Supplemental Documents for Fiscal Year 2014

May 15, 2015

Nippon Suisan Kaisha, Ltd.

Overview of FY2014

◆ Both revenue and income increased in Marine Products and Food Products.
Revenue and income decreased in Fine Chemical Business.

(Unit : 100 million yen)	Results of FY2014	Results of FY2013	Increase/Decrease Amount/Percentage		Plan for FY2014	Progress Rate (%)
Net Sales	6,384	6,042	341	105.7%	6,100	104.7%
Marine Products Business	2,848	2,538	309	112.2%	2,663	107.0%
Food Products Business	2,969	2,826	142	105.0%	2,853	104.1%
Fine Business	253	285	(32)	88.6%	262	96.7%
Logistics	142	138	3	102.5%	144	98.7%
Others	170	252	(81)	67.6%	178	95.8%
Operating Income	181	139	41	130.0%	175	103.5%
Marine Products Business	62	50	12	125.3%	74	85.1%
Food Products Business	75	27	48	275.0%	64	118.7%
Fine Business	45	75	(30)	60.3%	43	106.0%
Logistics	16	15	1	107.4%	17	98.3%
Others	8	12	(3)	70.0%	7	121.7%
Common Costs	(28)	(41)	13	68.3%	(30)	95.3%
Ordinary Income	213	123	90	173.1%	200	107.0%
Net Income	102	37	65	273.7%	105	97.9%
EPS (Net Income per share)	37.20 yen	13.59 yen	23.61 yen	—	—	—

* “Plan for FY2014” indicates the “Adjusted plan” disclosed on 2Q of FY2014. (The same shall apply hereafter.)

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

While the overseas segment performed well, the domestic business climate remained tough due in part to the weak yen and growth of generic drugs.

【Marine Products Business】 Revenue and income increased.

In Japan : Selling prices generally remained firm, but the market environment has made it difficult to secure gross margins due to the cost of purchase rose because of the impact of depreciating yen since second half.
Profit was secured by improving inventory turnover.

Overseas : Profitability substantially improved, thanks to the increased production of roe products in North America, as well as higher selling prices in the salmon/trout aquaculture business in South America. The marine products purchase/sale business in Southeast Asia recorded an allowance of doubtful accounts with respect to receivables with low collectability.

【Food Products Business】 Revenue and income increased.

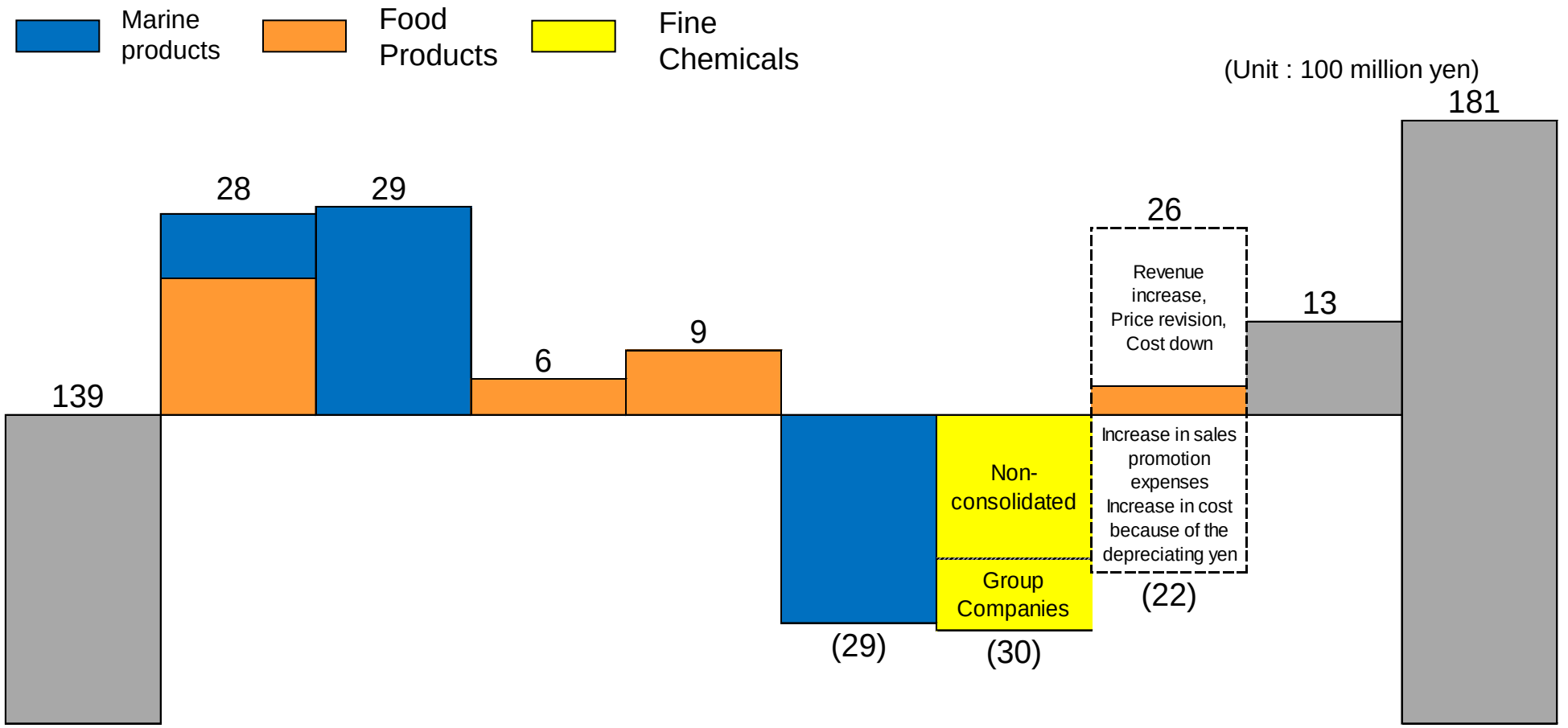
In Japan : The import costs of raw materials and processed products due to the weak yen, as well as the sales promotion expenses in harsh competition increased. Fish paste (surimi) products and fish sausage performed well. The chilled foods business also performed well.

Overseas : Profitability improved because of the contraction of unprofitable business. The North American and European business performed well.

【Fine Chemical Business】 Revenue and income decreased.

The Fine Chemical Business struggled both on consolidated and non-consolidated basis. Nissui's non-consolidated gross margin and sales volume decreased due to the National Health Insurance (NHI) price revision and government-led measures to promote the use of generic drags.
In the field of functional foods where growth is sought, the increase in sales volume was limited contrary to expectations.
On a consolidated basis, there is an impact from the last-minute demand that preceded the consumption tax hike was seen in the clinical diagnostic pharmaceuticals and cosmetic business.

Main reason of increase/decrease in operating income



Main Reason of fluctuation

FY2013 Operating Income	Overseas					Domestic		Common Costs	FY2014 Operating Income
	<North America> Improved earnings of the frozen prepared foods business and the Alaska Pollack business, etc.	**<South America>** Rise in salesprice of salmon/trout, etc.	**<Europe>** Growth of frozen prepared foods and chilled food processing/sales companies	**<Europe>** Effects of withdrawal from unprofitable businesses	**<Asia>** Recording of an allowance for doubtful accounts with respect to receivables with low collectability	**<Fine Chemicals>** Effects of National Health Insurance price revisions, and government-led measures to promote the use of generic drugs, etc.	**<Non-consolidated>** Responses to rising costs due to the depreciating yen, etc.		

