

Summary of 3rd Quarter Report for the Fiscal Year 2020 (April 1, 2020, through December 31, 2020)

Qualification: This is directly translated into English for readers' convenience, and all financial results conform with the accounting principles generally accepted in Japan.

Company: **Nippon Suisan Kaisha, Ltd.**

Listed on Tokyo Stock Exchange with the register code 1332

<https://www.nissui.co.jp/english/index.html>**1. Consolidated Financial Data of 3rd Quarter of FY2020****(1) Consolidated Financial Results (For nine months ended December 31)**

(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 FY2020	497,200	(5.6)	15,059	(21.0)	18,796	(13.0)	13,177	(10.9)
3rd quarter of FY2019	526,828	(3.0)	19,068	(4.2)	21,613	(5.3)	14,791	(3.2)

(Note): Each percentage figure shows changes from the previous year.

Comprehensive income of 3rd quarter of FY2020 15,165 Million yen (31.1%) 3rd quarter of FY2019 11,566 Million yen ((25.4)%)

	Earnings share	Diluted income per share
	Yen	Yen
3rd quarter of FY2020	42.35	-
3rd quarter of FY2019	47.54	-

(2) Consolidated Financial Position of 3rd Quarter

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
3rd quarter of FY2020	490,870	184,035	33.6
FY2019	491,533	172,300	31.2

(Note): Total shareholders' equity

As of December 31, 2020 164,805 Million yen As of March 31, 2020 153,152 Million yen

2. Dividend

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Fiscal Year
	Yen	Yen	Yen	Yen	Yen
FY2019	-	4.0	-	4.5	8.5
FY2020	-	4.0	-		
FY2020(forecast)				4.5	8.5

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

3. Consolidated Forecast for FY2020(April 1, 2020, through March 31, 2021)

	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
FY2020	650,000	(5.8)	15,000	(34.3)	18,500	(28.3)	11,500	(22.1)	36.96

(Note) Revision during the current quarter to the consolidated forecast for FY2020: None

* Notes

- 1) Changes in the scope of consolidation due to transfer of significant subsidiaries during the term:
None
- 2) Adoption of accounting treatment unique to the preparation of quarterly consolidated financial statement: None
- 3) Changes in accounting policy, Changes in accounting estimate, and restatement:
 - i. Changes in accounting policy associated with the revision of the accounting standard, etc.: 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 third quarter)

3rd of FY2020	312,430,277	FY2019	312,430,277
3rd of FY2020	1,291,504	FY2019	1,289,063
3rd of FY2020	311,140,270	3Q of FY2019	311,144,642

(Note) Nissui has introduced the “Board Benefit Trust (BBT)” as its performance-linked and share-based compensation plan since FY2018, and its own shares remaining in the Trust is included as treasury shares. The number of treasury stock at the end of the term and the average number of shares during the term is 330,500.

* 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 7 of the Summary of 3rd Quarter Report for the Fiscal Year 2020 (Appendix).

1. Qualitative information for the third quarter of the fiscal year ending March 31, 2021

(1) Explanation on consolidated financial results

During the first nine months of the consolidated fiscal year under review, the Japanese economy was significantly affected by the spread of the new coronavirus (COVID-19) infection. Both earnings and employment conditions deteriorated sharply, and consumer spending fell significantly. After the cancellation of the declaration of an emergency in late May, economic activity is gradually recovering. However, the outlook is uncertain due to the spread of infection resumed in November.

In terms of the global economy during the period subject to consolidated accounting from January to September, corporate earnings and consumer spending dropped rapidly due partly to the gradual emergence of impacts from COVID-19 in late February and declarations of an emergency and lockdowns taken place in the United States and European countries in March. Regulations were partially relaxed from late April, and economic activity resumed in stages, but the situation remains severe, with the infection re-spread in the United States and Europe.

