

## Consolidated Financial Results

# Kikkoman Corporation Flash Report 2018 (Japanese GAAP) (Consolidated)

Year ended March 31, 2018

Listed company name: **Kikkoman Corporation**  
Shares listed: Tokyo (1st Section)  
Code No.: 2801  
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Scheduled Date of Ordinary General Meeting of Shareholders: June 26, 2018  
Scheduled Date of Dividend Payment Commencement: June 27, 2018  
Scheduled Date for Release of Annual Securities Report: June 26, 2018  
Business Performance Presentation to Be Held: Yes

Notes:

1. All information has been prepared in accordance with accounting principles and practices generally accepted in Japan.
2. Amounts less than ¥1 million, except for per share amounts, have been omitted in the following tables.

## 1. Business Performance for the Year Ended March 31, 2018 (April 1, 2017 to March 31, 2018)

### 1) Business Performance

(Millions of yen)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Amount	Y o Y (%)	Amount	Y o Y (%)	Amount	Y o Y (%)	Amount	Y o Y (%)
Apr. 1, 2017 –Mar. 31, 2018	430,602	7.1	36,502	11.1	35,985	12.3	23,846	0.1
Apr. 1, 2016 –Mar. 31, 2017	402,174	(1.5)	32,842	0.7	32,037	3.2	23,810	19.3

(Note) Comprehensive Income

April 1, 2017 to March 31, 2018: ¥ 21,287 million ((17.3) %)

April 1, 2016 to March 31, 2017: ¥ 25,728 million (248.8 %)

	Net income per share (yen)	Net income per share (Assuming full dilution) (yen)	ROE	Ordinary income to total assets	Operating income ratio to net sales
Apr. 1, 2017 –Mar. 31, 2018	123.71	—	9.8	10.2	8.5
Apr. 1, 2016 –Mar. 31, 2017	123.28	—	10.3	8.8	8.2

(Reference) Equity-method investment gain

April 1, 2017 to March 31, 2018: ¥ 172 million

April 1, 2016 to March 31, 2017: ¥ 4 million

### 2) Financial Position

(Millions of yen)

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share (yen)
Mar. 31, 2018	346,921	253,289	71.5%	1,292.18
Mar. 31, 2017	361,248	244,437	66.4%	1,242.71

(Reference) Total shareholders' equity

March 31, 2018: ¥ 248,072 million

March 31, 2017: ¥ 240,009 million

### 3) Cash Flows

(Millions of yen)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Apr. 1, 2017 –Mar. 31, 2018	37,645	(14,640)	(43,968)	22,785
Apr. 1, 2016 –Mar. 31, 2017	26,136	13,235	(30,359)	44,205

## 2. Cash Dividends

	Cash dividends per share (yen)					Cash dividends total (full year) (millions of yen)	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	Three-month period ended	Six-month period ended	Nine-month period ended	Full year ended	Total			
Apr. 1, 2016 -Mar. 31, 2017	—	16.00	—	18.00	34.00	6,568	27.6%	2.8%
Apr. 1, 2017 -Mar. 31, 2018	—	22.00	—	17.00	39.00	7,514	31.5%	3.1%
Apr. 1, 2018 -Mar. 31, 2019 (Estimated)	—	20.00	—	20.00	40.00		30.1%	

## 3. Forecasts of Business Performance for the Fiscal Year Ending March 31, 2019 (April 1, 2018 to March 31, 2019)

(Millions of yen)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share (yen)
	Amount	Y o Y (%)	Amount	Y o Y (%)	Amount	Y o Y (%)	Amount	Y o Y (%)	
Apr.1, 2018-Sep.30, 2018	218,650	1.9	19,460	2.0	18,600	(1.3)	13,200	9.6	68.76
Apr.1, 2018-Mar.31, 2019	442,000	2.6	37,600	3.0	36,200	0.6	25,500	6.9	132.83

### \*Notes

- 1) Changes in important subsidiaries during the period (Changes in certain specified subsidiaries resulting in revised scope of consolidation): Yes

Newly consolidated companies: KUNSHAN PRESIDENT KIKKOMAN BIOTECHNOLOGY CO., LTD.

