

August 4, 2022

Consolidated Financial Report for the 1st Quarter of the Fiscal Year 2022 (April 1, 2022, through June 30, 2022)
 Qualification: This is directly translated into English for readers' convenience, 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

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

1. Consolidated Financial Data of 1st Quarter of FY2022

(1) Consolidated Financial Results (For three months ended June 30, 2022)

(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	%
1st Quarter of FY2022	184,255	11.4	6,676	(5.3)	7,381	(1.5)	4,233	(18.4)
1st Quarter of FY2021	165,407	8.9	7,049	66.7	7,495	52.0	5,186	63.5

(Note) Comprehensive income of 1st quarter of FY2022 11,574 Million yen (31.5%)
 1st quarter of FY2021 8,805 Million yen (449.0%)

	Earnings per share	Diluted income per share
	Yen	Yen
1st Quarter of FY2022	13.60	-
1st Quarter of FY2021	16.67	-

(2) Consolidated Financial Position of 1st Quarter

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
1st Quarter of FY2022	529,552	217,520	37.5
FY2021	505,731	208,598	37.5

Ref.): Total shareholders' equity

As of June 30, 2022 198,571 Million yen

As of March 31, 2022 189,798 Million yen

2. Dividend

	Dividend per share				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Fiscal Year
	Yen	Yen	Yen	Yen	Yen
FY2021	-	6.0	-	8.0	14.0
FY2022	-				
FY2022(forecast)		8.0	-	8.0	16.0

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

3. Consolidated Forecast for FY2022 (April 1, 2022, through March 31, 2023)

	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
FY2022	720,000	3.8	22,500	(16.9)	25,500	(21.2)	18,000	4.2	57.84

(Note) Revision during the current quarter to the consolidated forecast for FY2022: None

* Notes

- 1) Changes in the 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:
 - 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 FY2022	312,430,277	FY2021	312,430,277
1Q of FY2022	1,194,368	FY2021	1,193,793
1Q of FY2022	311,236,245	1Q of FY2021	311,133,511

(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 223,600.

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

*Explanation on 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 on Consolidated Financial Forecasts” on page 6 of the Summary of 1st Quarter Report for the Fiscal Year 2022 (Appendix).

1. Qualitative information for the first quarter of the fiscal year ending March 31, 2023

(1) Explanation of consolidated financial results

During the first three months of the consolidated fiscal year, the Japanese economy recovered mainly in the food service industry. The emergency declaration was lifted entirely in March, and the people started to go out. However, increased inflation pressure caused by the conflict between Russia and Ukraine, such as rising resource prices and Japanese yen depreciation weighed on business activities.

In terms of the global economy during the period subject to consolidated accounting from January to March, the uncertainty occurred as anxiety of supply instability of some resources due to the rapid outbreak of the Omicron variant in Europe in January and the conflict between Russia and Ukraine in February.

As for the Company and its corporate group, the sales have been steady in the marine products business in Japan and overseas since the previous year. Most fish species in the domestic aquaculture business continued to improve. Also, profit was significantly enhanced by the cost reduction in the processing business in North America. In the food products business, an increased cost of raw materials affected the business. Meanwhile sales were steady in Japan and overseas.

Under these circumstances, the consolidated financial results through the first quarter of the consolidated fiscal year were as follows: net sales were 184,255 million yen, up 18,847 million yen year-on-year; operating profit was 6,676 million yen, down 372 million yen year-on-year; ordinary profit was 7,381 million yen, down 114 million yen year-on-year; and the profit attributable to the owners of the parent company was 4,233 million yen, down 953 million yen year-on-year.

(Unit: million yen)

	Net Sales	Operating Profit	Ordinary Profit	Profit attributable to owners of parent
1Q of FY2022	184,255	6,676	7,381	4,233
1Q of FY2021	165,407	7,049	7,495	5,186
Difference	18,847	(372)	(114)	(953)
Percentage difference (%)	111.4%	94.7%	98.5%	81.6%

The summary by segment is as follows.

