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

July 27, 2021

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 Date to submit the Quarterly Securities Report: August 6, 2021
 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 First Quarter of Fiscal 2022 (April 1, 2021 to June 30, 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 three months of Fiscal 2022	159,220	(3.9)	7,334	41.4	8,831	36.6	5,535	27.7
First three months of Fiscal 2021	165,685	5.0	5,186	(16.7)	6,463	(11.6)	4,333	(2.2)

(Note) Comprehensive income: First three months of Fiscal 2022: ¥2,197 million (down 87.7%)
 First three months of Fiscal 2021: ¥17,818 million (-%)

	Earnings per share	Fully diluted earnings per share
	Yen	Yen
First three months of Fiscal 2022	18.62	18.61
First three months of Fiscal 2021	14.58	14.58

(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 quarter 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	%
June 30, 2021	686,437	440,978	62.5
March 31, 2021	687,415	444,774	63.0

(Reference) Equity capital: June 30, 2021: ¥429,224 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 quarter 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	—	—	—	—	—
Fiscal 2022 (forecast)	—	19.00	—	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 full-year percentages indicate the rates of increase or decrease compared with the previous fiscal year, the percentages for the first half are comparisons with the same period of 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
First half	330,000	(1.8)	14,400	16.5	15,600	14.3	9,100	0.5	30.60
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: Yes

(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 June 30, 2021	304,357,891	As of March 31, 2021	304,357,891
2) Number of treasury shares	As of June 30, 2021	6,963,420	As of March 31, 2021	6,983,147
3) Average number of shares outstanding	First three months of Fiscal 2022	297,382,954	First three months of Fiscal 2021	297,284,366

* 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 three months of the fiscal year ending March 31, 2022, the Japanese economy continued to face an uncertain future with the declaration of a state of emergency in Japan; this despite movement toward a turnaround in economic and production activities and signs of hope of an end to the pandemic accompanying the widespread uptake of vaccinations.

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’.”

With respect to performance, consolidated net sales for the first three months of the fiscal year ending March 31, 2022, decreased 3.9% year on year to ¥159,220 million. This result primarily reflected a decline in sales due to lower revenue following the application of an accounting standard regarding revenue recognition, as well as lower sales due to the termination of outsourced production in the pet food business. This decline came despite increased sales atop an emerging recovery from the impact in the previous year of the novel coronavirus pandemic in the domestic flour milling and prepared dishes and other prepared foods businesses, as well as sales growth from higher wheat market prices and effects from currency exchange in the overseas flour milling business. Excluding the impact of application of the new accounting standard, sales actually rose by 5% year on year. In terms of profits, operating profit increased 41.4% year on year to ¥7,334 million, ordinary profit was up 36.6% to ¥8,831 million, and profit attributable to owners of parent rose 27.7% to ¥5,535 million. These results were largely reflective of profit growth in the overseas flour milling and prepared dishes and other prepared foods businesses.

(Year-on-year Comparison)

(Millions of yen)

	First three months of Fiscal 2021	First three months of Fiscal 2022	Difference	Change
Net sales	165,685	159,220	(6,464)	(3.9)%
(Ref.) Net sales - Estimated impact of change in accounting standard	—	(14,700)	(14,700)	—
(Ref.) Net sales - Excluding impact of change in accounting standard	165,685	173,920	8,235	5.0%
Operating profit	5,186	7,334	2,148	41.4%
Ordinary profit	6,463	8,831	2,368	36.6%
Profit attributable to owners of parent	4,333	5,535	1,202	27.7%

[Business Overview by Segment]

1) Flour Milling Segment

(Millions of yen)

	First three months of Fiscal 2021	First three months of Fiscal 2022	Difference	Change
Net sales	68,838	71,977	3,139	4.6%
(Ref.) Net sales - Estimated impact of change in accounting standard	–	(3,800)	(3,800)	–
(Ref.) Net sales - Excluding impact of change in accounting standard	68,838	75,777	6,939	10.1%
Operating profit	605	1,685	1,079	178.3%

In the flour milling business in Japan, shipments increased year on year atop recovery trends in demand for commercial wheat flour, which offset a reduction in shipments of household-use products compared to growth in demand for such products in the previous year. Additionally, in June 2020, we implemented price revisions for commercial wheat flour in response to revised government prices for five classes of imported wheat enacted in April 2021. On average, the government's price for imported wheat rose 5.5%.

