

February 4, 2020

## Consolidated Financial Results

# Kikkoman Corporation Flash Report for Fiscal 2020 3Q

Nine-month period ended December 31, 2019

|                      |  |
|----------------------|--|
| Listed company name: | <b>Kikkoman Corporation</b>  |
| Shares listed:       | Tokyo (1st Section)  |
| Code No.:            | 2801   |
| URL:                 | <a href="https://www.kikkoman.com">https://www.kikkoman.com</a>                      |
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|   |                   |
|---|-------------------|
| Scheduled submission date of quarterly accounting report: | February 13, 2020 |
| Scheduled date for cash dividend payments:                | —                 |
| Supplementary Schedules for quarter:                      | Yes               |
| Results briefing for quarter:                             | None              |

**Notes:**

1. All information has been prepared in accordance with accounting principles and practices generally accepted in Japan.
2. Amounts less than ¥1 million, except for per share amounts, have been omitted in the following tables.

# 1. Business Performance for the Nine-month Period Ended December 31, 2019 (April 1, 2019 to December 31, 2019)

## 1) Business Performance

(Millions of yen)

|                                 | Net sales |           | Operating profit |           | Ordinary profit |           | Profit attributable to owners of parent |           |
|---------------------------------|-----------|-----------|------------------|-----------|-----------------|-----------|---|-----------|
|                                 | Amount    | Y o Y (%) | Amount           | Y o Y (%) | Amount          | Y o Y (%) | Amount                                  | Y o Y (%) |
| Apr. 1, 2019<br>- Dec. 31, 2019 | 355,496   | 3.5       | 32,612           | 5.7       | 33,607          | 7.6       | 23,407                                  | 4.8       |
| Apr. 1, 2018<br>- Dec. 31, 2018 | 343,390   | 5.3       | 30,859           | 3.6       | 31,225          | 5.5       | 22,340                                  | 9.3       |

(Note) Comprehensive Income

April 1, 2019 to December 31, 2019: ¥ 21,195 million ((7.7) %)

April 1, 2018 to December 31, 2018: ¥ 22,972 million ((18.3) %)

|                                 | Earnings per share<br>(yen) | Earnings per share<br>(Assuming full dilution) (yen) |
|---------------------------------|-----------------------------|--|
| Apr. 1, 2019<br>- Dec. 31, 2019 | 121.93                      | —  |
| Apr. 1, 2018<br>- Dec. 31, 2018 | 116.37                      | —  |

## 2) Financial Position

(Millions of yen)

|               | Total assets | Net assets | Shareholders' equity ratio |
|---------------|--------------|------------|----------------------------|
| Dec. 31, 2019 | 394,486      | 283,105    | 70.5%                      |
| Mar. 31, 2019 | 362,119      | 270,451    | 73.3%                      |

(Reference) Total shareholders' equity

December 31, 2019: ¥ 277,974 million

March 31, 2019: ¥ 265,428 million

## 2. Cash Dividends

|   | Cash dividends per share (yen) |                        |                         |                 |       |
|---|--------------------------------|------------------------|-------------------------|-----------------|-------|
|   | Three-month period ended       | Six-month period ended | Nine-month period ended | Full year ended | Total |
| Apr. 1, 2018<br>-Mar. 31, 2019                | —                              | 20.00                  | —                       | 21.00           | 41.00 |
| Apr. 1, 2019<br>-Mar. 31, 2020                | —                              | 21.00                  | —                       |                 |       |
| Apr. 1, 2019<br>-Mar. 31, 2020<br>(Estimated) |                                |                        |                         | 21.00           | 42.00 |

(Note) Revisions to recently announced forecasts of dividends: None

## 3. Forecasts of Business Performance for the Fiscal Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)

|                              | Net sales |           | Operating profit |           | Ordinary profit |           | Profit attributable to owners of parent |           | Earnings per share (yen) |
|------------------------------|-----------|-----------|------------------|-----------|-----------------|-----------|---|-----------|--------------------------|
|                              | Amount    | Y o Y (%) | Amount           | Y o Y (%) | Amount          | Y o Y (%) | Amount                                  | Y o Y (%) |                          |
| Apr.1, 2019-<br>Mar.31, 2020 | 465,200   | 2.6       | 39,120           | 1.8       | 38,400          | 1.3       | 26,590                                  | 2.3       | 138.51                   |

(Note) Revisions to recently announced forecasts of business performance: None

### [Notes]

- 1) Changes in important subsidiaries during the first nine months (Changes in certain specific subsidiaries resulting in a revised scope of consolidation): None
- 2) Application of special accounting methods in preparation for the consolidated quarterly financial statements: Yes

(Note) For details, please refer to the attachments to this report, Page 14, 2. Consolidated Quarterly Financial Statements and Main Notes, 3) Notes on quarterly consolidated financial statements, (Application of Special Accounting Methods in Preparation for the Consolidated Quarterly Financial Statements).

