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Summary of Financial Statements for the Third Quarter of Fiscal 2022 [Japanese Standards]

January 27, 2022

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 Date to submit the Quarterly Securities Report: February 8, 2022
 Date to start distributing dividends: —
 Supplementary materials for this summary of financial statements: Yes
 Results briefing for financial results: None

(Figures shown are rounded down to the nearest million yen.)

1. Consolidated Financial Results for the Third Quarter of Fiscal 2022 (April 1, 2021 to December 31, 2021)

(1) Consolidated Business Results

(The percentages indicate the rates of increase or decrease compared with the same period of the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First nine months of Fiscal 2022	505,310	(1.7)	26,150	17.8	29,384	20.0	18,200	12.0
First nine months of Fiscal 2021	513,974	(4.2)	22,193	(7.2)	24,489	(6.6)	16,255	(18.5)

(Note) Comprehensive income: First nine months of Fiscal 2022: ¥14,821 million (down 50.6%)
 First nine months of Fiscal 2021: ¥29,990 million (up 40.9%)

	Earnings per share	Fully diluted earnings per share
	Yen	Yen
First nine months of Fiscal 2022	61.21	61.21
First nine months of Fiscal 2021	54.68	54.68

(Note) The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) from the start of the fiscal year (April 1, 2021). All figures for the first nine months of the fiscal year ending March 31, 2022 reflect the application of this accounting standard.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
December 31, 2021	701,509	447,676	62.1
March 31, 2021	687,415	444,774	63.0

(Reference) Equity capital: December 31, 2021: ¥435,756 million March 31, 2021: ¥433,089 million

(Note) The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) from the start of the fiscal year (April 1, 2021). All figures for the first nine months of the fiscal year ending March 31, 2022 reflect the application of this accounting standard.

2. Dividends

	Dividend per share				
	1Q End	2Q End	3Q End	Year-End	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2021	—	17.00	—	20.00	37.00
Fiscal 2022	—	19.00	—		
Fiscal 2022 (forecast)				20.00	39.00

(Note) Revision to the latest forecast of dividends: None

(Note) Breakdown of year-end dividends for the fiscal year ended March 31, 2021

Dividend per share of common stock: ¥18.00 Commemorative dividend: ¥2.00 (dividend commemorating 120th anniversary)

3. Forecast of Consolidated Business Results for the Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

(The percentages indicate the rates of increase or decrease compared with the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	670,000	(1.4)	29,200	7.4	31,300	4.7	19,300	1.5	64.90

(Note) Revision to the latest forecast of business results: None

(Note) The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) from the start of the fiscal year (April 1, 2021). Figures for consolidated business forecasts reflect the application of this accounting standard.

* Notes

(1) Changes in important subsidiaries during the period under review (changes in specified subsidiaries involving a change in the scope of consolidation): None

(2) Adoption of special accounting treatment for preparing quarterly consolidated financial statements: Yes

Note: For details, please refer to “2. Quarterly Consolidated Financial Statements and Related Notes (3) Notes on Quarterly Consolidated Financial Statements [Adoption of Special Accounting Treatment for Preparing Quarterly Consolidated Financial Statements]” on page 12 of the Attachment.

(3) Changes in accounting policies, changes in accounting estimates and revisions restated

- | | |
|--|------|
| 1) Changes in accounting policies associated with the revisions of accounting standards, etc.: | Yes |
| 2) Changes in accounting policies other than the above: | None |
| 3) Changes in accounting estimates: | None |
| 4) Revisions restated: | None |

(4) Number of shares issued and outstanding (common stock)

1) Number of shares issued and outstanding (including treasury shares)	As of December 31, 2021	304,357,891	As of March 31, 2021	304,357,891
2) Number of treasury shares	As of December 31, 2021	6,960,546	As of March 31, 2021	6,983,147
3) Average number of shares outstanding	First nine months of Fiscal 2022	297,360,848	First nine months of Fiscal 2021	297,274,290

* Quarterly earnings reports are not subject to quarterly review by certified public accountants or independent account auditors.