The Company and its corporate group's sales of food for households were strong in both Japan and overseas countries thanks to increased household consumption due to the restriction on going out. However, dining out and tourism demand sharply declined, and marine products and food sales for hotels and restaurants decreased. In addition to the worsening marine products market condition due to the decreased demand, sales of products for convenience stores also exhibited impacts. In Japan and overseas, the business environment was severe in the aquaculture business due to falling unit sales prices and production cuts.

Under these circumstances, the consolidated financial results through the third quarter of the consolidated fiscal year under review were as follows: net sales were 497,200 million yen, down 29,628 million yen year-on-year; operating profit was 15,059 million yen, down 4,008 million yen year-on-year; ordinary profit was 18,796 million yen, down 2,817 million yen year-on-year; and the profit attributable to the owners of the parent company was 13,177 million yen, down 1,613 million yen year-on-year.

The Company and its corporate group are working on expanding and innovating the aquaculture business to reduce the marine environment's burden to help people worldwide be healthy from sustainable marine resources. We will continue to accelerate overseas expansion and sophisticate the aquaculture business, which are our main strategies, and provide products that respond to lifestyle changes, such as rapidly expanding remote work.

As for our measures against COVID-19, we will continue to implement workstyles for employees to realize the 3Cs, namely avoiding "closed spaces," "crowded places," and "close-contact settings," by combining "working from home" and "web meetings," etc., to prevent the spread of infection. We are committed to continuing with measures to prevent infection, ensuring our business partner's and employees' safety, and thereby fulfilling our responsibilities to produce and supply food.

(Unit: million yen)

	Net Sales	Operating Profit	Ordinary Profit	Profit attributable to owners of parent
3Q of FY2020	497,200	15,059	18,796	13,177
3Q of FY2019	526,828	19,068	21,613	14,791
Difference	(29,628)	(4,008)	(2,817)	(1,613)
Percentage difference (%)	94.4%	79.0%	87.0%	89.1%

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	202,059	(22,522)	90.0%	5,303	(5,161)	50.7%
Food Products	248,955	(7,067)	97.2%	10,918	1,083	111.0%
Fine Chemicals	19,231	(963)	95.2%	1,917	(46)	97.6%
General Distribution	12,884	115	100.9%	1,809	224	114.2%
Other	14,068	810	106.1%	544	442	531.7%
Common Costs	-	-	-%	(5,433)	(549)	111.3%
Total	497,200	(29,628)	94.4%	15,059	(4,008)	79.0%

(Note) "Other" refers to Engineering (planning, design, construction of plants and equipment) business and 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 under review>

We recorded 202,059 million yen (down 22,522 million yen year-on-year) in the sales and operating profit of 5,303 million yen (down 5,161 million yen year-on-year) in the Marine Products Business.

In the Marine Products Business, demand for dining out and tourism fell sharply both in Japan and overseas, and sales of marine products for hotels and restaurants declined. It was also greatly affected by the deterioration of the fisheries market due to the decrease in demand.

Fishery Business: Both revenue and income decreased year-on-year.

[Japan]

- Sardine catches were strong, but the catch of horse mackerel and buri yellowtail were sluggish, and fish prices were also weak.

[South America]

- Both revenue and income declined since Southernblue whiting catch was slow while Hoki caught well.

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

[Japan]

- Sales of farmed fish to mass retailers increased thanks to increased consumption in households due to self-restraint from going out. However, in addition to falling sales prices, many farmed tunas died due to the typhoon, resulting in higher costs and lower profits.

[South America]

- Both revenue and income decreased in the salmon/trout business due to the decline in sales volume because of reducing production in addition to falling sales prices.

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

[Japan]

• Both revenue and income decreased as the sales volume of salmon/trout declined, and the sales price of buri yellowtail went down.

[North America]

• Both revenue and income decreased as the yield decreased in Alaskan pollock's surimi and fillet and increased labor costs.

[Europe]

• Both revenue and income decreased as sales for dining out and cruise ship has shrunk.

(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 under review>

We recorded 248,955 million yen (down 7,067 million yen year-on-year) in sales and operating profit of 10,918 million yen (up 1,083 million yen year-on-year) in the Food Products Business.