Comparison of Net Sales by Segment Matrix (Y-on-Y)

(Unit : 100 million yen)

	Japan		North America		South America		Asia		Europe		Sub Total		Consolidated Adjustment		Grand Total	
Marine Products	2,140	***146***	506	***104***	328	***83***	160	***2***	548	***41***	3,684	***378***	(835)	***(68)***	2,848	***309***
	1,993		401		244		158		507		3,305		(766)		2,538	
Food Products	3,086	***97***	644	***83***			70	***(13)***	207	***(22)***	4,008	***144***	(1,038)	***(2)***	2,969	***142***
	2,989		560				84		229		3,863		(1,036)		2,826	
Fine Chemicals	271	***(32)***					3	***0***			274	***(31)***	(20)	***0***	253	***(32)***
	303						2				305		(19)		285	
Logistics	234	***11***									234	***11***	(92)	***(8)***	142	***3***
	223										223		(84)		138	
Others	223	***(73)***					1	***0***			225	***(73)***	(54)	***(8)***	170	***(81)***
	297						1				298		(46)		252	
Sub Total	5,955	***149***	1,150	***188***	328	***83***	236	***(10)***	755	***18***	8,426	***429***				
	5,806		962		244		246		737		7,997					
Consolidated Adjustment	(1,477)	***(52)***	(217)	***(19)***	(217)	***(41)***	(118)	***15***	(9)	***9***			(2,042)	***(87)***		
	(1,425)		(198)		(176)		(134)		(19)				(1,954)			
Grand Total	4,477	***97***	932	***168***	110	***41***	117	***5***	746	***28***					6,384	***341***
	4,380		763		68		111		718						6,042	

- The upper columns indicates the result of FY2014 and the lower columns indicates that of FY2013.
  The Italic and bold figures mean increase/decrease.
- Consolidated Adjustment include elimination between the group companies.
- Impact of eliminated and newly-joined companies on a consolidated basis: - 6,400 million yen (Leuchtturm -4,200 Shandong Sanford –2,600, Yumigahama +400 etc.)
- Impact of exchange conversion on net sales (Estimated) : 21,500 million yen

Comparison of Operating Income by Segment Matrix (Y-on-Y)

(Unit : 100 million yen)

	Japan		North America		South America		Asia		Europe		Common Costs		Sub Total		Consolidated Adjustment		Grand Total	
Marine Products	36	***4***	7	***10***	41	***29***	(27)	***(29)***	11	***1***			69	***15***	(6)	***(2)***	62	***12***
	31		(3)		12		2		10				54		(4)		50	
Food Products	34	***10***	22	***19***			1	***1***	17	***15***			76	***46***	(0)	***1***	75	***48***
	24		2				0		2				29		(2)		27	
Fine Chemicals	44	***(30)***					0	***0***					45	***(30)***	0	***0***	45	***(30)***
	74						0						75		0		75	
Logistics	16	***1***											16	***1***	0	***0***	16	***1***
	14												14		0		15	
Others	10	***1***					0	***(0)***					10	***1***	(1)	***(4)***	8	***(3)***
	9						0						9		2		12	
Common Costs											(29)	***12***	(29)	***12***	1	***1***	(28)	***13***
											(41)		(41)		(0)		(41)	
Sub Total	141	***(13)***	29	***30***	41	***29***	(25)	***(28)***	29	***16***	(29)	***12***	188	***46***				
	155		(0)		12		3		12		(41)		141					
Consolidated Adjustment	0	***(5)***	(1)	***(1)***	1	***0***	(0)	***(0)***	(6)	***1***	(0)	*1*			(7)	***(4)***		
	5		(0)		0		0		(7)		(1)				(2)			
Grand Total	142	***(18)***	27	***28***	43	***29***	(25)	***(28)***	23	***17***	(30)	***13***					181	***41***
	161		(0)		13		3		5		(43)						139	

- The upper columns indicates the result of FY2014 and the lower columns indicates that of FY2013.
  The Italic and bold figures mean increase/decrease.
- Consolidated adjustment includes amortization of goodwill and unrealized income in inventory.
- Impact of eliminated and newly-joined companies on a consolidated basis on operating income : + 900 million yen

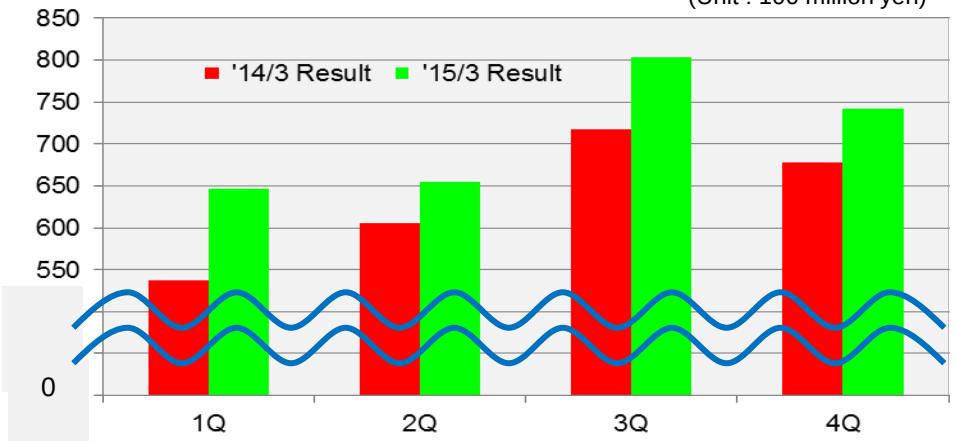
Marine Products Business

◆ Both revenue and income increased as fish prices maintained generally high levels and sales prices rose in the South American salmon/trout business.

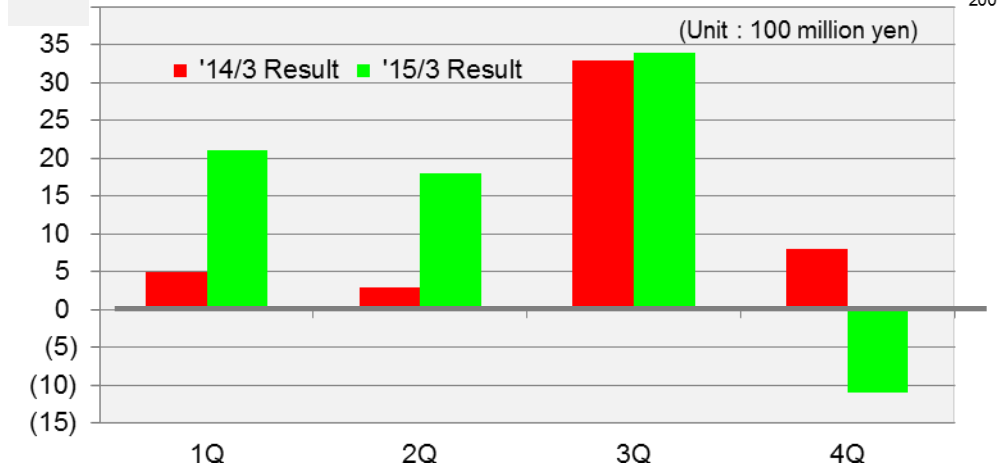
(Unit : 100 million yen)	Result of FY2014	Result of FY2013	Increase/Decrease Amount	Increase/Decrease Percentage	Plan for FY2014	Progress rate
Net Sales	2,848	2,538	309	112.2%	2,663	107.0%
Operating Income	62	50	12	125.3%	74	85.1%
Operating Profit Margin	2.2%	2.0%	-	-	2.8%	-

Net Sales

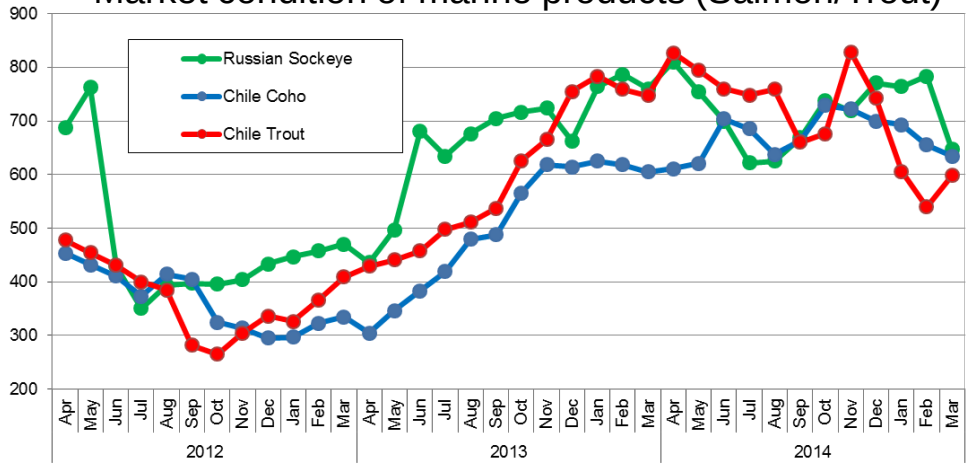
(Unit : 100 million yen)



Operating Income



Market condition of marine products (Salmon/Trout)

