

Summary of 3rd Quarter Report for Fiscal Year2019 (April 1, 2019 through December 31, 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

1. Consolidated Financial Data of 3rd quarter of FY2019

(1) Consolidated Financial Results (For the nine months ended December 31)

(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
3rd quarter of FY2019	526,828	(3.0)	19,068	(4.2)	21,613	(5.3)	14,791
3rd quarter of FY2018	543,261	6.1	19,899	(2.5)	22,812	7.9	15,273

(Note) : Each percentage figure shows changes from the previous year.

Comprehensive income of 3rd quarter of FY2019 11,566 Million yen((25.4)%) 3rd quarter of FY2018 15,501 Million yen((27.0)%)

	Earnings per share	Diluted income per share
	Yen	Yen
3rd quarter of FY2019	47.54	-
3rd quarter of FY2018	49.06	-

(2) Consolidated Financial Position of 3rd Quarter

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
3rd quarter of FY2019	500,636	173,924	30.9
FY2018	477,913	166,158	30.6

(Note) : Total shareholders' equity 3rd Quarter of FY2019 154,728 Million yen FY2018 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	-	4.00	-		
FY2019 (forecast)				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, 2020)

	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	700,000	(1.7)	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 consolidated 9 months)

3Q of FY2019	312,430,277	FY2018	312,430,277
3Q of FY2019	1,287,389	FY2018	1,284,069
3Q of FY2019	311,144,642	3Q of FY2018	311,319,364

(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 is 330,500 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 "Qualitative information for the third quarter of the fiscal year ending March 31, 2019 (3) Explanation on Consolidated Financial Forecasts" on page 4 of the Summary of 3rd Quarter Report for Fiscal Year 2019 (Appendix).

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

(1) Explanation on consolidated financial results

While the Japanese economy showed an improvement in employment and income environment during the first nine months of the consolidated fiscal year under review, there were unclear climate including weakened export and production activities and the risk of a business downturn caused by the increase of consumption tax.

In terms of the global economy during the period subject to consolidated accounting from January to September, there were concerns about the effect of prolonged trade war between the US and China, political situation among EU nations and unstable Middle East situation. U.S. showed an improvement in consumer spending while capital investment decrease and export grow slowly. Europe showed a modest recovery in personal consumption while economy wasn't in a good mood. Meanwhile, downward trend continued in China.

The Company and its corporate group showed severe business environment in domestic fishing and aquaculture business and chilled business as well as other business(Note 1) despite a strong business in Salmon/Trout business in South America.

Under these circumstances, the consolidated financial results through the third quarter of the consolidated fiscal year under review were as follows: net sales were 526,828 million yen, down 16,342 million yen year-on-year; operating profit was 19,068 million yen, down 831 million yen year-on-year; ordinary profit was 21,613 million yen, down 1,199 million yen year-on-year; and the profit for the quarter attributable to the owners of the parent company was 14,791 million yen, down 482 million yen year-on-year.

(Unit : million yen)

	Net Sales	Operating Profit	Ordinary Profit	Profit attributable to owners of parent
3Q of FY2019	526,828	19,068	21,613	14,791
3Q of FY2018	543,261	19,899	22,812	15,273
Difference	(16,432)	(831)	(1,199)	(482)
Percentage difference (%)	97.0%	95.8%	94.7%	96.8%

(Note) We have changed the pricing system of Chilled business transaction to the one offsetting center fee (sales cost) and sales amounts from February 2019. Center fee of 7,393 million yen was included in the figure of previous period.

