

Summary of 1st Quarter Report for Fiscal Year 2019 (April 1, 2019 through June 30, 2019)

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

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

1. Consolidated Financial Data of 1st Quarter of FY2019

(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 FY2019	174,143	(0.3)	5,704	(23.7)	6,067	(26.2)	3,619
1st quarter of FY2018	174,700	7.2	7,481	11.0	8,219	17.5	5,234

(Note) : Comprehensive income of 1st quarter of FY2019 3,703 Million yen ((6.8)%) 1st quarter of FY2018 3,972 Million yen ((-12.4%))

	Earnings per share	Diluted income per share
	Yen	Yen
1st quarter of FY2019	11.63	-
1st quarter of FY2018	16.81	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
1st quarter of FY2019	490,967	168,285	30.3
FY2018	477,913	166,158	30.6

(Ref) : Total shareholders' equity As of June 30, 2019 148,736 Million yen As of March 31, 2019 146,325 Million yen

2. Dividend

	Dividend per share				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Fiscal Year
	Yen	Yen	Yen	Yen	Yen
FY2018	-	4.00	-	4.00	8.00
FY2019	-				
FY2019 (forecast)		4.00	-	4.50	8.50

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

3. Consolidated Forecast for FY2019 (April 1, 2019 through March 31, 2019)

	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
FY2019	710,000	(0.3)	24,000	10.7	26,500	4.5	17,500	56.24

(Note) Revision during the current quarter to the consolidated forecast for FY2019: 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.: Yes
 - 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 FY2019	312,430,277	FY2018	312,430,277
1Q of FY2019	1,284,900	FY2018	1,284,069
1Q of FY2019	311,145,729	1Q of FY2018	311,481,117

(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 "Explanation on Consolidated Financial Forecasts" of page 5 of the Summary of 1st Quarter Report for Fiscal Year 2019 (Appendix).

1. Qualitative information for the first quarter of the fiscal year ending March 31, 2020

(1) Explanation on consolidated financial results

While there are some elements of concern including the effects by trade issues between the US and China and the political movements in EU, the Japanese economy showed an improvement in employment and income environment on the background of stable corporate earnings during the first three months of the consolidated fiscal year under review.

In terms of the global economy during the period subject to consolidated accounting from January to March, the U.S. showed an improvement in consumer spending and capital investment, and Europe showed a modest increase in consumer spending and capital investment while the economy appears to be weak. Meanwhile, China showed a sign of economic slowdown.

The Company and its corporate group showed a struggling business climate in domestic Chilled business and the Food Products Business in Europe while North American business continued strong, mainly in Food products business.

Under these circumstances, the consolidated financial results through the first quarter of the consolidated fiscal year under review were as follows: net sales were 174,143 million yen, down 557 million yen year-on-year; operating profit was 5,704 million yen, down 1,776 million yen year-on-year; ordinary profit was 6,067 million yen, down 2,152 million yen year-on-year; and the profit for the quarter attributable to the owners of the parent company was 3,619 million yen, down 1,615 million yen year-on-year.

(Unit : million yen)

	Net Sales	Operating Profit	Ordinary Profit	Profit attributable to owners of parent company
1Q of FY2019	174,143	5,704	6,067	3,619
1Q of FY2018	174,700	7,481	8,219	5,234
Increase/Decrease (Y-on-Y)	(557)	(1,776)	(2,152)	(1,615)
Percentage (Y-on-Y)	99.7%	76.3%	73.8%	69.1%

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	70,199	(900)	98.7%	3,037	(449)	87.1%
Food Products	88,008	2,421	102.8%	3,333	(734)	81.9%
Fine Chemicals	6,614	445	107.2%	542	(71)	88.4%
General Distribution	4,158	43	101.1%	246	(174)	58.6%
Other (Note)	5,162	(2,566)	66.8%	103	(243)	29.8%
Common Costs	-	-	-%	(1,559)	(102)	107.1%
Total	174,143	(557)	99.7%	5,704	(1,776)	76.3%

(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 70,199 million yen (down 900 million yen year-on-year) and operating profit of 3,037 million yen (down 449 million yen year-on-year) were recorded.

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

[Japan]

• Both revenue and income decreased due to the poor catch of Mackerel.

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

[Japan]

• While Salmon/Trout Business suffered undergrowth of juvenile, sales volume and sales price of Buri Yellowtail went strong. As a result, both revenue and income increased year-on-year.

[South America]

• Income increased thanks to the strong sales price and profit on valuation of fish in the aquaculture pond (Note 1).

Seafood Processing and Trading Business: Revenue decreased but income increased year-on-year.