Newly unconsolidated companies: None

- 2) Changes in accounting policy, changes in accounting estimates and restatement of revisions

- ① Changes in accounting policy associated with accounting standard revisions: None  
 ② Changes in accounting policy other than those in ① above: None  
 ③ Changes in accounting estimates: None  
 ④ Restatement of revisions: None

- 3) Issued and outstanding shares (common stock)

- ① Shares issued and outstanding at end of period (including treasury stock)  
 March 31, 2018 — 210,383,202 shares      March 31, 2017 — 210,383,202 shares  
 ② Treasury stock at end of period  
 March 31, 2018 — 18,403,085 shares      March 31, 2017 — 17,249,765 shares  
 ③ Shares outstanding during the period (cumulative for period, consolidated)  
 March 31, 2018 — 192,764,970 shares      March 31, 2017 — 193,143,926 shares

## (Reference) Overview of Non-consolidated Results

1. Business Performance (unconsolidated) for the Year Ended March 31, 2018  
(April 1, 2017 to March 31, 2018)

## 1) Business Performance (unconsolidated)

(Millions of yen)

	Net sales		Operating income		Ordinary income		Net income	
	Amount	Y o Y (%)	Amount	Y o Y (%)	Amount	Y o Y (%)	Amount	Y o Y (%)
Apr. 1, 2017 –Mar. 31, 2018	22,457	10.9	7,102	20.0	8,066	32.0	8,247	302.5
Apr. 1, 2016 –Mar. 31, 2017	20,241	8.5	5,919	12.1	6,109	30.2	2,049	(52.7)

	Net income per share (yen)	Net income per share (Assuming full dilution) (yen)
Apr. 1, 2017 –Mar. 31, 2018	42.77	—
Apr. 1, 2016 –Mar. 31, 2017	10.61	—

## 2) Financial Position (unconsolidated)

(Millions of yen)

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share (yen)
Mar. 31, 2018	211,579	89,472	42.3 %	465.91
Mar. 31, 2017	236,084	93,404	39.6 %	483.48

(Note) Total shareholders' equity

March 31, 2018: ¥ 89,472 million

March 31, 2017: ¥ 93,404 million

\* This flash report is not included in the scope of an audit by certified public accountants or the audit corporations.

\* Explanation of appropriate use of business forecasts and other special matters

(Caution Regarding Forward-looking Statements)

Forecasts of business performance and future developments noted in this report are based on assumptions from information available to management at the time of disclosure and deemed reasonable at the present time. Actual results may differ materially from forecasts. For details of business performance forecasts and guidelines for assumptions, please refer to the attachments to this report, Page 6, 2.Consolidated Business Forecasts.

(How to obtain business performance presentation materials)

(1)Kikkoman will publish supplementary schedules on TD-net for viewing in Japan, and on its website.

(2)Kikkoman plans to publish business performance presentation materials on its website.

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## 1. Consolidated Operating Results

### <Consolidated Financial Statements>

(Millions of yen, %)

	Fiscal 2017 Actual		Fiscal 2018 Actual		Increase /Decrease			Translation difference	Increase /Decrease except translation difference	
	4.1.2016 – 3.31.2017		4.1.2017 – 3.31.2018		Amount	YoY	%		Amount	YoY
	Amount	%	Amount	%						
Net Sales	402,174	100.0	430,602	100.0	28,428	107.1	—	6,246	22,182	105.5
Operating Income	32,842	8.2	36,502	8.5	3,659	111.1	0.3	799	2,859	108.7
Ordinary Income	32,037	8.0	35,985	8.4	3,948	112.3	0.4	725	3,222	110.1
Net income attributable to owners of parent	23,810	5.9	23,846	5.5	35	100.1	(0.4)	474	(439)	98.2
Exchange Rate (¥/US\$)	109.03		110.81		1.78					
(¥/EUR)	119.37		129.45		10.08					

### <Reporting segments>

(Millions of yen, %)

