Supplemental Document for 1st Quarter of Fiscal Year 2016

August 5, 2016

Nippon Suisan Kaisha, Ltd.

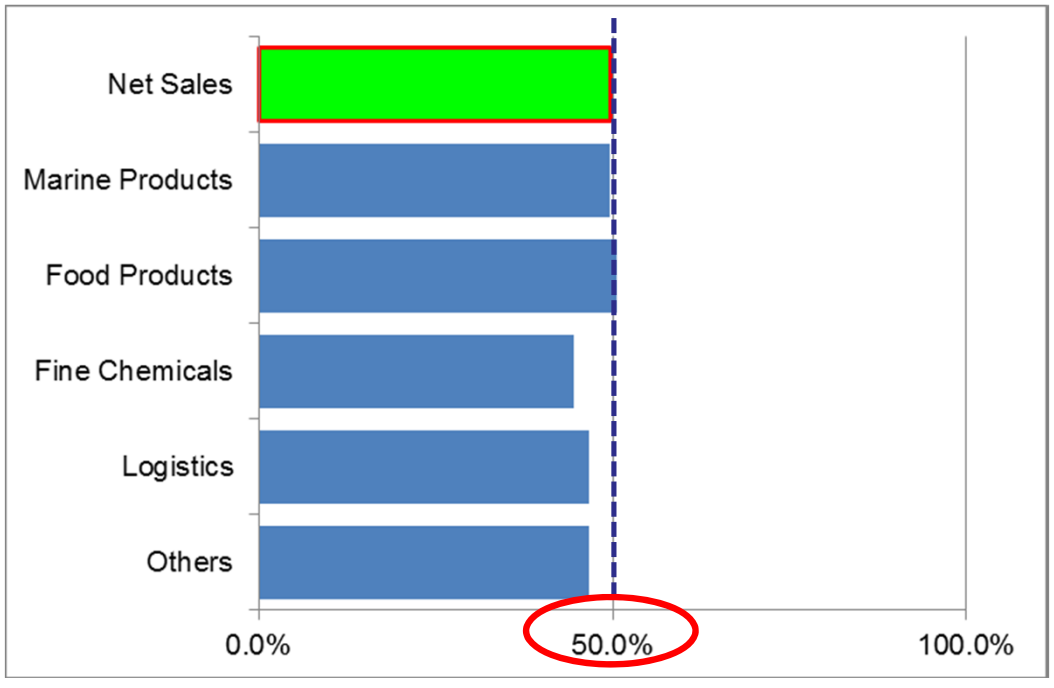
Overview of 1st Quarter of FY2016

◆ While North American business was sluggish due to weak fillet market and slow retail frozen prepared seafood business in addition to the damage by toxic tide in Chilean Salmon farming business, Nissui group was off a good start with the progression rate of 52.2% vs. 1st half consolidated operating income budget as domestic Marine Products Business and Food Products Business went steadily.

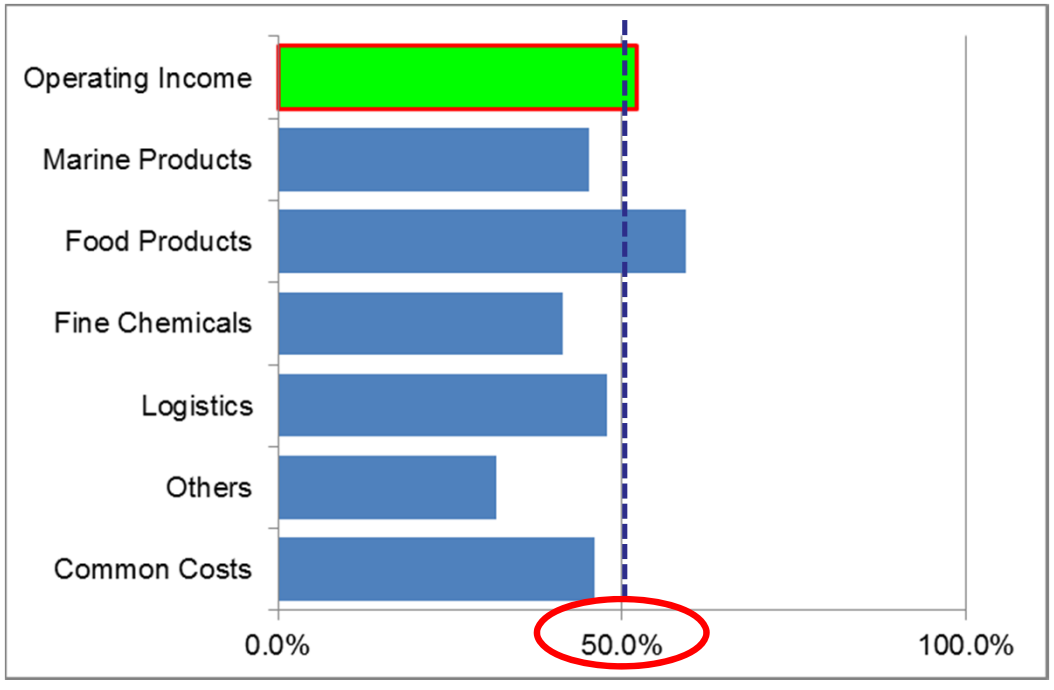
(Unit :100 million yen)

	Result of 1Q of FY2016	Forecast for 1H of FY2016	Progress rate
Net Sales	1,563	3,150	49.6%
Operating Income	41	80	52.2%

Rate of progress vs. 1st half consolidated revenue budget



Rate of progress vs. 1st half consolidated operating income budget



Overview of 1st Quarter of FY2016 by Segment

◆ Revenue decreased in Marine Products and Food Products due to the appreciating yen

(Unit : 100 million yen)

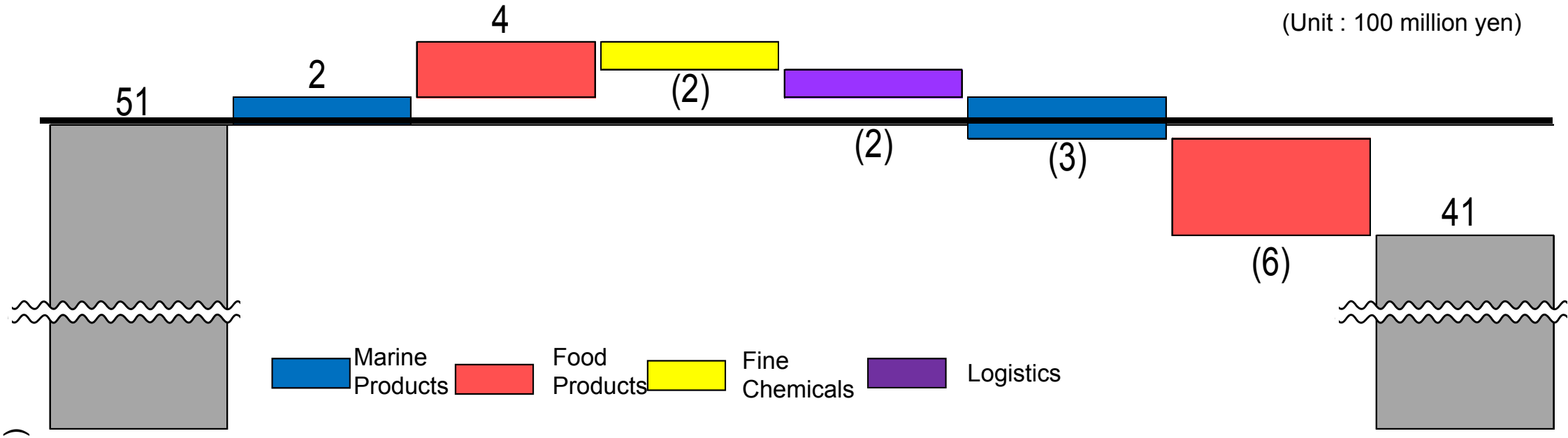
	Results of 1Q of FY2016	Results of 1Q of FY2015	Increase/Decrease		Forecast for 1H of FY2016	Progress rate
			Amounts	(%)		
Net Sales	1,563	1,606	(43)	97.3%	3,150	49.6%
Marine Products Business	632	668	(36)	94.6%	1,276	49.6%
Food Products Business	777	797	(19)	97.6%	1,540	50.5%
Fine Chemicals Business	58	58	0	101.0%	132	44.6%
Logistics	38	35	2	107.4%	82	46.6%
Others	56	46	9	119.7%	120	46.7%
Operating Income	41	51	(9)	81.8%	80	52.2%
Marine Products Business	8	11	(2)	74.6%	19	45.1%
Food Products Business	28	31	(2)	91.5%	48	59.3%
Fine Chemicals Business	7	9	(2)	75.4%	18	41.5%
Logistics	2	4	(1)	54.9%	5	47.8%
Others	1	1	0	104.4%	4	31.7%
Common Cost	(6)	(7)	0	90.7%	(14)	46.0%
Oridnary Income	39	68	(29)	56.9%	85	46.1%
Profit attributable to owners of parent	16	39	(23)	41.5%	45	36.8%
EPS(Net Profit per share)(Unit: yen)	5.99	14.42	-	-	16.29	-

➢ From this fiscal year, fish roe business shifted from Food Products Business to Marine Products Business.
Previous year's data was adjusted accordingly. (Previous year Sales :691 million yen and Operating Income : 84 million yen)

Main Causes of fluctuations

◆ The company secured income increased in Marine Products business and Food Products business in Japan, but struggled in those businesses in North America.