[Japan]

Income increased thanks to the strong sales of Salmon/Trout and Buri Yellowtail.

[North America]

• Both income and revenue increased thanks to the price increase in surimi and fillet of Alaskan Pollock and sales volume increase in Pollock roe.

[Europe]

• While sales of surimi and fillet went strong, income decreased due to negative foreign exchange effect.

(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 88,008 million yen (up 2,421 million yen year-on-year) and operating profit of 3,333 million yen (down 734 million yen year-on-year) were recorded.

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

[Japan]

• Revenue increased thanks to the strong sales but income decreased due to the cost increase such as raw material of surimi and distribution cost.

[North America]

• Both revenue and income increased thanks to the strong sales in frozen food business for both retail and food service business and productivity increase in frozen food for food service business.

[Europe]

• Revenue increased thanks to the strong sales of chilled products but income decreased due to the increase of raw material such as white fish.

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

[Japan]

• Both revenue and income decreased due to the change of transaction form (Note 2), increase of costs including depreciation of the new plant and decrease in sales volume by unseasonable weather.

(3) Fine Chemicals Business

The Fine Chemicals segment is engaged in the manufacture and sale of pharmaceutical raw materials, functional raw materials (Note 3), functional foods (Note 4), diagnostic medicines and pharmaceuticals.

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

In the Fine Chemicals business the sales in the amount of 6,614 million yen (up 445 million yen year-on-year) and operating profit of 542 million yen (down 71 million yen year-on-year) were recorded.

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

- Revenue increased as the sales of functional materials have been strong for both domestic & overseas market since last year.

[Clinical Diagnostic and Pharmaceuticals]

- Both revenue and income decreased due to the time lag of sales in clinical diagnostic medicines from previous year.

(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 4,158 million yen (up 43 million yen year-on-year) and operating profit of 246 million yen (down 174 million yen year-on-year) were recorded.

- Despite smooth business, income decreased due to the change in the method of calculating retirement benefit obligation from the simplified method to the principle method.

(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) Change in price setting method offsetting center fee and sales amounts from February, 2019

(Note 3) EPA, DHA, and others mainly used as ingredients of health supplements and infant formula

(Note 4) 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

Assets

Current assets increased by 2.8% compared to the end of the previous consolidated fiscal year to 254,413 million yen, mainly as a result of increase in notes and accounts receivable by 5,865 million yen and merchandise and finished goods by 2,531 million yen.

Noncurrent assets increased by 2.7% compared to the end of the previous consolidated fiscal year to 236,554 million yen, mainly as a result of increase in property, plant and equipment by 2,568 million yen.

As a result, total assets increased by 2.7% compared to the end of the previous consolidated fiscal year to 490,967 million yen and ROA was 3.2%.

Liabilities

Current liabilities increased by 5.5% compared to the end of the previous consolidated fiscal year to 213,905 million yen, mainly as a result of an increase in short-term borrowings by 14,709 million yen.

Noncurrent liabilities decreased by 0.3% compared to the end of the previous consolidated fiscal year to 108,776 million yen, mainly as a result of decrease in long-term borrowings by 1,857 million yen.

As a result, total liabilities increased by 3.5% compared to the end of the previous consolidated fiscal year to 322,682 million yen.

Net Assets

Total net assets increased by 2,126 million yen compared to the end of the previous consolidated fiscal year to 168,285 million yen. This was due mainly to post profit attributable to owners of parent of 3,619 million yen.

(3) Explanation on Consolidated Financial Forecasts

There is no revision in the forecast of financial results for the fiscal year ending March 2020, which was disclosed on May 14, 2019.

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

Million yen

	FY2018 As of Mar. 31, 2019	1st Quarter of FY2019 As of Jun. 30, 2019
Assets		
Current assets		
Cash and deposits	8,904	8,026
Notes and accounts receivable-trade	88,753	94,619
Merchandise and finished goods	65,619	68,150
Work in process	29,397	30,769
Raw materials and supplies	33,734	34,551
Other	21,578	18,630
Allowance for doubtful accounts	(384)	(333)
Total current assets	247,603	254,413
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	57,088	57,589
Other, net	80,437	82,504
Total property, plant and equipment	137,525	140,093
Intangible assets		
Goodwill	276	853
Other	10,427	10,287
Total intangible assets	10,704	11,140
Investments and other assets		
Investment securities	69,024	69,755
Other	17,997	20,482
Allowance for doubtful accounts	(4,942)	(4,917)
Total investments and other assets	82,080	85,319
Total non-current assets	230,309	236,554
Total assets	477,913	490,967

