

11-year Financial Highlights

Nichirei Corporation and Consolidated Subsidiaries
For the years ended March 31

| | | energy 2012 | | | | RISING 2015 | | | POWER UP 2018 | | | WeWill2021 |
|---|---|-------------|---------|---------|---------|-------------|---------|---------|---------------|---------|---------|----------------|
| | | 2010/3 | 2011/3 | 2012/3 | 2013/3 | 2014/3 | 2015/3 | 2016/3 | 2017/3 | 2018/3 | 2019/3 | 2020/3 |
| (millions yen) | | | | | | | | | | | | |
| ► Fiscal Year: | | | | | | | | | | | | |
| Net sales | * | 438,111 | 437,808 | 454,931 | 470,126 | 511,189 | 519,963 | 535,351 | 539,657 | 568,032 | 580,141 | 584,858 |
| Cost of sales | | 350,153 | 350,442 | 368,012 | 378,652 | 417,928 | 446,180 | 454,265 | 448,516 | 475,194 | 486,926 | 485,784 |
| Selling, general and administrative expenses | * | 71,144 | 70,685 | 70,741 | 73,541 | 77,472 | 56,376 | 59,501 | 61,831 | 62,940 | 63,704 | 68,038 |
| Operating profit | | 16,814 | 16,681 | 16,177 | 17,932 | 15,789 | 17,406 | 21,583 | 29,309 | 29,897 | 29,511 | 31,035 |
| Non-operating income: | | 1,628 | 1,939 | 2,025 | 1,880 | 2,113 | 1,993 | 1,704 | 1,433 | 2,102 | 1,753 | 1,891 |
| Interest and dividend income | | 528 | 488 | 622 | 575 | 1,060 | 616 | 664 | 716 | 817 | 871 | 896 |
| Share of profit of entities accounted for using equity method | | — | 164 | 49 | 224 | — | 140 | 131 | 278 | 715 | 399 | 387 |
| Non-operating expenses: | * | 2,992 | 2,505 | 2,952 | 2,609 | 3,459 | 2,498 | 1,893 | 1,637 | 1,350 | 1,399 | 1,150 |
| Interest expenses | | 1,703 | 1,371 | 1,445 | 1,438 | 1,295 | 1,138 | 1,053 | 954 | 898 | 870 | 791 |
| Share of loss of entities accounted for using equity method | | 0 | — | — | — | 795 | — | — | — | — | — | — |
| Ordinary profit | | 15,450 | 16,115 | 15,250 | 17,202 | 14,443 | 16,902 | 21,394 | 29,105 | 30,650 | 29,864 | 31,777 |
| Extraordinary income | | 1,169 | 5,123 | 1,308 | 1,690 | 2,347 | 137 | 220 | 468 | 102 | 1,085 | 505 |
| Extraordinary losses | * | 2,238 | 12,378 | 2,333 | 5,291 | 1,432 | 1,167 | 1,014 | 1,756 | 1,515 | 1,410 | 2,489 |
| Profit before income taxes | | 14,380 | 8,860 | 14,225 | 13,601 | 15,357 | 15,871 | 20,600 | 27,818 | 29,237 | 29,540 | 29,792 |
| Income taxes | * | 5,142 | 4,772 | 6,406 | 5,489 | 5,480 | 4,850 | 5,933 | 7,322 | 8,601 | 8,773 | 9,008 |
| Profit (loss) attributable to non-controlling interests | | (174) | (44) | 85 | 1,712 | (978) | (1,504) | (1,195) | (1,744) | (1,538) | (822) | (1,174) |
| Profit (loss) attributable to owners of parent | | 9,064 | 4,044 | 7,904 | 9,823 | 8,898 | 9,516 | 13,471 | 18,751 | 19,097 | 19,943 | 19,609 |
| Depreciation and amortization | | 13,506 | 14,158 | 14,978 | 14,302 | 14,475 | 15,621 | 16,455 | 16,057 | 16,155 | 17,481 | 18,355 |
| (Excluding leased assets) | | 9,751 | 10,441 | 11,177 | 10,522 | 10,748 | 11,871 | 12,658 | 12,347 | 12,543 | 13,910 | 14,690 |
| Capital expenditure | | 24,385 | 22,110 | 12,248 | 13,171 | 24,041 | 24,171 | 16,175 | 13,887 | 24,952 | 24,132 | 27,287 |
| (Excluding leased assets) | | 18,026 | 18,076 | 9,400 | 10,724 | 21,209 | 19,750 | 13,216 | 10,253 | 22,312 | 21,320 | 24,864 |
| Research & development expenditures | | 1,986 | 1,806 | 1,697 | 1,817 | 1,607 | 1,730 | 1,600 | 1,559 | 1,986 | 2,359 | 2,486 |

► Share information:

| | | | | | | | | | | | | |
|--------------------|---|-------|-------|-------|-------|-------|-------|-------|--------|--------|--------|---------------|
| Profit per share | * | 29.24 | 13.08 | 26.35 | 33.40 | 31.12 | 33.29 | 47.15 | 135.11 | 142.23 | 149.65 | 147.16 |
| Dividend per share | * | 9 | 9 | 9 | 10 | 10 | 10 | 12 | 28 | 30 | 32 | 42 |
| Payout ratio | | 31% | 69% | 34% | 30% | 32% | 30% | 26% | 21% | 21% | 21% | 29% |

* 1. Figures in the consolidated statements of income are based on the Securities Report and presented in million-yen units, with units less than one million yen rounded down. However, figures for items marked with "Note" have been fractionally adjusted for convenience purposes.
2. Due to segment changes in fiscal 2001 and 2004, as well as changes in common cost allocation standards in fiscal 2003 and 2006, it is difficult to accurately follow the profit levels of each business in chronological order.
3. From fiscal 2016, the accounting policy regarding standards for recording sales in the Processed Foods Business was changed (the portion that had previously been recorded as promotional expenses has been excluded from net sales). Accordingly, fiscal 2015 is displayed as a numerical value after the correction is retroactively applied.
4. From fiscal 2017, earnings per share (yen) and dividend per share (yen) are shown as numerical values after the reverse stock split implemented on October 1, 2016.