		Fiscal 2017 Actual		Fiscal 2018 Actual		Increase /Decrease			Translation difference	Increase /Decrease except translation difference	
		4.1.2016 – 3.31.2017		4.1.2017 – 3.31.2018		Amount	YoY	%		Amount	YoY
		Amount	%	Amount	%						
Domestic Foods-Manufacturing and Sales	Net Sales	167,337	100.0	172,437	100.0	5,099	103.0	—	—	5,099	103.0
	Operating Income	8,306	5.0	10,385	6.0	2,079	125.0	1.1	—	2,079	125.0
Domestic Others	Net Sales	21,035	100.0	21,149	100.0	114	100.5	—	—	114	100.5
	Operating Income	1,443	6.9	1,465	6.9	22	101.5	0.1	—	22	101.5
Overseas Foods-Manufacturing and Sales	Net Sales	81,783	100.0	89,453	100.0	7,669	109.4	—	2,485	5,183	106.3
	Operating Income	16,251	19.9	17,791	19.9	1,539	109.5	0.0	560	979	106.0
Overseas Foods-Wholesale	Net Sales	156,868	100.0	174,457	100.0	17,589	111.2	—	4,123	13,466	108.6
	Operating Income	7,648	4.9	8,166	4.7	518	106.8	(0.2)	162	355	104.6
Adjustments	Net Sales	(24,851)	100.0	(26,895)	100.0	(2,043)	—	—	(362)	(1,681)	—
	Operating Income	(806)	—	(1,307)	—	(500)	—	—	76	(577)	—
Amount recorded in consolidated financial statements	Net Sales	402,174	100.0	430,602	100.0	28,428	107.1	—	6,246	22,182	105.5
	Operating Income	32,842	8.2	36,502	8.5	3,659	111.1	0.3	799	2,859	108.7
Exchange Rate (¥/US\$)		109.03		110.81		1.78					
(¥/EUR)		119.37		129.45		10.08					

## 2. Consolidated Business Forecasts

Consolidated business forecasts for the year ending March 31, 2019 are as follows:

(Millions of yen)

	Net Sales	Operating income	Ordinary income	Net income attributable to owners of parent	Net income per share (yen)
Apr. 1, 2018 –Mar. 31, 2019	442,000	37,600	36,200	25,500	132.83
Apr. 1, 2017 –Mar. 31, 2018	430,602	36,502	35,985	23,846	123.71
Changes (YoY)	11,397 (102.6%)	1,097 (103.0%)	214 (100.6%)	1,653 (106.9%)	9.12 (-)

- \* Kikkoman is assuming an average foreign exchange rate of US\$1=¥105.00 for the year ending March 31, 2019. (¥110.81 for the year ended March 31, 2018)
- \* The above forecasts are prepared assuming economic conditions prevailing at the time of preparation. Actual results may differ from these business forecasts due to various unforeseen factors.

## 3. Basic policy for selecting accounting standards

Kikkoman is considering adopting the International Financial Reporting Standards (IFRS) to increase the international comparability of financial information in capital markets.

## 4. Consolidated Financial Statements

### 1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	45,297	22,196
Notes and accounts receivable-trade	54,930	58,452
Short-term investment securities	1,184	2,892
Merchandise and finished goods	34,120	37,760
Work in process	10,855	10,894
Raw materials and supplies	4,640	4,991
Deferred tax assets	4,534	4,492
Other	11,877	7,159
Allowance for doubtful accounts	(483)	(499)
Total current assets	166,958	148,340
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	42,449	41,240
Machinery, equipment and vehicles, net	33,987	36,768
Land	22,273	20,779
Lease assets, net	234	213
Construction in progress	3,592	7,264
Other, net	3,807	3,856
Total property, plant and equipment	106,344	110,121
Intangible assets		
Goodwill	5,826	5,081
Other	5,769	5,440
Total intangible assets	11,595	10,522
Investments and other assets		
Investment securities	63,180	65,151
Long-term loans receivable	919	773
Net defined benefit assets	6,523	7,371
Deferred tax assets	2,442	1,363
Other	4,045	4,303
Allowance for doubtful accounts	(762)	(1,027)
Total investments and other assets	76,350	77,936
Total noncurrent assets	194,290	198,580
<b>Total assets</b>	361,248	346,921



