



Supplemental Documents for 1st Quarter of FY2018

August 3, 2018
Nippon Suisan Kaisha

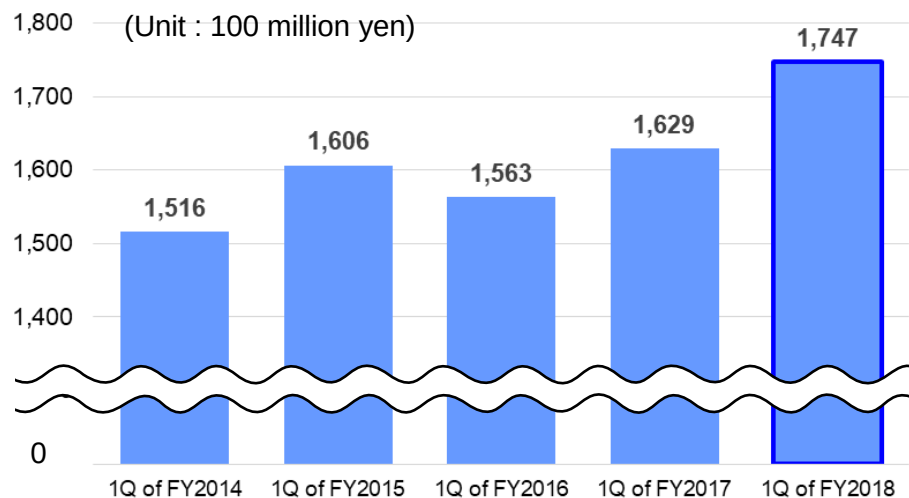
Overview of the 1st Quarter of FY2018



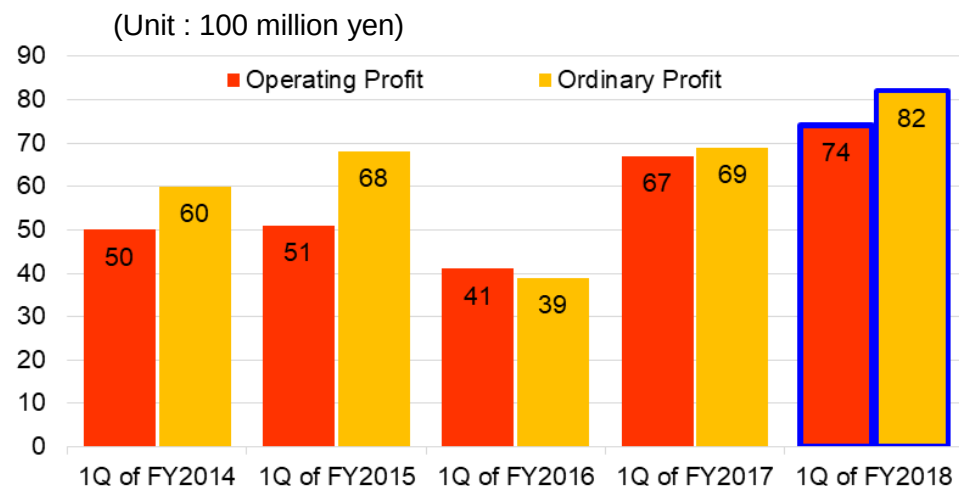
◆ Both revenue and income increased year-on-year. Off to a good start as the first year of mid-term business plan making good progress on annual plan.

(Unit : 100 million yen)	1Q of FY2018	Increase/Decrease		Annual plan for FY2018	
		(Amount)	(%)	(Amount)	Progress rate
Net Sales	1,747	117	107.2	6,980	25.0
Operating Profit	74	7	111.0	220	34.0
Ordinary Profit	82	12	117.5	235	35.0
Profit attributable to owners of parent company	52	0	101.4	160	32.7

Net Sales



Operating profit / Ordinary profit



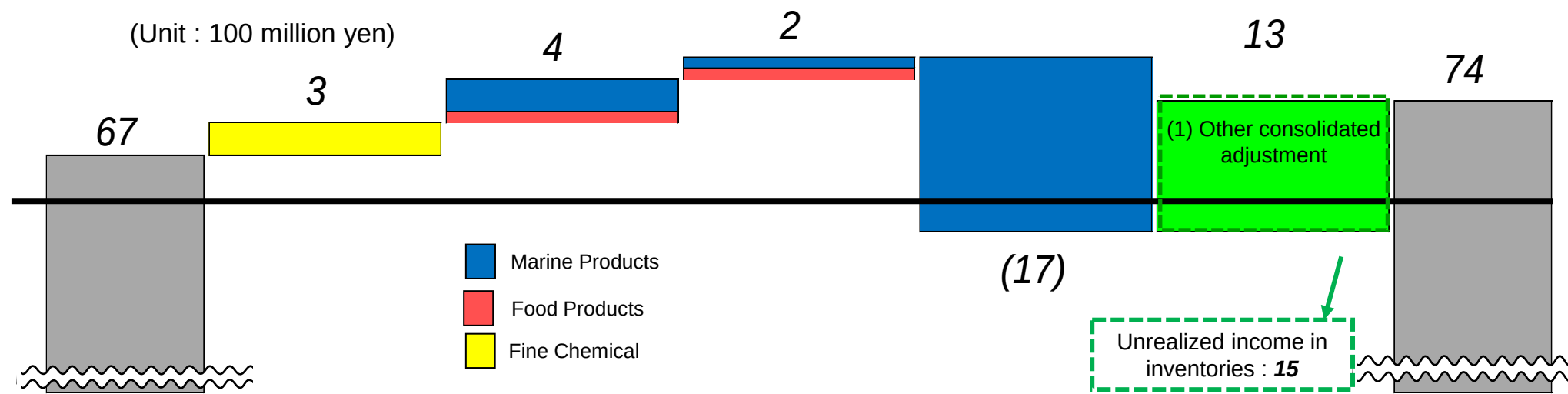
Overview of 1st Quarter of FY2018 by Segments

◆ Both revenue and income increased in main 3 businesses.

(Unit : 100 million yen)	1Q of FY2018	1Q of FY2017	Increase/Decrease (Y-on-Y)		Annual Plan for FY2018	Progress rate
			(Amount)	(%)		
Net Sales	1,747	1,629	117	107.2	6,980	25.0
Marine Products Business	698	665	33	105.0	2,772	25.2
Food Products Business	868	811	57	107.0	3,401	25.5
Fine Chemicals Business	61	59	1	103.0	276	22.4
General Distributions	41	40	1	102.6	167	24.6
Others	77	52	24	146.9	364	21.2
Operating Profit	74	67	7	111.0	220	34.0
Marine Products Business	34	34	0	100.1	101	34.6
Food Products Business	40	39	1	103.2	118	34.4
Fine Chemicals Business	6	2	3	227.0	29	21.2
General Distributions	4	4	(0)	88.8	20	21.1
Others	3	1	1	185.0	12	28.9
Common Costs	(14)	(16)	1	90.1	(60)	24.3
Ordinary Profit	82	69	12	117.5	235	35.0
Profit attributable to owners of parent company	52	51	0	101.4	160	32.7
EPS (Net profit per share)	16.81 yen	16.58 yen	-	-	51.37 yen	-



◆ Income increased in the Fine Chemicals, North America and Europe businesses, thanks to the increase of sales and cost reduction. South American Salmon/Trout farming business decreased in income due to the decline in sales price. However, income increased because of positive adjustment of unrealized income in inventory as a whole.



(Main causes of fluctuations)	Domestic		Overseas			Consolidated Adjustment (Including Unrealized income in inventory, Amortization of goodwill)	Result of 1Q of FY2018
	<Fine Chemicals>		<North America>	<Europe>	<South America>		
	Result of 1Q of FY2017						
	Expansion in functional material business, Reduction of ad expenses in on-line business		Marine Products : Grow in sales price of surimi & pollock roe Labor cost reduction Food Products : Cost reduction	Marine Products : Sales area expansion & positive foreign exchange effect Food Products : Significant increase in revenue thanks to the progress of roduction system	Increase in sales volume but decline in sales price in Salmon/Trout farming business		

◆ Net asset improved a little but not that big move from the end of FY2018.