Consolidated Balance Sheets (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries
As of March 31, 2019 and 2020

| | Millions of yen | | Thousands of U.S. dollars (Note 1) | |
|---|-----------------|-----------|--|--|
| Assets | 2019 | 2020 | 2020 | |
| Current assets: | | | | |
| Cash and deposits | ¥ 20,829 | ¥ 25,933 | \$ 238,292 | |
| Notes and accounts receivable - trade | 87,219 | 82,269 | 755,940 | |
| Less allowance for doubtful accounts | (118) | (131) | (1,211) | |
| Inventories | 45,734 | 47,934 | 440,454 | |
| Other current assets | 6,889 | 14,303 | 131,425 | |
| Total current assets | 160,554 | 170,308 | 1,564,901 | |
| Fixed assets: | | | | |
| Property, plant and equipment (Note 5): | | | | |
| Buildings and structures | 244,223 | 252,672 | 2,321,717 | |
| Machinery and equipment | 113,026 | 118,098 | 1,085,164 | |
| Land | 35,664 | 36,007 | 330,863 | |
| Leased assets | 38,121 | 37,323 | 342,948 | |
| Construction in progress | 657 | 4,534 | 41,663 | |
| | 431,694 | 448,636 | 4,122,357 | |
| Less accumulated depreciation | (276,237) | (285,402) | (2,622,461) | |
| Property, plant and equipment, net | 155,456 | 163,233 | 1,499,895 | |
| Investments and other assets: | | | | |
| Investment securities (Note 4) | 35,886 | 28,904 | 265,593 | |
| Investment in affiliates | 4,993 | 7,246 | 66,585 | |
| Net defined benefit asset | 56 | 57 | 525 | |
| Deferred tax assets (Notes 3 and 7) | 1,612 | 1,912 | 17,576 | |
| Other | 18,985 | 18,609 | 170,998 | |
| Less allowance for doubtful accounts | (287) | (268) | (2,467) | |
| Total investments and other assets | 61,246 | 56,462 | 518,812 | |
| Total fixed assets | 216,703 | 219,696 | 2,018,708 | |
| Total assets | ¥ 377,257 | ¥ 390,004 | \$ 3,583,609 | |

The accompanying notes are integral parts of these statements.

Consolidated Balance Sheets (Unaudited) (Continued)

| | Millions of yen | | Thousands of U.S. dollars (Note 1) | |
|---|-----------------|-----------|--|--|
| Liabilities and net assets | 2019 | 2020 | 2020 | |
| Current liabilities: | | | | |
| Short-term loans | ¥ 7,336 | ¥ 4,292 | \$ 39,439 | |
| Commercial paper | 2,000 | 2,000 | 18,377 | |
| Current portion of long-term debt | 5,202 | 956 | 8,791 | |
| Current portion of bonds | — | 10,000 | 91,886 | |
| Accounts payable | 27,742 | 28,460 | 261,512 | |
| Lease obligations | 3,578 | 3,605 | 33,131 | |
| Income taxes payable | 4,368 | 5,299 | 48,693 | |
| Accrued expenses | 30,919 | 34,893 | 320,625 | |
| Provision for directors' bonuses | 215 | 228 | 2,095 | |
| Other current liabilities | 18,198 | 18,683 | 171,675 | |
| Total current liabilities | 99,561 | 108,419 | 996,227 | |
| Long-term liabilities: | | | | |
| Bonds | 40,000 | 30,000 | 275,659 | |
| Long-term debt | 24,385 | 33,420 | 307,089 | |
| Provision for directors' and statutory auditors' retirement benefits | 154 | 175 | 1,615 | |
| Net defined benefit liability | 1,893 | 2,014 | 18,509 | |
| Lease obligations | 13,449 | 12,076 | 110,969 | |
| Deferred tax liabilities (Notes 3 and 7) | 5,138 | 2,830 | 26,011 | |
| Asset retirement obligations | 3,884 | 3,935 | 36,162 | |
| Other | 4,986 | 5,742 | 52,765 | |
| Total long-term liabilities | 93,890 | 90,196 | 828,782 | |
| Total liabilities | 193,451 | 198,615 | 1,825,010 | |
| Net assets: | | | | |
| Shareholders' equity (Note 6): | | | | |
| Common stock, with no par value | | | | |
| Authorized | | | | |
| - 360,000,000 shares for 2019 and 2020 | | | | |
| Issued and outstanding - 139,925,532 shares for 2019 and 139,965,587 shares for 2020 | 30,307 | 30,359 | 278,961 | |
| Capital surplus | 7,617 | 5,750 | 52,837 | |
| Retained earnings | 142,274 | 156,953 | 1,442,190 | |
| Treasury stock | (17,443) | (17,642) | (162,106) | |
| Total shareholders' equity | 162,756 | 175,421 | 1,611,881 | |
| Accumulated other comprehensive income: | | | | |
| Net unrealized holding gain on available- for-sale securities | 13,997 | 9,016 | 82,852 | |
| Net deferred gain on hedges | 661 | 802 | 7,376 | |
| Foreign currency translation adjustments | (594) | (736) | (6,769) | |
| Total accumulated other comprehensive income | 14,063 | 9,082 | 83,459 | |
| Non-controlling interests | 6,985 | 6,884 | 63,257 | |
| Total net assets | 183,805 | 191,388 | 1,758,599 | |
| Total liabilities and net assets | ¥ 377,257 | ¥ 390,004 | \$ 3,583,609 | |

The accompanying notes are integral parts of these statements.

