

Consolidated Financial Statements – Summary

February 6, 2018

(For the nine months ended December 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 for the Nine Months Ended December 31, 2017 (April 1, 2017 through December 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
Nine months ended December 31, 2017	435,067	25,618	26,038	16,326
Nine months ended December 31, 2016	414,637	26,333	26,247	17,167

(Note) Comprehensive income: Nine months ended December 31, 2017: 22,840 million yen (32.0%)
 Nine months ended December 31, 2016: 17,302 million yen (72.7%)

	E.P.S.	Diluted E.P.S.
	Yen	Yen
Nine months ended December 31, 2017	121.32	–
Nine months ended December 31, 2016	123.38	123.03

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 December 31, 2017	375,204	169,450	43.3	1,217.85
As of March 31, 2017	346,195	164,747	46.0	1,156.52

(Note) Shareholders' equity: As of December 31, 2017: 162,305 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	144.90

(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 nine-month period ended December 31, 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 December 31, 2017: 139,925,532 shares

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

(ii) Total treasury stock at term end:

As of December 31, 2017: 6,653,582 shares

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

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

For the nine months ended December 31, 2017: 134,572,787 shares

For the nine months ended December 31, 2016: 139,136,653 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 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 December 31, 2017
<Assets>		
Current assets		
Cash and deposits	20,512	17,119
Notes and accounts receivable – trade	76,464	98,449
Merchandise and finished goods	35,692	35,465
Work in process	418	1,706
Raw materials and supplies	6,236	6,845
Deferred tax assets	2,255	2,118
Other current assets	4,772	6,945
Allowance for doubtful accounts	(79)	(98)
Total	146,273	168,552
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	69,213	69,117
Machinery, equipment and vehicles, net	20,977	22,245
Land	34,215	34,270
Leased assets, net	17,711	16,543
Construction in progress	971	1,016
Other, net	2,040	2,065
Total	145,129	145,259
Intangible assets		
Goodwill	2,442	2,340
Other	4,235	5,096
Total	6,678	7,437
Investments and other assets		
Investment securities	38,119	42,807
Net defined benefit asset	35	35
Deferred tax assets	1,125	1,111
Other	9,131	10,386
Allowance for doubtful accounts	(299)	(386)
Total	48,114	53,955
Total non-current assets	199,921	206,652
Total assets	346,195	375,204

NICHIREI CORPORATION

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

	FY 2017 (As of March 31, 2017)	As of December 31, 2017
<Liabilities>		
Current liabilities		
Accounts payable – trade	21,456	30,106
Electronically recorded obligations – operating	5,869	2,820
Short-term loans payable	2,411	16,705
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	29,681
Income taxes payable	5,082	3,718
Provision for directors' bonuses	319	181
Other	10,916	15,790
Total	88,816	123,017
Non-current liabilities		
Bonds payable	40,000	30,000
Long-term loans payable	21,132	20,589
Lease obligations	15,441	14,213
Deferred tax liabilities	6,190	7,872
Provision for directors' retirement benefits	136	141
Net defined benefit liability	1,670	1,856
Asset retirement obligations	3,198	3,299
Long-term guarantee deposited	3,040	3,024
Other	1,820	1,738
Total	92,631	82,735
Total liabilities	181,447	205,753
<Net assets>		
Shareholders' equity		
Capital stock	30,307	30,307
Capital surplus	18,237	7,617
Retained earnings	112,734	123,708
Treasury shares	(15,189)	(17,428)
Total	146,090	144,204
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,580	16,702
Deferred gains or losses on hedges	26	656
Foreign currency translation adjustment	(556)	741
Total	13,050	18,100
Non-controlling interests	5,606	7,145
Total net assets	164,747	169,450
Total liabilities and net assets	346,195	375,204

Consolidated Statements of Income

NICHIREI CORPORATION

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

	Nine months ended December 31, 2016 (Apr. 2016– Dec. 2016)	Nine months ended December 31, 2017 (Apr. 2017– Dec. 2017)
Net sales	414,637	435,067
Cost of sales	342,936	362,163
Gross profit	71,700	72,904
Selling, general and administrative expenses		
Transportation and warehousing expenses	11,844	12,164
Promotion expenses	1,564	1,614
Advertising expenses	3,058	3,198
Directors' compensations, employees' salaries, bonuses and allowance	12,637	12,842
Retirement benefit expenses	637	725
Legal and employee benefits expenses	2,472	2,421
Transportation and communication expenses	1,666	1,782
Rent expenses	1,470	1,520
Business consignment expenses	2,172	2,358
Research and development expense	1,121	1,441
Other	6,721	7,216
Total	45,367	47,285
Operating profit	26,333	25,618
Non-operating income		
Interest income	94	110
Dividend income	536	610
Share of profit of entities accounted for using equity method	254	337
Other	288	352
Total	1,174	1,410
Non-operating expenses		
Interest expenses	710	670
Other	548	320
Total	1,259	990
Ordinary profit	26,247	26,038
Extraordinary income		
Gain on sales of non-current assets	378	56
Other	56	21
Total	434	77
Extraordinary losses		
Loss on sales of non-current assets	6	2
Loss on retirement of non-current assets	455	703
Impairment loss	13	4
Other	147	148
Total	622	859
Profit before income taxes	26,059	25,256
Income taxes	7,409	7,672
Profit	18,650	17,584
Profit attributable to non-controlling interests	1,483	1,258
Profit attributable to owners of parent	17,167	16,326

Consolidated Statements of Comprehensive Income

NICHIREI CORPORATION

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

	Nine months ended December 31, 2016 (Apr. 2016– Dec. 2016)	Nine months ended December 31, 2017 (Apr. 2017– Dec. 2017)
Profit	18,650	17,584
Other comprehensive income		
Valuation difference on available-for-sale securities	1,957	3,114
Deferred gains or losses on hedges	1,083	632
Foreign currency translation adjustment	(4,057)	1,470
Share of other comprehensive income of entities accounted for using equity method	(330)	38
Total	(1,348)	5,255
Comprehensive income	17,302	22,840
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	16,614	21,376
Comprehensive income attributable to non-controlling interests	687	1,463

Industrial Segment Information

NICHIREI CORPORATION

(1) Nine Months Ended December 31, 2016 (April 1, 2016 through December 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	156,816	56,103	65,956	130,437	2,449	2,873	414,637	–	414,637
Intra-group sales and transfers	279	67	1,355	11,102	996	505	14,305	(14,305)	–
Total	157,095	56,170	67,312	141,539	3,445	3,378	428,943	(14,305)	414,637
Operating income	13,122	1,187	1,386	8,810	1,578	377	26,462	(128)	26,333

(2) Nine Months Ended December 31, 2017 (April 1, 2017 through December 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	170,748	57,880	67,129	133,402	2,508	3,399	435,067	–	435,067
Intra-group sales and transfers	333	35	1,552	11,587	1,107	545	15,162	(15,162)	–
Total	171,081	57,916	68,682	144,989	3,615	3,944	450,229	(15,162)	435,067
Operating income	12,531	536	1,148	9,504	1,590	694	26,006	(388)	25,618

(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)	223,000	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.