

## Consolidated Financial Results

# Kikkoman Corporation Flash Report for First Nine Months of Fiscal 2018

Nine-month period ended December 31, 2017

Listed company name: **Kikkoman Corporation**  
Shares listed: Tokyo (1st Section)  
Code No.: 2801  
URL: <https://www.kikkoman.com>  
Representative: Noriaki Horikiri, President and Chief Executive Officer  
Contact: Kazuki Usui, Corporate Officer General Manager  
Corporate Communication Department  
E-mail: [ir@mail.kikkoman.co.jp](mailto:ir@mail.kikkoman.co.jp)

Scheduled submission date of quarterly accounting report: February 13, 2018  
Scheduled date for cash dividend payments: —  
Supplementary Schedules for quarter: Yes  
Results briefing for quarter: No

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 Nine-month Period Ended December 31, 2017 (April 1, 2017 to December 31, 2017)

### 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 -Dec. 31, 2017	326,250	8.1	29,789	13.4	29,588	15.3	20,444	(8.7)
Apr. 1, 2016 -Dec. 31, 2016	301,777	(2.9)	26,259	(3.1)	25,653	(0.1)	22,390	31.1

(Note) Comprehensive Income

April 1, 2017 to December 31, 2017: ¥ 28,121 million (10.6 %)

April 1, 2016 to December 31, 2016: ¥ 25,418 million (25.7 %)

	Net income per share (yen)	Net income per share (Assuming full dilution) (yen)
Apr. 1, 2017 -Dec. 31, 2017	105.93	—
Apr. 1, 2016 -Dec. 31, 2016	115.92	—

### 2) Financial Position

(Millions of yen)

	Total assets	Net assets	Shareholders' equity ratio
Dec. 31, 2017	355,846	261,666	72.1%
Mar. 31, 2017	361,248	244,437	66.4%

(Note) Total shareholders' equity

December 31, 2017: ¥ 256,544 million

March 31, 2017: ¥ 240,009 million

## 2. Cash Dividends

	Cash dividends per share (yen)				
	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
Apr. 1, 2017 -Mar. 31, 2018	—	22.00	—		
Apr. 1, 2017 -Mar. 31, 2018 (Estimated)				17.00	39.00

(Note) Revisions to recently announced forecasts of dividends: None

Dividends per share at the end of the six-month period ended September 30, 2017, are 17.00 yen for ordinary dividends and 5.00 yen for commemorative dividends, respectively.

### 3. Forecasts of Business Performance for the Fiscal Year Ending March 31, 2018 (April 1, 2017 to March 31, 2018)

(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, 2017- Mar.31, 2018	429,800	6.9	36,000	9.6	35,000	9.2	22,300	(6.3)	115.68

(Note) Revisions to recently announced forecasts of business performance: None

**[Notes]**

1) Changes in important subsidiaries during the first nine months (Changes in certain specific subsidiaries resulting in a revised scope of consolidation): Yes

Newly consolidated companies: KUNSHAN PRESIDENT KIKKOMAN BIOTECHNOLOGY CO., LTD.  
Newly unconsolidated companies: None

(Note) For details, please refer to the attachments to this report, Page 14, 2. Consolidated Quarterly Financial Statements and Main Notes, 3) Notes on quarterly consolidated financial statements, (Changes in Important Subsidiaries during the First Nine Months).

2) Application of special accounting methods in preparation for the consolidated quarterly financial statements: Yes

(Note) For details, please refer to the attachments to this report, Page 14, 2. Consolidated Quarterly Financial Statements and Main Notes, 3) Notes on quarterly consolidated financial statements, (Application of Special Accounting Methods in Preparation for the Consolidated Quarterly Financial Statements).

3) 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

4) Issued and outstanding shares (common stock)

- ① Shares issued and outstanding at end of period (including treasury stock)  
December 31, 2017 — 210,383,202 shares      March 31, 2017 — 210,383,202 shares
- ② Treasury stock at end of period  
December 31, 2017 — 18,069,949 shares      March 31, 2017 — 17,249,765 shares
- ③ Shares outstanding during the period (cumulative for period, consolidated)  
December 31, 2017 — 193,000,377 shares      December 31, 2016 — 193,146,382 shares

- \* This quarterly flash report is not subject to a quarterly review.
- \* 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 significantly from forecasts. For details of business performance forecasts and guidelines for assumptions, please refer to the attachments to this report, Page 9, 1. Qualitative Information and Consolidated Financial Statements, etc., 3) Explanation of forward-looking statements, including forecasts of consolidated business performance.