Consolidated Statements of Income (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries
For the years ended March 31, 2019 and 2020

| | Millions of yen | | Thousands of U.S. dollars (Note 1) | |
|---|-----------------|-----------|--|--|
| | 2019 | 2020 | 2020 | |
| Net sales | ¥ 580,141 | ¥ 584,858 | \$ 5,374,057 | |
| Operating costs and expenses: | | | | |
| Cost of sales | 486,926 | 485,784 | 4,463,696 | |
| Selling, general and administrative expenses | 63,704 | 68,038 | 625,182 | |
| | 550,630 | 553,822 | 5,088,878 | |
| Operating profit | 29,511 | 31,035 | 285,178 | |
| Other income (expenses): | | | | |
| Interest and dividend income | 871 | 896 | 8,238 | |
| Interest expense | (870) | (791) | (7,269) | |
| Other – net | 27 | (1,348) | (12,390) | |
| | 29 | (1,243) | (11,421) | |
| Profit before income taxes | 29,540 | 29,792 | 273,756 | |
| Income taxes (Note 7): | | | | |
| Current | 8,631 | 9,566 | 87,903 | |
| Deferred | 142 | (557) | (5,124) | |
| | 8,773 | 9,008 | 82,779 | |
| Profit | 20,766 | 20,784 | 190,977 | |
| Profit attributable to non-controlling interests | 822 | 1,174 | 10,794 | |
| Profit attributable to owners of parent | ¥ 19,943 | ¥ 19,609 | \$ 180,182 | |

| | Yen | | U.S. dollars (Note 1) | |
|------------------------------------|------------|------------|--------------------------|--|
| Amounts per share (Note 8): | 2019 | 2020 | 2020 | |
| Net assets | ¥ 1,326.81 | ¥ 1,384.90 | \$ 12.725 | |
| Profit: | | | | |
| Basic | 149.65 | 147.16 | 1.352 | |
| Diluted | — | — | — | |

The accompanying notes are integral parts of these statements.

Consolidated Statement of Comprehensive Income (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries
For the years ended March 31, 2019 and 2020

| | Millions of yen | | Thousands of U.S. dollars (Note 1) | |
|---|-----------------|----------|--|--|
| | 2019 | 2020 | 2020 | |
| Profit | ¥ 20,766 | ¥ 20,784 | \$ 190,977 | |
| Other comprehensive income: | | | | |
| Net unrealized holding gain (loss) on available-for-sale securities | (1,450) | (4,978) | (45,743) | |
| Net deferred gain (loss) on hedges | 1,393 | 151 | 1,391 | |
| Foreign currency translation adjustments | (1,705) | (10) | (99) | |
| Share of other comprehensive income (loss) of affiliates accounted for by the equity method | (47) | 154 | 1,418 | |
| Total other comprehensive income (loss) | (1,809) | (4,683) | (43,033) | |
| Total comprehensive income | ¥ 18,956 | ¥ 16,100 | \$ 147,944 | |
| Total comprehensive income attributable to: | | | | |
| Owners of parent | ¥ 18,278 | ¥ 14,628 | \$ 134,419 | |
| Non-controlling interests | 677 | 1,471 | 13,524 | |

The accompanying notes are integral parts of these statements.

Consolidated Statements of Changes in Net Assets (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries
For the years ended March 31, 2019 and 2020

| | Millions of yen | | | | |
|---|----------------------|-----------------|-------------------|----------------|----------------------------|
| | Shareholders' equity | | | | |
| | Common stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Net assets at April 1, 2018 | ¥ 30,307 | ¥ 7,617 | ¥ 126,510 | ¥ (17,432) | ¥ 147,002 |
| Changes of items during the period | | | | | |
| Dividends from surplus | | | (4,131) | | (4,131) |
| Profit attributable to owners of parent | | | 19,943 | | 19,943 |
| Change in scope of equity method | | | (47) | | (47) |
| Acquisition of treasury stock | | | | (10) | (10) |
| Disposal of treasury stock | | 0 | | 0 | 0 |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during the period | — | 0 | 15,764 | (10) | 15,754 |
| Net assets at March 31, 2019 | ¥ 30,307 | ¥ 7,617 | ¥ 142,274 | ¥ (17,443) | ¥ 162,756 |
| Changes of items during the period | | | | | |
| Issuance of new shares | 51 | 51 | | | 103 |
| Dividends from surplus | | | (4,930) | | (4,930) |
| Profit attributable to owners of parent | | | 19,609 | | 19,609 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | (1,918) | | | (1,918) |
| Acquisition of treasury stock | | | | (199) | (199) |
| Disposal of treasury stock | | 0 | | 0 | 0 |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during the period | 51 | (1,867) | 14,679 | (199) | 12,664 |
| Net assets at March 31, 2020 | ¥ 30,359 | ¥ 5,750 | ¥ 156,953 | ¥ (17,642) | ¥ 175,421 |

| | Millions of yen | | | | Non-controlling interests | Total net assets |
|---|--|-----------------------------|--|--|---------------------------|------------------|
| | Accumulated other comprehensive income | | | | | |
| | Net unrealized holding gain on available-for-sale securities | Net deferred gain on hedges | Foreign currency translation adjustments | Total accumulated other comprehensive income | | |
| Net assets at April 1, 2018 | ¥ 15,451 | ¥ (739) | ¥ 1,014 | ¥ 15,726 | ¥ 6,951 | ¥ 169,680 |
| Changes of items during the period | | | | | | |
| Dividends from surplus | | | | | | (4,131) |
| Profit attributable to owners of parent | | | | | | 19,943 |
| Change in scope of equity method | | | | | | (47) |
| Acquisition of treasury stock | | | | | | (10) |
| Disposal of treasury stock | | | | | | 0 |
| Net changes of items other than shareholders' equity | (1,454) | 1,400 | (1,609) | (1,663) | 33 | (1,629) |
| Total changes of items during the period | (1,454) | 1,400 | (1,609) | (1,663) | 33 | 14,124 |
| Net assets at March 31, 2019 | ¥ 13,997 | ¥ 661 | ¥ (594) | ¥ 14,063 | ¥ 6,985 | ¥ 183,805 |
| Changes of items during the period | | | | | | |
| Issuance of new shares | | | | | | 103 |
| Dividends from surplus | | | | | | (4,930) |
| Profit attributable to owners of parent | | | | | | 19,609 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | | | (1,918) |
| Acquisition of treasury stock | | | | | | 199 |
| Disposal of treasury stock | | | | | | 0 |
| Net changes of items other than shareholders' equity | (4,980) | 141 | (141) | (4,980) | (101) | (5,081) |
| Total changes of items during the period | (4,980) | 141 | (141) | (4,980) | (101) | 7,582 |
| Net assets at March 31, 2020 | ¥ 9,016 | ¥ 802 | ¥ (736) | ¥ 9,082 | ¥ 6,884 | ¥ 191,388 |

The accompanying notes are integral parts of these statements.

