

# Consolidated Financial Statements – Summary

February 4, 2020

(For the nine months ended December 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 for the Nine Months Ended December 31, 2019 (April 1, 2019 through December 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
<b>Nine months ended December 31, 2019</b>	<b>447,583</b>	<b>25,708</b>	<b>26,406</b>	<b>17,039</b>
Nine months ended December 31, 2018	445,641	23,745	24,280	16,321

(Note) Comprehensive income: Nine months ended December 31, 2019: 15,396 million yen (3.6%)  
 Nine months ended December 31, 2018: 14,865 million yen (-34.9%)

	E.P.S.	Diluted E.P.S.
	Yen	Yen
<b>Nine months ended December 31, 2019</b>	<b>127.87</b>	–
Nine months ended December 31, 2018	122.47	–

(2) Consolidated financial position

	Total assets	Total net assets	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
<b>As of December 31, 2019</b>	<b>402,718</b>	<b>191,448</b>	<b>45.8</b>	<b>1,383.68</b>
As of March 31, 2019	377,257	183,805	46.9	1,326.81

(Note) Shareholders' equity: As of December 31, 2019: 184,343 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	–	21.00	–		
FY ending March 31, 2020 (Forecast)				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	585,000	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 nine-month period ended December 31, 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 December 31, 2019: 139,965,587 shares

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

(ii) Total treasury stock at term end:

As of December 31, 2019: 6,738,719 shares

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

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

For the nine months ended December 31, 2019: 133,258,924 shares

For the nine months ended December 31, 2018: 133,269,643 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 December 31, 2019
<b>&lt;Assets&gt;</b>		
<b>Current assets</b>		
Cash and deposits	20,829	24,375
Notes and accounts receivable – trade	87,219	100,327
Merchandise and finished goods	37,535	36,653
Work in process	935	1,293
Raw materials and supplies	7,263	8,233
Other current assets	6,889	15,534
Allowance for doubtful accounts	(118)	(113)
<b>Total</b>	<b>160,554</b>	<b>186,304</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	244,223	245,016
Accumulated depreciation	(170,409)	(173,527)
Buildings and structures, net	73,814	71,489
Machinery, equipment and vehicles	102,216	103,034
Accumulated depreciation	(75,347)	(77,857)
Machinery, equipment and vehicles, net	26,869	25,177
Land	35,664	35,601
Leased assets	38,121	37,914
Accumulated depreciation	(22,267)	(23,106)
Leased assets, net	15,854	14,807
Construction in progress	657	6,272
Other	10,809	11,057
Accumulated depreciation	(8,213)	(8,614)
Other, net	2,595	2,443
<b>Total</b>	<b>155,456</b>	<b>155,792</b>
<b>Intangible assets</b>		
Goodwill	3,254	2,961
Other	6,315	6,191
<b>Total</b>	<b>9,569</b>	<b>9,152</b>
<b>Investments and other assets</b>		
Investment securities	40,543	40,347
Net defined benefit asset	56	56
Deferred tax assets	1,612	1,589
Other	9,750	9,753
Allowance for doubtful accounts	(287)	(277)
<b>Total</b>	<b>51,676</b>	<b>51,469</b>
<b>Total non-current assets</b>	<b>216,703</b>	<b>216,414</b>
<b>Total assets</b>	<b>377,257</b>	<b>402,718</b>

NICHIREI CORPORATION

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

	FY 2019 (As of March 31, 2019)	As of December 31, 2019
<b>&lt;Liabilities&gt;</b>		
<b>Current liabilities</b>		
Accounts payable – trade	25,547	29,116
Electronically recorded obligations – operating	2,194	2,915
Short-term loans payable	7,336	11,711
Commercial papers	2,000	6,000
Current portion of bonds payable	–	10,000
Current portion of long-term loans payable	5,202	956
Lease obligations	3,578	3,588
Accrued expenses	30,919	31,411
Income taxes payable	4,368	3,584
Provision for directors' bonuses	215	161
Other	18,198	19,803
<b>Total</b>	<b>99,561</b>	<b>119,249</b>
<b>Non-current liabilities</b>		
Bonds payable	40,000	30,000
Long-term loans payable	24,385	33,536
Lease obligations	13,449	12,294
Deferred tax liabilities	5,138	4,711
Provision for directors' retirement benefits	154	173
Net defined benefit liability	1,893	2,062
Asset retirement obligations	3,884	3,892
Long-term guarantee deposited	3,063	3,036
Other	1,922	2,313
<b>Total</b>	<b>93,890</b>	<b>92,020</b>
<b>Total liabilities</b>	<b>193,451</b>	<b>211,270</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	154,383
Treasury shares	(17,443)	(17,639)
<b>Total</b>	<b>162,756</b>	<b>172,854</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	13,997	12,565
Deferred gains or losses on hedges	661	841
Foreign currency translation adjustment	(594)	(1,918)
<b>Total</b>	<b>14,063</b>	<b>11,489</b>
<b>Non-controlling interests</b>	<b>6,985</b>	<b>7,105</b>
<b>Total net assets</b>	<b>183,805</b>	<b>191,448</b>
<b>Total liabilities and net assets</b>	<b>377,257</b>	<b>402,718</b>