The Italic and bold figures means increase/decrease, compared to 4Q of FY2017.

(Unit : 100 million yen)

Current Assets 2,543 **11**

Cash and Deposit	188	(37)
Notes and accounts receivable	895	48
Inventory	1,221	(1)

Non-current Assets 2,263 **(27)**

Property, plant and equipment	1,297	(29)
Intangible assets	108	(7)
Investments and other assets	857	9

Total Assets 4,806 **(15)**

Current Liabilities 2,146 **18**

Notes and accounts payable	475	28
Short-term loans payable	1,225	74
Others	119	(49)

Non-current Liabilities 1,065 **(56)**

Long-term loans payable	824	(63)
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Net Asset 1,593 **22**

Shareholder's Equity	1,402	24
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Equity Ratio

'18/3 28.6% => '18/6 29.2%

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



◆ Net cash provided by operating activities improved.

(Unit : 100 million yen)

	Result of 1Q of FY2018	Result of 1Q of FY2017	Increase/ Decrease
• Income before income taxes	84	79	4
• Depreciation & Amortization	43	39	4
• Working Capital	(48)	(55)	6
• Income tax paid	(28)	(31)	3
• Others	(28)	(44)	16
Net cash provided by operating activities	22	(12)	35
• Investment on (Purchase of) plant and equipment	(36)	(55)	18
• Others	52	34	18
Net cash provided by investment activities	15	(21)	37
• Increase (Decrease) in Short-term loans payable	41	108	(67)
• Increase (Decrease) in long-term loans payable	(43)	(11)	(32)
• Others	(15)	(21)	5
Net cash provided by financial activities	(17)	75	(93)
Cash and cash equivalent at end of period	259	292	

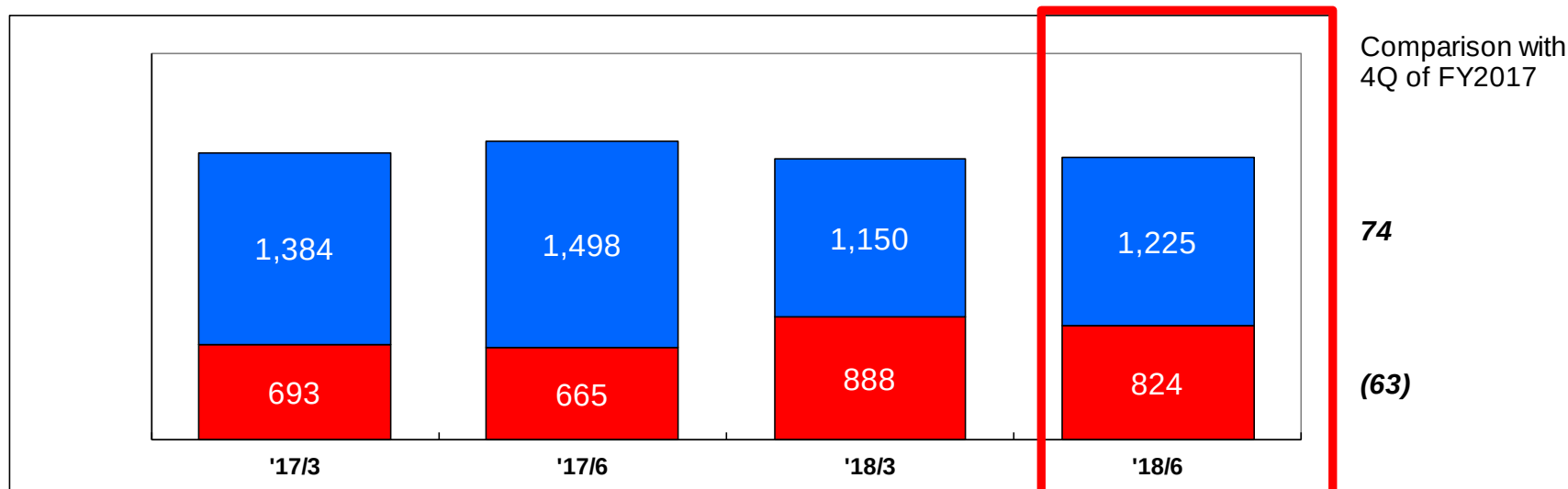
Consolidated Loan Payable and Net Interest Cost



◆ Net interest burden decreased as interest rate declined.

(Unit : 100 million yen)

Short-term
Long-term



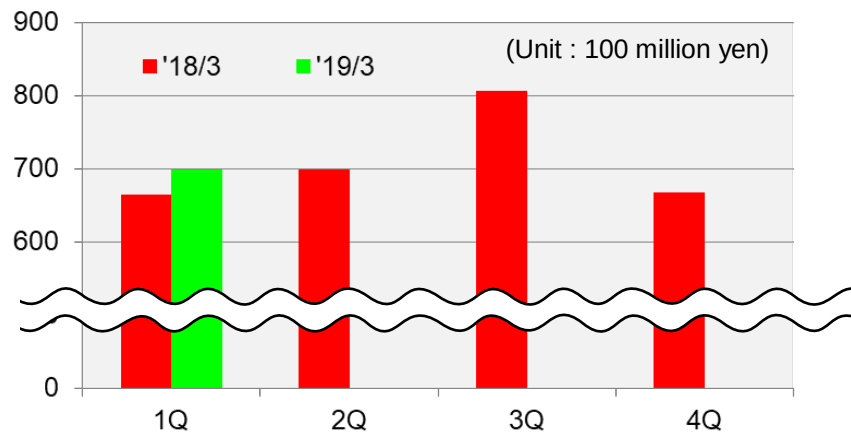
Total Debt	2,077	2,163	2,038	2,050	11
Short-term loans payable	1,384	1,498	1,150	1,225	74
Long-term loans payable	693	665	888	824	(63)
Net Interest	10.4	3.3	8.8	2.7	
Ratio of Net Interest Cost on Operating Profit	5%	5%	4%	4%	
Interest expenses	21.7	5.1	20.0	4.6	
Interest income	2.3	0.5	3.5	0.7	
Dividend income	8.8	1.2	7.6	1.1	
Exchange rate (=US\$1.00)	@116.49(End of Dec)	@112.19(End of Mar)	@113.00(End of Dec)	@106.24(End of Mar)	

◆ Increase in income thanks to strong domestic fishery and European business. Despite rise in purchase price and decline in sales price in non-consolidated, income is almost the same level as previous year because of the positive adjustment of unrealized income.

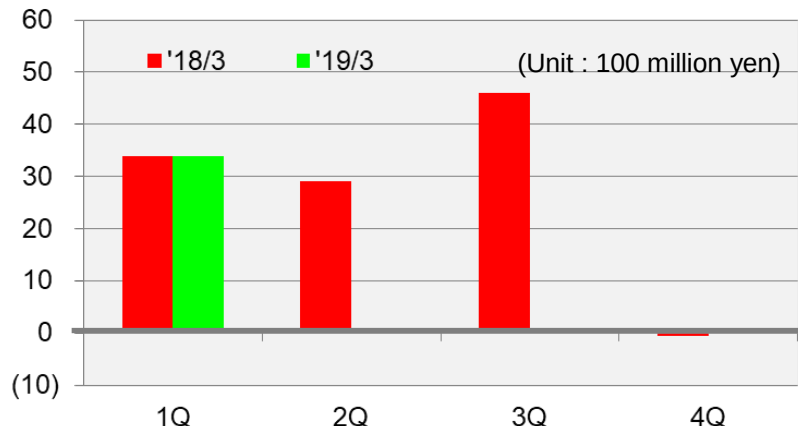
(Unit : 100 million yen)	Result of 1Q of FY2018	Result of 1Q of FY2017	Increase/Decrease	
			(Amount)	(%)
Net Sales	698	665	33	105.0
Operating Profit	34	34	0	100.1

