



Consolidated Financial Results for the First Half of FY2022 [J-GAAP]

December 28, 2021

Listed company name: **NIPPON CORPORATION**
 Listing: The 1st section of Tokyo Stock Exchange
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 Filing date of quarterly financial report: January 31, 2022
 Start of cash dividend payments: December 6, 2021
 Supplementary quarterly materials prepared: None
 Quarterly results information meeting held: None

*Amounts less than one million yen have been rounded down.

1. Consolidated financial results for the first half of FY2022 (From April 1, 2021 to September 30, 2021)

(1) Consolidated operating results (cumulative)

(Millions of yen, percentage figures show the rate of change from the same period of the previous year.)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
First half of FY2022	157,535	11.9%	5,869	40.0%	7,362	43.1%	5,235	47.9%
First half of FY2021	140,735	—	4,192	—	5,146	—	3,539	—

(Note) Comprehensive income: First half of FY2022: ¥6,090 million (4.0%)
 First half of FY2021: ¥5,857 million (—)

	Profit per Share (Yen)	Fully Diluted Profit per Share (Yen)
First half of FY2022	68.27	59.53
First half of FY2021	46.17	40.26

(Note) The figures for 1H of FY2021 presented are the figures after retrospective application of changes in accounting policies. The rate of change from the same period of the previous year is not presented for 1H of FY2021 because of the retrospective application.

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
First half of FY2022	321,700	173,627	52.5%
FY2021	307,813	169,063	53.3%

(Reference) Equity capital: First half of FY2022: ¥168,862 million
 FY2021: ¥164,209 million

(Note) The figures for FY2021 presented are the figures after retrospective application of changes in accounting policies.

2. Dividends

	Dividends per Share (Yen)				
	1Q-end	2Q-end	3Q-end	Year-end	Full Year
FY2021	—	17.00	—	19.00	36.00
FY2022	—	18.00			
FY2022 (Forecast)			—	18.00	36.00

(Note) Adjustment for the most recent forecast of the dividends in the current term: None

Breakdown of year-end dividends for FY2021: Ordinary dividend of ¥17.00 and commemorative dividend of ¥2.00 (commemorating change of the company name)

3. Forecast of the consolidated financial results for FY2022 (From April 1, 2021 to March 31, 2022)

(Millions of yen, percentage figures show the rates of changes from the same period of the previous year.)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent		Profit per Share (Yen)
	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount
Full year	320,000	11.0%	11,100	7.0%	12,700	0.3%	9,000	4.2%	117.35

(Note) Adjustment for the most recent forecast of the consolidated financial results in the current term: None

Rates of change from the same period of the previous year are the rates compared with the figures after retrospective application of changes in accounting policies.

* Notes

(1) Significant changes in subsidiaries during the current quarter (changes in specified subsidiaries in accordance with changes in the scope of consolidation): None

(2) Adoption of special accounting methods for preparation of quarterly consolidated financial information: None

(3) Changes in accounting policies, accounting estimates and retrospective restatements

- 1) Changes in accounting policies due to revisions of accounting standards: Yes
- 2) Changes other than 1): None
- 3) Changes in accounting estimates: None
- 4) Retrospective restatements: None

(Note) For details, please refer to "2. Quarterly Consolidated Financial Statements (3) Notes on quarterly consolidated financial information (Changes in accounting policies)" on page 12.

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

1) Number of shares outstanding at the end of each period (including treasury shares):	First half of FY2022	78,824,009 shares	FY2021	78,824,009 shares
2) Number of treasury shares at the end of each period:	First half of FY2022	2,087,021 shares	FY2021	2,093,223 shares
3) Average number of shares (quarterly consolidated cumulative period):	First half of FY2022	76,695,605 shares	First half of FY2021	76,669,471 shares

* These consolidated financial results are outside the scope of quarterly review procedures by certified public accountants or an audit corporation.

