Financial Result for
2nd Quarter of Fiscal Year 2018

Nippon Suisan Kaisha, Ltd.
November 12, 2018
TSE Cord: 1332
Contact: Corporate Strategic Planning & IR Department
Corporate Strategic Planning Section
+81-3-6206-7057
http://www.nissui.co.jp/english/index.html
Overview of 2nd Quarter of FY2018
Overview of the 2nd Quarter of FY2018

Although income decreased year-on-year due to the death of Juvenile in the previous year in Salmon Trout business in South America, it was within our expectation. So far we’re running smoothly against the annual plan and dividend is paid according to the plan.

### Net Sales / Operating Profit

<table>
<thead>
<tr>
<th></th>
<th>2Q of FY2018</th>
<th>Increase/Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>3,504</td>
<td>193</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>105</td>
<td>(24)</td>
</tr>
<tr>
<td>Ordinary Profit</td>
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<td>(13)</td>
</tr>
<tr>
<td>Profit attributable to owners of parent</td>
<td>69</td>
<td>(23)</td>
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### Annual Plan for FY2018

<table>
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<tr>
<th></th>
<th>(Amount)</th>
<th>Progress rate</th>
</tr>
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<tbody>
<tr>
<td>Net Sales</td>
<td>6,980</td>
<td>50.2</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>220</td>
<td>48.0</td>
</tr>
<tr>
<td>Ordinary Profit</td>
<td>235</td>
<td>50.9</td>
</tr>
<tr>
<td>Profit attributable to owners of parent</td>
<td>160</td>
<td>43.2</td>
</tr>
</tbody>
</table>

### Progress rate to annual plan

- **Net Sales**: 50.2%
- **Operating Profit**: 48.0%

### Dividend

- **Interim**: 3.0%
- **Final**: 4.0%
- **Plan**: 4.0%
## Overview of the 2nd Quarter of FY2018 by Segments

### (Unit : 100 million yen)

<table>
<thead>
<tr>
<th></th>
<th>2Q of FY2018</th>
<th>2Q of FY2017</th>
<th>Increase/Decrease (Y-on-Y)</th>
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<td>Marine Products Business</td>
<td>1,397</td>
<td>1,364</td>
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<td>102.5</td>
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<td>276</td>
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<td>83</td>
<td>82</td>
<td>1</td>
<td>101.9</td>
<td>167</td>
</tr>
<tr>
<td>Others</td>
<td>165</td>
<td>111</td>
<td>53</td>
<td>148.5</td>
<td>364</td>
</tr>
<tr>
<td>Operating Profit</td>
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<td>General Distributions</td>
<td>9</td>
<td>9</td>
<td>(0)</td>
<td>93.4</td>
<td>20</td>
</tr>
<tr>
<td>Others</td>
<td>6</td>
<td>5</td>
<td>0</td>
<td>104.1</td>
<td>12</td>
</tr>
<tr>
<td>Common Costs</td>
<td>(31)</td>
<td>(33)</td>
<td>1</td>
<td>95.1</td>
<td>(60)</td>
</tr>
<tr>
<td>Ordinary Profit</td>
<td>119</td>
<td>132</td>
<td>(13)</td>
<td>90.1</td>
<td>235</td>
</tr>
<tr>
<td>Profit attributable to owners of parent company</td>
<td>69</td>
<td>92</td>
<td>(23)</td>
<td>74.4</td>
<td>160</td>
</tr>
<tr>
<td>EPS (Net profit per share)</td>
<td>22.22 yen</td>
<td>29.84 yen</td>
<td>-</td>
<td>-</td>
<td>51.42 yen</td>
</tr>
</tbody>
</table>
While business went strong in North America and Europe, Marine Business in South America and Domestic struggled. As a result, income decreased despite positive unrealized income included in inventories.

<table>
<thead>
<tr>
<th>Main Causes of fluctuations</th>
<th>Result of 2Q of FY2017</th>
<th>Result of 2Q of FY2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>&lt;North America&gt;</strong></td>
<td>Marine Products : Sales price of Surimi and pollock roe increased, in addition to labor cost reduction</td>
<td>Marine Products : Consolidated Adjustment</td>
</tr>
<tr>
<td><strong>&lt;Europe&gt;</strong></td>
<td>Marine Products : Revenue increase as sales area expanded</td>
<td>Unrealized income in inventory, etc.</td>
</tr>
<tr>
<td><strong>&lt;South America&gt;</strong></td>
<td>Food Products : Sales increase mainly in chilled foods</td>
<td>Non-consolidated : Sales volume decrease in Salmon/Trout business and sales price decrease in shrimp</td>
</tr>
<tr>
<td><strong>&lt;Marine&gt;</strong></td>
<td>In addition to the large decrease in sales volume due to the death of juvenile in previous year, sales price went down</td>
<td></td>
</tr>
</tbody>
</table>

(Unit : 100 million yen)

- **129**
- **4**
- **2**
- **17**
- **105**

Result of 2Q of FY2018
Result of 2Q of FY2017
Marine Products
Food Products
There aren’t big changes from the last period, while we have some purchase for year-end shopping season.