* Statement regarding the proper use of financial forecasts and other special remarks

(1) The statements contained in this document are based on various assumptions and do not constitute any guarantee or definite promise that projections of future performance or related business policies will actually be realized. For details of assumptions for financial forecasts and other related matters, please refer to “1. Qualitative Information for the Period under Review (3) Forecast of Consolidated Business Results and Other Forward-looking Information” on page 7 of the Attachment.

(2) Supplementary materials for this report can be found on the Company’s website.

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1. Qualitative Information for the Period under Review

(1) Business Performance

[Overview of the Period under Review]

During the first nine months of the fiscal year ending March 31, 2022, economic and production activities in Japan mounted a turnaround as uptake of the COVID-19 vaccine gained momentum. Nevertheless, the Japanese economy's future remained shrouded in uncertainty, as price trends with respect to raw materials and a resurgence in the COVID-19 infections continued to impact the business environment.

Under these conditions, the Group strove to fulfill its corporate mission of ensuring the stable supply of foods involving wheat flour and the delivery of safe and reliable products in each business area, as well as the safety of the employees who support this mission. Additionally, the Group gave highest priority to achieving a swift recovery in sales and earnings capabilities in order to realize its long-term vision called "NNI 'Compass for the Future'" along with decisive steps for building the foundation for further growth.

As part of this effort, last October we opted to begin construction of a new flour milling plant in the Mizushima district of the City of Kurashiki (Okayama Prefecture, Japan), scheduled to begin operating in May 2025, coupled with the closure of the Okayama Plant and the Sakaide Plant. Along with enhancing cost competitiveness, this measure strengthens the Company's BCP readiness for coping with earthquakes and other potential sources of damage, making possible the stable provision of wheat flour as a key staple.

In a further move, we changed the corporate name of processed food business subsidiary Nisshin Foods Inc. to Nisshin Seifun Welna Inc. from January 1, 2022. By capping the subsidiary's corporate name with "Welna," used as the Group's brand for overseas markets, we aim to become a company with global ambitions through a new brand strategy targeting domestic and overseas audiences.

Additionally, to promote the sustainable cyclical growth targeted in the Company's Long-term Vision, we have endorsed the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and clarified the Company's intent to participate in the TCFD Consortium. In conjunction with these moves, in August 2021 we formulated specific medium- to long-term objectives with respect to two of our "CSR Priorities" - "prepare for climate change and water resource issues" and "efficiently handle product and packaging waste" - and are further accelerating efforts to this end.

With respect to performance, consolidated net sales for the first nine months of the fiscal year ending March 31, 2022, decreased 1.7% year on year to ¥505,310 million. This result came as lower revenue due to effects from the application of an accounting standard regarding revenue recognition and the termination of outsourced production in the pet food business outweighed several positive developments. These included increased revenue from growth in wheat market prices and foreign currency translation effects in the overseas flour milling business, sales growth in the prepared dishes and other prepared foods business that is on a recovery trend from the COVID-19 pandemic in the previous year, and revenue growth from progress in plant construction in the engineering business. Excluding the impact of application of the accounting standard regarding revenue recognition, sales actually increased 6.9% year on year. In terms of profits, operating profit increased 17.8% year on year to ¥26,150 million, ordinary profit was up 20.0% to ¥29,384 million, and profit attributable to owners of parent rose 12.0% to ¥18,200 million. These results were largely reflective of robust performance in the overseas flour milling business, higher sales prices for bran (a byproduct of the domestic flour milling business), and steady recovery in the prepared dishes and other prepared foods business.

