



Supplemental Documents for 1st Quarter of FY2019

August 5, 2019
Nippon Suisan Kaisha, Ltd.

◆ There is no change in annual plan as both revenue and income progressed within expectation despite increasing raw material cost and unseasonable weather. Both revenue and income decreased year-on-year.

(Unit : 100 million yen)	1Q of FY2019	1Q of FY2018	Increase/Decrease (Y-on-Y)		Plan for FY2019	Progress rate (%)
				(%)		
Net Sales	1,741	1,747	(5)	99.7	7,100	24.5
Operating Profit	57	74	(17)	76.3	240	23.8
Ordinary Profit	60	82	(21)	73.8	265	22.9
Profit attributable to owners of parent	36	52	(16)	69.1	175	20.7

(Note) Transaction form change in chilled business

We have changed the ways of price setting method to offset center fee (selling cost) by net sales since February 2019.

As a result, net sales will decrease by 2.4 billion yen.

Future view

- Salmon/Trout business in South America recover in the 2nd Quarter (Big impact from death of juvenile last year)
- Execute price revision in Food Products Business in both Japan and overseas
- Prepare for the 3rd Quarter, the maximum demand period

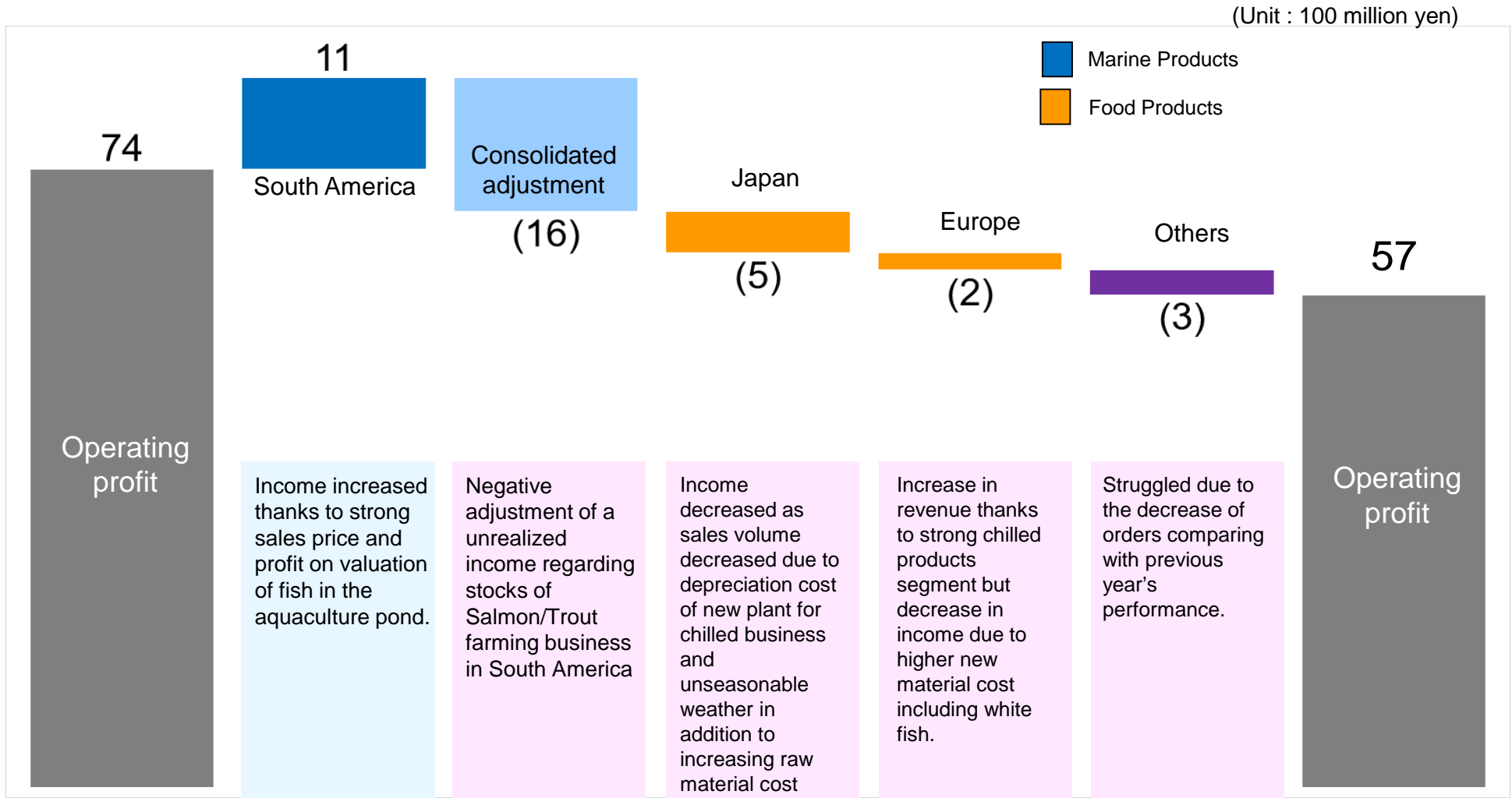
Overview of the 1st Quarter of FY2019 by Segments



◆ In addition to Marine Products Business and Food Products Business, Other Businesses weren't good year-on-year.

(Unit : 100 million yen)	1Q of FY2019	1Q of FY2018	Increase/Decrease		Plan for FY2019	Progress rate (%)
			(Amount)	(%)		
Net Sales	1,741	1,747	(5)	99.7	7,100	24.5
Marine Products	701	711	(9)	98.7	2,987	23.5
Food Products	880	855	24	102.8	3,449	25.5
Fine Chemicals	66	61	4	107.2	281	23.5
General Logistics	41	41	0	101.1	173	24.0
Others	51	77	(25)	66.8	210	24.6
Operating Profit	57	74	(17)	76.3	240	23.8
Marine Products	30	34	(4)	87.1	134	22.7
Food Products	33	40	(7)	81.9	129	25.8
Fine Chemicals	5	6	(0)	88.4	27	20.1
General Logistics	2	4	(1)	58.6	20	12.3
Others	1	3	(2)	29.8	5	20.7
Common Costs	(15)	(14)	(1)	107.1	(75)	20.8
Ordinary Profit	60	82	(21)	73.8	265	22.9
Profit attributable to owners of parent	36	52	(16)	69.1	175	20.7

◆ The South American aquaculture business was positive due to steady sales prices but the company's products were in inventory within the group, resulting in a negative adjustment for unrealized profit. Food Products Business in Japan and Europe was struggling due to increasing raw material cost.



◆ Short-term borrowings increased as notes and accounts receivable and inventory increased.

The Italic and bold figures means increase/decrease, compared to 4Q of FY2018.