Consolidated Statements of Changes in Net Assets (Unaudited) (Continued)

| | Thousands of U.S. dollars (Note 1) | | | | |
|---|------------------------------------|-----------------|-------------------|----------------|----------------------------|
| | Shareholders' equity | | | | |
| | Common stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Net assets at April 1, 2019 | \$ 278,487 | \$ 69,994 | \$ 1,307,308 | \$ (160,277) | \$ 1,495,513 |
| Changes of items during the period | | | | | |
| Issuance of new shares | 473 | 473 | | | 946 |
| Dividends from surplus | | | (45,300) | | (45,300) |
| Profit attributable to owners of parent | | | 180,182 | | 180,182 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | (17,631) | | | (17,631) |
| Acquisition of treasury stock | | | | (1,833) | (1,833) |
| Disposal of treasury stock | | 0 | | 4 | 4 |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during the period | 473 | (17,157) | 134,882 | (1,828) | 116,368 |
| Net assets at March 31, 2020 | \$ 278,961 | \$ 52,837 | \$ 1,442,190 | \$ (162,106) | \$ 1,611,881 |

| | Thousands of U.S. dollars (Note 1) | | | | | |
|---|--|-----------------------------|--|--|---------------------------|------------------|
| | Accumulated other comprehensive income | | | | Non-controlling interests | Total net assets |
| | Net unrealized holding gain on available-for-sale securities | Net deferred gain on hedges | Foreign currency translation adjustments | Total accumulated other comprehensive income | | |
| Net assets at April 1, 2019 | \$ 128,615 | \$ 6,074 | \$ (5,467) | \$ 129,222 | \$ 64,185 | \$ 1,688,921 |
| Changes of items during the period | | | | | | |
| Issuance of new shares | | | | | | 946 |
| Dividends from surplus | | | | | | (45,300) |
| Profit attributable to owners of parent | | | | | | 180,182 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | | | (17,631) |
| Acquisition of treasury stock | | | | | | (1,833) |
| Disposal of treasury stock | | | | | | 4 |
| Net changes of items other than shareholders' equity | (45,762) | 1,302 | (1,302) | (45,763) | (928) | (46,691) |
| Total changes of items during the period | (45,762) | 1,302 | (1,302) | (45,763) | (928) | 69,677 |
| Net assets at March 31, 2020 | \$ 82,852 | \$ 7,376 | \$ (6,769) | \$ 83,459 | \$ 63,257 | \$ 1,758,599 |

The accompanying notes are integral parts of these statements.

Consolidated Statements of Cash Flows (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries
For the years ended March 31, 2019 and 2020

| | Millions of yen | | Thousands of U.S. dollars (Note 1) | |
|--|-----------------|----------|--|------|
| | 2019 | 2020 | 2019 | 2020 |
| Cash flows from operating activities: | | | | |
| Profit before income taxes | ¥ 29,540 | ¥ 29,792 | \$ 273,756 | |
| Depreciation and amortization | 17,481 | 18,355 | 168,665 | |
| Impairment loss on fixed assets | 52 | 481 | 4,426 | |
| Increase/(decrease) in allowance for doubtful accounts | (24) | 4 | 37 | |
| Interest and dividend income | (871) | (896) | (8,238) | |
| Interest expense | 870 | 791 | 7,269 | |
| Equity in earnings of affiliates | (399) | (387) | (3,559) | |
| Gain on sales of property, plant and equipment | (199) | (58) | (537) | |
| Loss on disposal of property, plant and equipment | 1,068 | 1,628 | 14,959 | |
| Gain on sales of investment securities | (849) | (423) | (3,894) | |
| (Increase)/decrease in notes and accounts receivable-trade | (2,709) | 4,750 | 43,646 | |
| Increase in inventories | (561) | (2,098) | (19,280) | |
| Increase/(decrease) in notes and accounts payable | (2,530) | 635 | 5,836 | |
| Other, net | (637) | 2,833 | 26,038 | |
| Subtotal | 40,227 | 55,408 | 509,128 | |
| Interest and dividends received | 962 | 1,063 | 9,774 | |
| Interest paid | (866) | (798) | (7,334) | |
| Income taxes paid | (9,011) | (16,232) | (149,158) | |
| Net cash provided by operating activities | ¥ 31,311 | ¥ 39,441 | \$ 362,409 | |

Consolidated Statements of Cash Flows (Unaudited) (Continued)