(Year-on-year Comparison)

(Millions of yen)

	First nine months of Fiscal 2021	First nine months of Fiscal 2022	Difference	Change
Net sales	513,974	505,310	(8,663)	(1.7)%
(Ref.) Net sales - Estimated impact of change in accounting standard	—	(44,300)	(44,300)	—
(Ref.) Net sales - Excluding impact of change in accounting standard	513,974	549,610	35,636	6.9%
Operating profit	22,193	26,150	3,957	17.8%
Ordinary profit	24,489	29,384	4,894	20.0%
Profit attributable to owners of parent	16,255	18,200	1,944	12.0%

[Business Overview by Segment]

1) Flour Milling Segment

(Millions of yen)

	First nine months of Fiscal 2021	First nine months of Fiscal 2022	Difference	Change
Net sales	214,697	229,410	14,713	6.9%
(Ref.) Net sales - Estimated impact of change in accounting standard	–	(11,700)	(11,700)	–
(Ref.) Net sales - Excluding impact of change in accounting standard	214,697	241,110	26,413	12.3%
Operating profit	4,640	7,704	3,064	66.0%

In the flour milling business in Japan, while market conditions moved toward recovery following rescission of the country's declared state of emergency, the market environment nonetheless remained challenging. In this climate, sales expansion measures led to higher shipments compared to the previous year. Additionally, in June and again in December 2021, we implemented price revisions for commercial wheat flour in response to revised government prices for five classes of imported wheat. On average, the government's price for imported wheat rose 5.5% in April 2021, and by 19.0% in October that same year.

In the overseas flour milling business, sales were higher year on year mainly due to the effects of rising wheat market prices in North America, coupled with foreign currency translation effects in Australia.

As a result, net sales of the Flour Milling Segment increased 6.9% year on year to ¥229,410 million, overcoming the sales-reducing effect of the application of an accounting standard regarding revenue recognition. Operating profit climbed 66.0% to ¥7,704 million, benefiting mainly from favorable business performance in the overseas flour milling business and higher sales prices for bran, a byproduct from the flour milling business in Japan.

2) Processed Food Segment

(Millions of yen)

	First nine months of Fiscal 2021	First nine months of Fiscal 2022	Difference	Change
Net sales	162,856	138,343	(24,513)	(15.1)%
(Ref.) Net sales - Estimated impact of change in accounting standard	–	(23,100)	(23,100)	–
(Ref.) Net sales - Excluding impact of change in accounting standard	162,856	161,443	(1,413)	(0.9)%
Operating profit	12,655	11,244	(1,410)	(11.1)%

In the processed food business, while shipments of household-use products fell short of the tremendous growth reported in the previous year, demand for commercial-use products continued to recover, while shipments of prepared mix held firm overseas. Nevertheless, sales in the processed food business were lower year on year, mainly due to the sales-reducing effect of the application of an accounting standard regarding revenue recognition.

In the yeast and biotechnology business, sales were higher year on year, mainly reflecting higher shipments of diagnostic reagents and culture media. Furthermore, local subsidiary Oriental Yeast India Pvt. Ltd. has resumed construction of a yeast plant in India, where work was previously delayed by the COVID-19 pandemic, with the goal of launching full-scale operations sometime in summer 2022.

In the healthcare foods business, sales were lower year on year due to lower shipments of raw materials for pharmaceuticals.

As a result, net sales of the Processed Food Segment decreased 15.1% year on year to ¥138,343 million, which also included sales-reducing effects from the application of an accounting standard regarding revenue recognition. Operating profit declined 11.1% to ¥11,244 million, as lower shipments of household-use products, the absence of lower expenses for sales expansion measures reported in the previous year in the processed food business, and a decline in shipments of raw materials for pharmaceuticals in the healthcare foods business, overshadowed growth in shipments of prepared mix overseas in the processed food business, as well as higher shipments of diagnostic reagents and culture media in the yeast and biotechnology business.