* Explanation regarding the appropriate use of projected financial results and other special instructions

Descriptions regarding the future, including the financial outlook contained in this material, are based on certain information currently available to the Company and particular assumptions, which are, at the discretion of the Company, deemed reasonable, and actual financial results may significantly vary due to various factors. Please refer to "1. Qualitative Information on Quarterly Consolidated Financial Results, (3) Information on forecast of the consolidated financial results" on page 5 for information on preconditions underlying the above outlook and other related information.

Contents

1. Qualitative Information on Quarterly Consolidated Financial Results	2
(1) Overview of business results	2
(2) Overview of financial position	4
(3) Information on forecast of the consolidated financial results	5
2. Quarterly Consolidated Financial Statements	6
(1) Quarterly consolidated balance sheets	6
(2) Quarterly consolidated statements of income and comprehensive income	8
(Quarterly consolidated statements of income)	8
(Quarterly consolidated statements of comprehensive income)	9
(3) Quarterly consolidated statements of cash flows	10
(4) Notes on quarterly consolidated financial information	12
(Notes on going concern assumption)	12
(Notes to significant changes in the amount of shareholders' equity)	12
(Changes in accounting policies)	12
(Segment information, etc.)	13

1. Qualitative Information on Quarterly Consolidated Financial Results

(1) Overview of business results

(Millions of yen)

	First six months of Fiscal 2021	First six months of Fiscal 2022	Difference	Change
Net sales	140,735	157,535	16,799	111.9%
Operating income	4,192	5,869	1,677	140.0%
Ordinary income	5,146	7,362	2,216	143.1%
Profit attributable to owners of parent	3,539	5,235	1,696	147.9%

During the first half of the fiscal year ending March 31, 2022, amid the ongoing COVID-19 pandemic, the increasing vaccination rate raised hopes that economic activities in Japan would return to normal. However, economic activities declined as a state of emergency or a quasi-state of emergency was imposed in many municipalities and restrictions continued for months following several extensions. As a result, prospects for the Japanese economy have remained uncertain.

The food industry, centering on the restaurant sector, was greatly affected by the government's request for large-scale commercial facilities to suspend operations and for restaurants to suspend operations or reduce opening hours, following the declarations of a state of emergency. Moreover, the spread of COVID-19 brought about significant changes in consumer behavior, such as growth of delivery services and an increase in eating at home, and an increase in demand for products for consumption at home as people refrain from going out. The business environment remains unpredictable.

In these circumstances, while thoroughly implementing measures to prevent the spread of COVID-19 and according the top priority to customers' safety and security and employees' health, the Group is continuing production at all its plants in Japan and abroad, thereby maintaining a business system to fulfill its social responsibility as a food enterprise.

Meanwhile, the Group is pursuing sustainable growth as a multifaceted food enterprise. We are reinforcing the existing business by reducing costs and beefing up sales while, at the same time, vigorously investing in promising fields in an effort to strengthen the business foundation by adopting a flexible approach in an unprecedented business environment.

Although the Group recorded expenses related to the system failure caused by a cyberattack that occurred on July 7, 2021, as an extraordinary loss, net sales and profits were both higher than the level for the same period of the previous year, because the frozen food category continued performing briskly owing to increasing demand for products for consumption at home and a recovery in demand for food in the professional-use category and ready-made meals that exceeded expectations after the sluggishness in 2020. Consolidated net sales for the first half of fiscal 2022 increased by 11.9% year on year to ¥157,535 million, operating income increased by 40.0% to ¥5,869 million, ordinary income increased by 43.1% to ¥7,362 million, and profit attributable to owners of parent increased by 47.9% to ¥5,235 million.

The performance of individual business segments was as follows.

1) Flour Milling

(Millions of yen)

	First six months of Fiscal 2021	First six months of Fiscal 2022	Difference	Change
Net sales	45,869	46,210	341	100.7%
Operating income	2,194	2,811	616	128.1%

The Group is strengthening quality control in response to the growing preoccupation with the safety and security of food throughout society. At the same time, to address customer needs and diversifying food preferences, the Group promoted sales initiatives with a view to resolving the issues that concern

customers. Despite operating in an environment in which the impact of COVID-19 was expanding, we strove to strengthen initiatives in partnership with customers, and enhance sales capabilities and brand power, and promoted sales activities.

