Supplemental Documents for the 1st Quarter of FY2024

Nissui Corporation

August 6, 2024

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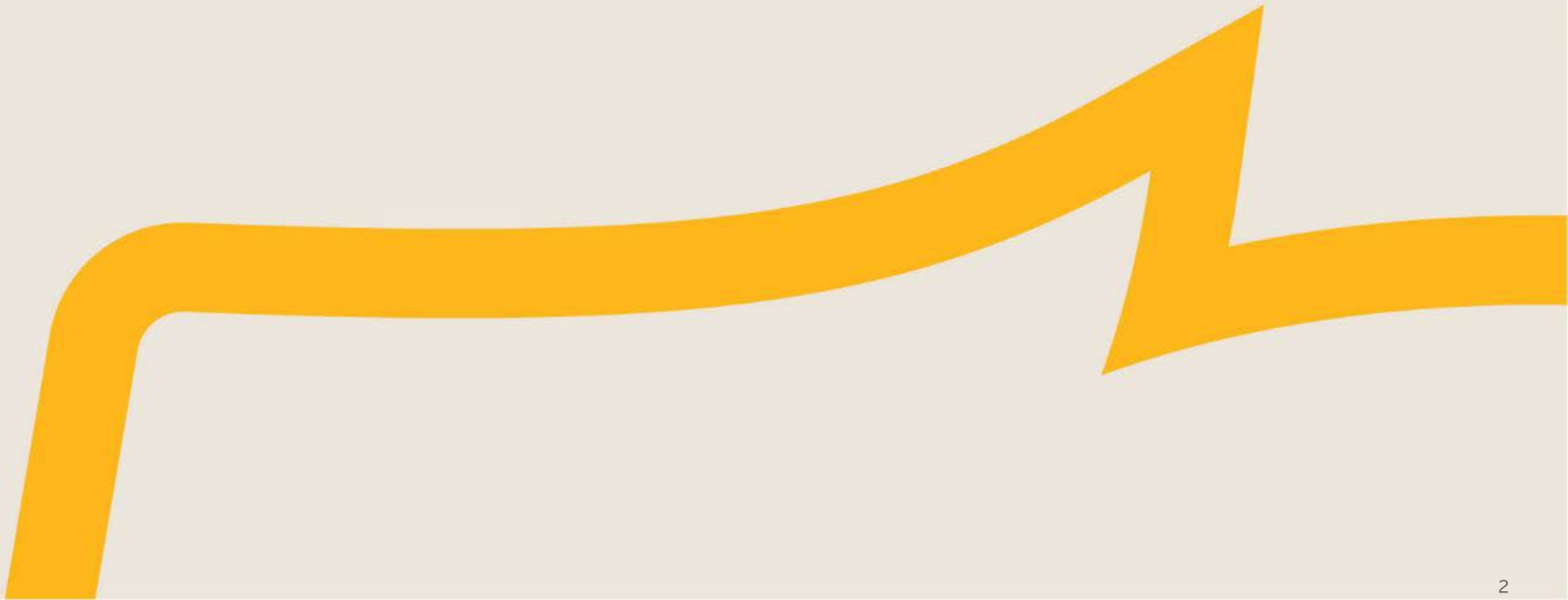
Overview of the 1st Quarter of FY2024



Overview of the 1st Quarter of FY2024

・Sales increased by 10% due to continuous good sales in the Food products business, the recovery of trading in the Marine product business, and the positive effect of the foreign exchange rate.
・Operating profit was over the record high of the first quarter of the previous year. The Food products business offset the struggles of the Marine products business because of the significant cost reduction of main ingredients. The profit attributable to owners of parent declined due to the impact of the sale of cross-shareholdings in the previous year.

(Unit: 100 million JPY)	1Q of FY2023	1Q of FY2024	Y-on-Y	(%)
Net Sales	1,998	**2,206**	208	10.4
Operating Profit	97	**97**	0	0.0
Ordinary Profit	97	**95**	(2)	(2.1)
Profit attributable to owners of parent	59	**52**	(6)	(11.6)

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Overview of the 1st Quarter of FY2024 by Segment

Net sales increased by 4% due to the good sales of the trading business in the Marine products business and the contribution of a new consolidated chilled company in Japan, excluding the impact of the yen's depreciation (approximately 12 billion yen).

(Unit: 100 million JPY)	1Q of FY2023	1Q of FY2024	Y-on-Y (Amount)	Y-on-Y (%)
Net Sales	**1,998**	**2,206**	**208**	**10.4**
Marine Products	789	855	66	8.4
Food Products	1,090	1,226	135	12.5
Fine Chemicals	38	35	(3)	(8.1)
General Distribution	37	39	2	5.3
Others	41	48	7	17.4
Operating Profit	**97**	**97**	**0**	**0.0**
Marine Products	42	20	(22)	(52.3)
Food Products	72	87	15	21.1
Fine Chemicals	(0)	2	3	-
General Distribution	4	6	2	63.1
Others	1	1	(0)	(10.3)
Common Costs	(22)	(21)	1	(4.5)
Ordinary Profit	**97**	**95**	**(2)**	**(2.1)**
Profit attributable to owners of parent	**59**	**52**	**(6)**	**(11.6)**

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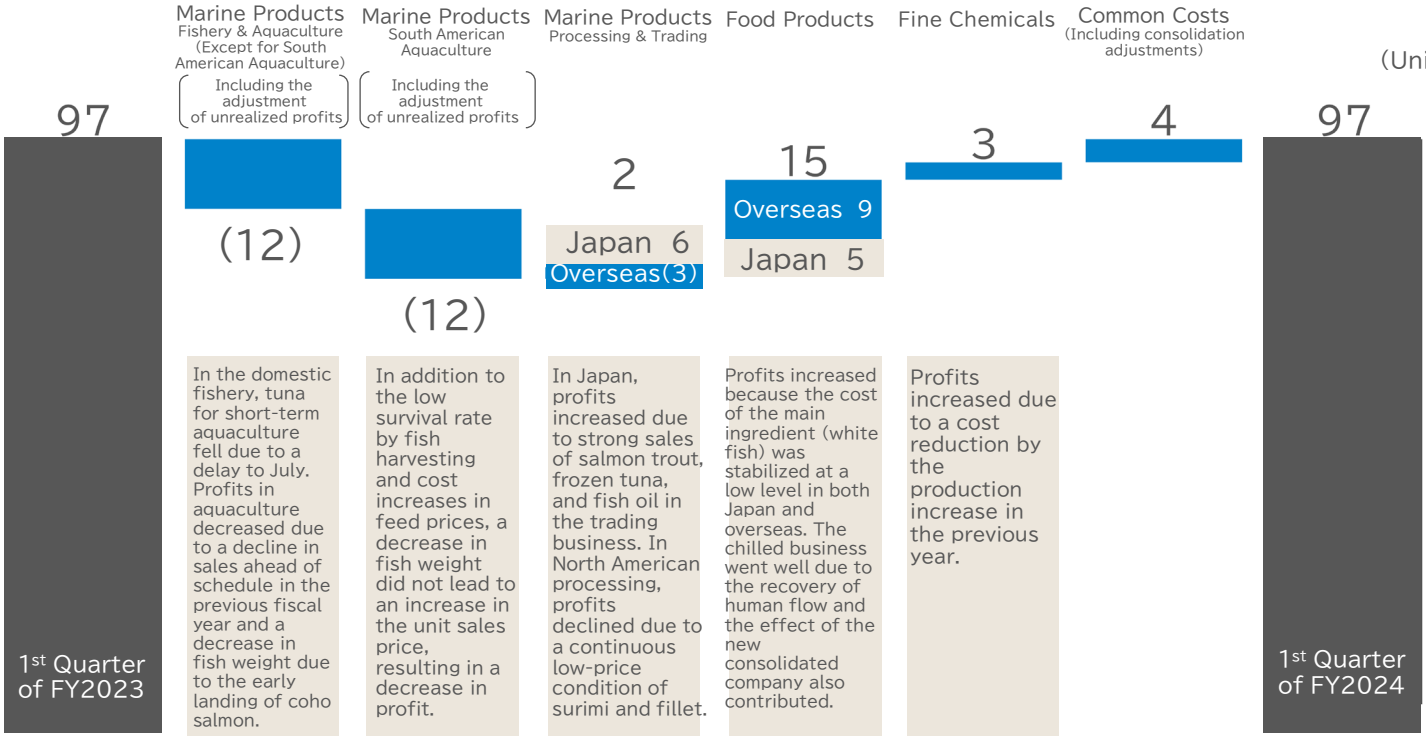
Main Factors for changes in Operating Profit (Y-on-Y)

Operating profit increased due to good performance in the chilled business in Japan, the price increase in the previous year, and the cost reduction of the main ingredients (white fish). On the other hand, in the Marine products business, profits declined due to the deterioration of aquaculture in South America and the downturn in processing in North America.



