

Consolidated Financial Statements – Summary

May 11, 2021

(For the year ended March 31, 2021)

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, 2021 (April 1, 2020 through March 31, 2021)

(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, 2021	572,757	32,949	33,532	21,212
FY ended March 31, 2020	584,858	31,035	31,777	19,609

(Note) Comprehensive income: FY ended March 31, 2021: 25,609 million yen (59.1%)
 FY ended March 31, 2020: 16,100 million yen (-15.1%)

	E.P.S.	Diluted E.P.S.	Return on equity	Ordinary profit / Total capital	Operating profit / Net sales
	Yen	Yen	%	%	%
FY ended March 31, 2021	159.19	–	10.9	8.4	5.8
FY ended March 31, 2020	147.16	–	10.9	8.3	5.3

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

FY ended March 31, 2021: 376 million yen FY ended March 31, 2020: 387 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, 2021	405,719	210,426	50.1	1,525.76
As of March 31, 2020	390,004	191,388	47.3	1,384.90

(Note) Shareholders' equity: As of March 31, 2021: 203,325 million yen
 As of March 31, 2020: 184,504 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, 2021	45,453	(32,213)	(10,709)	28,011
FY ended March 31, 2020	39,441	(24,300)	(10,225)	25,434

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, 2020	–	21.00	–	21.00	42.00	5,595	28.5	3.1
FY ended March 31, 2021	–	22.00	–	28.00	50.00	6,663	31.4	3.4
FY ending March 31, 2022 (Forecast)	–	25.00	–	25.00	50.00		29.0	

(Notes) Breakdown of the year-end dividend per share for the fiscal year ended March 31, 2021:

Ordinary dividend: 22.00 yen, Commemorative dividend for the 75th anniversary of founding: 6.00 yen

3. Estimation of Business Results of Fiscal Year Ending March 31, 2022 (April 1, 2021 through March 31, 2022)

(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, 2022	600,000	35,000	35,500	23,000	172.59

*** 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, 2021: 140,003,877 shares

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

(ii) Total treasury stock at term end:

As of March 31, 2021: 6,741,928 shares

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

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

For the year ended March 31, 2021: 133,251,575 shares

For the year ended March 31, 2020: 133,251,330 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 2020 (As of March 31, 2020)	FY 2021 (As of March 31, 2021)
<Assets>		
Current assets		
Cash and deposits	25,933	28,933
Notes and accounts receivable - trade	82,269	81,749
Merchandise and finished goods	39,201	38,498
Work in process	889	995
Raw materials and supplies	7,843	8,372
Other	14,303	11,131
Allowance for doubtful accounts	(131)	(109)
Total	170,308	169,572
Non-current assets		
Property, plant and equipment		
Buildings and structures	252,672	259,690
Accumulated depreciation	(174,989)	(179,049)
Buildings and structures, net	77,682	80,641
Machinery, equipment and vehicles	106,589	115,963
Accumulated depreciation	(78,832)	(82,434)
Machinery, equipment and vehicles, net	27,756	33,528
Land	36,007	38,683
Leased assets	37,323	37,199
Accumulated depreciation	(22,724)	(22,517)
Leased assets, net	14,598	14,681
Construction in progress	4,534	3,716
Other	11,509	12,117
Accumulated depreciation	(8,855)	(9,407)
Other, net	2,653	2,710
Total	163,233	173,962
Intangible assets		
Goodwill	2,754	1,493
Other	6,397	6,901
Total	9,152	8,394
Investments and other assets		
Investment securities	35,780	40,506
Net defined benefit asset	57	52
Deferred tax assets	1,912	2,260
Other	9,828	11,215
Allowance for doubtful accounts	(268)	(245)
Total	47,310	53,789
Total non-current assets	219,696	236,146
Total assets	390,004	405,719

NICHIREI CORPORATION

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

	FY 2020 (As of March 31, 2020)	FY 2021 (As of March 31, 2021)
<Liabilities>		
Current liabilities		
Accounts payable - trade	25,521	24,645
Electronically recorded obligations - operating	2,939	3,427
Short-term loans payable	4,292	6,948
Commercial papers	2,000	-
Current portion of bonds payable	10,000	10,000
Current portion of long-term loans payable	956	4,797
Lease obligations	3,605	3,572
Accrued expenses	34,893	35,483
Income taxes payable	5,299	5,911
Provision for directors' bonuses	228	238
Other	18,683	13,481
Total	108,419	108,506
Non-current liabilities		
Bonds payable	30,000	30,000
Long-term loans payable	33,420	29,010
Lease obligations	12,076	12,093
Deferred tax liabilities	2,830	4,265
Provision for directors' retirement benefits	175	131
Net defined benefit liability	2,014	1,996
Asset retirement obligations	3,935	4,037
Long-term guarantee deposited	3,044	2,121
Other	2,698	3,129
Total	90,196	86,786
Total liabilities	198,615	195,293
<Net assets>		
Shareholders' equity		
Capital stock	30,359	30,418
Capital surplus	5,750	5,795
Retained earnings	156,953	172,436
Treasury shares	(17,642)	(17,648)
Total	175,421	191,002
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,016	12,344
Deferred gains or losses on hedges	802	1,639
Foreign currency translation adjustment	(736)	(1,660)
Total	9,082	12,323
Non-controlling interests	6,884	7,100
Total net assets	191,388	210,426
Total liabilities and net assets	390,004	405,719