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	224,582	(2,116)	99.1%	10,465	699	107.2%
Food Products	256,022	(2,265)	99.1%	9,835	(504)	95.1%
Fine Chemicals	20,195	597	103.0%	1,964	0	100.0%
General Distribution	12,769	(48)	99.6%	1,584	(71)	95.7%
Other	13,258	(12,600)	51.3%	102	(766)	11.8%
Common Costs	-	-	-%	(4,883)	(188)	104.0%
Total	526,828	(16,432)	97.0%	19,068	(831)	95.8%

(1) Marine Products Business

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

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

In the Marine Products business, sales in the amount of 224,582 million yen (down 2,116 million yen year-on-year) and operating profit of 10,465 million yen (up 699 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 and Horse Mackerel and sales price of bonito went down.

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

[Japan]

While Salmon/Trout Business suffered undergrowth of juvenile in the 1st quarter, the sales price decreased and inventory was devalued in Tuna Business though sales volume increased. As a result, revenue increased but income decreased year-on-year.

[South America]

Both revenue and income increased significantly thanks to the strong sales volume and price as well as disappearance of the negative effect of Juvenile death the year before.

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]

• Revenue increased thanks to the sales price increase in surimi and fillet of Alaskan Pollock but income decreased due to the cost increase.

[Europe]

• Both revenue and income decreased due to negative foreign exchange effect and sales volume reduction of some species.

(2) Food Products Business

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

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

In the Food Products business, sales in the amount of 256,022 million yen (down 2,265 million yen year-on-year) and operating profit of 9,835 million yen (down 504 million yen year-on-year) were recorded.

Processed Foods Business: Both revenue and income increased year-on-year.

[Japan]

• Both revenue and income increased thanks to the strong sales of frozen vegetables, frozen food for food service business and fish sausage.

[North America]

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

[Europe]

• Both revenue and income increased thanks to the strong sales of chilled food and vegetal products(Note 2).

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 3) , 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 4), functional foods (Note 5), pharmaceuticals and diagnostic medicines.

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

In the Fine Chemicals business, sales in the amount of 20,195 million yen (up 597 million yen year-on-year) and operating profit of 1,964 million yen (up 0 million yen year-on-year) were recorded.

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

Revenue increased as functional material has sold well in both Japan and overseas since last year.

[Clinical Diagnostic Medicines and Pharmaceutical Products]

• Revenue increased thanks to strong clinical diagnostic medicine and pharmaceutical products but income decreased due to the increase in cost percentage caused by change in product mix.

(4) General Distribution Business

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

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

In the General Distribution business, sales in the amount of 12,769 million yen (down 48 million yen year-on-year) and operating profit of 1,584 million yen (down 71 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 at part of the group companies in the first quarter.

(Note 1) Engineering (planning, design and construction of plants and equipment) Business and Ship Operation Business, etc.

(Note 2) Plant-based protein without using animal meat and fish

(Note 3) Change in pricing system to offsetting center fee and sales amounts from February, 2019.

(Note 4) Functional raw materials consist of EPA, DHA, and others mainly used as ingredients of health supplements and infant formula.

(Note 5) Functional foods mainly consist of food for specified health uses such as IMARK S, and supplements such as EPA and DHA.

(2) Explanation on consolidated financial position

State of assets, liabilities and net assets

Assets

Current assets increased by 5.5 % compared to the end of the previous consolidated fiscal year to 261,311 million yen, mainly as a result of increase in notes and accounts receivable by 10,866 million yen as well as merchandise and finished goods by 5,585 million yen.

Noncurrent assets increased by 3.9% compared to the end of the previous consolidated fiscal year to 239,324 million yen, mainly as a result of increase in property, plant and equipment by 6,616 million yen

As a result, total assets increased by 4.8% compared to the end of the previous consolidated fiscal year to 500,636 million yen and ROA was 4.3%.

Liabilities

Current liabilities increased by 6.0% compared to the end of the previous consolidated fiscal year to 214,931 million yen, mainly as a result of an increase in short-term borrowings by 23,915 million yen and decrease in notes and accounts payable by 7,063 million yen.