- 3) Changes in accounting policy, changes in accounting estimates and restatement of revisions
  - ① Changes in accounting policy associated with accounting standard revisions: Yes
  - ② Changes in accounting policy other than those in ① above: None
  - ③ Changes in accounting estimates: None
  - ④ Restatement of revisions: None

#### 4) Issued and outstanding shares (common stock)

- ① Shares issued and outstanding at end of period (including treasury stock)  
 December 31, 2019 — 193,883,202 shares      March 31, 2019 — 193,883,202 shares
- ② Treasury stock at end of period  
 December 31, 2019 — 1,908,286 shares      March 31, 2019 — 1,905,508 shares
- ③ Shares outstanding during the period (cumulative for period, consolidated)  
 December 31, 2019 — 191,976,348 shares      December 31, 2018 — 191,979,406 shares

\* This flash report is not included in the scope of an audit by certified public accountants or the audit corporations.

\* Explanation of appropriate use of business forecasts and other special matters.

##### (Caution Regarding Forward-looking Statements)

Forecasts of business performance and future developments noted in this report are based on assumptions from information available to management at the time of disclosure and deemed reasonable at the present time. Actual results may differ significantly from forecasts. For details of business performance forecasts and guidelines for assumptions, please refer to the attachments to this report, Page 9, 1. Qualitative Information and Consolidated Financial Statements, etc., 3) Explanation of forward-looking statements, including forecasts of consolidated business performance.

##### (How to obtain business performance presentation materials)

Kikkoman will publish supplementary schedules to the first nine months results on TD-net for viewing in Japan, and on its website.

## Table of Contents of Attachments

|  |    |
|--|----|
| 1. Qualitative Information and Consolidated Financial Statements, etc. ....  | 5  |
| 1) Explanation of business performance .....   | 5  |
| 2) Explanation of financial position .....   | 9  |
| 3) Explanation of forward-looking statements, including forecasts of consolidated business performance .....         | 9  |
| 2. Consolidated Quarterly Financial Statements and Main Notes .....  | 10 |
| 1) Consolidated Quarterly Balance Sheets.....  | 10 |
| 2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income .....   | 12 |
| Consolidated Quarterly Statements of Income  |    |
| (During the first nine months of fiscal 2020).....   | 12 |
| Consolidated Quarterly Statements of Comprehensive Income  |    |
| (During the first nine months of fiscal 2020).....   | 13 |
| 3) Notes on quarterly consolidated financial statements.....   | 14 |
| (Notes Regarding Going Concern) .....  | 14 |
| (Notes Regarding Significant Changes in Shareholders' Equity) .....  | 14 |
| (Application of Special Accounting Methods in Preparation for the Consolidated Quarterly Financial Statements) ..... | 14 |
| (Changes in accounting policies) .....   | 14 |
| (Segment Information, etc.) .....  | 15 |

# 1. Qualitative Information and Consolidated Financial Statements, etc.

## 1) Explanation of business performance

During the first nine months under review, the U.S. economy maintained a recovery and the European economy also continued to expand, albeit moderately. Overall, the global economy remained solid in general. The Japanese economy, too, remained on a path to revitalization at a moderate pace.

In this environment, the overall domestic sales of the Group rose year on year in the Foods—Manufacturing and Sales business due to steady sales of food products and beverages, despite year-on-year decreases in the sales of soy sauce and liquor and wine. Overseas sales climbed year on year, supported by the strong performance of the Foods—Manufacturing and Sales business and the Foods—Wholesale business.

As a result, consolidated operating results for the first nine months of fiscal 2020 were as follows.