(Unit : 100 million yen)

Current Assets 2,544		Current Liabilities 2,139 112	
Cash and deposit	80 (8)	Notes and accounts payable	480 (13)
Note and accounts receivable	946 58	Short-term borrowings	1,187 147
Inventory	1,334 47	Others	141 1
Non-current Assets 2,365 62		Non-current liabilities 1,087 (2)	
Property, plant and equipment	1,400 25	Long-term borrowings	851 (18)
Intangible assets	111 4	Net Assets 1,682 21	
Investment and other assets	853 32	Shareholder's Equity	1,487 24
Total Assets 4,909 130		Equity Ratio	
		As of March 2019 : 30.6%	
		⇒ As of June 2019 30.3%	

Consolidated Cash-Flow Statement (Y-on-Y)



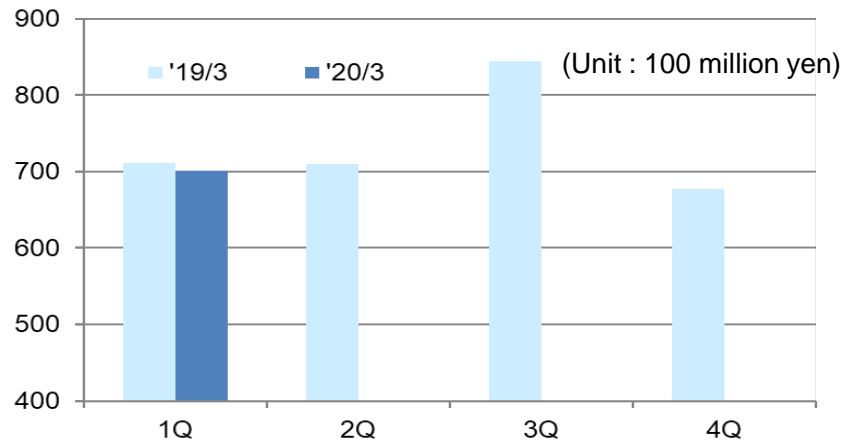
◆ We invested approximately 6,000 million yen mainly in domestic aquaculture business while net cash provided by operating activities was minus due to increasing working capital.

	(Unit : 100 million yen)		
(Unit : 100 million yen)	1Q of FY2019	1Q of FY2018	Y-on-Y
• Profit before income taxes	59	84	(24)
• Depreciation & Amortization	44	43	0
• Working Capital	(112)	(48)	(63)
• Income taxes paid	(26)	(28)	2
• Others	(30)	(28)	(2)
Net cash provided by operating activities	(65)	22	(88)
• Investment (Purchase of) property, plant and equipment	(60)	(36)	(23)
• Others	(4)	52	(56)
Net cash provided by investing activities	(64)	15	(80)
• Increase (Decrease) in short-term borrowings	188	41	146
• Increase (Decrease) in long-term borrowings	(60)	(43)	(16)
• Others	(16)	(15)	(0)
Net cash provided by financial activities	111	(17)	129
Cash and cash equivalent at end of term	142	259	

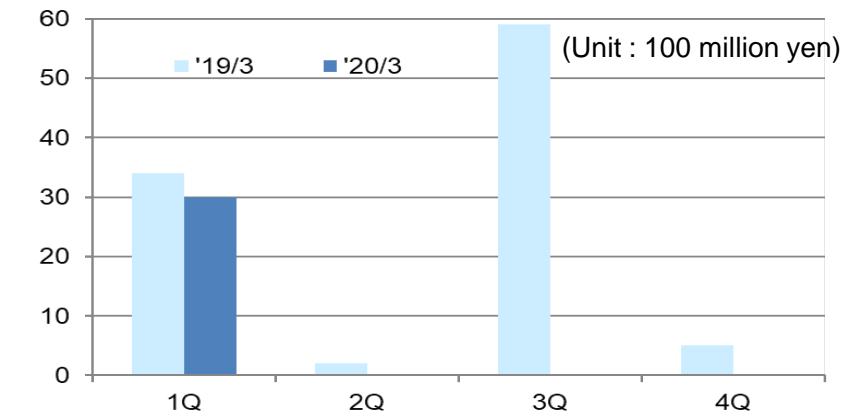
◆ Income decreased due to the impact of consolidated adjustment while Salmon/Trout business in South America went well. Domestic Farming business was healthy but struggling with Salmon/Trout.

(Unit : 100 million yen)	1Q of FY2019	1Q of FY2018	Increase/Decrease		Plan for FY2019	Progress rate (%)
			(Amount)	(%)		
Net Sales	701	711	(9)	98.7	2,987	23.5
Operating Profit	30	34	(4)	87.1	134	22.7