(Unit : 100 million yen)



(Main Causes of fluctuations)

1Q of FY2015	Domestic				Overseas		1Q of FY2016
	<Marine Products> Nissui non-consolidated secured stable profit from salmon and shrimp buisness	<Food Prodcuts> Frozen food business both for retail and food service and chilled food business went steadily at Nissui non-consolidated	<Fine Chemicals> Decrease in medical material production volume with increasing SGA	<Logistics> Initial cost to start new Oosaka Maishima Logistics cener	<Marine Products business in North America> Decrease in Pollack roe production and weak fillet market	<Food Products Business in North America> Poor sales performance in retail frozen prepared seafood business due to tough competition	

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

◆ Increase in Japan but decrease in North America due to appreciating yen

(Unit : 100 million yen)

	Japan		North America		South America		Asia		Europe		Sub Total		Consolidated Adjustment		Grand Total	
Marine Products	493	***(9)***	147	***(2)***	29	***(15)***	15	***(9)***	117	***(3)***	803	***(41)***	(171)	***5***	632	***(36)***
	503		150		45		25		121		845		(176)		668	
Food Products	808	***18***	166	***(48)***			13	***(2)***	61	***9***	1,049	***(23)***	(271)	***4***	777	***(19)***
	790		214				15		52		1,073		(275)		797	
Fine Chemicals	62	***(0)***					0	***0***			63	***0***	(4)	***0***	58	***0***
	62						0				63		(5)		58	
Logistics	68	***6***									68	***6***	(30)	***(4)***	38	***2***
	61										61		(26)		35	
Others	69	***10***					0	***0***			69	***10***	(13)	***(1)***	56	***9***
	58						0				59		(12)		46	
Sub Total	1,502	***26***	313	***(51)***	29	***(15)***	30	***(11)***	179	***5***	2,055	***(47)***				
	1,476		365		45		41		173		2,102					
Consolitaed Adjustment	(379)	***(15)***	(70)	***(1)***	(19)	***14***	(20)	***5***	(1)	***1***			(492)	***4***		
	(364)		(69)		(33)		(26)		(2)				(496)			
Grand Total	1,123	***10***	243	***(52)***	10	***(1)***	9	***(6)***	177	***6***					1,563	***(43)***
	1,112		295		11		15		170						1,606	

- The upper columns indicates the result of 1Q of FY2016 and the lower columns indicates that of FY2015.
  The Italic and bold figures mean increase/decrease.
- Consolidated adjustment include elimination between the group companies.
- Impact of exchange conversion on net sales (Estimated) : -3,100 million yen

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

◆ Secure increase in Japan but wasn't able to cover decrease in North America

(Unit : 100 million yen)

	Japan		North America		South America		Asia		Europe		Common Costs		Sub Total		Consolidated Adjustment		Grand Total	
Marine Products	9	***2***	6	***(3)***	(11)	***(1)***	0	***0***	1	***(0)***			7	***(2)***	0	***(0)***	8	***(2)***
	7		10		(9)		(0)		2				10		0		11	
Food Products	19	***4***	3	***(6)***			1	***0***	4	***(0)***			28	***(3)***	0	***0***	28	***(2)***
	15		9				0		5				31		(0)		31	
Fine Chemicals	7	***(2)***					0	***0***					7	***(2)***	0	***0***	7	***(2)***
	9						0						9		0		9	
Logistics	2	***(2)***											2	***(2)***	0	***0***	2	***(1)***
	4												4		(0)		4	
Others	1	***0***					0	***0***					1	***0***	0	***0***	1	***0***
	1						(0)						1		0		1	
Common Costs											(6)	***0***	(6)	***0***	0	***(0)***	(6)	***0***
											(7)		(7)		0		(7)	
Sub Total	40	***1***	10	***(9)***	(11)	***(1)***	2	***1***	5	***(1)***	(6)	***0***	40	***(10)***				
	38		20		(9)		0		7		(7)		50					
Consolidated Adjustment	0	***2***	0	***1***	1	***(2)***	(0)	***(0)***	(0)	***0***	(0)	***(0)***			1	***0***		
	(2)		(0)		4		0		(0)		0				0			
Grand Total	40	***4***	10	***(8)***	(10)	***(4)***	1	***0***	5	***(1)***	(6)	***0***					41	***(9)***
	36		19		(5)		0		6		(7)						51	

- The upper columns indicates the result of 1Q of FY2016 and the lower columns indictes that of FY2015.
  The Italic and bold figures mean increase/decrease.
- Consolidated adjustment includes amortization of goodwill and unrealized income in inventory.

Consolidated Income Statement (Y-on-Y)

(Unit : 100 million yen)

	Result of 1Q of FY2016	%	Result of 1Q of FY2015	%	Increase /Decrease	%
Net Sales	1,563		1,606		(43)	(2.7)
Gross Profit	324	20.8	343	21.4	(19)	(5.6)
SGA Expenses	282		292		(10)	
Operating Income	41	2.7	51	3.2	(9)	(18.2)
Non-Operating Income	12		24		(12)	
Non-Operating Expenses	14		7		7	
Ordinary Income	39	2.5	68	4.3	(29)	(43.1)
Extraordinary Income	0		1		(1)	
Extraordinary Expenses	10		3		7	
Income before taxes	28	1.8	67	4.2	(38)	(57.3)
Income-taxes current	11		15		(3)	
Income-taxes deferred	1		9		(7)	
Profit	15		42		(27)	
Profit attributable to non-controlling interests	(1)		2		(3)	
Profit attributable to owners of parent	16	1.1	39	2.5	(23)	(58.5)

Major Causes of Fluctuation

<Non-Operating Income/Expenses>

- Gain on sales of investment securities
  → Approx. :- 500 million yen
- Subsidy income
  → Approx. : - 500 million yen
- Foreign Exchange gains
  → Approx. : -200 million yen
- Foreign Exchange losses
  → Approx. + 600 million yen, etc.

Breakdown

<Extraordinary Income/Expenses>

1st Half of FY2016

- Loss on valuation of investment securities : Approx. : 600 million yen
- Loss on disaster :
  Approx. 300 million yen

1st Half of FY2015

- Gain on sales of investment securities: Approx.: 100 million yen
- Impairment loss on land : Approx.; 200 million yen

Consolidated Balance Sheet (Y-on-Y)

Current Asset 2,158 ***(15)***	**Current Liabilities** 2,148 ***(24)***
Non-Current Asset 2,213 ***(53)***	**Non-current Liabilities** 1,190 ***(38)***
Total Asset 4,372 ***(69)***	**Net Asset** 1,032 ***(55)*** Incl. Shareholder's equity 847 ***(49)***

Main Causes of fluctuations (Unit : 100 million yen)

Asset	**(69)**	Current Asset	(15)	Cash and deposit	16
				Accounts receivable	16
				Inventories	(54)
				Others	4
		Non-current Asset	(53)	Property, plant & equipment	2
				Intangible Assets	(3)
				Investments and other properties	(52)
Liabilities	**(13)**	Current Liabilities	24	Accounts payable	24
				Income taxes - payable	(19)
				Provisions	(16)
				Others	33
		Non-current Liabilities	(38)	Long-term loans payable	(22)
				Net defined benefit liability	(7)
				Others	(7)
		Net Asset	(55)	Retained Earnings	8
				Valuation difference on available for sale securities	(21)
				Deferred losses on hedges	(7)
				Foreign currency transaction adjustment	(34)

The Italic and bold figures means increase/decrease, compared to 4Q of FY2015

Shareholder's equity ratio : '16/3 20.2% ⇒ '16/6 19.4%

Consolidated Cash Flow Statement

◆ Improve “Net cash provided by operating activities” dramatically due to inventory compression.