(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	75,704	12,196	119.2%	4,111	2,008	195.5%
Food Products	92,951	8,859	110.5%	3,661	(1,489)	71.1%
Fine Chemicals	8,198	340	104.3%	893	(166)	84.3%
General Distribution	3,934	(23)	99.4%	443	(81)	84.5%
Other (Note)	3,466	(2,525)	57.9%	173	49	140.4%
Common Costs	-	-	-	(2,606)	(693)	136.2%
Total	184,255	18,847	111.4%	6,676	(372)	94.7%

(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 75,704 million yen (up 12,196 million yen year-on-year) in the sales and operating profit of 4,111 million yen (up 2,008 million yen year-on-year) in the Marine Products Business.

Fishery Business: Both revenue and income increased year on year.

[Japan]

•Both revenue and income increased as skipjack, buri yellowtail, etc., caught well, though fuel price rose.

Aquaculture Business: Revenue increased, but income decreased year-on-year.

[Japan]

• Revenue increased as the sales price remained firm, but income decreased as the cost increased due to red tide, especially in tuna and others.

[South America]

•Revenue increased as the sales price grew meanwhile sales volume declined. On the other hand, operating profit decreased due to increased costs as the fish disease occurred.

Seafood Processing and Trading Business: Both revenue and income increased year on year.

[Japan]

•Revenue and income increased as the sales prices of all fish species, including salmon were generally firm.

[North America]

•Although there was some impact due to a decrease in catch quota of pollock, revenue increased as sales price rose. Income increased with the decline in countermeasure for COVID-19 and amortization expense due to the impairment of fixed assets in the previous year.

[Europe]

•Revenue and income increased as the sales to food service were steady.

(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 92,951 million yen (up 8,859 million yen year-on-year) in sales and an operating profit of 3,661 million yen (down 1,489 million yen year-on-year) in the Food Products Business.

Processed Foods Business: Revenue increased, but income decreased year on year.

• Revenue increased as household and food services sales went strong inside and outside Japan. Income decreased because of increased raw material prices and the time lag of raising prices.

Chilled Foods Business: Revenue increased, but income decreased year on year.

We converted one of our plants for chilled business into a plant equipped with refrigerating function and started the Q-DISH business (Note 1). However, profit decreased due to increased depreciation costs and production troubles caused by inexperience.

(3) Fine Chemicals Business

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

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

We recorded 8,198 million yen (up 340 million yen year-on-year) in sales and an operating profit of 893 million yen (down 166 million yen year-on-year) in the Fine Chemicals Business.

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

• Sales increased thanks to strong mail-order sales of functional foods and export to the U.S.A. of pharmaceutical raw materials.

[Clinical Diagnostic and Test Drug]

• Revenue and income decreased as sales of PCR testing agents for COVID-19 declined.

(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 3,934 million yen (down 23 million yen year-on-year) in sales and an operating profit of 443 million yen (down 81 million yen year-on-year) in the General Distribution Business.

• The customs clearance business was healthy with increased imports and exports, but income decreased due to increased costs such as electric charges.

(Note 1) Microwavable pre-heated products with various Japanese, Western, and Chinese selections

(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)

	FY2021	1Q of FY2022	Increase/Decrease
Current Assets	265,090	284,626	19,536
(Inventories)	144,083	153,635	9,552
Non-current Assets	240,640	244,925	4,285
Total Assets	505,731	529,552	23,821
Current Liabilities	177,828	194,616	16,787
Non-current Liabilities	119,304	117,415	(1,888)
Total Liabilities	297,133	312,031	14,898
Total Net Assets	208,598	217,520	8,922

Assets

Total assets increased by 23,821 million yen compared to the end of the previous consolidated fiscal year to 529,552 million yen (up 4.7%).

Current assets increased by 19,536 million yen to 284,626 million yen (up 7.4%). The accounts receivable increased by 5,965 million yen, and the inventory increased by 9,552 million yen, caused by increased sales, yen depreciation, and consumption recovery including food service.