As a result, whereas sales of wheat flour were lower than the level for the same period of the previous year, sales of wheat bran, a by-product, were higher than the level for the same period of the previous year.

In line with the increase of government sales prices (tax inclusive) of imported wheat by 5.5% on average for the five key products in April 2021, we revised the prices of our products in June 2021.

As a result, net sales for the Flour Milling segment increased by 0.7% year on year to ¥46,210 million, and operating income increased by 28.1% to ¥2,811 million.

2) Food

(Millions of yen)

	First six months of Fiscal 2021	First six months of Fiscal 2022	Difference	Change
Net sales	78,630	93,002	14,371	118.3%
Operating income	2,049	2,766	717	135.0%

In the professional-use category, demand showed a tendency to recover compared with the same period of the previous year and sales of products in this category were higher than the level for the same period of the previous year, despite a significant impact mainly on the restaurant sector of the government's request for large-scale commercial facilities to suspend operations and for restaurants to suspend operations or reduce opening hours, following the declarations of a state of emergency.

In the home-use product category, although demand for products for consumption at home remained high because people refrained from going out, sales of products in this category were lower than the level for the same period of the previous year, reflecting stabilization of demand compared with the same period of the previous year.

In the frozen foods category, reflecting continued high demand for products for consumption at home and partly because the COVID-19 pandemic prompted more consumers to pursue ease and convenience in meals, sales of products in this category were far higher than the level for the same period of the previous year. In addition to solid demand for frozen pasta, demand for the One Plate Meal series of complete meals consisting of a main dish and staples and demand for the Imadoki Gohan series of rice dishes, which allow consumers to have trendy rice dishes easily at home, were brisk.

In the ready-made meals business, despite an adverse impact on demand due to continuation of teleworking and because people refrained from going out, demand showed a tendency to recover compared with the same period of the previous year and sales were higher than the level for the previous year.

As a result, net sales of the Food segment increased by 18.3% year on year to ¥93,002 million, and operating income increased by 35.0% to ¥2,766 million.

3) Other

(Millions of yen)

	First six months of Fiscal 2021	First six months of Fiscal 2022	Difference	Change
Net sales	16,236	18,323	2,087	112.9%
Operating income (loss)	(26)	283	310	—

Sales of the pet food business were higher than the level for the same period of the previous year because shipped volume grew briskly.

Sales of the engineering business were higher than the level for the same period of the previous year, as a result of an increase in inquiries for large projects.

As a result, net sales for the Other segment increased by 12.9% year on year to ¥18,323 million, and operating income was ¥283 million.

(2) Overview of financial position

1) Assets, liabilities and net assets

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021	Difference
Current assets	117,693	128,311	10,618
Non-current assets	190,069	193,345	3,275
Deferred assets	49	43	(6)
Total assets	307,813	321,700	13,887
Current liabilities	69,544	76,817	7,272
Non-current liabilities	69,205	71,255	2,050
Total liabilities	138,749	148,073	9,323
Total net assets	169,063	173,627	4,563
Total liabilities and net assets	307,813	321,700	13,887

Total assets at the end of the first half of fiscal 2022 increased by ¥13,887 million from the previous fiscal year end (March 31, 2021) to ¥321,700 million. This was mainly because notes and accounts receivable - trade and contract assets, raw materials and supplies, property, plant and equipment and merchandise and finished goods increased by ¥7,030 million, ¥5,002 million, ¥2,745 million, and ¥946 million, respectively, and cash and deposits decreased by ¥2,687 million.

Total liabilities increased by ¥9,323 million from the previous fiscal year end to ¥148,073 million. This was mainly because notes and accounts payable - trade and loans payable increased by ¥7,018 million and ¥820 million, respectively.

Net assets increased by ¥4,563 million from the previous fiscal year end to ¥173,627 million. This was mainly attributable to increases of ¥3,751 million in retained earnings and ¥614 million in unrealized holding gain (loss) on securities.

