

## Consolidated Financial Report for the 2nd Quarter of the Fiscal Year 2021 (April 1, 2021, through September 30, 2021)

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

Company: Nippon Suisan Kaisha, Ltd.

Listed on Tokyo Stock Exchange with the register code 1332

<https://www.nissui.co.jp/english/index.html>

(Amounts less than one million yen are omitted)

**1. Consolidated Financial Data of 2nd Quarter of FY2021**

(1) Consolidated Financial Results (For Six months ended September 30, 2021)

(Each percentage shows changes year-on-year)

	Net Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
2nd Quarter of FY2021	339,611	13.1	13,866	100.6	16,162	81.5	11,407	128.7
2nd Quarter of FY2020	300,285	-	6,911	-	8,902	-	4,988	-

(Note) Comprehensive income

2nd Quarter of FY2021 16,865 Million yen (131.8%) 2nd Quarter of FY2020 7,276 Million yen (-%)

	Earnings per share	Diluted income per share
	Yen	Yen
2nd Quarter of FY2021	36.66	-
2nd Quarter of FY2020	16.03	-

(Note) Nissui has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020), etc., from the first quarter of the current consolidated fiscal year. Accordingly, all figures for the second quarter of the fiscal year ended March 31, 2021, have been retroactively adopted to the above accounting standards; thus, we do not describe the difference in percentage between the previous fiscal year and the year before.

(2) Consolidated Financial Position of 2nd Quarter

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
2nd Quarter of FY2021	506,745	202,298	36.2
FY2020	475,468	187,779	35.6

Ref.): Total shareholders' equity

As of September 30, 2021 183,679 Million yen As of March 31, 2021 169,427 Million yen

(Note) Nissui has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No 29, March 31, 2020), etc., from the first quarter of the current consolidated fiscal year. Accordingly, the figures for the second quarter of the fiscal year ended March 31, 2021, have been retroactively adopted to the above accounting standards.

**2. Dividend**

	Dividend per share				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Fiscal Year
	Yen	Yen	Yen	Yen	Yen
FY2020	-	4.00	-	5.50	9.50
FY2021	-	6.00	-	-	-
FY2021(forecast)	-	-	-	5.00	11.00

(Note) Revision to dividend forecast during the current quarter: Yes

### 3. Consolidated Forecast for FY2021(April 1, 2021, through March 31, 2022)

(Each percentage shows changes year-on-year)

	Net Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
FY2021	673,000	9.4	24,500	36.1	28,000	23.5	17,000	18.1	54.63

(Note) Revision during the current quarter to the consolidated forecast for FY2021: Yes

(Note) Nissui has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020), etc., from the first quarter of the current consolidated fiscal year. Accordingly, the percentage change from the previous year has retroactively adopted the above accounting standards.

#### \* Notes

- 1) Changes in the scope of consolidation due to transfer of significant subsidiaries during the term: None
- 2) Adoption of accounting treatment unique to the preparation of quarterly consolidated financial statement: None
- 3) Changes in accounting policy, Changes in accounting estimate, and restatement:
  - i. Changes in accounting policy associated with the revision of the accounting standard, etc.: Yes
  - ii. Changes in accounting policy other than those stated above: None
  - iii. Changes in accounting estimate: None
  - iv. Restatement: None

- 4) Number of issued shares (Common stock)

2Q of FY2021	312,430,277	FY2020	312,430,277
2Q of FY2021	1,191,168	FY2020	1,296,387
2Q of FY2021	311,175,204	2Q of FY2020	311,140,751

- i. Number of issued shares at the end of the term (Including treasury stock)
- ii. Number of treasury stock at the end of the term
- iii. The average number of shares during the term (For the current consolidated first quarter)

(Note) Nissui has introduced the "Board Benefit Trust (BBT)" as its performance-linked and share-based compensation plan since FY2018, and its own shares remaining in the Trust is included as treasury shares. The number of treasury stocks at the end of the term was 223,600, and the average number of shares during the term was 288,440.

\* The summary of financial results is not subject to audits.