| | Millions of yen | | Thousands of U.S. dollars (Note 1) | |
|--|-----------------|------------|--|------|
| | 2019 | 2020 | 2019 | 2020 |
| Cash flows from investing activities: | | | | |
| Purchase of property, plant and equipment | ¥ (20,062) | ¥ (20,369) | \$ (187,166) | |
| Proceeds from sales of property, plant and equipment | 1,032 | 161 | 1,483 | |
| Purchase of intangible assets | (2,008) | (1,336) | (12,276) | |
| Purchase of investment securities | (2,148) | (2,204) | (20,253) | |
| Proceeds from sales of investment securities | 1,727 | 707 | 6,500 | |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | (1,527) | — | — | |
| Payments for sales of shares of subsidiaries resulting in change in scope of consolidation | — | (24) | (227) | |
| Other, net | 5,067 | (1,235) | (11,351) | |
| Net cash used in investing activities | (17,918) | (24,300) | (223,292) | |
| Cash flows from financing activities: | | | | |
| Net increase/(decrease) in short-term bank loans | 1,324 | (2,818) | (25,898) | |
| Net decrease in commercial paper | (1,000) | — | — | |
| Proceeds from long-term debt | 2,997 | 10,000 | 91,886 | |
| Repayment of long-term debt | (4,016) | (5,200) | (47,780) | |
| Proceeds from issuance of bonds | 9,948 | — | — | |
| Redemption of bonds | (10,000) | — | — | |
| Repayments of lease obligations | (3,654) | (3,782) | (34,755) | |
| Purchase of treasury stock | (10) | (18) | (172) | |
| Dividends paid | (4,125) | (4,923) | (45,238) | |
| Cash dividends paid to non-controlling interests of consolidated subsidiaries | (643) | (803) | (7,383) | |
| Proceeds from non-controlling shareholders | 91 | — | — | |
| Purchase of shares of subsidiaries not resulting in change in scope of consolidation | — | (2,680) | (24,625) | |
| Other, net | 0 | 0 | 4 | |
| Net cash used in financing activities | (9,088) | (10,225) | (93,963) | |
| Effect of exchange rate changes on cash and cash equivalents | (713) | (148) | (1,363) | |
| Net increase in cash and cash equivalents | 3,591 | 4,765 | 43,790 | |
| Cash and cash equivalents at the beginning of the year | 17,076 | 20,668 | 189,914 | |
| Cash and cash equivalents at the end of the year | ¥ 20,668 | ¥ 25,434 | \$ 233,705 | |

The accompanying notes are integral parts of these statements.

Notes to Consolidated Financial Statements (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries
For the years ended March 31, 2019 and 2020

Note 1: Basis of Presentation

The accompanying consolidated financial statements of Nichirei Corporation (the “Company”) and its consolidated subsidiaries (together, the “Group”) are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

Certain reclassifications have been made to present the accompanying consolidated financial statements in a format which is familiar to readers outside Japan.

Certain amounts in the prior year’s financial statements have been reclassified to conform to the current year’s presentation.

As permitted by the Financial Instruments and Exchange Law of Japan, amounts of less than one million yen have been omitted. As a result, the totals in yen shown in the accompanying consolidated financial statements do not necessarily agree with the sums of the individual amounts.

For the convenience of the reader, the accompanying consolidated financial statements have been presented in U.S. dollars by translating Japanese yen amounts at ¥108.83 = US\$1.00, the exchange rate prevailing on March 31, 2020.

Due to significance, only selected notes are disclosed in the consolidated financial statements. The other notes which are not selected are disclosed on EDINET.

Note 2: Accounting standards issued but not yet effective

- (1) Accounting Standard and Implementation Guidance on Revenue Recognition
“Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29)
“Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30)

(a) Overview
This is a comprehensive accounting standard addressing revenue recognition. Specifically, the accounting standard establishes the five-step model that will apply to revenue from contracts with customers.

(b) Scheduled date of adoption
The Company expects to adopt the accounting standard and implementation guidance from the beginning of the fiscal year ending March 31, 2022.

(c) Impact of adoption of accounting standard and implementation guidance
The Company is currently evaluating the effect of the adoption of this accounting standard and implementation guidance on its consolidated financial statements.

- (2) Accounting Standard for Fair Value Measurement and Related Implementation Guidance
“Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30)
“Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9)
“Accounting Standard for Financial Instruments” (ASBJ Statement No. 10)
“Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31)
“Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19)

(a) Overview
The ASBJ has developed “Accounting Standard for Fair Value Measurement” and “Implementation Guidance on Accounting Standard for Fair Value Measurement” (hereinafter collectively, the “Fair Value Measurement Standard”), which provide guidance for fair value measurement in order to improve comparability with internationally recognized accounting standards.

The Fair Value Measurement Standard is applied with respect to the fair value of the following items;
· Financial instruments defined in “Accounting Standard for Financial Instruments”
· Inventories held for trading purposes defined in “Accounting Standard for Measurement of Inventories”
“Implementation Guidance on Disclosures about Fair Value of Financial Instruments” has been revised requiring disclosure of financial instruments broken down by level in the fair value hierarchy.

- (b) Scheduled date of adoption
The Company expects to adopt the accounting standards and related implementation guidance from the beginning of the fiscal year ending March 31, 2022.
- (c) Impact of adoption of revised accounting standard and related implementation guidance
The Company is currently evaluating the effect of the adoption of the accounting standards and related implementation guidance on its consolidated financial statements.

Note 3: Additional information~ Accounting estimates for the effect of COVID-19 spread

The Group implemented accounting estimates, such as impairment losses on fixed assets and recoverability of deferred tax assets based on the available information when the consolidated financial statements were prepared.

The Company considers, the effect on the group business by the spread of COVID-19 will continue at least until the 2nd quarter of the fiscal year ending March 31, 2021, even though the impact and level are different depending upon the business.

Note 4: Securities

- (1) Acquisition costs, carrying value and unrealized gain on available-for-sale securities as of March 31, 2019 and 2020:

| | Millions of yen | | Thousands of U.S. dollars | |
|--------------------|-----------------|----------|---------------------------|--|
| | 2019 | 2020 | 2020 | |
| Equity securities: | | | | |
| Acquisition costs | ¥ 12,787 | ¥ 12,533 | \$ 115,164 | |
| Carrying value | 32,366 | 25,215 | 231,691 | |
| Unrealized gain | ¥ 19,578 | ¥ 12,681 | \$ 116,527 | |

Non-listed equity securities amounting to ¥3,519 million and ¥3,689 million (\$33,902 thousand) as of March 31, 2019 and 2020, respectively, are not included in the above table because they are not traded on the market and it is very difficult to determine their fair market value as of March 31, 2019 and 2020.

