

February 6, 2024

Consolidated Financial Report for the 3rd Quarter of the Fiscal Year 2023 (April 1, 2023, through December 31, 2023)

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 FY2023

(1) Consolidated Financial Results (For 9 months ended December 31, 2023)

(Yen amounts are rounded down to millions, unless otherwise noted.)

(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	%
3rd Quarter of FY2023	625,481	8.2	26,355	12.8	27,780	7.0	20,293	9.2
3rd Quarter of FY2022	578,337	10.1	23,365	(5.2)	25,959	(11.5)	18,589	12.0

(Note) Comprehensive income of 3rd quarter of FY2023 36,922 million yen (4.8%)

3rd quarter of FY2022 35,225 million yen (64.3%)

	Earnings per share	Diluted income per share
	Yen	Yen
3rd Quarter of FY2023	65.22	-
3rd Quarter of FY2022	59.73	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
3rd Quarter of FY2023	613,275	255,109	40.3
FY2022	549,013	220,635	39.5

Reference : Total shareholders' equity

As of December 31, 2023 247,098 million yen

As of March 31, 2023 216,843 million yen

## 2. Dividend

	Dividend per share				
	1Q	2Q	3Q	Final	Annual
	Yen	Yen	Yen	Yen	Yen
FY2022	-	8.00	-	10.00	18.00
FY2023	-	10.00	-	-	-
FY2023(forecast)	-	-	-	14.00	24.00

(Note) Revision to dividend forecast during the current quarter: Yes

### 3. Consolidated Forecast for FY2023 (April 1, 2023, through March 31, 2024)

	Net Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
FY2023	825,000	7.4	29,000	18.4	31,000	11.6	23,500	10.7	75.52

(Note) Revision to the consolidated forecast during the current quarter for FY2023: Yes

\* 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.: None
  - 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 3<sup>rd</sup> quarter)

3Q of FY2023	312,430,277	FY2022	312,430,277
3Q of FY2023	1,599,526	FY2022	1,196,828
3Q of FY2023	311,175,415	3Q of FY2022	311,235,564

(Note)

Nissui has introduced the “Board Benefit Trust (BBT)” as its performance-linked and share-based compensation plan since FY2018. Its own shares remaining in the Trust are included as treasury shares (623,600 treasury shares at the end of the fiscal year, 283,948 shares on average during the period) that are deducted for the calculation of the number of treasury shares at the end of the fiscal year and the average number of shares during the period.

\* 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” on page 7 of Qualitative information for the 3<sup>rd</sup> quarter of the fiscal year ending March 31, 2024.

## 1. Qualitative information for the 3<sup>rd</sup> quarter of the fiscal year ending March 31, 2024

### (1) Explanation of consolidated financial results

During the 3<sup>rd</sup> quarter of the fiscal year, there were concerns about the outlook of the Japanese economy due to factors such as inflation caused by the prolonged situation in Ukraine and other uncertainties. However, there were positive signs of improvement in the economic environment, driven by the transition of COVID-19 to a level 5 infectious disease and the extension of nationwide travel support, which led to the recovery of human flow and inbound demand.

Regarding the global economy during the consolidated period from January to September, the United States continued to see improvements in the employment environment and an increase in personal consumption, while in Europe, the service industry supported the economy, driven by an increase in human flows, including the recovery of inbound demand. However, Europe and the United States faced a challenging situation with high inflation and ongoing policy interest rate hikes.

Currently, in addition to increasing geopolitical risks in each area, Europe and the U.S. is facing concerns about economic slowdown. The situation is uncertain in Japan due to the earthquake occurring early in the new year. Meanwhile, there are expectations about regaining social economic activities and inbound demand.

For our company and its group, the Food Products business, saw the positive effects of domestic and international price hikes and decreasing raw material price, resulting in a profit rise. In the Marine Products business, profit decreased as the market prices of our main products, such as salmon and surimi, decreased in Japan and overseas. Meanwhile, domestic fisheries and aquaculture business were firm.

