

Consolidated Financial Report for the 3rd Quarter of the Fiscal Year 2022 (April 1, 2022, through December 31, 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: **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 3rd Quarter of FY2022

(1) Consolidated Financial Results (For nine months ended December 31, 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	%
3rd Quarter of FY2022	578,337	10.1	23,365	(5.2)	25,959	(11.5)	18,589	12.0
3rd Quarter of FY2021	525,279	12.7	24,652	63.7	29,330	56.0	16,601	25.9

(Note) Comprehensive income of 3rd quarter of FY2022 35,225 Million yen (64.3%)  
3rd quarter of FY2021 21,446 Million yen (41.3%)

	Earnings per share	Diluted income per share
	Yen	Yen
3rd Quarter of FY2022	59.73	-
3rd Quarter of FY2021	53.35	-

(2) Consolidated Financial Position of 3rd Quarter

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
3rd Quarter of FY2022	571,758	223,221	38.4
FY2021	505,731	208,598	37.5

Ref.) Total shareholders' equity

As of December 31, 2022; 219,344 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	-	8.0	-		
FY2022(forecast)				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	750,000	8.1	22,500	(16.9)	25,500	(21.2)	20,000	15.8	64.26

(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: Yes  
(Changes in specified subsidiaries resulting in changes in the scope of consolidation)  
Eliminated: Nissui Pharmaceutical Co., Ltd.
- 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)

3Q of FY2022	312,430,277	FY2021	312,430,277
3Q of FY2022	1,195,729	FY2021	1,193,793
3Q of FY2022	311,235,564	3Q of FY2021	311,196,285

- ii. Number of treasury stock at the end of the term

- iii. The average number of shares during the term (For the current consolidated third quarter)

(Note) Nissui has introduced the "Board Benefit Trust (BBT)" as its performance-linked and share-based compensation plan since FY2018, and its shares remaining in the Trust are 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 3rd Quarter Report for the Fiscal Year 2022 (Appendix).

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

### (1) Explanation of consolidated financial results

During the third quarter of the consolidated fiscal year, the Japanese economy improved mainly in the food service industry. People started to go out by the lifted emergency declaration and domestic travel discount program supported by the Japanese Government. At the same time, the Omicron variant spread repeatedly. Meanwhile, increased inflation pressure, such as rising resource prices and Japanese yen depreciation caused by the conflict between Russia and Ukraine, weighed on business activities.

In terms of the global economy during the period subject to consolidated accounting from January to September, personal consumption was steady after the outing restrictions were lifted. Meanwhile, in January, the Omicron variant rapidly spread in Europe and the U.S. There has been anxiety about the supply instability of some resources and increasing energy and labor costs caused by the conflict between Russia and Ukraine since the end of February.

The outlook remains uncertain due to concerns of an economic slowdown because of high inflation and interest rate increase in Europe and the U.S. Inbound demand is expected in Japan. However, sharp fluctuations in foreign exchange rates have repeated.

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 fiscal year. Most fish species in the domestic aquaculture business continued to be financially improved. 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 and the yen depreciation affected the business, while sales were steady in Japan and overseas.

Under these circumstances, the consolidated financial results through the third quarter of the consolidated fiscal year were as follows: net sales were 578,337 million yen, up 53,057 million yen year-on-year; operating profit was 23,365 million yen, down 1,287 million yen year-on-year; ordinary profit was 25,959 million yen, down 3,370 million yen year-on-year. The profit attributable to the owners of the parent company was 18,589 million yen, up 1,988 million yen year-on-year. This is because of sales of shares of Nissui Pharmaceutical Co., Ltd., by 2,402 million yen and an extraordinary loss of 1,810 million yen on an impairment loss of non-current assets of Empresa de Desarrollo Pesquero de Chile S.A. (EMDEPES).