The Italic and bold figures mean increase/decrease, compared to 4Q of FY2017. (Unit : 100 million yen)

<table>
<thead>
<tr>
<th>Current Assets</th>
<th>2,593</th>
<th>62</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and deposit</td>
<td>148</td>
<td>(78)</td>
</tr>
<tr>
<td>Notes and accounts receivable</td>
<td>905</td>
<td>58</td>
</tr>
<tr>
<td>Inventory</td>
<td>1,293</td>
<td>70</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Current Liabilities</th>
<th>2,183</th>
<th>54</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notes and accounts payable</td>
<td>516</td>
<td>69</td>
</tr>
<tr>
<td>Short-term loans payable</td>
<td>1,199</td>
<td>49</td>
</tr>
<tr>
<td>Others</td>
<td>119</td>
<td>(49)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-current Liabilities</th>
<th>1,102</th>
<th>(20)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term loans payable</td>
<td>847</td>
<td>(40)</td>
</tr>
</tbody>
</table>

| Total Assets | 4,928 | 105 |
| Total Liabilities | 3,663 | 101 |
| Net Assets | 1,642 | 71 |
| Shareholder’s Equity | 1,449 | 72 |
| Equity Ratio | ‘18/3 28.6% ⇒ ’18/9 29.4% |
## Consolidated Cash-Flow Statement (Y-on-Y)

**Free cash flow improved year-on-year**

<table>
<thead>
<tr>
<th></th>
<th>2Q of FY2018</th>
<th>2Q of FY2017</th>
<th>Increase/Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income before income taxes</td>
<td>120</td>
<td>143</td>
<td>(22)</td>
</tr>
<tr>
<td>Depreciation &amp; Amortization</td>
<td>88</td>
<td>84</td>
<td>4</td>
</tr>
<tr>
<td>Working Capital</td>
<td>(81)</td>
<td>(103)</td>
<td>21</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>(44)</td>
<td>(30)</td>
<td>(13)</td>
</tr>
<tr>
<td>Others</td>
<td>(40)</td>
<td>(54)</td>
<td>13</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>42</td>
<td>39</td>
<td>2</td>
</tr>
<tr>
<td>Investment on (Purchase of) plant and equipment</td>
<td>(91)</td>
<td>(121)</td>
<td>30</td>
</tr>
<tr>
<td>Others</td>
<td>43</td>
<td>12</td>
<td>31</td>
</tr>
<tr>
<td><strong>Net cash provided by investment activities</strong></td>
<td>(47)</td>
<td>(109)</td>
<td>61</td>
</tr>
<tr>
<td>Increase (Decrease) in short-term loans payable</td>
<td>59</td>
<td>222</td>
<td>(162)</td>
</tr>
<tr>
<td>Increase (Decrease) in long-term loans payable</td>
<td>(40)</td>
<td>(73)</td>
<td>32</td>
</tr>
<tr>
<td>Others</td>
<td>(20)</td>
<td>(23)</td>
<td>3</td>
</tr>
<tr>
<td><strong>Net cash provided by financial activities</strong></td>
<td>(1)</td>
<td>125</td>
<td>(126)</td>
</tr>
<tr>
<td>Cash and cash equivalaent at end of term</td>
<td>235</td>
<td>309</td>
<td></td>
</tr>
</tbody>
</table>
## Consolidated Loan Payable & Interest Cost

**Net cash burden decreased as debt decreased**

<table>
<thead>
<tr>
<th>(Unit : 100 million yen)</th>
<th>2017/3</th>
<th>2017/9</th>
<th>2018/3</th>
<th>2018/9</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Debt</strong></td>
<td>2,077</td>
<td>2,222</td>
<td>2,038</td>
<td>2,047</td>
</tr>
<tr>
<td>Short-tem loans payable</td>
<td>1,384</td>
<td>1,569</td>
<td>1,150</td>
<td>1,199</td>
</tr>
<tr>
<td>Long-term loans payable</td>
<td>693</td>
<td>653</td>
<td>888</td>
<td>847</td>
</tr>
<tr>
<td><strong>Net Interest</strong></td>
<td>10.4</td>
<td>5.0</td>
<td>8.8</td>
<td>3.6</td>
</tr>
<tr>
<td>Ratio of Net Interest Cost on Operating Profit</td>
<td>5%</td>
<td>4%</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>Interest expenses</td>
<td>21.7</td>
<td>10.3</td>
<td>20.0</td>
<td>9.0</td>
</tr>
<tr>
<td>Interest income</td>
<td>2.3</td>
<td>1.6</td>
<td>3.5</td>
<td>1.2</td>
</tr>
<tr>
<td>Dividend income</td>
<td>8.8</td>
<td>3.6</td>
<td>7.6</td>
<td>4.1</td>
</tr>
<tr>
<td>Exchange rate (=US$1.00)</td>
<td>@116.49(End of Dec)</td>
<td>@112.00(End of Jun)</td>
<td>@113.00(End of Dec)</td>
<td>@110.54(End of Jun)</td>
</tr>
</tbody>
</table>

Comparison with 2Q of FY2017

- Short-tem: 194
- Long-term: (369)
Marine Products Business

- Income decreased due to struggle in non-consolidated and cost increase in domestic aquaculture business excluding buri yellow tail, in addition to weak farming operation in Salmon/Trout business in South America. Revenue and income increased in domestic fishery and European business.

