

# Consolidated Financial Statements – Summary

May 12, 2020

(For the year ended March 31, 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 of Fiscal Year Ended March 31, 2020 (April 1, 2019 through March 31, 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
<b>FY ended March 31, 2020</b>	<b>584,858</b>	<b>31,035</b>	<b>31,777</b>	<b>19,609</b>
FY ended March 31, 2019	580,141	29,511	29,864	19,943

(Note) Comprehensive income: FY ended March 31, 2020: 16,100 million yen (-15.1%)  
FY ended March 31, 2019: 18,956 million yen (-20.2%)

	E.P.S.	Diluted E.P.S.	Return on equity	Ordinary profit / Total capital	Operating profit / Net sales
	Yen	Yen	%	%	%
<b>FY ended March 31, 2020</b>	<b>147.16</b>	–	<b>10.9</b>	<b>8.3</b>	<b>5.3</b>
FY ended March 31, 2019	149.65	–	11.7	8.0	5.1

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

FY ended March 31, 2020: 387 million yen FY ended March 31, 2019: 399 million yen

### (2) Consolidated financial position

	Total assets	Total net assets	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
<b>As of March 31, 2020</b>	<b>390,004</b>	<b>191,388</b>	<b>47.3</b>	<b>1,384.90</b>
As of March 31, 2019	377,257	183,805	46.9	1,326.81

(Note) Shareholders' equity: As of March 31, 2020: 184,504 million yen  
As of March 31, 2019: 176,820 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
<b>FY ended March 31, 2020</b>	<b>39,441</b>	<b>(24,300)</b>	<b>(10,225)</b>	<b>25,434</b>
FY ended March 31, 2019	31,311	(17,918)	(9,088)	20,668

## 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, 2019	–	16.00	–	16.00	32.00	4,264	21.4	2.5
FY ended March 31, 2020	–	21.00	–	21.00	42.00	5,595	28.5	3.1
FY ending March 31, 2021 (Forecast)	–	22.00	–	22.00	44.00		29.3	

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

(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, 2021	590,000	31,500	31,500	20,000	150.12

**\* 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, 2020: 139,965,587 shares

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

(ii) Total treasury stock at term end:

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

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

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

For the year ended March 31, 2020: 133,251,330 shares

For the year ended March 31, 2019: 133,269,131 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 2019 (As of March 31, 2019)	FY 2020 (As of March 31, 2020)
<b>&lt;Assets&gt;</b>		
<b>Current assets</b>		
Cash and deposits	20,829	25,933
Notes and accounts receivable - trade	87,219	82,269
Merchandise and finished goods	37,535	39,201
Work in process	935	889
Raw materials and supplies	7,263	7,843
Other	6,889	14,303
Allowance for doubtful accounts	(118)	(131)
<b>Total</b>	<b>160,554</b>	<b>170,308</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	244,223	252,672
Accumulated depreciation	(170,409)	(174,989)
Buildings and structures, net	73,814	77,682
Machinery, equipment and vehicles	102,216	106,589
Accumulated depreciation	(75,347)	(78,832)
Machinery, equipment and vehicles, net	26,869	27,756
Land	35,664	36,007
Leased assets	38,121	37,323
Accumulated depreciation	(22,267)	(22,724)
Leased assets, net	15,854	14,598
Construction in progress	657	4,534
Other	10,809	11,509
Accumulated depreciation	(8,213)	(8,855)
Other, net	2,595	2,653
<b>Total</b>	<b>155,456</b>	<b>163,233</b>
<b>Intangible assets</b>		
Goodwill	3,254	2,754
Other	6,315	6,397
<b>Total</b>	<b>9,569</b>	<b>9,152</b>
<b>Investments and other assets</b>		
Investment securities	40,543	35,780
Net defined benefit asset	56	57
Deferred tax assets	1,612	1,912
Other	9,750	9,828
Allowance for doubtful accounts	(287)	(268)
<b>Total</b>	<b>51,676</b>	<b>47,310</b>
<b>Total non-current assets</b>	<b>216,703</b>	<b>219,696</b>
<b>Total assets</b>	<b>377,257</b>	<b>390,004</b>

