

# Consolidated Financial Statements – Summary

May 9, 2017

(For the year ended March 31, 2017)

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, 2017 (April 1, 2016 through March 31, 2017)

### (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, 2017</b>	<b>539,657</b>	<b>29,309</b>	<b>29,105</b>	<b>18,751</b>
FY ended March 31, 2016	535,351	21,583	21,394	13,471

(Note) Comprehensive income: FY ended March 31, 2017: 22,668 million yen (176.5%)  
FY ended March 31, 2016: 8,199 million yen (-59.0%)

	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, 2017</b>	<b>135.11</b>	–	<b>12.1</b>	<b>8.5</b>	<b>5.4</b>
FY ended March 31, 2016	94.30	94.13	9.1	6.3	4.0

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

FY ended March 31, 2017: 278 million yen FY ended March 31, 2016: 131 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, 2017</b>	<b>346,195</b>	<b>164,747</b>	<b>46.0</b>	<b>1,156.52</b>
As of March 31, 2016	338,497	155,523	44.4	1,057.00

(Note) Shareholders' equity: As of March 31, 2017: 159,141 million yen  
As of March 31, 2016: 150,442 million yen

\* The Company executed a reverse stock split, which became effective on October 1, 2016, on the basis of one (1) share for every two (2) shares of its common stock. The figures for E.P.S. and diluted E.P.S. and equity per share were calculated accordingly, assuming that the reverse stock split had been effective from the beginning of the previous fiscal year.

### (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>As of March 31, 2017</b>	<b>40,828</b>	<b>(11,445)</b>	<b>(21,883)</b>	<b>20,512</b>
As of March 31, 2016	37,032	(14,496)	(20,351)	13,169

## 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, 2016	–	6.00	–	6.00	12.00	3,422	25.5	2.3
FY ended March 31, 2017	–	6.00	–	16.00	–	3,852	20.7	2.5
FY ending March 31, 2018 (Forecast)	–	15.00	–	15.00	30.00		22.5	

\* The Company executed a reverse stock split, which became effective on October 1, 2016, on the basis of one (1) share for every two (2) shares of its common stock. The year-end dividend per share for the fiscal year ended March 31, 2017 takes into account the effect of the reverse stock split, and the total annual dividend is left blank. When calculated based on the criteria after the reverse stock split, the annual dividend for the fiscal year ended March 31, 2016 is 24 yen and that for the fiscal year ended March 31, 2017 is 28 yen.

## 3. Estimation of Business Results of Fiscal Year Ending March 31, 2018 (April 1, 2017 through March 31, 2018)

(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, 2018	556,000	28,500	28,200	18,500	133.30

**\* 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.: Yes

(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, 2017: 147,925,532 shares

As of March 31, 2016: 147,925,532 shares

(ii) Total treasury stock at term end:

As of March 31, 2017: 10,322,296 shares

As of March 31, 2016: 5,596,719 shares

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

For the year ended March 31, 2017: 138,782,813 shares

For the year ended March 31, 2016: 142,860,717 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 2016 (As of March 31, 2016)	FY 2017 (As of March 31, 2017)
<b>&lt;Assets&gt;</b>		
<b>Current assets</b>		
Cash and deposits	13,169	20,512
Notes and accounts receivable – trade	76,836	76,464
Merchandise and finished goods	35,399	35,692
Work in process	453	418
Raw materials and supplies	6,657	6,236
Deferred tax assets	2,567	2,255
Other	4,393	4,772
Allowance for doubtful accounts	(94)	(79)
<b>Total</b>	<b>139,383</b>	<b>146,273</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	229,774	230,871
Accumulated depreciation	(157,596)	(161,658)
Buildings and structures, net	72,177	69,213
Machinery, equipment and vehicles	88,416	89,216
Accumulated depreciation	(65,568)	(68,239)
Machinery, equipment and vehicles, net	22,847	20,977
Land	33,694	34,215
Leased assets	41,407	41,165
Accumulated depreciation	(23,473)	(23,454)
Leased assets, net	17,933	17,711
Construction in progress	657	971
Other	9,050	9,332
Accumulated depreciation	(6,948)	(7,291)
Other, net	2,102	2,040
<b>Total</b>	<b>149,413</b>	<b>145,129</b>
<b>Intangible assets</b>		
Goodwill	2,768	2,442
Other	3,864	4,235
<b>Total</b>	<b>6,632</b>	<b>6,678</b>
<b>Investments and other assets</b>		
Investment securities	34,074	38,119
Net defined benefit asset	276	35
Deferred tax assets	1,023	1,125
Other	7,998	9,131
Allowance for doubtful accounts	(303)	(299)
<b>Total</b>	<b>43,068</b>	<b>48,114</b>
<b>Total non-current assets</b>	<b>199,114</b>	<b>199,921</b>
<b>Total assets</b>	<b>338,497</b>	<b>346,195</b>