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<td>37.3</td>
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*Note: Units: 100 million yen*

**<Domestic market condition of marine products (salmon/trout)>**

- Species: Russian Sockeye, Chile Coho, Chile Trout
- Units: yen/kg

- Fishery trading company based in European countries
- Kurose "Waka buri"
Main Causes of fluctuations

**<Fishery>(Increase both in revenue and income)**
- Japan
  - Good catch in bonito and mackerel, etc.

**<Aquaculture>(Decrease both in revenue and income)**
- Domestic aquaculture business
  - Buri yellow tail: Increase in sales volume and sales price
  - Tuna: Sales price went down and damage by red tide
  - Salmon (Coho): Production cost increased
- Salmon/Trout aquaculture business in South America
  - Decrease in sales volume and sales price

**<Processing/Trade>(Increase in revenue and decrease in income)**
- USA Pollock business: Income increased thanks to sales price increased and cost reduction
- Non-consolidated
  - Struggling in Salmon/Trout business (sales volume went down and purchase cost increased) and in shrimp (Sales price down)

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**Marine Products Business**

**Net Sales & Operating Profit (Y-on-Y)**

- **Net Sales (Line chart)** (Unit: 100 million yen)
- **Operating Profit (Bar chart)**

**Main Causes of fluctuations**

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**Valuation of fish in the ponds**: calculated every quarter based on IFRS, included in Marine Products Business' Operating Profit.

**Adjustment of unrealized income in inventory**: including in the inventory of Salmon/Trout business in South America.
Income decreased as the sales volume of Salmon/Trout decreased and the sales price of shrimp went down.

<Net Sales (Monthly)> (Unit : 100 million yen)

<Sales by Main Species (Y-on-Y)> (Unit : 100 million yen)

<Operating Profit (Quarterly)> (Unit : 100 million yen)

<Transition of Import price of frozen shrimp> (Unit : yen/kg)
Income increased in North America and Europe. Chilled business went strong in Japan but start to show the influence by increased cost of raw materials.

<table>
<thead>
<tr>
<th></th>
<th>Result of 2Q of FY2018</th>
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<td>Net Sales</td>
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**Net Sales (Unit: 100 million yen)**

- **Microwavable food** (Frozen food for household use company in North America)
- **Vegetable steak** (Frozen and chilled food company in Europe)
- **Frozen cooked rice** (Non-consolidated)

**Operating Profit (Unit: 100 million yen)**

**Transition of increase/decrease of net sales by area**
Food Products Business

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

Operating Profit Total

Net Sales (Line chart) (Unit : 100 million yen)

Operating Profit (Bar chart)

Major causes of fluctuations

<Processing>(Increase in revenue but decrease in income)

- North America:
  - Revenue decreased due to negative foreign exchange effect, but income increased thanks to cost reduction in frozen food for household use.

- Europe:
  - Production system for market expansion progressed and revenue increased mainly in chilled food products.

Japan:

- Strong business in frozen food business in cooked rice and vegetable category, but stagnant business in fish sausage and struggling in increasing raw material costs.

<Chilled Processing>(Increase both in revenue and income)

- In addition to the increase in the number of stores which caused by convenience store industry reform, sales of rice and noodle categories increased.

The Italic figures in the lower part of this chart show the accumulation of the bar (Operating Profit).
Income decreased as raw material cost increase despite strong sales in frozen food and fish paste.

<Net Sales (Monthly)> (Unit: 100 million yen)

<Operating Profit (Quarterly)> (Unit: 100 million yen)

<Sales by Categories (Y-on-Y)> (Unit: 100 million yen)

<Transition of Import price of frozen surimi> (Unit: yen/kg)
Income increased thanks to the growing functional material business in Japan and overseas as well as using ad expense efficiently.

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<tr>
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Main causes of fluctuations

**<Nissui Non-consolidated>**
- Pharmaceutical raw material:
  Struggled due to measures to promote the use of generic
- Functional Raw Material:
  Sales volume increased both Japan and overseas
- Functional Food:
  Reduction in advertising expenses in on-line sales

**<Group companies>**
Decrease income due to the review of business structure (sale of cosmetic business) while good sales in overseas

**<EPA awareness campaign>**
Appealing performance by sponsoring competition
Increase in revenue thanks to the resumption of Heiwajima Cold Storage

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Main causes of fluctuation
- Increase in revenue thanks to the resumption of Heiwajima Cold Storage.
- Rise in cost including labor and electricity cost

<Heiwajima Logistics Center, Nissui Logistics>
Resumed in March, 2018 after renewed
The performance of all businesses has been going as planned in 1st Half of FY2018. No change in profit plan despite some challenges including raw material mark ups, but annual plan for net sales has been revised based on the 1st Half performance.

