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Consolidated Financial Results for the Nine Months Ended December 31, 2021 [Japanese GAAP]

February 09, 2022

Company name: The Nisshin Oillio Group, Ltd.
 Stock exchange listing: Tokyo
 Code number: 2602
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 Scheduled date of filing quarterly securities report: February 14, 2022
 Scheduled date of commencing dividend payments: —
 Availability of supplementary briefing material on quarterly financial results: Yes
 Schedule of quarterly financial results briefing session: Yes (for analysts and institutional investors)

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2021 (April 01, 2021, to December 31, 2021)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2021	313,634	24.7	9,254	(26.0)	10,266	(21.4)	7,331	(18.4)
December 31, 2020	251,565	(2.0)	12,504	(3.0)	13,060	2.8	8,987	5.6

(Note) Comprehensive income: Nine months ended December 31, 2021: ¥ 10,475 million [1.1 %]
 Nine months ended December 31, 2020: ¥ 10,366 million [33.0 %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2021	226.22	-
December 31, 2020	269.45	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of December 31, 2021	343,547	160,954	44.6
March 31, 2021	292,154	153,259	49.8

(Reference) Equity: As of December 31, 2021: ¥ 153,093 million
 As of March 31, 2021: ¥ 145,552 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	-	40.00	-	40.00	80.00
Fiscal year ending March 31, 2022	-	45.00	-		
Fiscal year ending March 31, 2022 (Forecast)				45.00	90.00

(Note) Revision to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022 (April 01, 2021, to March 31, 2022)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	400,000	18.9	11,500	(6.7)	12,000	(13.3)	7,700	(16.7)	237.63

(Note) Revision to the financial results forecast announced most recently: No

■ Notes:

(1) Changes in significant subsidiaries during the nine months ended December 31, 2021

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name: —)
 Exclusion: - (Company name: —)

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

Note: For details, see p. 15 under "Application of special accounting methods in the preparation of quarterly consolidated financial statements"

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

- 1) Changes in accounting policies due to the revision of accounting standards: Yes
- 2) Changes in accounting policies other than 1) above: No
- 3) Changes in accounting estimates: No
- 4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

December 31, 2021: 33,716,257 shares
 March 31, 2021: 34,667,857 shares

2) Total number of treasury shares at the end of the period:

December 31, 2021: 1,307,353 shares
 March 31, 2021: 2,263,963 shares

3) Average number of shares during the period:

Nine months ended December 31, 2021: 32,407,192 shares
 Nine months ended December 31, 2020: 33,355,846 shares

* The Company's shares held by the Trust Account for Stock Delivery to Directors are included in treasury shares.

- The Quarterly Consolidated Financial Results are not subject to quarterly review by certified public accountants or audit firms.
- Explanation of the appropriate use of earnings forecasts and other notes: The forward-looking statements, including earnings forecasts, contained in this document are based on information currently available to the Company and certain assumptions deemed reasonable, and are not intended as a promise by the Company that they will be achieved. Actual results may differ materially due to a variety of factors. Please refer to "1. Qualitative Information on the Quarterly Consolidated Financial Results,

(3) Explanation of the Forecast Data, including Consolidated Results Forecast" on page 9 for the conditions that form the assumptions for the forecast of financial results and cautions concerning the use of the forecast of financial results.

The Company will hold a financial results briefing to analysts and institutional investors via teleconference on Wednesday, February 9, 2022. Supplementary Materials will be posted on the Company's website on the same day as the briefing. Language used: Japanese.

[Reference]

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1. Qualitative Information on the Quarterly Consolidated Financial Results

Any forward-looking statement herein are based on management's judgment as of December 31, 2021.

(1) Overview of Business Performance

In the first nine months of the fiscal year ending March 31, 2022, the global economy was on a recovery track thanks to a balance between infection control and economic activity, although progress varied among countries and regions. With intermittent infection control measures, the Japanese economy experienced start-and-stop progress, but a gradual recovery was seen following the lifting of the emergency declaration at the end of September. Economic normalization moved forward in China, Europe and the United States, while in emerging countries, restrictions on movement were relaxed or abolished and economic activity resumed against the backdrop of progress in vaccinations, which had been delayed. That said, in the near term the future remains uncertain due to a resurgence in infections resulting from the emergence of new variants of the coronavirus; concerns about inflation and rising interest rates in the United States; a slowdown in the Chinese economy; and increased geopolitical risks and other factors.