\*Explanation on the proper use of the forecasts and other noteworthy items

This report's performance forecasts are based on available information and certain premises thought to be reasonable. Accordingly, the results may change substantially due to various factors. For conditions from which the premises for the forecasts were derived and the other noteworthy items relating to the use of the forecasts, please refer to "(3) Explanation on Consolidated Financial Forecasts" on page 7 of Qualitative information for the second quarter of the fiscal year ending March 31, 2022.

\*Supplemental Documents for the 2<sup>nd</sup> Quarter of FY2021 was disclosed on TD-net (Timely Disclosure network) on the same day.

## 1. Qualitative information for the second quarter of the fiscal year ending March 31, 2022

### (1) Explanation on consolidated financial results

Nissui has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020), etc., from the first quarter of the current consolidated fiscal year and compared and analyzed the same period of the previous year, which had been adopted the accounting standard retroactively.

During the second six months of the consolidated fiscal year under review, the Japanese economy witnessed corporate earnings improve, mainly in the manufacturing industry, thanks to the various economic policies launched by the Japanese Government and increased export because of the recovering foreign economy. However, we also had difficult situations as the emergency declaration was announced again due to the outbreak of the mutant virus. Fortunately, we can see the sign of recovery, such as new cases of COVID-19 decreased rapidly in September due to the spread of vaccination, and the Government lifted the state of emergency at the end of the month.

In terms of the global economy during the period subject to consolidated accounting from January to June, consumer spending and capital investment increased after the restriction on going out, etc., were gradually lifted in the United States and Europe in the background of vaccination spread.

While economic activities are recovering in Japan and overseas, the outlook is still unclear. We cannot predict the end of the novel coronavirus. Also, there is confusion in logistics caused by container shortage and rising shipping costs, along with hiking raw material prices and labor costs.

The Company and its corporate group showed improvement in the aquaculture business inside and outside of Japan. Sales of marine products improved following the recovery of economic activity. On the other hand, the Japanese fishery and Alaskan pollock processing business struggled, and sales for household and foodservice stay firm in the food products business in Europe and the U.S.A.

Under these circumstances, the consolidated financial results through the second quarter of the consolidated fiscal year under review were as follows: net sales were 339,611 million yen, up 39,326 million yen year-on-year; operating profit was 13,866 million yen, up 6,954 million yen year-on-year; ordinary profit was 16,162 million yen, up 7,259 million yen year-on-year; and the profit attributable to the owners of the parent company was 11,407 million yen, up 6,418 million yen year-on-year.

We once again discuss our medium-to-long-term vision and strategies to realize our vision in the current fiscal year and make steady efforts to strengthen the constitution for the upcoming mid-to-long-term management plan.

Specifically, we will position it as "time to solidify the foundation for overcoming weak points, developing strengths, and regrowing," and rebuild our domestic aquaculture business and chilled business immediately in addition to the launch of sales of pure EPA active pharmaceutical ingredients for overseas market. Also, we will expand and strengthen products, which are delicious and contribute to health that responds to the changes in lifestyles and needs, such as restrictions on going out and increasing work from home on a global scale.

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

(Unit: million yen)

	Net Sales	Operating Profit	Ordinary Profit	Profit attributable to owners of parent
2Q of FY2021	339,611	13,866	16,162	11,407
2Q of FY2020	300,285	6,911	8,902	4,988
Difference	39,326	6,954	7,259	6,418
Percentage difference (%)	113.1%	200.6%	181.5%	228.7%

The summary by segment is as follows.

(Unit: million yen)

	Net Sales	Increase/Decrease (Y-on-Y)	Y-on-Y	Operating Profit	Increase/Decrease (Y-on-Y)	Y-on-Y
Marine Products	135,623	14,944	112.4%	5,095	3,310	285.4%
Food Products	166,104	15,836	110.5%	9,452	2,937	145.1%
Fine Chemicals	16,208	4,175	134.7%	1,721	741	175.7%
General Distribution	7,985	(446)	94.7%	1,030	91	109.7%
Other (Note)	13,691	4,817	154.3%	430	70	119.6%
Common Costs	-	-	-%	(3,862)	(196)	105.4%
Total	339,611	39,326	113.1%	13,866	6,954	200.6%

(Note) "Other" refers to Engineering (planning, design, construction of plants and equipment) business and Ship Operation Business, etc.