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Consolidated Balance Sheet (Y-on-Y)

Total assets increased due to an increase in working capital.

(Unit : 100 million yen)

Figures in parentheses indicate the negative change from the end of the previous fiscal year

Current Assets	**3,443**	**191**
Cash and deposits	208	41
Notes and accounts receivable	1,165	82
Inventory	1,876	36
Non-current Asssets	**2,873**	**60**
Property, plant and equipment	1,710	47
Intangible assets	176	2
Investment and other assets	985	10
Total Assets	**6,316**	**252**

Current Liabilities	**2,351**	**222**
Notes and accounts payable	599	33
Short-term borrowings	1,204	237
Accrued expenses	345	9
Non-current Liabilities	**1,308**	**(53)**
Long-term borrowings	1,032	(64)
Net Assets	**2,656**	**83**
Shareholder's equity	2,570	78

Equity Ratio

As of March 2024 41.1% ⇒ As of June 2024 40.7%

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Consolidated Cash-Flow Statement (Y-o-Y)

Operating cash flow improved by the inventory control.

(Unit: 100 million JPY)	1Q of FY2023	1Q of FY2024	Y-o-Y
・Profit before income taxes	89	90	1
・Depreciation & Amortization	50	60	9
・Working Capital	(123)	(20)	103
・Income taxes paid	(31)	(58)	(26)
・Others	(0)	(46)	(44)
Net cash provided by operating activities	**(16)**	**26**	**43**
・Investment in (Purchase of) property, plant, and equipment	(61)	(67)	(5)
・Others	(68)	(13)	54
Net cash provided by investing activities	**(129)**	**(80)**	**49**
・Increase (Decrease) in short-term borrowings	205	145	(59)
・Increase (Decrease) in long-term borrowings	(52)	(7)	45
・Others	(33)	(47)	(13)
Net cash provided by financing activities	**119**	**91**	**(27)**
Cash and cash equivalent at end of term	**123**	**237**	

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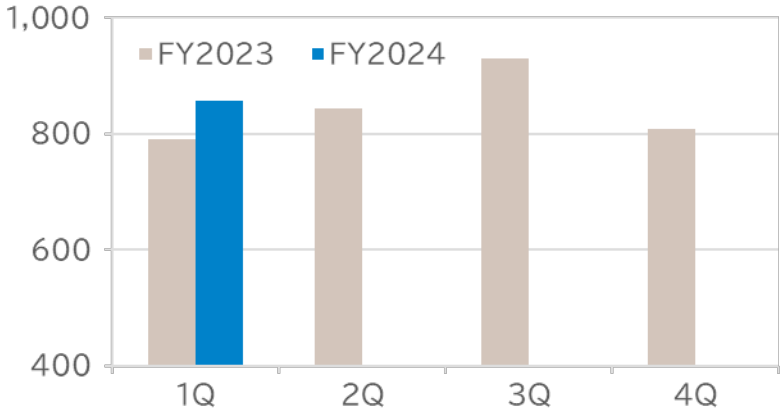
Marine Products Business Net Sales & Operating Profit (Y-on-Y)

Sales increased due to the strong performance of domestic trading and the impact of foreign exchange rates, operating income decreased due to the impact of higher costs in aquaculture and early landing, as well as lower selling prices.

Unit: 100 million JPY	1Q of FY2023	1Q of FY2024	Y-on-Y	
			(Amount)	(%)
Net Sales	789	855	66	8.4
Operating Profit	42	20	(22)	(52.3)

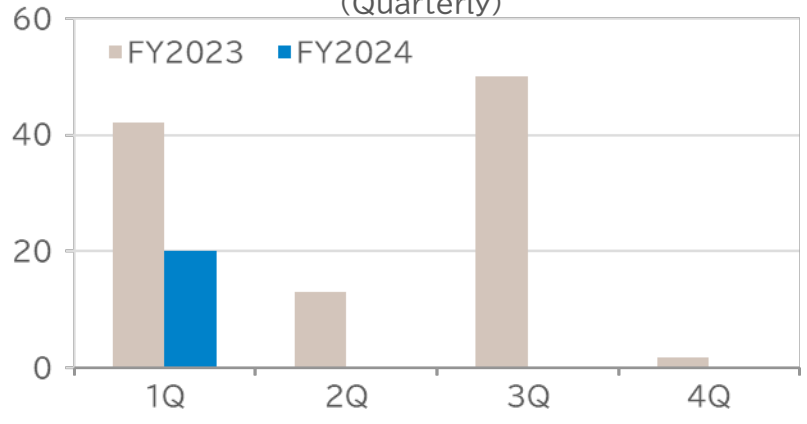
(Unit : 100 million yen)

Net sales (Quarterly)



(Unit : 100 million yen)

Operating Profit (Quarterly)



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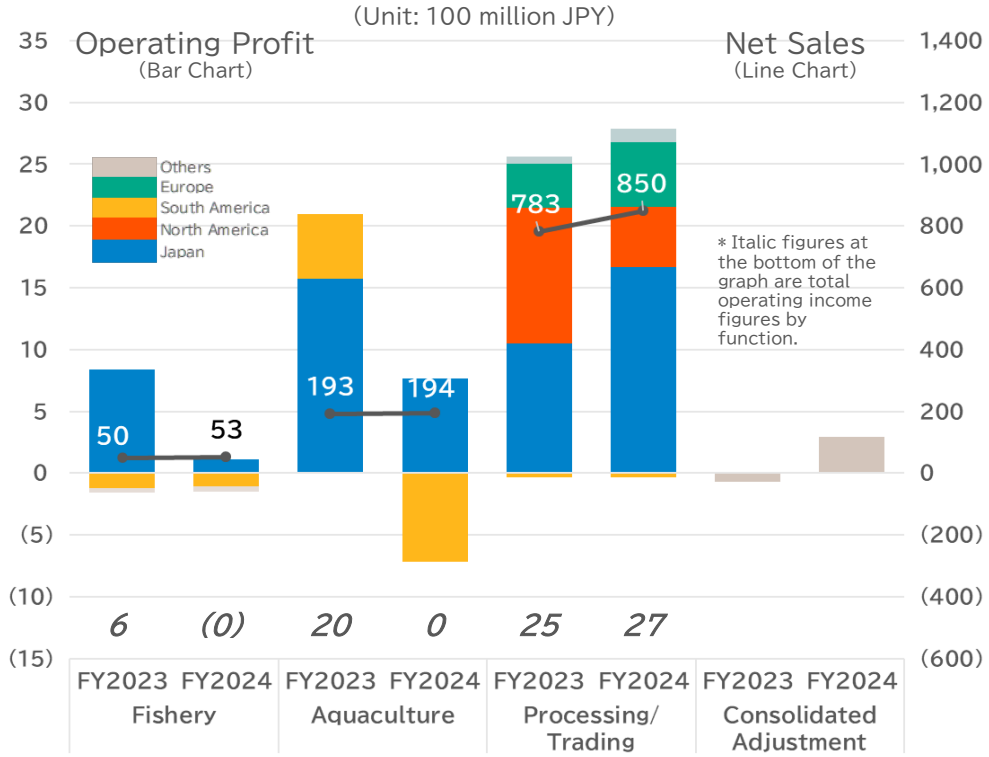
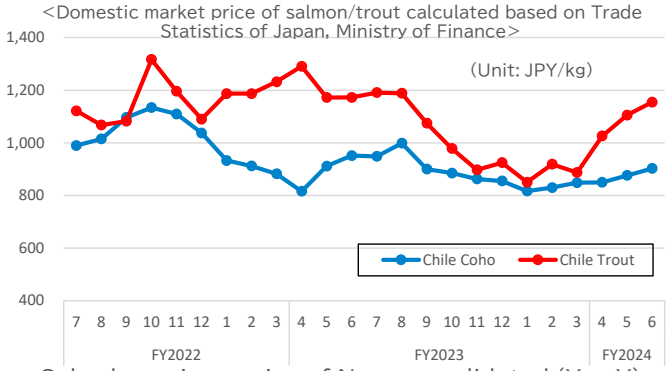
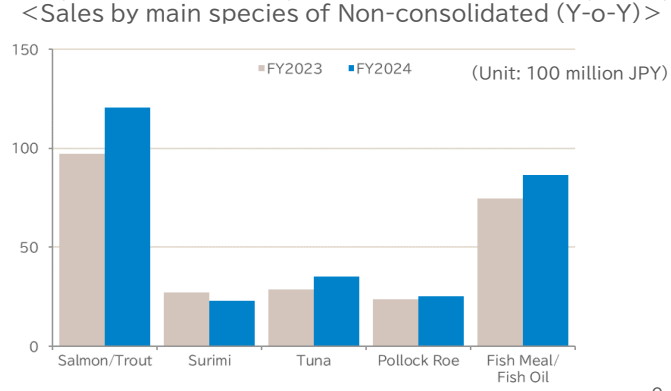
Marine Products Business Net Sales & Operating Profit (Y-on-Y)