3) Prepared Dishes and Other Prepared Foods Segment

(Millions of yen)

	First nine months of Fiscal 2021	First nine months of Fiscal 2022	Difference	Change
Net sales	109,493	105,872	(3,620)	(3.3)%
(Ref.) Net sales - Estimated impact of change in accounting standard	—	(9,400)	(9,400)	—
(Ref.) Net sales - Excluding impact of change in accounting standard	109,493	115,272	5,779	5.3%
Operating profit	1,593	3,273	1,680	105.5%

In the prepared dishes and other prepared foods business, sales were strong, reflecting steady recovery in sales from the effects of the COVID-19 pandemic last year. In addition, Year-end sales of “Osechi” traditional Japanese New Year’s dishes increased for the second year in a row compared to the previous year. However, net sales of the Prepared Dishes and Other Prepared Foods Segment decreased 3.3% year on year to ¥105,872 million, mainly due to sales-reducing effects from the application of an accounting standard regarding revenue recognition. Operating profit, meanwhile, was ¥3,273 million, up a substantial 105.5% from the previous year, reflecting benefits from improved production efficiency, in addition to sales growth.

4) Others Segment

(Millions of yen)

	First nine months of Fiscal 2021	First nine months of Fiscal 2022	Difference	Change
Net sales	26,926	31,683	4,756	17.7%
(Ref.) Net sales - Estimated impact of change in accounting standard	—	(100)	(100)	—
(Ref.) Net sales - Excluding impact of change in accounting standard	26,926	31,783	4,856	18.0%
Operating profit	3,232	3,804	571	17.7%

In the engineering business, sales were significantly higher year on year, reflecting progress on large-scale projects in mainstay plant engineering operations.

In the mesh cloths business, sales rose year on year atop increased shipments of chemical products mainly for automotive components, as well as screen printing materials for overseas markets.

In the pet food business, our involvement in the outsourced production of pet food concluded on March 31, 2021.

As a result, net sales of the Others Segment increased 17.7% year on year to ¥31,683 million, while operating profit increased 17.7% to ¥3,804 million.

(2) Financial Position

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021	Difference
Current assets	238,674	268,702	30,027
Non-current assets	448,740	432,807	(15,933)
Total assets	687,415	701,509	14,094
Current liabilities	108,740	124,026	15,286
Non-current liabilities	133,900	129,806	(4,093)
Total liabilities	242,640	253,833	11,192
Total net assets	444,774	447,676	2,901
Total liabilities and net assets	687,415	701,509	14,094

The status of assets, liabilities and net assets on a consolidated basis at the end of the period under review was as follows.

Current assets increased ¥30,027 million from the previous fiscal year-end to ¥268,702 million, tracking an increase in notes and accounts receivable – trade, and contract assets. Non-current assets decreased ¥15,933 million to ¥432,807 million, primarily due to reductions in valuation differences for investment securities. As a result, total assets increased ¥14,094 million from the previous fiscal year-end to ¥701,509 million.

Meanwhile, current liabilities increased ¥15,286 million to ¥124,026 million, mainly reflecting an increase in notes and accounts payable - trade. Non-current liabilities decreased ¥4,093 million to ¥129,806 million, primarily tracking a reduction in deferred tax liabilities. As a result, total liabilities increased ¥11,192 million from the previous fiscal year-end to ¥253,833 million. Net assets increased ¥2,901 million to ¥447,676 million, including an increase due to profit attributable to owners of parent for the period, a decrease due to the payment of dividends, and a decrease in accumulated other comprehensive income.

(3) Forecast of Consolidated Business Results and Other Forward-looking Information

While the effects of the pandemic spread of COVID-19 have dramatically altered the Group's business environment, we remain focused on a swift recovery in sales and earnings capabilities as our highest priority concern. Furthermore, the Group continues to strive together to become “a globally operating company that assists ‘healthy lifestyles’ and plays a critical role in building ‘the food infrastructure’ of the future,” as detailed in its long-term vision, “NNI ‘Compass for the Future’.”