(Unit: million yen)

	Net Sales	Operating Profit	Ordinary Profit	Profit attributable to owners of parent
3Q of FY2022	578,337	23,365	25,959	18,589
3Q of FY2021	525,279	24,652	29,330	16,601
Difference	53,057	(1,287)	(3,370)	1,988
Percentage difference (%)	110.1%	94.8%	88.5%	112.0%

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	248,840	30,905	114.2%	17,360	6,079	153.9%
Food Products	285,566	35,423	114.2%	9,386	(4,053)	69.8%
Fine Chemicals	21,234	(3,144)	87.1%	1,813	(1,225)	59.7%
General Distribution	11,635	(525)	95.7%	1,384	(413)	77.0%
Other (Note)	11,060	(9,601)	53.5%	507	(303)	62.6%
Common Costs	-	-	-	(7,086)	(1,370)	124.0%
Total	578,337	53,057	110.1%	23,365	(1,287)	94.8%

(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 third quarter of the consolidated fiscal year>

We recorded 248,840 million yen (up 30,905 million yen year-on-year) in sales and operating profit of 17,360 million yen (up 6,079 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, and the sales price was steady though fuel prices rose.

[South America]

Income decreased due to the increasing fuel cost and poor catch of merluza and hoki.

Aquaculture Business: Both revenue and income increased year-on-year.

[Japan]

•We steadily supplied completely cultivated yellowtails by taking advantage of our strength, while there was a small supply in the whole market due to poor catch of juveniles last year. Both revenue and income increased as the sales volume increased thanks to the expanding farming site of coho salmon. In addition, the sales price of each species was firm.

[South America]

•Both revenue and income increased as improving the survival rate of coho salmon and increasing sales price covered the decreased production volume due to the changed farm location and increased feed cost, etc.

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

[Japan]

•Sales and profits increased as the sales prices of all fish species, not only salmon, were generally firm despite the delay in the price increase of processed marine products for restaurants and employees' cafeterias.

[North America]

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

[Europe]

•Revenue and income increased as the sales for restaurants and cruise ships were firm in Europe, excluding a particular area.

## (2) Food Products Business

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

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

We recorded 285,566 million yen (up 35,423 million yen year-on-year) in sales and an operating profit of 9,386 million yen (down 4,053 million yen year-on-year) in the Food Products Business.

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

[Japan]

·In order to respond to the growing health awareness, we worked to expand sales of "fast-twitch skeletal muscle protein" products that contain high-quality protein. Sales for restaurants and delicatessen for mass retailers were strong as people went out following the lifting restriction on going out. On the other hand, income decreased because of increased raw material prices, energy costs, and the time lag of raising prices caused by the depreciating yen.

[North America]

·Sales for household use remained in sales volume after the price increase. Income decreased as the sales for food service struggled despite the efforts to increase prices. Sales to Quick Service restaurants weren't good, in addition to raising raw materials and labor costs.

[Europe]

·Although sales to Germany and Spain were strong, profits fell as we couldn't keep up with the sharp rise in energy costs such as electricity and gas bills.

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

·The vendor business performed well as the sales of rice balls for convenience stores increased since the Japanese Government lifted the outing restrictions and people went out. Profits declined due to increased amortization and production troubles at the beginning of starting Q-DISH business (Note 1).

## (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 third quarter of the consolidated fiscal year >

We recorded 21,234 million yen (down 3,144 million yen year-on-year) in sales and an operating profit of 1,813 million yen (down 1,225 million yen year-on-year) in the Fine Chemicals Business.

· Sales and profits decreased as we sold all shares of our consolidated subsidiary, Nissui Pharmaceutical Co., Ltd., in September. Also, the export of pharmaceutical raw materials to the U.S. has been suspended.

## (4) General Distribution Business

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

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

We recorded 11,635 million yen (down 525 million yen year-on-year) in sales and an operating profit of 1,384 million yen (down 413 million yen year-on-year) in the General Distribution Business.

·The customs clearance business was healthy, thanks to increased imports and exports. However, loading and unloading fee decreased due to low cargo movements in Japan. Both revenue and income decreased because of 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

### 1) State of assets, liabilities, and net assets

(Unit: million yen)

	FY2021	3Q of FY2022	Increase/Decrease
Current Assets	265,090	325,313	60,222
(Inventories)	144,083	178,727	34,643
Non-current Assets	240,640	246,444	5,804
Total Assets	505,731	571,758	66,027
Current Liabilities	177,828	226,976	49,147
Non-current Liabilities	119,304	121,560	2,256
Total Liabilities	297,133	348,537	51,404
Total Net Assets	208,598	223,221	14,623

#### Assets

Total assets increased by 66,027 million yen compared to the end of the previous consolidated fiscal year to 571,758 million yen (up 13.1%).