NICHIREI CORPORATION

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

	FY 2019 (As of March 31, 2019)	FY 2020 (As of March 31, 2020)
<b>&lt;Liabilities&gt;</b>		
<b>Current liabilities</b>		
Accounts payable - trade	25,547	25,521
Electronically recorded obligations - operating	2,194	2,939
Short-term loans payable	7,336	4,292
Commercial papers	2,000	2,000
Current portion of bonds payable	–	10,000
Current portion of long-term loans payable	5,202	956
Lease obligations	3,578	3,605
Accrued expenses	30,919	34,893
Income taxes payable	4,368	5,299
Provision for directors' bonuses	215	228
Other	18,198	18,683
<b>Total</b>	<b>99,561</b>	<b>108,419</b>
<b>Non-current liabilities</b>		
Bonds payable	40,000	30,000
Long-term loans payable	24,385	33,420
Lease obligations	13,449	12,076
Deferred tax liabilities	5,138	2,830
Provision for directors' retirement benefits	154	175
Net defined benefit liability	1,893	2,014
Asset retirement obligations	3,884	3,935
Long-term guarantee deposited	3,063	3,044
Other	1,922	2,698
<b>Total</b>	<b>93,890</b>	<b>90,196</b>
<b>Total liabilities</b>	<b>193,451</b>	<b>198,615</b>
<b>&lt;Net assets&gt;</b>		
<b>Shareholders' equity</b>		
Capital stock	30,307	30,359
Capital surplus	7,617	5,750
Retained earnings	142,274	156,953
Treasury shares	(17,443)	(17,642)
<b>Total</b>	<b>162,756</b>	<b>175,421</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	13,997	9,016
Deferred gains or losses on hedges	661	802
Foreign currency translation adjustment	(594)	(736)
<b>Total</b>	<b>14,063</b>	<b>9,082</b>
<b>Non-controlling interests</b>	<b>6,985</b>	<b>6,884</b>
<b>Total net assets</b>	<b>183,805</b>	<b>191,388</b>
<b>Total liabilities and net assets</b>	<b>377,257</b>	<b>390,004</b>

# Consolidated Statements of Income

NICHIREI CORPORATION

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

	FY 2019 (Apr. 2018–Mar. 2019)	FY 2020 (Apr. 2019–Mar. 2020)
<b>Net sales</b>	<b>580,141</b>	<b>584,858</b>
Cost of sales	486,926	485,784
<b>Gross profit</b>	<b>93,215</b>	<b>99,074</b>
Selling, general and administrative expenses		
Transportation and warehousing expenses	16,804	17,943
Promotion expenses	1,021	1,077
Advertising expenses	3,449	4,534
Directors' compensations, employees' salaries, bonuses and allowance	17,595	18,742
Retirement benefit expenses	876	934
Legal and employee benefits expenses	3,260	3,334
Transportation and communication expenses	2,429	2,318
Rent expenses	1,985	2,007
Business consignment expenses	3,854	3,910
Research and development expense	2,359	2,486
Other	10,065	10,748
Total	63,704	68,038
<b>Operating profit</b>	<b>29,511</b>	<b>31,035</b>
Non-operating income		
Interest income	139	158
Dividend income	732	737
Share of profit of entities accounted for using equity method	399	387
Other	481	607
Total	1,753	1,891
Non-operating expenses		
Interest expenses	870	791
Other	529	358
Total	1,399	1,150
<b>Ordinary profit</b>	<b>29,864</b>	<b>31,777</b>
Extraordinary income		
Gain on sales of non-current assets	211	81
Gain on sales of investment securities	873	423
Total	1,085	505
Extraordinary losses		
Loss on sales of non-current assets	12	22
Loss on retirement of non-current assets	1,068	1,628
Impairment loss	52	481
Loss on disaster	158	–
Other	118	357
Total	1,410	2,489
<b>Profit before income taxes</b>	<b>29,540</b>	<b>29,792</b>
Income taxes – current	8,631	9,566
Income taxes – deferred	142	(557)
Total	8,773	9,008
<b>Profit</b>	<b>20,766</b>	<b>20,784</b>
Profit attributable to non-controlling interests	822	1,174
Profit attributable to owners of parent	19,943	19,609