For the Group, the economic recovery in Japan and overseas brought a partial recovery in demand for commercial-use oils and fats and fine chemical products, which had been significantly impacted by the COVID-19 pandemic. Sales of products for household-use, however, fell in reaction to the increased demand in the previous year for eating at home. In terms of costs, the business environment remains harsh, due to the market price of grain, a major raw material, at historically high levels, and the ongoing weakness of the yen against the U.S. dollar and soaring resource prices.

In this setting, under the medium-term management plan "Value Up +" (2021-2024), the Group aims to achieve sustainable growth through the creation of diverse shared value with society, bearing the "Natural Power of Plants" as the basis for value creation.

During the nine months ended December 31, 2021, net sales was ¥313,634 million, up 24.7% year on year. In terms of earnings, operating profit decreased 26.0% to ¥9,254 million, ordinary profit decreased 21.4% to ¥10,266 million, and profit attributable to owners of parent was ¥7,331 million, down 18.4% from the previous year. The effect of the adoption of the new revenue recognition standard on net sales was a decrease of ¥4,607 million, while the impact of profit and loss on the quarterly financial statements was immaterial.

Results by segment are as follows.

Previously, the Company used three reporting segments: "Oil, Meal, and Processed Food," "Processed Oil and Fat," and "Fine Chemical." However, in line with the business strategies in the medium-term management plan, "Value Up +," the Company has changed them to "Oil and Fat," "Processed Food and Materials," and "Fine Chemical."

This change in business segments is intended to accurately reflect the actual state of The Nisshin Oillio Group's management and administration.

Segment information for the nine months ended December 31, 2020 has been restated based on the classification method after the change.

Furthermore, as stated in the section regarding changes in accounting policies, the Company has applied the accounting standard for revenue recognition from the beginning of the first quarter of the fiscal year ending March 31, 2022, changing the accounting methods regarding revenue recognition. The impact of the change on each segment is negligible.

• Net sales

(Million yen)

		Nine months ended Dec. 31, 2020	Nine months ended Dec. 31, 2021	Change	YoY (%)
Oil and Fat	Oil and Meal	158,460	197,076	+38,616	124.4%
	Processed Oil and Fat	40,515	59,794	+19,278	147.6%
	Subtotal	198,975	256,870	+57,894	129.1%
Processed Food and Materials		40,014	42,226	+2,212	105.5%
Fine Chemical		10,652	12,620	+1,967	118.5%
Other		1,922	1,916	(5)	99.7%
Total		251,565	313,634	+62,069	124.7%

• Operating profit

(Million yen)

		Nine months ended Dec. 31, 2020	Nine months ended Dec. 31, 2021	Change	YoY (%)
Oil and Fat	Oil and Meal	8,546	3,616	(4,929)	42.3%
	Processed Oil and Fat	2,328	3,264	+935	140.2%
	Subtotal	10,875	6,881	(3,994)	63.3%
Processed Food and Materials		1,490	1,529	+39	102.6%
Fine Chemical		681	1,165	+484	171.0%
Other		(24)	217	+241	-
Intersegment eliminations and adjustments		(518)	(539)	(21)	-
Total		12,504	9,254	(3,250)	74.0%

Overview by Segment

<< Oil and Fat >>

Net sales increased year on year, mainly due to sales price revisions against the backdrop of soaring raw material prices. Meanwhile, operating profit declined despite the Company's success in phasing in price revisions, due to the enormous impact of those surging raw material prices.

■ Procurement Environment of Raw Materials

In the procurement of raw materials, a broad year-on-year rise in the market for major raw materials and the continued weakening of the yen against the U.S. dollar saw significant price rise for both soybeans and rapeseed year on year.

Market Prices of Major Raw Materials

The market price of soybeans rose to the US\$16 per bushel level in mid-May against the backdrop of tight supply and demand for U.S. soybeans due to vigorous purchasing by China, and expectations of increased demand for biofuels. Subsequently, the price dropped to the US\$12 level due to the prospect of improved production in the U.S. and favorable plantings in South America, but rose again to the US\$13 level against concerns about arid conditions in South America. Thus the price remained significantly higher on a year-on-year basis.