Annual plan for FY2018	Progress rate (%)
2,772	25.2
101	34.6

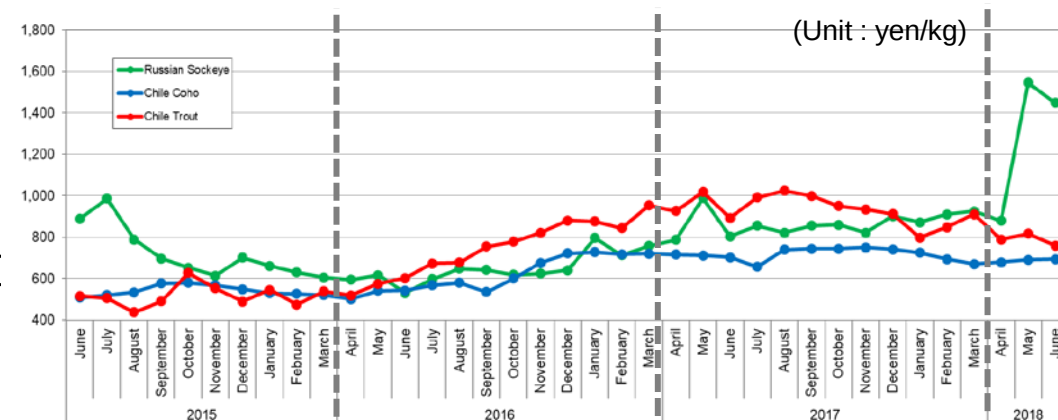
Net Sales



Operating Profit



<Domestic market condition of marine products (salmon/trout)>

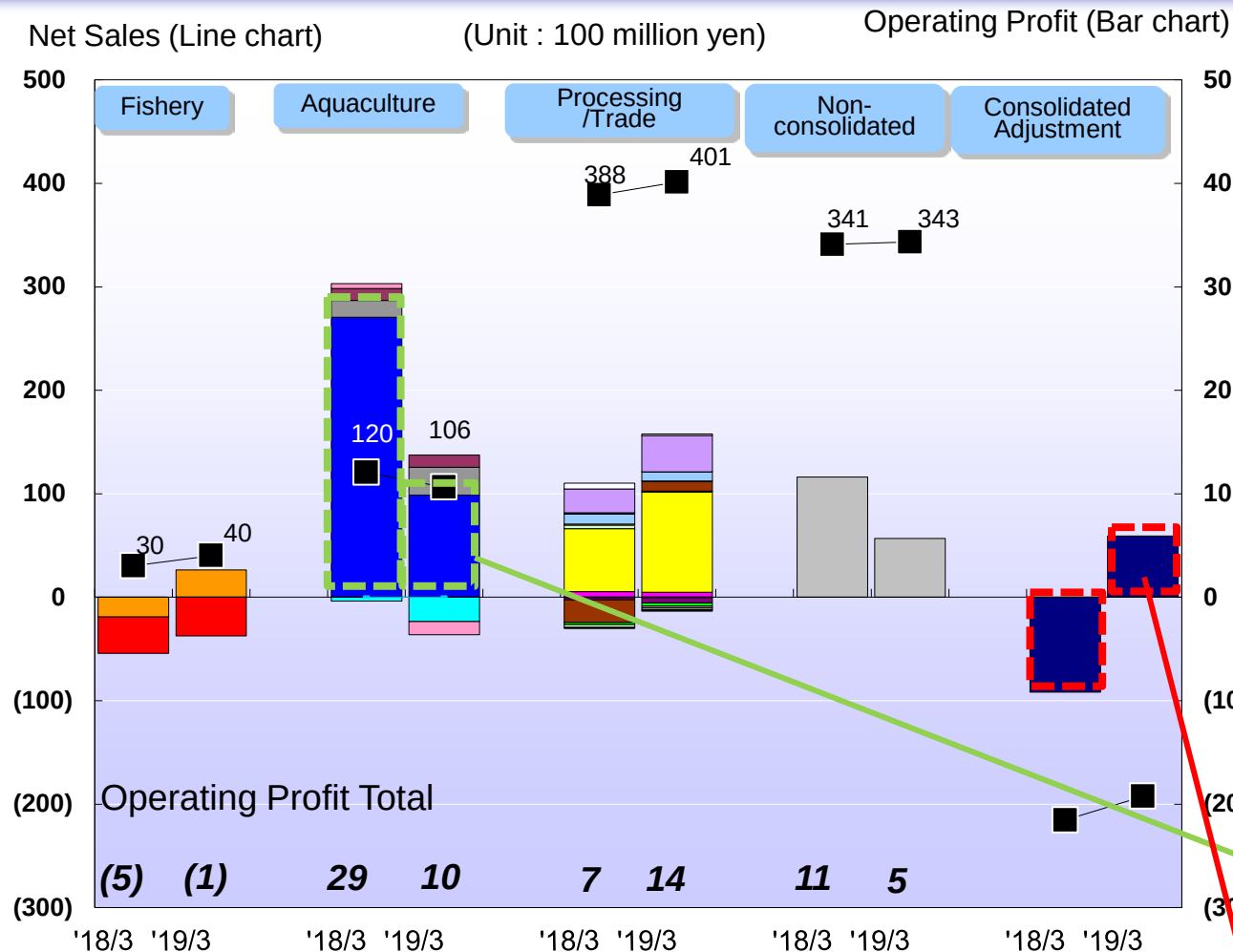


<Domestic aquaculture business of yellowtail>



Marine Products Business

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



Major causes of fluctuations

<Fisheries>(Increase both in revenue and income)

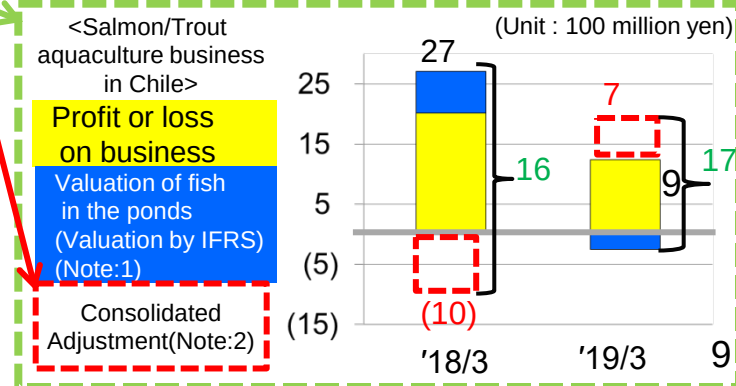
- Japan
 - Strong catch in skipjack

<Aquaculture>(Decrease both in revenue and income)

- Salmon/Trout business in Chile
 - Increase in sales volume but decline in sales price
- Domestic aquaculture businesses
 - Tuna : Decline in sales price
 - Yellow tail : Increase in sales volume and sales price
 - Coho : Increase in cost due to fish disease

<Processing/Trade>(Increase both in revenue and income)

- USA Pollock business : Rise in sales price of surimi and pollock roe as well as labor cost reduction.
- Europe : Startup of new business and expansion of sales area



- The Italic figures in the lower part of this chart show the accumulation of the bar (Operating Profit)
- Consolidated Adjustment of net sales and Operating Profit includes the amortization of goodwill and unrealized income in inventory.

(Note1) Valuation of fish in the ponds is calculated every quarter based on IFRS, included in Marine Products Business' Operating Profit.

