

Consolidated Financial Statements – Summary

July 30, 2019

(For the three months ended June 30, 2019)

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 Three Months Ended June 30, 2019 (April 1, 2019 through June 30, 2019)

(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 |
| Three months ended June 30, 2019 | 142,803 | 6,867 | 7,096 | 4,471 |
| Three months ended June 30, 2018 | 141,306 | 6,580 | 6,930 | 4,611 |

(Note) Comprehensive income: Three months ended June 30, 2019: 3,989 million yen (-21.6%)
Three months ended June 30, 2018: 5,086 million yen (-20.9%)

| | E.P.S. | Diluted E.P.S. |
|---|--------------|----------------|
| | Yen | Yen |
| Three months ended June 30, 2019 | 33.55 | – |
| Three months ended June 30, 2018 | 34.60 | – |

(2) Consolidated financial position

| | Total assets | Total net assets | Equity ratio | Equity per share |
|----------------------------|----------------|------------------|--------------|------------------|
| | Million yen | Million yen | % | Yen |
| As of June 30, 2019 | 391,957 | 185,610 | 45.5 | 1,337.69 |
| As of March 31, 2019 | 377,257 | 183,805 | 46.9 | 1,326.81 |

(Note) Shareholders' equity: As of June 30, 2019: 178,268 million yen
As of March 31, 2019: 176,820 million yen

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, 2019 | – | 16.00 | – | 16.00 | 32.00 |
| FY ending March 31, 2020 | – | | | | |
| FY ending March 31, 2020 (Forecast) | | 21.00 | – | 21.00 | 42.00 |

(Note) Revisions to dividend forecasts published most recently (Y/N): No

3. Estimation of Business Results of Fiscal Year Ending March 31, 2020 (April 1, 2019 through March 31, 2020)

| | 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, 2020 | 598,000 | 30,500 | 30,500 | 20,000 | 150.07 |

(Note) Revisions to financial estimation published most recently (Y/N): No

*** 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 three-month period ended June 30, 2019, 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.: None

(ii) Changes in accounting policies other than (i): None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Total number of outstanding shares (Common stock)

(i) Total number of outstanding shares at term end (Includes treasury stock):

As of June 30, 2019: 139,925,532 shares

As of March 31, 2019: 139,925,532 shares

(ii) Total treasury stock at term end:

As of June 30, 2019: 6,659,169 shares

As of March 31, 2019: 6,658,466 shares

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

For the three months ended June 30, 2019: 133,266,651 shares

For the three months ended June 30, 2018: 133,270,283 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 8.

Consolidated Balance Sheets

NICHIREI CORPORATION

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

| | FY 2019 (As of March 31, 2019) | As of June 30, 2019 |
|--|-----------------------------------|---------------------|
| <Assets> | | |
| Current assets | | |
| Cash and deposits | 20,829 | 22,331 |
| Notes and accounts receivable – trade | 87,219 | 88,872 |
| Merchandise and finished goods | 37,535 | 38,698 |
| Work in process | 935 | 1,212 |
| Raw materials and supplies | 7,263 | 7,498 |
| Other | 6,889 | 16,834 |
| Allowance for doubtful accounts | (118) | (119) |
| Total | 160,554 | 175,326 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 244,223 | 244,864 |
| Accumulated depreciation | (170,409) | (171,530) |
| Buildings and structures, net | 73,814 | 73,333 |
| Machinery, equipment and vehicles | 102,216 | 103,039 |
| Accumulated depreciation | (75,347) | (76,689) |
| Machinery, equipment and vehicles, net | 26,869 | 26,349 |
| Land | 35,664 | 35,662 |
| Leased assets | 38,121 | 37,959 |
| Accumulated depreciation | (22,267) | (22,415) |
| Leased assets, net | 15,854 | 15,544 |
| Construction in progress | 657 | 2,726 |
| Other | 10,809 | 10,917 |
| Accumulated depreciation | (8,213) | (8,351) |
| Other, net | 2,595 | 2,565 |
| Total | 155,456 | 156,182 |
| Intangible assets | | |
| Goodwill | 3,254 | 3,210 |
| Other | 6,315 | 6,182 |
| Total | 9,569 | 9,392 |
| Investments and other assets | | |
| Investment securities | 40,543 | 40,077 |
| Net defined benefit asset | 56 | 56 |
| Deferred tax assets | 1,612 | 1,607 |
| Other | 9,750 | 9,604 |
| Allowance for doubtful accounts | (287) | (289) |
| Total | 51,676 | 51,056 |
| Total non-current assets | 216,703 | 216,630 |
| Total assets | 377,257 | 391,957 |

NICHIREI CORPORATION

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

| | FY 2019 (As of March 31, 2019) | As of June 30, 2019 |
|---|-----------------------------------|---------------------|
| <Liabilities> | | |
| Current liabilities | | |
| Accounts payable – trade | 25,547 | 28,308 |
| Electronically recorded obligations – operating | 2,194 | 2,602 |
| Short-term loans payable | 7,336 | 9,810 |
| Commercial papers | 2,000 | 4,000 |
| Current portion of long-term loans payable | 5,202 | 5,329 |
| Lease obligations | 3,578 | 3,595 |
| Accrued expenses | 30,919 | 28,407 |
| Income taxes payable | 4,368 | 2,222 |
| Provision for directors' bonuses | 215 | 56 |
| Other | 18,198 | 28,903 |
| Total | 99,561 | 113,235 |
| Non-current liabilities | | |
| Bonds payable | 40,000 | 40,000 |
| Long-term loans payable | 24,385 | 24,260 |
| Lease obligations | 13,449 | 13,094 |
| Deferred tax liabilities | 5,138 | 4,793 |
| Provision for directors' retirement benefits | 154 | 153 |
| Net defined benefit liability | 1,893 | 1,893 |
| Asset retirement obligations | 3,884 | 3,890 |
| Long-term guarantee deposited | 3,063 | 3,068 |
| Other | 1,922 | 1,956 |
| Total | 93,890 | 93,111 |
| Total liabilities | 193,451 | 206,346 |
| <Net assets> | | |
| Shareholders' equity | | |
| Capital stock | 30,307 | 30,307 |
| Capital surplus | 7,617 | 7,617 |
| Retained earnings | 142,274 | 144,613 |
| Treasury shares | (17,443) | (17,444) |
| Total | 162,756 | 165,093 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 13,997 | 13,718 |
| Deferred gains or losses on hedges | 661 | 105 |
| Foreign currency translation adjustment | (594) | (649) |
| Total | 14,063 | 13,175 |
| Non-controlling interests | 6,985 | 7,342 |
| Total net assets | 183,805 | 185,610 |
| Total liabilities and net assets | 377,257 | 391,957 |