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

• Income increased by covering the struggling commercial foods thanks to the strong sales in frozen food and chilled food for household use both in Japan and overseas.

Chilled Foods Business: Both revenue and income decreased year-on-year.

• Although there has been a gradual recovery trend since the state of emergency was lifted, both revenue and income decreased since orders for convenience stores decreased as an increase in work from home and decrease in demand for tourism caused low turnout.

(3) Fine Chemicals Business

The Fine Chemicals segment is engaged in the manufacture and sale of pharmaceutical raw materials, functional raw materials (Note 1), functional foods (Note 2), diagnostic medicines, and test drug.

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

We recorded 19,231 million yen (down 963 million yen year-on-year) in sales and operating profit of 1,917 million yen (down 46 million yen year-on-year) in the Fine Chemicals Business.

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

• Income increased as functional raw materials and functional foods sold well while revenue decreased in pharmaceutical raw materials.

[Clinical Diagnostic and Test Drug]

• Although sales of diagnostic equipment increased, both revenue and income declined as products' sale composition ratio changed to the one with high-cost ratios, and we sold our pharmaceutical sales business.

(4) General Distribution Business

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

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

We recorded 12,884 million yen (up 115 million yen year-on-year) in sales and operating profit of 1,809 million yen (up 224 million yen year-on-year) in the General Distribution Business.

• Although cargo movements were slowing down, revenue and income increased due to the new operation of Osaka Maishima Logistics Center Building No. 2 and cost reduction effect.

(Note 1) EPA, DHA, and others mainly used as ingredients of health supplements and infant formula

(Note 2) Supplements such as EPA, DHA, and “i-mark S,” food for specified health uses (FOSHU), for online business

(2) Explanation on the consolidated financial position

State of assets, liabilities, and net assets

(Unit: million yen)

	FY2019	3Q of FY2020	Increase/Decrease
Current Assets	253,115	250,934	(2,181)
(Inventories)	131,053	126,332	(4,721)
Non-current Assets	238,417	239,936	1,518
Total Assets	491,533	490,870	(663)
Current Liabilities	196,895	165,047	(31,847)
Non-current Liabilities	122,337	141,787	19,449
Total Liabilities	319,233	306,835	(12,398)
Total Net Assets	172,300	184,035	11,734

Assets

Total assets decreased by 663 million yen compared to the end of the previous consolidated fiscal year to 490,870 million yen (down 0.1%).

Current assets decreased by 2,181 million yen to 250,934 million yen (down 0.9%). The main reason for this was cash and deposit decreased by 16,303 million yen by establishing a commitment line and inventory decreased by 4,721 million yen as we enhanced control. In comparison, notes and accounts receivable trade increased by 17,770 million yen.

Non-current assets increased by 1,518 million yen to 239,936 million yen (up 0.6%), mainly due to an increase in investment securities by 4,573 million yen due to the rise in stock prices.

Liabilities

Total liabilities decreased by 12,398 million yen compared to the end of the previous consolidated fiscal year to 306,835 million yen (down 3.9%)

Current liabilities decreased by 31,847 million yen to 165,047 million yen (down 16.2%), mainly because of a decrease in short-term borrowings by 42,515 million yen due to the procurement of low interest and stable long-term borrowings and repayment of short-term borrowing. Also, notes and accounts payable trade increased by 9,126 million yen.

Non-current liabilities increased by 19,449 million yen to 141,787 million yen (up 15.9%). As mentioned in the factors for the decrease in current liabilities, the main reason was an increase in long-term borrowings by 19,353 million yen.

Net Assets

Total net assets increased by 11,734 million yen compared to the previous consolidated fiscal year's end to 184,035 million yen (up 6.8%). This was mainly due to posting profit attributable to owners of the parent of 13,177 million yen, payment of dividends of surplus by 2,648 million yen, an increase in valuation difference on other securities of 3,294 million yen, as stated in the factors behind the increase in non-current assets, and a decrease in foreign currency translation adjustment by 1,816 million yen due to appreciating yen.

