

Consolidated Financial Statements – Summary

October 31, 2017

(For the six months ended September 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 Six Months Ended September 30, 2017 (April 1, 2017 through September 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
Six months ended September 30, 2017	282,799	16,254	16,434	10,179
Six months ended September 30, 2016	270,043	16,059	15,916	10,605

(Note) Comprehensive income: Six months ended September 30, 2017: 13,910 million yen (107.1%)
Six months ended September 30, 2016: 6,717 million yen (62.7%)

	E.P.S.	Diluted E.P.S.
	Yen	Yen
Six months ended September 30, 2017	75.33	–
Six months ended September 30, 2016	75.87	75.55

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
As of September 30, 2017	365,446	162,527	42.7	1,169.96
As of March 31, 2017	346,195	164,747	46.0	1,156.52

(Note) Shareholders' equity: As of September 30, 2017: 155,925 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	–	15.00			
FY ending March 31, 2018 (Forecast)			–	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	567,000	30,500	30,600	19,500	144.31

(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 six-month period ended September 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 September 30, 2017: 139,925,532 shares

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

(ii) Total treasury stock at term end:

As of September 30, 2017: 6,651,243 shares

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

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

For the six months ended September 30, 2017: 135,129,708 shares

For the six months ended September 30, 2016: 139,793,254 shares

* 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 9.

Consolidated Balance Sheets

NICHIREI CORPORATION

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

	FY 2017 (As of March 31, 2017)	As of September 30, 2017
<Assets>		
Current assets		
Cash and deposits	20,512	17,725
Notes and accounts receivable – trade	76,464	90,148
Merchandise and finished goods	35,692	38,784
Work in process	418	1,223
Raw materials and supplies	6,236	5,926
Deferred tax assets	2,255	2,148
Other current assets	4,772	5,683
Allowance for doubtful accounts	(79)	(92)
Total	146,273	161,548
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	69,213	68,853
Machinery, equipment and vehicles, net	20,977	21,816
Land	34,215	34,231
Leased assets, net	17,711	16,987
Construction in progress	971	1,196
Other, net	2,040	2,080
Total	145,129	145,165
Intangible assets		
Goodwill	2,442	2,348
Other	4,235	4,374
Total	6,678	6,723
Investments and other assets		
Investment securities	38,119	40,689
Net defined benefit asset	35	35
Deferred tax assets	1,125	1,114
Other	9,131	10,464
Allowance for doubtful accounts	(299)	(294)
Total	48,114	52,009
Total non-current assets	199,921	203,898
Total assets	346,195	365,446

NICHIREI CORPORATION

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

	FY 2017 (As of March 31, 2017)	As of September 30, 2017
<Liabilities>		
Current liabilities		
Accounts payable – trade	21,456	28,617
Electronically recorded obligations – operating	5,869	2,691
Short-term loans payable	2,411	17,124
Commercial papers	–	10,000
Current portion of bonds	–	10,000
Current portion of long-term loans payable	7,323	516
Lease obligations	3,470	3,497
Accrued expenses	31,966	29,795
Income taxes payable	5,082	4,607
Provision for directors' bonuses	319	122
Other	10,916	13,418
Total	88,816	120,391
Non-current liabilities		
Bonds payable	40,000	30,000
Long-term loans payable	21,132	20,584
Lease obligations	15,441	14,668
Deferred tax liabilities	6,190	7,227
Provision for directors' retirement benefits	136	127
Net defined benefit liability	1,670	1,803
Asset retirement obligations	3,198	3,258
Long-term guarantee deposited	3,040	3,061
Other	1,820	1,796
Total	92,631	82,527
Total liabilities	181,447	202,918
<Net assets>		
Shareholders' equity		
Capital stock	30,307	30,307
Capital surplus	18,237	7,617
Retained earnings	112,734	119,560
Treasury shares	(15,189)	(17,421)
Total	146,090	140,064
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,580	15,377
Deferred gains or losses on hedges	26	634
Foreign currency translation adjustment	(556)	(150)
Total	13,050	15,860
Non-controlling interests	5,606	6,602
Total net assets	164,747	162,527
Total liabilities and net assets	346,195	365,446