In the current situation, our consolidated business performance for the 3<sup>rd</sup> quarter cumulative period is as follows: net sales were 625,481 million yen, up 47,144 million yen year-on-year; operating profit was 26,355 million yen, up 2,990 million yen year-on-year. The company achieved record-high in both sales and profit. The ordinary profit was 27,780 million yen, up 1,821 million yen year-on-year; and the profit attributable to the owners of the parent company was 20,293 million yen, up 1,704 million yen year-on-year, was also the highest record. Gain on sales of shares of one of our consolidated subsidiaries, Nissui Pharmaceutical Co., Ltd. (now Shimadzu Diagnostics Corporation), was posted in the 1<sup>st</sup> half of FY2022.

(Unit: million yen)

	Net Sales	Operating Profit	Ordinary Profit	Profit attributable to owners of parent
3Q of FY2023	625,481	26,355	27,780	20,293
3Q of FY2022	578,337	23,365	25,959	18,589
Increase/Decrease	47,144	2,990	1,821	1,704
Percentage difference (%)	108.2%	112.8%	107.0%	109.2%

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	256,127	7,286	102.9%	10,523	(6,836)	60.6%
Food Products	332,618	47,051	116.5%	21,264	11,877	226.5%
Fine Chemicals	11,500	(9,733)	54.2%	(78)	(1,891)	-
General Distribution	11,767	131	101.1%	1,381	(2)	99.8%
Other (Note)	13,467	2,407	121.8%	496	(11)	97.8%
Common Costs	-	-	-	(7,232)	(145)	102.1%
Total	625,481	47,144	108.2%	26,355	2,990	112.8%

(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 3rd quarter of the consolidated fiscal year >

We recorded 256,127 million yen (up 7,286 million yen year-on-year) in sales and operating profit of 10,523 million yen (down 6,836 million yen year-on-year) in the Marine Products Business.

Fishery Business: Both sales and profit increased year on year.

[Japan]

- Both sales and profit increased as sardines, mackerel, etc., caught well.

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

[Japan]

- Sales and Operating profits increased because the quantity of Coho Salmon increased due to the improvement of the operation without mortality or growing delay, and the sales price of farmed tuna was solid. Although the farmed Buri yellowtail sold well last year as we could take advantage of the complete firming while competitors couldn't supply fish well, the total supplies returned to normal levels this year, resulting in a reactionary decline.

[South America]

- Sales increased due to improvements in survival rates and an increase in trout sales volume resulting from enhancements in the breeding environment. Even though the salmon/trout market entered an adjustment phase through September, the business profit and loss were steady. However, profit decreased due to a negative impact on the evaluation of fish in the pond (Note 1).

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

[Japan]

- Sales of processed food products for commercial use and the industrial lunch menus began to show the positive effects of price increases. Additionally, sales of fish oil and fish meal performed well. However, market conditions for key products such as salmon/trout, surimi, and imported frozen tuna entered an adjustment phase. Although we can see the signs of recovery due to the early disposal of unprofitable inventory, sales and profits decreased.

[ North America]

- An increase in the catch quota for Alaskan pollock increased the production volume in the processing business. However, profit decreased due to rising costs, such as labor expenses and a sharp decline in surimi and fillet prices.

[Europe]

- Profit decreased due to a write-down of inventories of pollock, and cargo movement slowed as the fishery market entered an adjustment situation.

## (2) Food Products Business

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

< Overview of the 3rd quarter of the consolidated fiscal year >

We recorded 332,618 million yen (up 47,051 million yen year-on-year) in sales and an operating profit of 21,264 million yen (up 11,877 million yen year-on-year) in the Food Products Business.