Noncurrent liabilities increased by 2.5% compared to the end of the previous consolidated fiscal year to 111,780 million yen, mainly as a result of increase in long-term borrowings by 1,511 million yen

As a result, total liabilities increased by 4.8% compared to the end of the previous consolidated fiscal year to 326,711 million yen.

Net Assets

Total net assets increased by 7,765 million yen compared to the end of the previous consolidated fiscal year to 173,924 million yen. This was due mainly to post profit attributable to owners of parent of 14,791 million yen, and decrease in foreign currency translation adjustment by 3,898 million yen.

(3) Explanation on Consolidated Financial Forecasts

At this moment, there is no revision in the forecast of financial results for the fiscal year ending March 2020, which was disclosed on November 5, 2019.

2. 3rd Quarter Consolidated Financial Statements

(1) Consolidated Balance Sheet

Million yen

	FY2018 As of Mar. 31, 2019	3rd Quarter of FY2019 As of Dec. 31, 2019
Assets		
Current assets		
Cash and deposits	8,904	7,641
Notes and accounts receivable-trade	88,753	99,619
Merchandise and finished goods	65,619	71,204
Work in process	29,397	31,264
Raw materials and supplies	33,734	35,725
Other	21,578	16,166
Allowance for doubtful accounts	(384)	(309)
Total current assets	247,603	261,311
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	57,088	56,612
Other, net	80,437	87,529
Total property, plant and equipment	137,525	144,141
Intangible assets		
Goodwill	276	706
Other	10,427	9,855
Total intangible assets	10,704	10,561
Investments and other assets		
Investment securities	69,024	69,379
Other	17,997	20,001
Allowance for doubtful accounts	(4,942)	(4,759)
Total investments and other assets	82,080	84,620
Total non-current assets	230,309	239,324
Total assets	477,913	500,636

Consolidated Balance Sheet

Million yen

	FY2018 As of Mar. 31, 2019	3rd Quarter of FY2019 As of Dec. 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable-trade	49,424	42,361
Short-term borrowings	104,078	127,994
Income taxes payable	3,735	2,904
Accrued expenses	27,459	27,715
Provisions	3,545	1,442
Other	14,455	12,513
Total current liabilities	202,699	214,931
Non-current liabilities		
Long-term borrowings	86,979	88,490
Provisions	109	133
Retirement benefit liability	11,789	11,491
Other	10,176	11,664
Total non-current liabilities	109,054	111,780
Total liabilities	311,754	326,711
Net assets		
Shareholders' equity		
Share capital	30,685	30,685
Capital surplus	21,757	21,625
Retained earnings	83,988	96,259
Treasury shares	(471)	(474)
Total shareholders' equity	135,960	148,096
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,077	11,577
Deferred gains or losses on hedges	283	38
Foreign currency translation adjustment	1,945	(1,952)
Remeasurements of defined benefit plans	(2,941)	(3,030)
Total accumulated other comprehensive income	10,365	6,632
Non-controlling interests	19,832	19,195
Total net assets	166,158	173,924
Total liabilities and net assets	477,913	500,636

(2) Consolidated Income Statements and Oonsolidated Statements of comprehensive income