With respect to the outlook for the fiscal year ending March 31, 2022, while business performance progressed steadily through the third quarter of the year, the effect on the business environment of price trends with respect to raw materials and the ongoing COVID-19 pandemic remains unclear. We also plan to invest aggressively in a brand strategy accompanying change in the corporate name of a key subsidiary. Consequently, as originally announced on July 27, 2021, for the full year we are projecting consolidated net sales to decline 1.4% to ¥670,000 million, operating profit to increase 7.4% to ¥29,200 million, and ordinary profit to increase 4.7% to ¥31,300 million. Profit attributable to owners of parent is expected to increase 1.5% to ¥19,300 million.

With respect to dividends, one of our basic policies is to aim for a payout ratio of 40% or more on a consolidated basis and seek to continuously increase the amount of dividends. Consequently, in line with initial projections, the Company plans to pay a full-year dividend of ¥39 per share, up ¥2 from the previous fiscal year.

2. Quarterly Consolidated Financial Statements and Related Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Fiscal 2021 (As of March 31, 2021)	Fiscal 2022 Third Quarter (As of December 31, 2021)
Assets		
Current assets		
Cash and deposits	61,282	70,489
Notes and accounts receivable – trade	85,483	–
Notes and accounts receivable – trade, and contract assets	–	99,034
Securities	452	2,722
Inventories	81,606	87,030
Other	10,361	9,927
Allowance for doubtful accounts	(511)	(500)
Total current assets	238,674	268,702
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	68,269	67,590
Machinery, equipment and vehicles, net	51,256	51,153
Land	45,877	45,996
Right-of-use assets	28,055	27,370
Other, net	21,969	22,637
Total property, plant and equipment	215,428	214,748
Intangible assets		
Goodwill	45,551	40,726
Other	27,824	25,175
Total intangible assets	73,376	65,902
Investments and other assets		
Investment securities	147,168	139,599
Other	12,895	12,684
Allowance for doubtful accounts	(128)	(127)
Total investments and other assets	159,935	152,156
Total non-current assets	448,740	432,807
Total assets	687,415	701,509

(Millions of yen)

	Fiscal 2021 (As of March 31, 2021)	Fiscal 2022 Third Quarter (As of December 31, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	47,946	61,831
Short-term loans payable	5,547	5,035
Income taxes payable	5,022	4,319
Accrued expenses	21,869	19,661
Other	28,353	33,178
Total current liabilities	108,740	124,026
Non-current liabilities		
Bonds	20,000	20,000
Long-term loans payable	14,729	13,925
Lease obligations	36,673	36,018
Deferred tax liabilities	30,562	27,901
Provision for repairs	1,324	1,341
Net defined benefit liability	22,533	22,709
Other	8,077	7,909
Total non-current liabilities	133,900	129,806
Total liabilities	242,640	253,833
Net assets		
Shareholders' equity		
Capital stock	17,117	17,117
Capital surplus	12,627	12,622
Retained earnings	341,241	347,856
Treasury shares	(10,997)	(10,959)
Total shareholders' equity	359,990	366,637
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	64,687	59,426
Deferred gains or losses on hedges	222	138
Foreign currency translation adjustment	9,314	10,389
Remeasurements of defined benefit plans	(1,125)	(836)
Total accumulated other comprehensive income	73,098	69,118
Subscription rights to shares	116	95
Non-controlling interests	11,569	11,824
Total net assets	444,774	447,676
Total liabilities and net assets	687,415	701,509

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

[Quarterly Consolidated Statements of Income]

(Millions of yen)