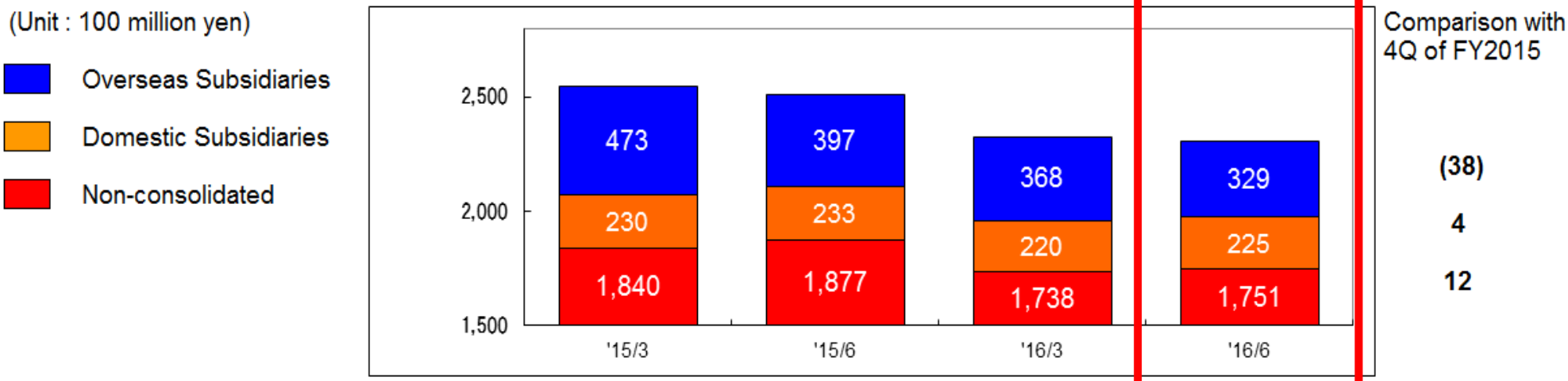
(Unit : 100 million yen)

	Result of 1Q of FY2016	Result of 1Q of FY2015	Increase /Decrease
Income before income taxes	28	67	(38)
Depreciation and amortization	40	40	0
Working Capital	33	7	26
Income taxes paid	(29)	(13)	(15)
Others	(4)	(61)	57
Net Cash provided by operating activities	69	39	29
Investment on (Purchase of) plant and equipment	(59)	(43)	(15)
Others	15	5	9
Net cash provided by investment activities	(43)	(37)	(6)
Increase(Decrease) in short-term loans payable	14	(39)	53
Increase(Decrease) in long-term loans payable	(13)	16	(30)
Others	(9)	(11)	1
Net cash provieded by financial activities	(8)	(33)	25

Consolidated Loans Payable & Net Interest Cost

◆ Able to achieve mid-term plan target, less than 240,000 million yen

(Unit : 100 million yen)



Total Debt	2,543	2,506	2,326	2,305	(21)
Short-term loans payable	1,399	1,349	1,375	1,376	1
Long-term loans payable	1,143	1,156	951	928	(22)
Average interest of short-term loans payable	0.6%	0.6%	0.6%	0.5%	(0.1%)
Average interest of long-term loans payable	1.3%	1.3%	1.3%	1.3%	(0.0%)
Net Interest	16.2	3.6	13.8	3.3	
Ratio of Net Interest Cost on Operating Income	9%	7%	7%	8%	
Interest Expenses	30.3	6.8	26.5	5.8	
Interest Income	3.9	0.8	3.3	0.6	
Divident Income	10.1	2.2	9.3	1.8	
Exchange rate (=US$1.00)	@120.55(End of Dec.)	@120.17(End of Mar.)	@120.61(End of Dec.)	@112.68(End of Mar.)	

■ Impact of exchange conversion

- Comparison with 4Q of FY2015 :-2,300 million yen
- Comparison with 1Q of FY2015 : -2,400 million yen

Marine Products Business

◆ Revenue decreased because of the impact of toxic tide in Salmon/Trout Business in South America, in addition to stagnant market and appreciating yen

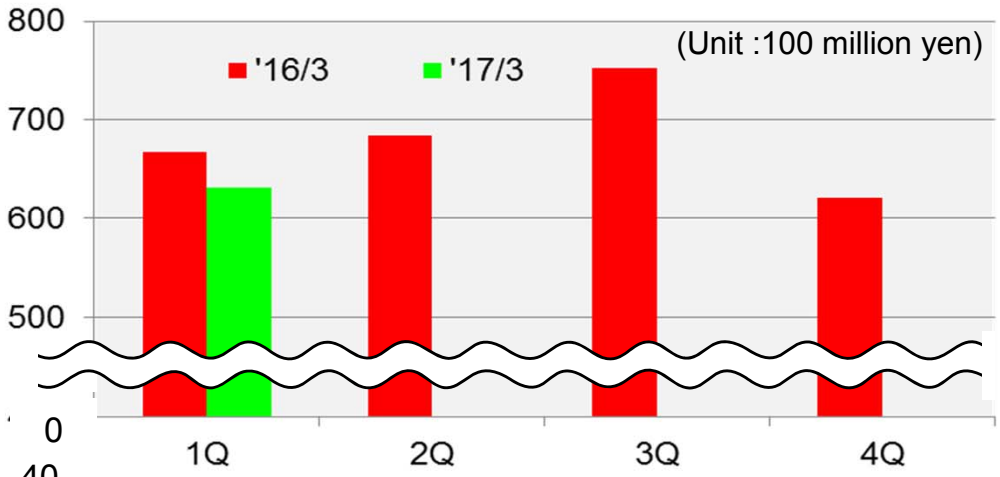
(Unit :100 million yen)

	Result of 1Q of FY2016	Result of 1Q of FY2015	Increase/Decrease	
			Amount	%
Net Sales	632	668	(36)	94.6%
Operating Income	8	11	(2)	74.6%

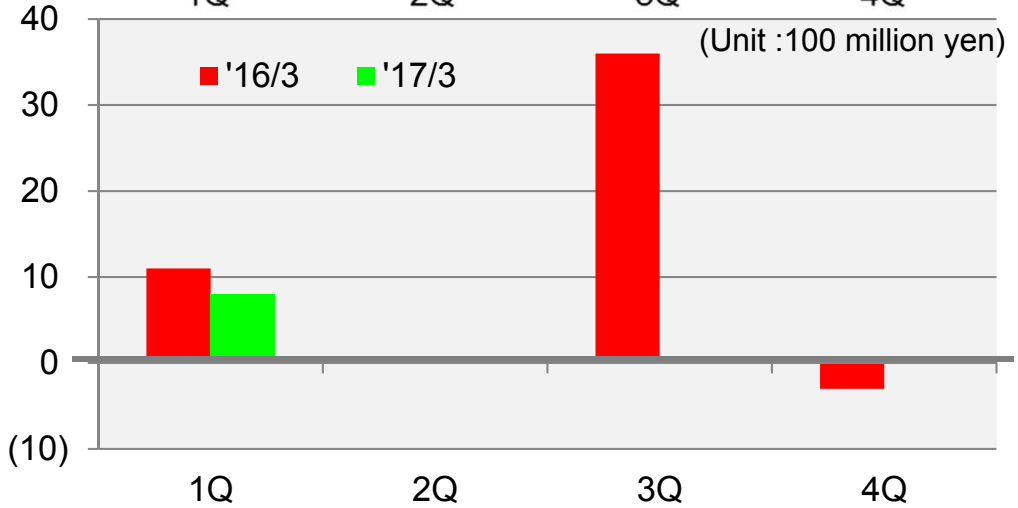
Forecast for 1H of FY2016	Progress late
1,276	49.6%
19	45.1%

Note) From this fiscal year, fish roe business shifted from Food Products Business to Marine Products Business. Previous year's data was adjusted accordingly.
(Previous year's sale :691 million yen, Operating income : 84 million yen)

