



Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending December 31, 2021 (Japanese GAAP)

August 12, 2021

Company name: Nishimoto Co., Ltd. Listed exchange: Tokyo
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 Scheduled date of filing of quarterly report: August 13, 2021
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 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of quarterly financial results presentation meeting: Yes (For institutional investors and analysts)
 (Amounts are rounded down to the nearest million yen)

1. Consolidated financial results for the second quarter of the fiscal year ending December 31, 2021 (from January 1, 2021 to June 30, 2021)

(1) Consolidated results of operations (cumulative) (Percentages denote year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Second quarter of FY ending December 31, 2021	99,917	25.2	3,275	—	3,334	—	2,587	—
Second quarter of FY ended December 31, 2020	79,816	(13.4)	(1,226)	—	(1,510)	—	(939)	—

(Note) Comprehensive income

Second quarter of FY ending December 31, 2021: 5,553 million yen (—%)

Second quarter of FY ended December 31, 2020: (1,905) million yen (—%)

	Net income per share	Diluted net income per share
	Yen	Yen
Second quarter of FY ending December 31, 2021	180.26	—
Second quarter of FY ended December 31, 2020	(65.43)	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2021 (FY 2021 2Q)	124,452	56,109	44.7
As of December 31, 2020 (FY 2020)	113,606	50,842	44.4

(Reference) Shareholders' equity

Second quarter of FY ending December 31, 2021: 55,689 million yen

FY ended December 31, 2020: 50,454 million yen

2. Dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY ended December 31, 2020	—	0.00	—	20.00	20.00
FY ending December 31, 2021	—	35.00	—	—	—
FY ending December 31, 2021 (Forecast)	—	—	—	45.00	80.00

(Note) Revision to the forecast for dividends announced most recently: Yes

For details, refer to the "Notice on Variance between Forecast for the Consolidated Cumulative Second Quarter for the Fiscal Year Ending December 2021 and Actual Results, Revision of the Consolidated Earnings Forecasts for the Fiscal Year, Dividend of Surplus (Interim Dividend), and Revision of Forecast for Year-end Dividend" which will be announced today.

3. Consolidated financial results forecast for the fiscal year ending December 31, 2021
(from January 1, 2021 to December 31, 2021)

(Percentages denote year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY ending December 31, 2021	200,000	18.7	5,500	177.4	5,100	197.3	3,800	273.9	264.75

(Note) Revision to the forecast for financial results announced most recently: Yes

For details, refer to the "Notice on Variance between Forecast for the Consolidated Cumulative Second Quarter for the Fiscal Year Ending December 2021 and Actual Results, Revision of the Consolidated Earnings Forecasts for the Fiscal Year, Dividend of Surplus (Interim Dividend), and Revision of Forecast for Year-end Dividend" which will be announced today.

* Notes

- (1) Changes in significant subsidiaries during the first six months of the fiscal year: None
(Changes in specified subsidiaries resulting in changes in the scope of consolidation)
New – companies (Company name) / Excluded – companies (Company name)
- (2) Application of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes to accounting estimates, and restatements
- (i) Changes in accounting policies due to revisions of accounting standards: None
- (ii) Changes in accounting policies other than (i) above: None
- (iii) Changes in accounting estimates: None
- (iv) Restatements: None

(4) Number of shares outstanding (common stock)

(i) Number of shares outstanding at the end of the period (including treasury shares)	As of June 30, 2021	14,353,140 shares	December 31, 2020	14,353,140 shares
(ii) Number of treasury shares at the end of the period	As of June 30, 2021	153 shares	December 31, 2020	112 shares
(iii) Average number of shares during the period (six months ended June 30, 2021)	As of June 30, 2021	14,352,996 shares	June 30, 2020	14,353,028 shares

* These quarterly financial results are not subject to quarterly review procedures.

* Explanation of the proper use of financial results forecasts and other notes

(Cautionary note on forward-looking statements, etc.)

The forward-looking statements such as financial results forecasts contained in this document are based on information currently available to the Company and certain reasonable assumptions. Thus, these statements are not intended for management to promise the achievement of the forecast. Actual financial results may differ materially due to various factors. For conditions of the assumptions in the forecast and notes to use of the forecast, please see the section titled "(3) Explanation of future forecasts such as consolidated financial results forecasts" under the chapter titled "1. Qualitative information on quarterly financial results" on the page 5 of the attachment.