(How to obtain business performance presentation materials)

Kikkoman will publish supplementary schedules to the first nine months results on TD-net for viewing in Japan, and on its website.

## Table of Contents of Attachments

1. Qualitative Information and Consolidated Financial Statements, etc. ....	5
1) Explanation of business performance .....	5
2) Explanation of financial position .....	9
3) Explanation of forward-looking statements, including forecasts of consolidated business performance .....	9
2. Consolidated Quarterly Financial Statements and Main Notes .....	10
1) Consolidated Quarterly Balance Sheets .....	10
2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income .....	12
Consolidated Quarterly Statements of Income	
(During the first nine months of fiscal 2018) .....	12
Consolidated Quarterly Statements of Comprehensive Income	
(During the first nine months of fiscal 2018) .....	13
3) Notes on quarterly consolidated financial statements	
(Notes Regarding Going Concern) .....	14
(Notes Regarding Significant Changes in Shareholders' Equity) .....	14
(Changes in Important Subsidiaries during the First Nine Months) .....	14
(Application of Special Accounting Methods in Preparation for the Consolidated Quarterly Financial Statements) .....	14
(Segment Information, etc.) .....	15

## 1. Qualitative Information and Consolidated Financial Statements, etc.

## 1) Explanation of business performance

During the first nine months of the fiscal year ending March 2018, there were signs of weakness in the European economy, but the U.S. economy recovered steadily. Overall, the global economy continued to recover moderately. The Japanese economy maintained its moderate recovery trend backed by improved consumer spending and capital expenditure.

In this environment, domestic sales in the Foods-Manufacturing and Sales segment rose year on year, with sales of soy sauce and food products increasing from the year-ago level and sales of beverages performing well, although sales of liquor and wine fell short of the year-ago level. Overseas sales also climbed year on year, with the Foods-Manufacturing and Sales business and the Foods-Wholesale business performing well.

As a result, consolidated operating results for the first nine months of fiscal 2018 were as follows.

## &lt;Consolidated Financial Statements&gt;

(Millions of yen, %)

	Nine months Ended December 31,2016		Nine months Ended December 31,2017		Increase /Decrease			Translation difference	Increase /Decrease except translation difference	
	4.1.2016 – 12.31.2016		4.1.2017 – 12.31.2017		Amount	YoY	%		Amount	YoY
	Amount	%	Amount	%						
Net Sales	301,777	100.0	326,250	100.0	24,473	108.1	—	7,204	17,268	105.7
Operating Income	26,259	8.7	29,789	9.1	3,530	113.4	0.4	802	2,728	110.4
Ordinary Income	25,653	8.5	29,588	9.1	3,934	115.3	0.6	717	3,217	112.5
Net income attributable to owners of parent	22,390	7.4	20,444	6.3	(1,946)	91.3	(1.1)	515	(2,461)	89.0
Exchange Rate (¥/US\$)	107.88		111.82		3.94					
(¥/EUR)	119.13		128.59		9.46					

## &lt;Reporting Segments&gt;

(Millions of yen, %)

		Nine months Ended December 31,2016		Nine months Ended December 31,2017		Increase /Decrease			Translation difference	Increase /Decrease except translation difference	
		4.1.2016 – 12.31.2016		4.1.2017 – 12.31.2017		Amount	YoY	%		Amount	YoY
		Amount	%	Amount	%				Amount		
Domestic Foods-Manufacturing and Sales	Net Sales	129,144	100.0	133,989	100.0	4,845	103.8	—	—	4,845	103.8
	Operating Income	7,775	6.0	9,562	7.1	1,787	123.0	1.1	—	1,787	123.0
Domestic Others	Net Sales	16,066	100.0	16,137	100.0	71	100.4	—	—	71	100.4
	Operating Income	1,038	6.5	1,093	6.8	55	105.3	0.3	—	55	105.3
Overseas Foods-Manufacturing and Sales	Net Sales	59,345	100.0	66,530	100.0	7,184	112.1	—	2,527	4,657	107.8
	Operating Income	12,165	20.5	13,653	20.5	1,488	112.2	0.0	573	915	107.5
Overseas Foods-Wholesale	Net Sales	116,149	100.0	130,132	100.0	13,982	112.0	—	5,066	8,915	107.7
	Operating Income	5,564	4.8	5,906	4.5	341	106.1	(0.3)	163	178	103.2
Adjustments	Net Sales	(18,929)	100.0	(20,540)	100.0	(1,611)	—	—	(389)	(1,222)	—
	Operating Income	(284)	—	(426)	—	(141)	—	—	65	(207)	—
Consolidated Total	Net Sales	301,777	100.0	326,250	100.0	24,473	108.1	—	7,204	17,268	105.7
	Operating Income	26,259	8.7	29,789	9.1	3,530	113.4	0.4	802	2,728	110.4
Exchange Rate	(¥/US\$)	107.88		111.82		3.94					
	(¥/EUR)	119.13		128.59		9.46					

Performance in each reporting segment is outlined as follows.

