

Consolidated Financial Statements – Summary

May 14, 2019

(For the year ended March 31, 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 of Fiscal Year Ended March 31, 2019 (April 1, 2018 through March 31, 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
FY ended March 31, 2019	580,141	29,511	29,864	19,943
FY ended March 31, 2018	568,032	29,897	30,650	19,097

(Note) Comprehensive income: FY ended March 31, 2019: 18,956 million yen (-20.2%)
FY ended March 31, 2018: 23,767 million yen (4.8%)

	E.P.S.	Diluted E.P.S.	Return on equity	Ordinary profit / Total capital	Operating profit / Net sales
	Yen	Yen	%	%	%
FY ended March 31, 2019	149.65	–	11.7	8.0	5.1
FY ended March 31, 2018	142.23	–	11.9	8.6	5.3

(Note) Share of profit of entities accounted for using equity method:

FY ended March 31, 2019: 399 million yen FY ended March 31, 2018: 715 million yen

(2) Consolidated financial position

	Total assets	Total net assets	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
As of March 31, 2019	377,257	183,805	46.9	1,326.81
As of March 31, 2018	367,268	169,680	44.3	1,221.04

(Note) Shareholders' equity: As of March 31, 2019: 176,820 million yen
As of March 31, 2018: 162,729 million yen

(3) Consolidated cash flows

	From operating activities	From investing activities	From financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY ended March 31, 2019	31,311	(17,918)	(9,088)	20,668
FY ended March 31, 2018	29,859	(20,269)	(13,749)	17,076

2. Dividend Status

(Base date)	Dividend per share					Total cash dividends (annual)	Dividends payout ratio (consolidated)	Dividend on equity ratio (consolidated)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	End of FY	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY ended March 31, 2018	–	15.00	–	15.00	30.00	3,998	21.1	2.5
FY ended March 31, 2019	–	16.00	–	16.00	32.00	4,264	21.4	2.5
FY ending March 31, 2020 (Forecast)	–	21.00	–	21.00	42.00		28.0	

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

(Percentages show year-on-year changes.)

	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

*** 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) 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

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

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

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

As of March 31, 2018: 139,925,532 shares

(ii) Total treasury stock at term end:

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

As of March 31, 2018: 6,655,050 shares

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

For the year ended March 31, 2019: 133,269,131 shares

For the year ended March 31, 2018: 134,272,331 shares

* The summary of financial results is not subject to audits.

* 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 9.

Consolidated Balance Sheets

NICHIREI CORPORATION

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

	FY 2018 (As of March 31, 2018)	FY 2019 (As of March 31, 2019)
<Assets>		
Current assets		
Cash and deposits	18,299	20,829
Notes and accounts receivable - trade	85,103	87,219
Merchandise and finished goods	37,132	37,535
Work in process	835	935
Raw materials and supplies	7,290	7,263
Other	4,989	6,889
Allowance for doubtful accounts	(86)	(118)
Total	153,564	160,554
Non-current assets		
Property, plant and equipment		
Buildings and structures	237,546	244,223
Accumulated depreciation	(167,080)	(170,409)
Buildings and structures, net	70,465	73,814
Machinery, equipment and vehicles	97,465	102,216
Accumulated depreciation	(71,955)	(75,347)
Machinery, equipment and vehicles, net	25,510	26,869
Land	35,643	35,664
Leased assets	37,475	38,121
Accumulated depreciation	(20,682)	(22,267)
Leased assets, net	16,792	15,854
Construction in progress	2,261	657
Other	9,960	10,809
Accumulated depreciation	(7,840)	(8,213)
Other, net	2,119	2,595
Total	152,792	155,456
Intangible assets		
Goodwill	2,307	3,254
Other	5,755	6,315
Total	8,062	9,569
Investments and other assets		
Investment securities	41,225	40,543
Net defined benefit asset	45	56
Deferred tax assets	2,099	1,612
Other	9,850	9,750
Allowance for doubtful accounts	(372)	(287)
Total	52,848	51,676
Total non-current assets	213,703	216,703
Total assets	367,268	377,257

NICHIREI CORPORATION

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

	FY 2018 (As of March 31, 2018)	FY 2019 (As of March 31, 2019)
<Liabilities>		
Current liabilities		
Accounts payable - trade	27,944	25,547
Electronically recorded obligations - operating	2,417	2,194
Short-term loans payable	6,237	7,336
Commercial papers	3,000	2,000
Current portion of bonds payable	10,000	-
Current portion of long-term loans payable	4,016	5,202
Lease obligations	3,579	3,578
Accrued expenses	32,782	30,919
Income taxes payable	4,552	4,368
Provision for directors' bonuses	290	215
Other	15,670	18,198
Total	110,489	99,561
Non-current liabilities		
Bonds payable	30,000	40,000
Long-term loans payable	26,591	24,385
Lease obligations	14,321	13,449
Deferred tax liabilities	5,469	5,138
Provision for directors' retirement benefits	151	154
Net defined benefit liability	1,888	1,893
Asset retirement obligations	3,448	3,884
Long-term guarantee deposited	3,072	3,063
Other	2,154	1,922
Total	87,098	93,890
Total liabilities	197,587	193,451
<Net assets>		
Shareholders' equity		
Capital stock	30,307	30,307
Capital surplus	7,617	7,617
Retained earnings	126,510	142,274
Treasury shares	(17,432)	(17,443)
Total	147,002	162,756
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15,451	13,997
Deferred gains or losses on hedges	(739)	661
Foreign currency translation adjustment	1,014	(594)
Total	15,726	14,063
Non-controlling interests	6,951	6,985
Total net assets	169,680	183,805
Total liabilities and net assets	367,268	377,257