Notes to Consolidated Financial Statements (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries
For the years ended March 31, 2019 and 2020

(2) Sales of available-for-sale securities for the years ended March 31, 2019 and 2020:

| | Millions of yen | | Thousands of U.S. dollars | |
|---------------------|-----------------|-------|---------------------------|--|
| | 2019 | 2020 | 2020 | |
| Proceeds from sales | ¥ 1,539 | ¥ 708 | \$ 6,507 | |
| Gains on sales | 821 | 423 | 3,894 | |
| Losses on sales | 24 | — | — | |

(3) Impairment loss of securities for the years ended March 31, 2019 and 2020:

| | Millions of yen | | Thousands of U.S. dollars | |
|--------------------------------|-----------------|------|---------------------------|--|
| | 2019 | 2020 | 2020 | |
| Available-for-sale securities: | | | | |
| Stocks with market value | ¥ 64 | ¥ — | \$ — | |
| Stocks without market value | 2 | — | — | |
| Total | ¥ 66 | ¥ — | \$ — | |

Note 5: Investments and Rental Properties

The Company and part of its subsidiaries own buildings and land for lease in Tokyo and other areas.

Net rent income and gain on sales of the property related to the investments and rental properties were ¥2,178 million and ¥108 million, respectively, for the year ended March 31, 2019.

Net rent income, gain on sales and impairment losses on the property related to the investments and rental properties were ¥2,119 million (\$1,473 thousand), ¥34 million (\$320 thousand) and ¥200 million (\$1,838 thousand), respectively, for the year ended March 31, 2020.

Gross rent revenue and expense are included in net sales and cost of sales, respectively, on the consolidated statements of income. Gain on sales of the property is included in other income on the consolidated statements of income.

Carrying value on the consolidated balance sheet, increase or decrease during the year, as well as market value of the investments and rental properties as of March 31, 2019 and 2020:

| | Millions of yen | | Thousands of U.S. dollars | |
|-------------------------------|-----------------|----------|---------------------------|--|
| | 2019 | 2020 | 2020 | |
| Carrying value as of April 1 | ¥ 10,065 | ¥ 9,844 | \$ 90,455 | |
| Net increase (decrease) | (220) | (519) | (4,776) | |
| Carrying value as of March 31 | ¥ 9,844 | ¥ 9,324 | \$ 85,678 | |
| Market value as of March 31 | ¥ 43,060 | ¥ 43,934 | \$ 403,697 | |

- Carrying value on the consolidated balance sheets is calculated as acquisition costs deducting accumulated depreciation and cumulative impairment losses.
- For the year ended March 31, 2019, major increase represents capital expenditures of ¥355 million and change in the use of property of ¥258 million. Major decrease represents depreciation of ¥500 million and sales of properties of ¥306 million.
- For the year ended March 31, 2020, major increase represents capital expenditures of ¥251 million (\$2,309 thousand). Major decrease represents depreciation of ¥512 million (\$4,706 thousand) and impairment losses of ¥200 million (\$1,838 thousand).
- Market value of major assets is based on appraisals obtained from outside real estate appraisers. The market value of other relatively immaterial assets is based on certain valuation and other indicators properly reflected by market prices.

Note 6: Changes in Net Assets

(1) Types and numbers of outstanding shares and treasury stock

(a) For the year ended March 31, 2019

| Type of stock | As of April 1, 2018 | Increases | Decreases | (Number of shares) |
|--------------------|---------------------|-----------|-----------|----------------------|
| | | | | As of March 31, 2019 |
| Issued stock: | | | | |
| Common stock | 139,925,532 | — | — | 139,925,532 |
| Treasury stock: | | | | |
| Common stock (1,2) | 6,655,050 | 3,626 | 210 | 6,658,466 |

(Reasons for changes)

- The increase in the number of treasury stock of common stock resulted from the following:
 - Request for redemption of odd-lot stock 3,626 shares
- The decrease in the number of treasury stock of common stock resulted from the following:
 - Request for purchase of odd-lot stock 210 shares

(b) For the year ended March 31, 2020

| Type of stock | As of April 1, 2019 | Increases | Decreases | (Number of shares) |
|--------------------|---------------------|-----------|-----------|----------------------|
| | | | | As of March 31, 2020 |
| Issued stock: | | | | |
| Common stock (1) | 139,925,532 | 40,055 | — | 139,965,587 |
| Treasury stock: | | | | |
| Common stock (2,3) | 6,658,466 | 81,520 | 196 | 6,739,790 |

(Reasons for changes)

- The increase in the number of issued common stock resulted from the following:
 - Issuance of new shares for stock-based compensation with restriction on transfer 40,055 shares
- The increase in the number of treasury stock of common stock resulted from the following:
 - Request for purchase of common stock from unknown shareholders 77,818 shares
 - Request for redemption of odd-lot stock 3,702 shares
- The decrease in the number of treasury stock of common stock resulted from the following:
 - Request for purchase of odd-lot stock 196 shares

(2) Cash dividends distributed

Dividends paid during the year ended March 31, 2020

| Resolution | Type of stock | Source of dividends | Total dividends (Millions of yen and Thousands of U.S. dollars) | Dividend per share (Yen and U.S. dollars) | Record date | Effective date |
|---|---------------|---------------------|---|---|--------------------|------------------|
| General shareholders' meeting on June 25, 2019 | Common stock | Retained earnings | ¥ 2,132 \$ 19,592 | ¥ 16 \$ 0.14 | March 31, 2019 | June 26, 2019 |
| Board of Directors' meeting on November 5, 2019 | Common stock | Retained earnings | ¥ 2,797 \$ 25,707 | ¥ 21 \$ 0.19 | September 30, 2019 | December 5, 2019 |

Notes to Consolidated Financial Statements (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries
For the years ended March 31, 2019 and 2020

Dividends of which the record date falls in the current fiscal year but the effective date falls in the following fiscal year

| Resolution | Type of stock | Source of dividends | Total dividends (Millions of yen and Thousands of U.S. dollars) | Dividend per share (Yen and U.S. dollars) | Record date | Effective date |
|--|---------------|---------------------|--|--|----------------|-------------------|
| General shareholders' meeting on June 24, 2020 | Common stock | Retained earnings | ¥ 2,797 \$ 25,707 | ¥ 21 \$ 0.19 | March 31, 2020 | June 25, 2020 |

Note 7: Income Taxes

- (1) Tax rate reconciliation for the years ended March 31, 2019 and 2020

Since the difference between effective statutory tax rate and actual effective tax rate is less than 5% of effective statutory tax rate, note related to reconciliation between the tax rates is omitted for the fiscal years ended March 31, 2019 and 2020.
- (2) A breakdown of tax loss carryforwards and deferred tax assets by expiry date as of March 31, 2019 and 2020