NICHIREI CORPORATION

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

	FY 2016 (As of March 31, 2016)	FY 2017 (As of March 31, 2017)
<b>&lt;Liabilities&gt;</b>		
<b>Current liabilities</b>		
Accounts payable – trade	24,049	21,456
Electronically recorded obligations - operating	4,998	5,869
Short-term loans payable	2,420	2,411
Current portion of bonds payable	10,000	–
Current portion of long-term loans payable	6,191	7,323
Lease obligations	3,624	3,470
Accrued expenses	28,582	31,966
Income taxes payable	3,823	5,082
Provision for directors' bonuses	290	319
Other	11,226	10,916
<b>Total</b>	<b>95,208</b>	<b>88,816</b>
<b>Non-current liabilities</b>		
Bonds payable	30,000	40,000
Long-term loans payable	26,839	21,132
Lease obligations	15,580	15,441
Deferred tax liabilities	5,558	6,190
Provision for directors' retirement benefits	150	136
Net defined benefit liability	1,547	1,670
Asset retirement obligations	3,168	3,198
Long-term guarantee deposited	2,905	3,040
Other	2,014	1,820
<b>Total</b>	<b>87,765</b>	<b>92,631</b>
<b>Total liabilities</b>	<b>182,973</b>	<b>181,447</b>
<b>&lt;Net assets&gt;</b>		
<b>Shareholders' equity</b>		
Capital stock	30,307	30,307
Capital surplus	18,237	18,237
Retained earnings	97,319	112,734
Treasury shares	(6,197)	(15,189)
<b>Total</b>	<b>139,667</b>	<b>146,090</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	11,144	13,580
Deferred gains or losses on hedges	(873)	26
Foreign currency translation adjustment	503	(556)
<b>Total</b>	<b>10,774</b>	<b>13,050</b>
<b>Non-controlling interests</b>	<b>5,081</b>	<b>5,606</b>
<b>Total net assets</b>	<b>155,523</b>	<b>164,747</b>
<b>Total liabilities and net assets</b>	<b>338,497</b>	<b>346,195</b>

# Consolidated Statements of Income

NICHIREI CORPORATION

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

	FY 2016 (Apr. 2015–Mar. 2016)	FY 2017 (Apr. 2016–Mar. 2017)
<b>Net sales</b>	<b>535,351</b>	<b>539,657</b>
Cost of sales	454,265	448,516
<b>Gross profit</b>	<b>81,085</b>	<b>91,141</b>
Selling, general and administrative expenses		
Transportation and warehousing expenses	15,525	15,551
Promotion expenses	1,608	1,418
Advertising expenses	3,487	5,188
Directors' compensations, employees' salaries, bonuses and allowance	17,293	17,254
Retirement benefit expenses	882	882
Legal and employee benefits expenses	3,412	3,180
Transportation and communication expenses	2,298	2,295
Rent expenses	1,995	1,960
Business consignment expenses	2,733	3,118
Research and development expense	1,600	1,559
Other	8,662	9,421
Total	59,501	61,831
<b>Operating profit</b>	<b>21,583</b>	<b>29,309</b>
Non-operating income		
Interest income	86	133
Dividend income	578	582
Share of profit of entities accounted for using equity method	131	278
Other	909	438
Total	1,704	1,433
Non-operating expenses		
Interest expenses	1,053	954
Other	840	682
Total	1,893	1,637
<b>Ordinary profit</b>	<b>21,394</b>	<b>29,105</b>
Extraordinary income		
Gain on sales of non-current assets	37	412
Gain on sales of investment securities	183	–
Gain on change in equity	–	52
Other	–	3
Total	220	468
Extraordinary losses		
Loss on sales of non-current assets	22	8
Loss on retirement of non-current assets	638	798
Impairment loss	73	236
Loss on discontinued operations	280	–
Loss on revision of retirement benefit plan	–	295
Other	–	417
Total	1,014	1,756
<b>Profit before income taxes</b>	<b>20,600</b>	<b>27,818</b>
Income taxes – current	6,304	7,930
Income taxes – deferred	(371)	(607)
Total	5,933	7,322
<b>Profit</b>	<b>14,666</b>	<b>20,496</b>
Profit attributable to non-controlling interests	1,195	1,744
Profit attributable to owners of parent	13,471	18,751