Net Sales

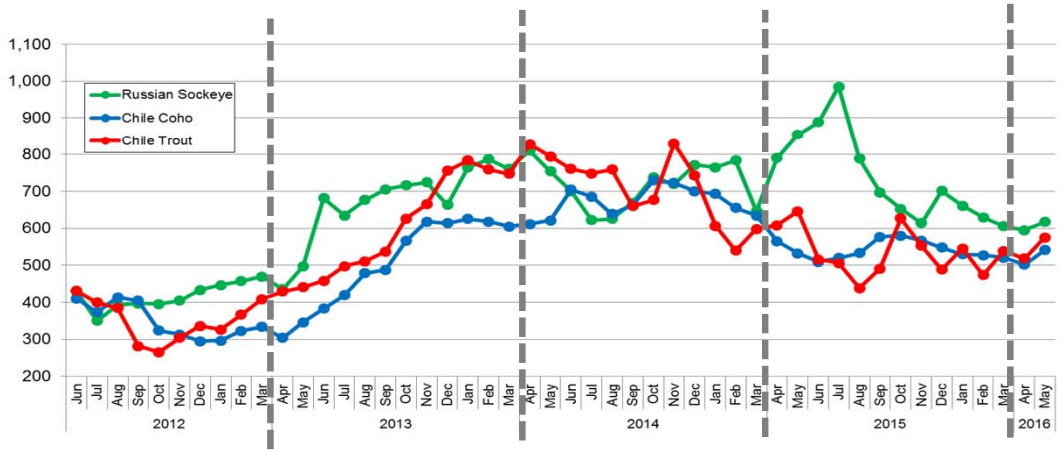


Operating Income

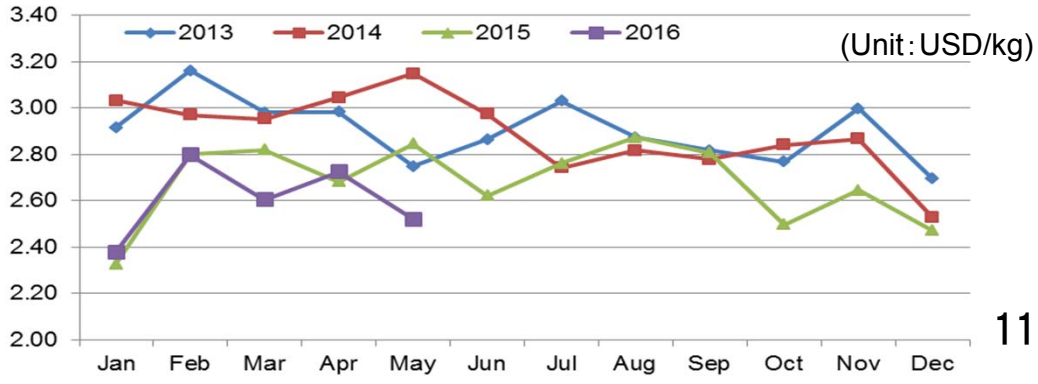


<Market Condition of marine products(Salmon/Trout)

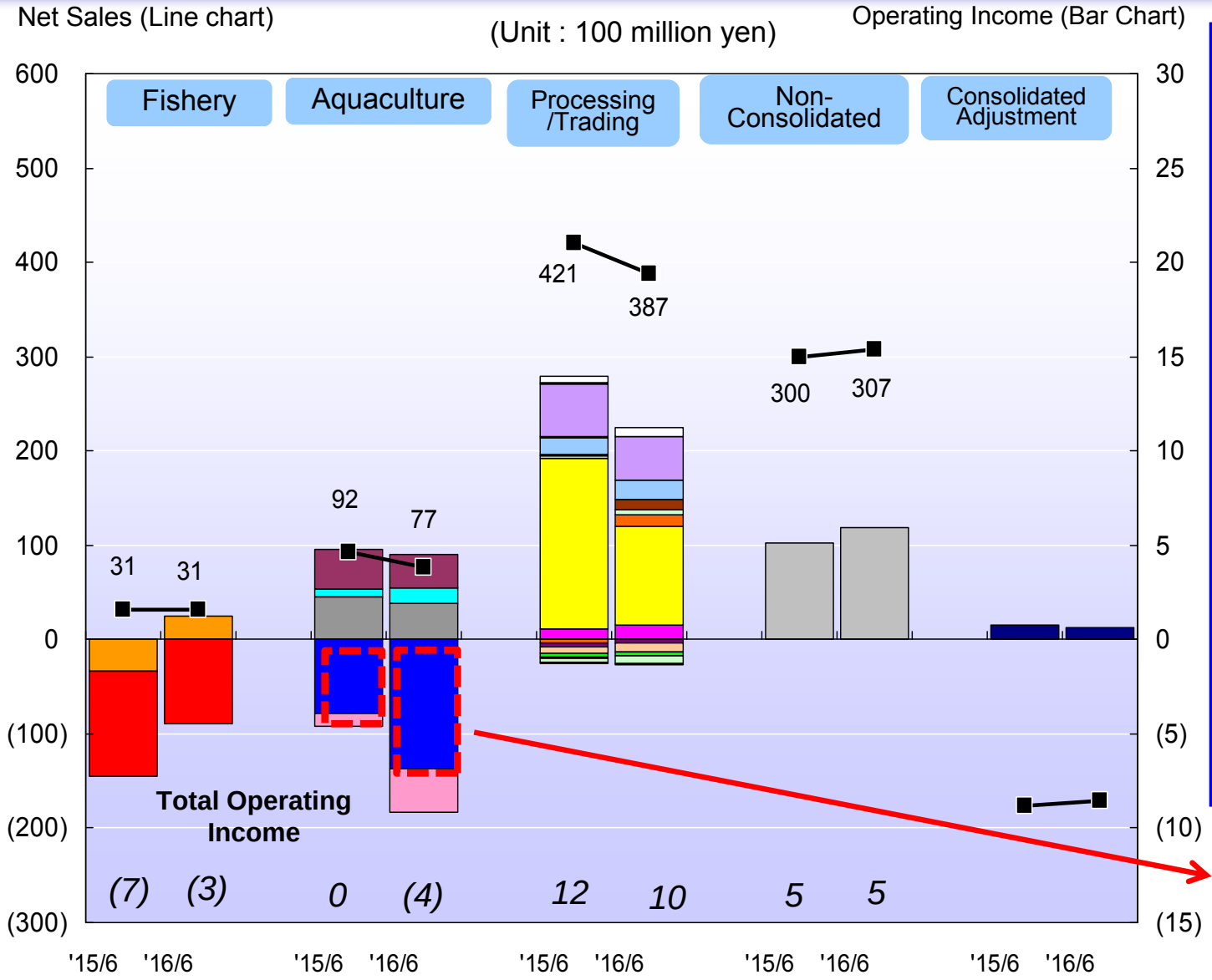
(Unit: yen/kg)



<Price trends for Pollack fillet (Calculated from data by NMFS)



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



➢The Italic figures in the lower part of this chart shows the accumulation of the bar (operating income)

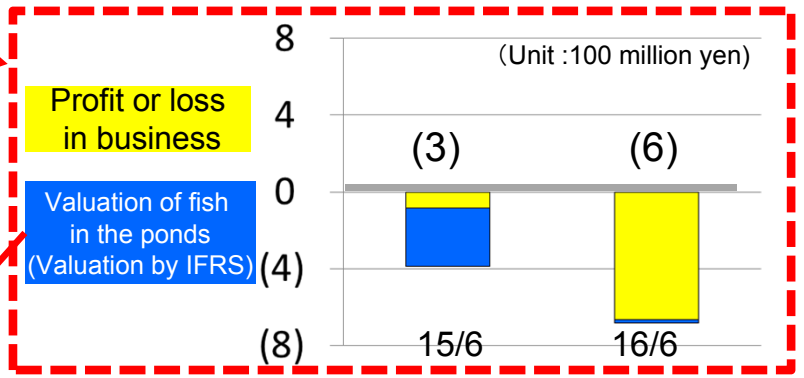
➢Consolidated Adjustment of net sales and operating income includes the amortization of goodwill and unrealized income in inventory.

Major Causes of Fluctuation

◆ Fisheries: Increase both in revenue and income
- ➢ Japan : Decrease in maintenance cost and fuel cost due to lower crude oil price

◆ Farming: Decrease both in revenue and income
- ➢ Chilean Salmon farming :
  In addition to the drop of selling price, farming cost increased due to the damage by toxic tide.
- ➢ Domestic farming :
  Tuna : Increase in selling price
  Yellow tail & Salmon : Increase in farming cost

◆ Processing/Trade: Decrease both in revenue and income
- ➢ Pollack business in North America :
  In addition to lower roe content, fillet market remained stagnant.
  Despite increased production volume, selling price of surimi had been slightly soft.