## 【Domestic】

Sales in Japan were as follows.

## Foods—Manufacturing and Sales

This business segment comprises manufacturing and sales in Japan of products from the Soy Sauce Division and the Food Products Division, which includes *tsuyu* (soy sauce soup base), *tare* (dipping and marinade sauces), and Del Monte seasonings, as well as the Beverages Division, which includes soy milk beverages and Del Monte beverages, and the Liquor and Wine Division, which includes *mirin* and wines. Sales for each division were as follows.

## ■ Soy Sauce Division

Sales of the *Itsudemo Shinsen* (always fresh) series in the home-use sector of the Soy Sauce Division continued to increase thanks to the market penetration of its value-added “great taste of fresh *nama shoyu* (raw soy sauce),” “maintaining freshness,” and “ease of use.” Sales promotions in stores were stepped up, and TV advertising increased. In the industrial- and foodservice-use sectors, sales of products in large containers remained strong despite a year-on-year decrease in sales of products in medium-sized containers. As a result, the Soy Sauce Division as a whole enjoyed an increase in sales from a year earlier.

## ■ Food Products Division

Among *tsuyu* products in the home-use sector, the *Gumen* series, a straight type, sold well. Sales of condensed *tsuyu* products rose year on year, with sales of *Koidashi Hon Tsuyu*, which was renewed in the previous year, climbing. In *tare*, sales of the mainstay *Wagaya wa Yakinikuyasan* series were strong, and sales of Steak Shoyu and products for foodservice-use increased. As a result, overall *tare* sales rose from a year earlier. Sales of the *Uchi No Gohan* series (handy Japanese-style seasoning mixes) rose year on year partly due to TV advertising and sales promotion campaigns. Overall sales of Del Monte seasonings declined from a year ago due to the price system change despite strong sales of high value-added products, including Lycopene-Rich. Aggregate sales in the Food Products Division rose from the same period of the previous fiscal year.

## ■ Beverages Division

In soy milk beverages, sales of products designated as Food for Specified Health Use increased, with the rising health awareness. Increasing numbers of consumers are using soy milk not only as a beverage, but also as a cooking ingredient. As a result, sales of soy milk beverages increased year on year.

Sales of Del Monte beverages rose from a year ago as sales of tomato juice climbed significantly with the expansion of the market. As a result, the overall sales of the Beverages Division increased year on year.

## ■ Liquor and Wine Division

Sales of *Hon Mirin* fell from a year ago. Although sales of *Komekoji Kodawari-jikomi Hon Mirin* in a new bottle were strong, sales of *Houjun Hon Mirin* were weak. Sales of domestic wines declined year on year, reflecting weak sales of wines in large containers, despite strong sales of Japanese wines such as *Koshu Kobo No Awa*. Sales of imported wines increased year on year. As a result, overall sales in the Liquor and Wine Division decreased year on year.

As a result of the above, the Foods-Manufacturing and Sales segment recorded higher sales and higher income, with net sales increasing 3.8% year on year, to ¥133,989 million, and operating income increasing 23.0% year on year, to ¥9,562 million.

## Others

This segment includes production and sales of clinical diagnostic reagents, hygiene inspection agents, processing enzymes and chemical products such as hyaluronic acid, as well as real estate rental, logistics, back-office functions for the Kikkoman Group, and other businesses.

While sales of clinical diagnostic reagents and hygiene inspection agents were strong, sales of chemical products such as hyaluronic acid were weak. Sales in the logistics business rose year on year. As a result, the aggregate division sales increased year on year.

As a result of the above, the Others segment recorded higher sales and higher income, with net sales increasing 0.4% year on year, to ¥16,137 million, and operating income increasing 5.3% year on year, to ¥1,093 million.



## 【Overseas】

Sales overseas were as follows.

