November 5, 2019

Summary of 2nd Quarter Report for Fiscal Year 2019 (April 1, 2019 through September 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 2nd Quarter of FY2019

(1) Consolidated Financial Results (For six months ended September 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	%
2nd quarter of FY2019	**345,402**	**(1.4)**	**11,077**	**4.9**	**12,138**	**1.6**	**7,829**	**13.1**
2nd quarter of FY2018	350,483	5.8	10,560	(18.6)	11,952	(9.9)	6,919	(25.6)

(Note) : Each percentage figure shows changes from the previous year.
Comprehensive income of 2nd quarter of FY2019 5,135 Million yen ((43.1))% 2nd quarter of FY2018 9,020 Million yen((11.9) %)

	Earnings per share	Diluted income per share
	Yen	Yen
2nd quarter of FY2019	**25.16**	**-**
2nd quarter of FY2018	22.22	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
2nd quarter of FY2019	**490,907**	**169,294**	**30.5**
FY2018	477,913	166,158	30.6

(Note) : Total shareholders' equity As of Sep 30, 2019 149,908 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
FY2019	-	4.00	-	4.00	8.00
FY2020	-	**4.00**			
FY2020(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	13.8	56.24

(Note) Revision during the current quarter to the consolidated forecast for FY2019: Yes

*** Notes**

1) Changes in scope of consolidation due to transfer of significant subsidiaries during the term: None
2) Adoption of accounting treatment unique to the preparation of quarterly consolidated financial statement: None
3) Changes in accounting policy, Changes in accounting estimate, and restatement:
①Changes in accounting policy associated with the revision of the accounting standard, etc.: Yes
②Changes in accounting policy other than those stated above: None
③Changes in accounting estimate : None
④Restatement : None

4) Number of issued shares (Common stock)

①Number of issued shares at the end of the term (Including treasury stock)	2Q of FY2019	312,430,277	FY2018	312,430,277
②Number of treasury stock at the end of the term	2Q of FY2019	1,286,237	FY2018	1,284,069
③Average number of shares during the term (For the current consolidated second quarter)	2Q of FY2019	311,145,261	2Q of FY2018	311,405,537

(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 results” of page 4 of the Summary of 2nd Quarter Report for Fiscal Year 2019 (Appendix).

1. Qualitative information for the second 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 on the background of stable corporate earnings during the first six months of the consolidated fiscal year under review, there were unclear climate including weakened export 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 June, there are some elements of concern including prolonged trade war between the U.S. and China, unclear political condition among EU countries and unstable Middle East situation. The U.S. showed an improvement in consumer spending but reduction in capital investment and slow increase in export, and Europe showed a modest recovery of consumer spending. Meanwhile, China showed a sign of economic slowdown.

The Company and its corporate group showed a strong business climate in domestic Marine and Food Products segment and Salmon/Trout farming business in South America while struggling business climate in domestic chilled business.

Under these circumstances, the consolidated financial results through the second quarter of the consolidated fiscal year under review were as follows: net sales were 345,402 million yen, down 5,081 million yen year-on-year; operating profit was 11,077 million yen, up 517 million yen year-on-year; ordinary profit was 12,138 million yen, up 185 million yen year-on-year; and the profit for the quarter attributable to the owners of the parent company was 7,829 million yen, up 909 million yen year-on-year.

(Unit : million yen)

	Net Sales	Operating Profit	Ordinary Profit	Profit attributable to owners of parent
2Q of FY2019	345,402	11,077	12,138	7,829
2Q of FY2018	350,483	10,560	11,952	6,919
Increase/Decrease (Y-on-Y)	(5,081)	517	185	909
Percentage (Y-on-Y)	98.6%	104.9%	101.6%	113.1%

(Note 1) 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 5,034 million yen was included in the figure of previous period.

(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	141,372	(747)	99.5%	5,407	1,626	143.0%
Food Products	172,893	2,251	101.3%	6,875	(354)	95.1%
Fine Chemicals	13,706	852	106.6%	1,187	21	101.9%
General Distribution	8,394	28	100.3%	806	(118)	87.2%
Other (Note)	9,034	(7,466)	54.8%	96	(519)	15.7%
Common Costs	-	-	-	(3,296)	(138)	104.4%
Total	345,402	(5,081)	98.6%	11,077	517	104.9%

(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 second quarter of the consolidated fiscal year under review>

In the Marine Products business, the sales in the amount of 141,372 million yen (down 747 million yen year-on-year) and operating profit of 5,407 million yen (up 1,626 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 of Buri Yellowtail increased. As a result, both revenue and income increased year-on-year.

[South America]
・Both revenue and income increased thanks to the strong sales volume and price of Salmon/Trout 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 price increase in surimi and fillet of Alaskan Pollock but income decreased due to the cost increase.

[Europe]
・Revenue 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 second quarter of the consolidated fiscal year under review>
In the Food Products business, sales in the amount of 172,893 million yen (up 2,251 million yen year-on-year) and operating profit of 6,875 million yen (down 354 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 and frozen food for food service business.