Non-current assets increased by 4,285 million yen to 244,925 million yen (up 1.8%), mainly due to increased property, plant, and equipment costs by 4,167 million yen of the capital investment for factories for the domestic food business.

Liabilities

Total liabilities increased by 14,898 million yen compared to the end of the previous consolidated fiscal year to 312,031 million yen (up 5.0%).

Current liabilities increased by 16,787 million yen to 194,616 million yen (up 9.4%), mainly because of an increase in short-term borrowings by 14,810 million yen due to increased demand for working capital.

Non-current liabilities decreased by 1,888 million yen to 117,415 million yen (down 1.6%). The main reason was a decrease in long-term borrowings by 2,977 million yen by payback.

Net Assets

Total net assets increased by 8,922 million yen compared to the previous consolidated fiscal year's end to 217,520 million yen (up 4.3%), mainly due to posting profit attributable to owners of the parent of 4,233 million yen, payment of dividends of surplus by 2,492 million yen, and an increase in foreign currency translation adjustment by 6,997 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 2023, disclosed on May 12, 2022.

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

Million yen

	FY2021 As of Mar. 31, 2022	1st Quarter of FY2022 As of June 30, 2022
Assets		
Current assets		
Cash and deposits	13,813	14,517
Notes and accounts receivable - trade	90,325	96,290
Securities	28	-
Merchandise and finished goods	77,467	81,867
Work in process	26,242	28,278
Raw materials and supplies	40,373	43,489
Other	17,191	20,585
Allowance for doubtful accounts	(351)	(402)
Total current assets	265,090	284,626
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	59,084	59,947
Other, net	86,295	89,600
Total property, plant and equipment	145,379	149,547
Intangible assets		
Goodwill	657	621
Other	10,628	11,142
Total intangible assets	11,285	11,764
Investments and other assets		
Investment securities	35,044	34,219
Shares of subsidiaries and associates	35,327	35,553
Long-term loans receivable	1,025	990
Retirement benefit asset	405	437
Deferred tax assets	2,149	1,888
Other	14,552	15,325
Allowance for doubtful accounts	(4,530)	(4,800)
Total investments and other assets	83,975	83,613
Total non-current assets	240,640	244,925
Total assets	505,731	529,552

Consolidated Balance Sheet

Million yen

	FY2021 As of Mar. 31, 2022	1st Quarter of FY2022 As of June 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable-trade	50,290	54,489
Short-term borrowings	83,197	98,007
Income taxes payable	3,818	2,374
Accrued expenses	25,232	26,055
Provisions	4,675	2,415
Other	10,615	11,274
Total current liabilities	177,828	194,616
Non-current liabilities		
Long-term borrowings	94,939	91,962
Provisions	68	52
Retirement benefit liability	10,698	10,838
Other	13,597	14,562
Total non-current liabilities	119,304	117,415
Total liabilities	297,133	312,031
Net assets		
Shareholders' equity		
Share capital	30,685	30,685
Capital surplus	21,146	21,107
Retained earnings	121,472	123,213
Treasury shares	(415)	(415)
Total shareholders' equity	172,889	174,590
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,040	11,635
Deferred gains or losses on hedges	1,408	2,167
Foreign currency translation adjustment	6,691	13,688
Remeasurements of defined benefit plans	(3,231)	(3,511)
Total accumulated other comprehensive income	16,909	23,980
Non-controlling interests	18,799	18,949
Total net assets	208,598	217,520
Total liabilities and net assets	505,731	529,552