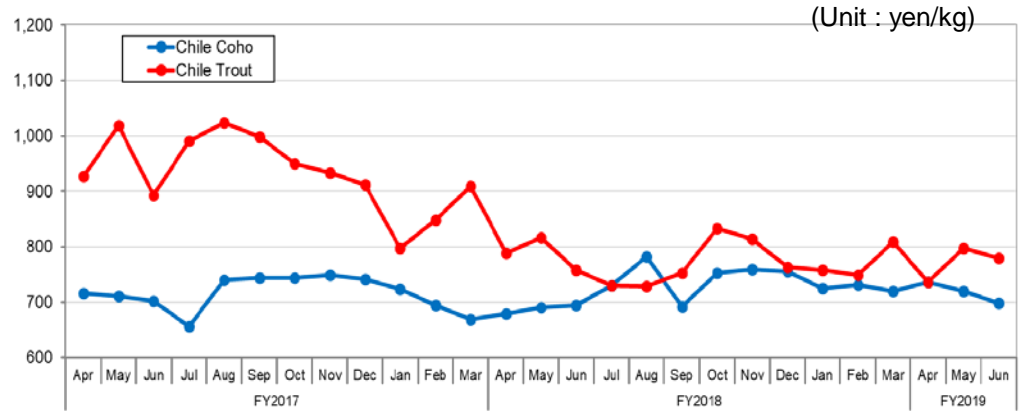
Net Sales



Operating Profit

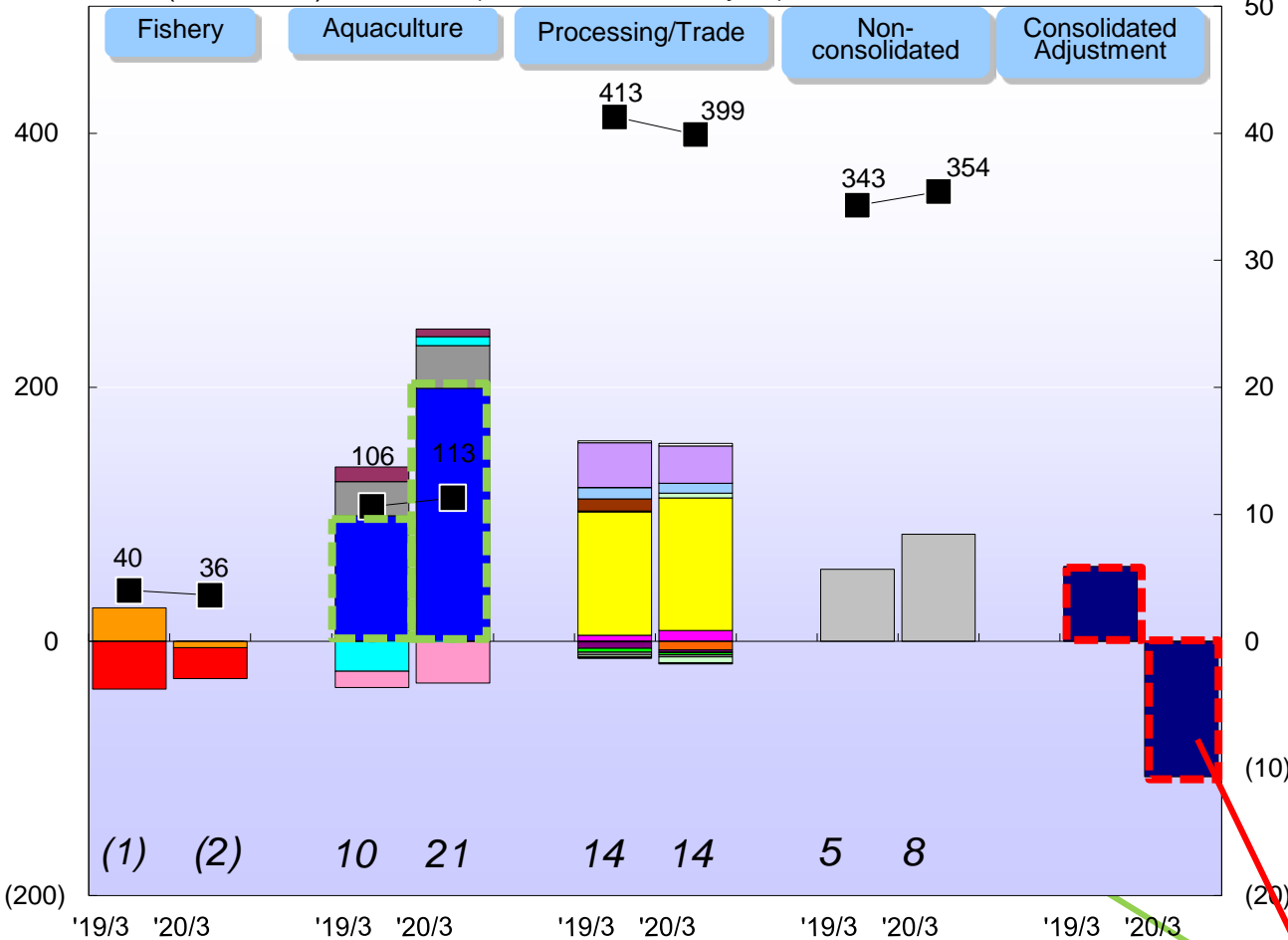


<Domestic market condition of marine products (salmon/trout)>
(Calculated based on Trade Statistics of Japan, Ministry of Finance)





Net Sales (Line chart) (Unit : 100 million yen) Operating Profit (Bar chart)



Major Causes of fluctuations

<Fishery> (Decrease in both revenue and income)

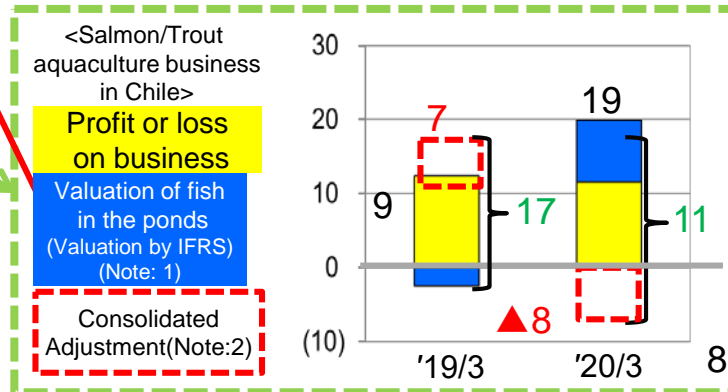
- Japan : Poor Mackerel catch

<Farming> (Increase in both revenue and income)

- Japan
 - Buri yellowtail : Increase in sales volume and strong sales price
 - Tuna : Positive number of fish difference in the pond and decrease in write-down
 - Coho : Poor growth of juvenile
- Salmon/Trout business in South America
 - Strong sales price and profit on valuation of fish in aquaculture pond

<Processing / Trade> (Decrease in revenue but increase in income)

- USA : Income increased as sales price increase
- Europe : Strong sales but negative foreign exchange effect
- Non-consolidated : Strong sales of Salmon/Trout and Buri yellowtail



➢ The Italic figures in the lower part of this chart show the accumulation of the bar (Operating Profit)

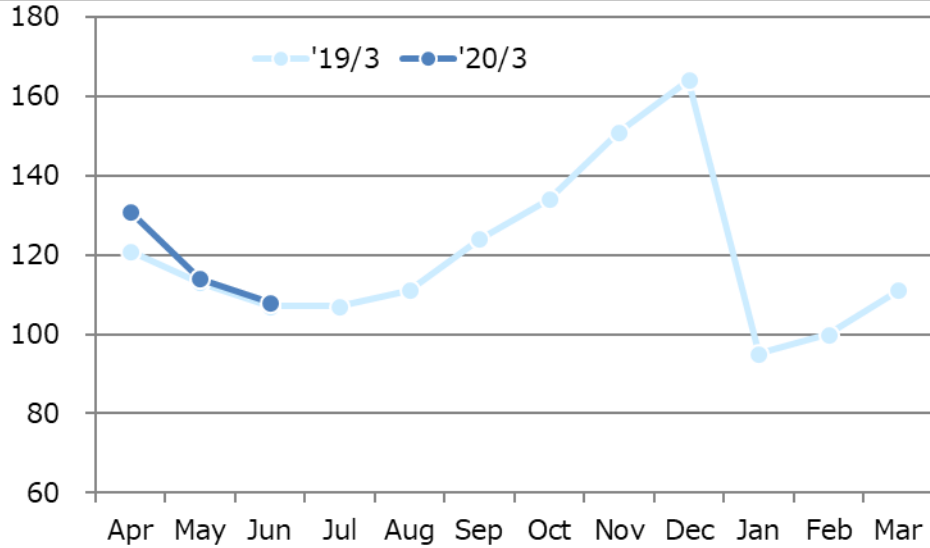
➢ Consolidated Adjustment of Net Sales includes the amortization of goodwill and unrealized income in inventory.

(Note1) Valuation of fish in the ponds is calculated every quarter based on IFRS and allocated in operating profit.

(Note2) Adjustment of unrealized income in inventory including in the inventory of Salmon/Trout business in South America

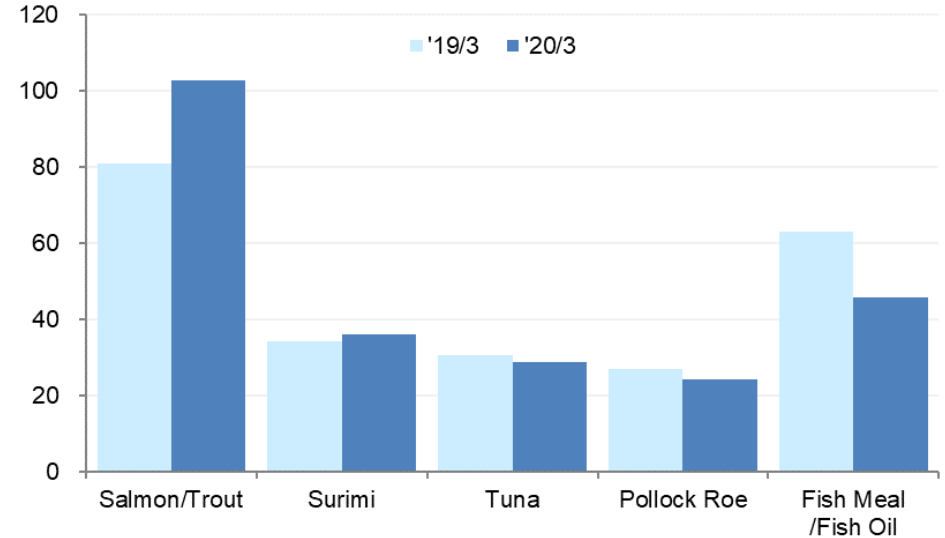
<Net Sales (Monthly)>

(Unit : 100 million yen)



