August 6, 2024

Consolidated Financial Result for the 1st Quarter of the Fiscal Year 2024 (April 1, through June 30, 2024)

Qualification: This is directly translated into English for readers' convenience, and all financial results conform with the accounting principles generally accepted in Japan.

Company: **Nissui Corporation**

Listed on Tokyo Stock Exchange with the register code 1332

https://www.nissui.co.jp/english/index.html

1. Consolidated Financial Data of 1st Quarter of FY2024

(1) Consolidated Financial Results (For three months ended June 30, 2024)

(Amounts less than one million yen are omitted)

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

	Net Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1st Quarter of FY2024	220,644	10.4	9,724	0.0	9,516	(2.1)	5,289	(11.6)
1st Quarter of FY2023	199,844	8.5	9,720	45.6	9,718	31.7	5,981	41.3

(Note) Comprehensive income of 1st quarter of FY2024 12.645 Million yen (19.3%)

1st quarter of FY2023 10,601 Million yen ((8.4)%)

	Earnings per share	Diluted income per share
	Yen	Yen
1st Quarter of FY2024	17.02	-
1st Quarter of FY2023	19.22	-

(2) Consolidated Financial Position of 1st Quarter

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
1st Quarter of FY2024	631,654	265,649	40.7
FY2023	606,384	257,304	41.1

Ref.): Total shareholders' equity

As of June 30, 2024 257,064 Million yen

As of March 31, 2024 249,193 Million yen

2. Dividend

	Dividend per share				
	1Q	2Q	3Q	Final	Annual
	Yen	Yen	Yen	Yen	Yen
FY2023	-	10.00	-	14.00	24.00
FY2024	-				
FY2024(forecast)		12.00	-	12.00	24.00

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

3. Consolidated Forecast for FY2024 (April 1, 2024, through March 31, 2025)

	Net Sales		Operating profit		Oridnary profit		Profit attributable to owners of parent		Earnigs per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
FY2024	875,000	5.2	32,500	9.6	35,000	9.5	24,000	0.6	77.21

(Note) Revision during the current quarter to the consolidated forecast for FY2024: None

* Notes

1) Changes in the scope of consolidation due to the transfer of significant subsidiaries during the term: None
2) Adoption of accounting treatment unique to the preparation of quarterly consolidated financial statements: None
3) Changes in accounting policy, Changes in accounting estimate, and restatement:
   i. Changes in accounting policy associated with the revision of the accounting standard, etc.: Yes
   ii. Changes in accounting policy other than those stated above None
   iii. Changes in accounting estimate: None
   iv. Restatement: None
4) Number of issued shares (Common stock)
   i. Number of issued shares at the end of the term (Including treasury stock)
   ii. Number of treasury stock at the end of the term
   iii. The average number of shares during the term (For the current consolidated first quarter)

1Q of FY2024	312,430,277	FY2023	312,430,277
1Q of FY2024	1,601,721	FY2023	1,600,726
1Q of FY2024	310,829,101	1Q of FY2023	311,233,070

(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 stocks at the end of the term and the average number of shares during the term is 623,600.

* The summary of financial results is not subject to audits.

* Explanation of the proper use of the forecasts and other noteworthy items

This report’s performance forecasts are based on information available at present, and certain premises are thought to be reasonable. Accordingly, the 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 “(3) Explanation of the Consolidated Financial Forecasts” of 1. Qualitative information for the first quarter of the fiscal year ending March 31, 2025 on page 7.

1. Qualitative information for the first quarter of the fiscal year ending March 31, 2025

(1) Explanation of consolidated financial results

During the first quarter of the fiscal year, the Japanese economy showed positive signs, such as the recovery of human flow, expanding inbound demand, and improving the employment and income environment. On the other hand, the situation is still uncertain due to the prolonged situation in Ukraine, rising political tension in the Middle East, and price rise caused by the weakening yen.

Regarding the global economy from January to March, The U.S. economy continued to be strong as employment and income improved, and personal consumption continued to increase, while high inflation and rising policy interest rates continued. In Europe, loosening inflation pressure and improving personal consumption supported the economy.

Our company and its group's profit decreased in the Marine Products business. Although sales of salmon/trout and fish oil were steady in Japan, the fishery, aquaculture, and North American seafood processing and trading businesses struggled. Profit increased in the Food Products business, as the decreasing price of raw materials had a positive effect, and the chilled products business was favorable. Meanwhile, sales volume declined in Japan and overseas, but sales remained stable.