Current assets increased by 60,222 million yen to 325,313 million yen (up 22.7%) because the accounts receivable increased by 25,118 million yen as the sales increased, and the inventory increased by 34,643 million yen.

Non-current assets increased by 5,804 million yen to 246,444 million yen (up 2.4%), mainly due to capital investment of 4,466 million yen for factories overseas factories.

#### Liabilities

Total liabilities increased by 51,404 million yen compared to the end of the previous consolidated fiscal year to 348,537 million yen (up 17.3%).

Current liabilities increased by 49,147 million yen to 226,976 million yen (up 27.6%), mainly because of an increase in short-term borrowings by 41,882 million yen due to increased demand for working capital.

Non-current liabilities increased by 2,256 million yen to 121,560 million yen (up 1.9%).

#### Net Assets

Total net assets increased by 14,623 million yen compared to the previous consolidated fiscal year's end to 223,221 million yen (up 7.0%). It was mainly due to the posting profit attributable to owners of the parent of 18,589 million yen, payment of dividends of surplus by 4,985 million yen, and an increase in foreign currency translation adjustment by 18,630 million yen due to weak yen, and a decrease in non-controlling interests by 14,922 million yen due to sale of a consolidated subsidiary, etc.

## (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 November 2, 2022.

**(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.

2. 3rd Quarter Consolidated Financial Statements  
(1) Consolidated Balance Sheet

Million yen

	FY2021 As of Mar. 31, 2022	3rd Quarter of FY2022 As of December 31, 2022
Assets		
Current assets		
Cash and deposits	13,813	8,538
Notes and accounts receivable-trade	90,325	115,443
Securities	28	-
Merchandise and finished goods	77,467	94,265
Work in process	26,242	32,133
Raw materials and supplies	40,373	52,329
Other	17,191	23,031
Allowance for doubtful accounts	(351)	(427)
Total current assets	265,090	325,313
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	59,084	61,855
Other, net	86,295	87,990
Total property, plant and equipment	145,379	149,846
Intangible assets		
Goodwill	657	1,119
Other	10,628	12,408
Total intangible assets	11,285	13,528
Investments and other assets		
Investment securities	35,044	31,620
Shares of subsidiaries and associates	35,327	37,901
Long-term loans receivable	1,025	886
Retirement benefit asset	405	369
Deferred tax assets	2,149	2,400
Other	14,552	11,017
Allowance for doubtful accounts	(4,530)	(1,125)
Total investments and other assets	83,975	83,070
Total non-current assets	240,640	246,444
Total assets	505,731	571,758



## Consolidated Balance Sheet

Million yen

	FY2021 As of Mar. 31, 2022	3rd Quarter of FY2022 As of December 31, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	50,290	53,514
Short-term borrowings	83,197	125,079
Income taxes payable	3,818	2,597
Accrued expenses	25,232	32,250
Provisions	4,675	1,692
Other	10,615	11,842
Total current liabilities	177,828	226,976
Non-current liabilities		
Long-term borrowings	94,939	94,974
Provisions	68	44
Retirement benefit liability	10,698	11,460
Other	13,597	15,081
Total non-current liabilities	119,304	121,560
Total liabilities	297,133	348,537
<b>Net assets</b>		
Shareholders' equity		
Share capital	30,685	30,685
Capital surplus	21,146	21,093
Retained earnings	121,472	135,024
Treasury shares	(415)	(416)
Total shareholders' equity	172,889	186,387
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,040	11,723
Deferred gains or losses on hedges	1,408	234
Foreign currency translation adjustment	6,691	25,322
Remeasurements of defined benefit plans	(3,231)	(4,322)
Total accumulated other comprehensive income	16,909	32,957
Non-controlling interests	18,799	3,876
Total net assets	208,598	223,221
<b>Total liabilities and net assets</b>	<b>505,731</b>	<b>571,758</b>