Operating profit decreased due to the reactionary decline in advance sales of buri yellowtails in the previous year, less fish weight caused by early landings, and increased feeding costs in Japan and overseas. Profits declined in the North American processing business because of the continuous low-price condition of surimi and fillet.







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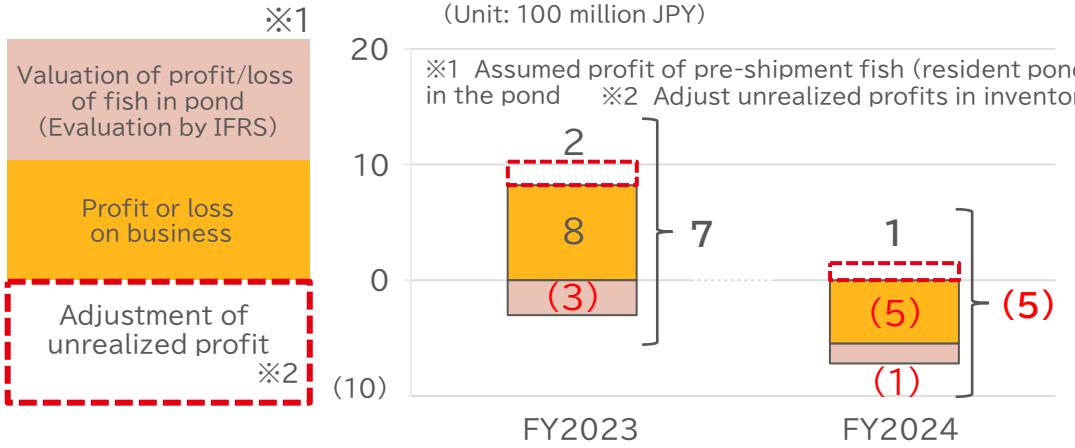
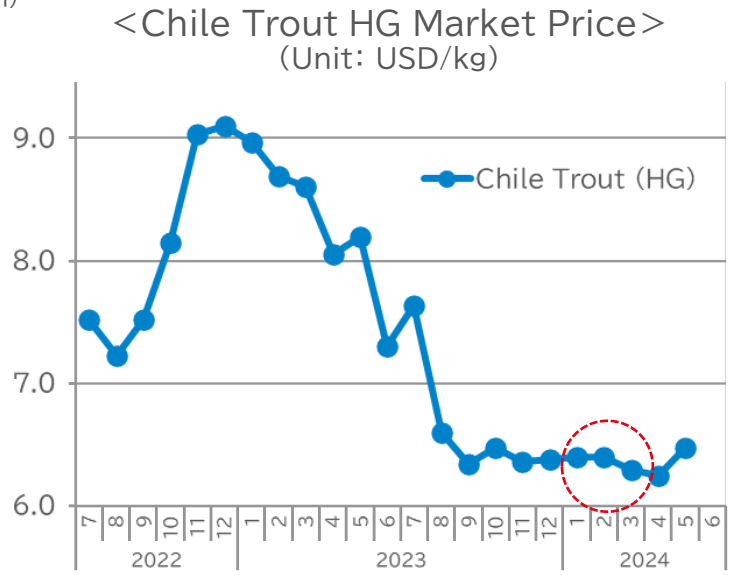
Salmon and trout aquaculture business in South America
IFRS evaluation of profit and loss on fish in the pond-1.

Due to the downturn in unit price, the valuation of the fish in the pond was rated as a loss (negative) in the 1st quarter, exceeding the return profit at the end of the previous fiscal year.



<Breakdown of valuation>

(100 million JPY)	1Q of FY2023	1Q of FY2024
Return at the beginning of the period	(7)	22
Valuation profit and loss	4	(23)
Profit and loss on valuation of fish in the pond	(3)	(1)



(HG: Fish that its head and guts removed)
(Source: InfoTrade)

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Salmon and trout aquaculture business in South America
IFRS evaluation of profit and loss on fish in the pond-2.

Profit and loss on fish in the pond (IFRS evaluation) calculates the profit and loss that the fish in the pond will generate in the future based on the three elements of the quantity of fish in the pond and future prices and costs. It becomes a profit (positive) when the market price rises or costs are expected to fall.

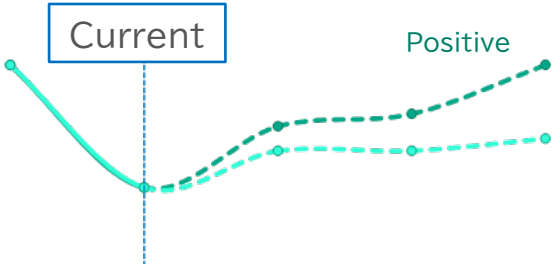
<Quantity>

Number of fish in the pond

×

<Selling price in the future>

Future outlook price of the trout market

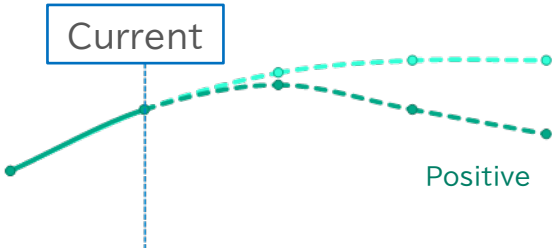


If there is a sign of price recovery in the fish market, it will be profitable.

×

<Costs in the future>

Costs incurred until shipment (feed, seedling, survival rate, etc.)



Cost reduction factors such as lower feed costs will also have a good effect on profits.

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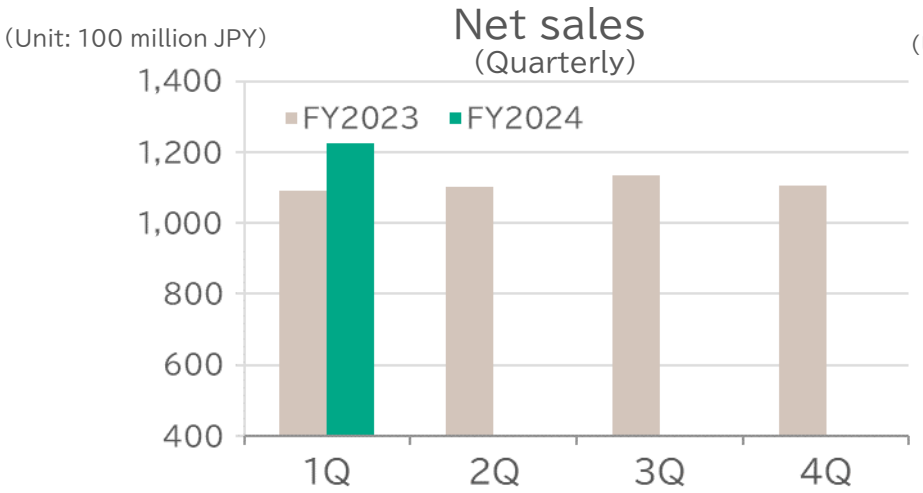
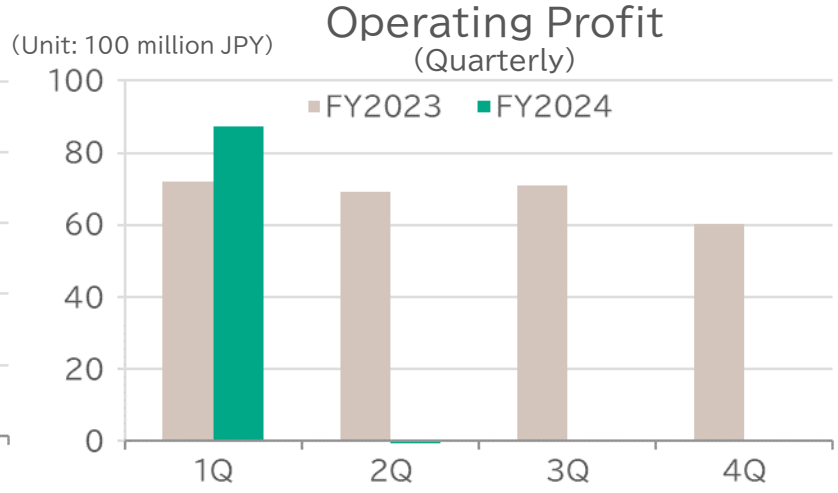
Food Products Business Net Sales & Operating Profit (Y-on-Y)

In addition to strong sales of North American household and domestic chilled products, sales and profits increased both in Japan and overseas due to the impact of foreign exchange rates.