## <Consolidated Financial Statements>

(Millions of yen, %)

(Amounts in ¥bn, %)

|   | FY2019 3Q             |       | FY2020 3Q             |       | Increase /Decrease |       |     | Translation difference | Increase /Decrease except translation difference |       |
|---|-----------------------|-------|-----------------------|-------|--------------------|-------|-----|------------------------|--|-------|
|   | 4.1.2018 – 12.31.2018 |       | 4.1.2019 – 12.31.2019 |       |                    |       |     |                        |  |       |
|   | Amount                | %     | Amount                | %     | Amount             | YoY   | %   |                        | Amount   | YoY   |
| Net sales                               | 343,390               | 100.0 | 355,496               | 100.0 | 12,106             | 103.5 | —   | (5,572)                | 17,679   | 105.1 |
| Operating profit                        | 30,859                | 9.0   | 32,612                | 9.2   | 1,752              | 105.7 | 0.2 | (541)                  | 2,294  | 107.4 |
| Ordinary profit                         | 31,225                | 9.1   | 33,607                | 9.5   | 2,381              | 107.6 | 0.4 | (486)                  | 2,867  | 109.2 |
| Profit attributable to owners of parent | 22,340                | 6.5   | 23,407                | 6.6   | 1,067              | 104.8 | 0.1 | (345)                  | 1,412  | 106.3 |
| Exchange rate (¥/US\$)                  | 110.82                |       | 109.10                |       | (1.72)             |       |     |                        |  |       |
| (¥/EUR)                                 | 129.38                |       | 121.46                |       | (7.92)             |       |     |                        |  |       |

## &lt;Reporting Segments&gt;

(Millions of yen, %)

(Millions of yen, %)

|  |                  | FY2019 3Q             |       | FY2020 3Q             |       | Increase /Decrease |       |     | Translation difference | Increase /Decrease except translation difference |       |
|--|------------------|-----------------------|-------|-----------------------|-------|--------------------|-------|-----|------------------------|--|-------|
|  |                  | 4.1.2018 – 12.31.2018 |       | 4.1.2019 – 12.31.2019 |       |                    |       |     |                        |  |       |
|  |                  | Amount                | %     | Amount                | %     | Amount             | YoY   | %   |                        | Amount   | YoY   |
| Domestic Foods—<br>Manufacturing and Sales | Net sales        | 136,193               | 100.0 | 139,360               | 100.0 | 3,166              | 102.3 | —   | —                      | 3,166  | 102.3 |
|  | Operating profit | 9,865                 | 7.2   | 10,585                | 7.6   | 720                | 107.3 | 0.4 | —                      | 720  | 107.3 |
| Domestic Others                            | Net sales        | 16,236                | 100.0 | 16,056                | 100.0 | (179)              | 98.9  | —   | —                      | (179)  | 98.9  |
|  | Operating profit | 1,322                 | 8.1   | 1,373                 | 8.6   | 50                 | 103.8 | 0.5 | —                      | 50   | 103.8 |
| Overseas Foods—<br>Manufacturing and Sales | Net sales        | 69,598                | 100.0 | 71,477                | 100.0 | 1,879              | 102.7 | —   | (1,914)                | 3,794  | 105.5 |
|  | Operating profit | 14,180                | 20.4  | 14,669                | 20.5  | 488                | 103.4 | 0.1 | (366)                  | 854  | 106.0 |
| Overseas Foods—<br>Wholesale               | Net sales        | 142,716               | 100.0 | 150,662               | 100.0 | 7,945              | 105.6 | —   | (3,885)                | 11,831   | 108.3 |
|  | Operating profit | 6,061                 | 4.2   | 6,946                 | 4.6   | 885                | 114.6 | 0.4 | (129)                  | 1,015  | 116.8 |
| Adjustments                                | Net sales        | (21,355)              | 100.0 | (22,060)              | 100.0 | (705)              | —     | —   | 227                    | (933)  | —     |
|  | Operating profit | (570)                 | —     | (963)                 | —     | (392)              | —     | —   | (45)                   | (347)  | —     |
| Consolidated Total                         | Net sales        | 343,390               | 100.0 | 355,496               | 100.0 | 12,106             | 103.5 | —   | (5,572)                | 17,679   | 105.1 |
|  | Operating profit | 30,859                | 9.0   | 32,612                | 9.2   | 1,752              | 105.7 | 0.2 | (541)                  | 2,294  | 107.4 |
| Exchange rate (¥/US\$)                     |                  | 110.82                |       | 109.10                |       | (1.72)             |       |     |                        |  |       |
| (¥/EUR)                                    |                  | 129.38                |       | 121.46                |       | (7.92)             |       |     |                        |  |       |

Performance in each reporting segment is outlined as follows.