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

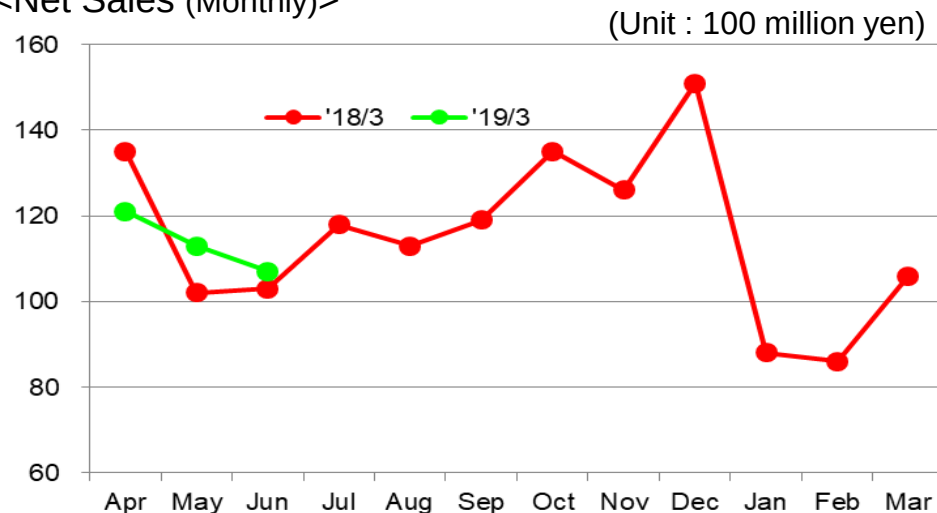
Marine Products Business

Non-consolidated (Y-on-Y)

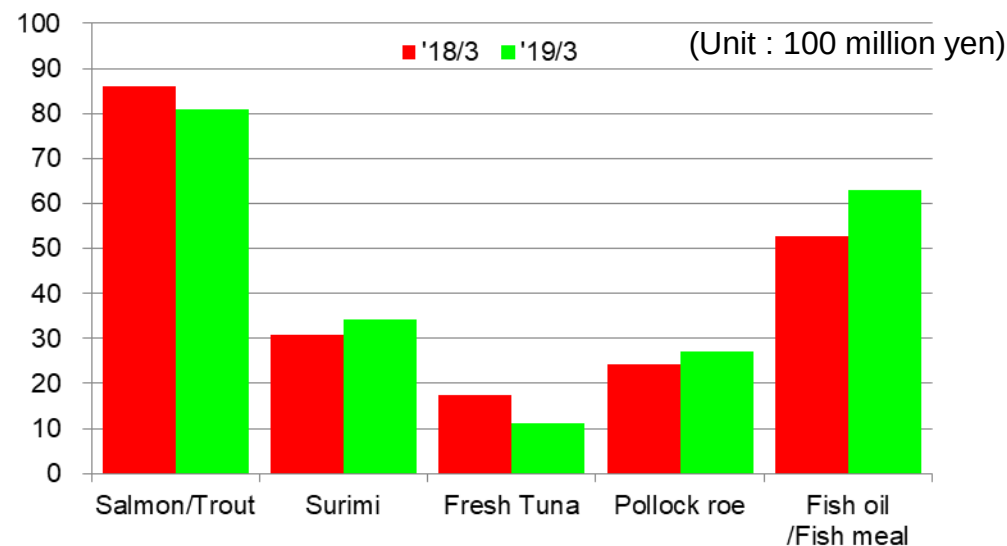


◆ Decrease in income due to rise in purchase price of Salmon/Trout and decline in sales price of shrimp.

<Net Sales (Monthly)>

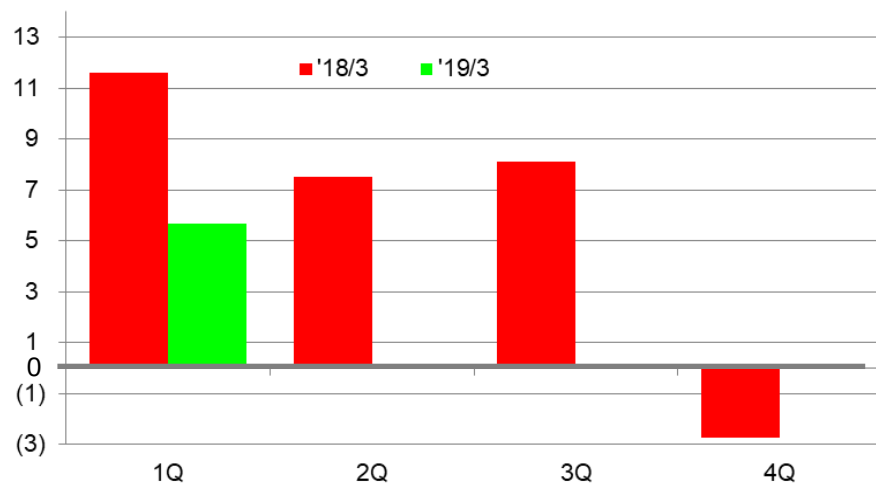


<Sales by Main Species (Y-on-Y)>



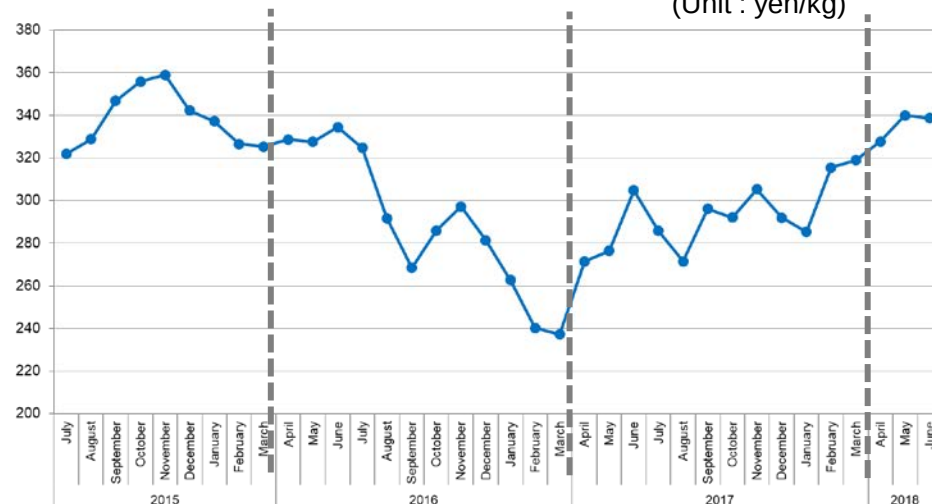
<Operating Profit (Quarterly)>

(Unit : 100 million yen)



<Transition of Import price of frozen surimi>

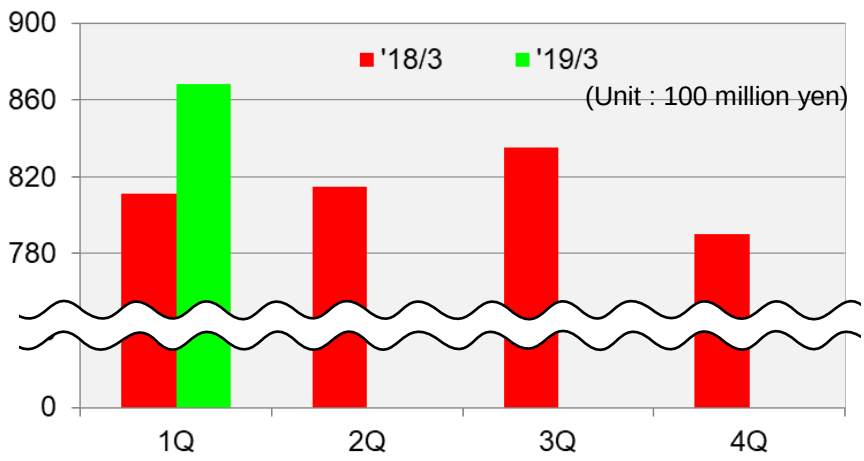
(Unit : yen/kg)



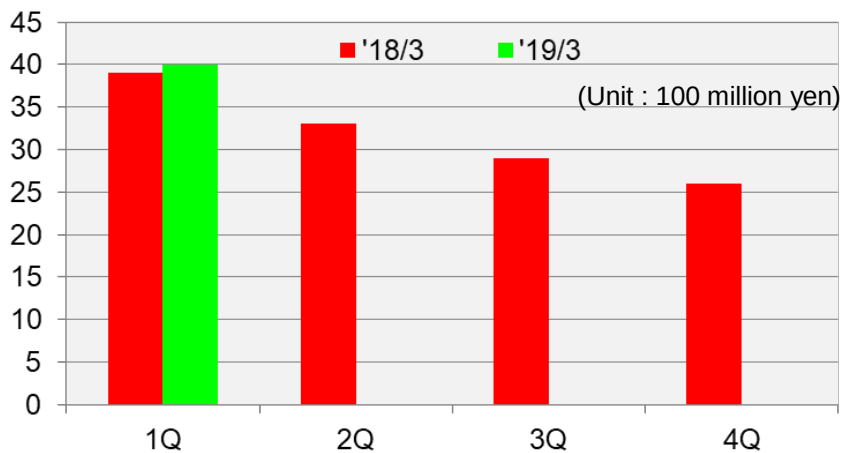
◆ Income increased in North America and Europe. Chilled business went strong in Japan.