	(Millions of yen)	
	As of March 31, 2017	As of March 31, 2018
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	21,196	21,535
Short-term loans payable	2,820	3,692
Lease obligations	44	33
Accounts payable-other	16,771	17,737
Income taxes payable	1,888	3,433
Provision for bonuses	2,383	2,497
Provision for directors' bonuses	101	115
Other	6,668	8,487
<b>Total current liabilities</b>	<b>51,875</b>	<b>57,532</b>
Noncurrent liabilities		
Bonds payable	30,000	—
Long-term loans payable	13,300	13,000
Lease obligations	54	40
Deferred tax liabilities	9,048	10,251
Provision for directors' retirement benefits	786	712
Provision for environmental measures	349	124
Net defined benefit liabilities	4,521	4,783
Other	6,877	7,187
<b>Total noncurrent liabilities</b>	<b>64,936</b>	<b>36,099</b>
<b>Total liabilities</b>	<b>116,811</b>	<b>93,631</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	11,599	11,599
Capital surplus	13,914	13,915
Retained earnings	222,614	238,660
Treasury stock	(30,600)	(35,616)
<b>Total shareholders' equity</b>	<b>217,528</b>	<b>228,558</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20,306	20,956
Deferred gains or losses on hedges	(3)	(38)
Foreign currency translation adjustment	2,652	(2,050)
Remeasurements of defined benefit plans	(473)	647
<b>Total Accumulated other comprehensive income</b>	<b>22,481</b>	<b>19,514</b>
Non-controlling interests	4,427	5,216
<b>Total net assets</b>	<b>244,437</b>	<b>253,289</b>
<b>Total liabilities and net assets</b>	<b>361,248</b>	<b>346,921</b>

## 2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

### (Consolidated Statements of Income)

	(Millions of yen)	
	Year ended March 31, 2017	Year ended March 31, 2018
Net sales	402,174	430,602
Cost of sales	242,343	260,426
Gross profit	159,830	170,176
Selling, general and administrative expenses		
Selling expenses	96,482	102,220
General and administrative expenses	30,505	31,453
Total selling, general and administrative expenses	126,988	133,673
Operating income	32,842	36,502
Non-operating income		
Interest income	148	257
Dividends income	1,369	987
Equity in earnings of affiliates	4	172
Rent income	712	701
Foreign exchange gains	560	2,701
Other	1,662	1,963
Total non-operating income	4,458	6,783
Non-operating expenses		
Interest expenses	762	304
Sales discounts	719	747
Loss on valuation of derivatives	22	2,169
Other	3,758	4,079
Total non-operating expenses	5,264	7,300
Ordinary income	32,037	35,985
Extraordinary income		
Gain on sales of property, plant and equipment	46	—
Gain on sales of investment securities	166	3,981
Total extraordinary income	213	3,981
Extraordinary loss		
Impairment loss	443	141
Loss on retirement of noncurrent assets	—	305
Amortization of goodwill	3,813	—
Loss on valuation of investment securities	—	1,076
Loss on valuation of subsidiary securities	103	381
Loss on sales of shares of subsidiaries and associates	377	—
Loss on valuation of golf club membership	—	2
Loss on bond retirement	432	1,668
100th anniversary project cost	—	392
Total extraordinary loss	5,170	3,967
Income before income taxes	27,079	35,999
Income taxes-current	8,379	10,390
Income taxes-deferred	(5,162)	1,450
Total income taxes	3,216	11,841
Net income	23,863	24,157
Net income attributable to non-controlling interests	53	311
Net income attributable to owners of parent	23,810	23,846

## (Consolidated Statements of Comprehensive Income)

	(Millions of yen)	
	Year ended March 31, 2017	Year ended March 31, 2018
Net income	23,863	24,157
Other comprehensive income		
Valuation difference on available-for-sale securities	2,413	653
Deferred gains or losses on hedges	18	(35)
Foreign currency translation adjustment	(1,736)	(4,530)
Remeasurements of defined benefit plans, net of tax	2,419	1,128
Share of other comprehensive income of associates accounted for using equity method	(1,250)	(86)
Total other comprehensive income	1,865	(2,870)
Comprehensive income	25,728	21,287
Total comprehensive income attributable to:		
Owners of parent	25,468	20,833
Non-controlling interests	259	454