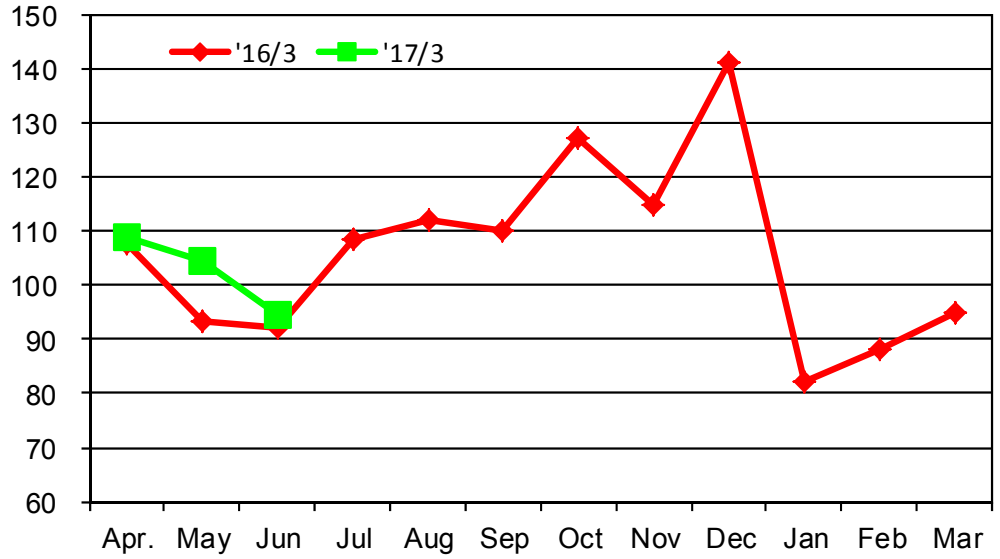
Valuation of fish in the ponds is calculated every quarter based on IFRS, included in Marine Products Business's operating income.

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

◆ Secured revenue increased by sales volume

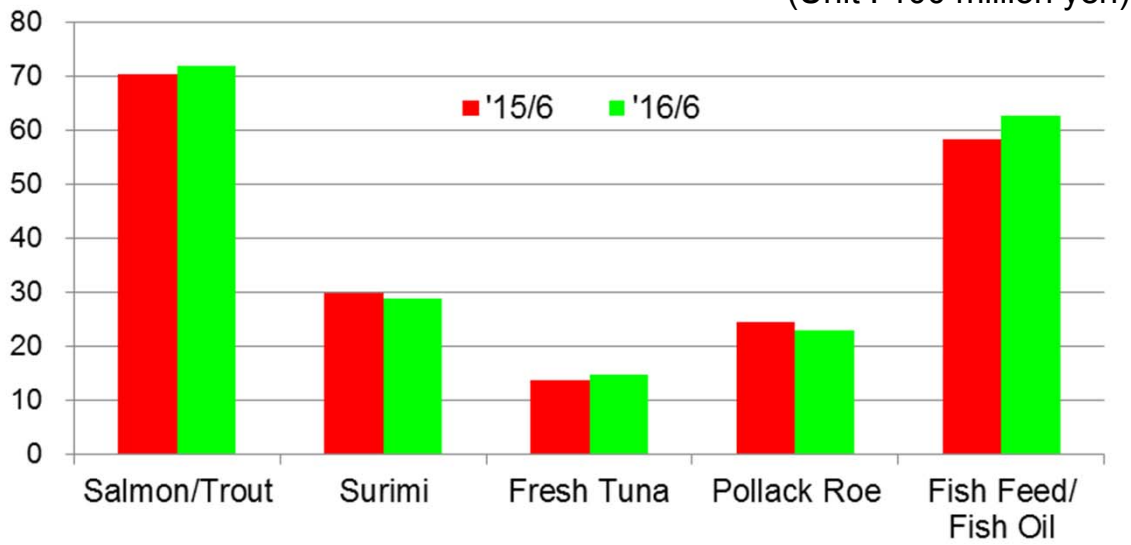
<Net Sales (Monthly)>

(Unit : 100 million yen)



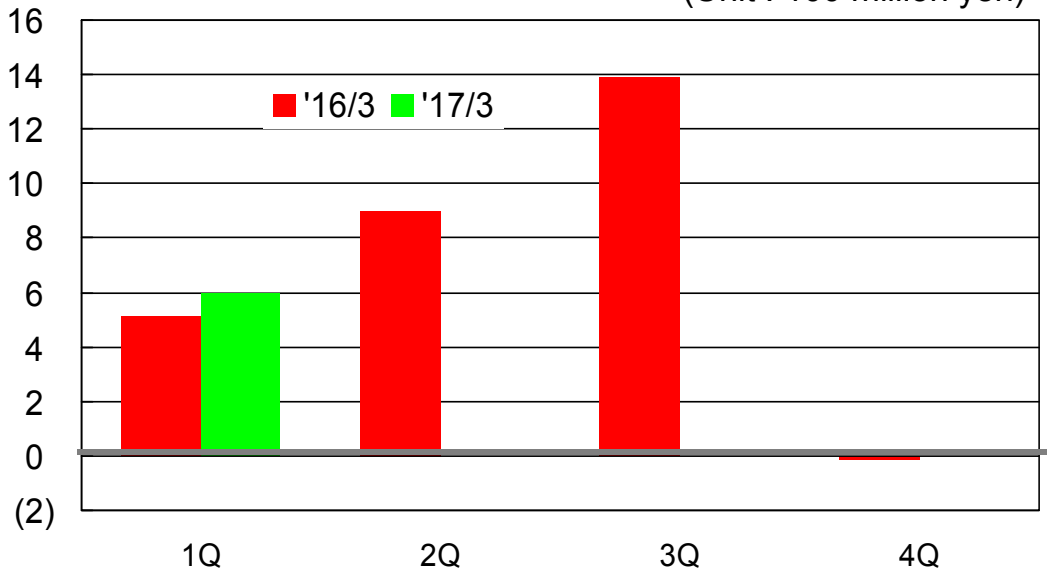
<Sales by Main Species(Y-on-Y)>

(Unit : 100 million yen)



<Operating Income (Quarterly)>

(Unit : 100 million yen)





Unload farming yellowtail by Kurose Suisan



Food Products Business

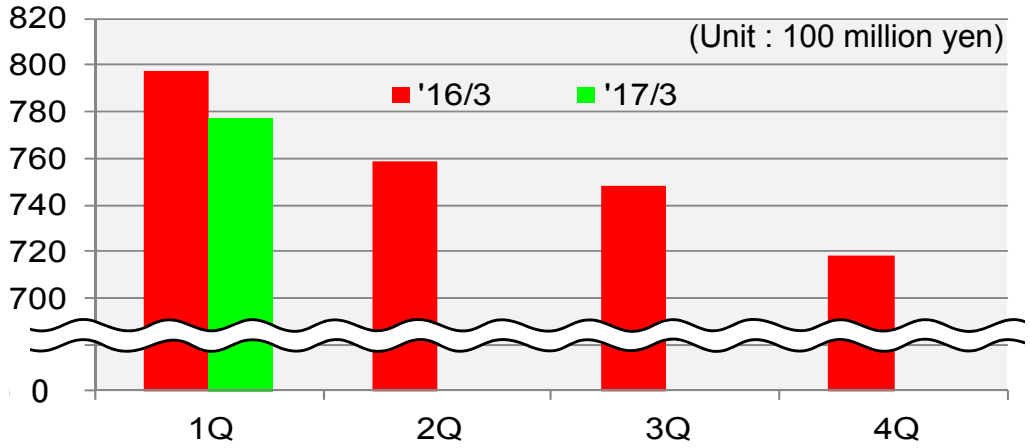
◆ Both revenue and income decreased in North America because of appreciating yen and harsh competition while keeping good condition, including Chilled products, in Japan.