Consolidated Balance Sheet

Million yen

	FY2018 As of Mar. 31, 2019	1st Quarter of FY2019 As of Jun. 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable-trade	49,424	48,034
Short-term borrowings	104,078	118,788
Income taxes payable	3,735	2,254
Accrued expenses	27,459	28,284
Provisions	3,545	1,690
Other	14,455	14,853
Total current liabilities	202,699	213,905
Non-current liabilities		
Long-term borrowings	86,979	85,122
Provisions	109	107
Retirement benefit liability	11,789	11,924
Other	10,176	11,621
Total non-current liabilities	109,054	108,776
Total liabilities	311,754	322,682
Net assets		
Shareholders' equity		
Share capital	30,685	30,685
Capital surplus	21,757	21,759
Retained earnings	83,988	86,311
Treasury shares	(471)	(472)
Total shareholders' equity	135,960	138,284
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,077	11,234
Deferred gains or losses on hedges	283	359
Foreign currency translation adjustment	1,945	1,857
Remeasurements of defined benefit plans	(2,941)	(2,999)
Total accumulated other comprehensive income	10,365	10,451
Non-controlling interests	19,832	19,549
Total net assets	166,158	168,285
Total liabilities and net assets	477,913	490,967

(2)Consolidated Income Statements

Million yen

	1st Quarter of FY2018 (Three months ended Jun. 30, 2018)	1st Quarter of FY2019 (Three months ended Jun. 30, 2019)
Net sales	174,700	174,143
Cost of sales	137,842	140,281
Gross profit	36,858	33,861
Selling, general and administrative expenses	29,377	28,157
Operating profit	7,481	5,704
Non-operating income		
Interest income	73	65
Dividend income	114	95
Foreign exchange gains	246	—
Share of profit of entities accounted for using equity method	646	544
Subsidy income	54	12
Miscellaneous income	92	200
Total non-operating income	1,228	918
Non-operating expenses		
Interest expenses	467	401
Foreign exchange losses	—	124
Miscellaneous expenses	22	30
Total non-operating expenses	489	555
Ordinary profit	8,219	6,067
Extraordinary income		
Gain on sales of non-current assets	385	39
Gain on sales of shares of subsidiaries and associates	17	9
Gain on change in equity	—	11
Total extraordinary income	403	61
Extraordinary losses		
Loss on disposal of non-current assets	80	75
Impairment loss	137	—
Loss on valuation of investment securities	1	128
Total extraordinary losses	219	203
Profit before income taxes	8,402	5,924
Income taxes-current	1,755	1,242
Income taxes-deferred	1,213	1,029
Total income taxes	2,968	2,272
Profit	5,434	3,652
Profit attributable to non-controlling interests	199	33
Profit attributable to owners of parent	5,234	3,619

Consolidated Statements of comprehensive income

Million yen

	1st Quarter of FY2018 (Three months ended Jun. 30, 2018)	1st Quarter of FY2019 (Three months ended Jun. 30, 2019)
Profit	5,434	3,652
Other comprehensive income		
Valuation difference on available-for-sale securities	1,849	207
Deferred gains or losses on hedges	267	(35)
Foreign currency translation adjustment	(2,851)	(250)
Remeasurements of defined benefit plans, net of tax	73	(60)
Share of other comprehensive income of entities accounted for using equity method	(800)	189
Total other comprehensive income	(1,461)	50
Comprehensive income	3,972	3,703
(Breakdown)		
Comprehensive income attributable to owners of parent	3,753	3,705
Comprehensive income attributable to non-controlling interests	218	(2)

(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, 2018 - Jun 30, 2018)

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	71,100	85,586	6,169	4,114	166,971	7,729	174,700	-	174,700
(2) Inter-segment sales and transfers	6,106	835	171	2,100	9,214	764	9,978	(9,978)	-
Total	77,207	86,422	6,340	6,215	176,185	8,493	184,679	(9,978)	174,700
Segment income	3,487	4,067	614	421	8,590	347	8,937	(1,456)	7,481

(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 (1,456) million yen segment income adjustment comprise 8 million yen in inter-segment transactions and (1,464) 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)

We posted impairment loss on noncurrent assets in Marine Products Segment business and the amount for the 1st Quarter of FY2018 is 137 million yen.

(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, 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.

3. Explanation of the change of reporting segment

(Change in revenue and income (loss) calculation method of reporting segment)

From the first quarter of the consolidated fiscal year under review, 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. Net sales and operating profit by the segment of the first quarter under review was created according to the revised segmentation.