#### (1) Marine Products Business

The Marine Products segment is engaged in the fishery, aquaculture, and seafood processing and trading businesses.

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

We recorded 135,623 million yen (up 14,944 million yen year-on-year) in the sales and operating profit of 5,095 million yen (up 3,310 million yen year-on-year) in the Marine Products Business.

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

[Japan]

•Both revenue and income decreased as horse mackerel, sardines, and buri yellowtail caught poor as a whole.

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

[Japan]

•Both revenue and income increased as the sales price of buri yellowtail and Coho salmon were steady. Also, there was the cost reduction effect in tuna farming, which struggled last year.

[South America]

•Both sales and profit increased thanks to the increasing sales volume of salmon/trout.

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

[Japan]

•Revenue and income increased as the fish price rose as the sales price of main species such as salmon/trout increased.

[ North America]

• Revenue increased as the sales were steady following the recovery of economic activities. However, income decreased as the production volume of fillet, and pollock roe declined due to the epidemic of COVID-19 at pollock processing factories in Alaska, USA. In addition, there was an increase in cost for countermeasures for coronavirus.

[Europe]

• Revenue and income increased as the sales were firm along with economic activities improved.

## (2) Food Products Business

The Food Products segment is engaged in the food processing and chilled foods businesses.

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

We recorded 166,104 million yen (up 15,836 million yen year-on-year) in sales and operating profit of 9,452 million yen (up 2,937 million yen year-on-year) in the Food Products Business.

Processed Foods Business: Both revenue and income increased year-on-year.

[Japan]

• Although sales went smoothly, revenue increased, but income decreased due to the rising material cost such as *surimi*.

[North America and Europe]

• Revenue and income grew as food sales for foodservice expanded as the demand for dining out grew, whereas food for household use stayed healthy.

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

• Income increased as the sales of chilled lunch boxes and rice balls for convenience stores improved. In addition, there was a cost reduction effect.

## (3) Fine Chemicals Business

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

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

We recorded 16,208 million yen (up 4,175 million yen year-on-year) in sales and operating profit of 1,721 million yen (up 741 million yen year-on-year) in the Fine Chemicals Business.

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

• Revenue increased thanks to strong sales of mail-order of functional foods.

[Clinical Diagnostic and Test Drug]

• Revenue and income increased because of steady sales of PCR testing agents for the COVID-19 and culture media overseas.

## (4) General Distribution Business

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

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

We recorded 7,985 million yen (down 446 million yen year-on-year) in sales and operating profit of 1,030 million yen (up 91 million yen year-on-year) in the General Distribution Business.

• Although sales decreased due to the partial business transfer, income increased as there was a cost reduction effect.

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

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

## (2) Explanation on the consolidated financial position

### 1) State of assets, liabilities, and net assets

(Unit: million yen)

	FY2020	2Q of FY2021	Increase/Decrease
Current Assets	231,808	257,606	25,797
(Inventories)	129,081	138,443	9,362
Non-current Assets	243,660	249,139	5,479
Total Assets	475,468	506,745	31,277
Current Liabilities	153,711	172,575	18,864
Non-current Liabilities	133,977	131,871	(2,105)
Total Liabilities	287,689	304,447	16,758
Total Net Assets	187,779	202,298	14,518

#### Assets

Total assets increased by 31,277 million yen compared to the end of the previous consolidated fiscal year to 506,745 million yen (up 6.6%).

Current assets increased by 25,797 million yen to 257,606 million yen (up 11.1%). The main reason for this was note and accounts receivable increased by 11,240 million yen, and inventory increased by 9,362 million yen because of increased sales.

Non-current assets increased by 5,479 million yen to 249,139 million yen (up 2.2%), mainly due to increased property, plant, and equipment by 1,710 million yen for the capital investment for factories overseas.

#### Liabilities

Total liabilities increased by 16,758 million yen compared to the end of the previous consolidated fiscal year to 304,447 million yen (up 5.8%).

Current liabilities increased by 18,864 million yen to 172,575 million yen (up 12.3%), mainly because of an increase in short-term borrowings by 15,334 million yen due to increased demand for working capital and so on.