Consolidated Statements of Income

NICHIREI CORPORATION

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

| | Three months ended June 30, 2018 (Apr. 2018–June 2018) | Three months ended June 30, 2019 (Apr. 2019–June 2019) |
|--|--|--|
| Net sales | 141,306 | 142,803 |
| Cost of sales | 118,793 | 118,646 |
| Gross profit | 22,512 | 24,156 |
| Selling, general and administrative expenses | | |
| Transportation and warehousing expenses | 4,101 | 4,465 |
| Promotion expenses | 363 | 334 |
| Advertising expenses | 1,101 | 1,263 |
| Directors' compensations, employees' salaries, bonuses and allowance | 4,413 | 4,560 |
| Retirement benefit expenses | 230 | 228 |
| Legal and employee benefits expenses | 874 | 876 |
| Transportation and communication expenses | 582 | 595 |
| Rent expenses | 511 | 511 |
| Business consignment expenses | 924 | 1,074 |
| Research and development expense | 550 | 612 |
| Other | 2,276 | 2,766 |
| Total | 15,932 | 17,288 |
| Operating profit | 6,580 | 6,867 |
| Non-operating income | | |
| Interest income | 34 | 37 |
| Dividend income | 401 | 395 |
| Share of profit of entities accounted for using equity method | 139 | 33 |
| Other | 116 | 159 |
| Total | 691 | 626 |
| Non-operating expenses | | |
| Interest expenses | 221 | 205 |
| Other | 121 | 191 |
| Total | 342 | 397 |
| Ordinary profit | 6,930 | 7,096 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 60 | 4 |
| Gain on sales of investment securities | 46 | – |
| Total | 107 | 4 |
| Extraordinary losses | | |
| Loss on sales of non-current assets | 0 | 1 |
| Loss on retirement of non-current assets | 142 | 130 |
| Impairment loss | 39 | 6 |
| Other | 12 | 36 |
| Total | 194 | 174 |
| Profit before income taxes | 6,843 | 6,925 |
| Income taxes | 2,142 | 2,193 |
| Profit | 4,700 | 4,731 |
| Profit attributable to non-controlling interests | 89 | 260 |
| Profit attributable to owners of parent | 4,611 | 4,471 |

Consolidated Statements of Comprehensive Income

NICHIREI CORPORATION

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

| | Three months ended June 30, 2018 (Apr. 2018–June 2018) | Three months ended June 30, 2019 (Apr. 2019–June 2019) |
|--|--|--|
| Profit | 4,700 | 4,731 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 266 | (279) |
| Deferred gains or losses on hedges | 1,278 | (553) |
| Foreign currency translation adjustment | (1,122) | 55 |
| Share of other comprehensive income of entities, accounted for using equity method | (36) | 35 |
| Total | 385 | (742) |
| Comprehensive income | 5,086 | 3,989 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 5,162 | 3,582 |
| Comprehensive income attributable to non-controlling interests | (76) | 406 |

Industrial Segment Information

NICHIREI CORPORATION

(1) Three Months Ended June 30, 2018 (April 1, 2018 through June 30, 2018)

(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 | 55,903 | 16,691 | 21,979 | 44,936 | 844 | 951 | 141,306 | – | 141,306 |
| Intra-group sales and transfers | 90 | 33 | 572 | 3,831 | 339 | 181 | 5,049 | (5,049) | – |
| Total | 55,993 | 16,725 | 22,551 | 48,768 | 1,184 | 1,133 | 146,356 | (5,049) | 141,306 |
| Operating profit | 3,269 | 28 | 339 | 2,676 | 533 | 77 | 6,923 | (342) | 6,580 |

(2) Three Months Ended June 30, 2019 (April 1, 2019 through June 30, 2019)

(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 | 58,100 | 15,508 | 21,374 | 46,011 | 828 | 979 | 142,803 | – | 142,803 |
| Intra-group sales and transfers | 81 | 29 | 529 | 3,969 | 404 | 191 | 5,206 | (5,206) | – |
| Total | 58,181 | 15,537 | 21,904 | 49,981 | 1,233 | 1,170 | 148,009 | (5,206) | 142,803 |
| Operating profit | 3,983 | (32) | 267 | 2,692 | 555 | (284) | 7,183 | (315) | 6,867 |

Forecast of Fiscal Year Ending March 31, 2020

NICHIREI CORPORATION

Forecast of Fiscal Year Ending March 31, 2020 (April 1, 2019 through March 31, 2020)

(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) | 235,000 | 75,000 | 94,000 | 204,400 | 4,700 | 6,500 | (21,600) | 598,000 |
| Operating profit | 15,900 | 400 | 1,400 | 11,600 | 1,900 | 300 | (1,000) | 30,500 |

(*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.