## 【Domestic】

Sales in Japan were as follows.

## Foods—Manufacturing and Sales

This business segment comprises manufacturing and sales in Japan of products from the Soy Sauce Division and the Food Products Division, which includes *tsuyu* (soy sauce soup base), *tare* (dipping and marinade sauces), and Del Monte seasonings, as well as the Beverages Division, which includes soy milk beverages and Del Monte beverages, and the Liquor and Wine Division, which includes *mirin* and wines. Sales for each division were as follows.

## ■Soy Sauce Division

Sales of the *Itsudemo Shinsen* (always fresh) series of soy sauce increased in the home-use sector of the Soy Sauce Division with the increased understanding of its added values, such as the flavor of raw soy sauce and the easy-to-use bottles that keep the contents fresh, in the market attributable to the thorough execution of marketing measures, including TV advertising. In the meantime, sales fell year on year for products in conventional plastic bottles such as *Koikuchi Shoyu*. Sales were also down year on year in the industrial- and foodservice-use sectors. As a result, sales decreased year on year for the Soy Sauce Division.

## ■Food Products Division

Sales of *tsuyu* products decreased year on year, however in the home-use sector the *Gumen* series — a straight type *tsuyu* that does not need to be diluted — performed well while sales for other straight type *tsuyu* are weak. Sales of *tare* products rose year on year, reflecting the strong performance of the mainstay *Wagaya wa Yakinikuyasan* series and increased sales of products for industrial- and foodservice-use. Sales of the *Uchi no Gohan* series (handy Japanese-style seasoning mixes) surpassed the year-ago level due to the strong performance of the new *Kyabetsu no Garibatashoyuitame* as well as the growth of sales in the *Mazegohan no Moto* series. Sales grew year on year for Del Monte seasonings due to the strong performance of high value-added products including Lycopene-Rich.

As a result, sales rose year on year for the Food Products Division.

## ■Beverages Division

Sales of soy milk beverages rose year on year, with rising health awareness, due to the growth of products designated as Food for Specified Health Use and unprocessed soy milk, as well as an increase in the number of consumers who use soy milk, not only as a beverage but also as a cooking ingredient. Soy Milk *Okara* (soy pulp) Powder, launched in the previous year, introduced on the TV programs, also contributed to the sales growth in the sector.

Sales fell year on year for Del Monte beverages due to lackluster sales of vegetable juice and juice gifts, despite solid sales of tomato juice such as Lycopene-Rich and salt-free tomato juice.

As a result, sales grew year on year for the Beverages Division.

## ■Liquor and Wine Division

Sales decreased year on year for *Hon Mirin*. In the home-use sector, products in PET bottles did not perform well, which offset a rise in sales for high value-added products such as *Komekoji Kodawari-jikomi Hon Mirin* and in the industrial sector, sales for products in large containers fell year on year.

Sales declined year on year for wine. Although sales in the foodservice-use sector and of Japanese wine made from domestic grapes in the home-use sector, sales of other products were weak.

As a result, sales fell year on year for the Liquor and Wine Division.

As a result of the above, the Foods—Manufacturing and Sales segment recorded higher sales and higher profit, with net sales increasing 2.3% year on year, to ¥139,360 million, and operating profit increasing 7.3% year on year, to ¥10,585 million.

## Others

This segment includes production and sales of clinical diagnostic reagents, hygiene inspection agents, processing enzymes and chemical products such as hyaluronic acid, as well as real estate rental, logistics, back-office functions for the Kikkoman Group, and other businesses.

Sales of biochemical business suffered a year-on-year decline, reflecting lackluster sales of clinical diagnostic reagents and the impact of withdrawal from the alginic acid business, despite strong sales of hyaluronic acid.

As a result of the above, the Others segment recorded lower sales and higher profit, with net sales decreasing 1.1% year on year, to ¥16,056 million, and operating profit increasing 3.8% year on year, to ¥1,373 million.



## 【Overseas】

Sales overseas were as follows.

### Foods—Manufacturing and Sales

This business comprises overseas manufacturing and sales of products from the Soy Sauce Division, Del Monte Division, and the Other Foods Division, including health foods. Sales for each division were as follows.

#### ■Soy Sauce Division

In the North American market, the division did its business making use of the Kikkoman brand by continuing efforts to enhance the lineup of mainstay soy sauce products, soy sauce-based seasonings and other products for the home-use sector. In addition, the division worked to expand businesses in the industrial- and foodservice-use sectors, dealing with customer needs attentively. As a result, sales in the market rose year on year.