<table>
<thead>
<tr>
<th>(Unit : 100 million yen)</th>
<th>Revised plan for FY2018</th>
<th>Result of FY2017</th>
<th>Increase/Decrease</th>
<th>Original Plan for FY2018</th>
<th>Increase/Decrease to Original Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Sales</td>
<td>7,065 6,772 292 104.3</td>
<td>6,980 85</td>
<td></td>
<td></td>
<td></td>
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<td>2,772 110</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>General Distributions</td>
<td>166 163 2 101.5</td>
<td>167 (1)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>370 259 110 142.6</td>
<td>364 6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Profit</td>
<td>220 232 (12) 94.7</td>
<td>220 0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marine Products Business</td>
<td>98 110 (12) 88.9</td>
<td>101 (3)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food Products Business</td>
<td>124 129 (5) 96.0</td>
<td>118 6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fine Chemicals Business</td>
<td>29 25 3 114.0</td>
<td>29 0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Distributions</td>
<td>19 19 (0) 98.4</td>
<td>20 (1)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>12 12 (0) 93.2</td>
<td>12 0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common Costs</td>
<td>(62) (64) 2 95.9</td>
<td>(60) (2)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary Profit</td>
<td>235 245 (10) 95.6</td>
<td>235 0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit attributable to owners of parent company</td>
<td>160 172 (12) 92.8</td>
<td>160 0</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
In addition to the recovery of Salmon/Trout business in South America, following initiatives will be implemented:

**Improve farming business**
- Sophisticate farming technology (Buri yellow tail)
  => Improve productivity by automation and labor saving
- Strengthen processing (Tuna)
  => Increase processing ratio for profitability
- Improve in-house breeding and egg ratio (Coho)
  => Stabilize farming business and differentiate it from competitors

**Improve non-consolidated**
- Promotion of profitable items for year-end shopping season in order to increase income.
Food Products Business
Initiatives for 2nd Half

Following initiatives will be implemented while raw material cost will increase.

Cope with changing life style

=> Meet demands for Time saving, Ready-to-eat, Health-conscious in worldwide
Ex) Easy-to-cook, Surimi, Canned mackerel, white fish

Further Growth

=> Production volume increase with 5 plants in FY2017 and expand new categories including value-added shrimp. (Europe)
=> Expand and sophisticate chilled business (Japan)

<table>
<thead>
<tr>
<th>(Unit : 100 million yen)</th>
<th>Plan for 2H of FY2018</th>
<th>Annual Plan for FY2018</th>
<th>Result of FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>1,652</td>
<td>3,382</td>
<td>3,252</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>51</td>
<td>124</td>
<td>129</td>
</tr>
</tbody>
</table>

Net Sales: 1,652 billion yen
Operating Profit: 51 billion yen
Total: 12.4 billion yen

Easy-to-cook
- Oven-ready products
- Frozen pasta with soup
- Minced white fish
- Simmered yellowtail (Kurose) with Japanese radish

Health-conscious
- Surimi
- Canned mackerel

Add new products (shrimp) in Europe

New factory for chilled food (Start running in Jan. 2019)
Fine Chemicals Business
Initiatives for 2nd Half

<table>
<thead>
<tr>
<th></th>
<th>Plan for 2H of FY2018</th>
<th>Annual Plan for FY2018</th>
<th>Result of FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>136</td>
<td>265</td>
<td>258</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>17</td>
<td>29</td>
<td>25</td>
</tr>
</tbody>
</table>

(Unit : 100 million yen)

**Fine Chemicals Business**

**Operating profit**

1st Half 1.1 billion yen

2nd Half 1.7 billion yen

Total 2.9 billion yen

**Expecting pharmaceutical EPA market growth in USA**

Having pharmaceutical EPA in combination with cholesterol-lowering drugs proved to reduce risk of cardiovascular disease by massive clinical trial.

**Establish material production system**

Maximize profitability by realizing efficient supply of material production of EPA and DHA

**Cope with functional material demand in Europe**

Expand sales volume coping with mandatory addition of DHA to infant formula in 2020.

**Fine Chemicals Business**

**Initiatives for 2nd Half**

- Operating profit
  - 1st Half 1.1 billion yen
  - 2nd Half 1.7 billion yen
  - Total 2.9 billion yen

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**Fine Chemicals Business**

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- Operating profit
  - 1st Half 1.1 billion yen
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Maximize profitability by realizing efficient supply of material production of EPA and DHA

**Cope with functional material demand in Europe**

Expand sales volume coping with mandatory addition of DHA to infant formula in 2020.
Progress of MVIP\(^+\) 2020
(Mid-Term Business Plan)
and Future Effort
The Mid-Term Business Plan has made a smooth start.

Progress rate to Annual Plan for FY2018
- Net Sales: 49.6%
- Operating Profit: 48.0%
- Profit attributable to owners of parent: 43.2%

Net Sales (Line chart)
(Unit: 100 million yen)

Operating Profit
Profit attributable to owners of parent

Result of 2Q for FY2018 and Annual Plan

Current Mid-Term Business Plan

Last Mid-Term Business Plan (FY2015-FY2017)
Efforts toward growth

We will champion the sustainable use of marine resources and the preservation of the earth environment, continue to create diverse value from marine resources and address to solve social agenda through business activities.