(2) Consolidated Income Statements

Million yen

	1st Quarter of FY2021 (Three months ended June 30, 2021)	1st Quarter of FY2022 (Three months ended June 30, 2022)
Net sales	165,407	184,255
Cost of sales	137,826	154,614
Gross profit	27,581	29,641
Selling, general and administrative expenses	20,531	22,964
Operating profit	7,049	6,676
Non-operating income		
Interest income	45	45
Dividend income	107	127
Foreign exchange gains	–	626
Share of profit of entities accounted for using equity method	605	118
Subsidy income	25	82
Miscellaneous income	82	74
Total non-operating income	865	1,074
Non-operating expenses		
Interest expenses	283	302
Foreign exchange losses	73	–
Miscellaneous expenses	61	67
Total non-operating expenses	419	369
Ordinary profit	7,495	7,381
Extraordinary income		
Gain on sale of non-current assets	46	52
Gain on sale of investment securities	247	–
Gain on sale of shares of subsidiaries and associates	–	1,062
Insurance claim income	100	–
Gain on change in equity	8	–
Total extraordinary income	402	1,114
Extraordinary losses		
Loss on disposal of non-current assets	92	100
Impairment losses	18	–
Loss on valuation of investment securities	–	428
Loss on disaster	153	371
Total extraordinary losses	264	900
Profit before income taxes	7,634	7,595
Income taxes-current	1,723	2,317
Income taxes-deferred	535	843
Total income taxes	2,258	3,160
Profit	5,375	4,434
Profit attributable to non-controlling interests	188	201
Profit attributable to owners of parent	5,186	4,233

Consolidated Statements of comprehensive income

Million yen

	1st Quarter of FY2021 (Three months ended June 30, 2021)	1st Quarter of FY2022 (Three months ended June 30, 2022)
Profit	5,375	4,434
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,392)	(340)
Deferred gains or losses on hedges	144	422
Foreign currency translation adjustment	3,910	5,360
Remeasurements of defined benefit plans, net of tax	(243)	(280)
Share of other comprehensive income of entities accounted for using equity method	1,010	1,977
Total other comprehensive income	3,429	7,139
Comprehensive income	8,805	11,574
(Breakdown)		
Comprehensive income attributable to owners of parent	8,669	11,304
Comprehensive income attributable to non-controlling interests	136	269

(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.

(Changes of accounting policy)

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021. Hereinafter referred to as "Guidelines on Fair Value Measurement".) from the beginning of the first quarter of the current fiscal year, and in accordance with the transitional treatment set forth in Paragraph 27, -2 of the Guidance on Accounting Standard for Calculation of Market Value, the new accounting policy set forth in the Guidance on Accounting Standard for Calculation of Market Value will be applied in the future. There is no impact on the quarterly consolidated financial statements.

(Segment Information, etc.)

1. 1st Quarter of the previous Fiscal Year (April 1, 2021 -June 30, 2021)

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

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	63,508	84,092	7,857	3,957	159,415	5,991	165,407	-	165,407
(2) Inter-segment sales and transfers	3,842	230	100	2,498	6,671	514	7,185	(7,185)	-
Total	67,350	84,322	7,957	6,456	166,086	6,506	172,593	(7,185)	165,407
Segment income (loss)	2,102	5,150	1,059	524	8,838	123	8,962	(1,913)	7,049

(Note)

1. The "Other" segment includes the building/repairing ships, engineering, and other businesses not included in the reportable segments.
2. The (1,913) million yen segment income adjustment comprises (45) million yen in inter-segment transactions and (1,867) 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.

2. 1st Quarter of the current Fiscal Year (April 1, 2022 -June 30, 2022)

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

Million yen

	Information by business segments					Other (Note1)	Total	Adjustment (Note 2)	Consolidated (Note.3)
	Marine Products	Food Products	Fine Chemicals	General Distribution	Total				
Sales									
(1) Sales to third parties	75,704	92,951	8,198	3,934	180,788	3,466	184,255	-	184,255
(2) Inter-segment sales and transfers	4,678	287	72	2,985	8,024	503	8,527	(8,527)	-
Total	80,383	93,238	8,270	6,919	188,813	3,970	192,783	(8,527)	184,255
Segment income (loss)	4,111	3,661	893	443	9,109	173	9,282	(2,606)	6,676

(Note)

1. The "Other" segment includes the building/repairing ships, engineering, and other businesses not included in the reportable segments.
2. The (2,606) million yen segment income adjustment comprises (27) million yen in inter-segment transactions and (2,578) 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.