The price of bran, a byproduct of the milling process, remained strong throughout the period.

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

As a result, net sales of the Flour Milling Segment increased 4.6% year on year to ¥71,977 million, overcoming the sales-reducing effect of the application of an accounting standard regarding revenue recognition. Operating profit climbed 178.3% to ¥1,685 million, benefiting mainly from shipment growth in Japan, robust bran prices, firm business performance in the U.S. atop measures that included earnings base enhancement, and improved earnings in Australia.

2) Processed Food Segment

(Millions of yen)

	First three months of Fiscal 2021	First three months of Fiscal 2022	Difference	Change
Net sales	54,760	46,143	(8,617)	(15.7)%
(Ref.) Net sales - Estimated impact of change in accounting standard	–	(7,800)	(7,800)	–
(Ref.) Net sales - Excluding impact of change in accounting standard	54,760	53,943	(817)	(1.5)%
Operating profit	4,038	4,094	56	1.4%

In the processed food business, while demand for commercial-use products continued to recover and shipments of prepared mix held firm overseas, shipments of household-use products fell short of the tremendous growth reported in the previous year, an effect that overshadowed

the aggressive development and launch of high-value-added products. As a result, sales in the processed food business were lower year on year.

In the yeast and biotechnology business, sales were higher year on year, mainly reflecting a recovery in demand for bread making ingredients and higher shipments of culture media. Furthermore, a date for the start of operations remains undetermined for a yeast plant in India being developed by local subsidiary Oriental Yeast India Pvt. Ltd. due to a resurgence in the novel coronavirus pandemic.

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 15.7% year on year to ¥46,143 million, which also included sales-reducing effects from the application of an accounting standard regarding revenue recognition. Operating profit rose 1.4% to ¥4,094 million, reflecting growth in shipments of bread making ingredients and culture media in the yeast and biotechnology business, which overcome lower shipments of household-use products in the processed food business and a decline in shipments of raw materials for pharmaceuticals in the healthcare foods business.

3) Prepared Dishes and Other Prepared Foods Segment

(Millions of yen)

	First three months of Fiscal 2021	First three months of Fiscal 2022	Difference	Change
Net sales	32,911	33,106	195	0.6%
(Ref.) Net sales - Estimated impact of change in accounting standard	–	(3,100)	(3,100)	–
(Ref.) Net sales - Excluding impact of change in accounting standard	32,911	36,206	3,295	10.0%
Operating profit	(356)	616	972	–

In the prepared dishes and other prepared foods business, sales were higher year on year, reflecting recovery trends in sales from the effects of the novel coronavirus pandemic last year, coupled with stronger measures enacted in cooperation with sales partners.

As a result, net sales of the Prepared Dishes and Other Prepared Foods Segment increased 0.6% year on year to ¥33,106 million, despite sales-reducing effects from the application of an accounting standard regarding revenue recognition. Operating profit, meanwhile, was ¥616 million, compared to an operating loss of ¥356 million in the previous year, reflecting benefits from improved production efficiency, in addition to sales growth.

4) Others Segment

(Millions of yen)

	First three months of Fiscal 2021	First three months of Fiscal 2022	Difference	Change
Net sales	9,174	7,992	(1,181)	(12.9)%
(Ref.) Net sales - Estimated impact of change in accounting standard	—	—	—	—
(Ref.) Net sales - Excluding impact of change in accounting standard	9,174	7,992	(1,181)	(12.9)%
Operating profit	866	875	8	1.0%

In the engineering business, sales were 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 decreased 12.9% year on year to ¥7,992 million, while operating profit increased 1.0% to ¥875 million.