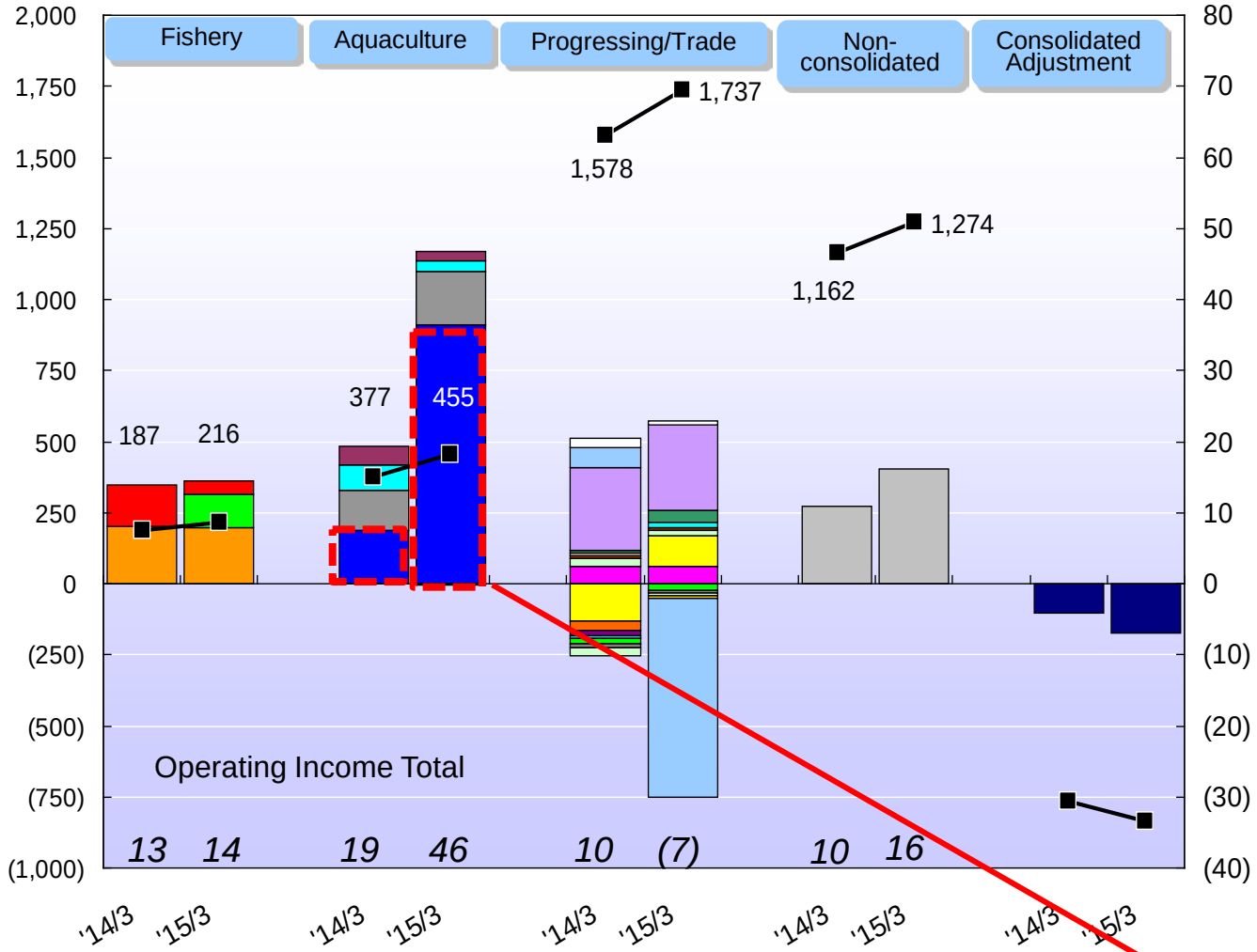






Marine Products Business
Net Sales and Operating Income (Y-on-Y)

Net Sales (Line Chart) (Unit : 100 million yen) Operating Income (Bar Chart)



Main Causes of Fluctuations

【Fishery】

- South America fishery business
  Although Southern blue whiting catch was sluggish, the sales price of white fish rose.

【Aquaculture】

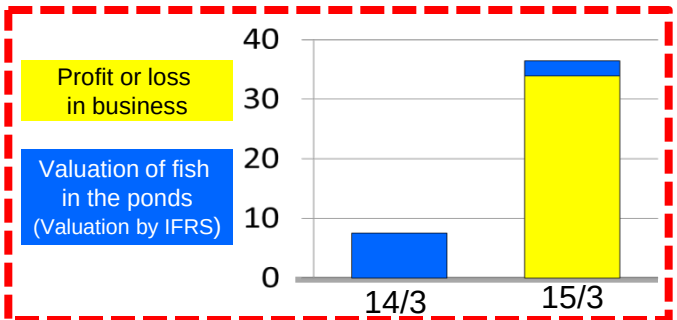
- Domestic aquaculture business
  Yellowtail : Sales of wakaburi were strong and high sales prices were firm throughout the year.
  Tuna : Sales prices hovered at low levels while sales volume rose.
- Salmon/trout aquaculture business in Chile
  Fish prices remained high.

【Processing & Trading】

- Alaska Pollack business in the US.
  Fish paste (surimi) ; Sales prices rose.
  Roe Products: Production volume increased.
- Europe : Prices of fish types such as shrimp and white fish were at high levels.
- Asia : The marine products purchase/sale business in South Asia recorded an allowance for doubtful accounts with respects to receivables with low collectability.

【Non-consolidated】

- The marine products market including salmon/trout and shrimp maintained healthy levels throughout the year.

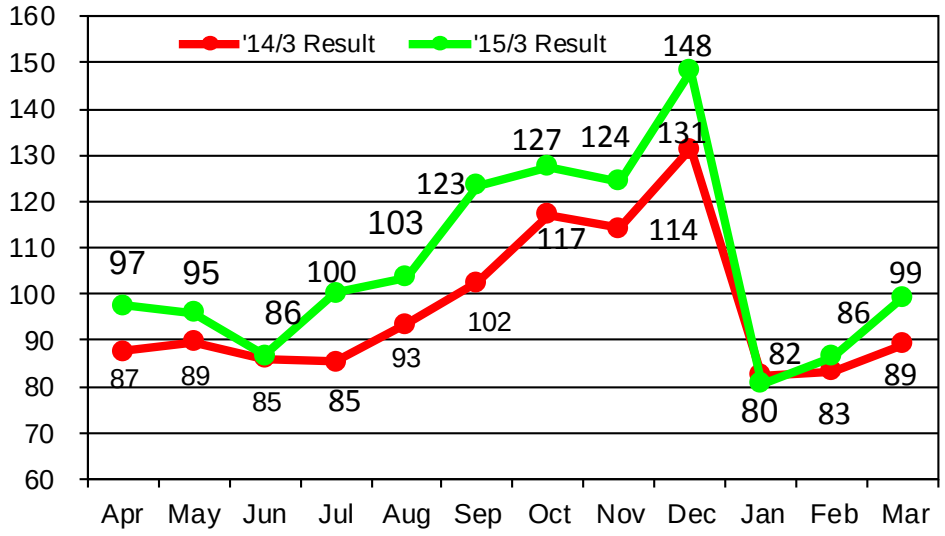


- Each graph (excluding Non-consolidated and Consolidated Adjustment) shows the total of consolidated subsidiaries.
- The Italic figures in the lower part of this chart shows the accumulation of the bar.
- Consolidated Adjustment of operating income includes the amortization of goodwill and unrealized income in inventory.

Marine Products Business
Non-consolidated (Y-on-Y)

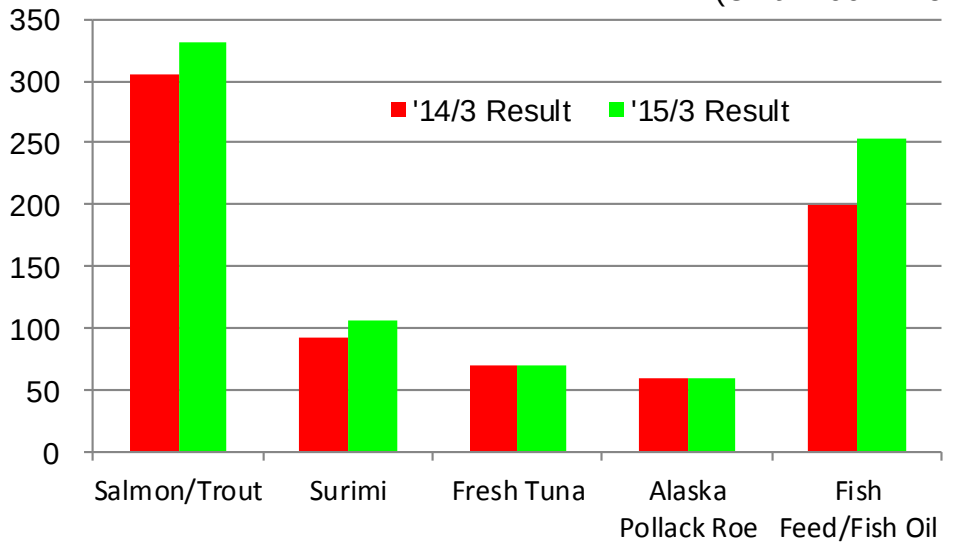
Net Sales (Monthly)