# Consolidated Statements of Income

NICHIREI CORPORATION

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

	Nine months ended December 31, 2018 (Apr. 2018–Dec. 2018)	Nine months ended December 31, 2019 (Apr. 2019–Dec. 2019)
<b>Net sales</b>	<b>445,641</b>	<b>447,583</b>
Cost of sales	373,795	371,478
<b>Gross profit</b>	<b>71,845</b>	<b>76,104</b>
Selling, general and administrative expenses		
Transportation and warehousing expenses	12,795	13,678
Promotion expenses	1,042	739
Advertising expenses	2,825	3,302
Directors' compensations, employees' salaries, bonuses and allowance	13,148	13,619
Retirement benefit expenses	666	700
Legal and employee benefits expenses	2,576	2,551
Transportation and communication expenses	1,800	1,798
Rent expenses	1,483	1,499
Business consignment expenses	2,869	2,865
Research and development expense	1,694	1,839
Other	7,197	7,800
Total	48,100	50,395
<b>Operating profit</b>	<b>23,745</b>	<b>25,708</b>
Non-operating income		
Interest income	90	105
Dividend income	663	661
Share of profit of entities accounted for using equity method	401	352
Other	363	464
Total	1,519	1,584
Non-operating expenses		
Interest expenses	651	599
Other	332	286
Total	984	886
<b>Ordinary profit</b>	<b>24,280</b>	<b>26,406</b>
Extraordinary income		
Gain on sales of non-current assets	199	73
Gain on sales of investment securities	436	423
Total	636	497
Extraordinary losses		
Loss on sales of non-current assets	5	16
Loss on retirement of non-current assets	445	975
Impairment loss	47	67
Loss on disaster	187	–
Other	42	146
Total	729	1,205
<b>Profit before income taxes</b>	<b>24,187</b>	<b>25,699</b>
<b>Income taxes</b>	<b>7,392</b>	<b>7,851</b>
<b>Profit</b>	<b>16,795</b>	<b>17,847</b>
<b>Profit attributable to non-controlling interests</b>	<b>473</b>	<b>807</b>
<b>Profit attributable to owners of parent</b>	<b>16,321</b>	<b>17,039</b>

**Consolidated Statements of Comprehensive Income**

NICHIREI CORPORATION

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

	Nine months ended December 31, 2018 (Apr. 2018–Dec. 2018)	Nine months ended December 31, 2019 (Apr. 2019–Dec. 2019)
Profit	16,795	17,847
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,646)	(1,439)
Deferred gains or losses on hedges	1,371	188
Foreign currency translation adjustment	(645)	(1,284)
Share of other comprehensive income of entities, accounted for using equity method	(8)	84
Total	(1,929)	(2,450)
Comprehensive income	14,865	15,396
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,357	14,465
Comprehensive income attributable to non-controlling interests	508	931

## Industrial Segment Information

NICHIREI CORPORATION

### (1) Nine Months Ended December 31, 2018 (April 1, 2018 through December 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	172,667	57,398	68,190	140,874	2,532	3,977	445,641	–	445,641
Intra-group sales and transfers	326	86	1,541	11,936	1,042	548	15,480	(15,480)	–
Total	172,993	57,485	69,731	152,810	3,575	4,526	461,122	(15,480)	445,641
Operating profit	10,931	496	1,256	9,392	1,592	486	24,155	(410)	23,745

### (2) Nine Months Ended December 31, 2019 (April 1, 2019 through December 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	178,963	53,619	65,690	143,263	2,488	3,557	447,583	–	447,583
Intra-group sales and transfers	313	162	1,619	12,214	1,256	577	16,143	(16,143)	–
Total	179,276	53,782	67,310	155,477	3,744	4,135	463,727	(16,143)	447,583
Operating profit	13,930	560	716	9,576	1,645	(292)	26,137	(428)	25,708

### (3) 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	66,000	88,000	206,500	4,700	6,000	(21,200)	585,000
Operating profit	16,500	400	900	11,800	2,000	(300)	(800)	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.