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

[Japan]

- Sales and profit increased as we improved our profit structure by implementing revenue and expenditure management on an item-by-item basis for household and commercial use. The sales and volumes of frozen food for restaurants and delicatessen for commercial use have been progressing favorably due to the positive impact of the recovery in foot traffic. The sales volume decreased for household use due to the price increase and the recovery of eating out though the sales increased.

[North America]

- In a market downturn due to inflation, sales and profits increased due to the continued positive effects of price increases due to a rise in market shares for household use. The commercial use also increased sales and profits because of the decreasing raw material costs and price rise effects.

[Europe]

- In addition to improving UK operations, we expanded our sales areas to Spain and Italy. While we observed a decrease in sales volume in France and Germany, the impact of price increases and decreasing raw material costs led to increased sales and profit.

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

- The vendor business has been performing well, as sales of onigiri (rice ball) and salads for convenience stores have increased due to the recovery in foot traffic. Also, Gourmet Delica Co., Ltd., which operates the same vendor business, has joined our company as a consolidated subsidiary since July 2023, increasing sales and profit.

## (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 3rd quarter of the consolidated fiscal year >

We recorded 11,500 million yen (down 9,733 million yen year-on-year) in sales and an operating loss of 78 million yen (down 1,891 million yen year-on-year) in the Fine Chemicals Business.

- We sold one of our consolidated companies, Nissui Pharmaceutical Co., Ltd. (now Shimadzu Diagnostics Corporation), in September 2022. Due to factors such as the suspension of exports of pharmaceutical raw materials to the United States and a decrease in demand for mail-order sales due to a slowdown in stay-at-home consumption, we experienced a decline in sales and profit.

#### (4) General Distribution Business

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

< Overview of the 3rd quarter of the consolidated fiscal year >

We recorded 11,767 million yen (up 131 million yen year-on-year) in sales and an operating profit of 1,381 million yen (down 2 million yen year-on-year) in the General Distribution Business.

- Sales increased because we improved profitability by increasing efficiency in operations and raising storage fees to counter the increased electricity and labor costs. However, profit decreased due to the decreasing handling volume in cold storage and customs clearance businesses. In addition, there was an opening cost for a logistics center of Nissui Logistics Corporation, one of our consolidated subsidiaries, which started their business in January 2024.

(Note 1) We evaluated the estimated shipping prices of fish in ponds based on International Financial Reporting Standards (IFRS).

(Note 2) Functional ingredients, such as EPA, DHA, and others are mainly used 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)

	FY2022	3Q of FY2023	Increase/Decrease
Current Assets	304,349	343,104	38,754
(Inventories)	175,884	192,948	17,064
Non-current Assets	244,664	270,171	25,507
Total Assets	549,013	613,275	64,261
Current Liabilities	198,771	213,118	14,346
Non-current Liabilities	129,606	145,047	15,441
Total Liabilities	328,377	358,165	29,788
Total Net Assets	220,635	255,109	34,473

### Assets

Total assets increased by 64,261 million yen compared to the end of the previous consolidated fiscal year to 613,275 million yen (up 11.7%).

Current assets increased by 38,754 million yen to 343,104 million yen (up 12.7%). This is mainly because the notes and accounts receivable increased by 27,139 million yen due to increased sales, etc., and the inventory increased by 17,064 million yen.

Non-current assets increased by 25,507 million yen to 270,171 million yen (up 10.4%), mainly due to increased property, plant, and equipment costs by 17,259 million yen with new consolidation and other factors.

### Liabilities

Total liabilities increased by 29,788 million yen compared to the end of the previous consolidated fiscal year to 358,165 million yen (up 9.1%).

Current liabilities increased by 14,346 million yen to 213,118 million yen (up 7.2%), mainly because of increased notes and account payable by 6,118 million yen.

Non-current liabilities decreased by 15,441 million yen to 145,047 million yen (up 11.9%).

