

Consolidated Financial Statements – Summary

August 4, 2020

(For the three months ended June 30, 2020)

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, 2020 (April 1, 2020 through June 30, 2020)

(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, 2020	138,054	7,861	8,100	5,358
Three months ended June 30, 2019	142,803	6,867	7,096	4,471

(Note) Comprehensive income: Three months ended June 30, 2020: 3,858 million yen (-3.3%)
Three months ended June 30, 2019: 3,989 million yen (-21.6%)

	E.P.S.	Diluted E.P.S.
	Yen	Yen
Three months ended June 30, 2020	40.22	–
Three months ended June 30, 2019	33.55	–

(2) Consolidated financial position

	Total assets	Total net assets	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
As of June 30, 2020	397,894	192,428	46.7	1,394.83
As of March 31, 2020	390,004	191,388	47.3	1,384.90

(Note) Shareholders' equity: As of June 30, 2020: 185,827 million yen
As of March 31, 2020: 184,504 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, 2020	–	21.00	–	21.00	42.00
FY ending March 31, 2021	–				
FY ending March 31, 2021 (Forecast)		22.00	–	22.00	44.00

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

3. Estimation of Business Results of Fiscal Year Ending March 31, 2021 (April 1, 2020 through March 31, 2021)

	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, 2021	585,000	31,500	31,500	20,000	150.12

(Note) Revisions to financial estimation published most recently (Y/N): Yes

*** Notes**

(1) Any changes in important subsidiaries during the term (Change in specific subsidiaries as a result of a change in the scope of consolidation): None

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, 2020, 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, 2020: 139,965,587 shares

As of March 31, 2020: 139,965,587 shares

(ii) Total treasury stock at term end:

As of June 30, 2020: 6,739,875 shares

As of March 31, 2020: 6,739,790 shares

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

For the three months ended June 30, 2020: 133,225,764 shares

For the three months ended June 30, 2019: 133,266,651 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, 2020)	As of June 30, 2020
<Assets>		
Current assets		
Cash and deposits	25,933	26,352
Notes and accounts receivable – trade	82,269	80,468
Merchandise and finished goods	39,201	41,715
Work in process	889	1,108
Raw materials and supplies	7,843	7,876
Other	14,303	18,546
Allowance for doubtful accounts	(131)	(131)
Total	170,308	175,936
Non-current assets		
Property, plant and equipment		
Buildings and structures	252,672	252,399
Accumulated depreciation	(174,989)	(175,606)
Buildings and structures, net	77,682	76,792
Machinery, equipment and vehicles	106,589	107,642
Accumulated depreciation	(78,832)	(79,024)
Machinery, equipment and vehicles, net	27,756	28,617
Land	36,007	35,948
Leased assets	37,323	38,451
Accumulated depreciation	(22,724)	(22,982)
Leased assets, net	14,598	15,468
Construction in progress	4,534	5,818
Other	11,509	11,423
Accumulated depreciation	(8,855)	(8,861)
Other, net	2,653	2,562
Total	163,233	165,208
Intangible assets		
Goodwill	2,754	2,660
Other	6,397	6,375
Total	9,152	9,036
Investments and other assets		
Investment securities	35,780	36,482
Net defined benefit asset	57	57
Deferred tax assets	1,912	1,844
Other	9,828	9,582
Allowance for doubtful accounts	(268)	(254)
Total	47,310	47,713
Total non-current assets	219,696	221,957
Total assets	390,004	397,894

NICHIREI CORPORATION

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

	FY 2019 (As of March 31, 2020)	As of June 30, 2020
<Liabilities>		
Current liabilities		
Accounts payable – trade	25,521	24,681
Electronically recorded obligations – operating	2,939	2,924
Short-term loans payable	4,292	5,955
Commercial papers	2,000	10,000
Current portion of bonds payable	10,000	10,000
Current portion of long-term loans payable	956	907
Lease obligations	3,605	3,694
Accrued expenses	34,893	28,797
Income taxes payable	5,299	2,736
Provision for directors' bonuses	228	55
Other	18,683	24,277
Total	108,419	114,028
Non-current liabilities		
Bonds payable	30,000	30,000
Long-term loans payable	33,420	33,746
Lease obligations	12,076	12,831
Deferred tax liabilities	2,830	2,945
Provision for directors' retirement benefits	175	154
Net defined benefit liability	2,014	1,947
Asset retirement obligations	3,935	3,938
Long-term guarantee deposited	3,044	3,041
Other	2,698	2,830
Total	90,196	91,437
Total liabilities	198,615	205,466
<Net assets>		
Shareholders' equity		
Capital stock	30,359	30,359
Capital surplus	5,750	5,735
Retained earnings	156,953	159,514
Treasury shares	(17,642)	(17,642)
Total	175,421	177,967
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,016	9,713
Deferred gains or losses on hedges	802	656
Foreign currency translation adjustment	(736)	(2,510)
Total	9,082	7,860
Non-controlling interests	6,884	6,600
Total net assets	191,388	192,428
Total liabilities and net assets	390,004	397,894