The market price for rapeseed reached a record high of C\$1,000 per metric ton in May due to the tightening of global supply and demand caused by the impact of reduced production of rapeseed in Europe as well as expectations of increased demand for biofuels. The price later fell in line with the soybean market price, but rose again to the C\$1,000 level in October due to a major cut in production and deteriorating quality caused by high temperatures

and arid conditions in Canada, as well as the impact of high crude oil prices; the price for rapeseed remained significantly higher on a year-on-year basis.

Exchange Rates

The yen weakened further against the U.S. dollar due to expectations for a recovery in the U.S. economy and a rise in U.S. long-term interest rates. Against a backdrop of reduced monetary easing and rising expectations for interest rate hikes in the U.S. in the second half of the year, the yen hovered between 110 and 115 yen, weakening against the U.S. dollar on a year-on-year basis.

■ Meal Sales

Net sales of soybean meal grew year on year thanks to increased sales volume resulting from a recovery in pressed oil volume, as well as a rise in sales prices in response to the increase in the price of raw feed materials due to tight global supply and demand for soybeans and corn.

Net sales of rapeseed meal also rose year on year with an increase in sales volume resulting from a recovery in pressed oil volume, and with a rise in sales prices.

■ Sales of Oil and Processed Oil and Fat

Oil and Fat

In the commercial-use sector, the Group worked to find out new customers through "needs-collaboration discovery" marketing and proposals of value-added products including functional oils and fats such as "customer-solution-type frying oil" with long-lasting functions and "Nisshin steamed-rice oil." In addition, recovery in demand, which had fallen sharply due to the COVID-19 pandemic, and efforts to revise sales prices, saw sales volume and net sales exceed those of the same period the previous year.

Sales of oils and fats for food processing also increased year on year as a result of sales at reasonable prices commensurate with costs.

In the household-use sector, sales volume fell in reaction to significant sales growth in the previous fiscal year driven by increased demand for eating at home. At the same time, net sales rose year on year as the Company continued its efforts to nurture a market for value-added products, expand sales of sesame oil, supplementary oils and other products, and implement sales price revisions.

As a result of the above, overall sales of oils and fats increased from the same period of the previous fiscal year. However, operating profit decreased year on year due to the significant impact of soaring raw material prices.

Processed Oil and Fat

Despite the continuing impact of COVID-19, sales were firm in the overseas sector of processed oil and fat, namely at Intercontinental Specialty Fats Sdn. Bhd. in Malaysia. In addition, sales increased year on year as a result of a rise in selling prices in response to soaring prices of palm oil. In terms of profits, operating profit rose year on year due to rising unit sales prices and increased sales volume, as well as the impact of the mark-to-market valuation of palm oil transactions.

In the domestic processed oil and fat sector, selling prices appropriately in line with costs, and recovery and expansion of sales volume, saw net sales grow year on year. Operating profit fell versus the same period of the previous year, however, due to the significant impact of soaring raw material prices.

<< Processed Food and Materials >>

In the Processed Food and Materials business segment, an increase in sales volume and sales at appropriate prices saw net sales rise year on year, while operating profit remained flat.

As a result of efforts to expand sales of chocolate in the face of continued sluggish demand for confectionaries, mainly as souvenirs, sales volume for chocolate products at Daito Cacao Co., Ltd. rose year on year. T.&C. Manufacturing Co., Pte. Ltd. in Singapore experienced a decrease in sales of confectionary ingredients and other products (premixed products) to Japan. In addition, sales volume increased at PT Indoagri Daitocacao with the start of new business transactions. Due to these factors, both net sales and operating profit for chocolate as a whole improved year on year.

In seasonings, net sales were higher year on year as sales volume increased due to sales expansion of *Nisshin Dressing "Diet"* and other core products, as well as of *Nisshin Flaxseed Dressing* and *Nisshin Green Perilla Dressing*, but operating profit fell year on year, primarily due to the impact of soaring raw material prices.

In functional materials and foods, net sales increased year on year due to an increase in sales volume of MCT-related products, but operating profit declined due to the impact of soaring raw material prices and other factors.

In soybean materials and foods, efforts to launch new products and to sell at appropriate prices led to a year-on-year increase in both net sales and operating profit.

<< Fine Chemical >>

In the Fine Chemical business segment, both net sales and operating profit increased year on year with a rise in sales volume and selling prices appropriately in line with costs.

