,437,742	Three months ended June 30, 2022	43,536,850

*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.

(How to access supplementary materials on financial results)

Supplementary materials on financial results will be posted on the Company's website on August 4, 2023.

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1. Qualitative Information on Quarterly Financial Performance

(1) Explanation of Operating Results

During the first three months of the current fiscal year (April 1 to June 30, 2023), foot traffic recovered significantly and socio-economic activities in Japan showed signs of normalization following the reclassification of COVID-19 as a Class 5 infectious disease.

However, the outlook remains uncertain as food price hikes driven by cost increases continue across various product categories amid persistently high energy and raw material prices due to the weak yen, wages raised to high levels, and labor shortages.

Under such circumstances, the Mitsubishi Shokuhin Group worked to provide higher value-added functions and services in line with its mission to support the food supply chain.

Specifically, as part of our effort to address the so-called 2024 Problem in logistics, we introduced a fleet management system supplied by Hacobu, Inc. to 3,500 of our trucks operating nationwide, in order to accumulate and utilize transport and delivery data. In this way, we began our initiatives to achieve optimal area-based allocation of vehicles, improve load efficiency, and reduce CO₂ emissions.

Further, as the first project in our effort to strengthen collaboration and cooperation with startups, we entered into a comprehensive business alliance with Antway Co., Ltd. We will continue to actively share the Group's functional capabilities and assets with promising startups moving forward with an aim to create new economic, social, and environmental values.

As a "food life partner" to consumers, we will work to further contribute to "the realization of a sustainable society through the food business."

In the first three months of the current fiscal year, net sales rose 4.3% year-on-year to ¥510,187 million driven by the full-scale recovery of foot traffic, which led to an increase in business transactions, particularly for commercial-use products and with convenience stores. Operating profit was up 44.7% year-on-year to ¥5,844 million, largely due to transaction growth and margin improvement owing to an effort to step up profitability management. Ordinary profit rose 38.4% year-on-year to ¥6,573 million, and profit attributable to owners of parent increased 39.3% year-on-year to ¥4,558 million.

Results by segment are as follows.

In line with the partial changes made to the Group's performance management classification, we revised our reportable segment classification from the start of the current fiscal year. The year-on-year comparisons presented hereinbelow are versus previous year figures that have been retroactively adjusted to reflect the new reportable segment classification. For details on changes in the calculation method of reportable segments, please refer to "2. Quarterly Consolidated Financial Statements and Primary Notes (3) Notes to Quarterly Consolidated Financial Statements (Segment information, etc.) 3. Changes in reportable segments, etc."

① Processed foods business

Sales in the processed foods business grew due to strong performance in transactions with convenience stores and discount stores, among other factors. Operating profit rose year-on-year mainly as a result of improvements in profitability accompanying a review of transactions.

As a result, the processed foods business generated sales of ¥163,106 million (+1.0% year-on-year) and operating profit of ¥1,426 million (+52.0% year-on-year).

② Frozen and chilled foods business

Sales in the frozen and chilled foods business increased chiefly on the back of growth in transactions with supermarkets and convenience stores, and recovery in sales of commercial-use products. Operating profit was higher year-on-year due to sales growth and profitability improvement, among other factors.

As a result, the frozen and chilled foods business posted sales of ¥150,572 million (+6.4% year-on-year) and operating profit of ¥3,615 million (+37.1% year-on-year).

③ Alcoholic beverages business

Sales in the alcoholic beverages business rose owing to a recovery in sales of commercial-use products and growth in transactions with drugstores, among other customers. Operating profit increased year-on-year mainly due to profit margin improvement stemming from a change in the sales mix by product category.

As a result, the alcoholic beverages business reported sales of ¥124,603 million (+3.1% year-on-year) and operating profit of ¥583 million (+28.5% year-on-year).

④ Confectionery business

Sales in the confectionery business increased due to overall growth in transactions, especially with convenience stores, among other customers. Operating profit rose year-on-year mainly due to sales growth and profitability improvement.

As a result, the confectionery business generated sales of ¥71,905 million (+9.9% year-on-year) and operating profit of ¥590 million (+54.9% year-on-year).