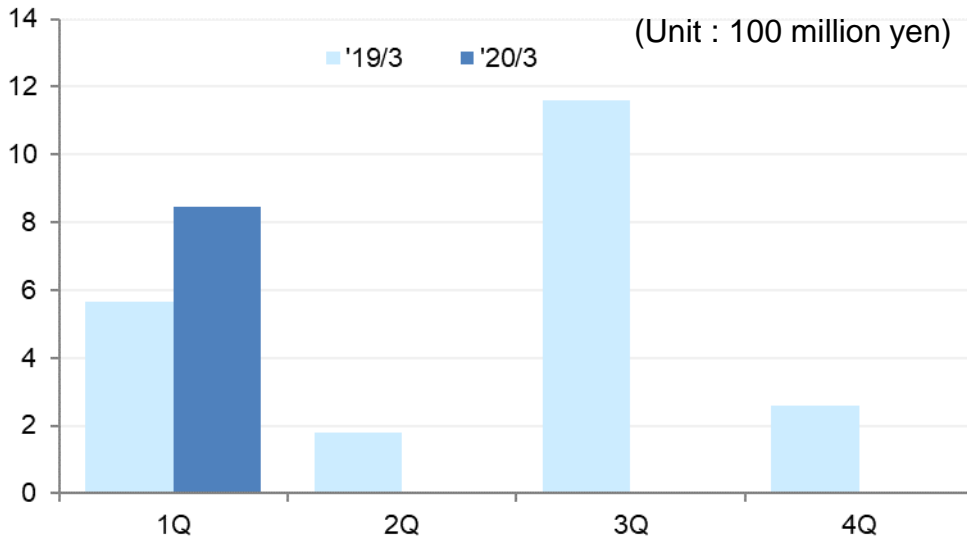
<Sales by Main Species (Y-on-Y)>

(Unit : 100 million yen)



<Operating Profit (Quarterly)>

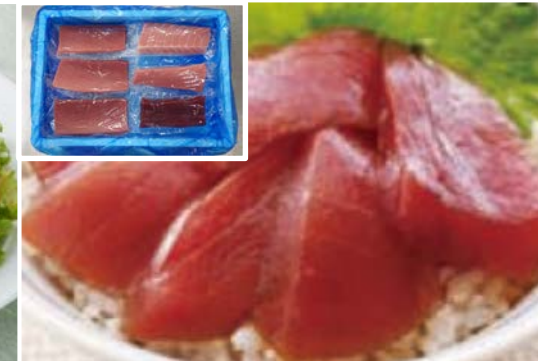
(Unit : 100 million yen)



<Highly processed marine products>



Shrimp product which fresh taste is maintained with immersion technologies

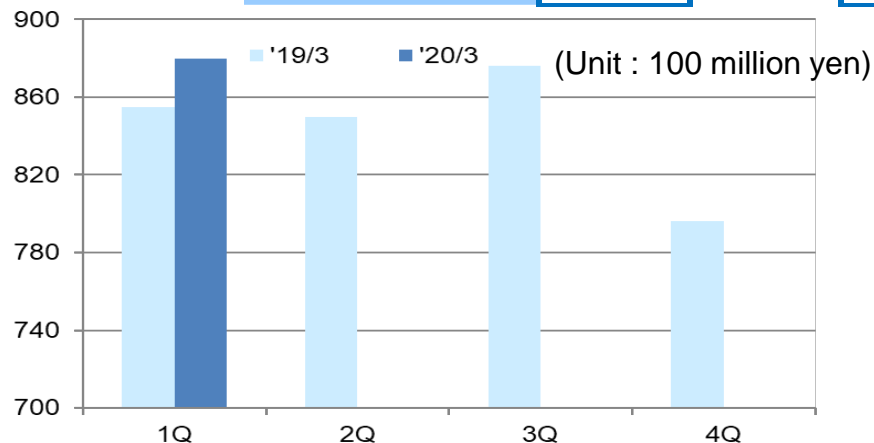


Highly processed tuna which has convenience and deliciousness

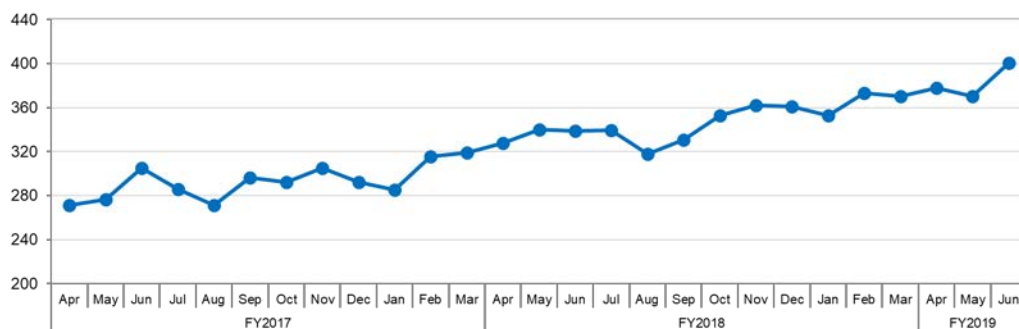
◆ Income decreased due to depreciation cost in Chilled Business and unseasonable weather in addition to increasing material cost.

(Unit : 100 million yen)	1Q of FY2019	1Q of FY2018	Increase/Decrease		Plan for FY2019	Progress rate (%)
			(Amount)	(%)		
Net Sales	880	855	24	102.8	3,449	25.5
Operating Profit	33	40	(7)	81.9	129	25.8

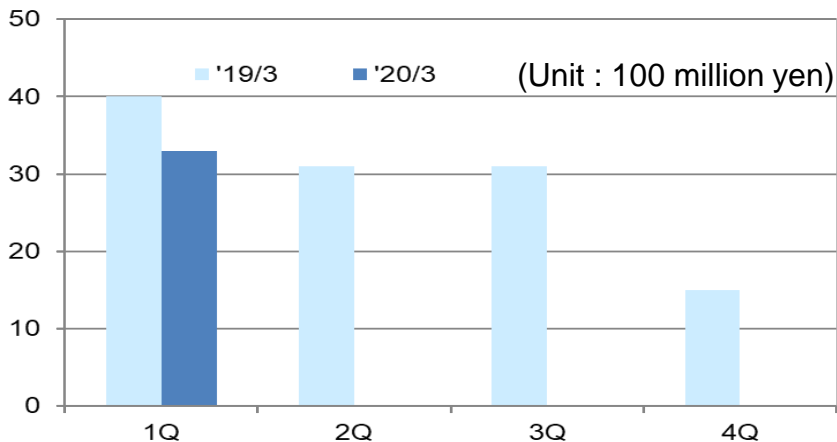
Net Sales



<Transition of Import price of frozen surimi>
(Calculated based on Trade Statistics of Japan, Ministry of Finance)
(Unit : yen/kg)