(Unit : 100 million yen)



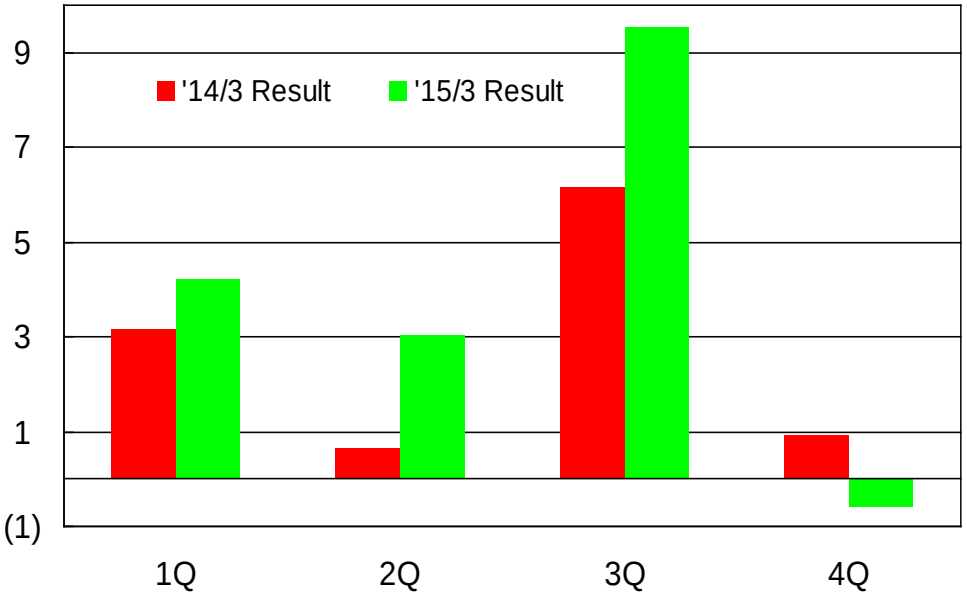
Net Sales by Main Fish Species (Y-on-Y)

(Unit : 100 million yen)

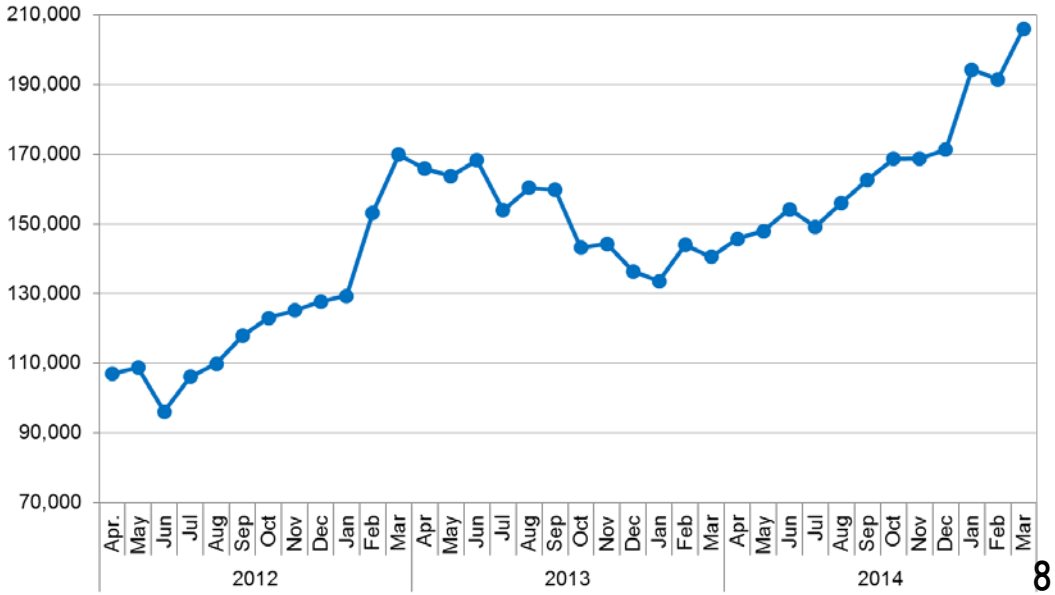


Operating Income (Quarterly)

(Unit : 100 million yen)



Market Condition of marine products (Fish Meal)

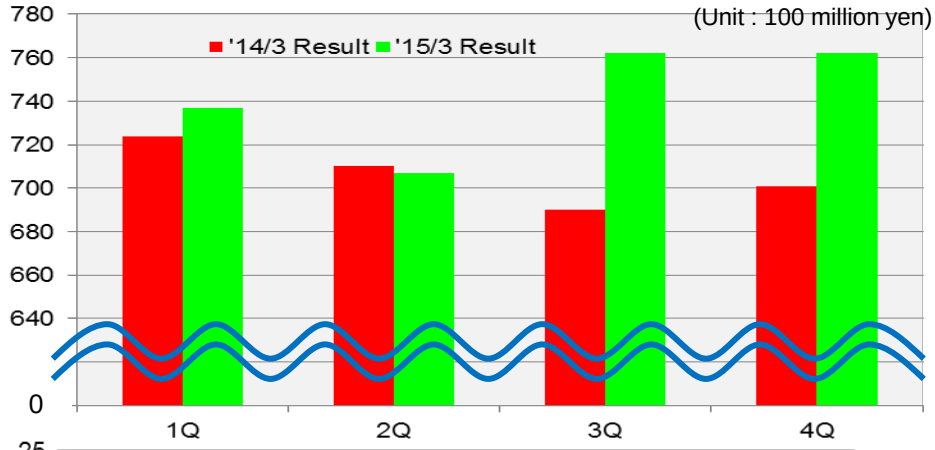


Food Products Business

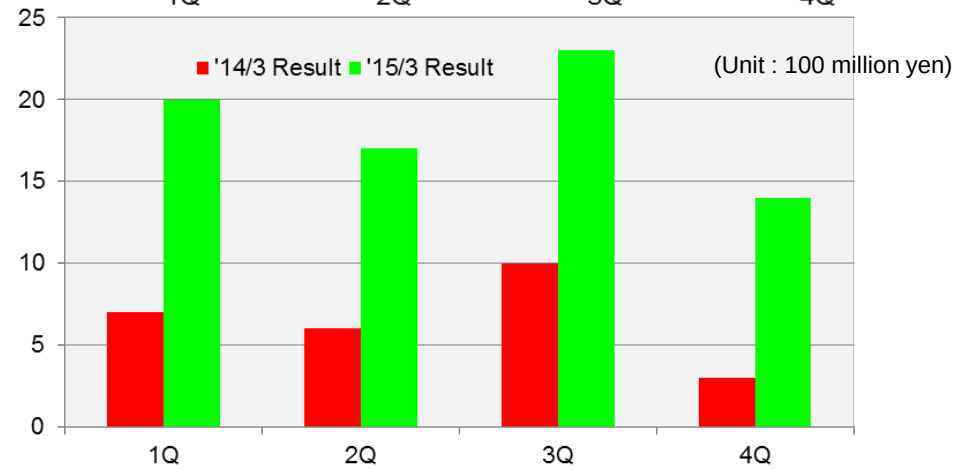
◆Income increased due to healthy performance in North America and Europe, in addition to the withdrawal from unprofitable businesses.

(Unit : 100 million yen)	FY2014 Result	FY2013 Result	Increase/Decrease(Y-on-Y) Amount	Increase/Decrease(Y-on-Y) Percentage	FY2014 Plan	Progress rate
Net Sales	2,969	2,826	142	105.0%	2,853	104.1%
Operating Income	75	27	48	275.0%	64	118.7%
Operating Profit Margin	2.6%	1.0%	-	-	2.2%	-