Fine chemical products saw a year-on-year increase in both net sales and operating profit, driven by a recovery in demand for cosmetic ingredients in Japan and overseas, and growth in overseas sales thanks to capturing of new demand for skincare applications, primarily for cleansing, as well as sales at appropriate prices in line with costs.

In environment and hygiene-related products, sales were at the same level as the same period of the previous fiscal year due to steady sales of alcohol preparations. However, operating profit fell short due to a decrease in sales of high-margin products and soaring raw material prices.

<< Other >>

In the Other business segment including information systems, net sales were down, but operating profit increased year on year.

Net sales by region

Sales to Asia, including Malaysia and China, increased 38.1% year on year to ¥36,178 million. Sales to other regions, including Europe and the United States, increased 60.0% year on year to ¥28,242 million, owing to the increased sales to Europe and the United States by Intercontinental Specialty Fats Sdn. Bhd. Overseas sales accounted for 20.5% of consolidated net sales, up 3.1 percentage points from the same period of the previous fiscal year.

(2) Overview of Financial Position

1) Assets, liabilities and net assets

Total assets on December 31, 2021, stood at ¥343,547 million, up ¥51,393 million from the previous fiscal year-end. The main reasons for this increase were increases of ¥1,104 million in cash and deposits, ¥28,480 million in accounts receivable-trade, ¥15,251 million in inventories, ¥268 million in property, plant and equipment, and ¥1,810 million in investment securities.

Liabilities stood at ¥182,592 million, up ¥43,698 million from the previous fiscal year-end. The main reason for the increase was an increase of ¥28,307 million in short-term borrowings and ¥18,089 million in long-term borrowings. This was partially offset by decreases of ¥4,546 million in current liabilities-other (accounts payable).

Net assets stood at ¥160,954 million, an increase of ¥7,695 million from the previous fiscal year-end. The main

factors in the increase were increases of ¥2,796 million in retained earnings, ¥3,010 million in treasury shares and ¥2,907 million in accumulated other comprehensive income. This was partially offset by a decrease of ¥1,173 million in capital surplus.

2) Status of cash flows

Cash and cash equivalents as of December 31, 2021, stood at ¥10,163 million, an increase of ¥906 million from the previous fiscal year-end.

<< Cash Flows from Operating Activities >>

Operating activities used net cash of ¥34,406 million (¥235 million used in the same period of the previous fiscal year). The main factors increasing cash were profit before income taxes of ¥10,506 million, depreciation of ¥6,559 million, and increase in trade payables of ¥71 million. The main factors decreasing cash were an increase in trade receivables of ¥27,798 million, an increase in inventories of ¥14,093 million, and income taxes paid of ¥3,942 million.

<< Cash Flows from Investing Activities >>

Investing activities used net cash of ¥7,483 million (¥9,887 million used in the same period of the previous fiscal year). The main factor decreasing cash was purchase of property, plant, and equipment of ¥8,310 million.

<< Cash Flows from Financing Activities >>

Financing activities provided net cash of ¥42,885 million (¥3,359 million used in the same period of the previous fiscal year). The main factors increasing cash was a net increase in short-term borrowings of ¥32,373 million and proceeds from long-term borrowings of ¥18,838 million. This was partially offset by repayment of long-term borrowings of ¥5,127 million and a decrease in cash for dividends paid of ¥2,759 million.

(3) Explanation of the Forecast Data, including Consolidated Results Forecast

In terms of consolidated business results, there is no change in the forecast for the fiscal year ending March 31, 2022, which was announced on August 6, 2021.

With regard to the outlook for results going forward, a challenging business environment is expected to continue due to the surge in COVID-19 infections resulting from new coronavirus variants, soaring prices for crude oil and other resources, a stagnant supply chain and other factors. The oil and fat segment, in particular, is not only facing historically high price levels for raw materials (soybeans, rapeseed, palm oil), but there are concerns about the impact of soaring prices for plant-based oils and fats against a global increase in demand for oils, as well as reduced production and deteriorating raw material quality of new grain rapeseed in Canada due to unseasonable weather.

Given this difficult environment, the Group will work to further stabilize and strengthen profitability by continuing to implement sales price revisions and expand sales of value-added products domestically, and by focusing on steady business expansion in each segment of its overseas businesses in Oil and Fat, Processed Food and Materials, and Fine Chemical.