- **Sophistication and expansion of aquaculture business**
  - Differentiation by sophisticating aquaculture business (Complete/On-shore farming)
  - Diversifying risk by expanding aquaculture species and increase profitability

- **Coping with changing lifestyle**
  - Transforming into the business structure coping with global ready-to-eat/easy-to-cook needs and health conscious trend

- **Overseas development of pharmaceutical raw material business**
Sophistication and expansion of aquaculture business (Complete farming)

Preserve the bounty of the sea and promote the usage and procurement of sustainable marine resources

Social agenda
- Sustainability of marine resources

- Promote sustainable use by reducing the effect to natural resources
- Realize stable supply and high value-adding

Yellow tail, received world 1st ASC certificate

Future initiatives

- Mackerel
- Black skipjack
- Promoting the study of complete farming cycle of Octopus
- Succeeded in the production of octopus juvenile

Salmon/Trout

Bluefin Tuna
Sophistication and expansion of aquaculture business (On-shore farming)

Preserve the bounty of the sea and promote the usage and procurement of sustainable marine resources

Social agenda
- Reduce environment burden of drainage water
- Increase profitability by controlling traceability, freshness and parasite

Sustainability of marine resources

<Vannamei Shrimp>
Ensure perfect traceability

<Farming pond>
Covered by plastic greenhouse to keep farming temperature

<Coho farming>
Raise fish in fresh water up to delivery size

Fresh water
Coho Salmon farming site

Future initiatives
Expand species of on-shore farming including Mackerel

Efforts to realize anisakis-free fish by on-shore farming
Sophistication and expansion of aquaculture (Example)

(1) Able to store large volume of fish feed at sea
18m from the sea surface
2 tanks with 25 MT capacity

(2) Transport fish feed to Crawl

【Objective】Coastal farming sites become saturated
=> Seek off-shore farming potential

【Experiment】
(1) Technology of big scale storage of fish feed at sea
(2) Long-range transportation technology of fish feed from shortage tank to Crawl
(3) Examine appropriate feeding control technology at distant farming site

【Benefit】
Enabling stable feeding under long-time rough water condition with zero waste and keep the ocean clean
=> Reinforce profitability and environment-friendly
Coping with changing lifestyle (Ready-to-eat, Health Conscious, etc.)

Adding value by processing into various products

Vegetal pate

MSC Products

Frozen food with low-sodium technology

Increase UMAMI by dipping technology

Consume Vegetable casually with Just-Thawed-out

Ready-to-eat without bone

Ready-Made Chilled

Vegetable pate

Microwavable Shrimp Risotto

Easy-to-Cook with Oven Seafood Cake
Coping with changing lifestyle
(Transform/Strengthen production system)

**<France>**
5 plant system since FY2018.
Aim to increase production volume and productivity.

**<Japan>**
Strengthen chilled food business
Start production in January 2019

**<Taiwan>**
Strengthen frozen vegetable business
Start production in November 2018.

**<Thailand>**
Strengthen frozen food business for Hong Kong, Singapore and Korean market
Start production in FY2020
Coping with changing lifestyle (France)

Easy-to-cook category to various temperature sales space with various raw materials

Growing categories toward 2020

- **Paste**
  - Growth of the category

- **Frozen deep fried fish**
  - Growth of the category

- **Processed frozen vegetable (Potato gratin)**
  - Growth of the category

- **Chilled processed shrimp**
- **Chilled deep fried fish**
- **Create main dish market substitute of meat**
- **Vegetal, Pate, Deep fried**
Overseas development of pharmaceutical raw material business
(Highly purified EPA market)

- Japan and the US are the only market in the world to use highly purified EPA as medicine.
- US highly purified EPA for medicine market is still rather small, but is expected to grow thanks to the result of REDUCE-IT.

**Japan**

- Clinical test was authorized, and Mochida Pharmaceutical Co., Ltd. and Sumitomo Pharmaceuticals (Suzhou) Co., Ltd. will start a test of highly purified EPA medicine.

**China**

- Clinical test was authorized, and Mochida Pharmaceutical Co., Ltd. and Sumitomo Pharmaceuticals (Suzhou) Co., Ltd. will start a test of highly purified EPA medicine.

**Thailand**

- Storage test of highly purified EPA medicine is underway by Mochida Pharmaceutical Co., Ltd. and Meiji Seika Pharma Co., Ltd. for the sale of medicine.

**USA**

- Contract of new EPA medicine concluded in June 2018 between Mochida Pharmaceutical Co., Ltd. and Amarin.
- Release of the result of REDUCE-IT in September 2018.

**Expecting market growth of highly purified EPA**

**Developing of new market**

- Result of RESPECT-EPA will be released sometime between 2021-2022.