Operating Profit

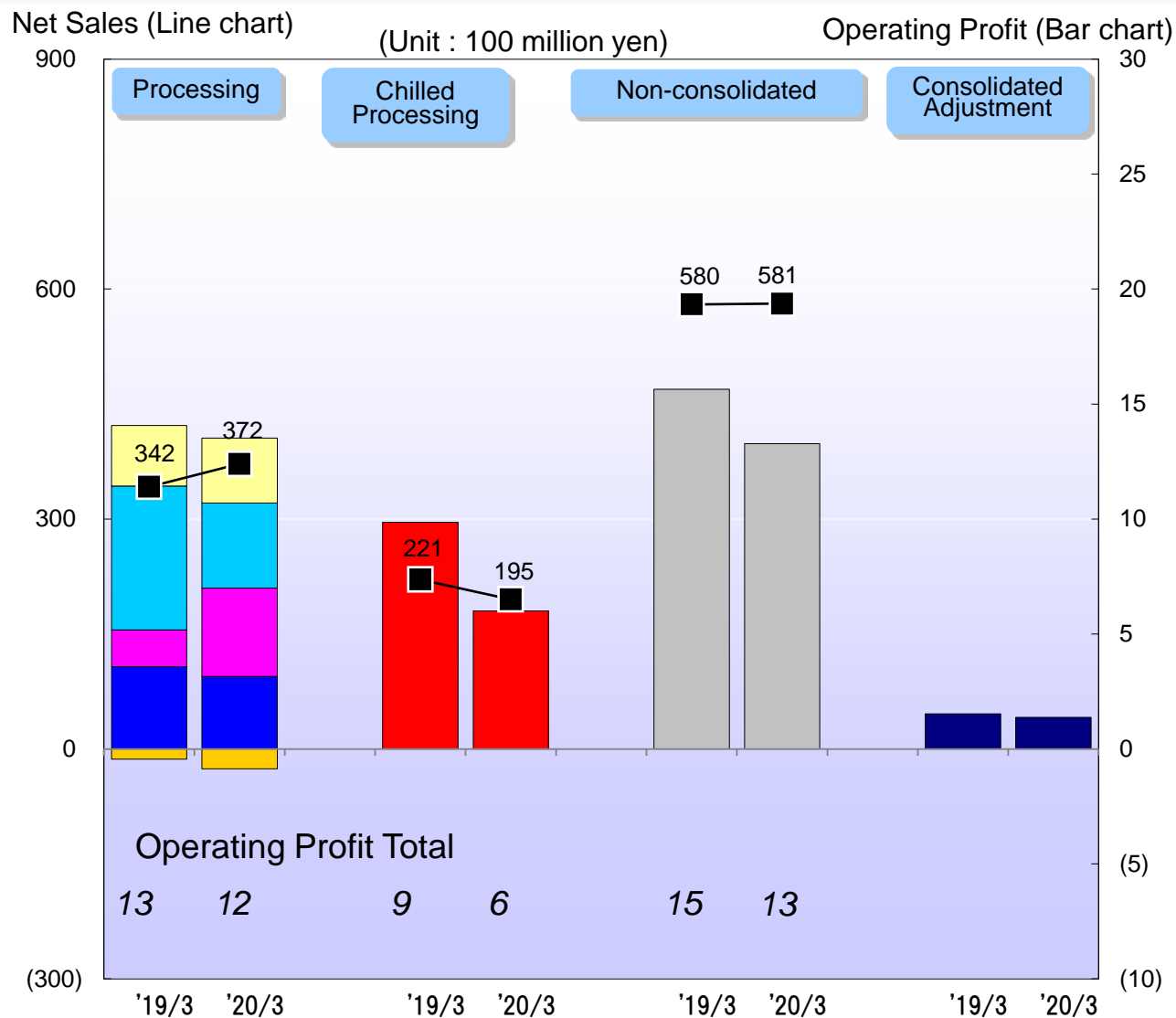


KING & PRINCE SEAFOOD
Frozen food for food service in North America turned favorable with Shrimp products



Food Products Business

Net Sales & Operating Profit (Y-on-Y)



Major causes of fluctuations

<Processing> (Increase in revenue but decrease in income)

- North America
Strong sales and increasing productivity in frozen food for food service business.
- Europe
Revenue increased thanks to strong chilled products segment but income decreased due to higher raw material costs including white fish
- Japan
Despite strong business in frozen food business, income decreased due to increase in costs including raw material cost such as Surimi and distribution cost.

<Chilled > (Decrease both in revenue and income)

Decrease in revenue due to the change of transaction form and sales volume decreased caused by unseasonable weather. Decrease in income due to increase of depreciation cost of new plant.

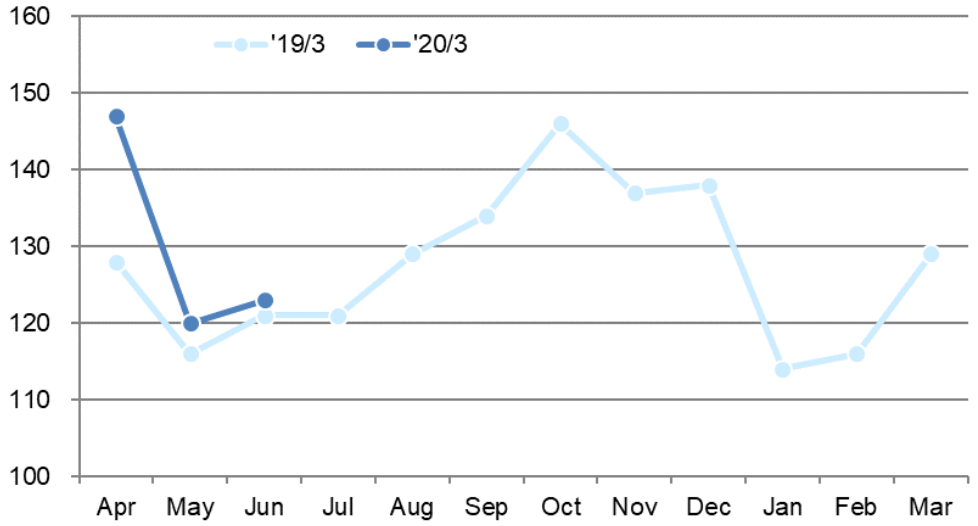
➤The Italic figures in the lower part of this chart show the accumulation of the bar (Operating Profit)

(Note) Transaction form change in chilled business

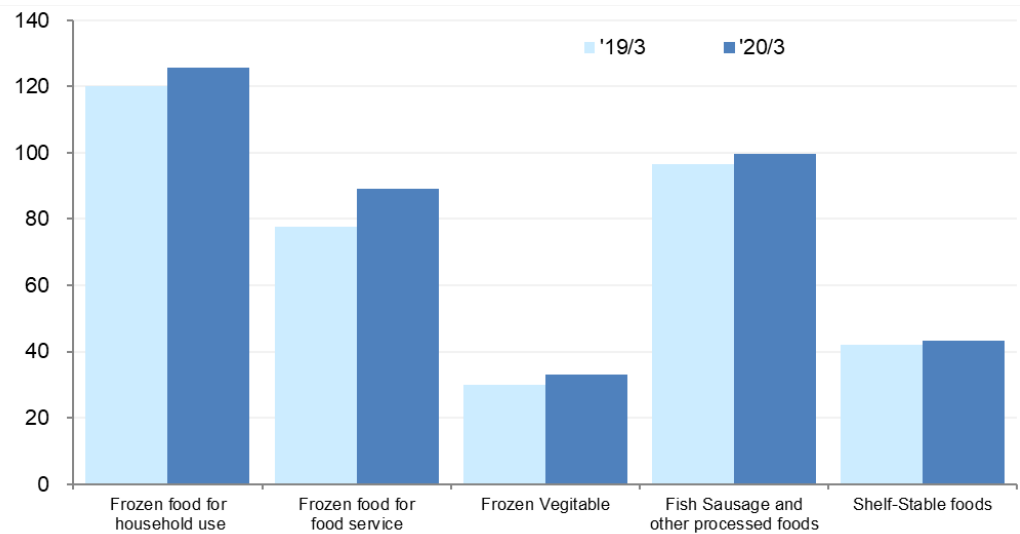
We have changed the ways of price setting method to offset center fee (selling cost) by net sales since February 2019.

As a result, net sales will decrease by 2.4 billion yen.