Unit: 100 million JPY	1Q of FY2023	1Q of FY2024	Y-on-Y	
			(Amount)	(%)
Net Sales	1,090	1,226	135	12.5
Operating Profit	72	87	15	21.1





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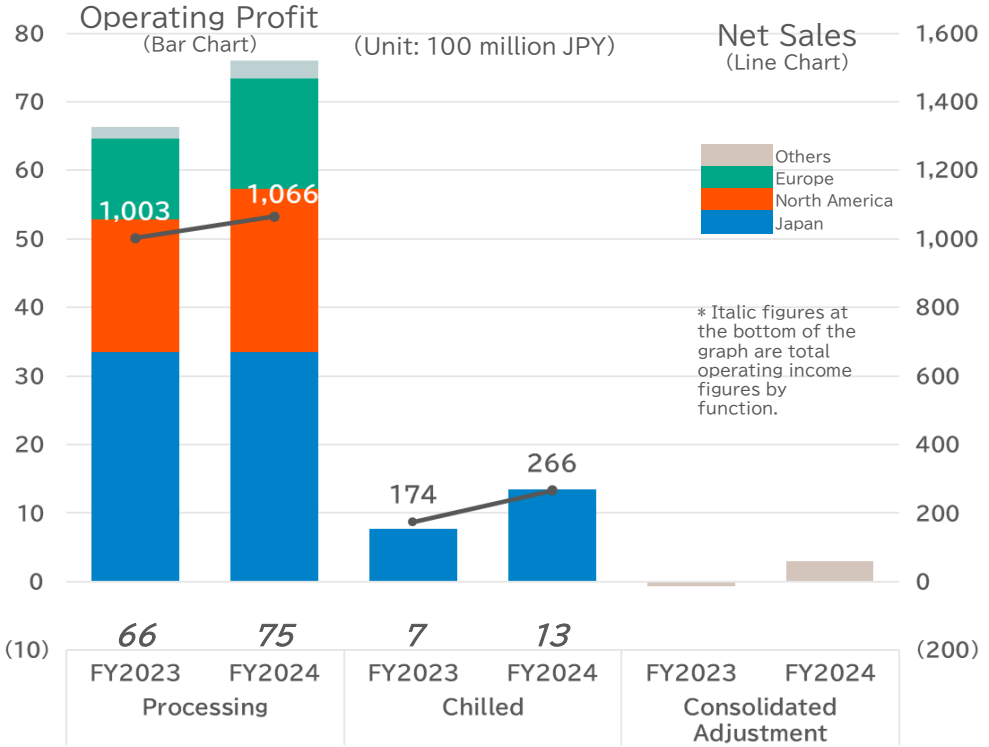
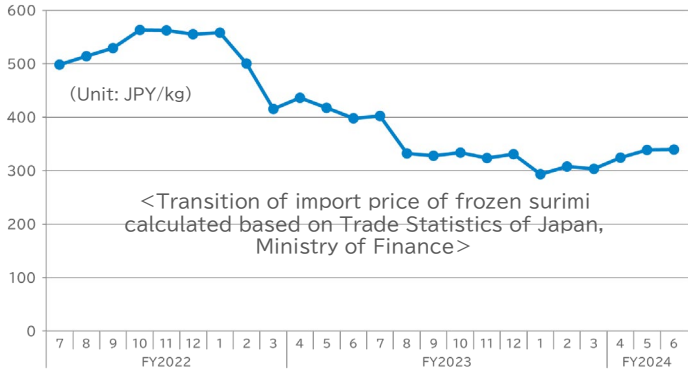
Food Products Business Net Sales & Operating Profit (Y-on-Y)

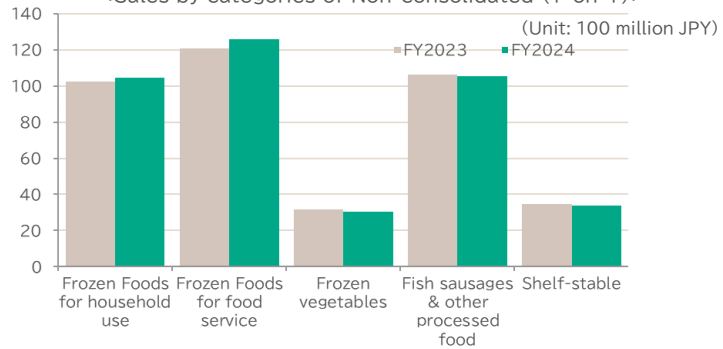
In Japan, in addition to the effect of price increases, the price of surimi has been stable at a low level, covering the yen depreciation and logistics costs. Profit also increased overseas thanks to the decreasing cost of white fish. The chilled business was favorable as the sales to the convenience stores were firm, and there was an effect of newly consolidated subsidiaries.





<Transition of import price of frozen surimi calculated based on Trade Statistics of Japan, Ministry of Finance>

<Sales by categories of Non-consolidated (Y-on-Y)>



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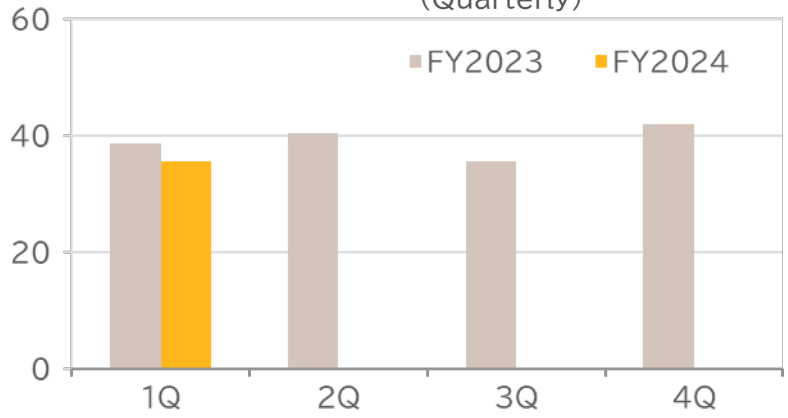
Fine Chemicals Business Net Sales & Operating Profit (Y-on-Y)

Profit increased due to the effect of cost reductions resulting from an increase in the production of pharmaceutical raw materials in the previous year.