Clinical test regarding the effect of highly purified EPA for the patients of cardiovascular disease who are taking latest cholesterol lowering medicine, including EPA/AA ratio.
Overseas development (Functional material : Infant formula market)

Mandatory addition of DHA to infant formula from 2020 in EU

Expecting market growth of material for infant formula market

EPA/DHA for the material of infant formula is growing globally. Functional lipids (DHA for infant formula) for European market increase rapidly at Nissui as well.
CSR
CSR Action Declaration and 3 Materiality

We will pursue CSR-driven management based on the “five genes” carried forward since the company’s foundation and make every effort to solve social agenda through business activity.

Preserve bountiful sea & promote the sustainable usage of marine resources and the procurement

Contribute to healthy lifestyle with safety and security

Aim to be the company where diverse human resources play an important role to address the social agenda
Working Groups have been set by 3 task forces under CSR committee and promoting activities.

- **CSR committee**
  - Take place 4 times a year
  - Chairperson: CEO & President
  - Members: All Executive Officers and managers who are invited by Chairperson as needed

- **Sustainability/Procurement Task Force**
  - Marine Environment and Sustainability Working Group
  - CSR Procurement Working Group

- **Food Loss Task Force**
  - Food Loss Working Group

- **Diversity & HR Development Task Force**
  - Diversity / HR Development Working Group
  - Health Productivity Management Working Group

**Propulsion Meeting**: As needed
- Chairperson/Working Group Leader: Corresponding Executive Officer
We will link growth strategy and CSR activities and make efforts to solve social agenda through business activities.

Our Priority (Materiality)

- Preserve bountiful sea & promote the sustainable usage of marine resources and the procurement
- Contribute to healthy lifestyle with safety and security
- Aim to be the company where diverse human resources play an important role to address the social agenda

In 2020

- Sustainable Resource Access
- CSR Procurement
- ASC / MSC certificates
- Products Line-up of Health Claim
- Cope with Changing Life-Style
- Health & Productivity Management Work Style Reforms
- Sophistication of Aquaculture / On-shore Aquaculture
- New Species Overseas Development
- Overseas Development of Pharmaceutical Material
- Strengthening Process Manufacturing Function
- Diversity / Women’s Empowerment

In 2030

- Overseas Development (Marine & Food Products)
- Sophistication of EPA Extraction
- Overseas Development (Marine & Food Products)
Efforts to increase sustainability of marine resources

Participation in SeaBOS
(Seafod Business for Ocean Stewardship)

3rd Meeting in Japan on Sep. 3 and 4
Discussion among top of major seafood companies

Resource condition of wild catch fish the Nissui Group procured

“No worry”
88%

Future Efforts
- continuing survey
- Stop handling resources with concern

The Nissui Group aims to
In 2030 All the species procured by the Nissui Group is confirmed to be from sustainable marine resources

Disclose the result of survey of sustainability Nissui Group’s procured ( September 28, 2018 )

Wild Fish
1,510k MT

Certified by MSC, etc.
37%
Aiming to be the company diverse human resources play important roles (Health Productivity Management)

Increase productivity by creating environment enabling employees to fulfill their potential with their health

1. Improve EPA/AA ratio
   Monitoring all employees’ EPA/AA ratio by regular medical checkup

   **EPA challenge**
   Had EPA drink/EPA jelly for 50 days
   **383 participants**

2. Health promoting campaign
   Number of applications
   Cumulative total 543 (Achievement rate :56%)
   - 10,000 steps per day
   - Fish-oriented-diet
   - Regular tooth wash
   - 143 151 152
   - Cumulative total: 543
   (Achievement rate: 56%)

3. Support childcare, nursing care and health
   2,075 applications in 1st Half
   <Example>
   - Child care and Nursing care support
   - Medical expenses support

4. Stop smoking program
   - Support for smoking cessation clinic treatment

   **Future Effort**
   Continue working to promote good health of employees by increasing EPA/AA ratio and strengthening anti-smoking measures

5. Trial of company-wide tele-work
   Applications in 1st Half: 366
   Cumulative implementation: 525
Preserve bountiful sea and promote sustainable usage and procurement of marine resources.

I. Efforts aiming at “In 2030, all the marine products procured by the Nissui Group are confirmed to be from sustainable resources”
   => Continue survey of sustainability of procured marine products

II. Promote procurement caring human rights and environment together with suppliers based on CSR procurement policy and supplier guideline

Contribute to the healthy lifestyle with safety and security

III. Efforts to reduce food loss
   Reduce food wastes at production stage, extend the expiration date and indicate expiration month only

Aim to be the company which diverse human resources play an important role to address social agenda

I. Health productivity management / Diversity : Efforts to change a corporate culture
Revenue increased but income decreased year-on-year.