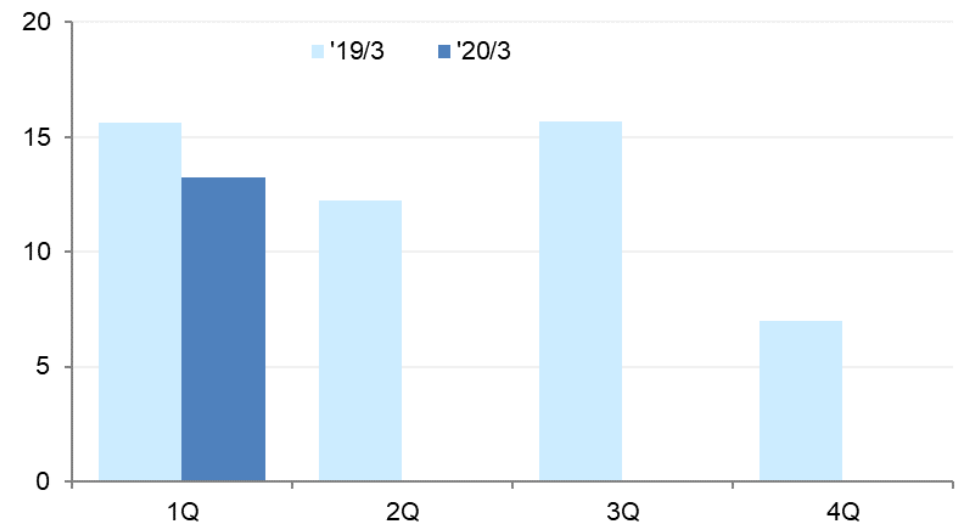
<Net Sales (Monthly)> (Unit : 100 million yen)



<Sales by Categories (Y-on-Y)> (Unit : 100 million yen)



<Operating Profit (Quarterly)> (Unit : 100 million yen)



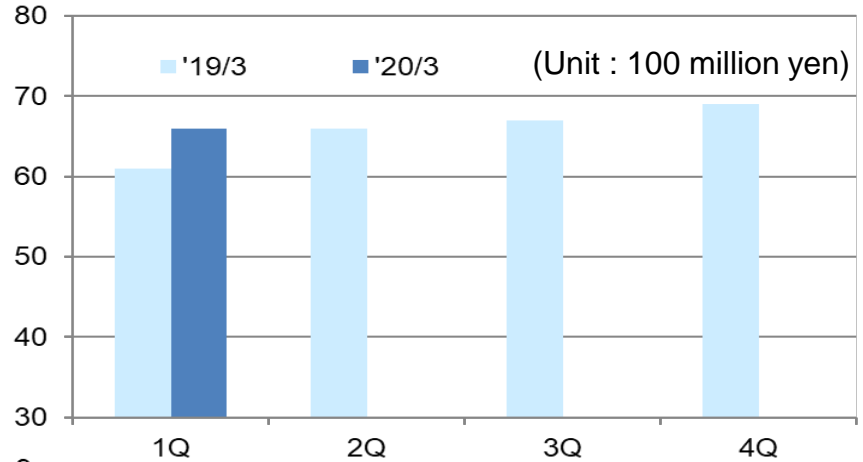
<Products with strong sales>



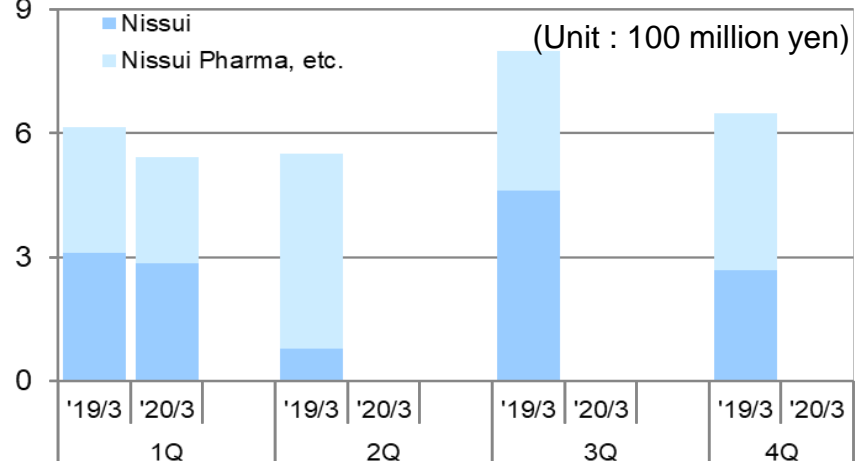
◆ Functional raw material went well but group companies struggled.

(Unit : 100 million yen)	1Q of FY2019	1Q of FY2018	Increase/Decrease		Plan for FY2019	Progress rate (%)
			(Amount)	(%)		
Net Sales	66	61	4	107.2	281	23.5
Operating Profit	5	6	(0)	88.4	27	20.1

Net Sales



Operating Profit



Major causes of fluctuations

<Non-consolidated>

- Functional raw material : Sales volume increased in both Japan and overseas
- Functional food : Profitability increased as advertising expenses in on-line sales reduced

<Group Companies>

- Decrease in income due to the time lag of delivery and increase of raw material cost.



Drink containing DHA which support to maintain memory which is in good demand.

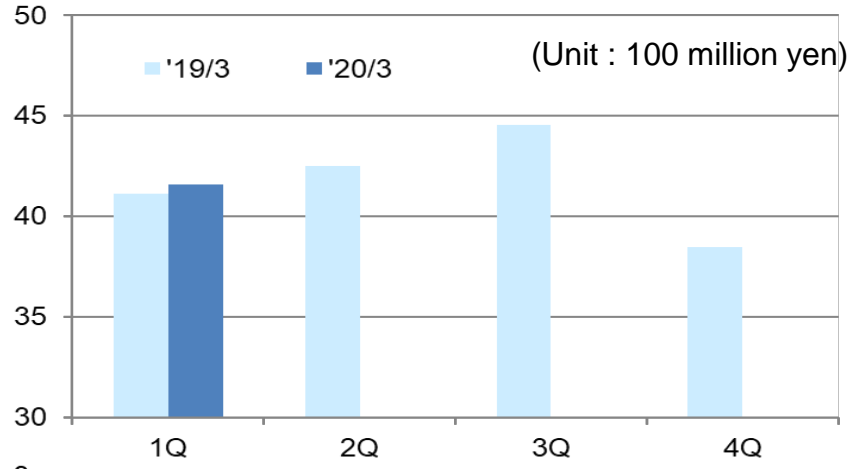


It's been sold for 15 years!!

◆ Significant decrease in income due to the change in the method of calculating retirement benefit obligation.

(Unit : 100 million yen)	1Q of FY2019	1Q of FY2018	Increase/Decrease		Plan for FY2019	Progress rate
			(Amount)	(%)		
Net Sales	41	41	0	101.1	173	24.0
Operating Profit	2	4	(1)	58.6	20	12.3

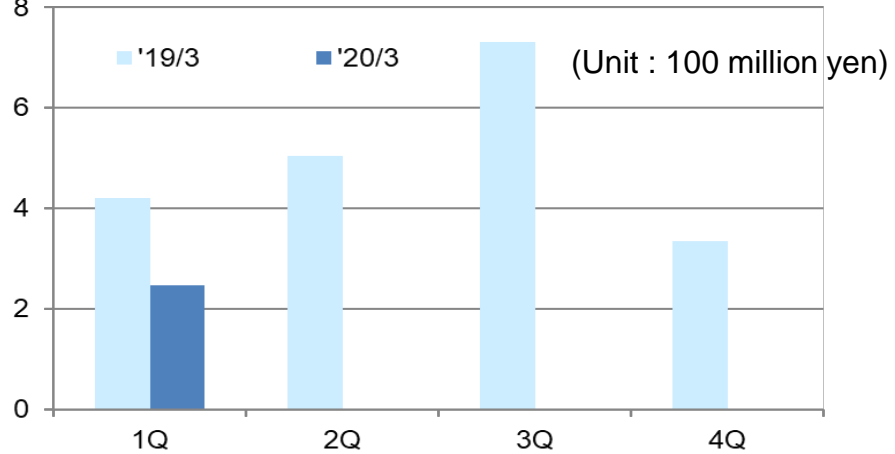
Net Sales



Major causes of fluctuations

- Despite strong sales thanks to storage fee markup and increase in distribution revenue, income decreased due to the change in the method of calculating retirement benefit obligation from the simplified method to the principle method.