2. Quarterly Consolidated Financial Statements and Related Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	11,036	12,140
Notes and accounts receivable - trade	68,379	96,860
Inventories	60,154	75,405
Other	11,367	15,205
Allowance for doubtful accounts	(19)	(47)
Total current assets	150,918	199,564
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	27,630	31,661
Machinery, equipment and vehicles, net	28,192	35,729
Land	28,115	28,103
Other, net	17,010	5,723
Total property, plant and equipment	100,948	101,217
Intangible assets		
Goodwill	244	225
Other	1,459	1,295
Total intangible assets	1,703	1,521
Investments and other assets		
Investment securities	29,516	31,326
Retirement benefit asset	4,941	5,877
Other	4,074	4,000
Allowance for doubtful accounts	(26)	(26)
Total investments and other assets	38,505	41,177
Total non-current assets	141,158	143,916
Deferred assets		
Bond issuance costs	76	66
Total deferred assets	76	66
Total assets	292,154	343,547

(Million yen)

	As of March 31, 2021	As of December 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	38,984	39,566
Short-term borrowings	9,411	37,719
Income taxes payable	1,964	525
Provisions	53	45
Other	28,218	25,271
Total current liabilities	78,633	103,128
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term borrowings	25,806	43,895
Provisions	531	485
Retirement benefit liability	1,962	1,990
Other	11,959	13,092
Total non-current liabilities	60,260	79,464
Total liabilities	138,894	182,592
Net assets		
Shareholders' equity		
Share capital	16,332	16,332
Capital surplus	22,849	21,675
Retained earnings	106,318	109,114
Treasury shares	(7,081)	(4,070)
Total shareholders' equity	138,418	143,051
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,670	9,593
Deferred gains or losses on hedges	662	640
Foreign currency translation adjustment	(1,555)	270
Remeasurements of defined benefit plans	(643)	(462)
Total accumulated other comprehensive income	7,133	10,041
Non-controlling interests	7,707	7,861
Total net assets	153,259	160,954
Total liabilities and net assets	292,154	343,547

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the nine months)

(Million yen)

	For the nine months ended December 31, 2020	For the nine months ended December 31, 2021
Net sales	251,565	313,634
Cost of sales	203,006	270,501
Gross profit	48,558	43,133
Selling, general and administrative expenses	36,053	33,878
Operating profit	12,504	9,254
Non-operating income		
Interest income	59	43
Dividend income	330	320
Share of profit of entities accounted for using equity method	551	1,011
Foreign exchange gains	-	121
Other	195	163
Total non-operating income	1,136	1,660
Non-operating expenses		
Interest expenses	305	375
Foreign exchange losses	46	-
Loss on disposal of inventories	73	77
Other	155	196
Total non-operating expenses	580	648
Ordinary profit	13,060	10,266
Extraordinary income		
Gain on sale of investment securities	111	783
Compensation income	235	-
Total extraordinary income	347	783
Extraordinary losses		
Loss on sale of non-current assets	-	38
Loss on retirement of non-current assets	380	470
Loss on the spread of infectious disease	136	-
Loss on cancellation of business consignment agreement	-	33
Total extraordinary losses	517	543
Profit before income taxes	12,890	10,506
Income taxes	3,897	3,037
Profit	8,993	7,469
Profit attributable to non-controlling interests	5	138
Profit attributable to owners of parent	8,987	7,331

Quarterly Consolidated Statements of Comprehensive Income (For the nine months)

(Million yen)

	For the nine months ended December 31, 2020	For the nine months ended December 31, 2021
Profit	8,993	7,469
Other comprehensive income		
Valuation difference on available-for-sale securities	2,015	1,021
Deferred gains or losses on hedges	257	(70)
Foreign currency translation adjustment	(1,076)	1,745
Remeasurements of defined benefit plans, net of tax	168	180
Share of other comprehensive income of entities accounted for using equity method	8	128
Total other comprehensive income	1,372	3,006
Comprehensive income	10,366	10,475
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,608	10,238
Comprehensive income attributable to non- controlling interests	(241)	237