## 3) Consolidated Statements of Changes in Net Assets

	(Millions of yen)	
	Year ended March 31, 2017	Year ended March 31, 2018
<b>Shareholders' equity</b>		
Capital stock		
Balance at beginning of the period	11,599	11,599
Changes of items during the period		
Total changes of items during the period	—	—
Balance at end of the period	11,599	11,599
Capital surplus		
Balance at beginning of the period	13,912	13,914
Cumulative effects of the change in accounting policy	—	—
Balance at the beginning of the period after the retroactive application	13,932	13,914
Changes of items during the period		
Disposal of treasury stock	2	0
Total changes of items during the period	2	0
Balance at end of the period	13,914	13,915
Retained earnings		
Balance at beginning of the period	208,035	222,614
Changes of items during the period		
Dividends from surplus	(9,273)	(7,727)
Net income attributable to owners of parent	23,810	23,846
Change of scope of consolidation	231	(72)
Change of scope of equity method	(188)	—
Total changes of items during the period	14,579	16,045
Balance at end of the period	222,614	238,660
Treasury stock		
Balance at beginning of the period	(30,833)	(30,600)
Changes of items during the period		
Purchase of treasury stock	(75)	(5,016)
Disposal of treasury stock	2	0
Change of scope of equity method	305	—
Total changes of items during the period	232	(5,016)
Balance at end of the period	(30,600)	(35,616)

	(Millions of yen)	
	Year ended March 31, 2017	Year ended March 31, 2018
<b>Total shareholders' equity</b>		
Balance at beginning of the period	202,713	217,528
<b>Changes of items during the period</b>		
Dividends from surplus	(9,273)	(7,727)
Net income attributable to owners of parent	23,810	23,846
Change of scope of consolidation	231	(72)
Purchase of treasury stock	(75)	(5,016)
Disposal of treasury stock	4	1
Change of scope of equity method	116	—
Total changes of items during the period	14,814	11,030
Balance at end of the period	217,528	228,558

	(Millions of yen)	
	Year ended March 31, 2017	Year ended March 31, 2018
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities		
Balance at beginning of the period	18,728	20,306
Changes of items during the period		
Net changes of items other than shareholders' equity	1,577	649
Total changes of items during the period	1,577	649
Balance at end of the period	20,306	20,956
Deferred gains or losses on hedges		
Balance at beginning of the period	(14)	(3)
Changes of items during the period		
Net changes of items other than shareholders' equity	11	(35)
Total changes of items during the period	11	(35)
Balance at end of the period	(3)	(38)
Foreign currency translation adjustment		
Balance at beginning of the period	5,203	2,652
Changes of items during the period		
Net changes of items other than shareholders' equity	(2,550)	(4,703)
Total changes of items during the period	(2,550)	(4,703)
Balance at end of the period	2,652	(2,050)
Remeasurements of defined benefit plans		
Balance at beginning of the period	(2,947)	(473)
Changes of items during the period		
Net changes of items other than shareholders' equity	2,473	1,121
Total changes of items during the period	2,473	1,121
Balance at end of the period	(473)	647
<b>Total accumulated other comprehensive income</b>		
Balance at beginning of the period	20,970	22,481
Changes of items during the period		
Net changes of items other than shareholders' equity	1,511	(2,967)
Total changes of items during the period	1,511	(2,967)
Balance at end of the period	22,481	19,514

	(Millions of yen)	
	Year ended March 31, 2017	Year ended March 31, 2018
<b>Non-controlling interests</b>		
Balance at beginning of the period	1,991	4,427
<b>Changes of items during the period</b>		
Net changes of items other than shareholders' equity	2,435	789
<b>Total changes of items during the period</b>	<b>2,435</b>	<b>789</b>
Balance at end of the period	4,427	5,216
<b>Total net assets</b>		
Balance at beginning of the period	225,675	244,437
<b>Changes of items during the period</b>		
Dividends from surplus	(9,273)	(7,727)
Net income attributable to owners of parent	23,810	23,846
Change of scope of consolidation	231	(72)
Purchase of treasury stock	(75)	(5,016)
Disposal of treasury stock	4	1
Change of scope of equity method	116	—
Net changes of items other than shareholders' equity	3,947	(2,177)
<b>Total changes of items during the period</b>	<b>18,761</b>	<b>8,852</b>
Balance at end of the period	244,437	253,289