[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]
・Revenue increased thanks to the strong sales of chilled products but income decreased due 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 1) , 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 2), functional foods (Note 3), pharmaceuticals and diagnostic medicines.

<Overview of the second quarter of the consolidated fiscal year under review>
In the Fine Chemicals business, sales in the amount of 13,706 million yen (up 852 million yen year-on-year) and operating profit of 1,187 million yen (up 21 million yen year-on-year) were recorded.

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

・Both revenue and income has increased since last year thanks to strong sales of functional materials for both domestic & overseas market.

[Clinical Diagnostic Medicines and Pharmaceuticals Products]
・Revenue increased thanks to strong clinical diagnostic medicine and pharmacutical 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 second quarter of the consolidated fiscal year under review>
In the General Distribution business, sales in the amount of 8,394 million yen (up 28 million yen year-on-year) and operating profit of 806 million yen (down 118 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) Change in pricing system to offsetting center fee and sales amounts from February, 2019.
(Note 2) Functional raw materials consist of EPA, DHA, and others mainly used as ingredients of health supplements and infant formula.
(Note 3) Functional foods mainly consist of food for specified health uses such as IMARK S, and supplements such as EPA and DHA.

2. Explanation of the change of reporting segment

State of assets, liabilities and net assets

Assets
Current assets increased by 2.6% compared to the end of the previous consolidated fiscal year to 253,963 million yen, mainly as a result of decrease in notes and accounts receivable by 3,939 million yen and increase in raw materials and supplies by 3,236 million yen and in products and goods by 8,069 million yen.

Noncurrent assets increased by 2.9% compared to the end of the previous consolidated fiscal year to 236,944 million yen, mainly as a result of increase in property, plant and equipment by 5,033 million.

As a result, total assets increased by 2.7% compared to the end of the previous consolidated fiscal year to 490,907 million yen and ROA was 3.5%.

Liabilities
Current liabilities increased by 8.9% compared to the end of the previous consolidated fiscal year to 220,720 million yen, mainly as a result of decrease in notes and accounts payable by 5,950 million yen and accrued expense by 4,490 and increase in short-term borrowings by 30,857 million yen.

Noncurrent liabilities decreased by 7.5% compared to the end of the previous consolidated fiscal year to 100,892 million yen, mainly as a result of decrease in long-term borrowings by 8,200 million yen.

As a result, total liabilities increased by 3.2% compared to the end of the previous consolidated fiscal year to 321,612 million yen.

Net Assets

Total net assets increased by 3,136 million yen compared to the end of the previous consolidated fiscal year to 169,294 million yen. This was due mainly to post profit attributable to owners of parent of 7,829 million yen and a decrease in foreign currency transaction adjustment by 2,568 million yen.

(3) Explanation on Consolidated Financial Forecasts

Considering the negative impact of foreign currency exchange on Marine Products Business and Food Products Business in the future and sales trends in North America and Europe, we have revised the full-year forecast for net sales announced on May 14, 2019 although all business performed well.

Revision to the full year forecast for Fiscal Year 2019 (From April 1, 2019 through March 31, 2020)

(Unit : million yen)

	Net Sales	Operating Profit	Ordinary Profit	Profit attributable to owners of parent	Earnings per share (EPS)
Previous announced forecast (A)	710,000	24,000	26,500	17,500	56.24 yen
Revised forecast(B)	700,000	24,000	26,500	17,500	56.24 yen
Difference (B - A)	(10,000)	-	-	-	-
Percentage difference (%)	(1.4)%	-	-	-	-
(Ref.) Results for last Fiscal Year (FY2018)	712,111	21,685	25,358	15,379	49.41 yen

3. 2nd Quarter Consolidated Financial Statements

(1)Consolidated Balance Sheet

Million yen

	FY2018 As of Mar. 31,2019	2nd Quarter of FY2019 As of Sep. 30, 2019
Assets		
Current assets		
Cash and deposits	8,904	9,547
Notes and accounts receivable-trade	88,753	84,814
Merchandise and finished goods	65,619	73,688
Work in process	29,397	31,090
Raw materials and supplies	33,734	36,971
Other	21,578	18,128
Allowance for doubtful accounts	(384)	(277)
Total current assets	247,603	253,963
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	57,088	57,067
Other, net	80,437	85,491
Total property, plant and equipment	137,525	142,558
Intangible assets		
Goodwill	276	785
Other	10,427	10,018
Total intangible assets	10,704	10,804
Investments and other assets		
Investment securities	69,024	68,511
Other	17,997	19,873
Allowance for doubtful accounts	(4,942)	(4,803)
Total investments and other assets	82,080	83,581
Total non-current assets	230,309	236,944
Total assets	477,913	490,907