### Foods—Manufacturing and Sales

This business comprises overseas manufacturing and sales of products from the Soy Sauce Division, Del Monte Division, and the Other Foods Division, including health foods. Sales for each division were as follows.

#### ■ Soy Sauce Division

In the North American market, the division harnessed Kikkoman's brand power to expand its business by continuing to enhance the lineup of mainstay soy sauce products, soy sauce-based seasonings, and other products for the home-use sector. In the industrial- and foodservice-use sectors, the division worked attentively to meet consumer needs, and both sectors exhibited good performance. As a result, sales increased from the same period of the previous fiscal year.

In the European market, sales increased year on year, thanks to a strong performance in the key markets such as France.

In the Asia and Oceania market, sales rose in Indonesia and Philippines, among other countries. Results at a manufacturing company in China have been added from the fourth quarter of the previous fiscal year. Overall, sales in this market rose significantly from a year earlier.

As a result, aggregate sales in this division rose year on year.

#### ■ Del Monte Division

This division manufactures and sells canned fruits, canned corn, tomato ketchup and other products in the Asia and Oceania region.

Sales of canned tropical fruits fell year on year in the key markets of South Korea, Hong Kong, and Singapore. As a result, sales in the Del Monte Division decreased year on year.

#### ■ Other Foods Division

This division manufactures and sells health foods, mainly in the North American region.

Sales through general retailers were weak despite strong sales through medical doctors. As a result, sales decreased year on year on a local currency basis.

As a result of the above, the Foods-Manufacturing and Sales segment recorded higher sales and higher income, with net sales increasing 12.1% year on year, to ¥66,530 million, and operating income increasing 12.2% year on year, to ¥13,653 million.

### Foods—Wholesale

This segment procures and sells oriental foods in Japan and overseas.

Sales grew in North America as a result of efforts to penetrate not only Asian markets but also local markets in general. Moreover, markets continued to grow in Europe and Asia and Oceania, leading to good growth in sales in each region. As a consequence, aggregate division sales rose year on year.

As a result of the above, the Foods-Wholesale segment recorded higher sales and higher income, with net sales increasing 12.0% year on year, to ¥130,132 million, and operating income increasing 6.1% year on year, to ¥5,906 million.

As a result of the aforementioned segment results, the Company reported consolidated net sales for the first nine months of fiscal 2018 of ¥326,250 million (up 8.1% year on year), operating income of ¥29,789 million (up 13.4%), ordinary income of ¥29,588 million (up 15.3%), and net income attributable to owners of parent of ¥20,444 million (down 8.7%).

## 2) Explanation of financial position

### (Assets)

Current assets as of December 31, 2017, were ¥150,387 million, a decrease of ¥16,571 million from March 31, 2017. This was primarily due to a decrease in cash and deposits, despite an increase in notes and accounts receivable-trade. Noncurrent assets increased by ¥11,169 million to ¥205,459 million, mainly because of increases in investment securities and Construction in progress and machinery, equipment and vehicles.

As a result, total assets decreased by ¥5,401 million from March 31, 2017, to ¥355,846 million.

### (Liabilities)

Current liabilities were ¥58,509 million, an increase of ¥6,634 million from March 31, 2017. This was primarily due to an increase in short-term loans payable. Noncurrent liabilities decreased by ¥29,265 million to ¥35,670 million, mainly because of a decrease in bonds.

As a result, total liabilities decreased by ¥22,630 million from March 31, 2017, to ¥94,180 million.

### (Net Assets)

Net assets stood at ¥261,666 million, up ¥17,228 million from March 31, 2017. This was primarily due to increases in retained earnings and foreign currency translation adjustment and valuation difference on available-for-sale securities, despite carry out an acquisition of own shares.

As a result, the equity ratio was 72.1%, compared with 66.4% on March 31, 2017.

## 3) Explanation of forward-looking statements, including forecasts of consolidated business performance

Consolidated earnings forecasts for the year ending March 31, 2018, remain unchanged from the forecasts accompanying the Flash Report for First Six Months of Fiscal 2018, disclosed on November 2, 2017. There are no significant changes to business risks that might affect business performance from the disclosures in the latest securities report (submitted on June 27, 2017).