Non-current liabilities decreased by 2,105 million yen to 131,871 million yen (down 1.6%). The main reason was a decrease in long-term borrowings by 4,265 million yen by payback.

#### Net Assets

Total net assets increased by 14,518 million yen compared to the end of the previous consolidated fiscal year to 202,298 million yen (up 7.7%), mainly due to posting profit attributable to owners of the parent of 11,407 million yen, payment of dividends of surplus by 1,713 million yen, and an increase in foreign currency translation adjustment by 4,697 million yen due to weak yen.

### 2) State of cash flows

(Unit: million yen)

	2Q of FY2020	2Q of FY2021	Increase/Decrease
Net cash provided by operating activities	14,694	7,439	(7,254)
Net cash provided by investing activities	(9,666)	(9,628)	38
Net cash provided by financing activities	(17,695)	6,130	23,826
Cash and cash equivalent at the end of period	18,857	18,906	48

Net cash flows from operating activities were 7,439 million yen (decreased by 7,254 million yen, compared with the same period of the previous year). It was mainly due to posting a total of 25,962 million yen in profit before income taxes and depreciation, but there was a decrease in funds by 10,994 million yen due to increased working capital and income tax paid by 4,378 million yen.

Net cash flows used in investing activities were 9,628 million yen (decreased by 38 million yen, compared with the same period of the previous year). The main reason was purchase of property, plant and equipment by 9,205 million yen followed by investment in production equipment in the United States and Japan, in addition to purchase of shares of subsidiaries resulting in change in scope of consolidation by 1,577 million yen.

Net cash flows from financing activities were 6,130 million yen (Net cash flows used in financing activities were 17,695 million yen in the same period of the previous year), mainly due to repayment of long-term borrowings by 2,972 million yen, dividend paid by 1,711 million yen and increase in short-term borrowings by 10,642 million yen.

### **(3) Explanation on Consolidated Financial Forecasts**

We have revised the financial forecasts for the fiscal year ending March 31, 2022, announced on May 13, 2021. For details, please refer to the "Notice on Revision of Full-year Financial Forecasts" announced today (November 5, 2021).

## 2. 2nd Quarter Consolidated Financial Statements

### (1) Consolidated Balance Sheet

Million yen

	FY2020 As of Mar. 31, 2021	2nd Quarter of FY2021 As of Sep. 30, 2021
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	10,986	15,025
Notes and accounts receivable-trade	76,042	87,283
Merchandise and finished goods	68,221	73,946
Work in process	26,050	27,014
Raw materials and supplies	34,809	37,482
Other	16,035	17,233
Allowance for doubtful accounts	(338)	(380)
<b>Total current assets</b>	<b>231,808</b>	<b>257,606</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	61,072	61,769
Other, net	86,355	87,369
<b>Total property, plant and equipment</b>	<b>147,428</b>	<b>149,139</b>
<b>Intangible assets</b>		
Goodwill	452	773
Other	9,339	10,353
<b>Total intangible assets</b>	<b>9,791</b>	<b>11,127</b>
<b>Investments and other assets</b>		
Investment securities	38,076	37,745
Shares of subsidiaries and associates	34,566	36,941
Long-term loans receivable	1,438	1,092
Retirement benefit asset	229	285
Deferred tax assets	2,331	2,403
Other	14,369	15,227
Allowance for doubtful accounts	(4,573)	(4,822)
<b>Total investments and other assets</b>	<b>86,440</b>	<b>88,873</b>
<b>Total non-current assets</b>	<b>243,660</b>	<b>249,139</b>
<b>Total assets</b>	<b>475,468</b>	<b>506,745</b>



