

Consolidated Financial Statements – Summary

February 5, 2019

(For the nine months ended December 31, 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 Nine Months Ended December 31, 2018 (April 1, 2018 through December 31, 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
Nine months ended December 31, 2018	445,641	23,745	24,280	16,321
Nine months ended December 31, 2017	435,067	25,618	26,038	16,326

(Note) Comprehensive income: Nine months ended December 31, 2018: 14,865 million yen (-34.9%)
 Nine months ended December 31, 2017: 22,840 million yen (32.0%)

	E.P.S.	Diluted E.P.S.
	Yen	Yen
Nine months ended December 31, 2018	122.47	-
Nine months ended December 31, 2017	121.32	-

(2) Consolidated financial position

	Total assets	Total net assets	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
As of December 31, 2018	386,424	180,149	44.7	1,297.40
As of March 31, 2018	367,268	169,680	44.3	1,221.04

(Note) Shareholders' equity: As of December 31, 2018: 172,902 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	-	16.00	-		
FY ending March 31, 2019 (Forecast)				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	580,000	30,000	30,500	20,000	150.07

(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, 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 December 31, 2018: 139,925,532 shares

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

(ii) Total treasury stock at term end:

As of December 31, 2018: 6,657,312 shares

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

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

For the nine months ended December 31, 2018: 133,269,643 shares

For the nine months ended December 31, 2017: 134,572,787 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 December 31, 2018
<Assets>		
Current assets		
Cash and deposits	18,299	19,843
Notes and accounts receivable – trade	85,103	100,925
Merchandise and finished goods	37,132	37,428
Work in process	835	1,048
Raw materials and supplies	7,290	8,166
Other current assets	4,989	8,241
Allowance for doubtful accounts	(86)	(103)
Total	153,564	175,550
Non-current assets		
Property, plant and equipment		
Buildings and structures	237,546	239,685
Accumulated depreciation	(167,080)	(170,118)
Buildings and structures, net	70,465	69,567
Machinery, equipment and vehicles	97,465	100,103
Accumulated depreciation	(71,955)	(74,844)
Machinery, equipment and vehicles, net	25,510	25,259
Land	35,643	35,662
Leased assets	37,475	37,423
Accumulated depreciation	(20,682)	(21,862)
Leased assets, net	16,792	15,561
Construction in progress	2,261	3,724
Other	9,960	10,445
Accumulated depreciation	(7,840)	(8,161)
Other, net	2,119	2,283
Total	152,792	152,058
Intangible assets		
Goodwill	2,307	2,140
Other	5,755	5,950
Total	8,062	8,090
Investments and other assets		
Investment securities	41,225	39,162
Net defined benefit asset	45	51
Deferred tax assets	2,099	1,827
Other	9,850	10,001
Allowance for doubtful accounts	(372)	(317)
Total	52,848	50,725
Total non-current assets	213,703	210,874
Total assets	367,268	386,424

NICHIREI CORPORATION

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

	FY 2018 (As of March 31, 2018)	As of December 31, 2018
<Liabilities>		
Current liabilities		
Accounts payable – trade	27,944	30,723
Electronically recorded obligations – operating	2,417	2,666
Short-term loans payable	6,237	10,186
Commercial papers	3,000	5,000
Current portion of bonds payable	10,000	–
Current portion of long-term loans payable	4,016	8,575
Lease obligations	3,579	3,466
Accrued expenses	32,782	31,294
Income taxes payable	4,552	3,249
Provision for directors' bonuses	290	187
Other	15,670	19,597
Total	110,489	114,948
Non-current liabilities		
Bonds payable	30,000	40,000
Long-term loans payable	26,591	22,930
Lease obligations	14,321	13,203
Deferred tax liabilities	5,469	4,679
Provision for directors' retirement benefits	151	156
Net defined benefit liability	1,888	1,934
Asset retirement obligations	3,448	3,486
Long-term guarantee deposited	3,072	3,070
Other	2,154	1,865
Total	87,098	91,326
Total liabilities	197,587	206,275
<Net assets>		
Shareholders' equity		
Capital stock	30,307	30,307
Capital surplus	7,617	7,617
Retained earnings	126,510	138,652
Treasury shares	(17,432)	(17,439)
Total	147,002	159,138
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15,451	12,800
Deferred gains or losses on hedges	(739)	631
Foreign currency translation adjustment	1,014	331
Total	15,726	13,764
Non-controlling interests	6,951	7,247
Total net assets	169,680	180,149
Total liabilities and net assets	367,268	386,424