(How to obtain the quarterly financial results supplementary materials)

The quarterly financial results supplementary materials will be disclosed on TDnet on August 12, 2021 and will also be posted on the Company's website. The Company plans to hold a briefing meeting on the financial results for institutional investors and analysts on August 18, 2021, based on these materials.

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1. Qualitative information on quarterly financial results

(1) Explanation of operating results

[Outline of the first six months of the fiscal year]

During this consolidated cumulative second quarter, the global economy continues to seesaw back and forth due to the continued impact of the COVID-19 pandemic. In countries and regions where vaccinations have progressed, restrictions have been partially relaxed and fiscal and monetary policy measures have been implemented, and it seems that confusion has abated and the situation has settled down compared to the previous year, which led to a rebound in demand and boosted consumption activities. Also, the restaurant industry, which was hard-hit by COVID-19 during the previous fiscal year, seems to be recovering by adopting new forms of business suited to the circumstances wrought by COVID-19, such as take-out and delivery services.

On the other hand, in countries and regions where COVID-19 has been resurging, restrictions such as lockdown have been enforced again, and large gaps have arisen in the economic recovery between regions. In Japan, the declaration of a state of emergency has been issued intermittently, and measures have been implemented, such as requesting restaurants to shorten their business hours and prohibit the provision of alcoholic beverages. Therefore, people have come to feel cooped-up in their daily lives.

Under such circumstances, the Company Group reacknowledged its mission as a food distributor and has been making efforts to steadily supply delicious and safe food products to customers and consumers all over the world, while ensuring employee health and safety. At the same time, the Group has been working to recover and stabilize businesses impacted by the COVID-19 pandemic during the previous fiscal year.

The main businesses of the Company Group are: the Asian Food Global Business that distributes food products and ingredients from Asian countries, including Japan, to countries and regions such as North America, Europe, Asia, and Oceania; the Agricultural & Seafood Products Trading Business that distributes overseas agricultural and seafood products (mainly fresh fruits and vegetables) in domestic markets and exports Japanese fresh fruits and vegetables to overseas markets; and offshore trading. Also, the Company Group engages in business that distributes foreign brand foods, character and seasonal goods planned and developed by the Company Group to imported food stores, daily sundry shops, etc. in Japan, and in business that develops and distributes natural supplements.

As for the Asian Food Global Business, the Company Group has continued to work on a business structural reform to achieve sustainable and stable incomes from the North American region as its major sales destination. Also, as one of its growth strategies, the Company Group has been promoting the expansion of its business platform in regions outside of North America using methods such as active M&A.

As for the Agricultural & Seafood Products Trading Business, the Company Group has continued to expand sales of imported agricultural and seafood products to the domestic wholesale market, mass retailers, and restaurant chains as the three major sales destinations. The Company Group has also actively worked on the expansion of overseas distribution routes, including export of domestic fruits and vegetables, sales expansion in the Chinese market through offshore trading, in addition to its overseas procurement capabilities developed so far.

As a result, with respect to the financial results for this consolidated cumulative second quarter, the Company had net sales of 99,917 million yen (25.2% increase year-on-year), operating income of 3,275 million yen (operating losses of 1,226 million yen in the same period of the previous year), ordinary income of 3,334 million yen (ordinary losses of 1,510 million yen in the same period of the previous year), and profit attributable to owners of parent of 2,587 million yen (loss attributable to owners of parent of 939 million yen in the same period of the previous year).

Financial results by segment are as follows: It is noted that net sales of segments are net sales to external customers.

[Outline of operating results by segment]

(i) Asian Food Global Business

In the Asian Food Global Business, for this consolidated cumulative second quarter, the Company had net sales of 73,092 million yen (37.5% increase year-on-year) and operating income of 3,367 million yen (operating losses of 1,039 million yen in the same period of the previous year).

Sales to restaurants decreased significantly in the same period of the previous year due to lockdown and other restrictions from the COVID-19 pandemic. Although the impact remains even in this consolidated cumulative second quarter, overall sales have recovered steadily to record a significant sales increase. Both net sales and income significantly decreased and provision of allowance for doubtful accounts and valuation loss on inventories were recorded in the same period of the previous year, however, the Company saw a significant income increase in this consolidated cumulative second quarter due to sales increase, implementation of various profit recovery measures, and reversal of valuation loss on inventories and provision of allowance for doubtful accounts. As specific measures, the Company has expanded products for delivery

and take-out services and grocery stores, implemented proactive price adjustments in anticipation of soaring raw material, ocean freight, labor, and other costs, and reduced SG&A expenses.