2) Cash flows

(Millions of yen)

	First six months of Fiscal 2021	First six months of Fiscal 2022	Difference
Net cash provided by (used in) operating activities	6,478	3,258	(3,220)
Net cash provided by (used in) investing activities	(7,264)	(4,373)	2,891
Net cash provided by (used in) financing activities	(5,777)	(467)	5,310
Effect of exchange rate changes on cash and cash equivalents	(124)	119	243
Net increase (decrease) in cash and cash equivalents	(6,688)	(1,463)	5,224
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	(1,908)	(1,908)
Cash and cash equivalents at end of period	24,324	31,936	7,612

The balance of cash and cash equivalents at the end of the first half of fiscal 2022 stood at ¥31,936 million, a decrease of ¥3,384 million compared with the end of the previous fiscal year. The conditions of cash flows were as follows:

(Operating activities)

Net cash provided by operating activities amounted to ¥3,258 million compared with ¥6,478 million for the same period of the previous year. This mainly reflected ¥7,612 million for profit before income taxes, ¥4,827 million for depreciation, ¥2,632 million for income taxes paid, ¥6,727 million for increase in notes and accounts payable - trade, ¥7,049 million for increase in notes and accounts receivable - trade and ¥5,804 million for increase in inventories.

(Investing activities)

Net cash used in investing activities amounted to ¥4,373 million compared with ¥7,264 million for the same period of the previous year. The main factors were proceeds from sales of investment securities amounting to ¥1,644 million and purchase of fixed assets amounting to ¥5,343 million.

(Financing activities)

Net cash used in financing activities amounted to ¥467 million compared with ¥5,777 million for the same period of the previous year. The main factors were proceeds from loans payable amounting to ¥1,252 million and cash dividends paid amounting to ¥1,460 million.

(3) Information on forecast of the consolidated financial results

In light of the emergence of a new variant of the COVID-19 virus, it is particularly difficult to predict when the pandemic will abate and the outlook for the business environment in which the Group operates is expected to remain unclear from the third quarter onward, in view of such factors as soaring raw materials prices and the trend of foreign exchange rates.

In these circumstances, while continuing to exercise due care and implementing measures to prevent infection of customers and employees so as to ensure safety and a stable supply of food as part of efforts to fulfill its social responsibility, the Group aims to achieve further growth as a multifaceted food enterprise.

The consolidated business results for the first six months of the fiscal year ending March 31, 2022, exceeded the forecast. However, the unclear outlook is expected to continue as mentioned above. Therefore, the forecasts of consolidated business results for the full year of fiscal 2022 announced on May 14, 2021, are unchanged.

The Group recorded expenses related to a system failure caused by a cyberattack that occurred on July 7, 2021, as an extraordinary loss for the first six months of fiscal 2022. We are investigating the amount of additional expenses to be incurred from the third quarter onward. Currently, we expect there will be no need to revise the forecasts of business results. However, if any matters arise that should be made public, such as significant differences from the forecasts, we will promptly make an announcement.

2. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheets

(Millions of yen)

	FY2021 (As of March 31, 2021)	First half of FY2022 (As of September 30, 2021)
Assets		
Current assets		
Cash and deposits	37,486	34,798
Notes and accounts receivable - trade and contract assets	41,848	48,878
Merchandise and finished goods	16,662	17,608
Work in process	219	104
Raw materials and supplies	17,394	22,397
Other current assets	4,143	4,582
Allowance for doubtful accounts	(59)	(57)
Total current assets	117,693	128,311
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	45,932	47,926
Machinery, equipment and vehicles, net	21,692	21,812
Land	40,269	41,647
Construction in progress	3,814	3,047
Other, net	2,531	2,551
Total property, plant and equipment	114,240	116,986
Intangible assets		
Goodwill	1,644	1,525
Other	1,213	1,094
Total intangible assets	2,858	2,619
Investments and other assets		
Investment securities	65,809	66,314
Other assets	7,625	7,887
Allowance for doubtful accounts	(464)	(462)
Total investments and other assets	72,970	73,739
Total non-current assets	190,069	193,345
Deferred assets	49	43
Total assets	307,813	321,700