Consolidated Balance Sheet

Million yen

	FY2018 As of Mar. 31,2019	2nd Quarter of FY2019 As of Sep. 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable-trade	49,424	43,474
Short-term borrowings	104,078	134,936
Income taxes payable	3,735	3,710
Accrued expenses	27,459	22,969
Provisions	3,545	3,368
Other	14,455	12,260
Total current liabilities	202,699	220,720
Non-current liabilities		
Long-term borrowings	86,979	78,778
Provisions	109	120
Retirement benefit liability	11,789	11,395
Other	10,176	10,597
Total non-current liabilities	109,054	100,892
Total liabilities	311,754	321,612
Net assets		
Shareholders' equity		
Share capital	30,685	30,685
Capital surplus	21,757	21,749
Retained earnings	83,988	90,544
Treasury shares	(471)	(473)
Total shareholders' equity	135,960	142,505
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,077	10,734
Deferred gains or losses on hedges	283	259
Foreign currency translation adjustment	1,945	(622)
Remeasurements of defined benefit plans	(2,941)	(2,967)
Total accumulated other comprehensive income	10,365	7,402
Non-controlling interests	19,832	19,386
Total net assets	166,158	169,294
Total liabilities and net assets	477,913	490,907

(2)Consolidated Income Statements

Million yen

	2nd Quarter of FY2018 (Six months ended Sep. 30, 2018)	2nd Quarter of FY2019 (Six months ended Sep. 30, 2019)
Net sales	350,483	345,402
Cost of sales	280,916	278,893
Gross profit	69,566	66,508
Selling, general and administrative expenses	59,006	55,431
Operating profit	10,560	11,077
Non-operating income		
Interest income	123	126
Dividend income	413	369
Foreign exchange gains	468	—
Share of profit of entities accounted for using equity method	782	948
Subsidy income	386	315
Miscellaneous income	173	279
Total non-operating income	2,349	2,039
Non-operating expenses		
Interest expenses	904	791
Foreign exchange losses	—	110
Miscellaneous expenses	53	77
Total non-operating expenses	957	978
Ordinary profit	11,952	12,138
Extraordinary income		
Gain on sales of non-current assets	391	193
Gain on sales of investment securities	7	15
Gain on sales of shares of subsidiaries and associates	17	9
Gain on change in equity	—	11
Total extraordinary income	416	230
Extraordinary losses		
Loss on disposal of non-current assets	159	236
Impairment loss	137	—
Loss on valuation of investment securities	—	128
Loss on relocation of factory	—	103
Total extraordinary losses	297	468
Profit before income taxes	12,071	11,900
Income taxes-current	3,627	3,598
Income taxes-deferred	1,175	239
Total income taxes	4,803	3,837
Profit	7,268	8,063
Profit attributable to non-controlling interests	348	233
Profit attributable to owners of parent	6,919	7,829

Consolidated Statements of comprehensive income

Million yen

	2nd Quarter of FY2018 (Six months ended Sep. 30, 2018)	2nd Quarter of FY2019 (Six months ended Sep. 30, 2019)
Profit	7,268	8,063
Other comprehensive income		
Valuation difference on available-for-sale securities	4,203	(286)
Deferred gains or losses on hedges	668	11
Foreign currency translation adjustment	(1,765)	(1,963)
Remeasurements of defined benefit plans, net of tax	(167)	(23)
Share of other comprehensive income of entities accounted for using equity method	(1,187)	(664)
Total other comprehensive income	1,751	(2,927)
Comprehensive income	9,020	5,135
(Breakdown)		
Comprehensive income attributable to owners of parent	8,678	4,866
Comprehensive income attributable to non-controlling interests	341	268

(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. 2nd Quarter of the last Fiscal Year(Apr 1, 2018 - Sep 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	142,120	170,642	12,853	8,365	333,982	16,500	350,483	-	350,483
(2) Inter-segment sales and transfers	7,661	1,739	242	4,426	14,070	1,093	15,164	(15,164)	-
Total	149,782	172,382	13,096	12,792	348,053	17,594	365,648	(15,164)	350,483
Segment income (loss)	3,781	7,230	1,165	925	13,103	616	13,719	(3,158)	10,560

(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 (3,158) million yen segment income adjustment comprise 21 million yen in inter-segment transactions and (3,179) 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)
We posted impairment loss on non-current assets in Marine Products Segment business and the amount for the 2nd Quarter of FY2018 is 137 million yen.

(Significant changes in the amount of goodwill)
Not applicable.

(Significant gain on negative goodwill)
Not applicable.

2. 2nd Quarter of the current Fiscal Year (Apr 1, 2019 - Sep 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	141,372	172,893	13,706	8,394	336,367	9,034	345,402	-	345,402
(2) Inter-segment sales and transfers	7,294	1,805	147	4,892	14,139	966	15,106	(15,106)	-
Total	148,666	174,699	13,853	13,286	350,507	10,001	360,508	(15,106)	345,402
Segment income	5,407	6,875	1,187	806	14,277	96	14,374	(3,296)	11,077

(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 (3,296) million yen segment income adjustment comprise 25 million yen in inter-segment transactions and (3,322) 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 second quarter under review was created according to the revised segmentation.