(Unit : 100 million yen)	Result of 1Q of FY2018	Result of 1Q of FY2017	Increase/Decrease		Annual plan for FY2018	Progress rate (%)
			(Amount)	(%)		
Net Sales	868	811	57	107.0	3,401	25.5
Operating Profit	40	39	1	103.2	118	34.4

Net Sales



Operating Profit



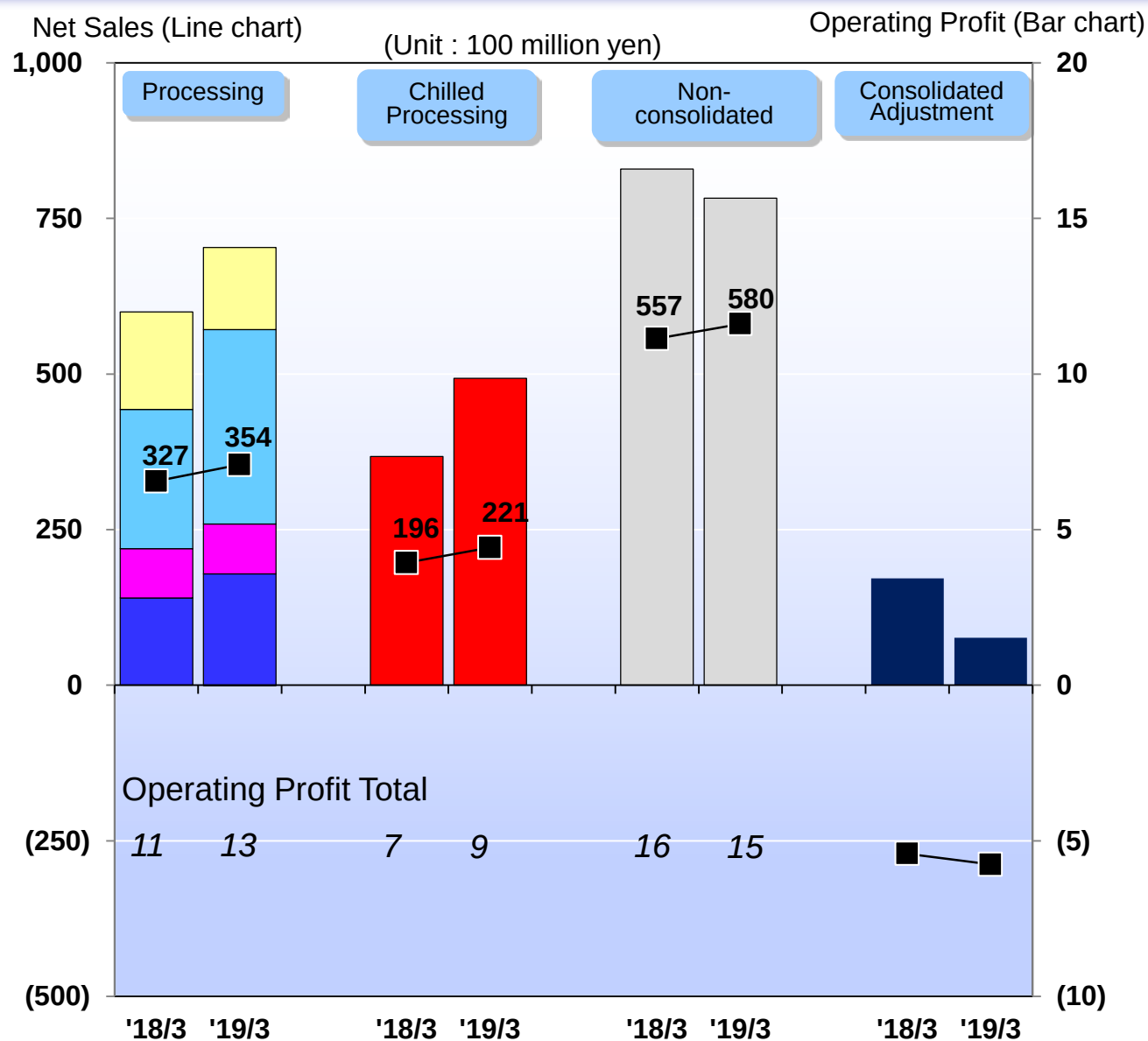
日本クツカリ株式会社



Yachiyo factory

Food Products Business

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



Major causes of fluctuations

<Processing>(Increase both in revenue and income)

- North America :
 - Revenue decreased due to negative foreign exchange effect, but income increased thanks to cost reduction in frozen food for household use.
- Europe :
 - Production system for market expansion progressed and revenue increased significantly in chilled food products.
- Japan
 - Strong business in frozen food business in cooked rice and vegetable category, but stagnant business in seafood sausage.

<Chilled Processing>(Increase both in revenue and income)

- In addition to the increase in the number of stores which caused by convenience store industry reform, sales of rice and noodle categories increased.

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

Food Products Business

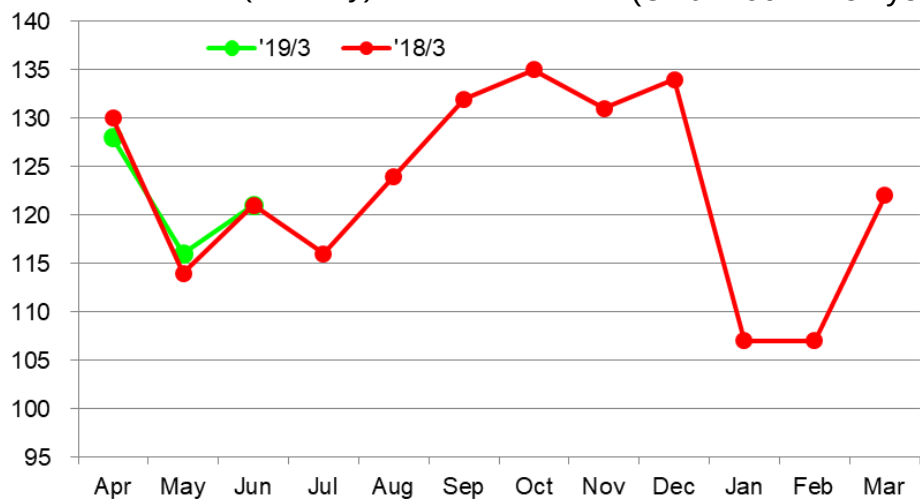
Non-consolidated (Y-on-Y)



- ◆ Strong business in Frozen Food for Retail Business but stagnant business in Seafood Sausage business.