**Consolidated Balance Sheet**

Million yen

	FY2020 As of Mar. 31, 2021	2nd Quarter of FY2021 As of Sep. 30, 2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	41,704	46,831
Short-term borrowings	68,577	83,912
Income taxes payable	4,207	4,431
Accrued expenses	22,884	22,728
Provisions	3,479	3,785
Other	12,857	10,886
<b>Total current liabilities</b>	<b>153,711</b>	<b>172,575</b>
<b>Non-current liabilities</b>		
Long-term borrowings	112,230	107,964
Provisions	121	61
Retirement benefit liability	10,428	10,680
Other	11,197	13,165
<b>Total non-current liabilities</b>	<b>133,977</b>	<b>131,871</b>
<b>Total liabilities</b>	<b>287,689</b>	<b>304,447</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	30,685	30,685
Capital surplus	21,658	21,155
Retained earnings	107,781	117,474
Treasury shares	(476)	(413)
<b>Total shareholders' equity</b>	<b>159,648</b>	<b>168,902</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	13,881	13,909
Deferred gains or losses on hedges	92	615
Foreign currency translation adjustment	(1,056)	3,641
Remeasurements of defined benefit plans	(3,139)	(3,389)
<b>Total accumulated other comprehensive income</b>	<b>9,778</b>	<b>14,777</b>
<b>Non-controlling interests</b>	<b>18,352</b>	<b>18,618</b>
<b>Total net assets</b>	<b>187,779</b>	<b>202,298</b>
<b>Total liabilities and net assets</b>	<b>475,468</b>	<b>506,745</b>

**(2) Consolidated Income Statements**

Million yen

	2nd Quarter of FY2020 (Six months ended Sep. 30, 2020)	2nd Quarter of FY2021 (Six months ended Sep. 30, 2021)
Net sales	300,285	339,611
Cost of sales	254,604	284,410
Gross profit	45,680	55,201
Selling, general and administrative expenses	38,769	41,335
Operating profit	6,911	13,866
Non-operating income		
Interest income	113	88
Dividend income	339	396
Foreign exchange gains	32	—
Gain on sales of investment securities	36	—
Share of profit of entities accounted for using equity method	1,630	1,304
Subsidy income	448	1,072
Miscellaneous income	184	244
Total non-operating income	2,786	3,106
Non-operating expenses		
Interest expenses	717	561
Foreign exchange losses	—	97
Loss on sales of investment securities	2	0
Miscellaneous expenses	75	150
Total non-operating expenses	795	810
Ordinary profit	8,902	16,162
Extraordinary income		
Gain on sales of non-current assets	345	62
Gain on sales of investment securities	308	326
Insurance claim income	—	508
Gain on change in equity	—	8
Total extraordinary income	654	905
Extraordinary losses		
Loss on disposal of non-current assets	185	181
Impairment losses	—	18
Loss on sales of investment securities	3	—
Loss on valuation of investment securities	626	—
Loss on disaster	774	461
Total extraordinary losses	1,589	661
Profit before income taxes	7,967	16,407
Income taxes-current	2,734	4,402
Income taxes-deferred	14	94
Total income taxes	2,749	4,497
Profit	5,218	11,910
Profit attributable to non-controlling interests	229	503
Profit attributable to owners of parent	4,988	11,407

## Consolidated Statements of comprehensive income

Million yen

	2nd Quarter of FY2020 (Six months ended Sep. 30, 2020)	2nd Quarter of FY2021 (Six months ended Sep. 30, 2021)
Profit	5,218	11,910
Other comprehensive income		
Valuation difference on available-for-sale securities	3,923	(68)
Deferred gains or losses on hedges	(131)	394
Foreign currency translation adjustment	(1,226)	3,851
Remeasurements of defined benefit plans, net of tax	202	(249)
Share of other comprehensive income of entities accounted for using equity method	(709)	1,026
Total other comprehensive income	2,058	4,955
Comprehensive income	7,276	16,865
(Breakdown)		
Comprehensive income attributable to owners of parent	7,022	16,405
Comprehensive income attributable to non-controlling interests	253	460