Unit: 100 million JPY	1Q of FY2023	1Q of FY2024	Y-on-Y	
			(Amount)	(%)
Net Sales	38	35	(3)	(8.1)
Operating Profit	(0)	2	3	-

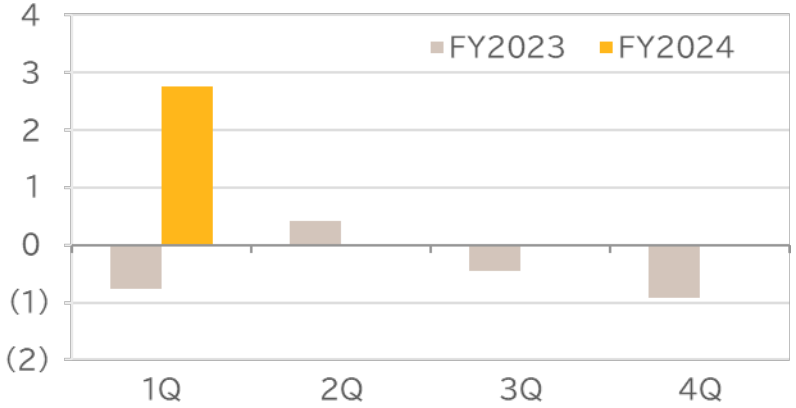
(Unit: 100 million JPY)

Net sales
(Quarterly)



(Unit: 100 million JPY)

Operating Profit
(Quarterly)



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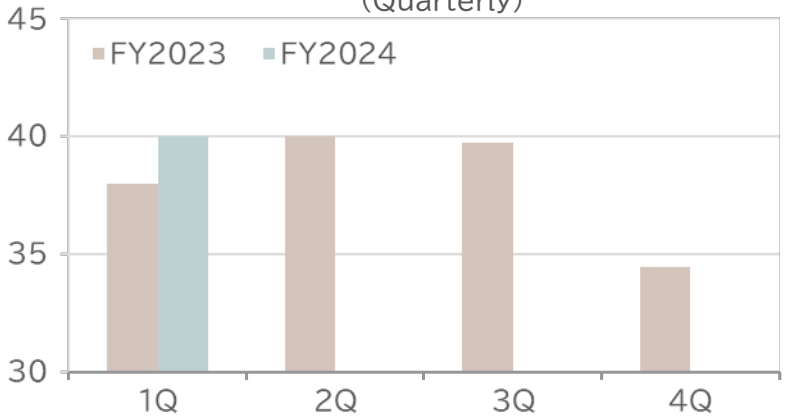
General Distribution Net Sales & Operating Profit (Y-on-Y)

Sales and profits increased due to price revisions to customers and the increased volume handled due to the opening of the new distribution center.

Unit: 100 million JPY	1Q of FY2023	1Q of FY2024	Y-on-Y	
			(Amount)	(%)
Net Sales	37	39	2	5.3
Operating Profit	4	6	2	63.1

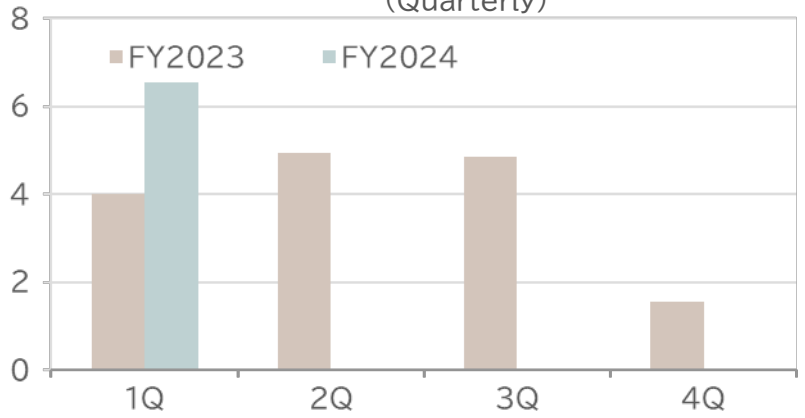
(Unit: 100 million JPY)

Net sales
(Quarterly)



(Unit: 100 million JPY)

Operating Profit
(Quarterly)



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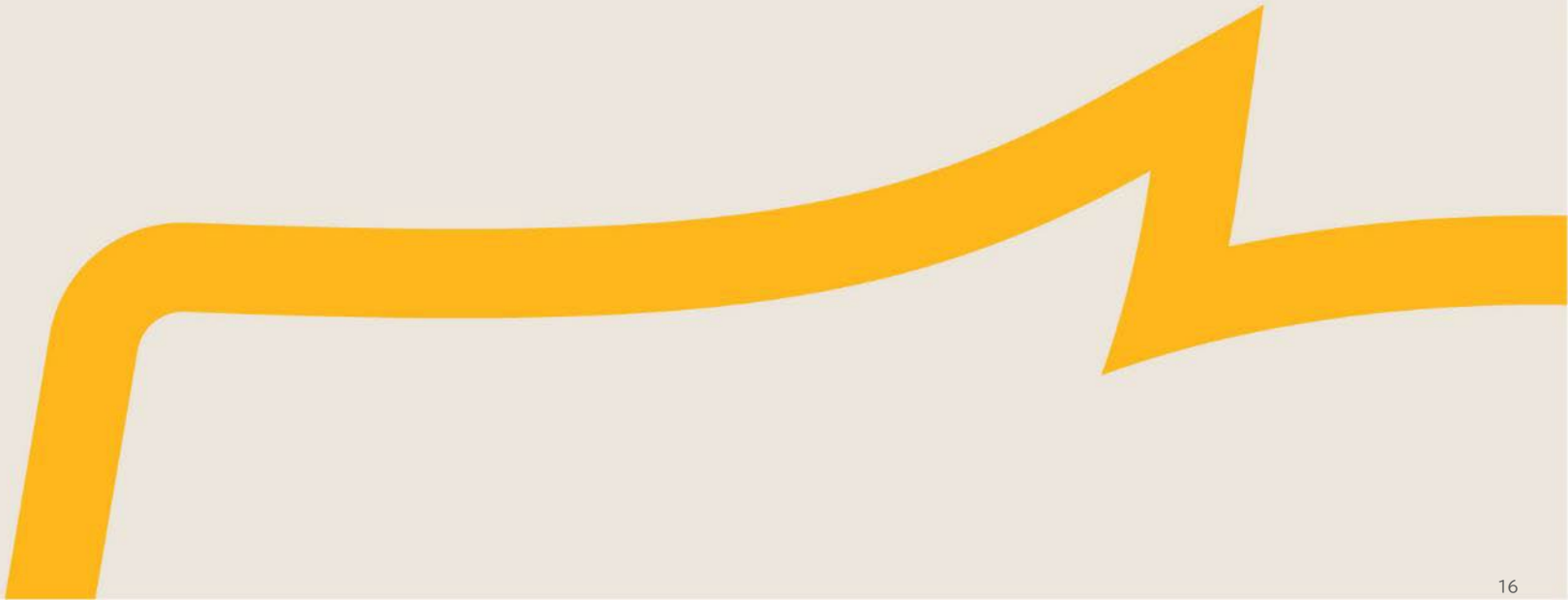
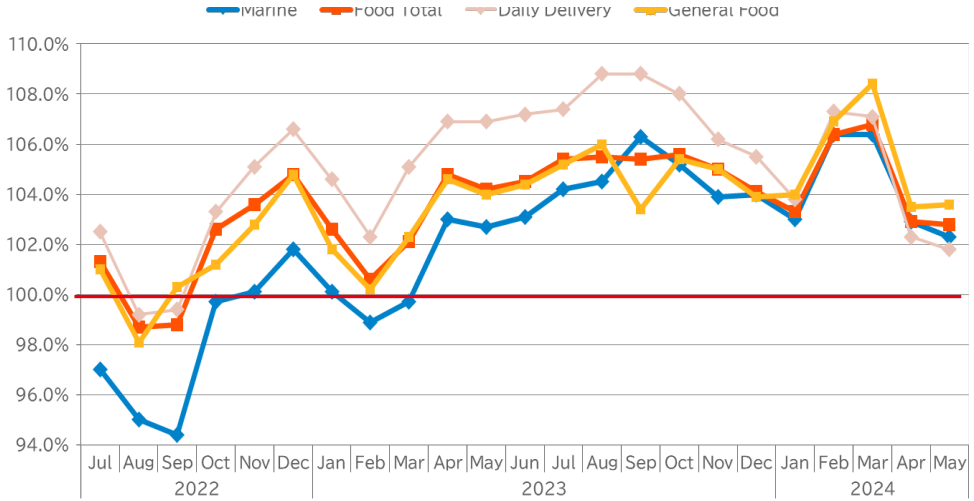
Outlook/Initiatives



Surrounding Environment

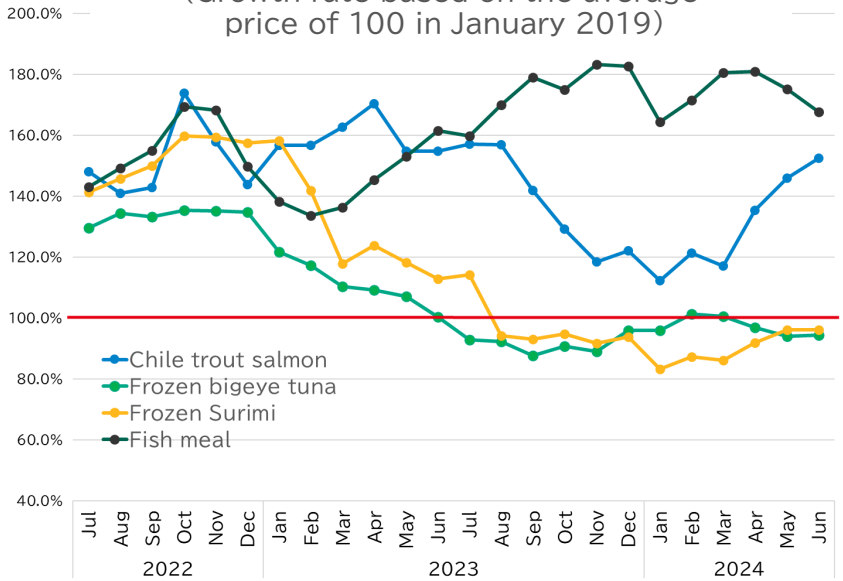
Domestic spending on food has been strong amid the inflation trend.
The fishery market has stabilized from the adjustment phase, and the price of some fish species started to rise.