### Net Assets

Total net assets increased by 34,473 million yen compared to the previous consolidated fiscal year's end to 255,109 million yen (up 15.6%), mainly due to posting profit attributable to owners of the parent of 20,293 million yen, payment of dividends of surplus by 6,231 million yen, and an increase in foreign currency translation adjustment by 14,412 million yen due to weak yen and an increase in non-controlling interests by 4,218 million yen due to consolidation and other factors.

### (3) Explanation of Consolidated Financial Forecasts

As for the financial forecasts, we revise our full-year earnings forecast announced on November 6, 2023, as follows. Although the Marine products business is expected to continue to struggle with North American processing and South American aquaculture, in the Food products business, we expect the effects of price hikes and lower prices of marine raw materials for both household and commercial use in Japan and overseas.

The revision of consolidated financial forecasts

(Unit : 100 million yen)

	Net Sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Profit attributable to owners of parent per share (Yen per share)
Previous forecast (A)	820,000	27,000	29,000	21,500	69.08
Revised forecast (B)	825,000	29,000	31,000	23,500	75.52
Difference (B-A)	5,000	2,000	2,000	2,000	-
Percentage of difference (%)	0.6	7.4	6.9	9.3	-
Reference: Actual results of the previous fiscal year (FY2022)	768,181	24,488	27,776	21,233	68.22

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

(Unit : million yen)

	FY2022 As of March 31, 2023	3rd Quarter of FY2023 As of December 31, 2023
Assets		
Current assets		
Cash and deposits	10,376	10,287
Notes and accounts receivable - trade	95,690	122,829
Merchandise and finished goods	92,823	107,294
Work in process	31,670	33,814
Raw materials and supplies	51,389	51,840
Other	22,817	17,495
Allowance for doubtful accounts	(419)	(457)
Total current assets	304,349	343,104
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	60,671	66,404
Other, net	88,346	99,872
Total property, plant and equipment	149,017	166,276
Intangible assets		
Goodwill	1,422	2,160
Other	12,659	14,798
Total intangible assets	14,082	16,959
Investments and other assets		
Investment securities	29,916	30,906
Shares of subsidiaries and associates	38,191	41,851
Retirement benefit asset	483	446
Deferred tax assets	2,625	2,696
Other	11,420	12,183
Allowance for doubtful accounts	(1,072)	(1,148)
Total investments and other assets	81,564	86,935
Total non-current assets	244,664	270,171
Total assets	549,013	613,275



## Consolidated Balance Sheet

(Unit : million yen)

	FY2022 As of March 31, 2023	3rd Quarter of FY2023 As of December 31, 2023
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	50,138	56,257
Short-term borrowings	100,621	100,944
Income taxes payable	3,151	4,504
Accrued expenses	25,846	33,257
Provisions	3,865	1,929
Other	15,147	16,225
<b>Total current liabilities</b>	<b>198,771</b>	<b>213,118</b>
<b>Non-current liabilities</b>		
Long-term borrowings	104,913	118,043
Provisions	31	102
Retirement benefit liability	11,097	11,751
Other	13,563	15,149
<b>Total non-current liabilities</b>	<b>129,606</b>	<b>145,047</b>
<b>Total liabilities</b>	<b>328,377</b>	<b>358,165</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	30,685	30,685
Capital surplus	21,567	22,041
Retained earnings	137,621	151,683
Treasury shares	(417)	(702)
<b>Total shareholders' equity</b>	<b>189,457</b>	<b>203,707</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	11,046	12,818
Deferred gains or losses on hedges	561	856
Foreign currency translation adjustment	19,541	33,953
Remeasurements of defined benefit plans	(3,763)	(4,238)
<b>Total accumulated other comprehensive income</b>	<b>27,385</b>	<b>43,390</b>
<b>Non-controlling interests</b>	<b>3,792</b>	<b>8,011</b>
<b>Total net assets</b>	<b>220,635</b>	<b>255,109</b>
<b>Total liabilities and net assets</b>	<b>549,013</b>	<b>613,275</b>

## (2) Consolidated Income Statements

(Unit : million yen)