Consolidated Statements of Income

NICHIREI CORPORATION

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

	FY 2018 (Apr. 2017–Mar. 2018)	FY 2019 (Apr. 2018–Mar. 2019)
Net sales	568,032	580,141
Cost of sales	475,194	486,926
Gross profit	92,838	93,215
Selling, general and administrative expenses		
Transportation and warehousing expenses	15,991	16,804
Promotion expenses	1,317	1,021
Advertising expenses	4,153	3,449
Directors' compensations, employees' salaries, bonuses and allowance	17,840	17,595
Retirement benefit expenses	943	876
Legal and employee benefits expenses	3,214	3,260
Transportation and communication expenses	2,383	2,429
Rent expenses	1,999	1,985
Business consignment expenses	3,259	3,854
Research and development expense	1,986	2,359
Other	9,850	10,065
Operating profit	29,897	29,511
Non-operating income		
Interest income	157	139
Dividend income	660	732
Share of profit of entities accounted for using equity method	715	399
Other	569	481
Ordinary profit	30,650	29,864
Extraordinary income		
Gain on sales of non-current assets	75	211
Gain on sales of investment securities	20	873
Other	6	–
Profit before income taxes	29,237	29,540
Income taxes – current	8,551	8,631
Income taxes – deferred	49	142
Profit	20,635	20,766
Profit attributable to non-controlling interests	1,538	822
Profit attributable to owners of parent	19,097	19,943

Consolidated Statements of Comprehensive Income

NICHIREI CORPORATION

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

	FY 2018 (Apr. 2017–Mar. 2018)	FY 2019 (Apr. 2018–Mar. 2019)
Profit	20,635	20,766
Other comprehensive income		
Valuation difference on available-for-sale securities	1,865	(1,450)
Deferred gains or losses on hedges	(767)	1,393
Foreign currency translation adjustment	1,953	(1,705)
Share of other comprehensive income of entities, accounted for using equity method	80	(47)
Total	3,131	(1,809)
Comprehensive income	23,767	18,956
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	21,892	18,278
Comprehensive income attributable to non-controlling interests	1,874	677

Consolidated Statements of Cash Flows

NICHIREI CORPORATION

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

	FY 2018 (Apr. 2017–Mar. 2018)	FY 2019 (Apr. 2018–Mar. 2019)
Cash flows from operating activities		
Profit before income taxes	29,237	29,540
Depreciation	16,155	17,481
Impairment loss	95	52
Increase (decrease) in allowance for doubtful accounts	71	(24)
Interest and dividend income	(817)	(871)
Interest expenses	898	870
Share of (profit) loss of entities accounted for using equity method	(715)	(399)
Loss (gain) on sales of non-current assets	(67)	(199)
Loss on retirement of non-current assets	1,137	1,068
Loss (gain) on sales of investment securities	(20)	(849)
Decrease (increase) in notes and accounts receivable - trade	(7,972)	(2,709)
Decrease (increase) in inventories	(2,803)	(561)
Increase (decrease) in notes and accounts payable - trade	2,934	(2,530)
Other	959	(637)
Subtotal	39,094	40,227
Interest and dividend income received	907	962
Interest expenses paid	(903)	(866)
Income taxes paid	(9,239)	(9,011)
Net cash provided by operating activities	29,859	31,311
Cash flows from investing activities		
Purchase of property, plant and equipment	(15,993)	(20,062)
Proceeds from sales of property, plant and equipment	178	1,032
Purchase of intangible assets	(1,721)	(2,008)
Purchase of investment securities	(62)	(2,148)
Proceeds from sales of investment securities	120	1,727
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	–	(1,527)
Other	(2,790)	5,067
Net cash used in investing activities	(20,269)	(17,918)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	3,754	1,324
Net increase (decrease) in commercial papers	3,000	(1,000)
Proceeds from long-term loans payable	9,500	2,997
Repayments of long-term loans payable	(7,323)	(4,016)
Proceeds from issuance of bonds	–	9,948
Redemption of bonds	–	(10,000)
Repayments of lease obligations	(3,649)	(3,654)
Purchase of treasury shares	(14,016)	(10)
Cash dividends paid	(4,192)	(4,125)
Dividends paid to non-controlling interests	(935)	(643)
Proceeds from share issuance to non-controlling shareholders	113	91
Other	0	0
Net cash used in financing activities	(13,749)	(9,088)
Effect of exchange rate change on cash and cash equivalents	723	(713)
Net increase (decrease) in cash and cash equivalents	(3,436)	3,591
Cash and cash equivalents at beginning of period	20,512	17,076
Cash and cash equivalents at end of period	17,076	20,668

Industrial Segment Information

NICHIREI CORPORATION

(1) Fiscal Year Ended March 31, 2018 (April 1, 2017 through March 31, 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	220,273	71,448	88,316	180,017	3,356	4,619	568,032	–	568,032
Intra-group sales and transfers	413	62	2,076	15,076	1,512	725	19,866	(19,866)	–
Total	220,686	71,511	90,393	195,093	4,869	5,344	587,899	(19,866)	568,032
Operating profit	14,573	305	1,301	11,255	2,152	811	30,399	(501)	29,897

(2) Fiscal Year Ended March 31, 2019 (April 1, 2018 through March 31, 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	226,176	71,138	88,998	185,385	3,385	5,058	580,141	–	580,141
Intra-group sales and transfers	411	106	2,078	15,663	1,408	732	20,402	(20,402)	–
Total	226,588	71,245	91,076	201,049	4,794	5,790	600,544	(20,402)	580,141
Operating profit	14,596	182	1,452	11,398	2,096	338	30,064	(553)	29,511

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.