**(3) Consolidated Statements of Cash Flow**

Million yen

	2nd Quarter of FY2020 (Six months ended Sep. 30, 2020)	2nd Quarter of FY2021 (Six months ended Sep. 30, 2021)
Cash flows from operating activities		
Profit before income taxes	7,967	16,407
Depreciation	9,619	9,554
Impairment losses	—	18
Amortization of goodwill	114	85
Increase (decrease) in allowance for doubtful accounts	45	38
Increase (decrease) in retirement benefit liability	1	(190)
Interest and dividend income	(453)	(485)
Interest expenses	717	561
Share of loss (profit) of entities accounted for using equity method	(1,630)	(1,304)
Gain on sales of non-current assets	(345)	(62)
Loss on disposal of noncurrent assets	185	181
Loss (gain) on sales and valuation of investment securities	320	(326)
Insurance claim income	—	(508)
Loss on disaster	774	461
Loss (gain) on change in equity	—	(8)
Decrease (increase) in trade receivables	(1,297)	(9,162)
Decrease (increase) in inventories	(1,240)	(5,579)
Increase (decrease) in trade payables	3,457	3,928
Increase (decrease) in accrued expenses	(1,366)	(180)
Other, net	(590)	(1,657)
Subtotal	16,279	11,770
Interest and dividends received	491	535
Interest paid	(694)	(568)
Payments associated with disaster loss	—	(43)
Proceeds from insurance income for disaster loss	—	124
Income taxes paid	(1,380)	(4,378)
Net cash provided by (used in) operating activities	14,694	7,439

	2nd Quarter of FY2020 (Six months ended Sep. 30, 2020)	2nd Quarter of FY2021 (Six months ended Sep. 30, 2021)
Cash flows from investing activities		
Decrease (increase) in time deposits	(0)	99
Decrease(increase) in short-term investment securities	—	(24)
Purchase of property, plant and equipment	(14,025)	(9,205)
Proceeds from sales of property, plant and equipment	1,107	301
Purchase of intangible assets	(277)	(413)
Purchase of investment securities	(26)	(27)
Proceeds from sales of investment securities	1,012	927
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(1,577)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	2,401	—
Decrease (increase) in short-term loans receivable	(103)	(120)
Other, net	244	412
Net cash provided by (used in) investing activities	(9,666)	(9,628)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(27,878)	10,642
Proceeds from long-term borrowings	23,547	832
Repayments of long-term borrowings	(11,137)	(2,972)
Repayments of lease obligations	(377)	(420)
Dividends paid	(1,442)	(1,711)
Dividends paid to non-controlling interests	(177)	(237)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(228)	—
Decrease (increase) in treasury shares	(0)	(1)
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	(17,695)	6,130
Effect of exchange rate change on cash and cash equivalents	(143)	203
Net increase (decrease) in cash and cash equivalents	(12,810)	4,146
Cash and cash equivalents at beginning of period	31,647	14,760
Increase(decrease) in cash and cash equivalents resulting from change in scope of consolidation	20	—
Cash and cash equivalents at end of period	18,857	18,906

**(4) Notice concerning the consolidated financial statements**

(Notes on Going Concern)

Not applicable.

(Notes Regarding Significant Changes in the Amount of Shareholder's Equity)

Not applicable.

(Changes of accounting policy)

(Application of accounting standards for revenue recognition)

Nissui applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) etc. from the beginning of the first quarter of the consolidated accounting period. When control of a promised good or service is transferred to the customer, revenue is recognized at the amount expected to be received in exchange for the good or service.

As a result, the consideration paid to customers, such as rebates, which were previously recorded in selling, general and administrative expenses, is deducted from sales. In Material supplied for a fee, in the past, the transaction volume related to this transaction was recognized as revenue, and the disappearance of raw materials, etc., provided for a fee was recognized.

However, if the transaction is obliged to buy back, the revenue and the disappearance of raw materials provided for a fee are not recognized. In addition, in some transactions, the total amount of consideration received from customers was recognized as revenue in the past, but for transactions for which the role of the group is an agent, revenue is recognized as a net amount obtained by deducting the purchase amount of the product from the amount received from the customer. Changes in the accounting policy are applied retroactively in principle, and for the previous quarter and the previous consolidated fiscal year, the quarterly consolidated financial statements and consolidated financial statements after retroactive application are used.

As a result, net sales for the second quarter of the previous fiscal year decreased by 20,533 million yen, and operating profit, ordinary profit, and net income before tax decreased by 56 million yen, respectively, compared to before the retroactive application. In addition, the balance of retained earnings at the beginning of the previous fiscal year decreased by 85 million yen since the cumulative impact was reflected in the net assets at the beginning of the previous fiscal year.