	3rd Quarter of FY2022 (From April 1, 2022 through December 31, 2022)	3rd Quarter of FY2023 (From April 1, 2023 through December 31, 2023)
Net sales	578,337	625,481
Cost of sales	486,255	527,235
Gross profit	92,082	98,246
Selling, general and administrative expenses	68,717	71,891
Operating profit	23,365	26,355
Non-operating income		
Interest income	141	373
Dividend income	472	412
Foreign exchange gains	273	255
Share of profit of entities accounted for using equity method	1,836	1,769
Subsidy income	767	498
Miscellaneous income	487	537
Total non-operating income	3,978	3,846
Non-operating expenses		
Interest expenses	1,059	2,238
Miscellaneous expenses	324	183
Total non-operating expenses	1,383	2,421
Ordinary profit	25,959	27,780
Extraordinary income		
Gain on sale of non-current assets	67	86
Gain on sale of investment securities	683	1,968
Gain on sale of shares of subsidiaries and associates	3,464	–
Insurance claim income	–	1,021
Gain on change in equity	15	–
Total extraordinary income	4,231	3,076
Extraordinary losses		
Loss on disposal of non-current assets	326	558
Impairment losses	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	493	–
Accident related loss	928	1,052
Total extraordinary losses	4,027	1,610
Profit before income taxes	26,163	29,246
Income taxes-current	6,233	8,723
Income taxes-deferred	659	(371)
Total income taxes	6,892	8,351
Profit	19,270	20,895
Profit attributable to non-controlling interests	680	601
Profit attributable to owners of parent	18,589	20,293

## Consolidated Statements of comprehensive income

(Unit : million yen)

	3rd Quarter of FY2022 (From April 1, 2022 through December 31, 2022)	3rd Quarter of FY2023 (From April 1, 2023 through December 31, 2023)
Profit	19,270	20,895
Other comprehensive income		
Valuation difference on available-for-sale securities	(321)	1,577
Deferred gains or losses on hedges	(799)	163
Foreign currency translation adjustment	17,169	12,975
Remeasurements of defined benefit plans, net of tax	(1,091)	(468)
Share of other comprehensive income of entities accounted for using equity method	998	1,778
Total other comprehensive income	15,955	16,026
Comprehensive income	35,225	36,922
(Breakdown)		
Comprehensive income attributable to owners of parent	34,637	36,299
Comprehensive income attributable to non-controlling interests	588	622

**(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.

(Segment Information, etc.)

1. 3rd Quarter of the previous Fiscal Year (April 1, 2022, December 31, 2022)

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

(Unit: 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 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)

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.

## 2. 3rd Quarter of the current Fiscal Year (April 1, 2023 -December 31, 2023)

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

(Unit: 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	256,127	332,618	11,500	11,767	612,014	13,467	625,481	-	625,481
(2) Inter-segment sales and transfers	12,857	630	392	8,870	22,750	1,200	23,950	(23,950)	-
Total	268,984	333,248	11,892	20,637	634,764	14,668	649,432	(23,950)	625,481
Segment income (loss)	10,523	21,264	(78)	1,381	33,091	496	33,588	(7,232)	26,355

(Note)

1. The "Other" segment includes the building/repairing ships, engineering, and other businesses not included in the reportable segments.
2. The (7,232) million yen segment income adjustment comprises 3 million yen in inter-segment transactions and (7,236) 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 (loss) is adjusted to reflect operating profit as 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)

Not applicable.

(Significant changes in the amount of goodwill)

As we included Gourmet Delica., Ltd. in the scope of consolidation in the food business, goodwill occurred in the 2nd quarter. The amount increase in goodwill is 972 million yen.

The above amounts was calculated on a provisional base, but was confirmed at the end of the 3rd quarter.

There aren't any changes for goodwill due to the finalization of this accounting treatment.

(Significant gain on negative goodwill)

Not applicable.