(2) Financial Position

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021	Difference
Current assets	238,674	245,366	6,691
Non-current assets	448,740	441,070	(7,669)
Total assets	687,415	686,437	(978)
Current liabilities	108,740	113,269	4,529
Non-current liabilities	133,900	132,189	(1,710)
Total liabilities	242,640	245,458	2,818
Total net assets	444,774	440,978	(3,796)
Total liabilities and net assets	687,415	686,437	(978)

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 ¥6,691 million from the previous fiscal year-end to ¥245,366 million, tracking an increase in notes and accounts receivable – trade, and contract assets. Non-current assets decreased ¥7,669 million to ¥441,070 million, primarily due to a decrease in the valuation difference on investment securities. As a result, total assets decreased ¥978 million from the previous fiscal year-end to ¥686,437 million.

Meanwhile, current liabilities increased ¥4,529 million to ¥113,269 million, mainly reflecting an increase in current liabilities – other in step with growth in deposits received. Non-current liabilities decreased ¥1,710 million to ¥132,189 million, primarily due to a decrease in deferred tax liabilities. As a result, total liabilities increased ¥2,818 million from the previous fiscal year-end to ¥245,458 million.

million. Net assets decreased ¥3,796 million to ¥440,978 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 the novel coronavirus 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 the effect on the business environment of the ongoing novel coronavirus pandemic remains unclear, as a result of first-quarter performance and the business environment present at this time, we have upwardly revised forecasts for the first half and the full year. 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.

Revisions to Forecast of Consolidated Business Results for the First Half of the Year Ending March 31, 2022
(April 1, 2021 to September 30, 2021)

	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
Previous forecast (A) (Announced on May 17, 2021)	325,000	12,400	13,200	7,000	23.54
Revised forecast (B)	330,000	14,400	15,600	9,100	30.60
Difference (B-A)	5,000	2,000	2,400	2,100	–
Percent change (%)	1.5	16.1	18.2	30.0	–
(Reference) Prior-year results (first half of fiscal year ended March 31, 2021)	335,944	12,356	13,652	9,057	30.47

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

	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
Previous forecast (A) (Announced on May 17, 2021)	660,000	28,200	30,000	18,100	60.87
Revised forecast (B)	670,000	29,200	31,300	19,300	64.90
Difference (B-A)	10,000	1,000	1,300	1,200	–
Percent change (%)	1.5	3.5	4.3	6.6	–
(Reference) Prior-year results (fiscal year ended March 31, 2021)	679,495	27,197	29,886	19,011	63.95

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 First Quarter (As of June 30, 2021)
Assets		
Current assets		
Cash and deposits	61,282	61,363
Notes and accounts receivable – trade	85,483	–
Notes and accounts receivable – trade, and contract assets	–	86,959
Securities	452	749
Inventories	81,606	81,914
Other	10,361	14,885
Allowance for doubtful accounts	(511)	(505)
Total current assets	238,674	245,366
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	68,269	67,979
Machinery, equipment and vehicles, net	51,256	51,316
Land	45,877	45,854
Right-of-use assets	28,055	27,701
Other, net	21,969	21,171
Total property, plant and equipment	215,428	214,023
Intangible assets		
Goodwill	45,551	43,553
Other	27,824	26,809
Total intangible assets	73,376	70,363
Investments and other assets		
Investment securities	147,168	144,140
Other	12,895	12,670
Allowance for doubtful accounts	(128)	(128)
Total investments and other assets	159,935	156,683
Total non-current assets	448,740	441,070
Total assets	687,415	686,437

(Millions of yen)

	Fiscal 2021 (As of March 31, 2021)	Fiscal 2022 First Quarter (As of June 30, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	47,946	50,646
Short-term loans payable	5,547	4,454
Income taxes payable	5,022	2,390
Accrued expenses	21,869	17,879
Other	28,353	37,898
Total current liabilities	108,740	113,269
Non-current liabilities		
Bonds	20,000	20,000
Long-term loans payable	14,729	14,485
Lease obligations	36,673	36,272
Deferred tax liabilities	30,562	29,468
Provision for repairs	1,324	1,342
Net defined benefit liability	22,533	22,576
Other	8,077	8,043
Total non-current liabilities	133,900	132,189
Total liabilities	242,640	245,458
Net assets		
Shareholders' equity		
Capital stock	17,117	17,117
Capital surplus	12,627	12,624
Retained earnings	341,241	340,844
Treasury shares	(10,997)	(10,965)
Total shareholders' equity	359,990	359,621
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	64,687	62,559
Deferred gains or losses on hedges	222	80
Foreign currency translation adjustment	9,314	7,909
Remeasurements of defined benefit plans	(1,125)	(945)
Total accumulated other comprehensive income	73,098	69,603
Subscription rights to shares	116	100
Non-controlling interests	11,569	11,652
Total net assets	444,774	440,978
Total liabilities and net assets	687,415	686,437