Consolidated Statements of Income

NICHIREI CORPORATION

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

	Six months ended September 30, 2016 (Apr. 2016–Sep. 2016)	Six months ended September 30, 2017 (Apr. 2017–Sep. 2017)
Net sales	270,043	282,799
Cost of sales	224,038	235,058
Gross profit	46,004	47,740
Selling, general and administrative expenses		
Transportation and warehousing expenses	7,827	7,968
Promotion expenses	1,007	1,089
Advertising expenses	1,769	2,184
Directors' compensations, employees' salaries, bonuses and allowance	8,476	8,594
Retirement benefit expenses	424	473
Legal and employee benefits expenses	1,665	1,632
Transportation and communication expenses	1,107	1,168
Rent expenses	990	1,016
Business consignment expenses	1,456	1,502
Research and development expense	750	929
Other	4,469	4,928
Total	29,945	31,486
Operating profit	16,059	16,254
Non-operating income		
Interest income	59	68
Dividend income	359	422
Share of profit of entities accounted for using equity method	121	94
Other	170	236
Total	711	822
Non-operating expenses		
Interest expenses	478	449
Other	376	192
Total	854	642
Ordinary profit	15,916	16,434
Extraordinary income		
Gain on sales of non-current assets	357	39
Other	53	18
Total	410	57
Extraordinary losses		
Loss on sales of non-current assets	4	1
Loss on retirement of non-current assets	186	576
Impairment loss	3	4
Other	101	104
Total	295	686
Profit before income taxes	16,031	15,805
Income taxes	4,439	4,751
Profit	11,591	11,054
Profit attributable to non-controlling interests	985	875
Profit attributable to owners of parent	10,605	10,179

Consolidated Statements of Comprehensive Income

NICHIREI CORPORATION

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

	Six months ended September 30, 2016 (Apr. 2016–Sep. 2016)	Six months ended September 30, 2017 (Apr. 2017–Sep. 2017)
Profit	11,591	11,054
Other comprehensive income		
Valuation difference on available-for-sale securities	(11)	1,794
Deferred gains or losses on hedges	(824)	606
Foreign currency translation adjustment	(3,739)	473
Share of other comprehensive income of entities, accounted for using equity method	(297)	(19)
Total	(4,873)	2,855
Comprehensive income	6,717	13,910
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,489	12,989
Comprehensive income attributable to non-controlling interests	227	920

Consolidated Statements of Cash Flows

NICHIREI CORPORATION

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

	Six months ended September 30, 2016 (Apr. 2016–Sep. 2016)	Six months ended September 30, 2017 (Apr. 2017–Sep. 2017)
Cash flows from operating activities		
Income before income taxes	16,031	15,805
Depreciation	7,962	7,824
Impairment loss	3	4
Increase (decrease) in allowance for doubtful accounts	(7)	2
Interest and dividend income	(418)	(491)
Interest expenses	478	449
Share of (profit) loss of entities accounted for using equity method	(121)	(94)
Loss (gain) on sales of non-current assets	(352)	(37)
Loss on retirement of non-current assets	186	576
Decrease (increase) in notes and accounts receivable – trade	(3,895)	(13,476)
Decrease (increase) in inventories	(291)	(3,653)
Increase (decrease) in notes and accounts payable – trade	(1,173)	4,005
Other	(879)	(381)
Subtotal	17,521	10,533
Interest and dividend income received	469	557
Interest expenses paid	(483)	(450)
Income taxes paid	(4,072)	(4,975)
Net cash provided by (used in) operating activities	13,435	5,664
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,906)	(6,166)
Proceeds from sales of property, plant and equipment	419	116
Purchase of intangible assets	(658)	(675)
Purchase of investment securities	(415)	(27)
Other	(823)	(1,956)
Net cash provided by (used in) investing activities	(6,384)	(8,710)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	8,838	14,704
Net increase (decrease) in commercial papers	6,000	10,000
Proceeds from long-term loans payable	782	–
Repayments of long-term loans payable	(108)	(7,323)
Redemption of bonds	(10,000)	–
Repayments of lease obligations	(1,955)	(1,843)
Purchase of treasury shares	(8,985)	(14,004)
Cash dividends paid	(1,704)	(2,197)
Dividends paid to non-controlling interests	(191)	(29)
Payments from changes in ownership interests in subsidiaries that do not result in a change in the scope of consolidation	–	0
Net cash provided by (used in) financing activities	(7,324)	(692)
Effect of exchange rate change on cash and cash equivalents	(1,165)	176
Net increase (decrease) in cash and cash equivalents	(1,439)	(3,562)
Cash and cash equivalents at beginning of period	13,169	20,512
Cash and cash equivalents at end of period	11,730	16,950

Industrial Segment Information

NICHIREI CORPORATION

(1) Six Months Ended September 30, 2016 (April 1, 2016 through September 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	103,323	34,914	42,426	86,066	1,633	1,678	270,043	–	270,043
Intra-group sales and transfers	197	53	955	7,290	669	335	9,500	(9,500)	–
Total	103,520	34,968	43,382	93,356	2,303	2,013	279,544	(9,500)	270,043
Operating income	8,870	585	635	5,008	1,045	123	16,268	(209)	16,059

(2) Six Months Ended September 30, 2017 (April 1, 2017 through September 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	113,616	35,742	42,824	87,043	1,676	1,897	282,799	–	282,799
Intra-group sales and transfers	245	19	1,036	7,703	712	366	10,082	(10,082)	–
Total	113,862	35,761	43,860	94,746	2,388	2,263	292,882	(10,082)	282,799
Operating income	8,530	225	679	5,709	1,075	356	16,575	(321)	16,254

(3) 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 income	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)	222,300	73,000	89,000	192,500	4,800	5,200	(19,800)	567,000
Operating profit	14,700	700	1,400	11,500	2,100	700	(600)	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.