

# Consolidated Financial Statements – Summary

August 1, 2017

(For the three months ended June 30, 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 for the Three Months Ended June 30, 2017 (April 1, 2017 through June 30, 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>Three months ended June 30, 2017</b>	<b>139,008</b>	<b>7,887</b>	<b>8,147</b>	<b>4,997</b>
Three months ended June 30, 2016	132,238	7,443	7,625	5,216

(Note) Comprehensive income: Three months ended June 30, 2017: 6,428 million yen (147.6%)  
Three months ended June 30, 2016: 2,595 million yen (4.4%)

	E.P.S.	Diluted E.P.S.
	Yen	Yen
<b>Three months ended June 30, 2017</b>	<b>36.61</b>	–
Three months ended June 30, 2016	36.98	36.70

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. were calculated accordingly, assuming that the reverse stock split had been effective from the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Total net assets	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
<b>As of June 30, 2017</b>	<b>349,608</b>	<b>154,947</b>	<b>42.6</b>	<b>1,118.04</b>
As of March 31, 2017	346,195	164,747	46.0	1,156.52

(Note) Shareholders' equity: As of June 30, 2017: 149,007 million yen  
As of March 31, 2017: 159,141 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, 2017	–	6.00	–	16.00	–
FY ending March 31, 2018	–				
FY ending March 31, 2018 (Forecast)		15.00	–	15.00	30.00

(Note) Revisions to dividend forecasts published most recently (Y/N): No

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, 2017 is 28 yen.

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

	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	135.51

(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 three-month period ended June 30, 2017, 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 June 30, 2017: 139,925,532 shares

As of March 31, 2017: 147,925,532 shares

(ii) Total treasury stock at term end:

As of June 30, 2017: 6,650,477 shares

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

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

For the three months ended June 30, 2017: 136,521,107 shares

For the three months ended June 30, 2016: 141,050,217 shares

(Note)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 average number of outstanding shares during the period were calculated accordingly, assuming that the reverse stock split had been effective from the beginning of the previous fiscal year.

\* Quarterly financial summaries are not subject to quarterly review procedures.

\* 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 2017 (As of March 31, 2017)	As of June 30, 2017
<b>&lt;Assets&gt;</b>		
<b>Current assets</b>		
Cash and deposits	20,512	15,139
Notes and accounts receivable – trade	76,464	80,228
Merchandise and finished goods	35,692	36,575
Work in process	418	546
Raw materials and supplies	6,236	6,149
Deferred tax assets	2,255	2,228
Other current assets	4,772	8,201
Allowance for doubtful accounts	(79)	(83)
<b>Total</b>	<b>146,273</b>	<b>148,985</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	69,213	68,638
Machinery, equipment and vehicles, net	20,977	20,688
Land	34,215	34,204
Leased assets, net	17,711	17,248
Construction in progress	971	1,388
Other, net	2,040	2,054
<b>Total</b>	<b>145,129</b>	<b>144,222</b>
<b>Intangible assets</b>		
Goodwill	2,442	2,336
Other	4,235	4,095
<b>Total</b>	<b>6,678</b>	<b>6,432</b>
<b>Investments and other assets</b>		
Investment securities	38,119	40,062
Net defined benefit asset	35	35
Deferred tax assets	1,125	1,106
Other	9,131	9,061
Allowance for doubtful accounts	(299)	(296)
<b>Total</b>	<b>48,114</b>	<b>49,969</b>
<b>Total non-current assets</b>	<b>199,921</b>	<b>200,623</b>
<b>Total assets</b>	<b>346,195</b>	<b>349,608</b>

NICHIREI CORPORATION

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

	FY 2017 (As of March 31, 2017)	As of June 30, 2017
<b>&lt;Liabilities&gt;</b>		
<b>Current liabilities</b>		
Accounts payable – trade	21,456	25,024
Electronically recorded obligations – operating	5,869	4,246
Short-term loans payable	2,411	12,752
Commercial papers	–	7,000
Current portion of long-term loans payable	7,323	7,320
Lease obligations	3,470	3,458
Accrued expenses	31,966	25,833
Income taxes payable	5,082	2,468
Provision for directors' bonuses	319	61
Other	10,916	13,620
<b>Total</b>	<b>88,816</b>	<b>101,787</b>
<b>Non-current liabilities</b>		
Bonds payable	40,000	40,000
Long-term loans payable	21,132	21,085
Lease obligations	15,441	14,979
Deferred tax liabilities	6,190	6,846
Provision for directors' retirement benefits	136	113
Net defined benefit liability	1,670	1,736
Asset retirement obligations	3,198	3,203
Long-term guarantee deposited	3,040	3,002
Other	1,820	1,905
<b>Total</b>	<b>92,631</b>	<b>92,874</b>
<b>Total liabilities</b>	<b>181,447</b>	<b>194,661</b>
<b>&lt;Net assets&gt;</b>		
<b>Shareholders' equity</b>		
Capital stock	30,307	30,307
Capital surplus	18,237	7,617
Retained earnings	112,734	114,378
Treasury shares	(15,189)	(17,418)
<b>Total</b>	<b>146,090</b>	<b>134,885</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	13,580	14,994
Deferred gains or losses on hedges	26	163
Foreign currency translation adjustment	(556)	(1,036)
<b>Total</b>	<b>13,050</b>	<b>14,121</b>
<b>Non-controlling interests</b>	<b>5,606</b>	<b>5,940</b>
<b>Total net assets</b>	<b>164,747</b>	<b>154,947</b>
<b>Total liabilities and net assets</b>	<b>346,195</b>	<b>349,608</b>