(Millions of Yen)

Fiscal Year Ending

March 31, 2019

| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 and thereafter | Total |
|---------------------------------|------|------|------|------|------|---------------------|-------|
| Tax loss carryforwards (a) | ¥ 6 | ¥ 28 | ¥ 39 | ¥ 24 | ¥ 44 | ¥ 161 | ¥ 305 |
| Valuation allowance | (6) | (28) | (39) | (24) | (44) | (127) | (271) |
| Deferred tax assets..... | ¥ — | ¥ — | ¥ — | ¥ — | ¥ — | ¥ 33 | ¥ 33 |

(b)

(Millions of Yen)

Fiscal Year Ending

March 31, 2020

| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 and thereafter | Total |
|---------------------------------|------|------|------|------|------|---------------------|-------|
| Tax loss carryforwards (a) | ¥ 11 | ¥ 19 | ¥ 18 | ¥ 33 | ¥ 28 | ¥ 228 | ¥ 339 |
| Valuation allowance | (11) | (19) | (18) | (33) | (28) | (208) | (319) |
| Deferred tax assets..... | ¥ — | ¥ — | ¥ — | ¥ — | ¥ — | ¥ 19 | ¥ 19 |

(b)

(Thousands of U.S. Dollars)

Fiscal Year Ending

March 31, 2020

| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 and thereafter | Total |
|---------------------------------|--------|--------|--------|--------|--------|---------------------|----------|
| Tax loss carryforwards (a) | \$ 106 | \$ 182 | \$ 169 | \$ 306 | \$ 258 | \$ 2,096 | \$ 3,119 |
| Valuation allowance | (106) | (182) | (169) | (306) | (258) | (1,915) | (2,937) |
| Deferred tax assets..... | \$ — | \$ — | \$ — | \$ — | \$ — | \$ 181 | \$ 181 |

(b)

(a) Tax loss carryforwards represent the amount multiplied by effective statutory tax rate.

(b) Since taxable income is expected for the next fiscal year, the Company considers a part of the tax loss carryforwards is recoverable.

Note 8: Per Share Information

Net assets per share as of March 31, 2019 and 2020 are calculated based on the following:

| | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|-----------|---------------------------|
| | 2019 | 2020 | 2020 |
| Net assets | ¥ 183,805 | ¥ 191,388 | \$ 1,758,599 |
| Amounts excluded from net assets: | | | |
| For non-controlling interests | 6,985 | 6,884 | 63,257 |
| Net assets attributable to common stock | 176,820 | 184,504 | 1,695,341 |
| Number of common stock used for the calculation of net assets per share (in thousands) | 133,267 | 133,225 | 133,225 |

Profit per share for the years ended March 31, 2019 and 2020 are calculated based on the following:

| | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|----------|---------------------------|
| | 2019 | 2020 | 2020 |
| Profit attributable to owners of parent | ¥ 19,943 | ¥ 19,609 | \$ 180,182 |
| Amounts not attributable to common shareholders | — | — | — |
| Profit attributable to owners of parent for common stock | 19,943 | 19,609 | 180,182 |
| Average number of common stock during the fiscal year (in thousands) | 133,269 | 133,251 | 133,251 |

Note 9: Segment Information

- (1) General information about reportable segments

Reportable segments are components of the Company and its consolidated subsidiaries for which separate financial information is available and whose operating results are regularly reviewed by the board of directors to make decisions about resources to be allocated to the segments and to assess their performance. Reportable segments are determined by product and service as “Processed foods,” “Marine products,” “Meat and poultry products,” “Logistics,” and “Real estate.”

General information about the segments is as follows:

(a) Processed foods: Production, processing and sales of frozen cooked foods, agricultural processed foods, retort-pouch foods, wellness foods, acerola and packed ice

(b) Marine products: Processing and sales of marine products

(c) Meat and poultry products: Processing and sales of meat and poultry products, and breeding and sales of chicken

(d) Logistics: Providing distribution/transportation services and distribution center functions, logistics consulting, providing storage services, production and sales of ice, and construction work and planning

(e) Real estate: Leasing of office buildings and parking lots, management of real estate, and sales of housing land.
- (2) The basis of measurement for sales, profit or loss, assets, liabilities and other items of reportable segments

Accounting policies and methods used at operating segments are the same as those applied to the Company. Profit or loss of reportable segments is equal to operating profit on the consolidated statements of income. Intercompany sales and transfers are based on third-party transaction prices.

Notes to Consolidated Financial Statements (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries
For the years ended March 31, 2019 and 2020

(3) Sales, profit or loss, assets, liabilities and other items by reportable segment for the years ended March 31, 2019 and 2020 were summarized as follows:

| Year ended March 31, 2019 (Millions of yen) | | | | | | | | | | |
|---|--------------------|-----------------|---------------------------|-----------|-------------|-----------|------------|-----------|------------|--------------|
| | Reportable segment | | | | | | Other (*1) | Total | Adjustment | Consolidated |
| | Processed foods | Marine products | Meat and poultry products | Logistics | Real estate | Total | | | | |
| Sales: | | | | | | | | | | |
| External sales | ¥ 226,176 | ¥ 71,138 | ¥ 88,998 | ¥ 185,385 | ¥ 3,385 | ¥ 575,083 | ¥ 5,058 | ¥ 580,141 | ¥ — | ¥ 580,141 |
| Intercompany sales and transfers | 411 | 106 | 2,078 | 15,663 | 1,408 | 19,669 | 732 | 20,402 | (20,402) | — |
| Total | 226,588 | 71,245 | 91,076 | 201,049 | 4,794 | 594,753 | 5,790 | 600,544 | (20,402) | 580,141 |
| Segment profit | 14,596 | 182 | 1,452 | 11,398 | 2,096 | 29,726 | 338 | 30,064 | (553) | 29,511 |
| Segment assets | 124,938 | 27,216 | 19,470 | 165,252 | 16,400 | 353,278 | 10,814 | 364,092 | 13,164 | 377,257 |
| Other items: | | | | | | | | | | |
| Depreciation | 5,700 | 116 | 274 | 9,642 | 664 | 16,398 | 148 | 16,546 | 934 | 17,481 |
| Amortization of goodwill | 105 | — | — | 93 | — | 198 | — | 198 | — | 198 |
| Investments in equity-method investees | 744 | — | — | 2,627 | — | 3,371 | — | 3,371 | 1,622 | 4,993 |
| Increase in property, plant and equipment and intangible assets | 7,368 | 378 | 257 | 12,308 | 558 | 20,871 | 3,936 | 24,808 | 1,120 | 25,928 |
| Outstanding balance of goodwill | 1,206 | — | — | 830 | — | 2,036 | 1,217 | 3,254 | — | 3,254 |
| Impairment loss on fixed assets | ¥ 46 | ¥ 5 | ¥ — | ¥ 0 | ¥ — | ¥ 52 | ¥ — | ¥ 52 | ¥ — | ¥ 52 |