	First nine months of Fiscal 2021 (April 1, 2020 to December 31, 2020)	First nine months of Fiscal 2022 (April 1, 2021 to December 31, 2021)
Net sales	513,974	505,310
Cost of sales	370,805	392,079
Gross profit	143,168	113,231
Selling, general and administrative expenses	120,975	87,080
Operating profit	22,193	26,150
Non-operating income		
Interest income	129	114
Dividend income	2,507	2,640
Share of profit of entities accounted for using equity method	1,330	1,960
Other	571	967
Total non-operating income	4,539	5,682
Non-operating expenses		
Interest expenses	2,062	2,192
Other	180	256
Total non-operating expenses	2,242	2,448
Ordinary profit	24,489	29,384
Extraordinary income		
Gain on sales of non-current assets	334	–
Gain on sales of investment securities	1,248	1,645
Total extraordinary income	1,582	1,645
Extraordinary losses		
Loss on retirement of non-current assets	328	516
Business restructuring expenses	223	–
Expenses related to change of the corporate name	–	111
Total extraordinary losses	552	628
Profit before income taxes	25,520	30,401
Total income taxes	8,613	11,168
Profit	16,906	19,232
Profit attributable to non-controlling interests	651	1,031
Profit attributable to owners of parent	16,255	18,200

[Quarterly Consolidated Statements of Comprehensive Income]

(Millions of yen)

	First nine months of Fiscal 2021 (April 1, 2020 to December 31, 2020)	First nine months of Fiscal 2022 (April 1, 2021 to December 31, 2021)
Profit	16,906	19,232
Other comprehensive income		
Valuation difference on available-for-sale securities	1,379	(5,236)
Deferred gains or losses on hedges	86	(63)
Foreign currency translation adjustment	11,643	481
Remeasurements of defined benefit plans	110	176
Share of other comprehensive income of entities accounted for using equity method	(136)	230
Total other comprehensive income	13,083	(4,410)
Comprehensive income	29,990	14,821
(Breakdown)		
Comprehensive income attributable to owners of parent	29,214	14,220
Comprehensive income attributable to non-controlling interests	776	601

(3) Notes on Quarterly Consolidated Financial Statements

[Notes on the Premise of a Going Concern]

There are no applicable matters to be reported.

[Notes on a Significant Change in Shareholders' Equity]

There are no applicable matters to be reported.

[Adoption of Special Accounting Treatment for Preparing Quarterly Consolidated Financial Statements]

Tax expenses are calculated in accordance with Paragraph 15, "Method for Using the Statutory Effective Tax Rate," of the Practical Guidelines on Tax-Effect Accounting for Preparation of Interim Financial Statements, pursuant to the provision of Paragraph 19 of the Guidance on the Accounting Standard for Quarterly Financial Reporting.

The amount of tax adjustments is included in "Total income taxes."

[Changes in Accounting Policies]

[Application of accounting standard regarding revenue recognition]

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereafter "accounting standard regarding revenue recognition") from the start of the fiscal year (April 1, 2021). Accordingly, when control of any promised goods or services is transferred to a client, the monetary sum expected to be received in exchange for said goods or services is recognized as revenue.

Principal changes in line with application of the accounting standard regarding revenue recognition are detailed below.

The methodology for rebates and other compensation paid to clients, which previously treated as selling, general and administrative expenses, has changed to one in which such payments are now deducted from the transaction value. As a result, net sales for the first nine months of the fiscal year ending March 31, 2022, declined ¥44,278 million. There was no effect on profit before income taxes.

Consolidated subsidiaries in Japan previously recognized revenue upon shipment. However, this has changed to a methodology whereby revenue is recognized upon product receipt and inspection by the client. This change had a negligible impact on the quarterly consolidated financial statements for the first nine months of the fiscal year ending March 31, 2022.

For application of the accounting standard regarding revenue recognition, in accordance with transitional procedures outlined in item 84 of the accounting standard, any accumulated effects from the prior retroactive application of new accounting policies are added or deducted from retained earnings at the start of the fiscal year ending March 31, 2022, with the new accounting policies applied from the beginning of the same year. However, with application of the methodology outlined in item 86 of the accounting standard regarding revenue recognition, there is no retroactive application of new accounting policies for contracts in which substantially all revenue was recognized in line with prior handling of such revenue before the start of the fiscal year ending March 31, 2022. Similarly, with application of the methodology outlined in item 86 (1), for contract changes prior to the start of the fiscal year ending March 31, 2022, based on contract terms reflective of all contract changes, accounting treatment is conducted and any accumulated monetary effect is added or deducted from retained earnings at the start of the fiscal year ending March 31, 2022. This resulted in a negligible impact on retained earnings at the start of the fiscal year ending March 31, 2022.