# Consolidated Statements of Income

NICHIREI CORPORATION

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

	Three months ended June 30, 2016 (Apr. 2016–June 2016)	Three months ended June 30, 2017 (Apr. 2017–June 2017)
<b>Net sales</b>	<b>132,238</b>	<b>139,008</b>
Cost of sales	109,935	115,404
<b>Gross profit</b>	<b>22,302</b>	<b>23,604</b>
Selling, general and administrative expenses		
Transportation and warehousing expenses	3,839	3,895
Promotion expenses	514	610
Advertising expenses	875	985
Directors' compensations, employees' salaries, bonuses and allowance	4,179	4,324
Retirement benefit expenses	215	251
Legal and employee benefits expenses	822	822
Transportation and communication expenses	529	583
Rent expenses	501	517
Business consignment expenses	722	735
Research and development expense	364	463
Other	2,293	2,526
Total	14,858	15,716
<b>Operating profit</b>	<b>7,443</b>	<b>7,887</b>
Non-operating income		
Interest income	30	38
Dividend income	325	373
Share of profit of entities accounted for using equity method	115	18
Other	96	150
Total	568	581
Non-operating expenses		
Interest expenses	236	225
Other	150	95
Total	386	321
<b>Ordinary profit</b>	<b>7,625</b>	<b>8,147</b>
Extraordinary income		
Gain on sales of non-current assets	345	13
Total	345	13
Extraordinary losses		
Loss on sales of non-current assets	4	0
Loss on retirement of non-current assets	81	359
Impairment loss	2	2
Other	25	101
Total	113	464
<b>Profit before income taxes</b>	<b>7,857</b>	<b>7,696</b>
<b>Income taxes</b>	<b>2,143</b>	<b>2,311</b>
<b>Profit</b>	<b>5,713</b>	<b>5,384</b>
<b>Profit attributable to non-controlling interests</b>	<b>497</b>	<b>386</b>
<b>Profit attributable to owners of parent</b>	<b>5,216</b>	<b>4,997</b>

**Consolidated Statements of Comprehensive Income**

NICHIREI CORPORATION

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

	Three months ended June 30, 2016 (Apr. 2016–June 2016)	Three months ended June 30, 2017 (Apr. 2017–June 2017)
Profit	5,713	5,384
Other comprehensive income		
Valuation difference on available-for-sale securities	(864)	1,410
Deferred gains or losses on hedges	(1,029)	136
Foreign currency translation adjustment	(1,105)	(464)
Share of other comprehensive income of entities, accounted for using equity method	(118)	(38)
Total	(3,117)	1,043
Comprehensive income	2,595	6,428
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,345	6,069
Comprehensive income attributable to non-controlling interests	250	358

**Industrial Segment Information**

NICHIREI CORPORATION

**(1) Three Months Ended June 30, 2016 (April 1, 2016 through June 30, 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	50,729	16,278	21,252	42,418	819	739	132,238	–	132,238
Intra-group sales and transfers	99	45	398	3,563	338	167	4,612	(4,612)	–
Total	50,829	16,323	21,650	45,982	1,157	907	136,850	(4,612)	132,238
Operating profit	4,372	301	137	2,343	544	72	7,772	(328)	7,443

**(2) Three Months Ended June 30, 2017 (April 1, 2017 through June 30, 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	56,855	16,904	21,013	42,620	835	779	139,008	–	139,008
Intra-group sales and transfers	115	11	512	3,769	357	186	4,953	(4,953)	–
Total	56,971	16,915	21,525	46,389	1,193	965	143,962	(4,953)	139,008
Operating profit	4,428	137	342	2,666	546	108	8,229	(341)	7,887

## 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.