(3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the nine months ended December 31, 2020	For the nine months ended December 31, 2021
Cash flows from operating activities		
Profit before income taxes	12,890	10,506
Depreciation	6,009	6,559
Amortization of goodwill	23	25
Interest and dividend income	(389)	(364)
Interest expenses	305	375
Share of loss (profit) of entities accounted for using equity method	(551)	(1,011)
Loss (gain) on sale and retirement of non-current assets	380	509
Loss (gain) on sale of investment securities	(111)	(783)
Compensation income	(235)	-
Decrease (increase) in trade receivables	(15,512)	(27,798)
Decrease (increase) in inventories	(4,835)	(14,093)
Increase (decrease) in trade payables	6,647	71
Decrease (increase) in retirement benefit asset	(795)	(936)
Increase (decrease) in retirement benefit liability	71	27
Other, net	(83)	(3,535)
Subtotal	3,812	(30,447)
Interest and dividends received	350	362
Interest paid	(310)	(379)
Income taxes paid	(4,323)	(3,942)
Proceeds from compensation	235	-
Net cash provided by (used in) operating activities	(235)	(34,406)
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,544)	(8,310)
Proceeds from sale of property, plant and equipment	0	53
Purchase of investment securities	(281)	(28)
Proceeds from sale of investment securities	330	1,202
Other, net	(391)	(400)
Net cash provided by (used in) investing activities	(9,887)	(7,483)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	788	32,373
Proceeds from long-term borrowings	25	18,838
Repayments of long-term borrowings	(191)	(5,127)
Dividends paid	(2,673)	(2,759)
Proceeds from sale of treasury shares	2	55
Purchase of treasury shares	(1)	(2)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(900)	(82)
Dividends paid to non-controlling interests	(35)	(13)
Other, net	(374)	(395)
Net cash provided by (used in) financing activities	(3,359)	42,885
Effect of exchange rate change on cash and cash equivalents	(168)	230
Net increase (decrease) in cash and cash equivalents	(13,650)	1,226
Cash and cash equivalents at beginning of period	23,552	9,256
Increase (decrease) in cash and cash equivalents due to changes in the accounting period of consolidated subsidiaries	(75)	(319)
Cash and cash equivalents at end of period	9,826	10,163

(4) Notes to the Quarterly Consolidated Financial Statements

Notes on going concern assumption

There is no item to report.

Notes on any significant fluctuation in the amount of shareholders' equity

The Company retired 951,600 shares of treasury share as of April 30, 2021, in accordance with a resolution of the Board of Directors meeting held on February 9, 2021. As a result, capital surplus, retained earnings, and treasury shares for the nine months ended December 31, 2021 reduced by ¥1,179 million, ¥1,812 million, and ¥2,992 million, respectively.

Application of special accounting methods in the preparation of quarterly consolidated financial statements

[Deferral of cost variances]

Cost variances arising from seasonally fluctuating operating rates are deferred as current liabilities (other) because such variances are expected to be mostly eliminated by the end of the cost accounting period.

Changes in accounting policies

◆ Adoption of Accounting Standard for Revenue Recognition

The Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter, the "Accounting Standard for Revenue Recognition") from the beginning of the first quarter of the fiscal year ending March 31, 2022. Under the new standard, the Company recognizes as revenue the amount which it expects to receive in exchange for promised goods or services upon the transfer of control of the goods or services to the customer.

The Group has adopted the alternative treatment stipulated in paragraph 98 of the "Implementation Guidance on Accounting Standard for Revenue Recognition" for sales of commodities or products in Japan, under which it will recognize revenue upon shipment in cases where the time period from shipment until control of the commodities or products is transferred to the customer is within an ordinary time period.

With the adoption of the Accounting Standard for Revenue Recognition, in transactions that were previously recorded as sales promotion expenses within selling, general and administrative expenses where the Group pays its customer, if the consideration paid to the customer is not payment for a separate good or service from the customer, the revenue is measured by deducting the consideration from the transaction price.

In adopting the Accounting Standard for Revenue Recognition, in accordance with the transitional treatment stated in the proviso of Section 84 of the standard, the cumulative amount of impacts that would have accrued had the new accounting policies been adopted prior to the beginning of the first quarter of the fiscal year ending March 31, 2022 was added to or deducted from the balance of retained earnings at the beginning of the first quarter, and the new accounting policies applied from the balance at the beginning of the period.