In the European market, sales grew year on year, aided by robust sales in key markets including Germany, France, the Netherlands and Italy.

In the Asia and Oceania market, sales rose in China. Sales also grew in Thailand and Indonesia among others. As a result, overall sales in the market were higher than the year-ago level.

As a result, aggregate sales in this division rose year on year.

#### ■Del Monte Division

This division manufactures and sells canned fruits, canned corn, tomato ketchup and other products in the Asia and Oceania region, and overall sales rose year on year.

#### ■Other Foods Division

This division manufactures and sells health foods, mainly in the North American region, and overall sales rose year on year.

As a result of the above, the Foods—Manufacturing and Sales segment recorded higher sales and higher profit, with net sales increasing 2.7% year on year, to ¥71,477 million, and operating profit increasing 3.4% year on year, to ¥14,669 million.

### Foods—Wholesale

This segment procures and sells oriental foods in Japan and overseas.

Sales grew in North America as a result of efforts to penetrate not only Asian markets but also local markets in general. Moreover, markets continued to grow in Europe and Asia and Oceania, leading to good growth in sales in each region. As a result, sales increased year on year for the segment.

As a result of the above, the Foods—Wholesale segment recorded higher sales and higher profit, with net sales increasing 5.6% year on year, to ¥150,662 million, and operating profit increasing 14.6% year on year, to ¥6,946 million.

As a result of the aforementioned segment results, the Company reported consolidated net sales for the first nine months of fiscal 2020 of ¥355,496 million increasing 3.5% year on year, operating profit of ¥32,612 million increasing 5.7%, ordinary profit of ¥33,607 million increasing 7.6%, and profit attributable to owners of parent of ¥23,407 million increasing 4.8%.

## 2) Explanation of financial position

### (Assets)

Current assets as of December 31, 2019 were ¥162,594 million, up ¥6,076 million from March 31, 2019. This was mainly due to an increase in notes and accounts receivable-trade. Noncurrent assets were ¥231,892 million, up ¥26,291 million. This was largely attributable to an increase in lease assets, net as a result of application of IFRS 16 “Leases” and ASU 2016-02 “Leases” at overseas subsidiaries.

As a result, total assets increased ¥32,367 million from March 31, 2019, to ¥394,486 million.

### (Liabilities)

Current liabilities as of December 31, 2019 were ¥63,195 million, up ¥6,955 million from March 31, 2019. This was mainly due to an increase in short-term loans payable. Noncurrent liabilities were ¥48,186 million, up ¥12,758 million from March 31, 2019. This was largely due to an increase in lease obligations as a result of application of IFRS 16 “Leases” and ASU 2016-02 “Leases” at overseas subsidiaries.

As a result, total liabilities increased ¥19,713 million from March 31, 2019, to ¥111,381 million.

### (Net Assets)

Net assets were ¥283,105 million, up ¥12,654 million from March 31, 2019. This was largely attributable to an increase in retained earnings, despite decreases in foreign currency translation adjustment.

As a result, the equity ratio was 70.5% (down from 73.3% on March 31, 2019).

## 3) Explanation of forward-looking statements, including forecasts of consolidated business performance

Consolidated earnings forecasts for the year ending March 31, 2020, remain unchanged from the forecasts accompanying the Flash Report for First Six Months of Fiscal 2020, disclosed on November 1, 2019.

There are no significant changes to business risks that might affect business performance from the disclosures in the latest securities report (submitted on June 25, 2019).