<Changes in sales value at supermarkets in Japan>
(Y-on-Y)



(Source: Japan Supermarket Association)

<Price growth rate by fish species>
(Growth rate based on the average price of 100 in January 2019)



(Source: Ministry of Finance Trade Statistics)

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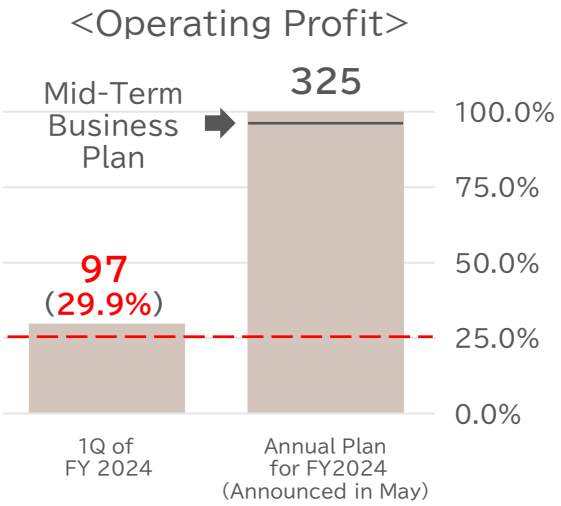
Annual plan for FY2024

- The final year of the Med-Term Business Plan, “Good Foods Recipe 1” started better than the target.
- The cross-shareholdings will be sold in the second quarter or later.

(Unit: 100 million JPY)

	1Q of FY2024	Annual plan for FY2024 (Announced in May)	Progress rate(%)	Mid-Term Business Plan (Announced in FY2022)
Net Sales	2,206	8,750	25.2	7,900
Operating Profit	97	325	29.9	320
Ordinary Profit	95	350	27.2	350
Profit attributable to owners of parent	52	240	22.0	225



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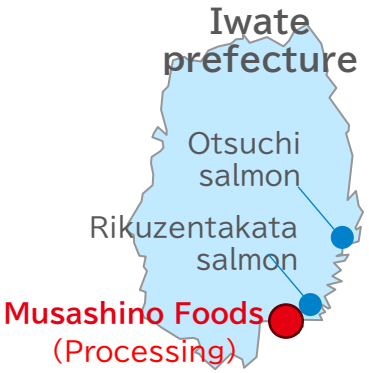
FY2024 Initiatives: Marine Products Business (Aquaculture・Trading)

We will increase profitability, expanding products with a higher degree of processing.

Focus Points

— Promotion of highly added value products

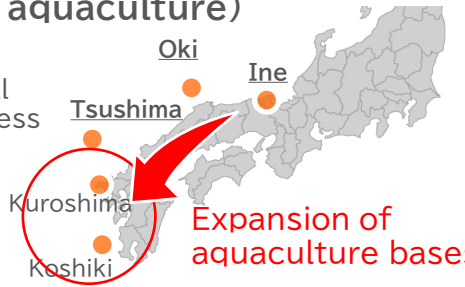
(Processing in Japan)Strengthen the lineup of highly processed products, such as “fresh fillet processing” and “Sashimi”.




Products for Sushi or Sashimi

— Improving profitability through structural transformation (tuna aquaculture)

- The integration of the two aquaculture companies will further optimize the business
- Improve profitability by expanding the short-term farmed tuna to reduce risk and financial burden.



— Strengthening the profitability of the trading business

(Europe)For expansion and profitability, a fresh fish processing function was added.

Strengthening the seafood business by adding a company with fresh fish procurement and processing functions in the Netherlands.


Product examples

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FY2024 Initiatives: Marine Products Business (Aquaculture・Processing)

Toward a business structure that is less susceptible to fish market price

Focus Points (Aquaculture in South America)

— **Expansion of highly added value products**

→ The synergistic effects of automated fillet lines and fresh food lines will make it more profitable.

— **Optimized feed formulation reduces feed costs**

→ Maximizing the effectiveness of feed silos invested in last year.

— **Improve freshwater seeding management and reduce risks for fish diseases.**





Focus Points (Processing in North America)

— **Increase the ratio of the profitable fillet production.**

→ Amid a move to avoid Russian pollock, we' ll expand Alaskan pollock to the US and European markets.

→ Maximize the fillet production ratio by the fillet line maximization.

— **Controlling labor costs through personnel optimization**

— **Continuous efforts to acquire fish resources**





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FY2024 Initiatives: Foods Products Business (Overseas)

Further expansion of the growing overseas food business.

Focus Points

— (North America) With the main fried white fish products, a new health-conscious product, “Air Fried,” and an Asian product (shumai) are being promoted.

— (Europe) In France, in addition to chilled seafood fries, we are expanding chilled tapas, to which sales floors are adjacent. In the UK, we are promoting initiatives with major mass retailers.

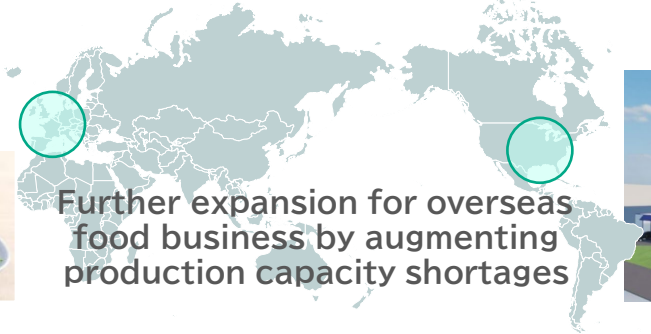




Increase its production capacity and aim to be the overwhelming number one in seafood fry. (Total investment: Approximately 17 billion yen, scheduled to operate in FY2025)







Further expansion for overseas food business by augmenting production capacity shortages



(image of the new factory in the US)

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FY2024 Initiatives: Food Products Business (Japan)

We will respond to the needs of our customers by utilizing the know-how of creating a variety of menus from a wide variety of ingredients cultivated in the chilled business, as well as functionality such as "Fast-Twitch skeletal muscle protein."

Products that contribute to solving various social issues (New products for Fall/Winter 2024)

- Focusing on the usefulness of protein in white-meat fish, we respond to health needs as a "Fast-Twitch skeletal muscle protein" product

速筋タンパク®



Expanding the lineup of bar-type products quickly eaten with one hand

- Expanded frozen chilled/frozen bento boxes and frozen side dishes to meet individual meals and convenience needs



One-plate frozen food that can be quickly eaten in the microwave (New Package)

Through the business integration, we will further grow the chilled business.

- <u>Strengthening the product development system</u>
  - Expansion of the number of development personnel
    → Strengthening product development capabilities by dedicating to categories
  - Maximizing the use of existing functions to strengthen new product development capabilities



Picture of product development

- <u>Optimization of production plants to improve productivity, including item sharing</u>

- <u>In addition to restructuring the coverage area, we improve delivery efficiency by consolidating delivery centers, etc.</u>

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FY2024 Initiatives : Fine Chemicals Business(Pharmaceutical Raw Materials)

We will expand the sales of high-purified EPA API for pharmaceuticals around the world.

Europe

Completed application for approval for Europe

— We have responded to questions from the EMA (European Medicines Agency).

Japan

Expect Growing Demand for EPA's New Dosage Form





We will establish a production system to respond to the increase in shipments.

United States

Wait for shipments to resume

— As soon as the inventory of the customer is appropriate, we resume exports.