In the current situation, our consolidated business performance for the first quarter cumulative period is as follows: net sales were 220,644 million yen, up 20,800 million yen year-on-year; operating profit was 9,724 million yen, up 4 million yen year-on-year; ordinary profit was 9,516 million yen, down 202 million yen year-on-year; and the profit attributable to the owners of the parent company was 5,289 million yen, down 692 million yen year-on-year.

(Unit: million yen)

	Net Sales	Operating Profit	Ordinary Profit	Profit attributable to owners of parent
1Q of FY2024	220,644	9,724	9,516	5,289
1Q of FY2023	199,844	9,720	9,718	5,981
Difference	20,800	4	(202)	(692)
Percentage difference (%)	110.4%	100.0%	97.9%	88.4%

The summary by segment is as follows.

(Unit: million yen)

	Net Sales	Increase /Decrease (Y-on-Y)	Y-on-Y	Operating Profit & loss	Increase /Decrease (Y-on-Y)	Y-on-Y
Marine Products	85,593	6,611	108.4%	2,011	(2,204)	47.7%
Food Products	122,624	13,581	112.5%	8,740	1,521	121.1%
Fine Chemicals	3,562	(314)	91.9%	275	352	-
General Distribution	3,997	200	105.3%	654	253	163.1%
Other (Note)	4,866	721	117.4%	166	(19)	89.7%
Common Costs	-	-	-	(2,125)	101	95.5%
Total	220,644	20,800	110.4%	9,724	4	100.0%

(Note) “Other” refers to Engineering (planning, design, construction of plants and equipment) business, Ship Operation Business, etc.

(1) Marine Products Business

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

<Overview of the first quarter of the consolidated fiscal >

We recorded 85,593 million yen (up 6,611 million yen year-on-year) in sales and operating profit of 2,011 million yen (down 2,204 million yen year-on-year) in the Marine Products Business.

Fishery Business: Sales increased, but profit decreased year on year.

[Japan]

・ Although sardines and bonito catches remained steady, sales and profit decreased due to the delay in the recording of tuna for short-term aquaculture to July and the decrease in the catch of tuna and horse mackerel.

Aquaculture Business: Sales increased, but profit decreased year on year.

[Japan]

・ Sales of farmed buri yellowtails decreased due to the reactionary decline in advanced sales in the previous year and the decline in the landed fish due to growth delay. The fish weight of farmed Coho salmon decreased due to early landing caused by rising water temperature. As a result, both sales and profit decreased.

[South America]

・ Sales increased, but profit decreased. Although the volume of fish landed increased and there is a recovery sign in the market price, sales price decreased due to the decline in the fish weight caused by poor survival rate and the rising feed cost.

Seafood Processing and Trading Business: Both sales and profit increased year on year.

[Japan]

・ Both sales and profit increased as the sales of salmon/trout, frozen tuna, and fish oil were stable.

[North America]

・ Although salmon/trout and crab sold well in the trading business, the decline in the sales price of pollock surimi and fillet significantly impacted the processing business. As a result, sales increased, but profits decreased.

[Europe]

・ Both sales and profit increased as fresh fish business operators joined the company as consolidated subsidiaries last year.

(2) Food Products Business

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

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

We recorded 122,624 million yen (up 13,581 million yen year-on-year) in sales and an operating profit of 8,740 million yen (up 1,521 million yen year-on-year) in the Food Products Business.

Processed Foods Business: Both sales and profit increased year on year.

[Japan]

・ Frozen food sales were strong in the household, and the sales of frozen foods for restaurants and mass retailers were also strong due to the recovery in the human flow. The profit was the same as last year, as the price of surimi was stable at a low level, although there was a negative effect, such as the depreciation of the yen and rising logistics costs.

[North America]

・ Although the food services were sluggish and mass retailers were favorable because of inflation, the sales volume of household use was firm, and the market share expanded. Sales and profit increased for commercial use thanks to the lower material prices, despite the impact of decreasing demand for food service.

[Europe]

・ The expansion of the sales area to Spain and Italy is continuing. Although the sales volume decreased in France and Germany, sales and profit increased thanks to the decreasing cost of white fish, the main raw material cost.

Chilled Foods Business: Both sales and profit increased year on year.