(Millions of yen)

	FY2021 (As of March 31, 2021)	First half of FY2022 (As of September 30, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	25,931	32,950
Short-term loans payable	22,388	21,532
Current portion of bonds	-	96
Income taxes payable	2,371	1,956
Provision for bonuses	690	670
Other current liabilities	18,162	19,612
Total current liabilities	69,544	76,817
Non-current liabilities		
Bonds payable	536	392
Convertible bond-type bonds with subscription rights to shares	25,074	25,065
Long-term loans payable	22,181	23,857
Retirement benefit liability	3,747	3,693
Accrued retirement benefits for directors	809	754
Other non-current liabilities	16,856	17,493
Total non-current liabilities	69,205	71,255
Total liabilities	138,749	148,073
Net assets		
Shareholders' equity		
Capital stock	12,240	12,240
Capital surplus	11,308	11,305
Retained earnings	115,366	119,118
Treasury shares	(3,317)	(3,306)
Total shareholders' equity	135,598	139,357
Accumulated other comprehensive income		
Unrealized holding gain (loss) on securities	27,770	28,384
Deferred gain (loss) on hedges	37	20
Foreign currency translation adjustment	493	786
Retirement benefits liability adjustments	308	313
Total accumulated other comprehensive income	28,610	29,504
Subscription rights to shares	234	262
Non-controlling interests	4,620	4,501
Total net assets	169,063	173,627
Total liabilities and net assets	307,813	321,700

(2) Quarterly consolidated statements of income and comprehensive income
(Quarterly consolidated statements of income)

(Millions of yen)

	First half of FY2021 (From April 1, 2020 to September 30, 2020)	First half of FY2022 (From April 1, 2021 to September 30, 2021)
Net sales	140,735	157,535
Cost of sales	107,697	120,258
Gross profit	33,038	37,276
Selling, general and administrative expenses	28,846	31,407
Operating income	4,192	5,869
Non-operating income		
Interest income	43	31
Dividend income	790	793
Other	451	904
Total non-operating income	1,285	1,729
Non-operating expenses		
Interest expenses	85	102
Other	245	133
Total non-operating expenses	331	236
Ordinary income	5,146	7,362
Extraordinary income		
Gain on sales of fixed assets	1	57
Gain on sales of investment securities	355	1,031
Total extraordinary income	356	1,088
Extraordinary expenses		
Loss on sales and disposal of fixed assets	37	39
Loss on sale of shares of subsidiaries and associates	–	24
Loss related to COVID-19	121	–
System failure response costs	–	761
Other	17	12
Total extraordinary expenses	176	838
Profit before income taxes	5,326	7,612
Income taxes - current	1,480	2,242
Income taxes - deferred	325	166
Total income taxes	1,806	2,409
Profit	3,520	5,203
Loss attributable to non-controlling interests	(19)	(31)
Profit attributable to owners of parent	3,539	5,235

(Quarterly consolidated statements of comprehensive income)

(Millions of yen)

	First half of FY2021 (From April 1, 2020 to September 30, 2020)	First half of FY2022 (From April 1, 2021 to September 30, 2021)
Profit	3,520	5,203
Other comprehensive income (loss)		
Unrealized holding gain (loss) on securities	2,581	592
Deferred gain (loss) on hedges	(3)	(17)
Foreign currency translation adjustment	(315)	287
Retirement benefits liability adjustments	98	6
Share of other comprehensive income of entities accounted for using equity method	(23)	17
Total other comprehensive income (loss)	2,337	886
Comprehensive income	5,857	6,090
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	5,851	6,129
Comprehensive income (loss) attributable to non-controlling interests	6	(39)

(3) Quarterly consolidated statements of cash flows

(Millions of yen)