<table>
<thead>
<tr>
<th>(Unit : 100 million yen)</th>
<th>Result of FY2018</th>
<th>Result of FY2017</th>
<th>Increase/Decrease</th>
<th>Main Causes of fluctuations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sale</td>
<td>3,504</td>
<td>3,311</td>
<td>193</td>
<td></td>
</tr>
<tr>
<td>Gross Profit</td>
<td>695</td>
<td>713</td>
<td>(18)</td>
<td></td>
</tr>
<tr>
<td>SGA Expenses</td>
<td>590</td>
<td>584</td>
<td>5</td>
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</tr>
<tr>
<td>Operating Profit</td>
<td>105</td>
<td>129</td>
<td>(24)</td>
<td></td>
</tr>
<tr>
<td>Non-operating profit</td>
<td>23</td>
<td>14</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>Non-operating expenses</td>
<td>9</td>
<td>11</td>
<td>(1)</td>
<td></td>
</tr>
<tr>
<td>Ordinary Profit</td>
<td>119</td>
<td>132</td>
<td>(13)</td>
<td></td>
</tr>
<tr>
<td>Extraordinary Profit</td>
<td>4</td>
<td>21</td>
<td>(17)</td>
<td>Gain on sales of investment securities (12)</td>
</tr>
<tr>
<td>Extraordinary expenses</td>
<td>2</td>
<td>10</td>
<td>(7)</td>
<td>Loss on disaster (6)</td>
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<tr>
<td>Income before income taxes</td>
<td>120</td>
<td>143</td>
<td>(22)</td>
<td></td>
</tr>
<tr>
<td>Income taxes-current</td>
<td>36</td>
<td>49</td>
<td>(13)</td>
<td></td>
</tr>
<tr>
<td>Income taxes-deferred</td>
<td>11</td>
<td>(2)</td>
<td>14</td>
<td></td>
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<tr>
<td>Profit</td>
<td>72</td>
<td>96</td>
<td>(23)</td>
<td></td>
</tr>
<tr>
<td>Profit attributable to non-controlling interest</td>
<td>3</td>
<td>3</td>
<td>(0)</td>
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</tr>
<tr>
<td>Profit attributable to owners of parent</td>
<td>69</td>
<td>92</td>
<td>(23)</td>
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</tr>
</tbody>
</table>

(Note) Since we have changed the way of converting to Yen from using spot exchange rate as of accounting closing date to average exchange rate during the period regarding income and cost of overseas subsidiaries, comparison between current fiscal year and previous year is conducted by using figures recalculated retrospectively.
Ref.) Impact on net sales by foreign exchange

While there are increase/decrease by area and currency, increase slightly in total.

<table>
<thead>
<tr>
<th>Exchange rate among overseas subsidiaries</th>
<th>2Q of FY2018</th>
<th>2Q of FY2017</th>
<th>Increase/Decrease</th>
<th>Breakdown (Unit : 100 million yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Local Currency</td>
<td>JPY (100 million yen)</td>
<td>Local Currency</td>
<td>JPY (100 million yen)</td>
</tr>
<tr>
<td>USD (Million Dollar)</td>
<td>542</td>
<td>587</td>
<td>605</td>
<td>679</td>
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<td>EUR (Million Euro)</td>
<td>132</td>
<td>173</td>
<td>114</td>
<td>140</td>
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<tr>
<td>DKK (Million Krone)</td>
<td>1,568</td>
<td>274</td>
<td>1,432</td>
<td>235</td>
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<tr>
<td>Other Currency</td>
<td>–</td>
<td>116</td>
<td>–</td>
<td>87</td>
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<tr>
<td>Total</td>
<td>1,152</td>
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<td>1,142</td>
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</table>

<Ref: Exchange rate>

<table>
<thead>
<tr>
<th>Currency</th>
<th>2Q of FY2018</th>
<th>2Q of FY2017</th>
<th>Variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD</td>
<td>108.50</td>
<td>112.14</td>
<td>(3.2)%</td>
</tr>
<tr>
<td>EUR</td>
<td>130.65</td>
<td>122.22</td>
<td>6.9%</td>
</tr>
<tr>
<td>DKK</td>
<td>17.54</td>
<td>16.43</td>
<td>6.7%</td>
</tr>
</tbody>
</table>
Ref.) Consolidated cumulative net sales by Segment Matrix (Y-on-Y)