(Unit : 100 million yen)

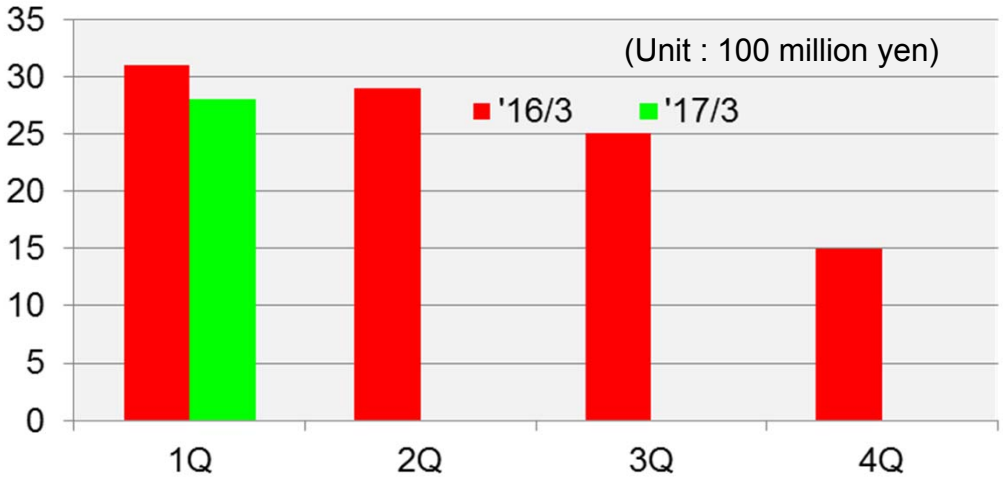
	Result of 1Q of FY2016	Result of 1Q of FY2015	Increase/Decrease		Forecast for 1H of FY2016	Progress rate
			Amounts	%		
Net Sales	777	797	(19)	97.6%	1,540	50.5%
Operating Income	28	31	(2)	91.5%	48	59.3%

Note) From this fiscal year, fish roe business shifted from Food Products Business to Marine Products Business. Previous year's data was adjusted accordingly.
(Previous year's sale :691 million yen, Operating income : 84 million yen)

Net Sales



Operating Income







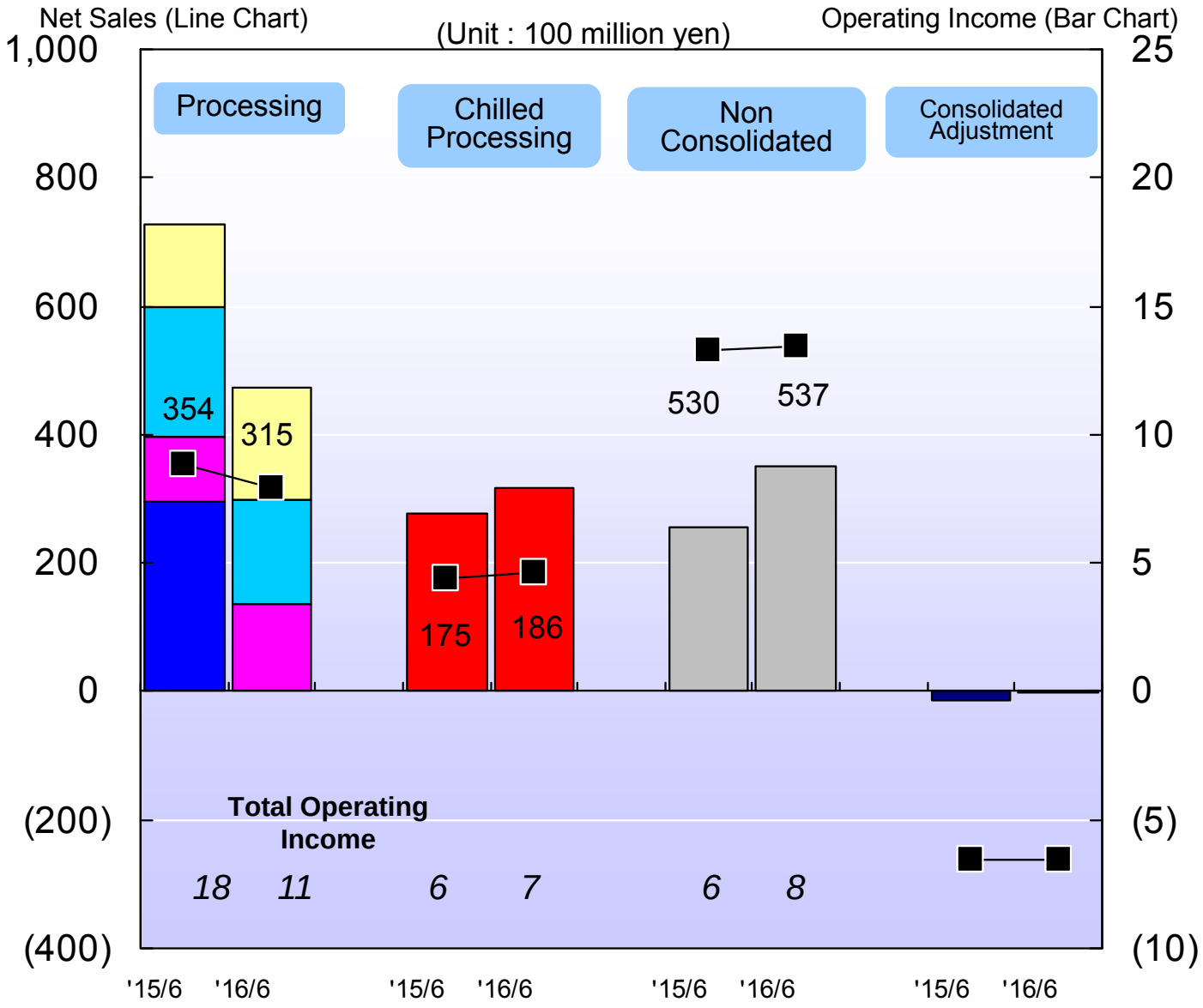








Food Products Business
Non-consolidated(Y-on-Y)



- 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 (operating income).
- Consolidated Adjustment of operating income includes the amortization of goodwill and unrealized income in inventory.

Major Causes of Fluctuation

◆ Processing : Decrease both in revenue and income

➢ North America :

Frozen prepared seafood for retail ; Big decrease both in revenue and income due to slow sales of main items.

Frozen prepared seafood for food service : Increase in income due to cheaper shrimp material cost.

➢ Europe :

While sales volume increased, income decreased due to increased material cost caused by weaker Euro.

➢Japan :

Continued increase both in revenue and income as sales of frozen food for retail and food service went well and material import cost decreased because of stronger yen.

◆ Chilled Business : Increase both in revenue and income

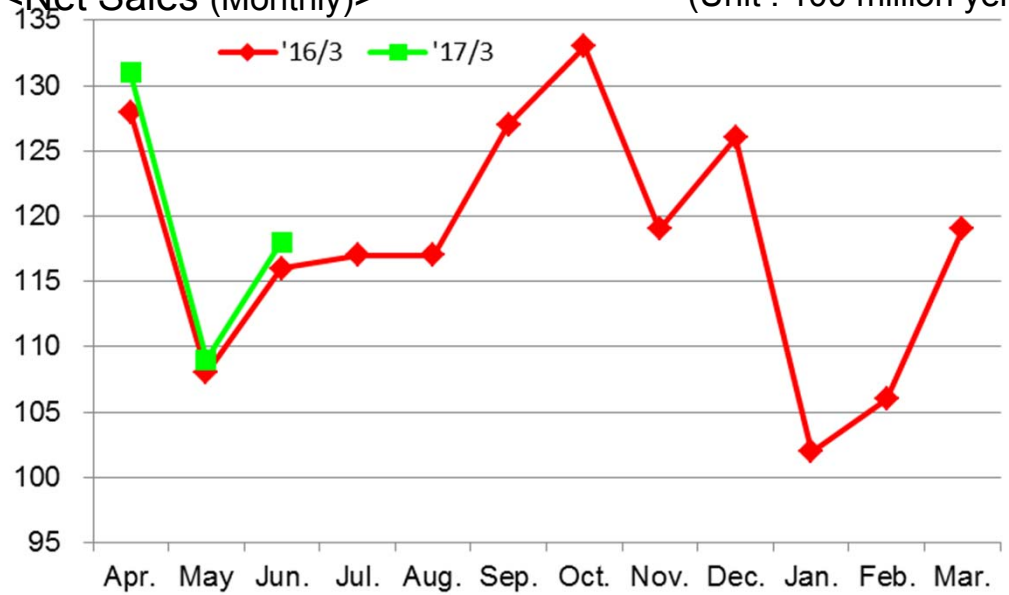
➢ Increase both in revenue and income due to growing sales of salad and deli products to convenience stores

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

◆ Revenue increase with frozen prepared food and processed foods and income increase because of the effort to cut down cost.