## 2. Consolidated Quarterly Financial Statements and Main Notes

## 1) Consolidated Quarterly Balance Sheets

|  | (Millions of yen)    |                         |
|--|----------------------|-------------------------|
|  | As of March 31, 2019 | As of December 31, 2019 |
| <b>Assets</b>                              |                      |                         |
| Current assets                             |                      |                         |
| Cash and deposits                          | 30,162               | 27,099                  |
| Notes and accounts receivable-trade        | 60,719               | 66,883                  |
| Short-term investment securities           | —                    | 20                      |
| Merchandise and finished goods             | 42,513               | 42,533                  |
| Work in process                            | 10,997               | 11,198                  |
| Raw materials and supplies                 | 5,330                | 5,611                   |
| Other                                      | 7,512                | 10,048                  |
| Allowance for doubtful accounts            | (717)                | (801)                   |
| <b>Total current assets</b>                | <b>156,518</b>       | <b>162,594</b>          |
| Noncurrent assets                          |                      |                         |
| Property, plant and equipment              |                      |                         |
| Buildings and structures, net              | 42,862               | 48,802                  |
| Machinery, equipment and vehicles, net     | 40,879               | 41,418                  |
| Land                                       | 20,936               | 20,936                  |
| Lease assets, net                          | 254                  | 16,527                  |
| Construction in progress                   | 14,080               | 14,386                  |
| Other, net                                 | 4,376                | 4,477                   |
| <b>Total property, plant and equipment</b> | <b>123,390</b>       | <b>146,549</b>          |
| Intangible assets                          |                      |                         |
| Goodwill                                   | 4,969                | 4,440                   |
| Other                                      | 5,339                | 5,336                   |
| <b>Total intangible assets</b>             | <b>10,308</b>        | <b>9,776</b>            |
| Investments and other assets               |                      |                         |
| Investment securities                      | 59,207               | 62,724                  |
| Long-term loans receivable                 | 1,491                | 1,771                   |
| Net defined benefit asset                  | 5,936                | 6,251                   |
| Deferred tax assets                        | 3,053                | 3,022                   |
| Other                                      | 3,940                | 3,798                   |
| Allowance for doubtful accounts            | (1,726)              | (2,000)                 |
| <b>Total investments and other assets</b>  | <b>71,902</b>        | <b>75,566</b>           |
| <b>Total noncurrent assets</b>             | <b>205,601</b>       | <b>231,892</b>          |
| <b>Total assets</b>                        | <b>362,119</b>       | <b>394,486</b>          |

|   | (Millions of yen)    |                         |
|---|----------------------|-------------------------|
|   | As of March 31, 2019 | As of December 31, 2019 |
| <b>Liabilities</b>                                    |                      |                         |
| Current liabilities                                   |                      |                         |
| Notes and accounts payable-trade                      | 22,383               | 23,295                  |
| Short-term loans payable                              | 3,487                | 8,798                   |
| Lease obligations                                     | 50                   | 2,498                   |
| Accounts payable-other                                | 18,872               | 15,883                  |
| Income taxes payable                                  | 3,230                | 4,601                   |
| Provision for bonuses                                 | 2,592                | 829                     |
| Provision for directors' bonuses                      | 125                  | 93                      |
| Other   | 5,497                | 7,194                   |
| Total current liabilities                             | 56,240               | 63,195                  |
| Noncurrent liabilities                                |                      |                         |
| Long-term loans payable                               | 13,602               | 13,602                  |
| Lease obligations                                     | 90                   | 14,674                  |
| Deferred tax liabilities                              | 7,934                | 8,073                   |
| Provision for directors' retirement benefits          | 711                  | 729                     |
| Provision for environmental measures                  | 31                   | 31                      |
| Net defined benefit liability                         | 5,511                | 5,317                   |
| Other   | 7,546                | 5,757                   |
| Total noncurrent liabilities                          | 35,427               | 48,186                  |
| Total liabilities                                     | 91,667               | 111,381                 |
| <b>Net assets</b>                                     |                      |                         |
| Shareholders' equity                                  |                      |                         |
| Capital stock   | 11,599               | 11,599                  |
| Capital surplus                                       | 13,695               | 13,695                  |
| Retained earnings                                     | 225,835              | 240,854                 |
| Treasury stock  | (3,631)              | (3,639)                 |
| Total shareholders' equity                            | 247,498              | 262,510                 |
| Accumulated other comprehensive income                |                      |                         |
| Valuation difference on available-for-sale securities | 17,521               | 17,429                  |
| Deferred gains or losses on hedges                    | (4)                  | 6                       |
| Foreign currency translation adjustment               | 1,081                | (1,176)                 |
| Remeasurements of defined benefit plans               | (667)                | (794)                   |
| Total Accumulated other comprehensive income          | 17,930               | 15,464                  |
| Non-controlling interests                             | 5,022                | 5,131                   |
| Total net assets                                      | 270,451              | 283,105                 |
| <b>Total liabilities and net assets</b>               | <b>362,119</b>       | <b>394,486</b>          |

