

Summary of 1st Quarter Report for Fiscal Year 2020 (April 1, 2020 through June 30, 2020)

Qualification: This is directly translated into English for the convenience of readers, and all financial results conform with the accounting principles generally accepted in Japan.

Company: **Nippon Suisan Kaisha, Ltd.** Listed on Tokyo Stock Exchange with the register code 1332

<https://www.nissui.co.jp/english/index.html>

1. Consolidated Financial Data of 1st Quarter of FY2020

(1) Consolidated Financial Results (For three months ended June 30)

(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
1st quarter of FY2020	162,254	(6.8)	4,251	(25.5)	4,952	(18.4)	3,189
1st quarter of FY2019	174,143	(0.3)	5,704	(23.7)	6,067	(26.2)	3,619

(Note) : Comprehensive income of 1st quarter of FY2020 1,621 Million yen ((56.2)%) 1st quarter of FY2019 3,703 Million yen ((6.8)%)

	Earnings per share	Diluted income per share
	Yen	Yen
1st quarter of FY2020	10.25	-
1st quarter of FY2019	11.63	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
1st quarter of FY2020	496,893	172,094	30.8
FY2019	491,533	172,300	31.2

(Ref) : Total shareholders' equity As of June 30, 2020 153,183 Million yen As of March 31, 2020 153,152 Million yen

2. Dividend

	Dividend per share				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Fiscal Year
	Yen	Yen	Yen	Yen	Yen
FY2019	-	4.00	-	4.50	8.50
FY2020	-	-	-	-	-
FY2020 (forecast)	-	4.00	-	4.50	8.50

(Note) Revision to dividend forecast during the current quarter: None

3. Consolidated Forecast for FY2020 (April 1, 2020 through March 31, 2021)

	Net sales		Operating Profit		Ordinary Profit		Profit attributable to owners of parent	Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	Yen
FY2020	670,000	(2.9)	19,000	(16.8)	21,500	(16.7)	15,000	48.21

(Note) Revision during the current quarter to the consolidated forecast for FY2020: None

* Notes

- Changes in scope of consolidation due to transfer of significant subsidiaries during the term: None
- Adoption of accounting treatment unique to the preparation of quarterly consolidated financial statement: None
- Changes in accounting policy, Changes in accounting estimate, and restatement:
 - Changes in accounting policy associated with the revision of the accounting standard, etc.: None
 - Changes in accounting policy other than those stated above: None
 - Changes in accounting estimate : None
 - Restatement : None

4) Number of issued shares (Common stock)

- Number of issued shares at the end of the term (Including treasury stock)
- Number of treasury stock at the end of the term
- Average number of shares during the term (For the current consolidated first quarter)

1Q of FY2020	312,430,277	FY2019	312,430,277
1Q of FY2020	1,289,372	FY2019	1,289,063
1Q of FY2020	311,141,123	1Q of FY2019	311,145,729

(Note) Nissui has introduced the "Board Benefit Trust (BBT)" as its performance-linked and share-based compensation plan since FY2018 and its own shares remaining in the Trust is included as treasury shares. The number of treasury stock at the end of the term and average number of shares during the term is 330,500

* The summary of financial results is not subject to audits.

*Explanation on the proper use of the forecasts, and other noteworthy items

The performance forecasts contained in this report are based on information available at the present time and certain premises thought to be reasonable. Accordingly, the final results may change substantially due to various factors. For conditions from which the premises for the forecasts were derived and the other noteworthy items relating to the use of the forecasts, please refer to "(3)Explanation on Consolidated Financial Forecasts" of "1. Qualitative information for the first quarter of the fiscal year ending March 31, 2021" on Page 5.

1. Qualitative information for the first quarter of the fiscal year ending March 31, 2021

(1) Explanation on consolidated financial results

During the first three months of the consolidated fiscal year under review, Japanese economy saw a dramatic deterioration in terms of both corporate earnings and the employment environment, significantly affected by the spread of the novel coronavirus (COVID-19) infection. Consumer spending also declined sharply due to business suspension requests and people's staying home under the declaration of an emergency situation.

