

Consolidated Financial Statements – Summary

February 2, 2021

(For the nine months ended December 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 for the Nine Months Ended December 31, 2020 (April 1, 2020 through December 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
Nine months ended December 31, 2020	435,716	27,431	27,949	16,952
Nine months ended December 31, 2019	447,583	25,708	26,406	17,039

(Note) Comprehensive income: Nine months ended December 31, 2020: 16,625 million yen (8.0%)
 Nine months ended December 31, 2019: 15,396 million yen (3.6%)

	E.P.S.	Diluted E.P.S.
	Yen	Yen
Nine months ended December 31, 2020	127.23	–
Nine months ended December 31, 2019	127.87	–

(2) Consolidated financial position

	Total assets	Total net assets	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
As of December 31, 2020	410,163	202,356	47.5	1,462.58
As of March 31, 2020	390,004	191,388	47.3	1,384.90

(Note) Shareholders' equity: As of December 31, 2020: 194,907 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	–	22.00	–		
FY ending March 31, 2021 (Forecast)				28.00	50.00

(Notes) 1. Revisions to dividend forecasts published most recently (Y/N): No

2. Breakdown of the year-end dividend per share for the fiscal year ending March 31, 2021 (forecast):

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, 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	571,500	32,500	32,700	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): 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, 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 December 31, 2020: 140,003,877 shares

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

(ii) Total treasury stock at term end:

As of December 31, 2020: 6,741,369 shares

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

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

For the nine months ended December 31, 2020: 133,248,433 shares

For the nine months ended December 31, 2019: 133,258,924 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 2020 (As of March 31, 2020)	As of December 31, 2020
<Assets>		
Current assets		
Cash and deposits	25,933	26,562
Notes and accounts receivable – trade	82,269	97,758
Merchandise and finished goods	39,201	37,921
Work in process	889	1,410
Raw materials and supplies	7,843	9,311
Other current assets	14,303	8,836
Allowance for doubtful accounts	(131)	(137)
Total	170,308	181,663
Non-current assets		
Property, plant and equipment		
Buildings and structures	252,672	254,672
Accumulated depreciation	(174,989)	(177,734)
Buildings and structures, net	77,682	76,938
Machinery, equipment and vehicles	106,589	111,444
Accumulated depreciation	(78,832)	(81,659)
Machinery, equipment and vehicles, net	27,756	29,785
Land	36,007	38,652
Leased assets	37,323	38,093
Accumulated depreciation	(22,724)	(23,391)
Leased assets, net	14,598	14,702
Construction in progress	4,534	8,280
Other	11,509	11,738
Accumulated depreciation	(8,855)	(9,199)
Other, net	2,653	2,538
Total	163,233	170,897
Intangible assets		
Goodwill	2,754	1,536
Other	6,397	6,493
Total	9,152	8,029
Investments and other assets		
Investment securities	35,780	38,296
Net defined benefit asset	57	57
Deferred tax assets	1,912	1,915
Other	9,828	9,549
Allowance for doubtful accounts	(268)	(245)
Total	47,310	49,573
Total non-current assets	219,696	228,500
Total assets	390,004	410,163

NICHIREI CORPORATION

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

	FY 2020 (As of March 31, 2020)	As of December 31, 2020
<Liabilities>		
Current liabilities		
Accounts payable – trade	25,521	27,989
Electronically recorded obligations – operating	2,939	3,159
Short-term loans payable	4,292	11,665
Commercial papers	2,000	4,000
Current portion of bonds payable	10,000	10,000
Current portion of long-term loans payable	956	1,222
Lease obligations	3,605	3,581
Accrued expenses	34,893	31,767
Income taxes payable	5,299	3,741
Provision for directors' bonuses	228	162
Other	18,683	21,465
Total	108,419	118,754
Non-current liabilities		
Bonds payable	30,000	30,000
Long-term loans payable	33,420	32,730
Lease obligations	12,076	12,160
Deferred tax liabilities	2,830	3,195
Provision for directors' retirement benefits	175	158
Net defined benefit liability	2,014	1,983
Asset retirement obligations	3,935	4,002
Long-term guarantee deposited	3,044	2,143
Other	2,698	2,678
Total	90,196	89,052
Total liabilities	198,615	207,807
<Net assets>		
Shareholders' equity		
Capital stock	30,359	30,418
Capital surplus	5,750	5,795
Retained earnings	156,953	168,176
Treasury shares	(17,642)	(17,646)
Total	175,421	186,744
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,016	10,799
Deferred gains or losses on hedges	802	(294)
Foreign currency translation adjustment	(736)	(2,342)
Total	9,082	8,163
Non-controlling interests	6,884	7,449
Total net assets	191,388	202,356
Total liabilities and net assets	390,004	410,163