Net Sales



Operating Income







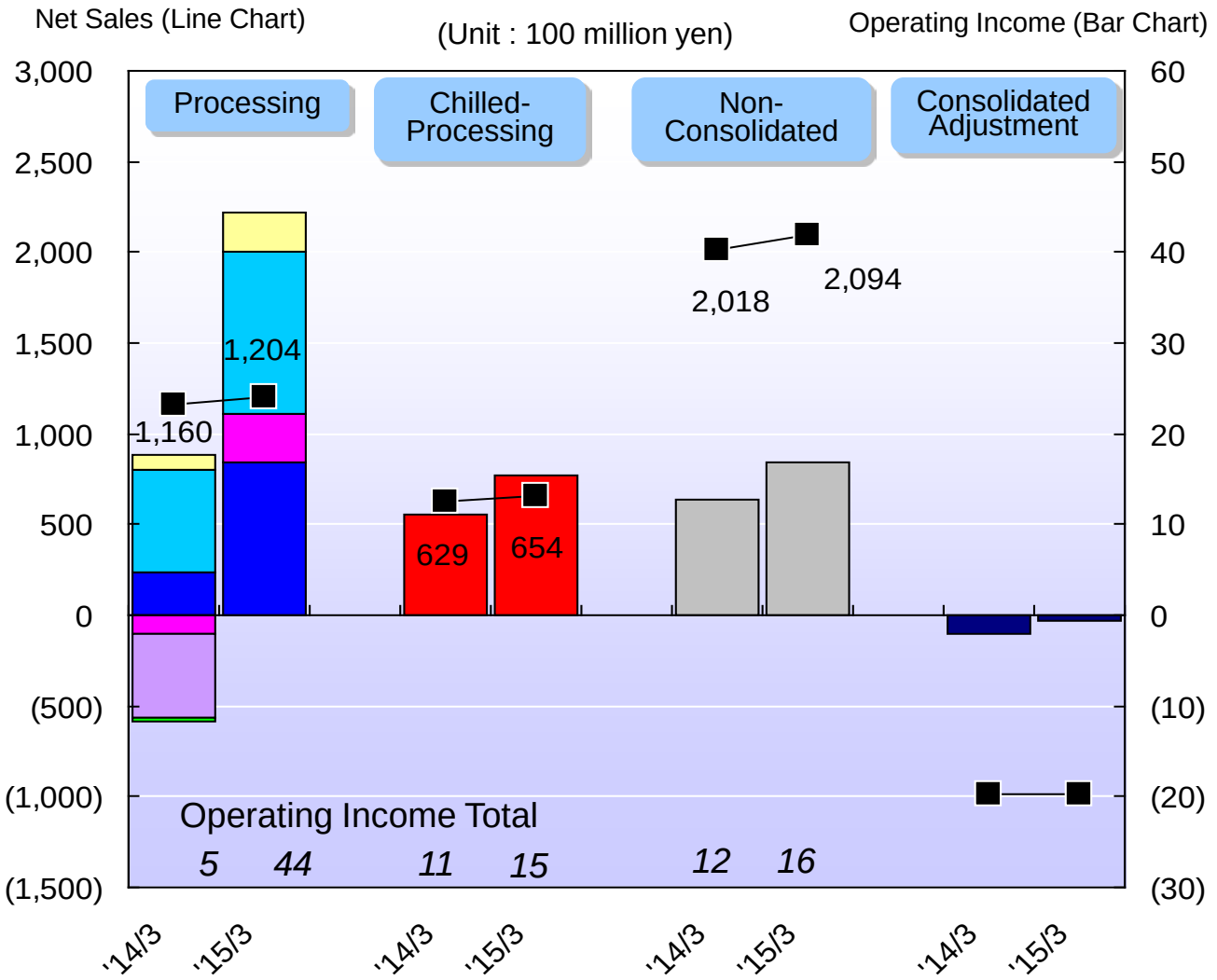








Food Products Business
Net Sales and Operating Income (Y-on-Y)



Main Causes of Fluctuations

【Processing】
- Withdrawal from and curtailment of unprofitable businesses in Germany and China contributed to the positive turnaround in profitability.
- North America
  Efforts were made to consolidate plants and reduce costs such as concentrating efforts in priority items.
  Increase in volume of sales and revision of prices targeted at major restaurant chain had an effect.
- Europe
  Chilled product sales grew and productivity improved.

【Chilled Products】
- Sales of chilled box lunches, salads, etc. grew.
- Productivity improved due to the review of production processes.

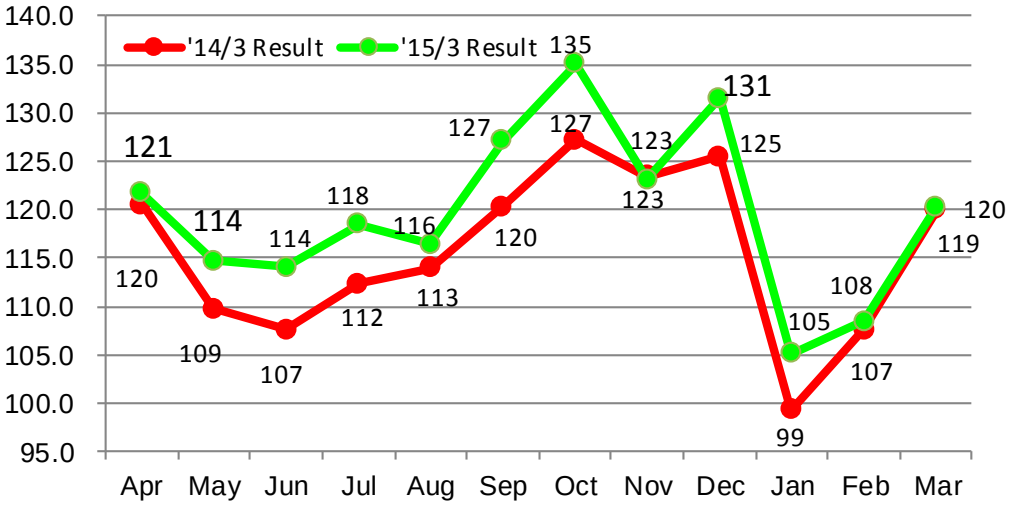
【Non-consolidated】
- Fish paste (surimi) products and fish sausages performed well.

- Each graph (excluding Non-consolidated and Consolidated Adjustment) shows the total of consolidated subsidiaries.
- The Italic figures in the lower part of this chart shows the accumulation of the bar.
- Consolidated Adjustment of operating income includes the amortization of goodwill and unrealized income in inventory.

Food Products Business
Non-Consolidated (Y-on-Y)

Net Sales (Monthly)

(Unit : 100 million yen)



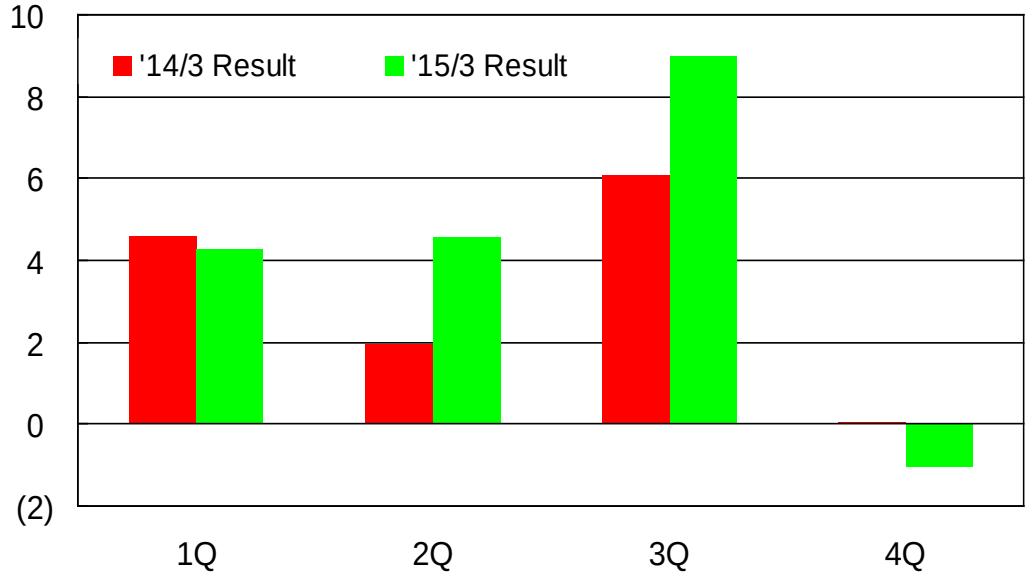
Net Sales by Categories (Y-on-Y)

(Unit : 100 million yen)