## 2. Consolidated Quarterly Financial Statements and Main Notes

## 1) Consolidated Quarterly Balance Sheets

	(Millions of yen)	
	As of March 31, 2017	As of December 31, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	45,297	20,243
Notes and accounts receivable-trade	54,930	64,026
Short-term investment securities	1,184	1,733
Merchandise and finished goods	34,120	37,376
Work in process	10,855	10,840
Raw materials and supplies	4,640	5,261
Deferred tax assets	4,534	4,444
Other	11,877	7,043
Allowance for doubtful accounts	(483)	(583)
Total current assets	166,958	150,387
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	42,449	42,346
Machinery, equipment and vehicles, net	33,987	35,814
Land	22,273	22,332
Lease assets, net	234	220
Construction in progress	3,592	6,211
Other, net	3,807	3,868
Total property, plant and equipment	106,344	110,794
Intangible assets		
Goodwill	5,826	5,331
Other	5,769	5,444
Total intangible assets	11,595	10,776
Investments and other assets		
Investment securities	63,180	70,518
Long-term loans receivable	919	939
Net defined benefit asset	6,523	6,681
Deferred tax assets	2,442	2,140
Other	4,045	4,361
Allowance for doubtful accounts	(762)	(753)
Total investments and other assets	76,350	83,888
Total noncurrent assets	194,290	205,459
<b>Total assets</b>	361,248	355,846

	(Millions of yen)	
	As of March 31, 2017	As of December 31, 2017
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	21,196	21,207
Short-term loans payable	2,820	8,936
Lease obligations	44	36
Accounts payable-other	16,771	15,528
Income taxes payable	1,888	3,852
Provision for bonuses	2,383	811
Provision for directors' bonuses	101	80
Other	6,668	8,056
Total current liabilities	51,875	58,509
Noncurrent liabilities		
Bonds payable	30,000	—
Long-term loans payable	13,300	13,300
Lease obligations	54	43
Deferred tax liabilities	9,048	9,254
Provision for directors' retirement benefits	786	703
Provision for environmental measures	349	347
Net defined benefit liability	4,521	4,834
Other	6,877	7,186
Total noncurrent liabilities	64,936	35,670
Total liabilities	116,811	94,180
<b>Net assets</b>		
Shareholders' equity		
Capital stock	11,599	11,599
Capital surplus	13,914	13,914
Retained earnings	222,614	235,298
Treasury stock	(30,600)	(34,083)
Total shareholders' equity	217,528	226,729
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20,306	23,645
Deferred gains or losses on hedges	(3)	15
Foreign currency translation adjustment	2,652	6,342
Remeasurements of defined benefit plans	(473)	(188)
Total Accumulated other comprehensive income	22,481	29,815
Non-controlling interests	4,427	5,121
Total net assets	244,437	261,666
Total liabilities and net assets	361,248	355,846

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

### (Consolidated Quarterly Statements of Income) (During the first nine months of fiscal 2018)

	(Millions of yen)	
	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Net sales	301,777	326,250
Cost of sales	181,403	196,162
Gross profit	120,373	130,087
Selling, general and administrative expenses	94,114	100,297
Operating income	26,259	29,789
Non-operating income		
Interest income	99	192
Dividends income	1,315	937
Equity in earnings of affiliates	143	217
Rent income	533	534
Gain on valuation of derivatives	1,506	1,214
Other	1,289	1,234
Total non-operating income	4,888	4,330
Non-operating expenses		
Interest expenses	642	274
Foreign exchange losses	1,447	1,086
Other	3,403	3,170
Total non-operating expenses	5,493	4,532
Ordinary income	25,653	29,588
Extraordinary income		
Gain on sales of property, plant and equipment	7	5
Gain on sales of investment securities	164	2,386
Total extraordinary income	171	2,392
Extraordinary loss		
Loss on retirement of noncurrent assets	—	147
Loss on valuation of investment securities	—	607
Loss on sales of shares of subsidiaries and associates	377	—
Loss on bond retirement	432	1,668
100th anniversary project cost	—	391
Total extraordinary loss	809	2,813
Income before income taxes	25,015	29,166
Income taxes	2,453	8,432
Net income	22,561	20,734
Net income attributable to non-controlling interests	171	290
Net income attributable to owners of parent	22,390	20,444

(Consolidated Quarterly Statements of Comprehensive Income)  
 (During the first nine months of fiscal 2018)

	(Millions of yen)	
	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Net income	22,561	20,734
Other comprehensive income		
Valuation difference on available-for-sale securities	2,832	3,198
Deferred gains or losses on hedges	34	18
Foreign currency translation adjustment	840	3,829
Remeasurements of defined benefit plans, net of tax	442	287
Share of other comprehensive income of associates accounted for using equity method	(1,293)	53
Total other comprehensive income	2,856	7,387
Comprehensive income	25,418	28,121
Total comprehensive income attributable to:		
Owners of parent	25,330	27,765
Non-controlling interests	87	356

### 3) Notes on quarterly consolidated financial statements (Notes Regarding Going Concern)

No applicable items.