(3) Explanation on Consolidated Financial Forecasts

At this moment, there is no revision in the forecast of financial results for the fiscal year ending March 2021, disclosed on November 5, 2020.

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

Millionyen

	FY2019 As of Mar. 31, 2020	3rd Quarter of FY2020 As of Dec. 31, 2020
Assets		
Current assets		
Cash and deposits	27,371	11,068
Notes and accounts receivable - trade	79,962	97,732
Merchandise and finished goods	68,300	64,840
Work in process	28,740	27,723
Raw materials and supplies	34,012	33,767
Other	15,032	16,155
Allowance for doubtful accounts	(303)	(354)
Total current assets	253,115	250,934
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	61,515	61,494
Other, net	86,526	85,397
Total property, plant and equipment	148,042	146,891
Intangible assets		
Goodwill	669	501
Other	9,690	9,345
Total intangible assets	10,360	9,846
Investments and other assets		
Investment securities	65,258	69,832
Other	19,567	18,068
Allowance for doubtful accounts	(4,810)	(4,702)
Total investments and other assets	80,015	83,197
Total non-current assets	238,417	239,936
Total assets	491,533	490,870

Consolidated Balance Sheet

Million yen

	FY2019 As of Mar. 31, 2020	3rd Quarter of FY2020 As of Dec. 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable-trade	35,476	44,603
Short-term borrowings	120,877	78,362
Income taxes payable	2,119	3,405
Accrued expenses	23,280	28,181
Provisions	3,742	1,251
Other	11,398	9,243
Total current liabilities	196,895	165,047
Non-current liabilities		
Long-term borrowings	100,361	119,714
Provisions	146	151
Retirement benefit liability	12,450	11,629
Other	9,380	10,292
Total non-current liabilities	122,337	141,787
Total liabilities	319,233	306,835
Net assets		
Shareholders' equity		
Share capital	30,685	30,685
Capital surplus	21,621	21,655
Retained earnings	96,237	106,653
Treasury shares	(474)	(476)
Total shareholders' equity	148,069	158,518
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,839	12,134
Deferred gains or losses on hedges	264	(344)
Foreign currency translation adjustment	186	(1,629)
Remeasurements of defined benefit plans	(4,208)	(3,874)
Total accumulated other comprehensive income	5,082	6,286
Non-controlling interests	19,148	19,230
Total net assets	172,300	184,035
Total liabilities and net assets	491,533	490,870

(2)Consolidated Income Statements

Million yen

	3rd Quarter of FY2019 (Nine months ended Dec. 31, 2019)	3rd Quarter of FY2020 (Nine months ended Dec. 31, 2020)
Net sales	526,828	497,200
Cost of sales	424,081	400,252
Gross profit	102,747	96,948
Selling, general and administrative expenses	83,679	81,888
Operating profit	19,068	15,059
Non-operating income		
Interest income	184	165
Dividend income	444	374
Foreign exchange gains	28	98
Gain on sales of investment securities	—	36
Share of profit of entities accounted for using equity method	2,597	2,607
Subsidy income	326	1,012
Miscellaneous income	452	585
Total non-operating income	4,033	4,881
Non-operating expenses		
Interest expenses	1,214	1,031
Loss on sales of investment securities	—	2
Miscellaneous expenses	273	111
Total non-operating expenses	1,487	1,145
Ordinary profit	21,613	18,796
Extraordinary income		
Gain on sales of non-current assets	192	353
Gain on sales of investment securities	53	1,895
Gain on sales of shares of subsidiaries and associates	9	—
Gain on change in equity	11	—
Total extraordinary income	267	2,249
Extraordinary losses		
Loss on disposal of non-current assets	302	266
Loss on sales of investment securities	0	3
Loss on valuation of investment securities	128	77
Loss on disaster	—	772
Loss on relocation of factory	103	—
Total extraordinary losses	535	1,119
Profit before income taxes	21,345	19,927
Income taxes-current	4,819	4,957
Income taxes-deferred	1,292	1,340
Total income taxes	6,111	6,298
Profit	15,234	13,628
Profit attributable to non-controlling interests	442	450
Profit attributable to owners of parent	14,791	13,177