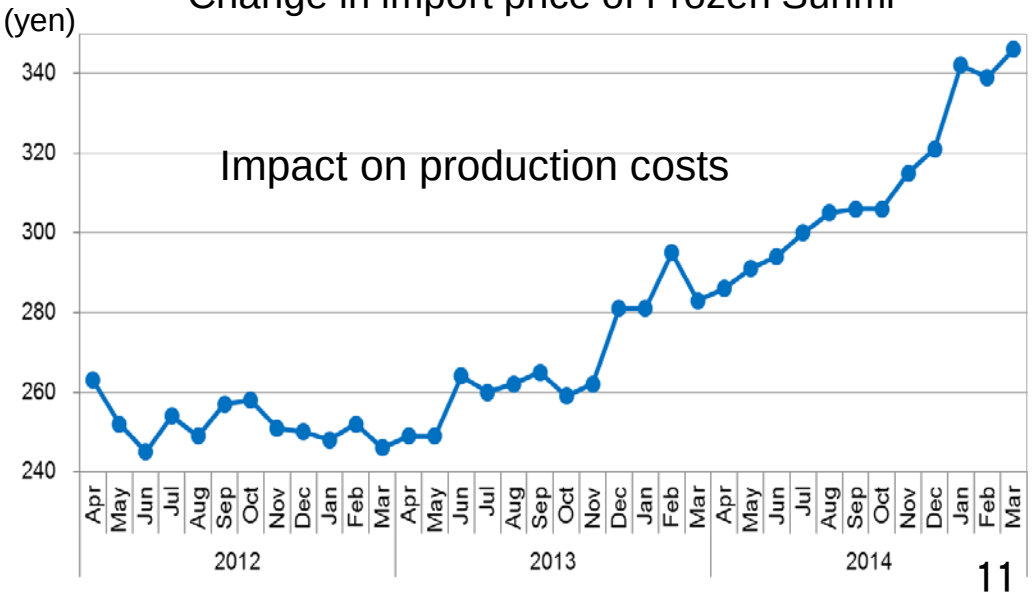


Operating Income (Quarterly)

(Unit : 100 million yen)



Change in import price of Frozen Surimi

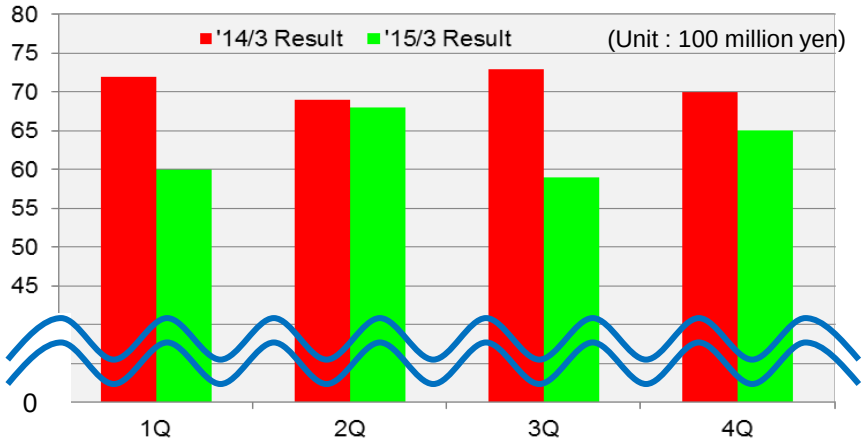


Fine Chemical Business

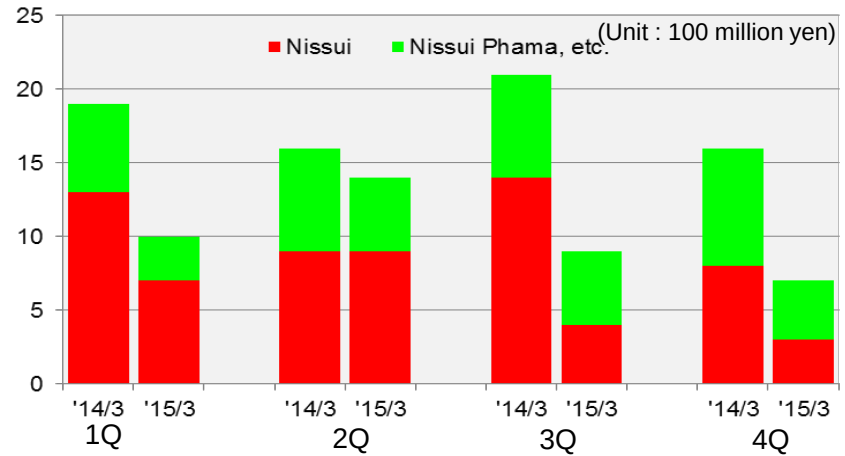
◆ Both revenue and income decreased due to the impact of factors such as the biennial National Health Insurance price revisions and government-led measures to promote the use of generic drugs.

(Unit : 100 million yen)	FY2014 Result	FY2013 Result	Increase/Decrease(Y-on-Y) Amount/Percentage)		FY2014 Plan	Progress rate
Net Sales	253	285	(32)	88.6%	262	96.7%
Operating Income	45	75	(30)	60.3%	43	106.0%
Operating Profit Margin	18.0%	26.5%	-	-	16.4%	-

Net Sales



Operating Income



【Overview of Financial Results】

➢ Pharmaceutical raw material

Decrease in gross profit due to the National Health Insurance price revisions and decrease in sales volume due to the government-led measures to promote the use of generic drugs.

➢ Functional foods

Advertising expenses were spent to expand the mail order business but growth in sales volume was sluggish.

➢ Group Company

Sales of clinical diagnostic pharmaceuticals and medicines were sluggish.









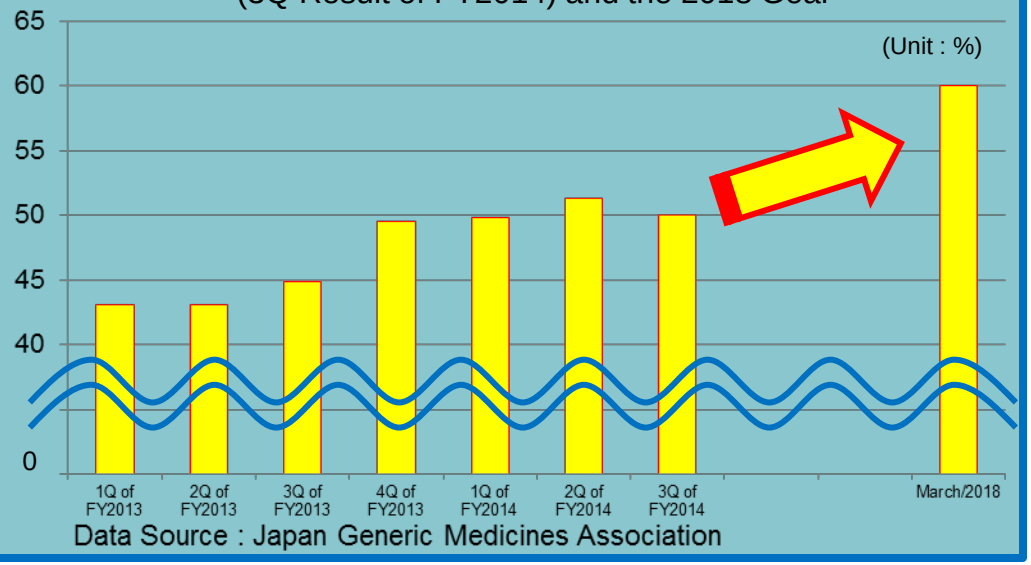
Fine Chemical Business
Non-Consolidated (Y-on-Y)

<Impact of the Price Revision by National Health Insurance (NHI)>
Unit selling prices of pharmaceutical raw materials were lowered as the result of the biennial revision of drug price standard.
Impact on the financial results of FY2014:
Down by approximately 300 million yen in operating income year-on-year

＜Impact of Stepped-up Measures to Promote the Use of Generic Drugs＞
Sales of original drugs were sluggish by the stepped-up measures to promote the use of generic drugs, etc.
Impact on the financial results of FY2014:
Down by approximately 1,200 million yen
in operating income year-on-year.

In the past, we were able to offset gross margin reductions caused by NHI drug price revisions by expanding sale volumes. This time, however, significant growth achieved by generic drugs caused a sales volume decrease.

Changes in the Market Share of Generic Drugs
(3Q Result of FY2014) and the 2018 Goal



Data Source : Japan Generic Medicines Association

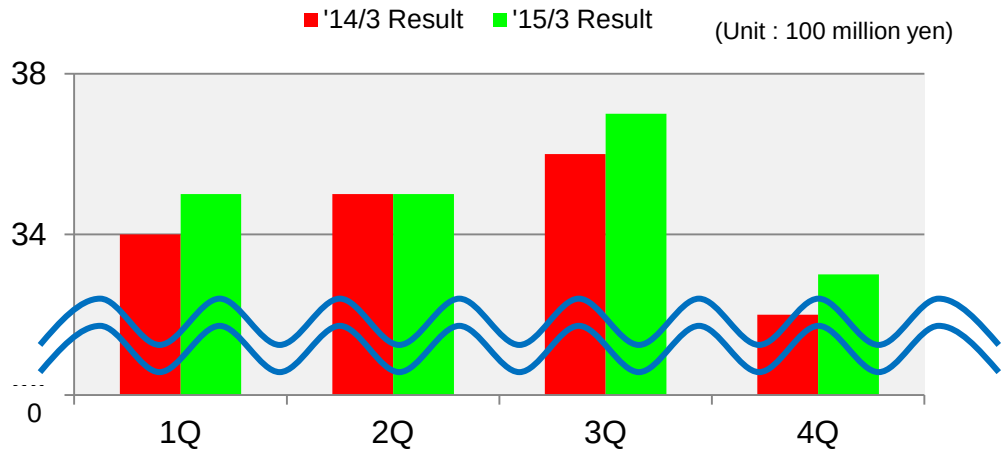
＜Functional Foods＞
- Growth in sales volume was slow despite injection of money into advertising with aim of expanding the mail order business.