(2) Explanation of Financial Position

At the end of the first three months of the current fiscal year, total assets increased by ¥4,014 million, liabilities decreased by ¥165 million, and net assets increased by ¥4,180 million, compared to the end of the previous fiscal year.

In terms of total assets, notes and accounts receivable–trade under current assets increased by ¥7,793 million mainly due to seasonal factors. In terms of liabilities, income taxes payable included in “other” under current liabilities decreased by ¥4,942 million, affected by the payment of income taxes.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	Fiscal year ended March 31, 2023 (as of March 31, 2023)	Three months ended June 30, 2023 (as of June 30, 2023)
Assets		
Current assets		
Cash and deposits	443	318
Notes and accounts receivable - trade	338,022	345,816
Merchandise and finished goods	75,812	78,272
Raw materials and supplies	1,083	1,119
Short-term loans receivable	71,082	67,102
Other	67,671	66,238
Allowance for doubtful accounts	(275)	(276)
Total current assets	553,839	558,590
Non-current assets		
Property, plant and equipment	83,069	83,371
Intangible assets		
Goodwill	2,150	2,056
Other	15,756	15,762
Total intangible assets	17,906	17,818
Investments and other assets		
Investment securities	28,515	31,386
Other	24,264	20,443
Allowance for doubtful accounts	(92)	(92)
Total investments and other assets	52,687	51,736
Total non-current assets	153,663	152,927
Total assets	707,503	711,518

(Millions of yen)

	Fiscal year ended March 31, 2023 (as of March 31, 2023)	Three months ended June 30, 2023 (as of June 30, 2023)
Liabilities		
Current liabilities		
Accounts payable - trade	421,898	433,300
Provisions	3,565	131
Other	67,966	59,574
Total current liabilities	493,430	493,006
Non-current liabilities		
Retirement benefit liability	11,381	11,415
Provisions	79	101
Asset retirement obligations	11,014	11,015
Other	8,980	9,181
Total non-current liabilities	31,456	31,714
Total liabilities	524,886	524,720
Net assets		
Shareholders' equity		
Share capital	10,630	10,630
Capital surplus	10,117	10,117
Retained earnings	153,792	155,521
Treasury shares	(339)	(339)
Total shareholders' equity	174,201	175,929
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,923	9,849
Deferred gains or losses on hedges	(6)	167
Foreign currency translation adjustment	100	497
Remeasurements of defined benefit plans	376	345
Total accumulated other comprehensive income	8,393	10,860
Non-controlling interests	22	8
Total net assets	182,617	186,797
Total liabilities and net assets	707,503	711,518

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

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

(Millions of yen)

	Three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)	Three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)
Net sales	489,270	510,187
Cost of sales	454,887	474,669
Gross profit	34,383	35,517
Selling, general and administrative expenses	30,343	29,673
Operating profit	4,040	5,844
Non-operating income		
Interest income	15	13
Dividend income	354	366
Rental income from real estate	333	362
Other	443	405
Total non-operating income	1,147	1,148
Non-operating expenses		
Interest expenses	40	35
Rental expenses on real estate	300	320
Other	97	62
Total non-operating expenses	438	419
Ordinary profit	4,749	6,573
Extraordinary income		
Gain on sale of investment securities	—	28
Total extraordinary income	—	28
Extraordinary losses		
Loss on sale of shares of subsidiaries	22	—
Total extraordinary losses	22	—
Profit before income taxes	4,726	6,601
Income taxes - current	204	542
Income taxes - deferred	1,243	1,494
Total income taxes	1,448	2,037
Profit	3,278	4,563
Profit attributable to non-controlling interests	6	5
Profit attributable to owners of parent	3,271	4,558

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

(Millions of yen)

	Three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)	Three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)
Profit	3,278	4,563
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,183)	1,926
Deferred gains or losses on hedges	39	173
Foreign currency translation adjustment	25	0
Remeasurements of defined benefit plans, net of tax	1	(30)
Share of other comprehensive income of entities accounted for using equity method	70	396
Total other comprehensive income	(1,046)	2,466
Comprehensive income	2,232	7,029
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,225	7,024
Comprehensive income attributable to non-controlling interests	6	5

(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.