Operating Profit



<2nd phase construction of Osaka Maishima Logistics Center, Nissui Logistics>



Rendering

Marine Business

- **Stabilize production and procurement** by sophisticating aquaculture and developing processing site
- **Expanding sales area** mainly in overseas such as North America and Europe

Food Business

- **Streamline production** by consolidating and restructuring production base in and outside Japan
- **Price revision** by renewal to correspond with increasing raw material cost and others

Fine Chemicals

- Hurry to get license for **overseas expansion of highly-purified EPA.**
- Respond to **the increase of DHA demand** seen in Europe

CSR



Minimize food losses



Undertaking actions on "Marine Plastic Pollution"

Marine Products Business

Food Products Business

Fine Chemicals Business

Increase sales of certified products

Received ASC certificates in March and BAP certificates in April. Aiming to expand further sales of farming fish.



Salmon/Trout aquaculture business in South America

ASC Certificate The program certify "Farming marine products in responsible manner" considering farming method and natural environment

BAP Certificate Third Party certification program which certifies attention to environmental issues and food securities of aquaculture business.

Stable farming

In addition to multiple egg collection system, plan to increase facilities of breeding for future expansion.



Buri yellowtail farming business



Ei seeding center
Kurose Suisan

Strengthening European are

Participate in the management of British seafood business. Seek for synergy with existing European affiliates by sharing purchasing and processing function.



European processing business



Example of the products and plants of Flatfish

Marine Products Business

Food Products Business

Fine Chemicals Business

Overseas Business



Europe : Expand production base and build efficient production system



For food service in North America : expand products line up other than shrimp (e.g. Hamburger for convenience store)

Chilled Business

Stabilize operation of new plant, review production system for optimization



Isesaki Factory, Nippon Cookery
Start running in January 2019

Price Revision

- Revise price of part of frozen food including grilled rice ball and noodle products
- Markup starting in spring



Marine Products Business

Food Products Business

Fine Chemicals Business

Preparation for overseas expansion of highly-purified EPA



Advance various preparations for overseas expansion, such as production system (to gain cGMP^(Note1)) and get quality assurance (DMF^(Note2).)



(Note1) cGMP
Requirements for proper manufacturing of pharmaceutical or drug products, which are applied in the U.S.



(Note2) DMF・・・Registry of pharmaceutical or drug products by the U.S. FDA (Food and Drug Administration)

Strengthen supply system to cope with increasing DHA demand in Europe



New products in Autumn and Winter in 2019 (1)



Increasing demand for the products with less labor for cooking

凍ったまま盛いつけ上手



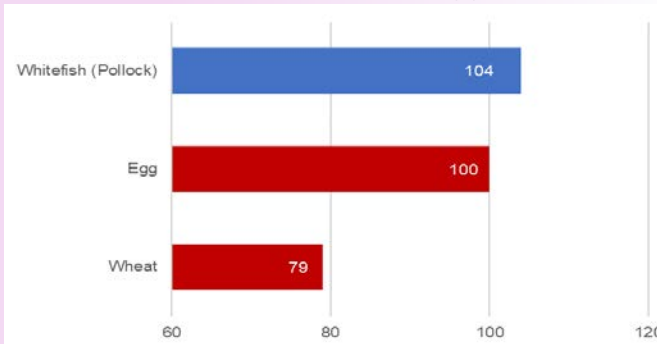
Naturally thawed ready-to-eat grilled mackerel without bone

Adding seafood nutrition easily



Minced whitefish can be treated in the same way as meat

<New function of whitefish>
Pollock protein contains as well or better protein as egg



Ref.) Research data of Nissui

Casual cooking of seafood cuisine with wester style seasoning



Pan fried whitefish products with vegetable

Cooking-time-saving products



Microwavable Chinese cuisine kit



Soup with lower calorie cooking without water

Foodstuff with unique technologies



See Grace scallop flavor



Create nearly real texture by treating surimi with high temperature and high-pressure



Crab flavored flake

Tastiness and nutrition of seafood easily.



Seafood sausage enable to consume nutrition same as one piece of Sardine (protein, calcium, EPA, DHA)



Run the campaign giving away 850 All Blacks goods selected in a drawing

Period of implementation September 1, 2019 – November 2, 2019

Nissui has been supporting All Blacks for more than 30 years since 1988.

Target products (e.g.)



Best before date in month and year (Promotion of food products losses)



Efforts to minimize food product losses through supply chains

Waste Reduction



Waste reduction in each business such as production and purchase

Extension of best-before date



Continue preservation tests with extended best-before date

Familiarization activities



Performance of various familiarization activities for consumers and Nissui employees



Change display style of best-before-date into year-month style from July

As part of anti-food-loss measures, reduce food loss by changing best-before-date display style into best-before-month display style





Participate in "Team Kuroshio" as one of the activities



Nippon Marine Enterprise

Sponsorship percentage 87.34%



Supporting activities

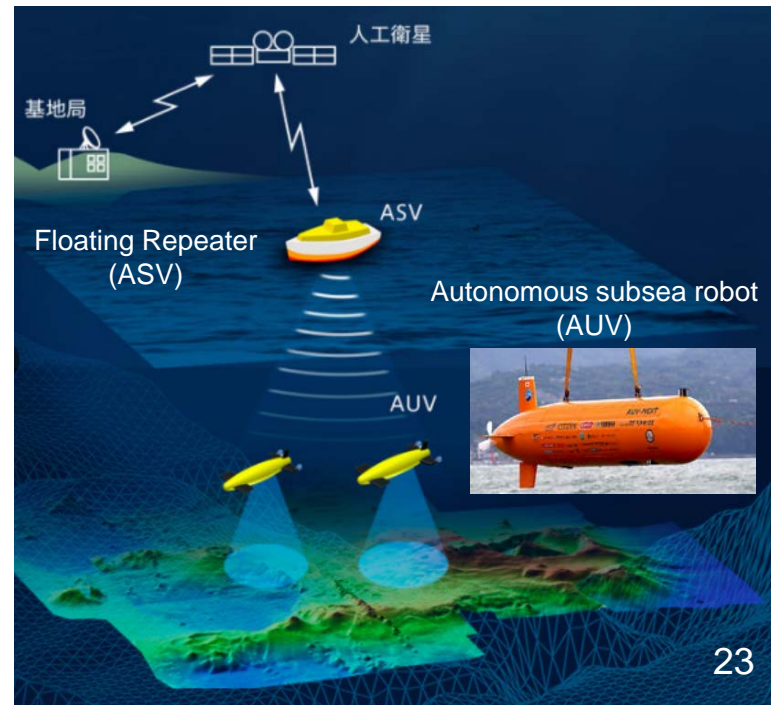
Nippon Marine Enterprise, Ltd. is entrusted with the operation of research vessels and deep-sea survey system "Shinkai 6500" owned by JAMSTEC (The Japan Agency for Marine-Earth Science and Technology)

Nippon Marine Enterprise dispatch employees to "Team KUROSHIO" to provide AUV operating technologies as well as to analyze the landscape data of data of bottom of the sea acquired with AUV.



