

Consolidated Financial Statements – Summary

July 31, 2018

(For the three months ended June 30, 2018)

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, 2018 (April 1, 2018 through June 30, 2018)

(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
Three months ended June 30, 2018	141,306	6,580	6,930	4,611
Three months ended June 30, 2017	139,008	7,887	8,147	4,997

(Note) Comprehensive income: Three months ended June 30, 2018: 5,086 million yen (-20.9%)
Three months ended June 30, 2017: 6,428 million yen (147.6%)

	E.P.S.	Diluted E.P.S.
	Yen	Yen
Three months ended June 30, 2018	34.60	–
Three months ended June 30, 2017	36.61	–

(2) Consolidated financial position

	Total assets	Total net assets	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
As of June 30, 2018	376,564	172,742	44.1	1,244.78
As of March 31, 2018	367,268	169,680	44.3	1,221.04

(Note) Shareholders' equity: As of June 30, 2018: 165,891 million yen
As of March 31, 2018: 162,729 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, 2018	–	15.00	–	15.00	30.00
FY ending March 31, 2019	–				
FY ending March 31, 2019 (Forecast)		16.00	–	16.00	32.00

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

3. Estimation of Business Results of Fiscal Year Ending March 31, 2019 (April 1, 2018 through March 31, 2019)

	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, 2019	586,000	31,000	31,000	19,800	148.57

(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, 2018, and tax cost was calculated by multiplying quarterly net income before taxes by the effective tax rate.

(Additional Information)

(Adoption of the “Partial Amendments to Accounting Standard for Tax Effect Accounting,” etc.)

The Company has adopted the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28 on February 16, 2018), etc. from the beginning of the first quarter of the fiscal year under review. As a result, deferred tax assets are presented in investments and other assets, and deferred tax liabilities are presented in non-current liabilities.

(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, 2018: 139,925,532 shares

As of March 31, 2018: 139,925,532 shares

(ii) Total treasury stock at term end:

As of June 30, 2018: 6,655,463 shares

As of March 31, 2018: 6,655,050 shares

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

For the three months ended June 30, 2018: 133,270,283 shares

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

* Quarterly financial summaries are not subject to quarterly review by any certified public accountant or auditing firm.

* 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 2018 (As of March 31, 2018)	As of June 30, 2018
<Assets>		
Current assets		
Cash and deposits	18,299	18,194
Notes and accounts receivable – trade	85,103	89,294
Merchandise and finished goods	37,132	37,583
Work in process	835	1,127
Raw materials and supplies	7,290	7,612
Other current assets	4,989	9,266
Allowance for doubtful accounts	(86)	(87)
Total	153,564	162,991
Non-current assets		
Property, plant and equipment		
Buildings and structures	237,546	237,714
Accumulated depreciation	(167,080)	(167,812)
Buildings and structures, net	70,465	69,901
Machinery, equipment and vehicles	97,465	97,921
Accumulated depreciation	(71,955)	(72,674)
Machinery, equipment and vehicles, net	25,510	25,246
Land	35,643	35,607
Leased assets	37,475	37,712
Accumulated depreciation	(20,682)	(21,154)
Leased assets, net	16,792	16,558
Construction in progress	2,261	3,310
Other	9,960	10,036
Accumulated depreciation	(7,840)	(7,904)
Other, net	2,119	2,131
Total	152,792	152,756
Intangible assets		
Goodwill	2,307	2,177
Other	5,755	5,721
Total	8,062	7,898
Investments and other assets		
Investment securities	41,225	41,563
Net defined benefit asset	45	45
Deferred tax assets	2,099	1,765
Other	9,850	9,903
Allowance for doubtful accounts	(372)	(360)
Total	52,848	52,918
Total non-current assets	213,703	213,572
Total assets	367,268	376,564