| Year ended March 31, 2020 (Millions of yen) | | | | | | | | | | |
|---|--------------------|-----------------|---------------------------|-----------|-------------|-----------|------------|-----------|------------|--------------|
| | Reportable segment | | | | | | Other (*1) | Total | Adjustment | Consolidated |
| | Processed foods | Marine products | Meat and poultry products | Logistics | Real estate | Total | | | | |
| Sales: | | | | | | | | | | |
| External sales | ¥ 234,395 | ¥ 65,590 | ¥ 86,173 | ¥ 190,446 | ¥ 3,339 | ¥ 579,946 | ¥ 4,912 | ¥ 584,858 | ¥ — | ¥ 584,858 |
| Intercompany sales and transfers | 386 | 181 | 2,153 | 16,050 | 1,625 | 20,396 | 769 | 21,165 | (21,165) | — |
| Total | 234,781 | 65,772 | 88,327 | 206,496 | 4,965 | 600,343 | 5,681 | 606,024 | (21,165) | 584,858 |
| Segment profit | 16,725 | 443 | 905 | 11,824 | 1,982 | 31,881 | (280) | 31,600 | (564) | 31,035 |
| Segment assets | 128,407 | 26,928 | 18,949 | 169,648 | 15,562 | 359,497 | 10,997 | 370,494 | 19,509 | 390,004 |
| Other items: | | | | | | | | | | |
| Depreciation | 5,894 | 151 | 267 | 9,840 | 701 | 16,855 | 410 | 17,266 | 1,089 | 18,355 |
| Amortization of goodwill | 104 | — | — | 81 | — | 185 | 97 | 283 | — | 283 |
| Investments in equity-method investees | 2,314 | — | — | 3,178 | — | 5,493 | — | 5,493 | 1,753 | 7,246 |
| Increase in property, plant and equipment and intangible assets | 8,054 | 209 | 138 | 17,072 | 476 | 25,952 | 256 | 26,209 | 1,078 | 27,287 |
| Outstanding balance of goodwill | 1,091 | — | — | 524 | — | 1,616 | 1,137 | 2,754 | — | 2,754 |
| Impairment loss on fixed assets | ¥ 40 | ¥ 0 | ¥ — | ¥ 240 | ¥ 200 | ¥ 481 | ¥ — | ¥ 481 | ¥ — | ¥ 481 |

| Year ended March 31, 2020 (Thousands of U.S. dollars) | | | | | | | | | | |
|---|--------------------|-----------------|---------------------------|--------------|-------------|--------------|------------|--------------|------------|--------------|
| | Reportable segment | | | | | | Other (*1) | Total | Adjustment | Consolidated |
| | Processed foods | Marine Products | Meat and poultry products | Logistics | Real estate | Total | | | | |
| Sales: | | | | | | | | | | |
| External sales | \$2,153,775 | \$ 602,691 | \$ 791,820 | \$ 1,749,945 | \$ 30,687 | \$ 5,328,921 | \$ 45,136 | \$ 5,374,057 | \$ — | \$ 5,374,057 |
| Intercompany sales and transfers | 3,549 | 1,665 | 19,790 | 147,478 | 14,934 | 187,418 | 7,066 | 194,485 | (194,485) | — |
| Total | 2,157,325 | 604,356 | 811,611 | 1,897,424 | 45,622 | 5,516,339 | 52,202 | 5,568,542 | (194,485) | 5,374,057 |
| Segment profit | 153,688 | 4,071 | 8,323 | 108,647 | 18,212 | 292,943 | (2,578) | 290,364 | (5,186) | 285,178 |
| Segment assets | 1,179,887 | 247,437 | 174,123 | 1,558,843 | 143,001 | 3,303,294 | 101,047 | 3,404,341 | 179,267 | 3,583,609 |
| Other items: | | | | | | | | | | |
| Depreciation | 54,159 | 1,392 | 2,461 | 90,419 | 6,447 | 154,880 | 3,770 | 158,651 | 10,014 | 168,665 |
| Amortization of goodwill | 963 | — | — | 744 | — | 1,708 | 894 | 2,602 | — | 2,602 |
| Investments in equity-method investees | 21,266 | — | — | 29,207 | — | 50,473 | — | 50,473 | 16,111 | 66,585 |
| Increase in property, plant and equipment and intangible assets | 74,011 | 1,929 | 1,272 | 156,874 | 4,381 | 238,469 | 2,360 | 240,830 | 9,908 | 250,739 |
| Outstanding balance of goodwill | 10,032 | — | — | 4,823 | — | 14,855 | 10,453 | 25,308 | — | 25,308 |
| Impairment loss on fixed assets | \$ 374 | \$ — | \$ — | \$ 2,213 | \$ 1,838 | \$ 4,426 | \$ — | \$ 4,426 | \$ — | \$ 4,426 |

(*1) “Other” represents operating segments not disclosed as reportable segments, which include biosciences business, human resources and payroll-related services, tree planting management and cleaning services related to tree planting.

Note 10: Subsequent Events

Not applicable.