In terms of the global economy during the period subject to consolidated accounting from January to March, corporate earnings and consumer spending dropped rapidly due partly to the gradual emergence of impacts from COVID-19 in late February and declarations of an emergency situation and lockdowns taken place in the United States and European countries in March.

The Company and its corporate group's sales of food for household were strong in both Japan and overseas countries thanks to an increase in the consumption in household due to the restriction on going out. However, demand for dining out and tourism sharply declined; and sales of marine products and food for hotels and restaurants decreased and, as demand decreased, the marine product market condition also worsened. In addition, a decrease in sales of products for convenience stores also exhibited impacts.

As for our measures against COVID-19, we have been implementing work styles for employees to realize the 3Cs, namely avoiding "closed spaces," "crowded places" and "close-contact settings," by combining "working from home" and "web meetings," etc., to prevent the spread of infection. In addition, we are supporting people whose life has been significantly affected and front-line health care workers by providing canned food, etc.. We are committed to continuing with measures to prevent infection, ensuring the safety of our business partners and employees and thereby fulfilling our responsibilities to produce and supply food. We will also continue with planning and implementing support activities.

Under these circumstances, the consolidated financial results through the first quarter of the consolidated fiscal year under review were as follows: net sales were 162,254 million yen, down 11,888 million yen year-on-year; operating profit was 4,251 million yen, down 1,451 million yen year-on-year; ordinary profit was 4,952 million yen, down 1,114 million yen year-on-year; and the profit for the quarter attributable to the owners of the parent company was 3,189 million yen, down 429 million yen year-on-year.

(Unit : million yen)

	Net Sales	Operating Profit	Ordinary Profit	Profit attributable to owners of parent company
1Q of FY2020	162,254	4,251	4,952	3,189
1Q of FY2019	174,143	5,704	6,067	3,619
Increase/Decrease (Y-on-Y)	(11,888)	(1,453)	(1,114)	(429)
Percentage (Y-on-Y)	93.2%	74.5%	81.6%	88.1%

The summary by segment is as follows.

(Unit : million yen)

	Net Sales	Increase/Decrease (Y-on-Y)	Y-on-Y	Operating Profit	Increase/Decrease (Y-on-Y)	Y-on-Y
Marine Products	64,945	(5,253)	92.5%	2,024	(1,012)	66.7%
Food Products	84,060	(3,947)	95.5%	3,093	(239)	92.8%
Fine Chemicals	5,466	(1,148)	82.6%	295	(247)	54.4%
General Distribution	4,161	2	100.1%	435	188	176.3%
Other (Note)	3,619	(1,542)	70.1%	181	77	175.3%
Common Costs	-	-	-	(1,779)	(219)	114.1%
Total	162,254	(11,888)	93.2%	4,251	(1,453)	74.5%

(Note) "Other" refers to Engineering (planning, design and construction of plants and equipment) Business and Ship Operation Business, etc.

(1) Marine Products Business

The Marine Products segment is engaged in the fishery, aquaculture, and seafood processing and trading businesses

<Overview of the first quarter of the consolidated fiscal year under review>

In the Marine Products business, the sales in the amount of 64,945 million yen (down 5,253 million yen year-on-year) and operating profit of 2,024 million yen (down 1,012 million yen year-on-year) were recorded.

Fishery Business: Both revenue and income increased year-on-year.

[Japan]

• Both revenue and income increased as the amount of fish caught of sardine and buri yellowtail was good although fish price declined.

Aquaculture Business: Both revenue and income decreased year-on-year.

[Japan]

• Both revenue and income decreased as the demand for dining out and tourism has decreased as well as sales price decline due to the restrictions on going out although aquaculture performance of salmon/trout, which had been weak until last year, improved.

[South America]

• Both revenue and income decreased in salmon/trout business due to the decline in sales price and profit on valuation of fish in the aquaculture pond (Note 1), as well as sales volume decline because of reducing production.

Seafood Processing and Trading Business: Both revenue and income decreased year-on-year.

[Japan]

• Both revenue and income decreased as the sales volume of surimi decreased and sales price of salmon/trout declined.

[North America]

• Both income and revenue decreased as the sales volume decreased in surimi and fillet of Alaskan Pollock and increase in labor cost.