NICHIREI CORPORATION

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

	FY 2018 (As of March 31, 2018)	As of June 30, 2018
<Liabilities>		
Current liabilities		
Accounts payable – trade	27,944	27,928
Electronically recorded obligations – operating	2,417	2,351
Short-term loans payable	6,237	12,958
Commercial papers	3,000	7,000
Current portion of bonds payable	10,000	10,000
Current portion of long-term loans payable	4,016	4,000
Lease obligations	3,579	3,491
Accrued expenses	32,782	28,341
Income taxes payable	4,552	2,173
Provision for directors' bonuses	290	63
Other	15,670	17,702
Total	110,489	116,008
Non-current liabilities		
Bonds payable	30,000	30,000
Long-term loans payable	26,591	27,347
Lease obligations	14,321	14,137
Deferred tax liabilities	5,469	5,854
Provision for directors' retirement benefits	151	132
Net defined benefit liability	1,888	1,902
Asset retirement obligations	3,448	3,443
Long-term guarantee deposited	3,072	3,080
Other	2,154	1,914
Total	87,098	87,812
Total liabilities	197,587	203,821
<Net assets>		
Shareholders' equity		
Capital stock	30,307	30,307
Capital surplus	7,617	7,617
Retained earnings	126,510	129,122
Treasury shares	(17,432)	(17,434)
Total	147,002	149,613
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15,451	15,717
Deferred gains or losses on hedges	(739)	539
Foreign currency translation adjustment	1,014	21
Total	15,726	16,278
Non-controlling interests	6,951	6,851
Total net assets	169,680	172,742
Total liabilities and net assets	367,268	376,564

Consolidated Statements of Income

NICHIREI CORPORATION

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

	Three months ended June 30, 2017 (Apr. 2017–June 2017)	Three months ended June 30, 2018 (Apr. 2018–June 2018)
Net sales	139,008	141,306
Cost of sales	115,404	118,793
Gross profit	23,604	22,512
Selling, general and administrative expenses		
Transportation and warehousing expenses	3,895	4,101
Promotion expenses	610	363
Advertising expenses	985	1,101
Directors' compensations, employees' salaries, bonuses and allowance	4,324	4,413
Retirement benefit expenses	251	230
Legal and employee benefits expenses	822	874
Transportation and communication expenses	583	582
Rent expenses	517	511
Business consignment expenses	735	924
Research and development expense	463	550
Other	2,526	2,276
Total	15,716	15,932
Operating profit	7,887	6,580
Non-operating income		
Interest income	38	34
Dividend income	373	401
Share of profit of entities accounted for using equity method	18	139
Other	150	116
Total	581	691
Non-operating expenses		
Interest expenses	225	221
Other	95	121
Total	321	342
Ordinary profit	8,147	6,930
Extraordinary income		
Gain on sales of non-current assets	13	60
Gain on sales of investment securities	–	46
Total	13	107
Extraordinary losses		
Loss on sales of non-current assets	0	0
Loss on retirement of non-current assets	359	142
Impairment loss	2	39
Other	101	12
Total	464	194
Profit before income taxes	7,696	6,843
Income taxes	2,311	2,142
Profit	5,384	4,700
Profit attributable to non-controlling interests	386	89
Profit attributable to owners of parent	4,997	4,611

Consolidated Statements of Comprehensive Income

NICHIREI CORPORATION

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

	Three months ended June 30, 2017 (Apr. 2017–June 2017)	Three months ended June 30, 2018 (Apr. 2018–June 2018)
Profit	5,384	4,700
Other comprehensive income		
Valuation difference on available-for-sale securities	1,410	266
Deferred gains or losses on hedges	136	1,278
Foreign currency translation adjustment	(464)	(1,122)
Share of other comprehensive income of entities, accounted for using equity method	(38)	(36)
Total	1,043	385
Comprehensive income	6,428	5,086
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,069	5,162
Comprehensive income attributable to non-controlling interests	358	(76)

Industrial Segment Information

NICHIREI CORPORATION

(1) 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

(2) Three Months Ended June 30, 2018 (April 1, 2018 through June 30, 2018)

(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	55,903	16,691	21,979	44,936	844	951	141,306	–	141,306
Intra-group sales and transfers	90	33	572	3,831	339	181	5,049	(5,049)	–
Total	55,993	16,725	22,551	48,768	1,184	1,133	146,356	(5,049)	141,306
Operating profit	3,269	28	339	2,676	533	77	6,923	(342)	6,580

Forecast of Fiscal Year Ending March 31, 2019

NICHIREI CORPORATION

Forecast of Fiscal Year Ending March 31, 2019 (April 1, 2018 through March 31, 2019)

(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)	229,000	75,000	92,000	200,000	4,800	5,700	(20,500)	586,000
Operating profit	15,000	700	1,400	11,500	2,200	800	(600)	31,000

(*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.