In the mainstay North American region, the pessimistic outlook amid the resurgence of COVID-19 at the beginning of the year was reversed and sales to restaurants recovered more than expected due to the relaxation of restrictions and a rebound in consumption demand thanks to the progress of vaccinations. Sales to grocery stores have also continued to perform well and recovered and exceeded the level of FY 2019 before the impact of the COVID-19 pandemic.

In regions outside of North America, vaccination has become widespread relatively quickly in the European region, and some countries and regions show a steady recovery as in North America. On the other hand, in the Asia and Oceania regions, even countries and regions that had been relatively successful in border measures now have to implement lockdown and other measures again due to the spread of mutant strains of COVID-19 since May, which has sharply reduced sales to restaurants.

(ii) Agricultural & Seafood Products Trading Business

In the Agricultural & Seafood Products Trading Business, for this consolidated cumulative second quarter, the Company had net sales of 25,229 million yen (1.6% increase year-on-year) and operating income of 206 million yen (264.1% increase year-on-year).

Net sales increased year-on-year thanks to the special demand for pineapples made in Taiwan, despite the strong impacts of market fluctuations on imported citrus fruits, our leading products, including their price decline by a steady production increase of domestic citrus fruits and the subsequent price rise due to nationwide supply shortage resulting from inventory adjustment, etc.

As for income, in the same way as net sales, a challenging business environment has continued where it is difficult to maintain stable income impacted by market fluctuations of imported citrus fruits. However, income increased compared to the same period of the previous year when it was difficult to secure profits from lemons in particular, due to operating restrictions for the restaurant industry, one of our major customers, and excess inventories and a price slump due to sluggish sales.

(iii) Other businesses

In other businesses, for this consolidated cumulative second quarter, the Company had net sales of 1,595 million yen (13.9% decrease year-on-year) and operating losses of 20 million yen (operating income of 73 million yen in the same period of the previous year).

During the Valentine's Day and White Day sales season, although the Company could secure profit by reducing purchases according to the plan and SG&A expenses, sales decreased due to the continued impact on retailers, our major customers, including shortened business hours, in April and onward by the intermittent declaration of a state of emergency. In this second quarter, both net sales and income decreased because there was no special demand for imported processed foods and supplements that boost immunity.

(2) Explanation of financial position

1. Assets, liabilities and net assets

(Assets)

Total assets as of June 30, 2021 stood at 124,452 million yen, an increase of 10,846 million yen compared to December 31, 2020, and was mainly attributable to the following.

Total current assets as of June 30, 2021 amounted to 106,872 million yen, an increase of 8,751 million yen compared to December 31, 2020. The increase in total current assets was due to an increase of 4,986 million yen in inventories, an increase of 2,063 million yen in notes and accounts receivable—trade, and an increase of 1,353 million yen in cash and deposits.

Total non-current assets as of June 30, 2021, came to 17,580 million yen, an increase of 2,094 million yen compared to December 31, 2020. The increase in total non-current assets was due to an increase of 796 million yen in goodwill, an increase of 711 million yen in leased assets, net, and an increase of 584 million yen in buildings and structures, net.

(Liabilities)

Total liabilities as of June 30, 2021 stood at 68,343 million yen, an increase of 5,579 million yen compared to December 31, 2020, and was mainly attributable to the following.

Total current liabilities as of June 30, 2021, amounted to 27,530 million yen, an increase of 6,036 million yen compared to December 31, 2020. The increase in total current liabilities was due to an increase of 3,032 million yen in the current portion of long-term loans payable, an increase of 2,432 million yen in notes and accounts payable—trade, and an increase of 663 million yen in accounts payable—other.

Total non-current liabilities as of June 30, 2021 was 40,813 million yen (a decrease of 457 million yen compared to December 31, 2020). The decrease in total non-current liabilities was due to a decrease of 1,603 million yen in net defined benefit liability and a decrease of 645 million yen in provision for directors' retirement benefits, despite an increase of 1,525 million yen in other non-current liabilities including long-term accounts payable, etc.

(Net assets)

Total net assets as of June 30, 2021 amounted to 56,109 million yen, an increase of 5,266 million yen compared to December 31, 2020. The increase in total net assets was mainly due to an increase of 2,894 million yen in foreign currency translation adjustment and an increase of 2,300 million yen in retained earnings.