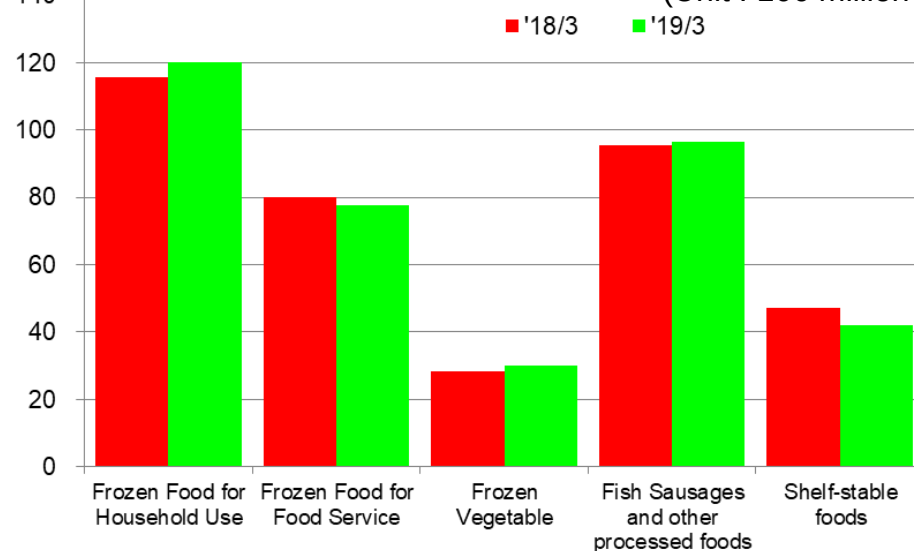
<Net Sales (Monthly)>

(Unit : 100 million yen)



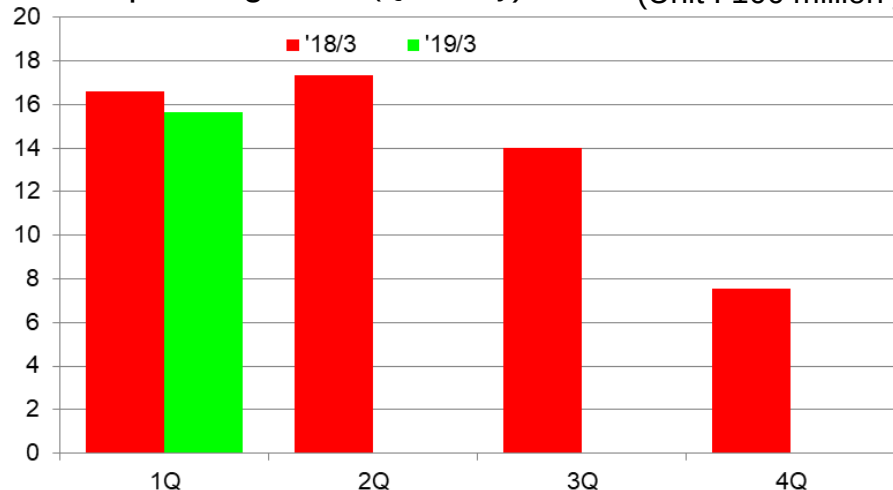
<Sales by Categories (Y-on-Y)>

(Unit : 100 million yen)



<Operating Profit (Quarterly)>

(Unit : 100 million yen)



<Well sold frozen food for household use>



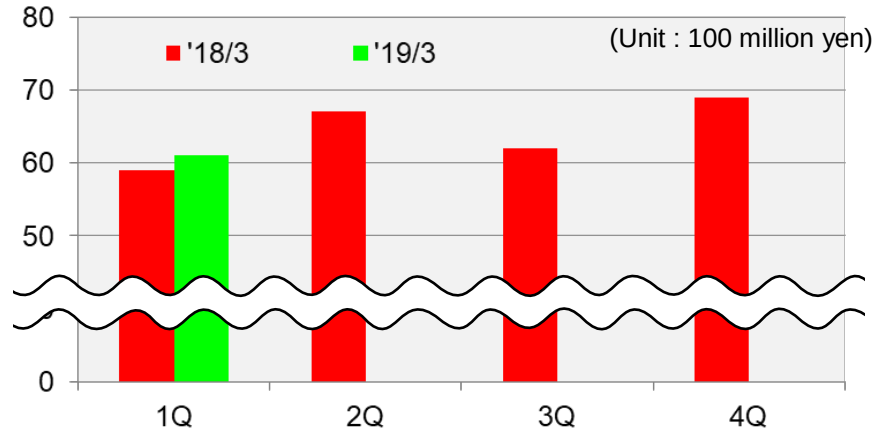
- ◆ In addition to the growth in functional raw material business, income was secured by the efficient control of advertising expenses.

(Unit : 100 million yen)	Result of 1Q of FY2018	Result of 1Q of FY2017	Increase/Decrease	
			(Amount)	(%)
Net Sales	61	59	1	103.0
Operating Profit	6	2	3	227.0

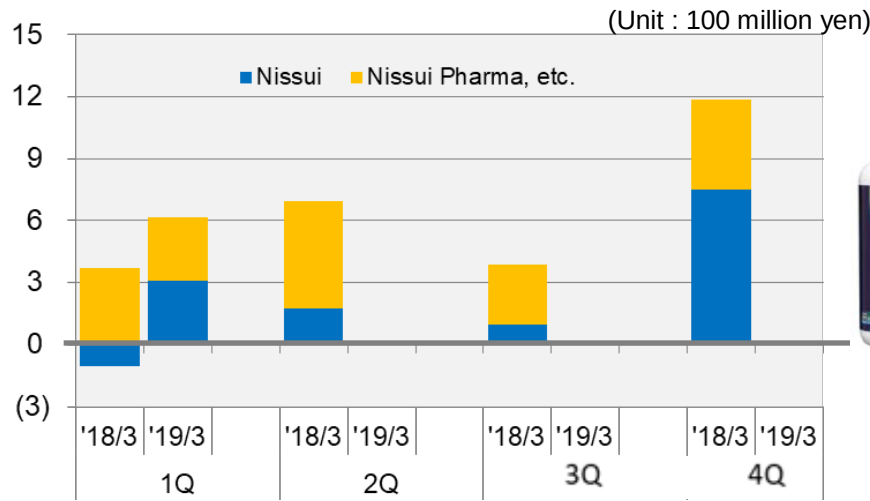
Annual plan for FY2018	Progress rate (%)
276	22.4
29	21.2



Net Sales



Operating Profit



Main causes of fluctuations

<Nissui Non-consolidated>

- Functional raw material : Growth in sales for supplement in Japan and infant formula in Europe.
- Functional Food : Reduction in advertising expenses in on-line sales

<Group companies>

Decrease both in revenue and income due to the review of business structure (sale of cosmetic business)

<Habitual drinker of Nissui EPA>

They feel efficiency of recovering from muscle wasting and muscle pain.



A famous Japanese baseball player

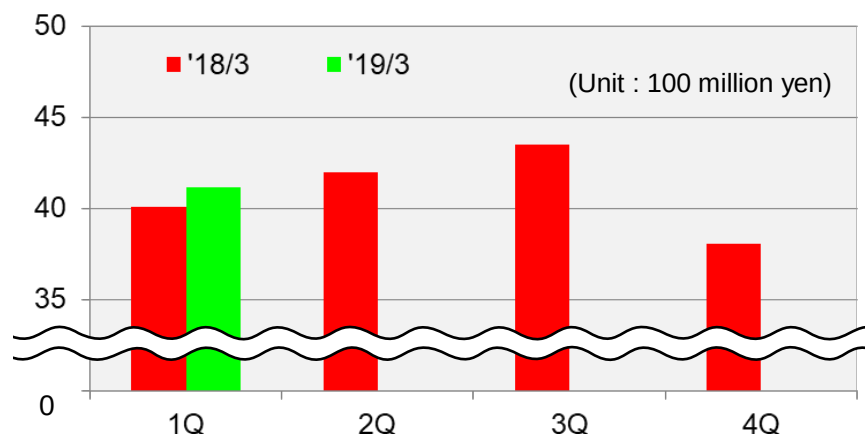


A triathlon athlete

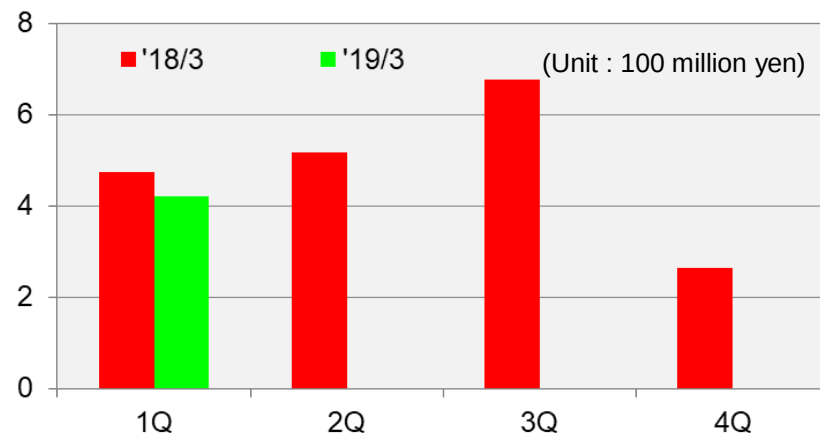
◆ Increase in revenue thanks to the resumption of Heiwajima Cold Storage