Asia

Continue efforts for the Chinese market

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FY2024 Initiatives: Human Resources Strategy（DE&I）

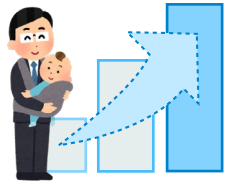
We aim to create a comfortable workplace, deepening understanding of diversity and promoting standardization of work operations.

— Current status and Challenge of childcare leave

(Current Status)
The number of male employees taking childcare leave has been increasing. In recent years, there has been an increase in taking long-term leave.

Childcare leave (male employees)	FY2022	FY2023
Acquisition rate	78.9%	110.0%
Period (Days)	13.6	14.8

＊1



(Challenge)
As the number of employees taking childcare leave increases, the workload of those who work in the same section increases.
→ It’ s a difficult situation to take time off easily.

— Career developments for Employees with Disabilities

Although works with which employees with disabilities can tackle have expanded, opportunities for career advancement are limited

＊1: Calculated every year in accordance with the standards of the Ministry of Health, Labour, and Welfare (the numerator may exceed the denominator depending on the time of acquisition)

$$\frac{\text{Number of male employees who took childcare leave, etc.}}{\text{Number of male employees whose spouses gave birth}}$$

— Initiatives to Solve the Issues

Under the theme for employees who have concerns about childcare, and job satisfaction for employees with disabilities, we have started a working community composed of employees who have children, and disabilities.



Simple, accessible, and easy for everyone to understand
We promote standardization of operations to solve both issues above.

Creating a comfortable workplace where employees who want to take childcare leave can acquire childcare opportunities.

×

Increasing opportunities of career developments for employees with disabilities.

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Nissui will work to enhance our adaptability to change and strive towards the long-term vision of becoming a leading company that delivers friendly foods both for people and the earth, “Good Foods 2030.”

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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 the rational judgment of management derived from the information currently available, 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 in various factors. Significant factors affecting the actual business performance include 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.

Accordingly, please use the information contained in this presentation at your discretion. The Company assumes no liability for any losses that may arise due to the use of this presentation.

nissui

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Appendix

Consolidated Profit & Loss Statement in the 1st Quarter of FY2024 (Y-on-Y)

(Unit: 100 million JPY)	1Q of FY2023	1Q of FY2024	Y-o-Y	Main causes of fluctuations
Net Sales	**1,998**	**2,206**	**208**	
Gross Profit	**330**	**358**	**28**	
SGA Expenses	232	261	28	
Operating Profit	**97**	**97**	**0**	
Non-operating profit	7	6	(0)	
Non-operating expenses	7	8	1	
Ordinary Profit	**97**	**95**	**(2)**	
Extraordinary profit	3	0	(2)	Gain on sale of investment securities (2)
Extraordinary losses	11	5	(5)	Accident related loss : (10) Loss on disaster:3 Loss on valuation of investment securities: 1
Profit before income taxes	**89**	**90**	**1**	
Income taxes - current	27	25	(1)	
Income taxes - deferred	2	8	6	
Profit	**59**	**56**	**(3)**	
Profit attributable to non-controlling interests	(0)	3	3	
Profit attributable to owners of parent	**59**	**52**	**(6)**	

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Impact of Currency Translation (Net Sales), Exchange Rates (Before Consolidated adjustment) in the 1st Quarter of FY2024

Exchange rate among overseas subsidiaries	1Q of FY2023		1Q of FY2024		Y-on-Y		Breakdown (Unit:100 million JPY)	
	Local Currency	JPY (100 million)	Local Currency	JPY (100 million)	Local Currency	JPY (100 million)	Local Currency	Impact of exchange rate
USD (million)	415	555	410	617	(5)	62	(6)	68
EUR (million)	120	173	112	183	(7)	10	(10)	21
DKK (million)	864	167	780	170	(84)	3	(16)	19
Other Currencies	-	84	-	101	-	16	5	10
Total		980		1,072		91	(28)	120

Note) The foreign exchange rate on the right table is the average for the 1st quarter.

	1Q of FY2023	1Q of FY2024	Variation
USD	133.44 JPY	150.21 JPY	12.6%
EUR	143.96 JPY	162.65 JPY	13.0%
DKK	19.34 JPY	21.85 JPY	13.0%

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Segment Matrix of Net Sales in the 1st Quarter of FY2024 (Y-on-Y)

(Unit: 100 million JPY)

	Japan		North America		South America		Asia		Europe		Sub Total		Consodidated Adjustment		Grand Total	
Marine Products	615	*27*	173	*12*	92	*17*	17	*0*	198	*11*	**1,098**	***70***	(242)	*(4)*	**855**	***66***
	588		160		74		16		187		**1,027**		(237)		**789**	
Food Products	742	*105*	350	*31*			28	*2*	211	*15*	**1,332**	***155***	(106)	*(19)*	**1,226**	***135***
	637		319				25		195		**1,177**		(86)		**1,090**	
Fine Chemicals	42	*(1)*					—	*(0)*			**42**	***(2)***	(7)	*(1)*	**35**	***(3)***
	44						0				**44**		(6)		**38**	
General Logistics	77	*7*									**77**	***7***	(37)	*(5)*	**39**	***2***
	70										**70**		(32)		**37**	
Others	55	*(0)*					0	*0*			**56**	***(0)***	(7)	*7*	**48**	***7***
	56						0				**56**		(15)		**41**	
Sub Total	**1,535**	***138***	**523**	***44***	**92**	***17***	**46**	***2***	**409**	***26***	**2,608**	***230***				
	1,396		**479**		**74**		**43**		**382**		**2,377**					
Consodidated Adjustment	(257)	*(8)*	(51)	*0*	(60)	*(17)*	(30)	*(0)*	(1)	*3*			(401)	*(22)*		
	(248)		(52)		(43)		(29)		(4)				(378)			
Grand Total	**1,277**	***129***	**472**	***45***	**32**	***0***	**15**	***2***	**408**	***30***					**2,206**	***208***
	1,147		**427**		**31**		**13**		**378**						**1,998**	

※The upper columns indicate the result of current year and the lower columns indicate that of previous year. The Italic and bold figures mean increase/decrease.

※Consolidated adjustment include elimination between the group companies.

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Segment Matrix of Operating Profit in the 1st Quarter of FY2024 (Y-on-Y)

(Unit: 100 million JPY)

	Japan		North America		South America		Asia		Europe		Common Costs		Sub Total		Consolidated Adjustment		Grand Total		Ratio of operating profit to net sales(%)	
Marine Products	25	*(9)*	4	*(6)*	(8)	*(12)*	0	*0*	5	*1*			**27**	***(25)***	(7)	*3*	**20**	***(22)***	*2.3*	*(3.0)*
	34		10		3		0		3				**52**		(10)		**42**		*5.3*	
Food Products	46	*5*	23	*4*			2	*0*	15	*4*			**89**	***15***	(1)	*(0)*	**87**	***15***	*7.1*	*0.5*
	41		19				1		11				**74**		(1)		**72**		*6.6*	
Fine Chemicals	2	*3*					—	*0*					**2**	***3***	(0)	*(0)*	**2**	***3***	*7.7*	*9.7*
	(0)						(0)						**(0)**		(0)		**(0)**		*(2.0)*	
General Logistics	6	*2*											**6**	***2***	0	*(0)*	**6**	***2***	*16.4*	*5.8*
	4												**4**		0		**4**		*10.6*	
Others	0	*(0)*					0	*(0)*					**0**	***(0)***	0	*0*	**1**	***(0)***	*3.4*	*(1.1)*
	1						0						**1**		0		**1**		*4.5*	
Common Costs											(21)	*0*	**(21)**	***0***	0	*0*	**(21)**	***1***		
											(22)		**(22)**		0		**(22)**			
Sub Total	**82**	***2***	**28**	***(1)***	**(8)**	***(12)***	**3**	***1***	**21**	***5***	**(21)**	***0***	**105**	***(3)***						
	80		**30**		**3**		**1**		**15**		**(22)**		**109**							
Consodidated Adjustment	(1)	*3*	(5)	*1*	1	*(0)*	(1)	*(1)*	(1)	*(0)*	0	*0*			(8)	*3*				
	(5)		(7)		2		0		(1)		0				(11)					
Grand Total	**80**	***6***	**22**	***0***	**(7)**	***(12)***	**2**	***(0)***	**19**	***5***	**(21)**	***0***					**97**	***0***	*4.4*	*(0.5)*
	74		**22**		**5**		**2**		**14**		**(22)**						**97**		*4.9*	

※The upper columns indicate the result of current year and the lower columns indicate that of previous year. The Italic and bold figures mean increase/decrease.