2. Cash flows

Cash and cash equivalents (hereinafter referred to as "Funds") for the first six months of the current consolidated fiscal year stood at 53,967 million yen, an increase of 3,025 million yen compared to December 31, 2020.

Cash flows for the first six months of the current consolidated fiscal year and the main factors affecting them are as follows.

(Cash flows from operating activities)

Cash flows from operating activities were positive at 621 million yen. This was mainly attributable to 3,509 million yen in profit before income taxes, an increase of 1,812 million yen in notes and accounts payable—trade, 1,039 million yen in depreciation and amortization as a non-cash expense, despite an increase of 3,330 million yen in inventories and a decrease of 2,231 million yen in net defined benefit liability.

The amount of funds obtained decreased by 2,710 million yen compared to the previous consolidated cumulative second quarter (81.4% decrease year-on-year), which was mainly due to an increase of 5,692 million yen in cash outflows from inventories, an increase of 5,154 million yen in cash outflows from notes and accounts receivable—trade, and an increase of 2,256 million yen in cash outflows from net defined benefit liability, despite an increase of 5,238 million yen in cash inflows from notes and accounts payable—trade and an increase of 4,894 million yen in profit before income taxes.

(Cash flows from investing activities)

Cash flows from investing activities were negative at 108 million yen. This was mainly attributable to a cash outflow of 1,169 million yen from the purchase of shares of subsidiaries resulting in change in scope of consolidation, a cash outflow of 399 million yen from the purchase of property, plant and equipment, and a cash outflow of 264 million yen from the purchase of intangible assets, despite a cash inflow of 1,685 million yen from income due to a net change in time deposits.

The amount of funds spent decreased by 3,017 million yen compared to the previous consolidated cumulative second quarter (96.5% decrease year-on-year). This was mainly attributable to an increase of 1,685 million yen in cash inflows due to a net change in time deposits, a decrease of 1,125 million yen in cash outflows from the purchase of shares of subsidiaries resulting in change in scope of consolidation, and a decrease of 238 million yen in cash outflows from

payments of loans receivable, despite an increase of 266 million yen in cash outflows from the purchase of property, plant and equipment.

(Cash flows from financing activities)

Cash flows from financial activities were positive at 727 million yen. This was mainly attributable to a cash inflow of 1,250 million yen from proceeds from long-term borrowings, despite a cash outflow of 339 million yen from repayments of long-term borrowings and a cash outflow of 287 million yen for cash dividends paid.

The amount of funds obtained decreased by 2,590 million yen compared to the previous consolidated cumulative second quarter (78.1% decrease year-on-year). This was mainly attributable to a decrease of 3,283 million yen in cash inflows from proceeds from long-term borrowings, despite a decrease of 501 million yen in cash outflows from cash dividends paid and an increase of 482 million yen in cash inflows due to a net change in short-term loans payable.

(3) Explanation of future forecasts such as consolidated financial results forecasts

Regarding the financial results forecasts for the full fiscal year ending December 31, 2021, the Company continues to monitor the impact of the resurgence of COVID-19 on trends of restrictions and economic activities both at home and abroad. Especially, the Company Group, which is involved in the global supply chain, has been significantly impacted by reduced vessel operations and shipping delays due to a shortage of containers, soaring ocean freight, and other negative factors. We anticipate that the situation will become even more severe in the third quarter and beyond due to rising product procurement and delivery-related costs, loss of opportunity revenues, etc. In addition, the impact of rising labor costs of workers, mainly drivers' costs, cannot be overlooked. The Company Group has revised its full-year earnings forecasts based on the business situation in this consolidated cumulative second quarter, as well as the latest economic environment outlook, cost-increasing factors, etc.

For details, refer to the "Notice on Variance between Forecast for the Consolidated Cumulative Second Quarter for the Fiscal Year Ending December 2021 and Actual Results, Revision of the Consolidated Earnings Forecasts for the Fiscal Year, Dividend of Surplus (Interim Dividend), and Revision of Forecast for Year-end Dividend" which will be announced today.