## 4) Consolidated Statements of Cash Flows

	(Millions of yen)	
	Year ended March 31, 2017	Year ended March 31, 2018
<b>Cash flows from operating activities</b>		
Income before income taxes	27,079	35,999
Depreciation and amortization	12,339	13,160
Impairment loss	443	141
Increase (decrease) in provision for directors' retirement benefits	(10)	(74)
Increase (decrease) in net defined benefit liabilities	418	1,157
Interest and dividends income	(1,517)	(1,245)
Interest expenses	762	304
Equity in (earnings) losses of affiliates	(4)	(172)
Loss (gain) on sales of property, plant and equipment	(51)	(231)
Loss (gain) on sales of investment securities	210	(3,981)
Loss on retirement of property, plant and equipment	303	813
Loss (gain) on valuation of investment securities	—	1,077
Decrease (increase) in notes and accounts receivable-trade	(2,845)	(4,010)
Decrease (increase) in inventories	(886)	(4,479)
Increase (decrease) in notes and accounts payable-trade	741	596
Other, net	3,297	1,722
Subtotal	40,279	40,779
Interest and dividends received	1,332	1,234
Interest expenses paid	(965)	(431)
Income taxes paid	(14,511)	(3,936)
Net cash provided by (used in) operating activities	26,136	37,645
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(10,972)	(16,390)
Proceeds from sales of property, plant and equipment	93	1,576
Purchase of intangible assets	(721)	(768)
Purchase of investment securities	(1,291)	(3,542)
Proceeds from sales of investment securities	24,560	4,609
Payments of loans receivable	(426)	(622)
Collection of loans receivable	516	413
Other, net	1,475	84
Net cash provided by (used in) investing activities	13,235	(14,640)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(2,036)	536
Proceeds from long-term loans payable	13,000	—
Repayment of long-term loans payable	(11,000)	—
Redemption of bonds	(20,432)	(31,668)
Purchase of treasury stock	(101)	(5,035)
Cash dividends paid	(9,273)	(7,727)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(103)	(24)
Other, net	(411)	(48)
Net cash provided by (used in) financing activities	(30,359)	(43,968)



	(Millions of yen)	
	Year ended March 31, 2017	Year ended March 31, 2018
Effect of exchange rate change on cash and cash equivalents	(12)	(703)
Net increase (decrease) in cash and cash equivalents	8,999	(21,666)
Cash and cash equivalents at beginning of the period	35,150	44,205
Increase in cash and cash equivalents from newly consolidated subsidiary	56	335
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	(88)
Cash and cash equivalents at end of the period	44,205	22,785

## (Reference) Changes in cash flow-related indices

	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2018
Shareholders' equity ratio (%)	59.9	62.4	61.2	66.4	71.5
Shareholders' equity ratio (%) using fair value	111.6	196.7	195.1	177.8	236.8
Ratio of cash flow to interest-bearing debt (years)	3.1	2.3	1.9	1.9	0.6
Interest coverage ratio (times)	14.5	33.4	36.8	27.1	87.3

## Notes:

Shareholders' equity ratio

Shareholders' equity / Total assets

Shareholders' equity ratio using fair value

Market capitalization / Total assets

Ratio of cash flow to interest-bearing debt

Interest-bearing debt / Cash flows

Interest coverage ratio

Cash flows / Interest payments

\* Each index is calculated using consolidated figures.

\* Market capitalization is calculated by multiplying the closing share price at the fiscal year-end by the number of shares issued and outstanding at the fiscal year-end (excluding treasury stock).

\* Cash flows refer to operating cash flow.

\* Interest-bearing debt refers to all liabilities on the consolidated balance sheets on which interest is paid.

\* Interest payments represent interest paid as shown on the consolidated statements of cash flows.

## 5) Notes on consolidated financial statements

### (Notes Regarding Going Concern)

No applicable items.

### (Segment Information)

Year ended March 31, 2018 (April 1, 2017 —March 31, 2018)

#### 1. Overview of Reporting Segments

For reporting segments, financial data is available broken down into separate business segments and decisions for allocating business resources and performance assessments are subject to regular review by the Board of Directors.

Led by the holding company, Kikkoman formulates Group strategies and manages operating companies. Under this structure, companies in Japan are categorized into those that primarily engage in the manufacture and sale of foods and those that operate other businesses. Overseas, the holding company's overseas divisions are categorized as operating companies that engage in foods manufacturing and sales and those that engage in oriental food wholesaling under the holding company's overseas business divisions.