### Increase in Japan and Europe

<table>
<thead>
<tr>
<th></th>
<th>Japan</th>
<th>North America</th>
<th>South America</th>
<th>Asia</th>
<th>Europe</th>
<th>Sub Total</th>
<th>Consolidated Adjustment</th>
<th>Grand Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marine Products</td>
<td>1,128</td>
<td>222</td>
<td>85</td>
<td>37</td>
<td>275</td>
<td>1,749</td>
<td>(33)</td>
<td>1,397</td>
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<tr>
<td></td>
<td>1,129</td>
<td>243</td>
<td>135</td>
<td>37</td>
<td>235</td>
<td>1,782</td>
<td>(418)</td>
<td>1,364</td>
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<tr>
<td>Food Products</td>
<td>1,826</td>
<td>276</td>
<td>35</td>
<td>216</td>
<td>2,355</td>
<td>1,729</td>
<td>(103)</td>
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<tr>
<td></td>
<td>1,721</td>
<td>294</td>
<td>31</td>
<td>161</td>
<td>2,209</td>
<td></td>
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</tr>
<tr>
<td>Fine Chemicals</td>
<td>139</td>
<td></td>
<td>2</td>
<td></td>
<td>141</td>
<td></td>
<td>(13)</td>
<td>128</td>
</tr>
<tr>
<td></td>
<td>138</td>
<td></td>
<td>2</td>
<td></td>
<td>140</td>
<td></td>
<td>(13)</td>
<td>127</td>
</tr>
<tr>
<td>General Distribution</td>
<td>156</td>
<td></td>
<td>6</td>
<td></td>
<td>156</td>
<td></td>
<td>(72)</td>
<td>83</td>
</tr>
<tr>
<td></td>
<td>149</td>
<td></td>
<td></td>
<td></td>
<td>149</td>
<td></td>
<td>(67)</td>
<td>82</td>
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<tr>
<td>Others</td>
<td>206</td>
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<td></td>
<td>0</td>
<td>207</td>
<td></td>
<td>(33)</td>
<td>165</td>
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<td></td>
<td>239</td>
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<td></td>
<td>0</td>
<td>240</td>
<td></td>
<td>(129)</td>
<td>111</td>
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<tr>
<td>Sub Total</td>
<td>3,457</td>
<td>499</td>
<td>85</td>
<td>76</td>
<td>491</td>
<td>4,610</td>
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<tr>
<td></td>
<td>3,378</td>
<td>538</td>
<td>135</td>
<td>71</td>
<td>396</td>
<td>4,521</td>
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<tr>
<td>Consolidated Adjustment</td>
<td>(913)</td>
<td>(74)</td>
<td>6</td>
<td></td>
<td>(53)</td>
<td>(40)</td>
<td>(104)</td>
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<tr>
<td></td>
<td>(975)</td>
<td>(80)</td>
<td>(93)</td>
<td>(51)</td>
<td>(8)</td>
<td></td>
<td>(1,210)</td>
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</tr>
<tr>
<td>Grand Total</td>
<td>2,544</td>
<td>425</td>
<td>32</td>
<td>20</td>
<td>482</td>
<td>3,504</td>
<td></td>
<td>193</td>
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<tr>
<td></td>
<td>2,402</td>
<td>457</td>
<td>42</td>
<td>20</td>
<td>388</td>
<td>3,311</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- The upper columns indicate the result of 2Q of FY2018 and the lower columns indicate that of FY2017. The Italic and bold figures mean increase/decrease.
- Consolidated adjustment include elimination between the group companies.
- The breakdown of the increase in sales (Y-on-Y)(Note: 1):
  - + 7,800 million yen (Increase in Japan)
  - + 900 million yen (Note 2 : Increase among overseas group companies. See Page 23.)
  - +10,400 million yen (Consolidated adjustment)
Ref.) Consolidated cumulative operating profit by Segment Matrix (Y-on-Y)

### Income decreased in Japan and South America

(Unit : 100 million yen)

<table>
<thead>
<tr>
<th></th>
<th>Japan</th>
<th>North America</th>
<th>South America</th>
<th>Asia</th>
<th>Europe</th>
<th>Common Costs</th>
<th>Sub Total</th>
<th>Consolidated Adjustment</th>
<th>Grand Total</th>
<th>Ratio of Operating Profit to Net Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Marine Products</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>29 (43)</td>
<td>7 (17)</td>
<td>37 (26)</td>
<td>2.7 (2.0)</td>
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<tr>
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<td>8</td>
<td>8</td>
<td>3</td>
<td>6 (38)</td>
<td>(0)</td>
<td>7</td>
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<td>19</td>
<td>5</td>
<td>44</td>
<td>(0)</td>
<td>4</td>
<td></td>
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<tr>
<td><strong>Food Products</strong></td>
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<td></td>
<td></td>
<td>71 (0)</td>
<td>1 (0)</td>
<td>72 (0)</td>
<td>4.2 (0.3)</td>
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<td>49</td>
<td>(2)</td>
<td>7</td>
<td>1</td>
<td></td>
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<td>3</td>
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<td><strong>Fine Chemicals</strong></td>
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<td><strong>General Distribution</strong></td>
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<td>11.1 (1.0)</td>
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<td><strong>Others</strong></td>
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<td></td>
<td>6 (4)</td>
<td>(0)</td>
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<td>3.7 (1.6)</td>
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<td><strong>Common Costs</strong></td>
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<td>(31)</td>
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</tbody>
</table>

- The upper columns indicate the result of 2Q of FY2018 and the lower columns indicate that of FY2017.
- The Italic and bold figures mean increase/decrease.
- Consolidated adjustment includes amortization of goodwill and unrealized income in inventory.
- In order to understand segments results in more appropriate manner, criteria of distribution of SGA expenses has been reviewed from the first quarter of the consolidated fiscal year.
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 rational judgment of management derived from the information currently available to it, 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 of various factors. Significant factors which may affect the actual business performance includes 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 own discretion. The Company assumes no liability for any losses that may arise as a result through use of this presentation.

Nippon Suisan Kaisha., Ltd.
November 12, 2018
Code: 1332
Contact:
Corporate Strategic Planning & IR Department
Corporate Strategic Planning Section
+81-3-6206-7057
http://www.nissui.co.jp/ir/index.html