**Consolidated Statements of Comprehensive Income**

NICHIREI CORPORATION

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

	FY 2019 (Apr. 2018–Mar. 2019)	FY 2020 (Apr. 2019–Mar. 2020)
Profit	20,766	20,784
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,450)	(4,978)
Deferred gains or losses on hedges	1,393	151
Foreign currency translation adjustment	(1,705)	(10)
Share of other comprehensive income of entities, accounted for using equity method	(47)	154
Total	(1,809)	(4,683)
Comprehensive income	18,956	16,100
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	18,278	14,628
Comprehensive income attributable to non-controlling interests	677	1,471

# Consolidated Statements of Cash Flows

NICHIREI CORPORATION

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

	FY 2019 (Apr. 2018–Mar. 2019)	FY 2020 (Apr. 2019–Mar. 2020)
<b>Cash flows from operating activities</b>		
Profit before income taxes	29,540	29,792
Depreciation	17,481	18,355
Impairment loss	52	481
Increase (decrease) in allowance for doubtful accounts	(24)	4
Interest and dividend income	(871)	(896)
Interest expenses	870	791
Share of (profit) loss of entities accounted for using equity method	(399)	(387)
Loss (gain) on sales of non-current assets	(199)	(58)
Loss on retirement of non-current assets	1,068	1,628
Loss (gain) on sales of investment securities	(849)	(423)
Decrease (increase) in notes and accounts receivable - trade	(2,709)	4,750
Decrease (increase) in inventories	(561)	(2,098)
Increase (decrease) in notes and accounts payable - trade	(2,530)	635
Other	(637)	2,833
Subtotal	40,227	55,408
Interest and dividend income received	962	1,063
Interest expenses paid	(866)	(798)
Income taxes paid	(9,011)	(16,232)
<b>Net cash provided by operating activities</b>	<b>31,311</b>	<b>39,441</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(20,062)	(20,369)
Proceeds from sales of property, plant and equipment	1,032	161
Purchase of intangible assets	(2,008)	(1,336)
Purchase of investment securities	(2,148)	(2,204)
Proceeds from sales of investment securities	1,727	707
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)
Other	5,067	(1,235)
<b>Net cash used in investing activities</b>	<b>(17,918)</b>	<b>(24,300)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	1,324	(2,818)
Net increase (decrease) in commercial papers	(1,000)	–
Proceeds from long-term loans payable	2,997	10,000
Repayments of long-term loans payable	(4,016)	(5,200)
Proceeds from issuance of bonds	9,948	–
Redemption of bonds	(10,000)	–
Repayments of lease obligations	(3,654)	(3,782)
Purchase of treasury shares	(10)	(18)
Cash dividends paid	(4,125)	(4,923)
Dividends paid to non-controlling interests	(643)	(803)
Proceeds from share issuance to non-controlling shareholders	91	–
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	(2,680)
Other	0	0
<b>Net cash used in financing activities</b>	<b>(9,088)</b>	<b>(10,225)</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>(713)</b>	<b>(148)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3,591</b>	<b>4,765</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>17,076</b>	<b>20,668</b>
<b>Cash and cash equivalents at end of period</b>	<b>20,668</b>	<b>25,434</b>

**Industrial Segment Information**

NICHIREI CORPORATION

**(1) 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

**(2) Fiscal Year Ended 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	Total	Adjustments	Consolidated
Net sales	234,395	65,590	86,173	190,446	3,339	4,912	584,858	–	584,858
Intra-group sales and transfers	386	181	2,153	16,050	1,625	769	21,165	(21,165)	–
Total	234,781	65,772	88,327	206,496	4,965	5,681	606,024	(21,165)	584,858
Operating profit	16,725	443	905	11,824	1,982	(280)	31,600	(564)	31,035



## 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)	238,000	63,000	91,000	209,500	4,600	6,300	(22,400)	590,000
Operating profit	17,000	400	1,300	11,600	1,900	100	(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.