Consolidated Statements of Income

NICHIREI CORPORATION

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

	Nine months ended December 31, 2017 (Apr. 2017–Dec. 2017)	Nine months ended December 31, 2018 (Apr. 2018–Dec. 2018)
Net sales	435,067	445,641
Cost of sales	362,163	373,795
Gross profit	72,904	71,845
Selling, general and administrative expenses		
Transportation and warehousing expenses	12,164	12,795
Promotion expenses	1,614	1,042
Advertising expenses	3,198	2,825
Directors' compensations, employees' salaries, bonuses and allowance	12,842	13,148
Retirement benefit expenses	725	666
Legal and employee benefits expenses	2,421	2,576
Transportation and communication expenses	1,782	1,800
Rent expenses	1,520	1,483
Business consignment expenses	2,358	2,869
Research and development expense	1,441	1,694
Other	7,216	7,197
Total	47,285	48,100
Operating profit	25,618	23,745
Non-operating income		
Interest income	110	90
Dividend income	610	663
Share of profit of entities accounted for using equity method	337	401
Other	352	363
Total	1,410	1,519
Non-operating expenses		
Interest expenses	670	651
Other	320	332
Total	990	984
Ordinary profit	26,038	24,280
Extraordinary income		
Gain on sales of non-current assets	56	199
Gain on sales of investment securities	14	436
Other	6	–
Total	77	636
Extraordinary losses		
Loss on sales of non-current assets	2	5
Loss on retirement of non-current assets	703	445
Impairment loss	4	47
Loss on disaster	–	187
Other	148	42
Total	859	729
Profit before income taxes	25,256	24,187
Income taxes	7,672	7,392
Profit	17,584	16,795
Profit attributable to non-controlling interests	1,258	473
Profit attributable to owners of parent	16,326	16,321

Consolidated Statements of Comprehensive Income

NICHIREI CORPORATION

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

	Nine months ended December 31, 2017 (Apr. 2017–Dec. 2017)	Nine months ended December 31, 2018 (Apr. 2018–Dec. 2018)
Profit	17,584	16,795
Other comprehensive income		
Valuation difference on available-for-sale securities	3,114	(2,646)
Deferred gains or losses on hedges	632	1,371
Foreign currency translation adjustment	1,470	(645)
Share of other comprehensive income of entities, accounted for using equity method	38	(8)
Total	5,255	(1,929)
Comprehensive income	22,840	14,865
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	21,376	14,357
Comprehensive income attributable to non-controlling interests	1,463	508

Industrial Segment Information

NICHIREI CORPORATION

(1) 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 profit	12,531	536	1,148	9,504	1,590	694	26,006	(388)	25,618

(2) Nine Months Ended December 31, 2018 (April 1, 2018 through December 31, 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	172,667	57,398	68,190	140,874	2,532	3,977	445,641	–	445,641
Intra-group sales and transfers	326	86	1,541	11,936	1,042	548	15,480	(15,480)	–
Total	172,993	57,485	69,731	152,810	3,575	4,526	461,122	(15,480)	445,641
Operating profit	10,931	496	1,256	9,392	1,592	486	24,155	(410)	23,745

(3) Fiscal Year Ended 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	Total	Adjustments	Consolidated
Net sales	220,273	71,448	88,316	180,017	3,356	4,619	568,032	–	568,032
Intra-group sales and transfers	413	62	2,076	15,076	1,512	725	19,866	(19,866)	–
Total	220,686	71,511	90,393	195,093	4,869	5,344	587,899	(19,866)	568,032
Operating profit	14,573	305	1,301	11,255	2,152	811	30,399	(501)	29,897

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)	226,900	72,000	91,000	200,000	4,800	5,800	(20,500)	580,000
Operating profit	14,700	300	1,500	11,300	2,200	600	(600)	30,000

(*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.