	First half of FY2021 (From April 1, 2020 to September 30, 2020)	First half of FY2022 (From April 1, 2021 to September 30, 2021)
Operating activities		
Profit before income taxes	5,326	7,612
Depreciation	4,204	4,827
Loss related to COVID-19	121	–
System failure response costs	–	761
Increase (decrease) in allowance for doubtful accounts	(100)	0
Interest and dividend income	(834)	(824)
Interest expenses	85	102
Loss (gain) on sales of investment securities	(355)	(1,029)
Loss (gain) on valuation of investment securities	–	1
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	(99)	(101)
Foreign exchange losses (gains)	37	(109)
Loss (gain) on sales of fixed assets	(1)	(57)
Loss on disposal of fixed assets	54	45
Decrease (increase) in notes and accounts receivable - trade	4,827	(7,049)
Decrease (increase) in inventories	(5,010)	(5,804)
Increase (decrease) in notes and accounts payable - trade	1,997	6,727
Other, net	(2,187)	61
Subtotal	8,068	5,166
Interest and dividend income received	841	827
Interest expenses paid	(97)	(102)
Income taxes paid	(2,334)	(2,632)
Net cash provided by (used in) operating activities	6,478	3,258
Investing activities		
Decrease (increase) in time deposits	(233)	(682)
Purchase of investment securities	(84)	(52)
Proceeds from sales of investment securities	735	1,644
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	–	(45)
Purchase of fixed assets	(7,746)	(5,343)
Proceeds from sales of fixed assets	(1)	75
Payments of loans receivable	(2)	(6)
Collection of loans receivable	7	6
Decrease (increase) in other investments	61	31
Net cash provided by (used in) investing activities	(7,264)	(4,373)

(Millions of yen)

	First half of FY2021 (From April 1, 2020 to September 30, 2020)	First half of FY2022 (From April 1, 2021 to September 30, 2021)
Financing activities		
Net increase (decrease) in short-term loans payable	1,393	(372)
Proceeds from long-term loans payable	765	2,797
Repayments of long-term loans payable	(1,416)	(1,172)
Redemption of bonds	(5,000)	(48)
Purchase of treasury shares	(0)	(0)
Repayments of finance lease obligations	(77)	(130)
Cash dividends paid	(1,382)	(1,460)
Dividends paid to non-controlling interests	(27)	(32)
Other, net	(32)	(48)
Net cash provided by (used in) financing activities	(5,777)	(467)
Effect of exchange rate changes on cash and cash equivalents	(124)	119
Net increase (decrease) in cash and cash equivalents	(6,688)	(1,463)
Cash and cash equivalents at beginning of period	31,012	35,308
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	–	(1,908)
Cash and cash equivalents at end of period	24,324	31,936

(4) Notes on quarterly consolidated financial information**(Notes on going concern assumption)**

Not applicable.

(Notes to significant changes in the amount of shareholders' equity)

Not applicable.

(Changes in accounting policies)

(Application of the Accounting Standard for Revenue Recognition, etc.)

Effective from the beginning of the first quarter of the fiscal year ending March 31, 2022, the Company applies "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. and recognizes the amount expected to be received in exchange for goods or services as revenue when the control of the promised goods or services has been transferred to a customer. Major changes due to the application of the Accounting Standard for Revenue Recognition, etc. are described below.

(1) Transactions as an agent

Regarding transactions in which the Group acts as an agent in providing merchandise or finished goods to a customer, previously the gross amount of consideration received from the customer had been recognized as revenue. However, the method has been changed and the net amount of consideration received from the customer from which the amount payable to a supplier of the merchandise or finished goods is deducted is recognized as revenue.

(2) Sales incentives

Whereas previously certain sales incentives and other fees paid to customers had been recorded as selling, general and administrative expenses, the method has been changed and they are deducted from net sales.

(3) Change in the basis for revenue recognition

Regarding certain transactions of the Group, whereas previously revenue had been recognized at the time of shipping of merchandise or finished goods, the method has been changed and revenue is recognized at the time of completion of the handover.

The said changes in the accounting policies shall be retrospectively applied, in principle, and the quarterly consolidated financial statements for the first six months of fiscal year ended March 31, 2021, and consolidated financial statements for the fiscal year ended March 31, 2021, after retrospective application are presented.