2. Quarterly consolidated financial statements and major notes

(1) Quarterly consolidated balance sheet

(Millions of yen)

	FY 2020 (As of December 31, 2020)	Second quarter of FY 2021 (As of June 30, 2021)
Assets		
Current assets		
Cash and deposits	52,718	54,071
Notes and accounts receivable—trade	18,510	20,574
Inventories	25,223	30,209
Other	2,196	2,417
Allowance for doubtful accounts	(527)	(401)
Total current assets	98,121	106,872
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,408	2,992
Machinery, equipment and vehicles, net	458	453
Tools, furniture and fixtures, net	407	400
Leased assets, net	779	1,490
Other, net	520	219
Total property, plant and equipment	4,573	5,555
Intangible assets		
Goodwill	4,187	4,983
Software	330	330
Software in progress	438	651
Customer-related assets	3,877	3,835
Other	57	55
Total intangible assets	8,891	9,856
Investments and other assets		
Investment securities	288	311
Guarantee deposits	843	908
Deferred tax assets	791	855
Other	161	160
Allowance for doubtful accounts	(63)	(67)
Total investments and other assets	2,020	2,168
Total non-current assets	15,485	17,580
Total assets	113,606	124,452

(Millions of yen)

	FY 2020 (As of December 31, 2020)	Second quarter of FY 2021 (As of June 30, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable—trade	10,930	13,362
Short-term loans payable	3,513	3,379
Current portion of long-term loans payable	371	3,403
Lease obligations	290	333
Accounts payable—other	2,445	3,109
Income taxes payable	383	299
Provision for bonuses	823	725
Provision for directors' bonuses	88	30
Provision for shareholders' benefits	11	1
Other	2,635	2,885
Total current liabilities	21,493	27,530
Non-current liabilities		
Long-term loans payable	36,267	35,822
Lease obligations	486	1,175
Deferred tax liabilities	1,059	1,011
Provision for bonuses	35	75
Provision for share-based remuneration	—	31
Provision for directors' retirement benefits	645	—
Net defined benefit liability	1,731	127
Other	1,043	2,568
Total non-current liabilities	41,270	40,813
Total liabilities	62,763	68,343
Net assets		
Shareholders' equity		
Capital stock	2,646	2,646
Capital surplus	6,531	6,531
Retained earnings	43,339	45,639
Treasury shares	(0)	(0)
Total shareholders' equity	52,517	54,817
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1	8
Deferred gains or losses on hedges	0	15
Foreign currency translation adjustment	(2,045)	848
Remeasurements of defined benefit plans	(18)	—
Total accumulated other comprehensive income	(2,062)	872
Non-controlling interests	387	419
Total net assets	50,842	56,109
Total liabilities and net assets	113,606	124,452

(2) Quarterly consolidated statements of income and comprehensive income

Quarterly consolidated statement of income

First six months ended June 30, 2021

(Millions of yen)

	First six months of FY 2020 (January 1, 2020 to June 30, 2020)	First six months of FY 2021 (January 1, 2021 to June 30, 2021)
Net sales	79,816	99,917
Cost of sales	67,241	81,173
Gross profit	12,574	18,744
Selling, general and administrative expenses	13,801	15,469
Operating income or loss	(1,226)	3,275
Non-operating income		
Interest and dividend income	47	28
Share of profit of entities accounted for using equity method	0	—
Insurance benefits received	16	3
Foreign exchange gains	—	181
Reversal of allowance for doubtful accounts	3	2
Other	27	29
Total non-operating income	95	245
Non-operating expenses		
Interest expenses	77	175
Foreign exchange losses	293	—
Loss on equity-method investments	—	0
Provision of allowance for doubtful accounts	—	3
Other	7	5
Total non-operating expenses	378	186
Ordinary income or loss	(1,510)	3,334
Extraordinary income		
Marginal gain for gradual acquisition	324	—
Gain on revision of retirement benefit plan	—	174
Total extraordinary income	324	174
Extraordinary losses		
Impairment loss	198	—
Total extraordinary losses	198	—
Profit before income taxes or loss before income taxes	(1,384)	3,509
Income taxes—current	(205)	1,054
Income taxes—deferred	(240)	(149)
Total income taxes	(445)	905
Net income or loss	(939)	2,604
Profit attributable to non-controlling interests	—	16
Profit attributable to owners of parent or loss attributable to owners of parent	(939)	2,587

Quarterly consolidated statement of comprehensive income

First six months ended June 30, 2021

(Millions of yen)