## (2) Consolidated Income Statements

Million yen

	3rd Quarter of FY2021 (Nine months ended Dec. 31, 2021)	3rd Quarter of FY2022 (Nine months ended Dec. 31, 2022)
Net sales	525,279	578,337
Cost of sales	438,409	486,255
Gross profit	86,869	92,082
Selling, general and administrative expenses	62,216	68,717
Operating profit	24,652	23,365
Non-operating income		
Interest income	129	141
Dividend income	423	472
Foreign exchange gains	–	273
Share of profit of entities accounted for using equity method	2,703	1,836
Subsidy income	2,214	767
Miscellaneous income	340	487
Total non-operating income	5,810	3,978
Non-operating expenses		
Interest expenses	864	1,059
Foreign exchange losses	97	–
Loss on sales of investment securities	0	–
Miscellaneous expenses	169	324
Total non-operating expenses	1,133	1,383
Ordinary profit	29,330	25,959
Extraordinary income		
Gain on sale of non-current assets	79	67
Gain on sale of investment securities	341	683
Gain on sale of shares of subsidiaries and associates	–	3,464
Insurance claim income	1,025	–
Gain on change in equity	58	15
Total extraordinary income	1,504	4,231
Extraordinary losses		
Loss on disposal of non-current assets	353	326
Impairment losses	5,077	1,810
Loss on sale of investment securities	–	327
Loss on valuation of investment securities	–	34
Loss on sale of shares of subsidiaries and associates	–	107
Loss on disaster	669	493
Loss related to disaster	18	–
Accident related loss	–	928
Total extraordinary losses	6,118	4,027
Profit before income taxes	24,715	26,163
Income taxes-current	6,250	6,233
Income taxes-deferred	1,068	659
Total income taxes	7,318	6,892
Profit	17,397	19,270
Profit attributable to non-controlling interests	795	680
Profit attributable to owners of parent	16,601	18,589

## Consolidated Statements of comprehensive income

Million yen

	3rd Quarter of FY2021 (Nine months ended Dec. 31, 2021)	3rd Quarter of FY2022 (Nine months ended Dec. 31, 2022)
Profit	17,397	19,270
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,220)	(321)
Deferred gains or losses on hedges	636	(799)
Foreign currency translation adjustment	4,383	17,169
Remeasurements of defined benefit plans, net of tax	(306)	(1,091)
Share of other comprehensive income of entities accounted for using equity method	555	998
Total other comprehensive income	4,048	15,955
Comprehensive income	21,446	35,225
(Breakdown)		
Comprehensive income attributable to owners of parent	20,721	34,637
Comprehensive income attributable to non-controlling interests	724	588

(Segment Information, etc.)

1. 3rd Quarter of the previous Fiscal Year (April 1, 2021 -December 31, 2021)

1. Information on 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	217,934	250,143	24,378	12,161	504,618	20,661	525,279	-	525,279
(2) Inter-segment sales and transfers	10,496	996	271	8,095	19,860	1,489	21,350	(21,350)	-
Total	228,431	251,140	24,650	20,256	524,478	22,151	546,629	(21,350)	525,279
Segment income (loss)	11,281	13,440	3,038	1,797	29,558	811	30,369	(5,716)	24,652

(Note)

1. The "Other" segment includes the building/repairing ships, engineering, and other businesses not included in the reportable segments.
2. The (5,716) million yen segment income adjustment comprises (40) million yen in inter-segment transactions and (5,675) 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 recorded 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)

We posted impairment loss on non-current assets in the Marine Products segment business, and the amount for the 3<sup>rd</sup> Quarter of FY2021 was 5,002 million yen.

(Significant changes in the amount of goodwill)

Not applicable.

(Significant gain on negative goodwill)

Not applicable.

## 2. 3rd Quarter of the current Fiscal Year (April 1, 2022 -December 31, 2022)

### 1. Information on 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	248,840	285,566	21,234	11,635	567,277	11,060	578,337	-	578,337
(2) Inter-segment sales and transfers	14,573	857	251	9,359	25,042	1,719	26,761	(26,761)	-
Total	263,413	286,424	21,486	20,995	592,319	12,779	605,099	(26,761)	578,337
Segment income (loss)	17,360	9,386	1,813	1,384	29,944	507	30,451	(7,086)	23,365

(Note)

1. The "Other" segment includes the building/repairing ships, engineering, and other businesses not included in the reportable segments.
2. The (7,086) million yen segment income adjustment comprises 1 million yen in inter-segment transactions and (7,087) 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 recorded 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)

We posted impairment loss on non-current assets in the Marine Products segment business, and the amount for the 3<sup>rd</sup> Quarter of FY2022 was 1,810 million yen.

(Significant changes in the amount of goodwill)

Not applicable.

(Significant gain on negative goodwill)

Not applicable.