・ Sales of rice balls and salads for convenience stores have continued to be strong since the previous year, thanks to the recovery of human flow and increasing inbound demand. In addition, Gourmet Delica Co., Ltd. (Note 1) joined Nissui Group as a subsidiary last July, contributing to increased sales and profits.

(3) Fine Chemicals Business

The Fine Chemicals segment is engaged in manufacturing and selling pharmaceutical raw materials, functional raw materials (Note 2), and functional foods (Note 3).

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

We recorded 3,562 million yen (down 314 million yen year-on-year) in sales and an operating profit of 275 million yen (up 352 million yen year-on-year) in the Fine Chemicals Business.

・ Although sales decreased due to a delay in the timing of pharmaceutical raw materials sales and a decrease in mail-order sales, profit increased due to the effect of cost reductions resulting from an increase in the production of pharmaceutical raw materials in the previous year.

(4) General Distribution Business
The General Distribution segment is engaged in the cold storage, transportation, and customs clearance businesses.

<Overview of the first quarter of the consolidated fiscal year >
We recorded 3,997 million yen (up 200 million yen year-on-year) in sales and an operating profit of 654 million yen (up 253 million yen year-on-year) in the General Distribution Business.

・ Sales and profit increased as the handling volume increased in cold storage due to the opening of the new Logistics Center of Nissui Logistics Corporation and the promotion of price revision.

(Note 1) NC･GD Holdings Co., Ltd., and Gourmet Delica Co., Ltd. merged with Nippon Cookery Co., Ltd., as the surviving company and changed its trade name to Nippon Delica Service Co., Ltd.
(Note 2) EPA, DHA, and others mainly used as ingredients in health supplements and infant formula
(Note 3) Supplements such as “Sesame soy milk” functional food and “i-mark S,” food for specified health uses (FOSHU), mainly for online business

(2) Explanation of the consolidated financial position
State of assets, liabilities, and net assets

(Unit: million yen)

	FY2023	1Q of FY2024	Increase/Decrease
Current Assets	325,167	344,350	19,183
(Inventories)	184,074	187,679	3,605
Non-current Assets	281,217	287,303	6,086
Total Assets	606,384	631,654	25,269
Current Liabilities	212,816	235,111	22,295
Non-current Liabilities	136,263	130,893	(5,370)
Total Liabilities	349,080	366,004	16,924
Total Net Assets	257,304	265,649	8,345

Assets
Total assets increased by 25,269 million yen compared to the end of the previous consolidated fiscal year to 631,654 million yen (up 4.2%).
Current assets increased by 19,183 million yen to 344,350 million yen (up 5.9%). This is mainly because the notes and accounts receivable increased by 8,242 million yen due to increased sales, etc., and the inventory increased by 3,605 million yen.
Non-current assets increased by 6,086 million yen to 287,303 million yen (up 2.2%), mainly due to increased property, plant, and equipment costs by 4,780 million yen of the capital investment.

Liabilities
Total liabilities increased by 16,924 million yen compared to the end of the previous consolidated fiscal year to 366,004 million yen (up 4.8%).

Current liabilities increased by 22,295 million yen to 235,111 million yen (up 10.5%), mainly because of increased short-term borrowings by 23,797 million yen due to increased demand for working capital.
Non-current liabilities decreased by 5,370 million yen to 130,893 million yen (down 3.9%). The main reason was a decrease in long-term borrowings by 6,499 million yen by payback.

Net Assets
Total net assets increased by 8,345 million yen compared to the previous consolidated fiscal year’s end to 265,649 million yen (up 3.2%), mainly due to posting profit attributable to owners of the parent of 5,289 million yen, payment of dividends of surplus by 4,362 million yen, and an increase in foreign currency translation adjustment by 7,170 million yen due to weak yen.

(3) Explanation of Consolidated Financial Forecasts

At this moment, there is no revision in the forecast of financial results for the fiscal year ending March 2025, disclosed on May 14, 2024.