	First six months of FY 2020 (January 1, 2020 to June 30, 2020)	First six months of FY 2021 (January 1, 2021 to June 30, 2021)
Net income or loss	(939)	2,604
Other comprehensive income		
Valuation difference on available-for-sale securities	(5)	6
Deferred gains or losses on hedges	(1)	15
Foreign currency translation adjustment	(945)	2,895
Remeasurements of defined benefit plans	0	18
Share of other comprehensive income of entities accounted for using equity method	(13)	13
Total other comprehensive income	(965)	2,949
Comprehensive income	(1,905)	5,553
(Breakdown)		
Comprehensive income attributable to owners of parent	(1,905)	5,522
Comprehensive income attributable to non-controlling interests	—	31

(3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	First six months of FY 2020 (January 1, 2020 to June 30, 2020)	First six months of FY 2021 (January 1, 2021 to June 30, 2021)
Cash flows from operating activities		
Profit before income taxes or loss before income taxes	(1,384)	3,509
Depreciation and amortization	768	1,039
Marginal (gain) loss for gradual acquisition	(324)	—
Gain on revision of retirement benefit plan	—	(174)
Impairment loss	198	—
Increase (decrease) in allowance for doubtful accounts	923	(148)
Interest and dividend income	(47)	(28)
Interest expenses	77	175
Share of (profit) loss of entities accounted for using equity method	(0)	0
Foreign exchange losses (gains)	21	78
Decrease (increase) in notes and accounts receivable—trade	4,265	(889)
Decrease (increase) in inventories	2,362	(3,330)
Increase (decrease) in notes and accounts payable—trade	(3,426)	1,812
Increase (decrease) in accounts payable—other	5	552
Increase (decrease) in provision for bonuses	(88)	(99)
Increase (decrease) in provision for directors' bonuses	(160)	(61)
Increase (decrease) in provision for shareholder privilege program	(5)	(9)
Increase (decrease) in provision for share-based payments	—	31
Increase (decrease) in net defined benefit liability	25	(2,231)
Other	(62)	1,610
Subtotal	3,148	1,836
Interest and dividend income received	48	17
Interest expenses paid	(57)	(174)
Income taxes paid	(269)	(1,058)
Income taxes reimbursed	461	—
Cash flows from operating activities	3,331	621
Cash flows from investing activities		
Purchase of property, plant and equipment	(133)	(399)
Purchase of intangible assets	(279)	(264)
Payments for acquiring shares of subsidiaries resulting in changes in the scope of consolidation	(2,295)	(1,169)
Payments for acquiring shares of affiliate	(221)	—
Payments by loans	(238)	—
Net decrease (increase) in time deposits	—	1,685
Other	42	39
Cash flows from investing activities	(3,126)	(108)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(216)	266
Income from long-term loans payable	4,533	1,250
Repayments of long-term loans payable	(79)	(339)
Purchase of treasury shares	—	(0)
Repayments of finance lease obligations	(129)	(161)
Cash dividends paid	(789)	(287)
Cash flows from financing activities	3,318	727
Effect of exchange rate change on cash and cash equivalents	(343)	1,786
Net increase (decrease) in cash and cash equivalents	3,179	3,025
Cash and cash equivalents at beginning of period	38,844	50,941
Closing balance of cash and cash equivalents	42,024	53,967

(4) Notes to the quarterly consolidated financial statements

(Notes to assumption of going concern)

No relevant items.

(Notes on significant changes in shareholders' equity)

No relevant items

(Application of an accounting treatment specific to the preparation of the quarterly consolidated financial statements)

Calculation of tax expenses

The tax expenses of some of non-Japan consolidated subsidiaries were calculated by multiplying net income before taxes by an effective tax rate, which was estimated as the rate after the application of tax effect accounting to net income before taxes for the fiscal year including the second quarter of the fiscal year.

(Additional information)

Accounting estimate associated with the novel coronavirus pandemic

There have been no significant changes in the assumptions regarding the impact of the COVID-19 pandemic, which were described under Additional information—Accounting estimate associated with the novel coronavirus pandemic in the Consolidated Financial Results for the Fiscal Year Ended December 31, 2020.

Transfer from the lump-sum retirement benefit plan to the defined contribution pension plan

Effective as of April 2, 2021, the Company and some of its domestic consolidated subsidiaries transferred their lump-sum retirement benefit plans, with some exceptions, to defined contribution pension plans, and have adopted "Accounting for Transfer between Retirement Benefit Plans (ASBJ Guidance No. 1 revised on December 16, 2016) and "Practical Solution on Accounting for Transfer between Retirement Benefits Plans" (ASBJ PITF No. 2 revised on February 7, 2007).