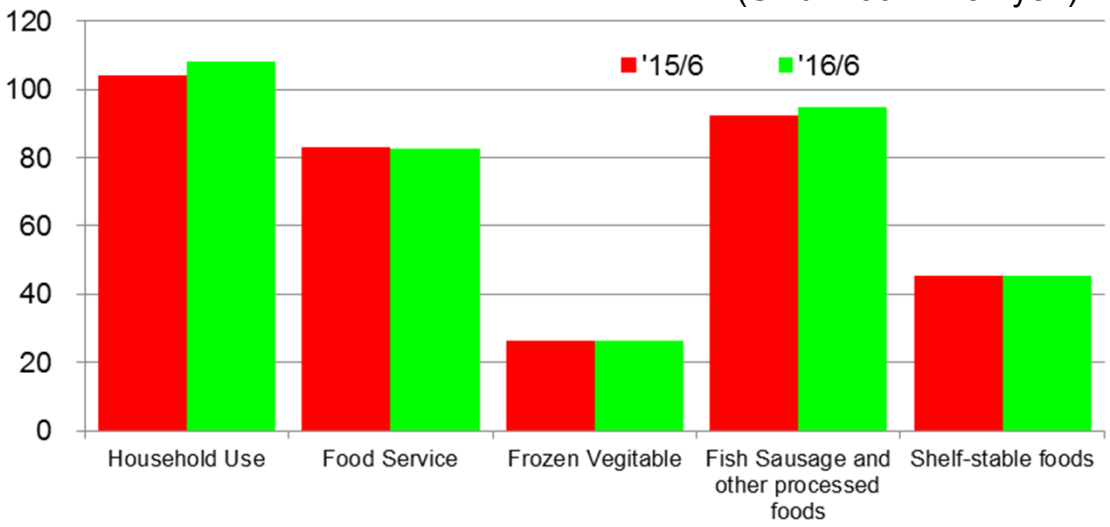
<Net Sales (Monthly)>

(Unit : 100 million yen)



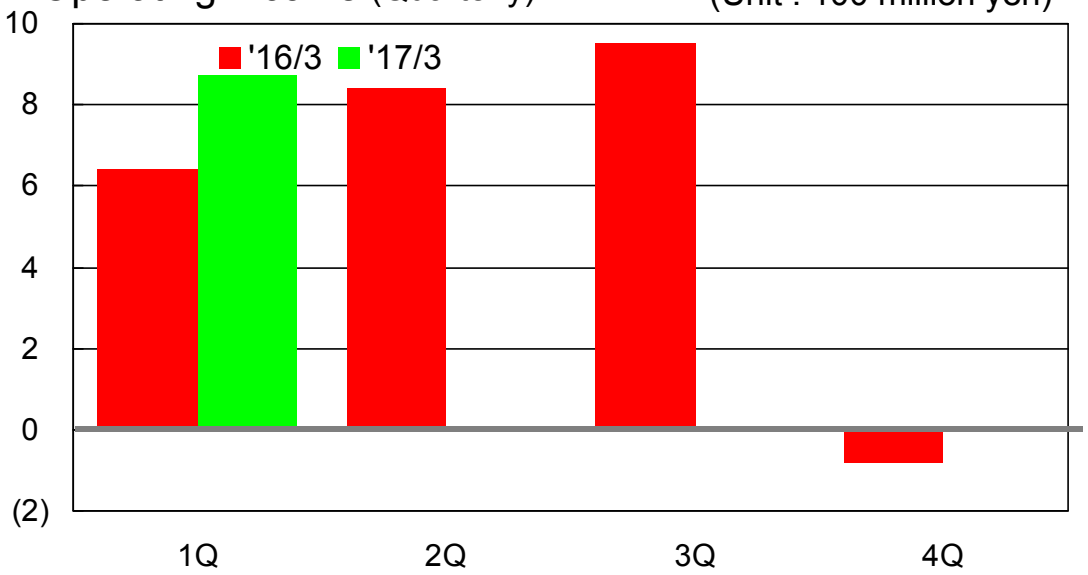
<Net Sales by Categories>

(Unit : 100 million yen)

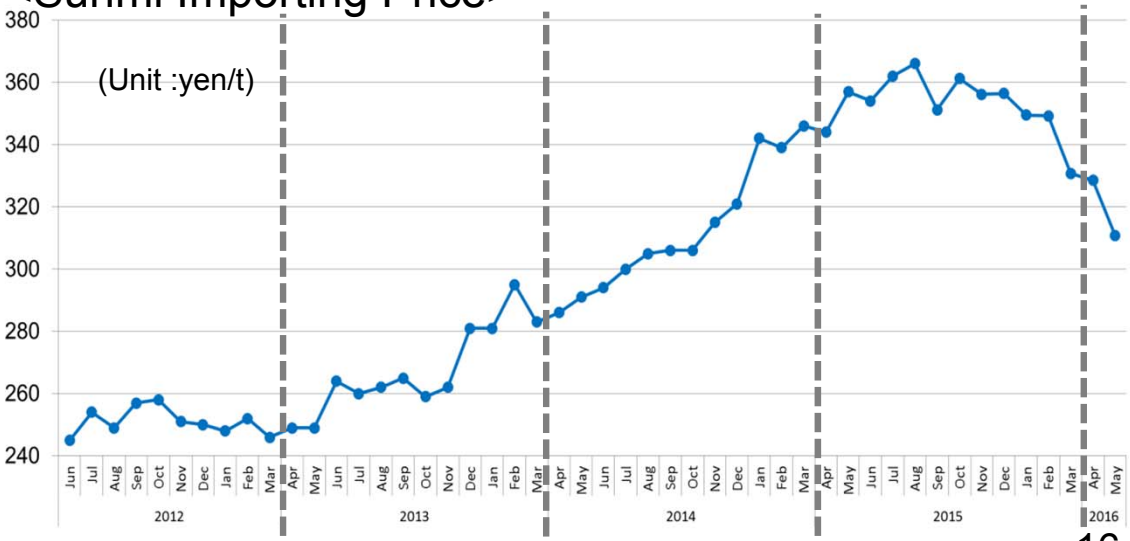


<Operating Income (Quarterly)>

(Unit : 100 million yen)



<Surimi Importing Price>



Fine Chemicals Business

◆ Sales amounts continued to be flat due to remaining effect of measure to promote the use of generic drugs

(Unit :100 million yen)

	Result of 1Q of FY2016	Result of 1Q of FY2015	Increase/Decrease		Forecast for 1H of FY2016	Progress rate
			Amount	%		
Net Sales	58	58	0	101.0%	132	44.6%
Operating Income	7	9	(2)	75.4%	18	41.5%

Major Causes of Fluctuations

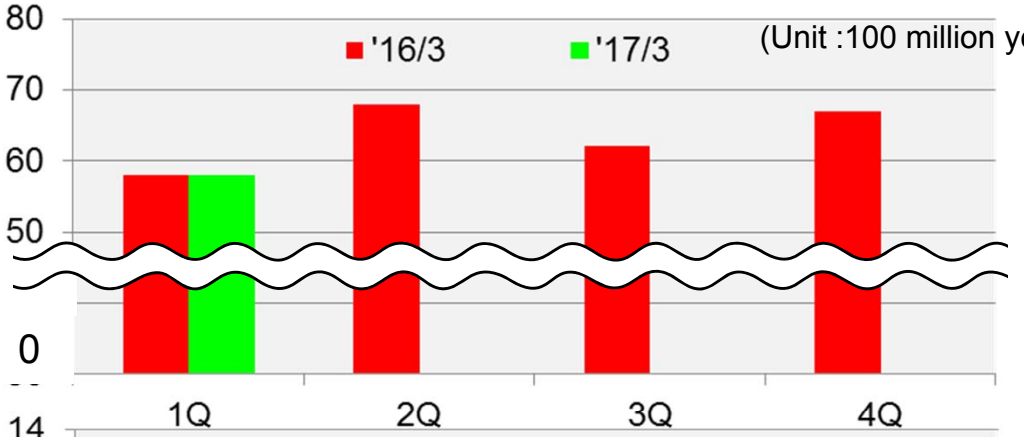
<Non-Consolidated>

- Pharmaceutical Raw Materials
  Sales volume decreased due to measures to promote the use of generic drugs

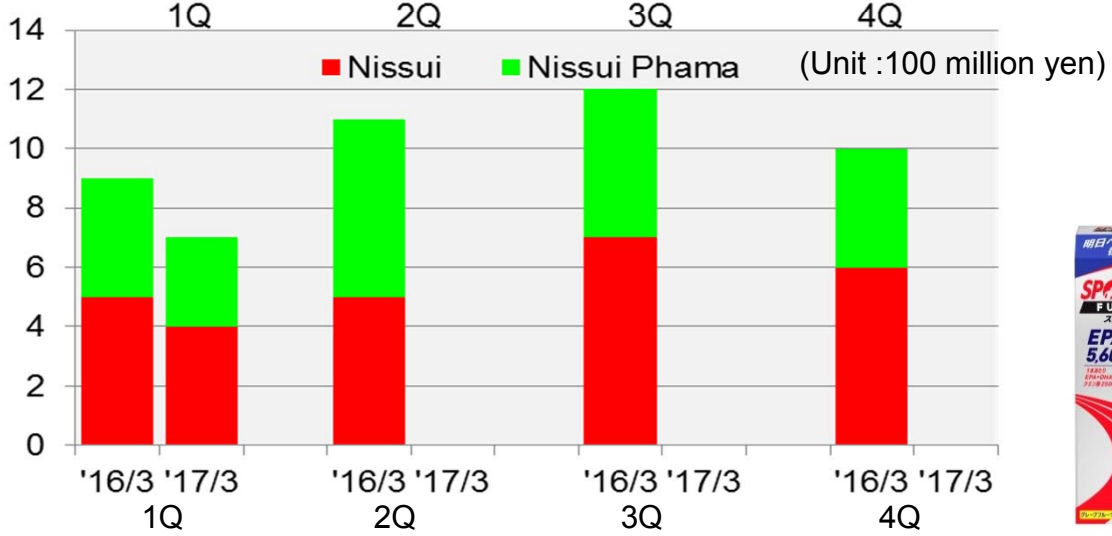
<Group Companies>

- While sale of clinical diagnostic medicine and industrial test reagent went well, production cost increased.