(Additional information)

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

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. The book value and number of such shares at the end of the previous fiscal year were ¥337 million and 98,900, respectively. As of the end of the three-month period under review (June 30, 2023), the book value and number of such shares were ¥337 million and 98,900, respectively.

(Segment information, etc.)

Segment information

I First three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

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

	Reportable segments					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	161,432	141,492	120,911	65,433	489,270	—	489,270
Other sales	—	—	—	—	—	—	—
Sales generated through external customers	161,432	141,492	120,911	65,433	489,270	—	489,270
Intersegment sales and transfers	871	—	25	0	897	(897)	—
Total	162,304	141,492	120,937	65,434	490,167	(897)	489,270
Segment profit	938	2,637	454	381	4,412	(372)	4,040

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	4,412
Amortization of goodwill	(74)
Corporate-wide expenses	(297)
Operating profit on quarterly consolidated statement of income	4,040

II First three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

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

	Reportable segments					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	163,106	150,572	124,603	71,905	510,187	—	510,187
Other sales	—	—	—	—	—	—	—
Sales generated through external customers	163,106	150,572	124,603	71,905	510,187	—	510,187
Intersegment sales and transfers	406	289	32	0	728	(728)	—
Total	163,512	150,861	124,635	71,906	510,915	(728)	510,187
Segment profit	1,426	3,615	583	590	6,216	(372)	5,844

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	6,216
Amortization of goodwill	(74)
Corporate-wide expenses	(297)
Operating profit on quarterly consolidated statement of income	5,844

3. Changes in reportable segments, etc.

In line with the partial changes made to the Group's performance management classification, "logistics business, etc.," previously classified under the "Other" segment, is presented inclusively in the reportable segments of processed foods business, frozen and chilled foods business, alcoholic beverages business, and confectionery business from the first three months ended June 30, 2023.

Segment information on the first three months ended June 30, 2022 is presented in accordance with the revised reportable segment classification.

3. Supplementary Information

(1) Sales by Product Category

(Rounded down to the nearest million yen)

Product category	Three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)		Three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)		Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)	
	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	58,762	12.0	59,576	11.7	239,176	12.0
Noodles and dried foods	33,614	6.9	34,902	6.8	142,552	7.1
Luxury foods and beverages	56,309	11.5	55,633	10.9	221,183	11.1
Confectionery	65,100	13.3	71,403	14.0	271,944	13.6
Frozen and chilled foods	116,633	23.8	122,748	24.1	477,327	23.9
Beer	63,897	13.1	65,762	12.9	253,176	12.7
Other alcoholic beverages	51,360	10.5	53,217	10.4	208,127	10.4
Others	43,591	8.9	46,942	9.2	183,290	9.2
Total	489,270	100.0	510,187	100.0	1,996,780	100.0

(2) Sales by Business Format

(Rounded down to the nearest million yen)

Business format	Three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)		Three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)		Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)	
	Amount (Millions of yen)	% of total sales	Amount (Millions of yen)	% of total sales	Amount (Millions of yen)	% of total sales
Wholesalers	48,201	9.8	51,478	10.1	197,661	9.9
Supermarkets	230,432	47.1	232,698	45.6	936,097	46.9
Convenience stores	91,580	18.7	96,840	19.0	370,242	18.6
Drugstores	40,952	8.4	42,781	8.4	166,691	8.3
Users	9,626	2.0	12,186	2.4	42,686	2.1
Other direct sales	56,178	11.5	60,665	11.9	231,665	11.6
(Total of direct sales)	428,770	87.7	445,173	87.3	1,747,383	87.5
Manufacturers and others	12,298	2.5	13,535	2.6	51,735	2.6
Total	489,270	100.0	510,187	100.0	1,996,780	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.

* In line with the partial changes made to the business format classification, "sales by business format" for the three months ended June 30, 2022 and the fiscal year ended March 31, 2023 are presented in accordance with the revised classification.