[Europe]

• Sales for dining out and cruise ship has shrunk due to the lockdowns since March.

(2) Food Products Business

The Food Products segment is engaged in the food processing and chilled foods businesses.

<Overview of the first quarter of the consolidated fiscal year under review>

In the Food Products business, the sales in the amount of 84,060 million yen (down 3,947 million yen year-on-year) and operating profit of 3,093 million yen (down 239 million yen year-on-year) were recorded.

Processed Foods Business: Revenue decreased but income increased year-on-year.

- Income increased thanks to the strong sales in frozen food and chilled food for household use while the sales for food service has affected as demand for dining out and tourism decreased due to restrictions on going out in both Japan and overseas.

Chilled Foods Business: Both revenue and income decreased year-on-year.

- Both revenue and income decreased since orders for convenience stores decreased significantly as increase in work from home and decrease in demand of tourism caused poor turnout.

(3) Fine Chemicals Business

The Fine Chemicals segment is engaged in the manufacture and sale of pharmaceutical raw materials, functional raw materials (Note 2), functional foods (Note 3), diagnostic medicines and test drug.

<Overview of the first quarter of the consolidated fiscal year under review>

In the Fine Chemicals business the sales in the amount of 5,466 million yen (down 1,148 million yen year-on-year) and operating profit of 295 million yen (down 247 million yen year-on-year) were recorded.

[Pharmaceutical Raw Materials, Functional Raw Materials and Functional Foods]

- Revenue and income decreased as sales of pharmaceutical raw material decreased.

[Clinical Diagnostic and Test Drug]

- Both revenue and income decreased as sales of test drug for food corporations declined due to the decrease in demand for dining out while we sold our pharmaceutical business.

(4) General Distribution Business

The General Distribution segment is engaged in the cold storage, transportation and customs clearing businesses.

<Overview of the first quarter of the consolidated fiscal year under review>

In the General Distribution business, the sales in the amount of 4,161 million yen (up 2 million yen year-on-year) and operating profit of 435 million yen (up 188 million yen year-on-year) were recorded.

- Income increased as the increase in cost related to the retirement benefit in previous year disappeared.

(Note 1) On the basis of IFRS, valuation of fish in the aquaculture pond before delivery was implemented and put it on the operational income

(Note 2) EPA, DHA, and others mainly used as ingredients of health supplements and infant formula

(Note 3) Supplements such as EPA, DHA and "i-mark S", food for specified health uses (FOSHU), for on-line business

(2) Explanation on consolidated financial position

State of assets, liabilities and net assets

	Fiscal Year 2019	Fiscal Year 2020	Y-on-Y
Current Asset	253,115	260,737	7,621
(Inventories)	131,053	131,180	127
Non-current Asset	238,417	236,155	(2,262)
Total Asset	491,533	496,893	5,359
Current Liabilities	196,895	187,146	(9,748)
Non-current Liabilities	122,337	137,652	15,314
Total Liabilities	319,233	324,799	5,566
Total Net Assets	172,300	172,094	(206)

Assets

Total assets increased by 5,359 million yen compared to the end of previous consolidated fiscal year to 496,893 million yen (up 1.1%).

Current assets increased by 7,621 million yen to 260,737 million yen (up 3.0%) as a result of increase in cash and deposit by 5,232 million yen for the efforts to secure cash on hand, following the outbreak of coronavirus, continued from the end of the previous year.

Noncurrent assets decreased by 2,262 million yen to 236,155 million yen (down 0.9%), mainly as a result of decrease in property, plant and equipment by 1,330 million yen as we sold our group companies.

Liabilities

Total liabilities increased by 5,566 million yen compared to the end of the previous consolidated fiscal year to 324,799 million yen (up 1.7%)

Current liabilities decreased by 9,748 million yen to 187,146 million yen (down 5.0%), mainly as a result of decrease in short-term borrowings by 10,254 million yen, due to the procurement of long-term borrowings and repayment of short-term borrowing.

Noncurrent liabilities increased by 15,314 million yen to 137,652 million yen (up 12.5%). As mentioned in the factors for decrease in current liabilities, the main reason is long-term borrowings increased by 14,618 million yen.