(Application of accounting standards for market value calculation)

"Accounting Standard for Market Value Calculation" (ASBJ Statement No. 30, July 4, 2019), etc., was applied from the beginning of the first quarter of this consolidated accounting period. Following Paragraph 19 of the Accounting Standard for Market Value Calculation and the transitional treatment stipulated in Paragraph 44-2 of "Accounting Standard for Financial Instruments" (Corporate Accounting Standard No. 10, July 4, 2019), the new accounting policy stipulated by the market value accounting standards, etc. will be applied in the future. There is no impact on the quarterly consolidated financial statements.

(Segment Information, etc.)

**1. 2nd Quarter of the previous Fiscal Year (April 1, 2020 -September 30, 2020)**

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

(Unit: Million yen)

	Information by business segments					Other (Note1)	Total	Adjustement (Note 2)	Consolidated (Note.3)
	Marine Products	Food Products	Fine Chemicals	General Distribution	Total				
Sales									
(1) Sales to third parties	120,679	150,267	12,032	8,431	291,411	8,873	300,285	-	300,285
(2) Inter-segment sales and transfers	6,894	1,104	156	4,789	12,945	939	13,884	(13,884)	-
Total	127,573	151,372	12,188	13,221	304,356	9,813	314,169	(13,884)	300,285
Segment income (loss)	1,785	6,514	979	938	10,218	359	10,578	(3,666)	6,911

(Note)

1. The "Other" segment includes the building/repairing ships, engineering, and other businesses not included in the reportable segments.
2. The (3,666) million yen segment income adjustment comprises 27 million yen in inter-segment transactions and (3,693) million yen in corporate expenses not allocated to the segments. Corporate expenses comprise mainly selling, general and administrative expenses not allocated to the segments.
3. Segment income is adjusted to reflect operating profit as recorded in the quarterly consolidated statement of income.

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

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

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

(Significant gain on negative goodwill)  
Not applicable.

## 2. 2nd Quarter of the current Fiscal Year (April 1, 2021 -September 30, 2021)

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

(Unit: Million yen)

	Information by business segments					Other (Note1)	Total	Adjustment (Note 2)	Consolidated (Note.3)
	Marine Products	Food Products	Fine Chemicals	General Distribution	Total				
Sales									
(1) Sales to third parties	135,623	166,104	16,208	7,985	325,920	13,691	339,611	-	339,611
(2) Inter-segment sales and transfers	6,709	590	193	5,177	12,671	940	13,611	(13,611)	-
Total	142,333	166,694	16,401	13,162	338,591	14,361	353,223	(13,611)	339,611
Segment income (loss)	5,095	9,452	1,721	1,030	17,299	430	17,729	(3,862)	13,866

(Note)

- The "Other" segment includes the building/repairing ships, engineering, and other businesses not included in the reportable segments.
- The (3,862) million yen segment income adjustment comprises (39) million yen in inter-segment transactions and (3,823) million yen in corporate expenses not allocated to the segments. Corporate expenses comprise mainly selling, general and administrative expenses not allocated to the segments.
- Segment income is adjusted to reflect operating profit as recorded in the quarterly consolidated statement of income.

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

(Significant impairment loss on non-current assets)

Not applicable.

(Significant changes in the amount of goodwill)

Not applicable.

(Significant gain on negative goodwill)

Not applicable.

### 3. Explanation of the change of reporting segment

As described in Changes of accounting policy, Nissui has adopted the "Accounting Standard for Revenue Recognition, etc." from the first quarter of the current consolidated fiscal year and a new accounting standard for income recognition. Following the change in the accounting treatment method, measuring the profit or loss of the business segment has also been changed.

Since the change of accounting policies has been retroactively adopted, the segment information for the previous year's second quarter was retroactively applied.

As a result, compared with the figures before adjustment, sales amount to the external customers are down 5,972 million yen in the marine products business, 14,361 million yen in the food products business, 199 million yen in the fine chemical business, and 0 million yen in the general distribution business.

Segment income is up 0 million yen in the food products business, 2 million yen in the fine chemical business, down 33 million yen in the marine products business, and 25 million yen in the general distribution business.