**Consolidated Statements of Comprehensive Income**

NICHIREI CORPORATION

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

	FY 2016 (Apr. 2015–Mar. 2016)	FY 2017 (Apr. 2016–Mar. 2017)
Profit	14,666	20,496
Other comprehensive income		
Valuation difference on available-for-sale securities	170	2,436
Deferred gains or losses on hedges	(3,498)	922
Foreign currency translation adjustment	(2,995)	(1,084)
Share of other comprehensive income of entities, accounted for using equity method	(143)	(102)
Total	(6,467)	2,172
Comprehensive income	8,199	22,668
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,528	21,030
Comprehensive income attributable to non-controlling interests	671	1,638

# Consolidated Statements of Cash Flows

NICHIREI CORPORATION

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

	FY 2016 (Apr. 2015–Mar. 2016)	FY 2017 (Apr. 2016–Mar. 2017)
<b>Cash flows from operating activities</b>		
Profit before income taxes	20,600	27,818
Depreciation	16,455	16,057
Impairment loss	73	236
Increase (decrease) in allowance for doubtful accounts	87	(7)
Interest and dividend income	(664)	(716)
Interest expenses	1,053	954
Share of (profit) loss of entities accounted for using equity method	(131)	(278)
Loss (gain) on sales of non-current assets	(14)	(404)
Loss on retirement of non-current assets	638	798
Loss on discontinued operations	280	–
Loss (gain) on sales of investment securities	(183)	–
Loss (gain) on change in equity	–	(52)
Decrease (increase) in notes and accounts receivable – trade	(2,133)	(425)
Decrease (increase) in inventories	(1,122)	(251)
Increase (decrease) in notes and accounts payable – trade	1,661	(1,346)
Other	5,439	5,729
Subtotal	42,040	48,112
Interest and dividend income received	752	844
Interest expenses paid	(1,067)	(955)
Income taxes paid	(4,693)	(7,173)
<b>Net cash provided by operating activities</b>	<b>37,032</b>	<b>40,828</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(12,530)	(8,963)
Proceeds from sales of property, plant and equipment	59	508
Purchase of intangible assets	(867)	(1,058)
Purchase of investment securities	(311)	(529)
Proceeds from sales of investment securities	293	2
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	–	104
Other	(1,139)	(1,509)
<b>Net cash used in investing activities</b>	<b>(14,496)</b>	<b>(11,445)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(8,368)	26
Net increase (decrease) in commercial papers	(5,000)	–
Proceeds from long-term loans payable	5,000	1,562
Repayments of long-term loans payable	(3,097)	(6,163)
Proceeds from issuance of bonds	–	9,946
Redemption of bonds	–	(10,000)
Repayments of lease obligations	(3,959)	(3,863)
Purchase of treasury shares	(1,049)	(9,093)
Cash dividends paid	(3,138)	(3,353)
Dividends paid to non-controlling interests	(607)	(945)
Payments from changes in ownership interests in subsidiaries that do not result in a change in the scope of consolidation	(130)	–
Other	0	0
<b>Net cash provided by (used in) financing activities</b>	<b>(20,351)</b>	<b>(21,883)</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>(847)</b>	<b>(156)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,336</b>	<b>7,343</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>11,833</b>	<b>13,169</b>
<b>Cash and cash equivalents at end of period</b>	<b>13,169</b>	<b>20,512</b>

**Industrial Segment Information**

NICHIREI CORPORATION

**(1) Fiscal Year Ended March 31, 2016 (April 1, 2015 through March 31, 2016)**

(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	198,553	68,598	89,755	170,491	3,365	4,587	535,351	-	535,351
Intra-group sales and transfers	665	195	2,285	14,378	1,278	618	19,422	(19,422)	-
Total	199,219	68,794	92,040	184,869	4,643	5,206	554,773	(19,422)	535,351
Operating profit	7,959	652	382	9,950	2,197	906	22,048	(464)	21,583

**(2) Fiscal Year Ended March 31, 2017 (April 1, 2016 through March 31, 2017)**

(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	204,670	69,297	86,325	172,275	3,275	3,812	539,657	-	539,657
Intra-group sales and transfers	355	78	1,802	14,609	1,361	673	18,880	(18,880)	-
Total	205,025	69,376	88,128	186,884	4,636	4,485	558,538	(18,880)	539,657
Operating profit	13,872	794	1,610	10,632	2,124	605	29,640	(330)	29,309



## Forecast of Fiscal Year Ending March 31, 2018

NICHIREI CORPORATION

Forecast of Fiscal Year Ending March 31, 2018 (April 1, 2017 through March 31, 2018)

(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)	213,000	72,500	86,000	194,000	4,300	5,500	(19,300)	556,000
Operating profit	14,000	700	1,000	10,700	2,100	600	(600)	28,500

(\*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.