#### (Notes Regarding Significant Changes in Shareholders' Equity)

The Board of Directors at its meeting held on October 20, 2017, made a resolution with regard to matters relating to the acquisition of own shares under Article 156 of the Companies Act of Japan as applied pursuant to Article 165, Paragraph 3 of the Companies Act. Following the resolution, Kikkoman acquired 817,400 shares of its common stock for 3,471 million yen by December 31, 2017 by means of market transactions on the Tokyo Stock Exchange.

#### (Changes in Important Subsidiaries during the First Nine Months)

Changes in certain specific subsidiaries resulting in a revised scope of consolidation

Consolidation (new)	KUNSHAN PRESIDENT KIKKOMAN BIOTECHNOLOGY CO., LTD. (Changed from an associated company (an equity method affiliate) in accordance with effective control standards)
---------------------	--

Changes in subsidiaries outside of specific subsidiaries

Consolidation (new)	JFC NEW ZEALAND LIMITED (Changes to a consolidated subsidiary from non-consolidated subsidiary based on the viewpoint of significance)
	JFC NORDEN (SWEDEN) AB (Changes to a consolidated subsidiary from non-consolidated subsidiary based on the viewpoint of significance)
	JFC HOLLAND B.V. (Changes to a consolidated subsidiary from non-consolidated subsidiary based on the viewpoint of significance)
	JFC ITALIA S.r.l. (Changes to a consolidated subsidiary from non-consolidated subsidiary based on the viewpoint of significance)

Consolidation (exclusion)	Edogawa Foods Company (Merger with Kikkoman Foodtech Company)
	JFC Restaurant GmbH (Changes to a non-consolidated subsidiary from consolidated subsidiary based on the viewpoint of significance)

#### (Application of Special Accounting Methods in Preparation for the Consolidated Quarterly Financial Statements)

Calculation of tax expenses

The effective tax rate after application of deferred tax accounting to income before income taxes and non-controlling interests for the consolidated fiscal year, including the first nine months under review, is reasonably estimated, and the tax expenses are calculated by multiplying this estimated effective tax rate by income before income taxes and non-controlling interests.

## (Segment Information, etc.)

 I. First nine months of fiscal 2017 (April 1, 2016 to December 31, 2016)  
 Sales, Income, and Losses by Reporting Segment

(Millions of yen)

	Reporting Segment					Adjustments (Note 1)	Consoli- dated Total (Note 2)
	Domestic Foods – Manufacturing and Sales	Domestic Others	Overseas Foods – Manufacturing and Sales	Overseas Foods – Wholesale	Total		
Sales							
Sales to third parties	128,126	5,919	51,829	115,902	301,777	–	301,777
Intragroup sales or transfers	1,018	10,146	7,516	247	18,929	(18,929)	–
Total sales	129,144	16,066	59,345	116,149	320,706	(18,929)	301,777
Operating income	7,775	1,038	12,165	5,564	26,543	(284)	26,259

(Notes)

1. Adjustments of ¥ (284) million in segment operating income consist mainly of difference in the allocation of corporate expenses.
2. Segment operating incomes are adjusted to the operating incomes recorded in the consolidated statements of income.

 II. First nine months of fiscal 2018 (April 1, 2017 to December 31, 2017)  
 Sales, Income, and Losses by Reporting Segment

(Millions of yen)

	Reporting Segment					Adjustments (Note 1)	Consoli- dated Total (Note 2)
	Domestic Foods – Manufacturing and Sales	Domestic Others	Overseas Foods – Manufacturing and Sales	Overseas Foods – Wholesale	Total		
Sales							
Sales to third parties	132,870	5,738	57,777	129,864	326,250	–	326,250
Intragroup sales or transfers	1,119	10,399	8,753	268	20,540	(20,540)	–
Total sales	133,989	16,137	66,530	130,132	346,791	(20,540)	326,250
Operating income	9,562	1,093	13,653	5,906	30,216	(426)	29,789

(Notes)

1. Adjustments of ¥ (426) million in segment operating income consist mainly of difference in the allocation of corporate expenses.
2. Segment operating incomes are adjusted to the operating incomes recorded in the consolidated statements of income.