Along with this change, 174 million yen was recorded in gain on revision of retirement benefit plan under extraordinary income for this consolidated cumulative second quarter.

(Segment information)

First six months of the fiscal year (from January 1, 2020 to June 30, 2020)

1. Information related to net sales and profits/losses by reporting segment

(Millions of yen)

	Reporting segment			Total	Adjustment (Note 1)	Amounts recorded in the quarterly consolidated statement of income (Note 2)
	Asian Food Global Business	Agricultural & Seafood Products Trading Business	Other business			
Net sales						
Sales to external customers	53,140	24,822	1,853	79,816	—	79,816
Intersegment sales or transfers	4,997	0	—	4,997	(4,997)	—
Total	58,138	24,822	1,853	84,814	(4,997)	79,816
Segment profit/loss	(1,039)	56	73	(909)	(316)	(1,226)

(Note) 1. "Adjustment" for segment profit or loss in the amount of (316) million yen includes (1,403) million yen for elimination of intersegment transactions and 1,086 million yen for company profit/loss not allotted to reporting segments (net company profits and net company expenses). Company profits consist mainly of dividend income from reporting segments, and company expenses mainly comprise general and administrative expenses not attributed to reporting segments.

2. The segment profit or loss is reconciled with the operating loss on the Quarterly Consolidated Statement of Income.

2. Information related to impairment loss of non-current assets and goodwill by reporting segment

(Important impairment loss associated with non-current assets)

Due to decreased profitability under the impact of the novel coronavirus pandemic, the amount recoverable from the business assets of a U.K. subsidiary in the import and wholesale business of Japanese foods and ingredients in the "Asian Food Global Business" segment is estimated to be zero and it has been recorded as an impairment loss.

Due to decreased profitability under the impact of the novel coronavirus pandemic, the book value of the business assets of a Hong Kong subsidiary in the import and wholesale business for Japanese foods and ingredients has been reduced to the recoverable amount and is recorded as an impairment loss. The recoverable amount is based on the net selling price.

The amount provided for such impairment loss was 198 million yen in the previous consolidated cumulative second quarter.

(Material fluctuation in goodwill)

In the "Asian Food Global Business" segment, we acquired additional stock of SSP Konsumgüter TRADE & CONSULT GmbH whereby it became a consolidated subsidiary instead of an equity method affiliate. This increase in goodwill attributable to this event was 2,782 million yen in the previous consolidated cumulative second quarter.

The goodwill is a provisionally calculated amount because the acquisition cost had not been fully distributed at the end of the second quarter of the previous consolidated fiscal year.

First six months of the fiscal year (from January 1, 2021 to June 30, 2021)

1. Information related to net sales and profits/losses by reporting segment

(Millions of yen)

	Reporting segment			Total	Adjustment (Note 1)	Amounts recorded in the quarterly consolidated statement of income (Note 2)
	Asian Food Global Business	Agricultural & Seafood Products Trading Business	Other business			
Net sales						
Sales to external customers	73,092	25,229	1,595	99,917	—	99,917
Intersegment sales or transfers	4,416	0	—	4,416	(4,416)	—
Total	77,509	25,229	1,595	104,334	(4,416)	99,917
Segment profit/loss	3,367	206	(20)	3,552	(277)	3,275

(Note) 1. "Adjustment" for segment profit or loss in the amount of (277) million yen includes (119) million yen for elimination of intersegment transactions and (157) million yen for company profit/loss not allotted to reporting segments (net company profits and net company expenses). Company profits consist mainly of consulting fee income from reporting segments, and company expenses mainly comprise general and administrative expenses not attributed to reporting segments.

2. The segment profit or loss is reconciled with the operating income on the Quarterly Consolidated Statement of Income.

2. Information related to impairment loss of non-current assets and goodwill by reporting segment

(Material fluctuation in goodwill)

In the Asian Food Global Business segment, 100% of shares of Interlock Investments Limited was acquired, and the company was made into a consolidated subsidiary. The increase in goodwill attributable to this event is 839 million yen in this consolidated cumulative second quarter.

The goodwill is an amount calculated provisionally because the acquisition cost is not fully distributed in this consolidated financial second quarter.