As a result, the amount of net sales during the nine months ended December 31, 2021, was decreased by ¥4,607 million. In addition, the impact on profit and loss and on retained earnings in the quarterly consolidated financial statements during the nine months ended December 31, 2021, was negligible.

Furthermore, in accordance with the transitional treatment stipulated in Section 89-2 of the Accounting Standard for Revenue Recognition, the figures for the previous fiscal year have not been restated according to the new presentation method. In addition, in accordance with the transitional treatment stipulated in Section 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), information breaking down revenue arising from contracts with customers pertaining to the nine months ended December 31, 2020 has not been presented.

Additional information**◆ Impact of the COVID-19 pandemic**

There are countries that are making progress with efforts to balance curbing COVID-19 infections with the resumption of economic activity. There is, however, an ongoing resurgence in infections due to coronavirus variants, along with concerns of an economic slowdown caused by rising prices due to global supply and demand and logistics disruptions and tighter fiscal policies. This means that the economic outlook both globally and domestically remains uncertain. In terms of the effect on the Group, an increase in COVID-19 infections and measures to address it will have an impact in the near future. Still, as the economy as a whole gradually recovers from the downturn caused by the COVID-19 pandemic, the Group expects that there will also be a gradual recovery in demand for commercial oils and fats for the food service and tourism industries, as well as for processed oils and fats, chocolates and other products. A reactionary decline in the growth rate of household-use products is also anticipated following last year's sharp increase in demand for eating at home, along with the impact of worsening consumer sentiment due to a rise in prices for food and other daily necessities. Therefore, there has been no significant change in the assumptions, including the future spread of COVID-19 and the timing of its cessation, as presented in the "Impact of the spread of COVID-19" under "Additional Information" in the Annual Securities Report for the previous fiscal year. The impact of COVID-19 is expected to continue throughout the year.

◆ Change of fiscal year closing date of consolidated subsidiaries

From the first quarter of the fiscal year ending March 31, 2022, the fiscal year closing dates of Industrial Química Lasem, S.A.U., T. & C. Manufacturing Co., Pte. Ltd., and Intercontinental Specialty Fats (Italy) S.r.l. were changed from December 31 to March 31. For Shanghai Nisshin Oil & Fats, Ltd., The Nisshin Oillio (China) Investment Co., Ltd., Intercontinental Specialty Fats (Shanghai) Co., Ltd., and The Nisshin Oillio (Shanghai) International Trading Co., Ltd., the Company has changed to a method of consolidation by conducting a provisional closing of financial accounts on March 31, the consolidated closing date. Moreover, regarding profit and loss of the subsidiaries for the three-month period from January 1, 2021, to March 31, 2021, ¥29 million is added to retained earnings upon consolidation.

Segment information

1. Overview of Reporting Segments

The Company's products are divided between operating divisions at its headquarters, and each operating division formulates comprehensive domestic and overseas strategies for each of its assigned products and conducts business activities. Therefore, the Company's business consists of product segments based on the operating divisions, with three reporting segments: "Oil and Fat," "Processed Food and Materials," and "Fine Chemical."

Main products for each reporting segment can be found in the chart below:

Business Category		Main products
Oil and Fat	Oil and meal	Household-use (edible oils), edible oils for commercial use, oils and fats for food processing, oil meals
	Processed oil and fat	Processed palm oil products, oils and fats for chocolate, margarines, shortenings
Processed Food and Materials		Chocolate-related products, household-use (salad dressing), wellness foods (MCT high-energy food, elderly/nursing care food), MCT, lecithin, tocopherol, edible soybeans, soy protein, tofu
Fine Chemical		Raw materials for cosmetics and toiletries, chemical products, plant-based industrial oils, detergents, antibacterial agents, surfactants
Other		Information systems, sales promotions, sports facility operations, P&C insurance agency, real estate leasing

2. Changes in Reporting Segments

Previously, the Company used the following three reporting segments: "Oil, Meal, and Processed Food," "Processed Oil and Fat," and "Fine Chemical." However, in line with the business strategies in the medium-term management plan, "Value Up +," the Company has changed its reporting segments to "Oil and Fat," "Processed Food and Materials," and "Fine Chemical."

This change in business segments is intended to accurately reflect the actual state of the Group's management and administration.

Segment information for the nine months ended December 31, 2020, has been restated based on the classification method after the change.