Consolidated Statements of comprehensive income

Million yen

	3rd Quarter of FY2019 (Nine months ended Dec. 31, 2019)	3rd Quarter of FY2020 (Nine months ended Dec. 31, 2020)
Profit	15,234	13,628
Other comprehensive income		
Valuation difference on available-for-sale securities	486	3,242
Deferred gains or losses on hedges	127	(396)
Foreign currency translation adjustment	(2,337)	(1,602)
Remeasurements of defined benefit plans, net of tax	(84)	334
Share of other comprehensive income of entities accounted for using equity method	(1,859)	(40)
Total other comprehensive income	(3,667)	1,537
Comprehensive income	11,566	15,165
(Breakdown)		
Comprehensive income attributable to owners of parent	11,058	14,382
Comprehensive income attributable to non-controlling interests	507	783

(3) Notice concerning the consolidated financial statements

(Notes on-premise of existing companies)
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, 2019 - December 31, 2019)

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

	Information by business segments					Other (Note1)	Total	Adjustement (Note 2)	Consolidated (Note.3)
	Marine Products	Food Products	Fine Chemicals	General Distribution	Total				
Sales									
(1) Sales to third parties	224,582	256,022	20,195	12,769	513,570	13,258	526,828	-	526,828
(2) Inter-segment sales and transfers	11,888	2,626	223	7,509	22,248	1,451	23,699	(223,699)	-
Total	236,471	258,649	20,419	20,279	535,818	14,709	550,528	(23,699)	526,828
Segment income (loss)	10,465	9,835	1,964	1,584	23,849	102	23,951	(4,883)	19,068

(Note)

1. The "Other" segment includes the building/repair of ships, engineering, and other businesses not included in the reportable segments.
2. The (4,883) million yen segment income adjustment comprises 58 million yen in inter-segment transactions and (4,942) million yen in corporate expenses not allocated to the segments. Corporate expenses comprise mainly selling, general and administrative expenses not allocated to the segments.
3. Segment income is adjusted to reflect operating profit as recorded in the quarterly consolidated statement of income.

2. Information regarding impairment loss on non-current assets and goodwill by reportable segment

(Significant impairment loss on non-current assets)
Not applicable.

(Significant changes in the amount of goodwill)
Not applicable.

(Significant gain on negative goodwill)
Not applicable.

2. 3rd Quarter of the current Fiscal Year (April 1, 2020 -December 31, 2020)

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

Million yen

	Information by business segments					Other (Note1)	Total	Adjustement (Note 2)	Consolidated (Note.3)
	Marine Products	Food Products	Fine Chemicals	General Distribution	Total				
Sales									
(1) Sales to third parties	202,059	248,955	19,231	12,884	483,131	14,068	497,200	-	497,200
(2) Inter-segment sales and transfers	10,999	1,396	213	7,449	20,058	1,567	21,626	(21,626)	-
Total	213,059	250,351	19,445	20,334	503,190	15,636	518,826	(21,626)	497,200
Segment income (loss)	5,303	10,918	1,917	1,809	19,948	544	20,493	(5,433)	15,059

(Note)

- The "Other" segment includes the building/repair of ships, engineering, and other businesses not included in the reportable segments.
- The (5,433) million yen segment income adjustment comprises 49 million yen in inter-segment transactions and (5,842) million yen in corporate expenses not allocated to the segments. Corporate expenses comprise mainly selling, general and administrative expenses not allocated to the segments.
- Segment income is adjusted to reflect operating profit as recorded in the quarterly consolidated statement of income.

2. Information regarding impairment loss on non-current assets and goodwill by reportable segment

(Significant impairment loss on non-current assets)
Not applicable.

(Significant changes in the amount of goodwill)
Not applicable.

(Significant gain on negative goodwill)
Not applicable.