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

[Quarterly Consolidated Statements of Income]

(Millions of yen)

	First three months of Fiscal 2021 (April 1, 2020 to June 30, 2020)	First three months of Fiscal 2022 (April 1, 2021 to June 30, 2021)
Net sales	165,685	159,220
Cost of sales	120,368	123,318
Gross profit	45,316	35,902
Selling, general and administrative expenses	40,130	28,567
Operating profit	5,186	7,334
Non-operating income		
Interest income	53	30
Dividend income	1,287	1,346
Share of profit of entities accounted for using equity method	456	719
Other	218	242
Total non-operating income	2,015	2,339
Non-operating expenses		
Interest expenses	665	725
Other	73	117
Total non-operating expenses	738	842
Ordinary profit	6,463	8,831
Extraordinary income		
Gain on sales of non-current assets	305	–
Gain on sales of investment securities	–	16
Total extraordinary income	305	16
Extraordinary losses		
Loss on retirement of non-current assets	158	142
Business restructuring expenses	113	–
Total extraordinary losses	271	142
Profit before income taxes	6,497	8,705
Total income taxes	1,964	2,804
Profit	4,533	5,901
Profit attributable to non-controlling interests	199	365
Profit attributable to owners of parent	4,333	5,535

[Quarterly Consolidated Statements of Comprehensive Income]

(Millions of yen)

	First three months of Fiscal 2021 (April 1, 2020 to June 30, 2020)	First three months of Fiscal 2022 (April 1, 2021 to June 30, 2021)
Profit	4,533	5,901
Other comprehensive income		
Valuation difference on available-for-sale securities	4,791	(2,121)
Deferred gains or losses on hedges	140	(95)
Foreign currency translation adjustment	8,455	(1,759)
Remeasurements of defined benefit plans	18	59
Share of other comprehensive income of entities accounted for using equity method	(120)	213
Total other comprehensive income (loss)	13,285	(3,703)
Comprehensive income	17,818	2,197
(Breakdown)		
Comprehensive income attributable to owners of parent	17,258	2,040
Comprehensive income attributable to non-controlling interests	559	156

(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 quarter of the fiscal year ending March 31, 2022, declined ¥14,656 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 quarter 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 previous 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 quarter of the fiscal year ending March 31, 2022.

[Segment Information, etc.]

[Segment information]

I. First three months of Fiscal 2021 (April 1, 2020 to June 30, 2020)

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	68,838	54,760	32,911	156,510	9,174	165,685	–	165,685
Intersegment sales and transfers	4,077	376	1,392	5,846	679	6,525	(6,525)	–
Total	72,916	55,137	34,303	162,357	9,853	172,210	(6,525)	165,685
Segment profit (loss)	605	4,038	(356)	4,287	866	5,154	31	5,186

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 (loss) adjustment refers to intersegment transaction eliminations and other.

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

2. Matters regarding reportable segment changes

From the second quarter of the fiscal year ended March 31, 2020, the prepared dishes and other prepared foods business, formerly part of the Processed Food Segment, is now listed as a reportable segment. This change is a result of growth in the material importance of the business following the conversion of Tokatsu Foods Co., Ltd. into a consolidated subsidiary.

II. First three months of Fiscal 2022 (April 1, 2021 to June 30, 2021)

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	71,977	46,143	33,106	151,227	7,992	159,220	–	159,220
Intersegment sales and transfers	3,789	390	1,407	5,587	774	6,361	(6,361)	–
Total	75,767	46,534	34,513	156,815	8,767	165,582	(6,361)	159,220
Segment profit	1,685	4,094	616	6,395	875	7,271	62	7,334

- 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.