Furthermore, as stated in the section regarding change in accounting policies, the Company has applied the Accounting Standard for Revenue Recognition from the beginning of the three months ended June 30, 2021, changing the accounting methods regarding revenue recognition. The impact of the change on each segment is negligible.

3. Information Regarding Amounts of Net Sales and Profit and Loss by Reporting Segment

Previous nine months ended December 31, 2020 (April 1, 2020, to December 31, 2020)

(Million yen)

	Reporting segment						Other (Note 1)	Total	Adjustments (Note 2)	Amount in the quarterly consolidated statements of income (Note 3)
	Oil and Fat			Processed Food and Materials	Fine Chemical	Total				
	Oil and meal	Processed oil and fat	Subtotal							
Net sales										
Sales to external customers	158,460	40,515	198,975	40,014	10,652	249,643	1,922	251,565	—	251,565
Intersegment sales and transfers	1,525	3,208	4,734	58	727	5,519	1,253	6,773	(6,773)	—
Total	159,986	43,724	203,710	40,072	11,379	255,162	3,175	258,338	(6,773)	251,565
Segment profit (loss)	8,546	2,328	10,875	1,490	681	13,047	(24)	13,023	(518)	12,504

Notes:

1. The Other category is for business segments that are not included in reporting segments, such as information systems.
2. Adjustment for segment profit of - ¥518 million includes unallocated expenses. These expenses mainly comprise general and administrative expenses that cannot be attributed to reporting segments.
3. Segment profit is adjusted against the operating profit recorded in the quarterly consolidated statements of income.

Current nine months ended December 31, 2021 (April 1, 2021, to December 31, 2021)

(Million yen)

	Reporting segment						Other (Note 1)	Total	Adjustments (Note 2)	Amount in the quarterly consolidated statements of income (Note 3)
	Oil and Fat			Processed Food and Materials	Fine Chemical	Total				
	Oil and meal	Processed oil and fat	Subtotal							
Net sales										
Sales to external customers	197,076	59,794	256,870	42,226	12,620	311,718	1,916	313,634	—	313,634
Intersegment sales and transfers	1,313	4,383	5,697	91	850	6,639	1,221	7,860	(7,860)	—
Total	198,390	64,177	262,568	42,318	13,470	318,357	3,137	321,494	(7,860)	313,634
Segment profit (loss)	3,616	3,264	6,881	1,529	1,165	9,576	217	9,794	(539)	9,254

Notes:

1. The Other category is for business segments that are not included in reporting segments, such as information systems.
2. Adjustment for segment profit of - ¥539 million includes unallocated expenses. These expenses mainly comprise general and administrative expenses that cannot be attributed to reporting segments.
3. Segment profit is adjusted against the operating profit recorded in the quarterly consolidated statements of income.

4. Regional Information

Previous nine months ended December 31, 2020 (April 1, 2020, to December 31, 2020)

(Million yen)

	Japan	Asia	Other	Total
Net sales	207,719	26,194	17,651	251,565
Ratio to net sales	82.6%	10.4%	7.0%	100.0%

Note: Sales are classified into countries or regions based on customers' locations.

Current nine months ended December 31, 2021 (April 1, 2021, to December 31, 2021)

(Million yen)

	Japan	Asia	Other	Total
Net sales	249,213	36,178	28,242	313,634
Ratio to net sales	79.5%	11.5%	9.0%	100.0%

Note: Sales are classified into countries or regions based on customers' locations.

Revenue recognition

Information breaking down revenue arising from contracts with customers

Current nine months ended December 31, 2021 (April 1, 2021, to December 31, 2021)

(Million yen)

	Reporting segment						Other (Note)	Total
	Oil and Fat			Processed Food and Materials	Fine Chemical	Total		
	Oil and meal	Processed oil and fat	Total					
Japan	193,355	6,776	200,132	39,377	7,786	247,296	1,711	249,008
Asia	3,709	27,484	31,193	2,842	2,142	36,178	—	36,178
Other	11	25,532	25,544	6	2,691	28,242	—	28,242
Revenue arising from contracts with customers	197,076	59,794	256,870	42,226	12,620	311,718	1,711	313,429
Other revenue	—	—	—	—	—	—	205	205
Sales to external customers	197,076	59,794	256,870	42,226	12,620	311,718	1,916	313,634

Note: The Other category is for business segments that are not included in reporting segments, such as information systems.