2. 1st Quarter Consolidated Financial Statements
(1) Consolidated Balance Sheet

(Unit : million yen)

	FY2023 As of Mar. 31, 2024	1st Quarter of FY2024 As of June 30, 2024
Assets		
Current assets		
Cash and deposits	16,664	20,813
Notes and accounts receivable - trade	108,292	116,534
Merchandise and finished goods	98,333	104,045
Work in process	33,012	33,117
Raw materials and supplies	52,727	50,516
Other	16,821	20,063
Allowance for doubtful accounts	(684)	(739)
Total current assets	325,167	344,350
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	66,186	67,559
Other, net	100,121	103,529
Total property, plant and equipment	166,308	171,088
Intangible assets		
Goodwill	2,560	2,466
Other	14,808	15,178
Total intangible assets	17,369	17,644
Investments and other assets		
Investment securities	32,213	31,860
Shares of subsidiaries and associates	45,130	45,745
Long-term loans receivable	6,443	6,414
Retirement benefit asset	464	494
Deferred tax assets	3,240	2,631
Other	11,210	12,626
Allowance for doubtful accounts	(1,163)	(1,202)
Total investments and other assets	97,539	98,570
Total non-current assets	281,217	287,303
Total assets	606,384	631,654

Consolidated Balance Sheet

(Unit : million yen)

	FY2023 As of Mar. 31, 2024	1st Quarter of FY2024 As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable-trade	56,623	59,950
Short-term borrowings	96,680	120,477
Income taxes payable	6,394	3,281
Accrued expenses	33,600	34,587
Provisions	4,395	1,852
Other	15,121	14,962
Total current liabilities	212,816	235,111
Non-current liabilities		
Long-term borrowings	109,729	103,229
Provisions	134	163
Retirement benefit liability	9,661	9,927
Other	16,737	17,572
Total non-current liabilities	136,263	130,893
Total liabilities	349,080	366,004
Net assets		
Shareholders' equity		
Share capital	30,685	30,685
Capital surplus	22,048	22,029
Retained earnings	154,715	155,642
Treasury shares	(703)	(704)
Total shareholders' equity	206,745	207,653
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,141	14,109
Deferred gains or losses on hedges	1,006	1,094
Foreign currency translation adjustment	29,961	37,132
Remeasurements of defined benefit plans	(2,661)	(2,925)
Total accumulated other comprehensive income	42,447	49,410
Non-controlling interests	8,110	8,585
Total net assets	257,304	265,649
Total liabilities and net assets	606,384	631,654

(2)Consolidated Income Statements

(Unit : million yen)

	1st Quarter of FY2023 (From April 1, 2023 through June 30, 2023)	1st Quarter of FY2024 (From April 1, 2024 through June 30, 2024)
Net sales	199,844	220,644
Cost of sales	166,843	184,776
Gross profit	33,000	35,868
Selling, general and administrative expenses	23,280	26,143
Operating profit	9,720	9,724
Non-operating income		
Interest income	61	133
Dividend income	110	96
Foreign exchange gains	129	249
Share of profit of entities accounted for using equity method	229	–
Subsidy income	16	12
Miscellaneous income	182	183
Total non-operating income	730	676
Non-operating expenses		
Interest expenses	667	807
Share of loss of entities accounted for using equity method	–	34
Miscellaneous expenses	64	42
Total non-operating expenses	731	884
Ordinary profit	9,718	9,516
Extraordinary income		
Gain on sale of non-current assets	20	14
Gain on sale of investment securities	309	65
Total extraordinary income	329	79
Extraordinary losses		
Loss on disposal of non-current assets	86	127
Loss on valuation of investment securities	–	74
Loss on disaster	–	313
Accident related loss	1,020	–
Total extraordinary losses	1,106	515
Profit before income taxes	8,941	9,080
Income taxes-current	2,753	2,581
Income taxes-deferred	208	880
Total income taxes	2,961	3,461
Profit	5,979	5,618
Profit (loss) attributable to non-controlling interests	(1)	329
Profit attributable to owners of parent	5,981	5,289

Consolidated Statements of comprehensive income

(Unit : million yen)

	1st Quarter of FY2023 (From April 1, 2023 through June 30, 2023)	1st Quarter of FY2024 (From April 1, 2024 through June 30, 2024)
Profit	5,979	5,618
Other comprehensive income		
Valuation difference on available-for-sale securities	1,588	(139)
Deferred gains or losses on hedges	849	107
Foreign currency translation adjustment	1,786	6,944
Remeasurements of defined benefit plans, net of tax	(12)	(199)
Share of other comprehensive income of entities accounted for using equity method	409	314
Total other comprehensive income	4,621	7,026
Comprehensive income	10,601	12,645
(Breakdown)		
Comprehensive income attributable to owners of parent	10,551	12,252
Comprehensive income attributable to non-controlling interests	49	392

(3) Notice concerning the consolidated financial statements

(Notes on Going Concern)

Not applicable.