Consequently, Group operations are divided into segments broken down into domestic and overseas operations and into overlapping businesses. The four segments are: Domestic Foods— Manufacturing and Sales, Domestic Others, Overseas Foods—Manufacturing and Sales, and Overseas Foods—Wholesale.

Domestic Foods— Manufacturing and Sales engages in the manufacturing and sale of soy sauce, food products, beverages, liquor and wine. The Domestic others engages in the manufacturing and sale of pharmaceuticals, chemical products, etc. and in real estate rentals, logistics, back-office functions, and other businesses. Overseas Foods— Manufacturing and Sales engages in the manufacturing and sale of soy sauce, Del Monte products, health foods, etc. overseas and in the export and sales of products for overseas sales. Overseas Foods—Wholesale purchases and sells oriental foods, etc.

#### 2. Calculation Method for the Amount of Sales, Operating Incomes (Losses), Assets (Liabilities) and Other Items by Reporting Segment

Incomes for the reporting segments are operating income amounts and adjustments for intra group income and transfers are based on prevailing market prices.

### 3. Information on the Amount of Sales, Operating Incomes (Losses), Assets (Liabilities) and Other Items by Reporting Segment

Fiscal 2017 Actual (Apr. 1, 2016 –Mar. 31, 2017)

(Millions of yen)

	Reporting Segment					Adjustments (Note 1)	Amount recorded in consolidated financial statements (Note 2)
	Domestic Foods – Manufacturing and Sales	Domestic Others	Overseas Foods – Manufacturing and Sales	Overseas Foods – Wholesale	Total		
Sales							
Sales to third parties	165,964	7,754	71,926	156,529	402,174	—	402,174
Intra group sales or transfers	1,373	13,281	9,857	338	24,851	(24,851)	—
Total sales	167,337	21,035	81,783	156,868	427,025	(24,851)	402,174
Operating income	8,306	1,443	16,251	7,648	33,649	(806)	32,842
Total assets	114,779	22,326	136,940	64,109	338,155	23,092	361,248
Other items							
Depreciation and amortization	6,078	1,166	3,027	959	11,232	960	12,192
Amortization of goodwill(Note 3)	4,826	—	135	—	4,961	—	4,961
Changes in the amount of tangible fixed assets and intangible fixed assets	5,853	977	3,464	1,165	11,461	704	12,165

(Notes) 1. Adjustment amounts are as follows.

- 1) Adjustments of ¥(806) million in segment operating income include ¥(751) million difference in the allocation of corporate expenses.
  - 2) Adjustments of ¥23,092 million in segment assets include ¥143,223 million in corporate assets, which consist primarily of Kikkoman's cash and deposits and investment securities, in addition to the elimination of transactions between segments.
  - 3) Adjustments of ¥960 million in depreciation and amortization expenses have primarily to do with corporate assets.
  - 4) Adjustments of ¥704 million for the increase in tangible fixed assets and intangible fixed assets are corporate asset adjustments.
2. Segment operating incomes are adjusted to the operating incomes recorded in the consolidated statements of income.
  3. Amortization of goodwill includes "Amortization of goodwill" for extraordinary losses.

Fiscal 2018 Actual (Apr. 1, 2017 –Mar. 31, 2018)

(Millions of yen)

	Reporting Segment					Adjustments (Note 1)	Amount recorded in consolidated financial statements (Note 2)
	Domestic Foods – Manufacturing and Sales	Domestic Others	Overseas Foods – Manufacturing and Sales	Overseas Foods – Wholesale	Total		
Sales							
Sales to third parties	170,907	7,579	78,043	174,072	430,602	—	430,602
Intra group sales or transfers	1,529	13,570	11,410	384	26,895	(26,895)	—
Total sales	172,437	21,149	89,453	174,457	457,498	(26,895)	430,602
Operating income	10,385	1,465	17,791	8,166	37,809	(1,307)	36,502
Total assets	118,052	22,448	142,298	68,368	351,167	(4,246)	346,921
Other items							
Depreciation and amortization	6,275	1,235	3,664	1,062	12,237	785	13,023
Amortization of goodwill	543	—	108	—	651	—	651
Changes in the amount of tangible fixed assets and intangible fixed assets	7,563	1,464	5,124	3,470	17,622	558	18,180

(Notes) 1. Adjustment amounts are as follows.