Consolidated Income Statements

Million yen

	3rd quarter of FY2018 (Nine months ended December 31, 2018)	3rd quarter of FY2019 (Nine months ended December 31, 2019)
Net sales	543,261	526,828
Cost of sales	433,811	424,081
Gross profit	109,449	102,747
Selling, general and administrative expenses	89,549	83,679
Operating profit	19,899	19,068
Non-operating income		
Interest income	149	184
Dividend income	422	444
Foreign exchange gains	535	28
Share of profit of entities accounted for using equity method	2,424	2,597
Subsidy income	423	326
Miscellaneous income	376	452
Total non-operating income	4,331	4,033
Non-operating expenses		
Interest expenses	1,337	1,214
Miscellaneous expenses	80	273
Total non-operating expenses	1,418	1,487
Ordinary profit	22,812	21,613
Extraordinary income		
Gain on sales of non-current assets	526	192
Gain on sales of investment securities	11	53
Gain on sales of shares of subsidiaries and associates	17	9
Gain on change in equity	—	11
Total extraordinary income	555	267
Extraordinary losses		
Loss on disposal of non-current assets	224	302
Impairment loss	137	—
Loss on sales of investment securities	—	0
Loss on valuation of investment securities	2	128
Loss on sales of investments in capital of subsidiaries and affiliates	1	—
Loss on relocation of factory	—	103
Total extraordinary losses	365	535
Profit before income taxes	23,002	21,345
Income taxes-current	4,658	4,819
Income taxes-deferred	2,415	1,292
Total income taxes	7,073	6,111
Profit	15,928	15,234
Profit attributable to non-controlling interests	655	442
Profit attributable to owners of parent	15,273	14,791

Consolidated

Consolidated Statements of comprehensive income

	3rd quarter of FY2018 (Nine months ended December 31, 2018)	3rd quarter of FY2019 (Nine months ended December 31, 2019)
Profit	15,928	15,234
Other comprehensive income		
Valuation difference on available-for-sale securities	661	486
Deferred gains or losses on hedges	470	127
Foreign currency translation adjustment	43	(2,337)
Remeasurements of defined benefit plans, net of tax	(392)	(84)
Share of other comprehensive income of entities accounted for using equity method	(1,211)	(1,859)
Total other comprehensive income	(427)	(3,667)
Comprehensive income	15,501	11,566
(Breakdown)		
Comprehensive income attributable to owners of parent	14,885	11,058
Comprehensive income attributable to non-controlling interests	616	507

(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. 3rd Quarter of the last Fiscal Year(Apr 1, 2018 - Dec 31, 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	226,698	258,287	19,598	12,817	517,402	25,858	543,261	-	543,261
(2) Inter-segment sales and transfers	11,556	2,651	417	7,013	21,639	1,608	23,247	(23,247)	-
Total	238,255	260,938	20,015	19,831	539,041	27,467	566,508	(23,247)	543,261
Segment income (loss)	9,765	10,339	1,964	1,655	23,724	869	24,593	(4,694)	19,899

(Note)

1. The “Other” segment includes the building/repair of ships, engineering and other businesses that are not included in the business segments.

2. The (4,694) million yen segment income adjustment comprise 22 million yen in inter-segment transactions and (4,717) million yen in corporate expenses not allocated to the segments. Corporate expenses comprise mainly selling, general and administrative expenses not allocated to the segments.

3. Segment income is adjusted to reflect operating income as recorded in the quarterly consolidated income statement.

2. Information regarding impairment loss on non-current assets and goodwill by reportable segment

(Significant impairment loss on non-current assets)

We posted impairment loss on non-current assets in Marine Products Segment business and the amount for the 3rd Quarter of FY2018 is 137 million yen.

(Significant changes in the amount of goodwill)

Not applicable.

(Significant gain on negative goodwill)

Not applicable.

2. 3rd Quarter of the current Fiscal Year (Apr 1, 2019 - Dec 31, 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	224,582	256,022	20,195	12,769	513,570	13,258	526,828	-	526,828
(2) Inter-segment sales and transfers	11,888	2,626	223	7,509	22,248	1,451	23,699	(23,699)	-
Total	236,471	258,649	20,419	20,279	535,818	14,709	550,528	(23,699)	526,828
Segment income (loss)	10,465	9,835	1,964	1,584	23,849	102	23,951	(4,883)	19,068

(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 (4,883) million yen segment income adjustment comprise 58 million yen in inter-segment transactions and (4,942) million yen in corporate expenses not allocated to the segments. Corporate expenses comprise mainly selling, general and administrative expenses not allocated to the 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 non-current assets and goodwill by reportable segment

(Significant impairment loss on non-current 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 third quarter under review was created according to the revised segmentation.