## 2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income

### (Consolidated Quarterly Statements of Income) (During the first nine months of fiscal 2020)

|  | (Millions of yen)                      |  |
|--|--|--|
|  | Nine months ended<br>December 31, 2018 | Nine months ended<br>December 31, 2019 |
| Net sales  | 343,390                                | 355,496                                |
| Cost of sales                                    | 208,920                                | 216,478                                |
| Gross profit                                     | 134,469                                | 139,018                                |
| Selling, general and administrative expenses     | 103,609                                | 106,406                                |
| Operating profit                                 | 30,859                                 | 32,612                                 |
| Non-operating income                             |  |  |
| Interest income                                  | 191                                    | 199                                    |
| Dividends income                                 | 1,052                                  | 914                                    |
| Equity in earnings of affiliates                 | 200                                    | 225                                    |
| Rent income                                      | 521                                    | 532                                    |
| Foreign exchange gains                           | 37                                     | 874                                    |
| Gain on valuation of derivatives                 | 3,007                                  | 765                                    |
| Other  | 1,498                                  | 1,359                                  |
| Total non-operating income                       | 6,510                                  | 4,870                                  |
| Non-operating expenses                           |  |  |
| Interest expenses                                | 90                                     | 371                                    |
| Foreign exchange losses                          | 2,348                                  | 127                                    |
| Loss on valuation of derivatives                 | 1                                      | 20                                     |
| Other  | 3,703                                  | 3,356                                  |
| Total non-operating expenses                     | 6,144                                  | 3,876                                  |
| Ordinary profit                                  | 31,225                                 | 33,607                                 |
| Extraordinary income                             |  |  |
| Gain on sales of property, plant and equipment   | 393                                    | 15                                     |
| Gain on sales of investment securities           | —                                      | 148                                    |
| Total extraordinary income                       | 393                                    | 164                                    |
| Extraordinary loss                               |  |  |
| Loss on retirement of noncurrent assets          | 66                                     | 638                                    |
| Loss on valuation of investment securities       | —                                      | 20                                     |
| Loss on valuation of golf club membership        | 7                                      | 16                                     |
| Provision for environmental measures             | 259                                    | —                                      |
| Total extraordinary loss                         | 332                                    | 675                                    |
| Profit before income taxes                       | 31,286                                 | 33,095                                 |
| Income taxes                                     | 8,601                                  | 9,331                                  |
| Profit   | 22,685                                 | 23,764                                 |
| Profit attributable to non-controlling interests | 345                                    | 357                                    |
| Profit attributable to owners of parent          | 22,340                                 | 23,407                                 |

(Consolidated Quarterly Statements of Comprehensive Income)  
(During the first nine months of fiscal 2020)

|   | (Millions of yen)                      |  |
|---|--|--|
|   | Nine months ended<br>December 31, 2018 | Nine months ended<br>December 31, 2019 |
| Profit  | 22,685                                 | 23,764                                 |
| Other comprehensive income  |  |  |
| Valuation difference on available-for-sale securities                               | (3,491)                                | (131)                                  |
| Deferred gains or losses on hedges  | 36                                     | 11                                     |
| Foreign currency translation adjustment   | 3,863                                  | (2,373)                                |
| Remeasurements of defined benefit plans, net of tax                                 | 68                                     | (116)                                  |
| Share of other comprehensive income of associates accounted for using equity method | (190)                                  | 41                                     |
| Total other comprehensive income  | 287                                    | (2,569)                                |
| Comprehensive income  | 22,972                                 | 21,195                                 |
| Total comprehensive income attributable to:   |  |  |
| Owners of parent  | 22,782                                 | 20,941                                 |
| Non-controlling interests   | 189                                    | 254                                    |

### 3) Notes on quarterly consolidated financial statements (Notes Regarding Going Concern)

No applicable items.

### (Notes Regarding Significant Changes in Shareholders' Equity)

No applicable items.

### (Application of Special Accounting Methods in Preparation for the Consolidated Quarterly Financial Statements)

#### Calculation of tax expenses

The effective tax rate after application of deferred tax accounting to profit before income taxes and non-controlling interests for the consolidated fiscal year, including the first nine months under review, is reasonably estimated, and the tax expenses are calculated by multiplying this estimated effective tax rate by profit before income taxes and non-controlling interests.

### (Changes in accounting policies)

#### (Adoption of ASU2014-09 "Revenue from Contracts with Customers")

Certain overseas subsidiaries which apply U.S. GAAP have adopted ASU 2014-09 "Revenue from Contracts with Customers." from the first quarter of fiscal 2020.