- 1) Adjustments of ¥(1,307) million in segment operating income include ¥(1,163) million difference in the allocation of corporate expenses.
  - 2) Adjustments of ¥(4,246) million in segment assets include ¥119,253 million in corporate assets, which consist primarily of Kikkoman's cash and deposits and investment securities, in addition to the elimination of transactions between segments.
  - 3) Adjustments of ¥785 million in depreciation and amortization expenses have primarily to do with corporate assets.
  - 4) Adjustments of ¥558 million for the increase in tangible fixed assets and intangible fixed assets are corporate asset adjustments.
2. Segment operating incomes are adjusted to the operating incomes recorded in the consolidated statements of income.

**(Per Share Information)**

	Year ended March 31, 2017	Year ended March 31, 2018
Net assets per share	¥1,242.71	¥1,292.18
Net income per share	¥123.28	¥123.71

Note : 1. Diluted net income per share is not stated because there are no dilutive securities.

2. The basis for the calculation of net income per share is as follows.

	Year ended March 31, 2017	Year ended March 31, 2018
Net income (¥ million)	23,810	23,846
Amount not attributable to common shareholders (¥ million)	—	—
Net income related to common stock (¥ million)	23,810	23,846
Average number of shares of common stock outstanding during the fiscal year (thousands of shares)	193,143	192,764

**(Material Subsequent Events)****Cancellation of treasury stock**

Kikkoman resolved at the Board of Directors' meeting held on April 26, 2018 to cancel shares of treasury stock according to the provisions of Article 178 of the Companies Act.

1. Class of shares to be cancelled: common shares of Kikkoman
2. Number of the shares to be cancelled: 16,500,000 shares  
(Ratio of the shares to be cancelled to the total number of shares issued and outstanding before the cancellation: 7.84%)
3. Scheduled date of cancellation: May 15, 2018  
(Reference) Total number of shares issued and outstanding after the cancellation: 193,883,202 shares to be scheduled.

## 5. Supplementary Schedules

### 1) Consolidated Forecasts for FY2019 and Effect of Exchange Rate Differences on Translation of Overseas Subsidiaries' Financial Statements

Net sales (Millions of yen)

		Fiscal 2019 Forecast	Fiscal 2018 Actual	Change increase (decrease)	%	Change excluding translation difference	%
Japan	Foods-Manufacturing and Sales	176,100	172,437	3,662	102.1	3,662	102.1
	Others	21,300	21,149	150	100.7	150	100.7
	Eliminations	(12,200)	(12,177)	(22)	—	(22)	—
	Total	185,200	181,409	3,790	102.1	3,790	102.1
Overseas	Foods-Manufacturing and Sales	91,100	89,453	1,646	101.8	4,563	105.1
	Foods-Wholesale	180,800	174,457	6,342	103.6	12,466	107.1
	Eliminations	(12,200)	(11,786)	(413)	—	(804)	—
	Total	259,700	252,124	7,575	103.0	16,226	106.4
Kikkoman (Holding Company)		18,600	17,855	744	104.2	744	104.2
Eliminations		(21,500)	(20,787)	(712)	—	(712)	—
Consolidated Total		442,000	430,602	11,397	102.6	20,048	104.7

Operating Income (Millions of yen)

		Fiscal 2019 Forecast	Fiscal 2018 Actual	Change increase (decrease)	%	Change excluding translation difference	%
Japan	Foods-Manufacturing and Sales	10,750	10,385	364	103.5	364	103.5
	Others	1,350	1,465	(115)	92.1	(115)	92.1
	Total	12,100	11,880	219	101.8	219	101.8
Overseas	Foods-Manufacturing and Sales	18,250	17,791	458	102.6	1,066	106.0
	Foods-Wholesale	8,700	8,166	533	106.5	791	109.7
	Total	26,700	25,759	940	103.7	1,798	107.0
Kikkoman (Holding Company)		6,650	6,281	368	105.9	368	105.9
Eliminations		(7,850)	(7,419)	(430)	—	(366)	—
Consolidated Total		37,600	36,502	1,097	103.0	2,019	105.5

Exchange Rate (¥/US\$)	105.00	110.81	(5.81)
(¥/EUR)	130.00	129.45	0.55