(Unit : 100 million yen)	Result of 1Q of FY2018	Result of 1Q of FY2017	Increase/Decrease		Annual plan for FY2018	Progress rate (%)
			(Amount)	(%)		
Net Sales	41	40	1	102.6	167	24.6
Operating Profit	4	4	(0)	88.8	20	21.1

Net Sales



Operating Profit



Main causes of fluctuation

- Increase in revenue thanks to the resumption of Heiwajima Cold Storage.
- Rise in cost including labor and electricity cost

<Heiwajima Logistics Center, Nissui Logistics>
Resumed in March, 2018 after renewed



■ South American Salmon/Trout Business

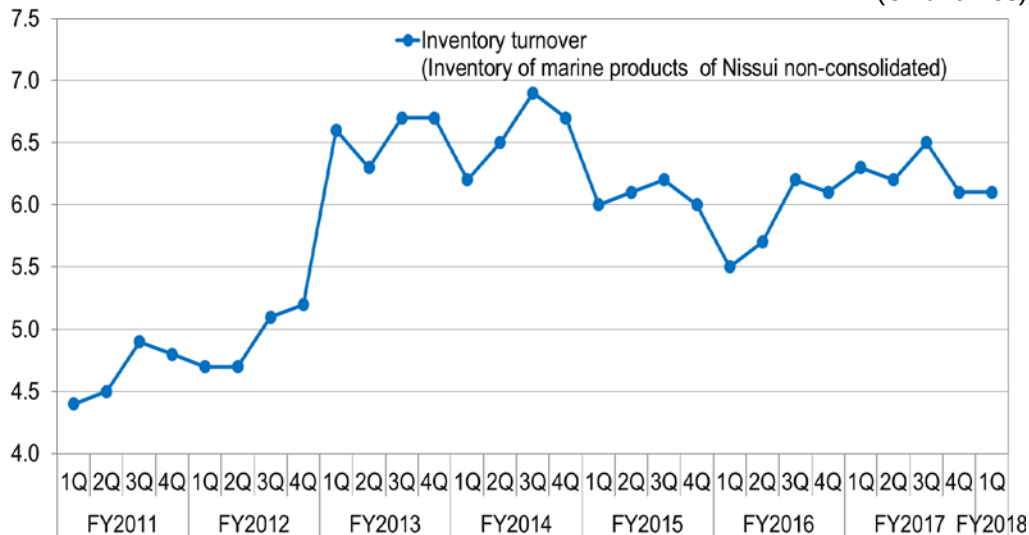
- Adding more value by processing
- Aiming at improving farming performance to minimize negative effect of farming volume decline.
 - Thorough disease and sanitary control to minimize occurrence of fish disease and dying from disease
 - Prioritize good farming performance sites and reduce farming density.



■ Domestic Sales

- Proper purchase and inventory control to secure profit

(Unit : times)



■ Domestic on-shore Vannamei farming Launch “Shirahime-ebi”.

- Keyword : “Made in Japan”, “Sustainability”, “Highly fresh and eat in raw”, “Safety and security of food”
- Create new market with overwhelming deliciousness.



■ Product development coping with market needs



■ Expansion of business in Europe

- Stable chilled products and vegetable products

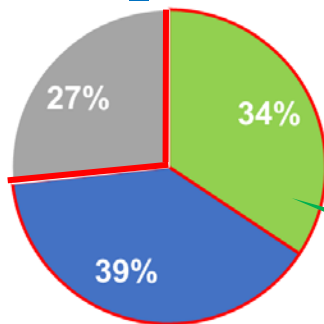


■ Intensify functional raw material sales

- More than 70% of Nissui's sales of functional raw materials are EPA/DHA. Expand the sales for supplement and health foods in Japan and overseas, especially DHA for infant formula overseas.

Sales ratio of Functional Oil in 1Q of FY2018

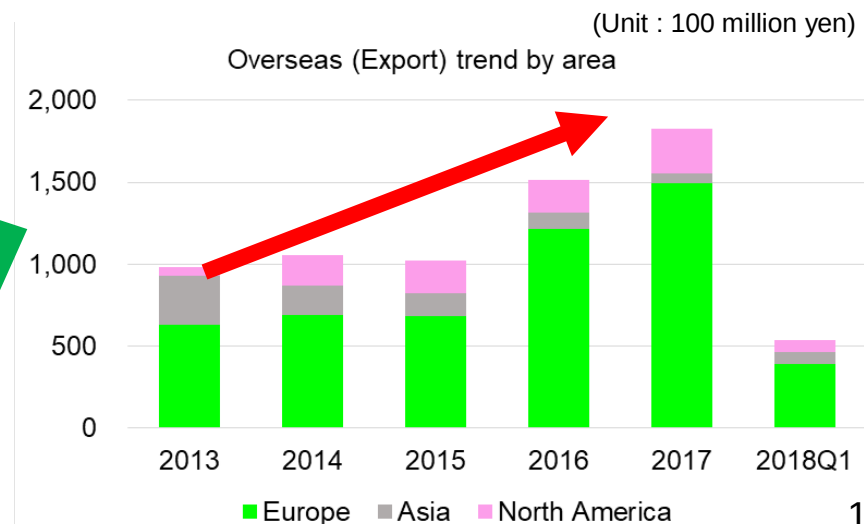
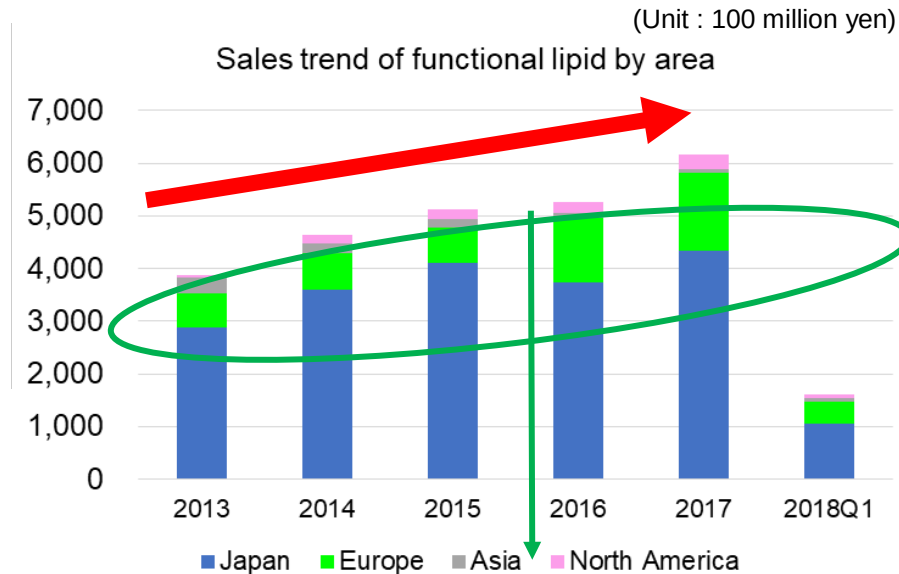
■ EPA・DHA to Overseas ■ EPA・DHA to Domestic ■ Others



EPA/DHA is used as raw material for supplement in Japan.