With the adoption, the entity recognizes revenue upon the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in the exchange for those goods or services.

In adopting the accounting standard, retained earnings has been adjusted for the cumulative effects of the application at the beginning of the first quarter of fiscal 2020 in line with the transitional treatment of the standard.

The effect of this change on retained earnings at the beginning of the first quarter of fiscal 2020 and operating profit, ordinary profit, profit before income taxes, and profit for the first nine months of fiscal 2020 was immaterial.

#### (Application of IFRS 16 "Leases" and ASU 2016-02 "Leases")

IFRS 16 "Leases" and ASU 2016-02 "Leases" have been applied at overseas subsidiaries from the first quarter of fiscal 2020. With this application, lessees, in principle, record all leases as assets and liabilities on the balance sheets.

In applying the accounting standards, retained earnings has been adjusted for the cumulative effects of the application at the beginning of the first quarter of fiscal 2020 in line with the transitional treatment of the standards.

As a result, "lease assets, net" in noncurrent assets, "lease obligations" in current liabilities and "lease obligations" in noncurrent liabilities were ¥16,215 million, ¥2,435 million, and ¥14,501 million greater, respectively, than if the former accounting standards were applied.

The effect of this adjustment on operating profit, ordinary profit, profit before income taxes, and profit for the first nine months of fiscal 2020 was immaterial.

## (Segment Information, etc.)

## I. First nine months of fiscal 2019 (April 1, 2018 to December 31, 2018)

## Sales, Profit, and Losses by Reporting Segment

(Millions of yen)

|                               | Reporting Segment                                |                    |  |                                 |         | Adjustments<br>(Note 1) | Consoli-<br>dated<br>Total<br>(Note 2) |
|-------------------------------|--|--------------------|--|---------------------------------|---------|-------------------------|--|
|                               | Domestic<br>Foods—<br>Manufacturing<br>and Sales | Domestic<br>Others | Overseas<br>Foods—<br>Manufacturing<br>and Sales | Overseas<br>Foods—<br>Wholesale | Total   |                         |  |
| Sales                         |  |                    |  |                                 |         |                         |  |
| Sales to third parties        | 134,867  | 5,742              | 60,389   | 142,390                         | 343,390 | —                       | 343,390                                |
| Intragroup sales or transfers | 1,326  | 10,494             | 9,208  | 326                             | 21,355  | (21,355)                | —                                      |
| Total sales                   | 136,193  | 16,236             | 69,598   | 142,716                         | 364,745 | (21,355)                | 343,390                                |
| Operating profit              | 9,865  | 1,322              | 14,180   | 6,061                           | 31,430  | (570)                   | 30,859                                 |

(Notes)

1. Adjustments of ¥ (570) million in segment operating profit consist mainly of difference in the allocation of corporate expenses.
2. Segment operating profits are adjusted to the operating profits recorded in the consolidated statements of income.

## II. First nine months of fiscal 2020 (April 1, 2019 to December 31, 2019)

## Sales, Profit, and Losses by Reporting Segment

(Millions of yen)

|                               | Reporting Segment                                |                    |  |                                 |         | Adjustments<br>(Note 1) | Consoli-<br>dated<br>Total<br>(Note 2) |
|-------------------------------|--|--------------------|--|---------------------------------|---------|-------------------------|--|
|                               | Domestic<br>Foods—<br>Manufacturing<br>and Sales | Domestic<br>Others | Overseas<br>Foods—<br>Manufacturing<br>and Sales | Overseas<br>Foods—<br>Wholesale | Total   |                         |  |
| Sales                         |  |                    |  |                                 |         |                         |  |
| Sales to third parties        | 137,714  | 5,231              | 62,222   | 150,328                         | 355,496 | —                       | 355,496                                |
| Intragroup sales or transfers | 1,646  | 10,825             | 9,254  | 334                             | 22,060  | (22,060)                | —                                      |
| Total sales                   | 139,360  | 16,056             | 71,477   | 150,662                         | 377,557 | (22,060)                | 355,496                                |
| Operating profit              | 10,585   | 1,373              | 14,669   | 6,946                           | 33,575  | (963)                   | 32,612                                 |

(Notes)

1. Adjustments of ¥ (963) million in segment operating profit consist mainly of difference in the allocation of corporate expenses.
2. Segment operating profits are adjusted to the operating profits recorded in the consolidated statements of income.