Net Assets

Total net assets decreased by 206 million yen compared to the end of the previous consolidated fiscal year to 172,094 million yen. This was due mainly to post profit attributable to owners of parent of 3,189 million yen, pay dividend of surplus by 1,402 million yen and decrease in foreign currency translation adjustment by 2,508 million yen due to appreciating yen.

(3) Explanation on Consolidated Financial Forecasts

There is no revision in the forecast of financial results for the fiscal year ending March 2021, which was disclosed on May 20, 2020.

3. 1st Quarter Consolidated Financial Statements
(1)Consolidated Balance Sheet

Million yen

	FY2019 As of Mar. 31, 2020	1st Quarter of FY2020 As of Jun. 30, 2020
Assets		
Current assets		
Cash and deposits	27,371	32,604
Notes and accounts receivable-trade	79,962	80,010
Merchandise and finished goods	68,300	68,495
Work in process	28,740	28,902
Raw materials and supplies	34,012	33,783
Other	15,032	17,217
Allowance for doubtful accounts	(303)	(275)
Total current assets	253,115	260,737
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	61,515	62,490
Other, net	86,526	84,220
Total property, plant and equipment	148,042	146,711
Intangible assets		
Goodwill	669	599
Other	9,690	9,511
Total intangible assets	10,360	10,111
Investments and other assets		
Investment securities	65,258	65,132
Other	19,567	18,969
Allowance for doubtful accounts	(4,810)	(4,767)
Total investments and other assets	80,015	79,333
Total non-current assets	238,417	236,155
Total assets	491,533	496,893

Consolidated Balance Sheet

Million yen

	FY2019 As of Mar. 31, 2020	1st Quarter of FY2020 As of Jun. 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable-trade	35,476	36,210
Short-term borrowings	120,877	110,623
Income taxes payable	2,119	977
Accrued expenses	23,280	22,306
Provisions	3,742	1,547
Other	11,398	15,480
Total current liabilities	196,895	187,146
Non-current liabilities		
Long-term borrowings	100,361	114,979
Provisions	146	126
Retirement benefit liability	12,450	12,434
Other	9,380	10,112
Total non-current liabilities	122,337	137,652
Total liabilities	319,233	324,799
Net assets		
Shareholders' equity		
Share capital	30,685	30,685
Capital surplus	21,621	21,623
Retained earnings	96,237	97,911
Treasury shares	(474)	(475)
Total shareholders' equity	148,069	149,746
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,839	10,101
Deferred gains or losses on hedges	264	(229)
Foreign currency translation adjustment	186	(2,322)
Remeasurements of defined benefit plans	(4,208)	(4,112)
Total accumulated other comprehensive income	5,082	3,437
Non-controlling interests	19,148	18,910
Total net assets	172,300	172,094
Total liabilities and net assets	491,533	496,893

(2)Consolidated Income Statements

Million yen

	1st Quarter of FY2019 (Three months ended Jun. 30, 2019)	1st Quarter of FY2020 (Three months ended Jun. 30, 2020)
Net sales	174,143	162,254
Cost of sales	140,281	130,448
Gross profit	33,861	31,806
Selling, general and administrative expenses	28,157	27,554
Operating profit	5,704	4,251
Non-operating income		
Interest income	65	68
Dividend income	95	88
Share of profit of entities accounted for using equity method	544	924
Subsidy income	12	43
Miscellaneous income	200	65
Total non-operating income	918	1,191
Non-operating expenses		
Interest expenses	401	378
Foreign exchange losses	124	61
Miscellaneous expenses	30	49
Total non-operating expenses	555	490
Ordinary profit	6,067	4,952
Extraordinary income		
Gain on sales of non-current assets	39	175
Gain on sales of shares of subsidiaries and associates	9	—
Gain on change in equity	11	—
Total extraordinary income	61	175
Extraordinary losses		
Loss on disposal of non-current assets	75	67
Loss on sales of investment securities	—	0
Loss on valuation of investment securities	128	53
Total extraordinary losses	203	121
Profit before income taxes	5,924	5,006
Income taxes-current	1,242	1,040
Income taxes-deferred	1,029	732
Total income taxes	2,272	1,773
Profit	3,652	3,233
Profit attributable to non-controlling interests	33	43
Profit attributable to owners of parent	3,619	3,189