Sales of DHA for infant formula for Europe has been surging because of regulation change.

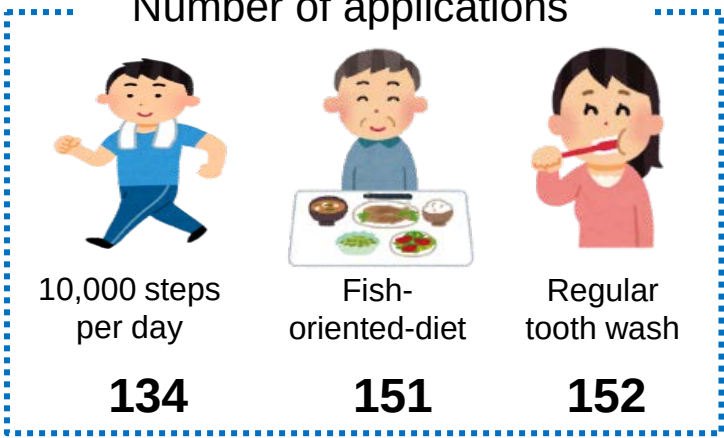


Increase productivity by improving health environment where employees can show their performance

1. Health promoting campaign

Supporting activities to change a lifestyle habit

Number of applications



2. Improve EPA/AA ratio (Note)

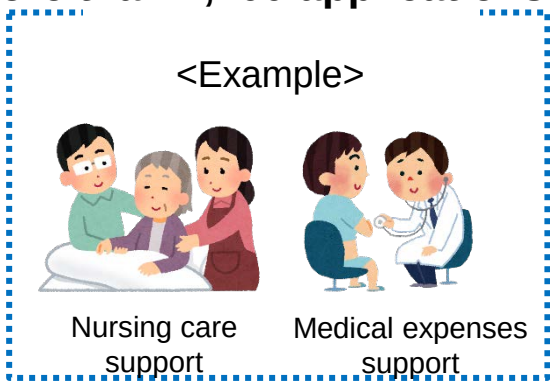
Reduce risk of cardiovascular disease

Increase in health-consciousness by health checkup

3. Support childcare, nursing care, health

Introduce welfare program supporting life events of employees

More than 1,100 applications



4. Stop smoking program

Smoking rate
Nissui : 29.3%
National average : 18.3%



5. Trial of company-wide tele-work

- Relieve commuting burden
- work-life balance
- Disaster BCP program



(Note) EPA/A Ratio : The ratio indicating the proportion of EPA to Arachidonic acid which is included in meat in the blood. Among fatty acids in the blood, EPA functions to prevent arteriosclerosis, but Arachidonic acid works to promote arteriosclerosis by inciting inflammation. It is reported that patients of cardiovascular disease usually have lower EPA/AA ratio.

Ref) Consolidated Income Statement (Y-on-Y)



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

	Result of 1Q for FY2018	Result of 1Q for FY2017	Increase /Decrease	Main Causes of fluctuations
Net Sales	1,747	1,629	117	
Gross Profit	368	364	3	
SGA Expenses	293	297	(3)	
Operating Profit	74	67	7	
Non-operating profit	12	7	4	Share of profit entities accounted for using equity method : 2
Non-operating expenses	4	5	(0)	
Ordinary Profit	82	69	12	
Extraordinary profit	4	13	(9)	Gain on sales of investment securities : (8)
Extraordinary expenses	2	4	(2)	Loss on sales of shares of subsidiaries and associates : (2)
Income before income taxes	84	79	4	
Income taxes-current	17	22	(5)	
Income taxes-deferred	12	3	8	
Profit	54	53	1	
Profit attributable to non-controlling interest	1	1	0	
Profit attributable to owners of parent company	52	51	0	

(Note) Since we have changed the way of converting to Yen from using spot exchange rate as of accounting closing date to average exchange rate during the period regarding income and cost of overseas subsidiaries, comparison between current fiscal year and previous year is conducted by using figures recalculated retrospectively.

◆ Growth both in Japan and Europe

	Japan	North America	South America	Asia	Europe	Sub Total	Consolidated Adjustment	Grand Total
Marine Products	561 5	123 (8)	52 (10)	20 1	132 21	891 10	(192) 22	698 33
	555	131	63	18	111	880	(215)	665
Food Products	884 45	155 (14)		18 2	111 44	1,169 77	(301) (20)	868 57
	838	169		15	67	1,091	(280)	811
Fine Chemicals	69 4			1 0		70 5	(8) (3)	61 1
	64			0		65	(5)	59
General Distribution	75 3					75 3	(34) (2)	41 1
	72					72	(32)	40
Others	107 35			0 (0)		108 35	(31) (10)	77 24
	72			0		72	(20)	52
Sub Total	1,698 94	278 (22)	52 (10)	40 4	244 65	2,315 131		
	1,603	301	63	35	178	2,183		
Consolidated Adjustment	(451) (22)	(44) 14	(39) 2	(28) (4)	(4) (3)		(568) (14)	
	(428)	(58)	(41)	(24)	(0)		(553)	
Grand Total	1,247 72	234 (8)	13 (8)	11 (0)	240 62			1,747 117
	1,174	243	21	11	178			1,629

(Note:1)

(Unit :100 million yen)

Currency	Impact of exchange rate	Other than impact of exchange rate	Total
USD	(16)	(17)	(34)
EUR	8	14	22
DKK	11	9	21
Others	1	26	28
Total	4	32	37

(Note: 2)

- The upper columns indicate the result of 1Q of FY2018 and the lower columns indicate that of FY2017. The Italic and bold figures mean increase/decrease.
- Consolidated adjustment include elimination between the group companies.
- The breakdown of the increase in sales (Y-on-Y)(Note: 1) :
 - + 9,400 million yen (Increase in Japan)
 - + 3,700 million yen (Note 2 : Increase among overseas group companies. See the right table.)
 - - 1,400 million yen (Consolidated adjustment)

Ref.) Consolidated cumulative operating profit by Segment Matrix (Y-on-Y)



◆ Each area is in good condition.

(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 (1)	10 3	5 (17)	(0) (0)	3 1		28 (15)	5 15	34 0	5.0 (0.2)
	10	7	23	0	2		44	(9)	34	5.2
Food Products	25 0	5 0		2 0	5 1		39 3	1 (1)	40 1	4.7 (0.2)
	25	4		1	4		35	3	39	4.9
Fine Chemicals	5 3			0 0			6 3	0 0	6 3	10.0 5.4
	2			0			2	(0)	2	4.5
General Distribution	4 (0)						4 (0)	0 0	4 (0)	10.2 (1.6)
	4						4	0	4	11.8
Others	3 1			0 (0)			3 1	(0) 0	3 1	4.5 0.9
	2			0			2	(0)	1	3.6
Common Costs						(14) 1	(14) 1	0 (0)	(14) 1	
						(16)	(16)	0	(16)	
Sub Total	48 2	15 4	5 (17)	2 0	9 2	(14) 1	67 (6)			
	45	11	23	2	6	(16)	73			
Consolidated Adjustment	0 (2)	(0) 0	8 17	(0) (0)	(0) (0)	(0) (0)		7 13		
	3	(1)	(8)	0	0	0		(6)		
Grand Total	48 0	15 4	14 (0)	2 (0)	9 2	(14) 1			74 7	4.3 0.1
	48	10	14	2	6	(16)			67	4.1

- The upper columns indicate the result of 1Q of FY2018 and the lower columns indicate that of FY2017.
The Italic and bold figures mean increase/decrease.
- Consolidated adjustment includes amortization of goodwill and unrealized income in inventory.

(Note) In order to understand segments results in more appropriate manner, criteria of distribution of SGA expenses has been reviewed from the first quarter of the consolidated fiscal year.

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.

True Global Links



<http://www.nissui.co.jp/ir/index.html>