※Consodidated adjustment includes amortization of goodwill and unrealized income in inventory, etc.

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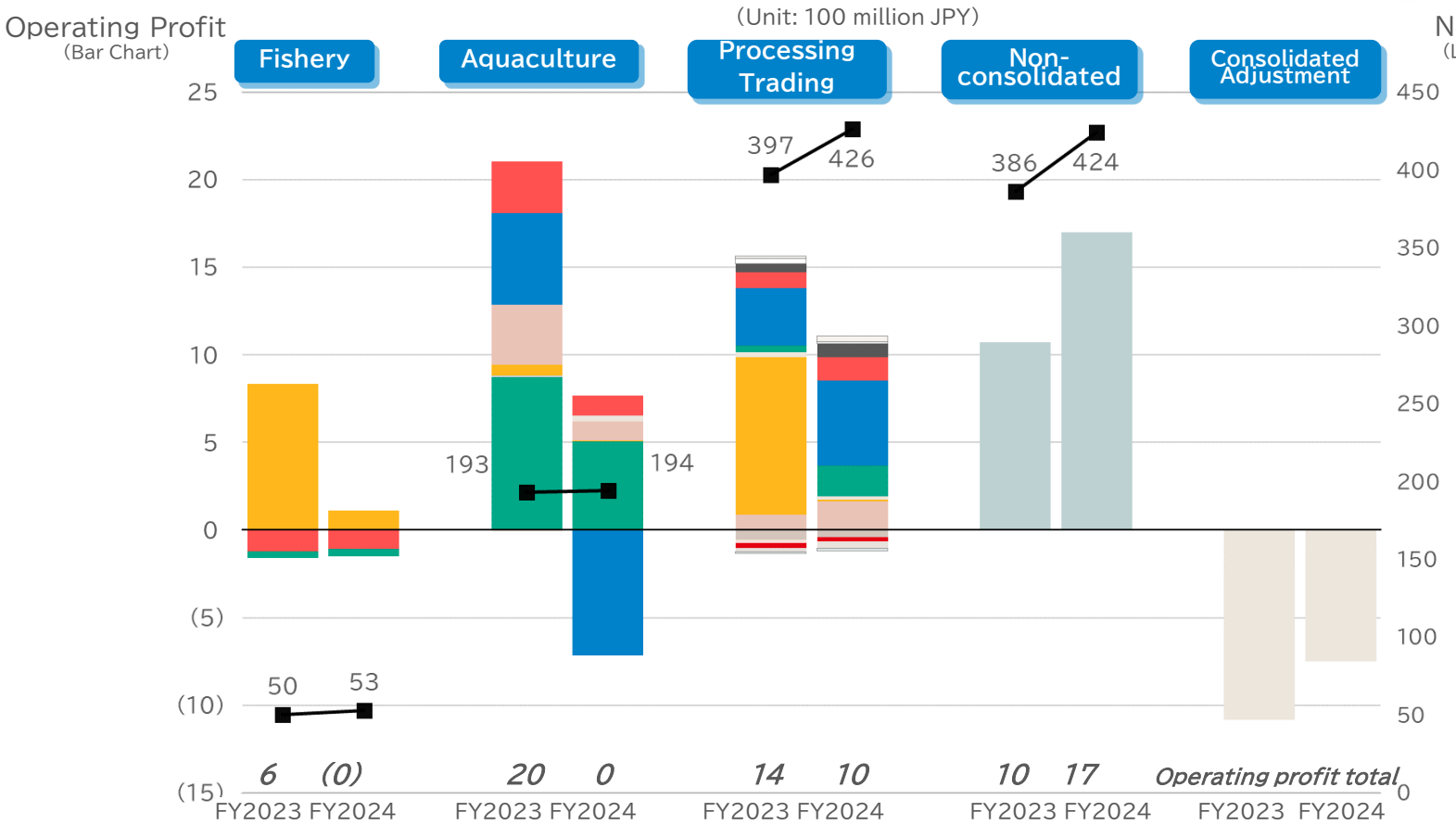
Marine Products Business of Net Sales and Operating Profit (Y-on-Y) in the 1st Quarter of FY2024



※Including unrealized gains on inventories, amortization of goodwill, etc.

※The italic figures in the lower part of this chart show the accumulation of the bar (operating profit)

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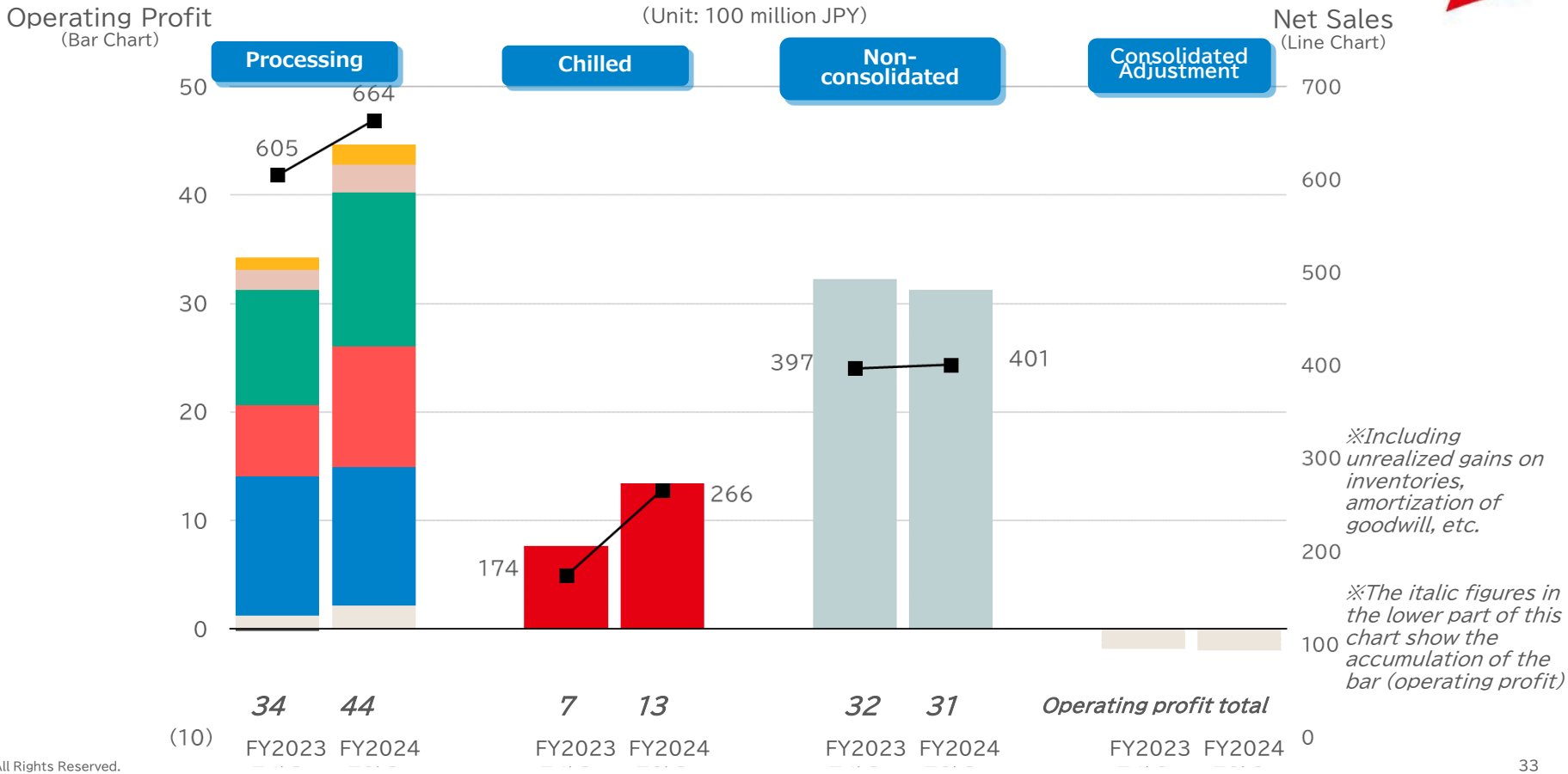
Food Products Business of Net Sales and Operating Profit (Y-on-Y) in the 1st Quarter of FY2024



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