Consolidated Statements of Income

NICHIREI CORPORATION

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

	FY 2020 (Apr. 2019–Mar. 2020)	FY 2021 (Apr. 2020–Mar. 2021)
Net sales	584,858	572,757
Cost of sales	485,784	473,954
Gross profit	99,074	98,803
Selling, general and administrative expenses		
Transportation and warehousing expenses	17,943	17,991
Promotion expenses	1,077	1,122
Advertising expenses	4,534	2,886
Directors' compensations, employees' salaries, bonuses and allowance	18,742	19,199
Retirement benefit expenses	934	971
Legal and employee benefits expenses	3,334	3,906
Transportation and communication expenses	2,318	1,062
Rent expenses	2,007	2,062
Business consignment expenses	3,910	3,966
Research and development expense	2,486	2,403
Other	10,748	10,279
Total	68,038	65,853
Operating profit	31,035	32,949
Non-operating income		
Interest income	158	103
Dividend income	737	776
Share of profit of entities accounted for using equity method	387	376
Other	607	540
Total	1,891	1,798
Non-operating expenses		
Interest expenses	791	709
Other	358	506
Total	1,150	1,215
Ordinary profit	31,777	33,532
Extraordinary income		
Gain on sales of non-current assets	81	49
Gain on reversal of non-current asset removal expenses	–	105
Gain on sales of investment securities	423	144
Compensation for expropriation	–	565
Other	–	5
Total	505	870
Extraordinary losses		
Loss on sales of non-current assets	22	7
Loss on retirement of non-current assets	1,628	1,380
Impairment loss	481	1,273
Other	357	137
Total	2,489	2,799
Profit before income taxes	29,792	31,603
Income taxes – current	9,566	9,684
Income taxes – deferred	(557)	(730)
Total	9,008	8,954
Profit	20,784	22,649
Profit attributable to non-controlling interests	1,174	1,437
Profit attributable to owners of parent	19,609	21,212

Consolidated Statements of Comprehensive Income

NICHIREI CORPORATION

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

	FY 2020 (Apr. 2019–Mar. 2020)	FY 2021 (Apr. 2020–Mar. 2021)
Profit	20,784	22,649
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,978)	3,319
Deferred gains or losses on hedges	151	837
Foreign currency translation adjustment	(10)	(973)
Share of other comprehensive income of entities, accounted for using equity method	154	(224)
Total	(4,683)	2,959
Comprehensive income	16,100	25,609
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,628	24,452
Comprehensive income attributable to non-controlling interests	1,471	1,156

Consolidated Statements of Cash Flows

NICHIREI CORPORATION

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

	FY 2020 (Apr. 2019–Mar. 2020)	FY 2021 (Apr. 2020–Mar. 2021)
Cash flows from operating activities		
Profit before income taxes	29,792	31,603
Depreciation	18,355	19,669
Impairment loss	481	1,273
Increase (decrease) in allowance for doubtful accounts	4	(17)
Interest and dividend income	(896)	(880)
Interest expenses	791	709
Share of (profit) loss of entities accounted for using equity method	(387)	(376)
Loss (gain) on sales of non-current assets	(58)	(42)
Loss on retirement of non-current assets	1,628	1,380
Loss (gain) on sales of investment securities	(423)	(144)
Decrease (increase) in notes and accounts receivable - trade	4,750	531
Decrease (increase) in inventories	(2,098)	(477)
Increase (decrease) in notes and accounts payable - trade	635	(234)
Compensation for expropriation	–	(565)
Other	2,833	(4,470)
Subtotal	55,408	47,958
Interest and dividend income received	1,063	1,190
Proceeds from compensation for expropriation	–	565
Interest expenses paid	(798)	(712)
Income taxes paid	(16,232)	(3,547)
Net cash provided by operating activities	39,441	45,453
Cash flows from investing activities		
Purchase of property, plant and equipment	(20,369)	(28,529)
Proceeds from sales of property, plant and equipment	161	1,623
Purchase of intangible assets	(1,336)	(2,124)
Purchase of investment securities	(2,204)	(392)
Proceeds from sales of investment securities	707	257
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(27)
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(24)	–
Other	(1,235)	(3,019)
Net cash used in investing activities	(24,300)	(32,213)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(2,818)	2,456
Net increase (decrease) in commercial papers	–	(2,000)
Proceeds from long-term loans payable	10,000	409
Repayments of long-term loans payable	(5,200)	(955)
Proceeds from issuance of bonds	–	9,951
Redemption of bonds	–	(10,000)
Repayments of lease obligations	(3,782)	(3,886)
Purchase of treasury shares	(18)	(7)
Cash dividends paid	(4,923)	(5,722)
Dividends paid to non-controlling interests	(803)	(955)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(2,680)	–
Other	0	0
Net cash used in financing activities	(10,225)	(10,709)
Effect of exchange rate change on cash and cash equivalents	(148)	45
Net increase (decrease) in cash and cash equivalents	4,765	2,577
Cash and cash equivalents at beginning of period	20,668	25,434
Cash and cash equivalents at end of period	25,434	28,011

Industrial Segment Information

NICHIREI CORPORATION

(1) 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

(2) Fiscal Year Ended 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	Total	Adjustments	Consolidated
Net sales	225,180	62,987	81,685	195,723	3,077	4,103	572,757	–	572,757
Intra-group sales and transfers	269	107	2,414	16,597	1,568	796	21,753	(21,753)	–
Total	225,450	63,095	84,099	212,320	4,646	4,899	594,511	(21,753)	572,757
Operating profit	17,167	521	1,298	13,084	2,017	(325)	33,764	(814)	32,949

Forecast of Fiscal Year Ending March 31, 2022

NICHIREI CORPORATION

Forecast of Fiscal Year Ending March 31, 2022 (April 1, 2021 through March 31, 2022)

(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)	240,000	60,000	90,500	224,000	4,700	5,600	(24,800)	600,000
Operating profit	18,200	700	1,600	13,500	1,800	200	(1,000)	35,000

(*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.