Due to application of the accounting standard regarding revenue recognition, “Notes and accounts receivable – trade” disclosed under “Current assets” in the consolidated balance sheets for the previous fiscal year is now included and disclosed under “Notes and accounts receivable - trade, and contract assets” from the fiscal year ending March 31, 2022. In line with the transitional procedures outlined in item 89-2 of the accounting standard regarding revenue recognition, there has been no restatement of figures for the previous fiscal year due to the new disclosure methodology.

[Application of accounting standard regarding measurement of fair value]

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereafter, “accounting standard regarding measurement of fair value”) from the start of the fiscal year ending March 31, 2022. In line with transitional procedures outlined in item 19 of the accounting standard regarding measurement of fair value and item 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019), the Company will apply the new accounting policies outlined in the accounting standard regarding measurement of fair value for the foreseeable future. This resulted in a negligible impact on the quarterly consolidated financial statements for the first nine months of the fiscal year ending March 31, 2022.

[Segment Information, etc.]

[Segment information]

I. First nine months of Fiscal 2021 (April 1, 2020 to December 31, 2020)

Information about net sales and profit (loss) for each reportable segment

(Millions of yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Carried on quarterly consolidated statements of income (Note 3)
	Flour Milling	Processed Food	Prepared Dishes and Other Prepared Foods	Total				
Net sales								
Sales to external customers	214,697	162,856	109,493	487,047	26,926	513,974	–	513,974
Intersegment sales and transfers	12,070	1,212	4,006	17,288	2,150	19,438	(19,438)	–
Total	226,767	164,068	113,499	504,336	29,076	533,412	(19,438)	513,974
Segment profit	4,640	12,655	1,593	18,889	3,232	22,121	71	22,193

Notes: 1. Business segment of “Others” is excluded from reportable segment, which includes pet food, engineering, mesh cloths, handling and storage businesses.

2. Segment profit adjustment refers to intersegment transaction eliminations and other.

3. Segment profit has been adjusted for the operating profit appearing in the quarterly consolidated statements of income.

II. First nine months of Fiscal 2022 (April 1, 2021 to December 31, 2021)

1. Information about net sales and profit (loss) for each reportable segment

(Millions of yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Carried on quarterly consolidated statements of income (Note 3)
	Flour Milling	Processed Food	Prepared Dishes and Other Prepared Foods	Total				
Net sales								
Sales to external customers	229,410	138,343	105,872	473,627	31,683	505,310	–	505,310
Intersegment sales and transfers	11,759	1,210	3,986	16,955	2,315	19,271	(19,271)	–
Total	241,170	139,554	109,858	490,582	33,999	524,582	(19,271)	505,310
Segment profit	7,704	11,244	3,273	22,222	3,804	26,027	123	26,150

Notes: 1. Business segment of “Others” is excluded from reportable segment, which includes engineering, mesh cloths, handling and storage businesses.

2. Segment profit adjustment refers to intersegment transaction eliminations and other.

3. Segment profit has been adjusted for the operating profit appearing in the quarterly consolidated statements of income.

2. Matters regarding reportable segment changes

[Changes in Accounting Policies]

As detailed in the “Notes on Quarterly Consolidated Financial Statements,” the Company has applied an accounting standard regarding revenue recognition from the start of the fiscal year (April 1, 2021), which has changed its accounting treatment methodology with respect to revenue recognition. Consequently, the same changes have been made to the Company’s methodology for measuring profit and loss in reportable segments.