(Notes Regarding Significant Changes in the Amount of Shareholder's Equity)

Not applicable.

(Change in Accounting Policy)

"Accounting Standards for Corporate Tax, Inhabitant Tax, Business Tax, etc." (Corporate Accounting Standards No. 27, October 28, 2022). These are Hereinafter referred to as the "2022 Revised Accounting Standards." They are applied from the beginning of the first quarter consolidated accounting period. Regarding the revision of the classification of corporate income tax (taxation on other comprehensive income), the transitional treatment stipulated in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standards and the "Guidelines for the Application of Accounting Standards for Tax Effect Accounting" (Guidelines for the Application of Corporate Accounting Standards No. 28, October 28, 2022. Hereinafter referred to as the "2022 Revised Application Guidelines". We are by the transitional treatment outlined in the proviso to paragraph 65-2 (2). The impact of the change in the accounting policy on the quarterly consolidated financial statements is expected to be minor.

In addition, regarding revisions related to the treatment of gains and losses on sales of shares of subsidiaries arising from the sale of shares of subsidiaries between consolidated companies for tax purposes, the 2022 revision application guidelines have been applied since the beginning of the first quarter of this fiscal year. The change in the accounting policy will not affect the quarterly consolidated financial statements.

(Segment Information, etc.)

1. 1st Quarter of the previous Fiscal Year (April 1, 2023 June 30, 2023)

1. Information on net sales and profit (loss) by reportable segment

(Unit : Million yen)

	Information by business segments					Other (Note1)	Total	Adjustement (Note 2)	Consolidated (Note.3)
	Marine Products	Food Products	Fine Chemicals	General Distribution	Total				
Sales									
(1) Sales to third parties	78,982	109,043	3,876	3,796	195,699	4,145	199,844	-	199,844
(2) Inter-segment sales and transfers	4,295	143	118	2,803	7,360	890	8,250	(8,250)	-
Total	83,277	109,186	3,995	6,599	203,059	5,035	208,095	(8,250)	199,844
Segment income (loss)	4,216	7,219	(76)	401	11,761	186	11,947	(2,226)	9,720

(Note)

1. The “Other” segment includes the building/repairing ships, engineering, and other businesses not included in the reportable segments.
2. The (2,226) million yen segment income adjustment comprises 13 million yen in inter-segment transactions and (2,239) million yen in corporate expenses not allocated to the segments. Corporate expenses are mainly comprised of selling, general, and administrative expenses not allocated to the segments.
3. Segment income is adjusted to reflect operating profit as the quarterly consolidated income statement records.

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.

2. 1st Quarter of the current Fiscal Year (April 1, 2024 -June 30, 2024)

1. Information on net sales and profit (loss) by reportable segment

(Unit : Million yen)

	Information by business segments					Other (Note1)	Total	Adjustement (Note 2)	Consolidated (Note.3)
	Marine Products	Food Products	Fine Chemicals	General Distribution	Total				
Sales									
(1) Sales to third parties	85,593	122,624	3,562	3,997	215,778	4,866	220,644	-	220,644
(2) Inter-segment sales and transfers	4,456	281	142	3,258	8,139	388	8,528	(8,528)	-
Total	90,050	122,906	3,704	7,256	223,918	5,254	229,173	(8,528)	220,644
Segment income (loss)	2,011	8,740	275	654	11,683	166	11,850	(2,125)	9,724

(Note)

1. The “Other” segment includes the building/repairing ships, engineering, and other businesses not included in the reportable segments.
2. The (2,125) million yen segment income adjustment comprises 26 million yen in inter-segment transactions and (2,151) million yen in corporate expenses not allocated to the segments. Corporate expenses are mainly comprised of selling, general, and administrative expenses not allocated to the segments.
3. Segment income (loss)is adjusted to reflect operating profit 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)
Not applicable.

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

(Significant gain on negative goodwill)
Not applicable.

(Note on Statement of Cash Flows)

We have not prepared a quarterly consolidated statement of cash flows for the first quarter of the current fiscal year. Depreciation and amortization in the first quarter related to the consolidated cumulative period (including depreciation of noncurrent assets excluding goodwill) and the amount of amortization of goodwill shall be as follows:

(Unit : million yen)

	1st Quarter of FY2023 (From April 1 to June 30, 2023)	1st Quarter of FY2024 (From April 1 to June 30, 2024)
Depreciation	4,965	5,847
Amortization of goodwill	95	185