Consolidated Statements of comprehensive income

Million yen

	1st Quarter of FY2019 (Three months ended Jun. 30, 2019)	1st Quarter of FY2020 (Three months ended Jun. 30, 2020)
Profit	3,652	3,233
Other comprehensive income		
Valuation difference on available-for-sale securities	207	1,255
Deferred gains or losses on hedges	(35)	196
Foreign currency translation adjustment	(250)	(689)
Remeasurements of defined benefit plans, net of tax	(60)	96
Share of other comprehensive income of entities accounted for using equity method	189	(2,470)
Total other comprehensive income	50	(1,611)
Comprehensive income	3,703	1,621
(Breakdown)		
Comprehensive income attributable to owners of parent	3,705	1,545
Comprehensive income attributable to non-controlling interests	(2)	75

(3) Notice concerning the consolidated financial statements

(Notes on premise of existing companies)

Not applicable.

(Notes Regarding Significant Changes in the Amount of Shareholder's Equity)

Not applicable.

(Segment Information, etc.)

1. 1st Quarter of the last Fiscal Year(Apr 1, 2019 - Jun 30, 2019)

1. Information of net sales and profit (loss) by reportable segment

Million yen

	Information by business segments					Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Marine Products	Food Products	Fine Chemicals	General Distribution	Total				
Sales									
(1) Sales to third parties	70,199	88,008	6,614	4,158	168,980	5,162	174,143	-	174,143
(2) Inter-segment sales and transfers	4,825	870	77	2,335	8,109	496	8,606	(8,606)	-
Total	75,025	88,878	6,691	6,494	177,090	5,659	182,749	(8,606)	174,143
Segment income	3,037	3,333	542	246	7,160	103	7,263	(1,559)	5,704

(Note)

1. The "Other" segment includes the building/repair of ships, engineering and other businesses that are not included in the reportable segments.
2. The (1,559) million yen segment income adjustment comprise 10 million yen in inter-segment transactions and (1,569) million yen in corporate expenses not allocated to the segments. Corporate expenses comprise mainly selling, general and administrative expenses not allocated to the reportable segments.
3. Segment income is adjusted to reflect operating profit as recorded in the quarterly consolidated statement of income.

2. Information regarding impairment loss on noncurrent assets and goodwill by reportable segment

(Significant impairment loss on noncurrent assets)

Not applicable.

(Significant changes in the amount of goodwill)

Not applicable.

(Significant gain on negative goodwill)

Not applicable.

2. 1st Quarter of the current Fiscal Year(Apr 1, 2020 - Jun 30, 2020)

1. Information of net sales and profit (loss) by reportable segment

Million yen

	Information by business segments					Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Marine Products	Food Products	Fine Chemicals	General Distribution	Total				
Sales									
(1) Sales to third parties	64,945	84,060	5,466	4,161	158,634	3,619	162,254	-	162,254
(2) Inter-segment sales and transfers	3,904	697	92	2,358	7,053	618	7,671	(7,671)	-
Total	68,850	84,758	5,559	6,520	165,687	4,237	169,925	(7,671)	162,254
Segment income	2,024	3,093	295	435	5,848	181	6,030	(1,779)	4,251

(Note)

1. The "Other" segment includes the building/repair of ships, engineering and other businesses that are not included in the reportable segments.
2. The (1,779) million yen segment income adjustment comprise (24) million yen in inter-segment transactions and (1,754) million yen in corporate expenses not allocated to the segments. Corporate expenses comprise mainly selling, general and administrative expenses not allocated to the reportable segments.
3. Segment income is adjusted to reflect operating profit as recorded in the quarterly consolidated statement of income.

2. Information regarding impairment loss on noncurrent assets and goodwill by reportable segment

(Significant impairment loss on noncurrent assets)

Not applicable.

(Significant changes in the amount of goodwill)

Not applicable.

(Significant gain on negative goodwill)

Not applicable.