Down by approximately 700 million yen (Advertising expenses : - 400 million yen, Sales Volume : - 300 million yen)

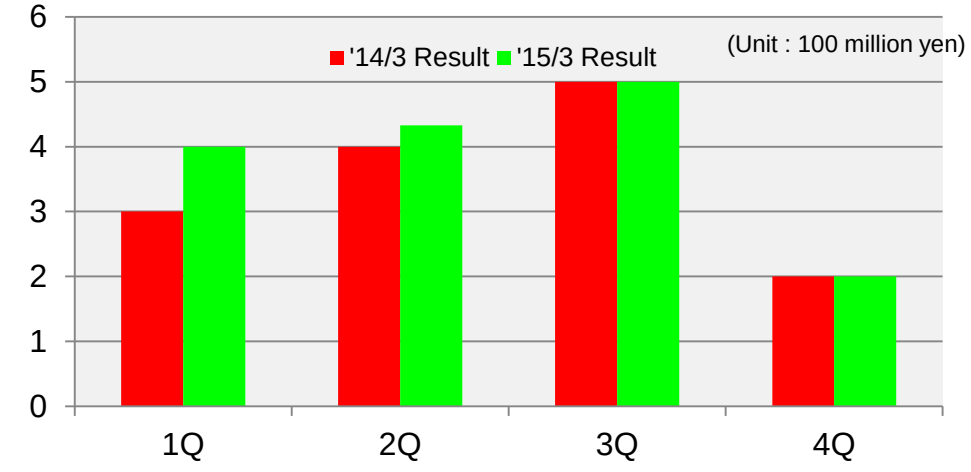
◆ Revenue and income increased year-on-year.

(Unit : 100 million yen)	FY2014 Result	FY2013 Result	Increase/Decrease(Y-on-Y) Amount	Increase/Decrease(Y-on-Y) Percentage	FY2014 Plan	Progress rate
Net Sales	142	138	3	102.5%	144	98.7%
Operating Income	16	15	1	107.4%	17	98.3%
Operating Profit Margin	11.8%	11.2%	-	-	11.8%	-

Net Sales



Operating Income



【Overview of FY2014】

- Although the costs for the electricity use and transportation rose, income is stable because storage fees increased.



Consolidated Income Statement (Y-on-Y)

(Unit : 100 million yen)

	FY2014 Result	%	FY2013 Result	%	Increase /Decrease	%
Net Sales	6,384		6,042		341	5.7
Gross Profit	1,327	20.8	1,240	20.5	87	7.0
SGA expenses	1,146		1,100		45	
Operating Income	181	2.8	139	2.3	41	30.0
Non-Operating Income	74		37		37	
Non-Operating Expenses	41		53		(11)	
Ordinary Income	213	3.4	123	2.0	90	73.1
Extraordinary Income	31		21		9	
Extraordinary Expenses	33		34		(0)	
Income before taxes	211	3.3	110	1.8	100	90.9
Income taxes - current	47		56		(9)	
Income taxes - deferred	48		3		44	
Income before minority interest	116		50		66	
Minority interest income	13		12		0	
Net Income	102	1.6	37	0.6	65	173.7

Main Causes of Fluctuations

【Non-Operating Income/Expenses】

- Gain on sales of securities : + Approx. 1,100 million yen
- Equity in earnings of affiliates : + Approx. 2,700 million yen, etc.

Breakdown

【Extraordinary Income(Loss)】

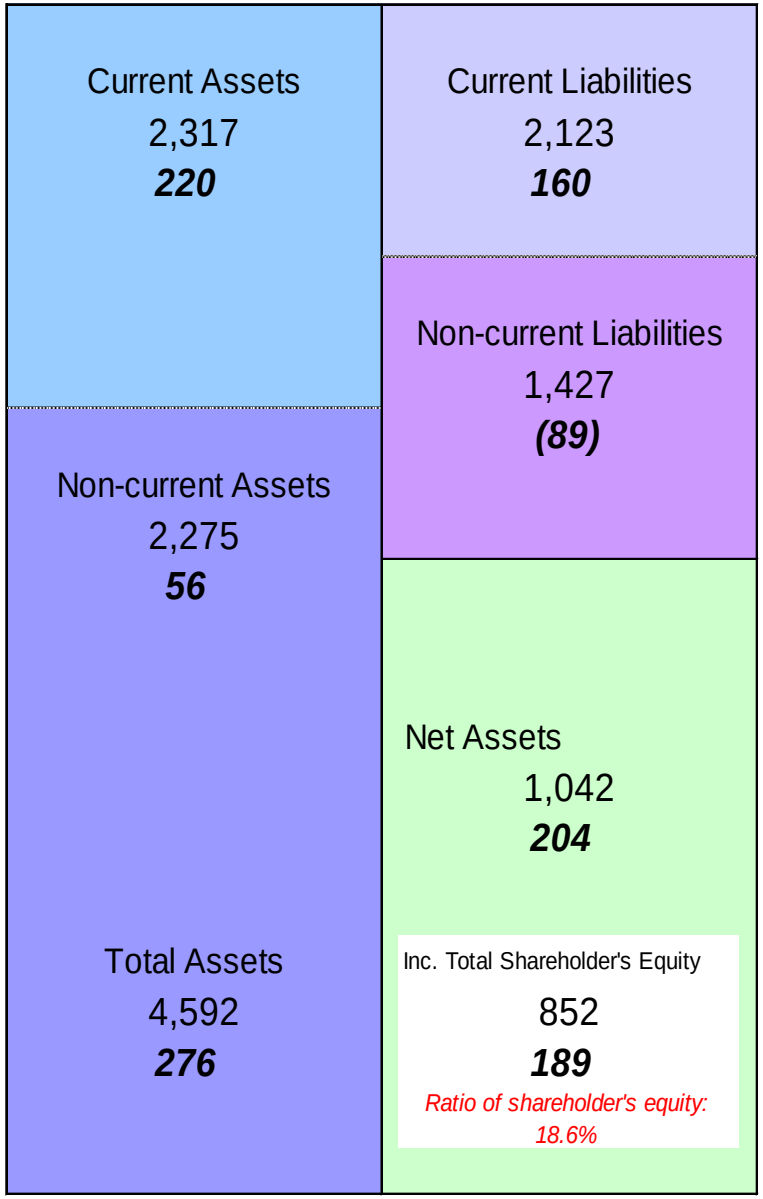
FY2014 (Current Fiscal Year)

- Gain on sales of subsidiaries and affiliates stocks : Approx. 2,600 million yen
- Loss on sales of stocks of subsidiaries and affiliates : Approx. 1,300 million yen
- Loss from mortality of tuna by unexpected and rapid change in the environment : Approx. 700 million yen

1st Half of FY2014

- Gain on sales of noncurrent assets : Approx. 1,400 million yen
- Reversal of impairments loss : Approx. 400 million yen
- Loss on sales of stocks of subsidiaries and affiliates : Approx. 800 million yen
- Loss on sales of investments in capital of subsidiaries and affiliates : Approx. 700 million yen
- Special retirement expenses : Approx. 500 million yen

Consolidated Balance Sheet (Y-on-Y)



(Unit : 100 million yen)

Breakdown of Increase/Decrease					
Assets	+276	Current Assets	220	Cash and deposit	36
				Merchandise and Finished Goods	67
				Work in process	6
				Raw materials and supplies	39
				Others	64
		Non-current Assets	56	Property, Plant and Equipment	42
				Intangible Assets	(15)
				Investments and other assets	29
Liabilities	+71	Current Liabilities	160	Accounts payable	1
				Short-term loans payable	120
				Provision for loss on business liquidation	(20)
				Others	49
		Non-current Liabilities	(89)	Long-term loans payable	(138)
				Deferred tax liabilities	21
				Net defined benefit liability	24
		Net Assets	204	Retained Earnings	84
				Valuation difference on available-for-sale securities	68
				Foreign Currency Translation adjustment	48
				Minority Interest	15

Ratio of shareholder's equity '14/3 15.4% → '15/3 18.6%

The Italic and bold figures means increase/decrease, compared to 4Q of FY2013.