"Team KUROSHIO" ranked **second** among 32 team.

"Team KUROSHIO" Joint research team comprised of researchers and engineers from 8 groups and organizations including JAMSTEC as a main player



◆ Both revenue and income decreased year-on-year.

(Unit : 100 million yen)	1Q of FY2019	1Q of FY2018	Y-on-Y	Main Causes of fluctuations
Net Sales	1,741	1,747	(5)	Changing transaction form in chilled business
Gross profit	338	368	(29)	
SGA Expenses	281	293	(12)	
Operating Profit	57	74	(17)	
Non-operating income	9	12	(3)	Foreign exchange gains : (2)
Non-operating expenses	5	4	0	Foreign exchange losses : 1
Ordinary Profit	60	82	(21)	
Extraordinary income	0	4	(3)	
Extraordinary losses	2	2	(0)	
Profit before income taxes	59	84	(24)	
Income taxes - current	12	17	(5)	
Income taxes - deferred	10	12	(1)	
Profit before income taxes	36	54	(17)	
Profit attributable to non-controlling interest	0	1	(1)	
Profit attributable to owners of parent	36	52	(16)	

◆ A little impact on foreign exchange as a whole while big impact on US dollars

Exchange rate among overseas subsidiaries	1Q of FY2019		1Q of FY2018		Increase/Decrease (Y-on-Y)		Breakdown (Unit : 100 million yen)	
	Local Currency	JPY (100 million yen)	Local Currency	JPY (100 million yen)	Local Currency	JPY (100 million yen)	Local Currency	Impact on foreign currency
USD(Million Dollar)	333	367	310	334	22	33	23	9
EUR(Million Euro)	73	92	68	90	5	2	7	(5)
DKK(Million Krone)	747	125	745	132	1	(7)	0	(7)
Other Currency	—	58	—	59	—	(1)	(1)	(0)
Total		643		616		26	30	(3)

<Ref. Foreign Exchange rate>

	1Q of FY2019	1Q of FY2018	Variation
USD(Million Dollar)	110.27 yen	107.47 yen	2.6%
EUR(Million Euro)	125.27 yen	132.29 yen	(5.3%)
DKK(Million Krone)	16.78 yen	17.76 yen	(5.5%)

◆ Revenue increased in Food Products Business in North America while revenue decreased in Japan due to transaction form change in Chilled Business and Engineering Business with retroaction from last year.

(Unit : 100 million yen)

	Japan	North America	South America	Asia	Europe	Sub Total	Consolidated Adjustment	Grand Total
Marine Products	559 <i>(1)</i>	131 8	57 4	17 <i>(2)</i>	137 <i>(7)</i>	903 0	(201) <i>(9)</i>	701 <i>(9)</i>
	561	123	52	20	144	903	(192)	711
Food Products	865 <i>(18)</i>	178 22		18 0	101 1	1,163 5	(282) 18	880 24
	884	155		18	99	1,157	(301)	855
Fine Chemicals	72 3			1 <i>(0)</i>		73 3	(7) 1	66 4
	69			1		70	(8)	61
General Distribution	79 4					79 4	(38) <i>(3)</i>	41 0
	75					75	(34)	41
Others	63 <i>(44)</i>			0 0		63 <i>(44)</i>	(11) 19	51 <i>(25)</i>
	107			0		108	(31)	77
Sub Total	1,640 <i>(57)</i>	309 30	57 4	37 <i>(2)</i>	238 <i>(6)</i>	2,283 <i>(31)</i>		
	1,698	278	52	40	244	2,315		
Consolidated Adjustment	(424) 27	(50) <i>(6)</i>	(38) 0	(26) 1	(2) 1		(542) 25	
	(451)	(44)	(39)	(28)	(4)		(568)	
Grand Total	1,216 <i>(30)</i>	259 24	18 5	10 <i>(0)</i>	236 <i>(4)</i>			1,741 <i>(5)</i>
	1,247	234	13	11	240			1,747

- The upper columns indicate the result of 1Q of FY2019 and the lower columns indicate that of FY2018. The Italic and bold figures mean increase/decrease.
- Consolidated adjustment include elimination between the group companies.
- From the first quarter of the consolidated fiscal year, part of the consolidated subsidiary's segmentation was separated into the Food Products Business and the Marine Products Business which used to be divided into the Food Business only along with the review of organization change. The above figure was created by revised segmentation retroactively.

◆ Income decreased in Japan and South America

(Unit : 100 million yen)

	Japan	North America	South America	Asia	Europe	Common Costs	Sub Total	Consolidated Adjustment	Grand Total	Ratio of Operating Profit to Net Sales
Marine Products	9 0	11 1	17 11	(0) (0)	2 (0)		41 12	(10) (16)	30 (4)	4.3 (0.6)
	9	10	5	(0)	3		28	5	34	4.9
Food Products	20 (5)	6 1		1 (0)	2 (2)		31 (7)	1 (0)	33 (7)	3.8 (1.0)
	25	5		2	5		39	1	40	4.8
Fine Chemicals	5 (0)			0 0			5 (0)	(0) (0)	5 (0)	8.2 (1.8)
	5			0			6	0	6	10.0
General Distribution	2 (1)						2 (1)	0 (0)	2 (1)	5.9 (4.3)
	4						4	0	4	10.2
Others	0 (3)			0 0			0 (3)	0 0	1 (2)	2.0 (2.5)
	3			0			3	(0)	3	4.5
Common Costs						(15) (1)	(15) (1)	0 0	(15) (1)	
						(14)	(14)	0	(14)	
Sub Total	38 (10)	18 2	17 11	1 (0)	5 (3)	(15) (1)	65 (1)			
	48	15	5	2	9	(14)	67			
Consolidated Adjustment	1 0	(1) (0)	(8) (16)	(0) (0)	(0) (0)	(0) (0)		(8) (16)		
	0	(0)	8	(0)	(0)	(0)		7		
Grand Total	39 (9)	17 2	9 (4)	1 (0)	5 (3)	(15) (1)			57 (17)	3.3 (1.0)
	48	15	14	2	9	(14)			74	4.3

- The upper columns indicate the result of 1Q of FY2019 and the lower columns indicate that of FY2018. The Italic and bold figures mean increase/decrease.
- Consolidated adjustment include elimination between the group companies.
- From the first quarter of the consolidated fiscal year, part of the consolidated subsidiary's segmentation was separated into the Food Products Business and the Marine Products Business which used to be divided into the Food Business only along with the review of organization change. The above figure was created by revised segmentation retroactively.

Disclaimer regarding forward-looking statements

This presentation contains forward-looking statements regarding Nissui's business projections for the current term and future terms. All forward-looking statements are based on rational judgment of management derived from the information currently available to it, and the Company provides no assurances that these projections will be achieved.

Please be advised that the actual business performance may differ from these business projections due to changes of various factors. Significant factors which may affect the actual business performance includes but are not limited to the changes in the market economy and product demand, foreign exchange rate fluctuations, and amendments to various international and Japanese systems and laws.

Accordingly, please use the information contained in this presentation at your own discretion. The Company assumes no liability for any losses that may arise as a result through use of this presentation.

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