As a result, compared with the figures before retrospective application, net sales, cost of sales, and selling, general and administrative expenses for the first half of the previous year decreased by ¥20,784 million, ¥7,880 million, and ¥12,914 million, respectively, and operating income, ordinary income, and profit before income taxes each increased by ¥9 million. Moreover, the beginning balance of retained earnings for the previous year decreased by ¥84 million because the cumulative effect of the retrospective application was reflected in the beginning balance of net assets for the previous year.

As a result of the application of the Accounting Standard for Revenue Recognition, etc., "Notes and accounts receivable - trade," which was presented under "Current assets" in the consolidated balance sheet for the previous year, is included in "Notes and accounts receivable - trade and contract assets" from the first quarter of fiscal 2022. In accordance with the transitional treatment stipulated in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), information on the composition of revenue from contracts with customers for the first six months of the previous year is not presented.

(Application of the Accounting Standard for Fair Value Measurement, etc.)

Effective from the beginning of the first quarter of the fiscal year ending March 31, 2022, the Company applies the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019), etc. and will apply the new accounting policy stipulated by the Accounting Standard for Fair Value Measurement, etc. from now on in accordance with the transitional treatment stipulated in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). There is no impact on quarterly consolidated financial statements.

(Segment information, etc.)

[Segment information]

I. First Half of FY2021 (From April 1, 2020 to September 30, 2020)

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

(Millions of yen)

	Reportable segments			Other (Note 1)	Total	Adjustments (Note 2)	Amounts recorded in quarterly consolidated financial statements ^(Note 3)
	Flour Milling	Food	Total				
Net sales							
Net sales to external customers	45,869	78,630	124,499	16,236	140,735	—	140,735
Internal sales or transfers between segments	850	248	1,099	4,446	5,545	(5,545)	—
Total	46,719	78,879	125,599	20,682	146,281	(5,545)	140,735
Segment income (loss)	2,194	2,049	4,243	(26)	4,217	(24)	4,192

Notes: 1. The “Other” column indicates businesses not included in the reportable segments, including pet food, health food, engineering and real estate leasing.

2. Segment income (loss) adjustment of ¥(24) million includes elimination of inter-segment transactions and corporate expenses.

3. Segment income (loss) is adjusted to reconcile total segment income to operating income in the quarterly consolidated financial statements.

2. Information about impairment loss on fixed assets and about goodwill etc. by reportable segment
Not applicable.

II. First Half of FY2022 (From April 1, 2021 to September 30, 2021)

1. Information on sales and income (loss) by reportable segment and composition of revenue

(Millions of yen)

	Reportable segments			Other (Note 1)	Total	Adjustments (Note 2)	Amounts recorded in quarterly consolidated financial statements ^(Note 3)
	Flour Milling	Food	Total				
Net sales							
Revenue from contracts with customers	46,210	92,978	139,189	17,846	157,035	—	157,035
Other revenue	—	23	23	477	500	—	500
Net sales to external customers	46,210	93,002	139,212	18,323	157,535	—	157,535
Internal sales or transfers between segments	946	298	1,245	1,379	2,625	(2,625)	—
Total	47,157	93,300	140,457	19,703	160,161	(2,625)	157,535
Segment income	2,811	2,766	5,577	283	5,861	7	5,869

Notes: 1. The “Other” column indicates businesses not included in the reportable segments, including pet food, health food, engineering and real estate leasing.

2. Segment income adjustment of ¥7 million includes elimination of inter-segment transactions and corporate expenses.

3. Segment income is adjusted to reconcile total segment income to operating income in the quarterly consolidated financial statements.

2. Information about impairment loss on fixed assets and about goodwill etc. by reportable segment
Not applicable.

3. The method of measurement of segment income (loss) has been changed in accordance with the change in the method of accounting treatment for revenue recognition as a result of application of the Accounting Standard for Revenue Recognition, etc. from the beginning of the first quarter of fiscal 2022, as described in the “(Changes in accounting policies)” above.

Segment information for the first half of fiscal 2021 presented was prepared using the segment income (loss) measurement method after the change.