Consolidated Statements of Income

NICHIREI CORPORATION

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

	Three months ended June 30, 2019 (Apr. 2019–June 2019)	Three months ended June 30, 2020 (Apr. 2019–June 2020)
Net sales	142,803	138,054
Cost of sales	118,646	113,822
Gross profit	24,156	24,232
Selling, general and administrative expenses		
Transportation and warehousing expenses	4,465	4,504
Promotion expenses	334	368
Advertising expenses	1,263	534
Directors' compensations, employees' salaries, bonuses and allowance	4,560	4,663
Retirement benefit expenses	228	238
Legal and employee benefits expenses	876	1,160
Transportation and communication expenses	595	269
Rent expenses	511	521
Business consignment expenses	1,074	1,027
Research and development expense	612	576
Other	2,766	2,506
Total	17,288	16,370
Operating profit	6,867	7,861
Non-operating income		
Interest income	37	25
Dividend income	395	353
Share of profit of entities accounted for using equity method	33	79
Other	159	112
Total	626	571
Non-operating expenses		
Interest expenses	205	190
Other	191	142
Total	397	333
Ordinary profit	7,096	8,100
Extraordinary income		
Gain on sales of non-current assets	4	6
Gain on sales of investment securities	–	12
Total	4	19
Extraordinary losses		
Loss on sales of non-current assets	1	2
Loss on retirement of non-current assets	130	162
Impairment loss	6	16
Other	36	3
Total	174	185
Profit before income taxes	6,925	7,933
Income taxes	2,193	2,312
Profit	4,731	5,620
Profit attributable to non-controlling interests	260	261
Profit attributable to owners of parent	4,471	5,358

Consolidated Statements of Comprehensive Income

NICHIREI CORPORATION

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

	Three months ended June 30, 2019 (Apr. 2019–June 2019)	Three months ended June 30, 2020 (Apr. 2019–June 2020)
Profit	4,731	5,620
Other comprehensive income		
Valuation difference on available-for-sale securities	(279)	695
Deferred gains or losses on hedges	(553)	(183)
Foreign currency translation adjustment	55	(2,047)
Share of other comprehensive income of entities, accounted for using equity method	35	(227)
Total	(742)	(1,762)
Comprehensive income	3,989	3,858
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,582	4,136
Comprehensive income attributable to non-controlling interests	406	(277)

Industrial Segment Information

NICHIREI CORPORATION

(1) 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

(2) Three Months Ended June 30, 2020 (April 1, 2020 through June 30, 2020)

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

	Processed Foods	Marine Products	Meat and Poultry Products	Logistics	Real Estate	Other	Total	Adjustments	Consolidated
Net sales	56,107	12,389	19,769	47,868	832	1,086	138,054	–	138,054
Intra-group sales and transfers	64	26	582	4,150	371	196	5,392	(5,392)	–
Total	56,171	12,415	20,352	52,019	1,204	1,283	143,447	(5,392)	138,054
Operating profit	4,262	(179)	261	3,247	564	(19)	8,137	(275)	7,861

Forecast of Fiscal Year Ending March 31, 2021

NICHIREI CORPORATION

Forecast of Fiscal Year Ending March 31, 2021 (April 1, 2020 through March 31, 2021)

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

	Processed Foods	Marine Products	Meat and Poultry Products	Logistics	Real Estate	Other	Adjustments	Consolidated
Net sales (*1)	232,800	59,000	91,000	213,100	4,600	5,800	(21,300)	585,000
Operating profit	17,000	0	1,300	12,100	1,900	0	(800)	31,500

(*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.