Net Sales



Operating Income









Industrial test reagent :
Mycoplasma gene detection kit







Clinical diagnostic medicine :
Bacteria test reagent

Foods indicating function

◆ Sausages, cans and soups were accepted as our food with function claim

Appealing an effort of **“decreasing serum triglyceride levels”**, as the system of food with function claim.









Date of launch	May 14	July 1	September 1

Efforts by Nippon Suisan : Utilize the new system of food with function claim offer functional foods as part of the Food Products Business

■ Development for system of food with function claim in FY2016 (currently being submitted)

1. Processed Foods
   (4 products: 3 fish paste (surimi) products and 1 soup products)
2. Frozen Prepared Foods (10 Products)
3. Others (3 products)

→ Being submitted and accepted
Total : 17 products (as of August 5)

Logistics

◆ Decrease in income due to the initial cost of the opening of Oosaka-Maishima Logicsics Center

(Unit : 100 million yen)

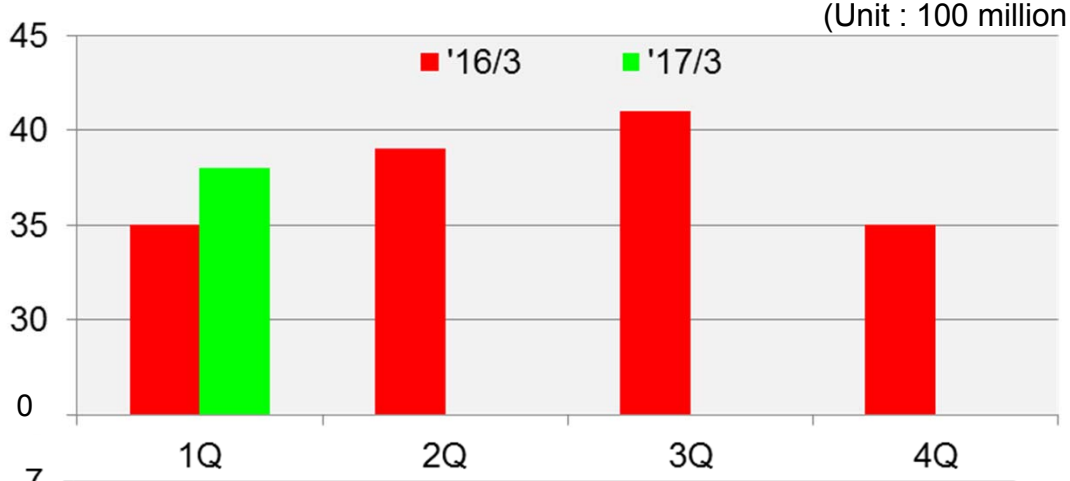
	Result of 1Q of FY2016	Result of 1Q of FY2015	Increase/Decease Amount	Increase/Decease %	Forecast for 1H of FY2016	Progress rate
Net Sales	38	35	2	107.4%	82	46.6%
Operating Income	2	4	(1)	54.9%	5	47.8%

Major Causes of Fluctuation

- Increase in sales due to the opening Oosaka Maishima Logistics center.
- Depreciation and initial cost occurred.

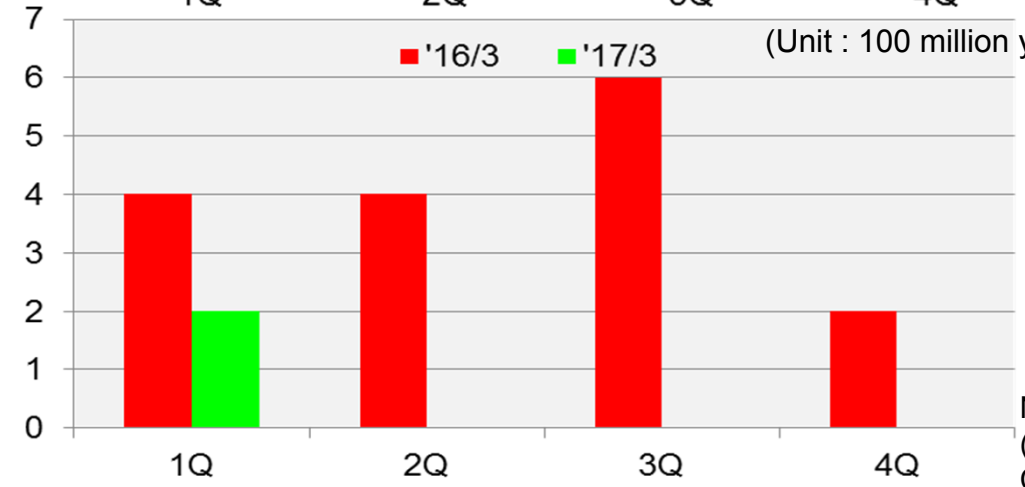
Net Sales

(Unit : 100 million yen)



Operating Income

(Unit : 100 million yen)





Nissui Oosaka-Maishima Logistics Center
(Plant capacity : Approx. 25,400 ton)
Completion of construction in March 2016 and start running in April 2016

Initiatives after 2nd Quarter

Marine Products Business

<Initiatives for growth>

- Domestic :
  - Promoting value-added and deli style products
  - Intensive cost control
  - Intensifying resource access ability and high value-added initiatives





Deli-products easy to use for various people

<Initiatives for improvement>

- Chilean Salmon Business:
  - Concentrate on Superior farming site to reduce mortality ratio taking a decrease of production volume
  - Shortening sea farming period, SRS to tolerant broodstock
  - Increase the percentage of value-added products which are less vulnerable to market price fluctuation
- North American Primary Processing Business
  - Review the production percentage of surimi/fillet
  - Improve recovery and productivity

Food Products Business

<Initiatives for growth>

- Domestic :
  - Focus on the sales of stronger sales items in spring/summer season
  - Introduce new items in autumn/winter season



Strong sales items in spring/summer season 2016



Autumn/winter items released in July 2016

<Initiatives for the improvement>

- Frozen prepared seafood for retail in North America
  - Develop new sales channels including drug store
  - Decrease overhead by downsizing and reorganization
  - Review co-packers



Products for new channel

Initiatives after 2nd Quarter

Fine Chemical Business <Initiatives for growth>

■ Medical material

Highly pure EPA drug has been increasing in cardiovascular disease in Japan.

From now on further demand expansion is expected by the release of clinical research data
(Japan : Clinical Research RESPECT-EPA data is scheduled to be released in 2020)
(USA : Final report of Clinical Research REDUC-IT is scheduled to be leased in 2018)

*RESPEPCT-EPA & REDUCE-IT : Large scale long-term experiment to verify the effect of highly pure EPA to the patients with higher-risk of coronary artery disease

While the expansion of highly pure EPA market is anticipated, Nissui intends to intensify its superiority

- Securing material : Taking advantage of Nissui's supply chain strength to secure fish oil
- Stable quality and high productivity (lower cost) by accumulated long-term know how
  - Enable to produce pure EPA from low-EPA contend fish oil at newly build Kashima plant

Function material

■ Functional material
- Increase the sales of DHA material for powdered milk for overseas market

■ Functional food
- Expand business scale by introducing renewal products at on-line sales



Supplement with EPA for athlete



Stick-type jelly with EPA for the people who enjoy sports for their health



Drin products aiming growth of children, health maintenance for adult, and prevention of life-style related to disease

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

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.

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