Consolidated Cash Flow Statement

(Unit : 100 million yen)

	FY2014 Result	FY2013 Result	Increase /Decrease
Income before income taxes	211	110	100
Depreciation and amortization	172	184	(12)
Working capital	(64)	(93)	28
Income taxes paid	(53)	(54)	0
Others	(37)	33	(70)
Net cash provided by operating activities	**228**	**181**	**47**
Investment on (Purchase of) plant and equipment	(168)	(143)	(25)
Others	47	26	20
Net cash provided by investment activities	**(121)**	**(116)**	**(4)**
Increase (decrease) in short-term loans payable	18	(36)	55
Increase (decrease) in long-term loans payable	(87)	(72)	(15)
Others	(9)	(9)	0
Net cash provided by financial activities	**(78)**	**(118)**	**40**

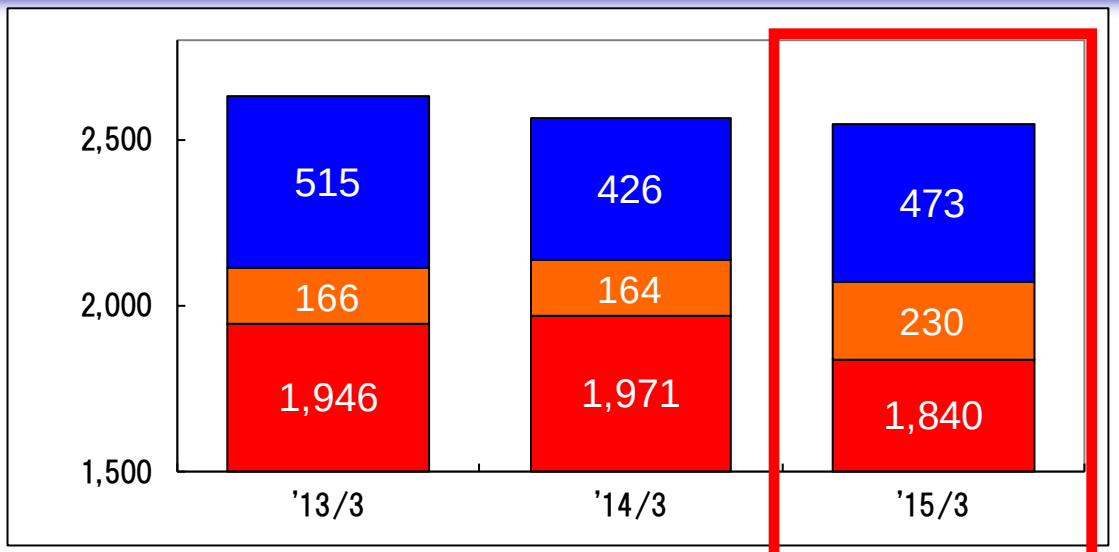
Consolidated Loans Payable & Net Interest Cost

(Unit : 100 million yen)

Overseas Subsidiaries

Domestic Subsidiaries

Non-consolidated



Comparison with the 4Q of FY2013

＋47

＋65

(131)

Total Debt	2,626	2,561	2,543	(18)
Short-term loans payable	1,307	1,278	1,399	＋120
Long-term loans payable	1,319	1,282	1,143	(138)
Average interest of short-term loans payable	0.9%	0.7%	0.6%	(0.1%)
Average interest of long-term loans payable	1.4%	1.4%	1.3%	(0.1%)
Net Interest	18.1	16.9	16.2	
Ratio of Net Interest Cost on Operating Income	31%	12%	9%	
Interest expenses	37.6	32.7	30.3	
Interest income	9.3	4.7	3.9	
Dividend income	10.1	11.0	10.1	
Exchange Rate（US$1）	@86.58(End of Dec.)	@105.39(End of Dec.)	@120.55(End of Dec.)	

- Impact of exchange conversion

  Comparison with 4Q of FY2013 :
  +5,800 million yen

Non-consolidated Income Statement (Y-on-Y)

(Unit : 100 million yen)

	FY2014 Result	%	FY2013 Result	%	Increase /Decrease	%
Net Sale	3,506		3,339		167	5.0
Gross Profit	661	18.9	662	19.8	(1)	(0.2)
SGA Expenses	632		634		(2)	
Operating Income	28	0.8	27	0.8	0	2.4
Non-Operating Income	78		53		25	
Non-Operating Expenses	48		40		7	
Ordinary Expenses	58	1.7	40	1.2	18	44.6
Extraordinary Income	15		16		(0)	
Extraordinary Expenses	6		21		(14)	
Income before taxes	67	1.9	36	1.1	31	87.2
Income taxes - current	1		7		(5)	
Income taxes - deferred	24		6		17	
Net Income	41	1.2	21	0.7	19	91.0

Main Causes of Fluctuations

【SGA Expenses】

- Increase in selling expenses : Approx. 900 million yen
- Decrease in General and administrative expenses Approx. 1,500 million yen (Decrease in retirement benefit expenses)

【Extraordinary Income(Expenses)】

- Increase in dividends income : Approx. 2,100 million yen

Breakdown

【Extraordinary Income(Expenses)】

FY2014(Current Fiscal Year)

- Gain on sales of subsidiaries and affiliates stocks : 1,400 million yen

1H of FY2014

- Gain on sales of non-current assets : Approx. 1,400 million yen
- Gain on sales of investment securities : Approx. 200 million yen
- Loss on sales of investment in capital of subsidiaries and affiliates Approx. 500 million yen
- Special retirement expenses : 400 million yen

Forecast for FY2015

<Consolidated>

	FY2014 Result	FY2015 Plan	Increase /Decrease
Net Sales	**6,384**	**6,360**	**(24)**
Operating Income	**181**	**170**	**(11)**
Ordinary Income	**213**	**185**	**(28)**
Net Income	**102**	**105**	**2**

* “Net Income” represents the amount of “Net Income attributable to owners of the parent”.

Exchange rate among overseas subsidiaries	Actuarl exchange rate for FY2014(Yen)	Estimated exchange rate for FY2015(Yen)	Ref.)Actuarl exchange rate for FY2013(Yen)
US Dollars	120.55	120.00	105.39
Euro	146.54	146.00	145.05
Denmark Krone	19.68	20.00	19.44

(Marine Products Business)

Decrease in revenues due to an adjustment of fish prices is expected.

- South America : Income expected to decrease due to weakening fish prices.
- Asia : Earning expected to improve due to no longer being affected by doubtful receivables.
- Non-consolidated : Income will be secured through reinforced inventory management and the promotion of marine products as ingredients, despite the adjustment of fish prices.

(Food Business)

Decrease in income as rising material costs are expected.

- North America : Advertising expenses will be spent to regain market share.
- Europe : Increasing impact of rising material costs.
- Non-consolidated : Rising costs due to the depreciating yen will be compensated by price adjustments and enhanced productivity, and the launch of a new category of products.

(Fine Chemical Business)

Generally the same levels as the previous year are expected due to the effects of generic drugs.

- Pharmaceutical raw materials
  Promotion of business development in overseas
- Functional foods
  Sales expansion by re-examination of advertisement
- Product development that utilizes system of functional health claims for health foods.

Forecast for FY2015

	FY2015 Plan	FY2014 Results	Percentage of increase/decrease to FY2014 Results		FY2013 Results	Percentage of increase/decrease to FY2013 Results	
			(100 million yen)	(%)		(100 million yen)	(%)
Net Sales	6,360	6,384	(24)	99.6%	6,042	317	105.3%
Marine Products Business	2,726	2,848	(122)	95.7%	2,538	187	107.4%
Food Products Business	2,995	2,969	25	100.9%	2,826	168	105.9%
Fine Chemicals Business	280	253	26	110.6%	285	(5)	98.0%
Logisitics	152	142	9	106.9%	138	13	109.6%
Others	207	170	36	121.4%	252	(45)	82.1%
Operating Income	170	181	(11)	93.9%	139	30	122.0%
Marine Products Business	60	62	(2)	95.3%	50	9	119.4%
Food Products Business	68	75	(7)	89.5%	27	40	246.3%
Fine Chemicals Business	44	45	(1)	96.6%	75	(31)	58.2%
Logisitics	17	16	0	101.7%	15	1	109.2%
Others	5	8	(3)	58.7%	12	(7)	41.1%
Common Costs	(24)	(28)	4	83.9%	(41)	17	57.3%
Ordinary Income	185	213	(28)	86.5%	123	61	149.7%
Net Income	105	102	2	102.2%	37	67	279.6%

* “Net Income” represents the amount of “Net Income attributable to owners of the parent”.

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 judgement of management derived from the information currently available to it, and the Company provides no assurances that these projections will be achieved.

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