Consolidated Statements of Income

NICHIREI CORPORATION

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

	Nine months ended December 31, 2019 (Apr. 2019–Dec. 2019)	Nine months ended December 31, 2020 (Apr. 2020–Dec. 2020)
Net sales	447,583	435,716
Cost of sales	371,478	359,862
Gross profit	76,104	75,854
Selling, general and administrative expenses		
Transportation and warehousing expenses	13,678	13,658
Promotion expenses	739	766
Advertising expenses	3,302	2,224
Directors' compensations, employees' salaries, bonuses and allowance	13,619	14,019
Retirement benefit expenses	700	700
Legal and employee benefits expenses	2,551	2,868
Transportation and communication expenses	1,798	769
Rent expenses	1,499	1,535
Business consignment expenses	2,865	2,945
Research and development expense	1,839	1,792
Other	7,800	7,140
Total	50,395	48,423
Operating profit	25,708	27,431
Non-operating income		
Interest income	105	63
Dividend income	661	654
Share of profit of entities accounted for using equity method	352	387
Other	464	353
Total	1,584	1,458
Non-operating expenses		
Interest expenses	599	546
Other	286	393
Total	886	939
Ordinary profit	26,406	27,949
Extraordinary income		
Gain on sales of non-current assets	73	34
Gain on sales of investment securities	423	49
Other	–	10
Total	497	94
Extraordinary losses		
Loss on sales of non-current assets	16	6
Loss on retirement of non-current assets	975	750
Impairment loss	67	1,139
Other	146	32
Total	1,205	1,928
Profit before income taxes	25,699	26,116
Income taxes	7,851	8,045
Profit	17,847	18,070
Profit attributable to non-controlling interests	807	1,117
Profit attributable to owners of parent	17,039	16,952

Consolidated Statements of Comprehensive Income

NICHIREI CORPORATION

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

	Nine months ended December 31, 2019 (Apr. 2019–Dec. 2019)	Nine months ended December 31, 2020 (Apr. 2020–Dec. 2020)
Profit	17,847	18,070
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,439)	1,779
Deferred gains or losses on hedges	188	(1,114)
Foreign currency translation adjustment	(1,284)	(1,808)
Share of other comprehensive income of entities, accounted for using equity method	84	(301)
Total	(2,450)	(1,444)
Comprehensive income	15,396	16,625
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,465	16,033
Comprehensive income attributable to non-controlling interests	931	592

Industrial Segment Information

NICHIREI CORPORATION

(1) 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

(2) Nine Months Ended December 31, 2020 (April 1, 2020 through December 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	170,551	50,179	62,314	147,231	2,346	3,092	435,716	–	435,716
Intra-group sales and transfers	202	101	1,785	12,634	1,208	592	16,525	(16,525)	–
Total	170,754	50,281	64,100	159,866	3,554	3,684	452,242	(16,525)	435,716
Operating profit	13,381	666	1,041	11,322	1,589	(282)	27,719	(288)	27,431

(3) 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)	226,000	60,000	85,000	212,000	4,700	5,000	(21,200)	571,500
Operating profit	16,800	500	1,300	12,900	2,000	(300)	(700)	32,500

(*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.