



Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2022
(Japanese GAAP)

November 14, 2022

Company name: Nishimoto Co., Ltd. Listed exchange: Tokyo
 Code: 9260 URL: <http://www.wismettac.com/>
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 Scheduled date of filing of quarterly report: November 14, 2022
 Scheduled date of commencement of dividend payments: —
 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of quarterly financial results presentation meeting: No
 (Amounts are rounded down to the nearest million yen)

1. Consolidated financial results for the third quarter of the fiscal year ending December 31, 2022
 (from January 1, 2022 to September 30, 2022)

(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	%
Third quarter of FY ending December 31, 2022	202,316	30.2	8,317	64.9	8,672	74.7	5,679	75.6
Third quarter of FY ended December 31, 2021	155,378	24.9	5,042	—	4,963	—	3,233	788.6

(Note) Comprehensive income
 Third quarter of FY ending December 31, 2022: 18,619 million yen (180.0%)
 Third quarter of FY ended December 31, 2021: 6,649 million yen (—%)

	Net income per share	Diluted net income per share
	Yen	Yen
Third quarter of FY ending December 31, 2022	395.70	394.09
Third quarter of FY ended December 31, 2021	225.30	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2022 (FY 2022 3Q)	192,577	76,549	39.5
As of December 31, 2021 (FY 2021)	141,769	59,862	41.9

(Reference) Shareholders' equity
 Third quarter of FY ending December 31, 2022: 76,034 million yen
 FY ended December 31, 2021: 59,440 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, 2021	—	35.00	—	70.00	105.00
FY ending December 31, 2022	—	70.00	—		
FY ending December 31, 2022 (Forecast)				75.00	145.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated financial results forecast for the fiscal year ending December 31, 2022
(from January 1, 2022 to December 31, 2022)

(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, 2022	265,000	24.3	10,500	43.8	10,500	45.7	7,000	39.2	487.70

(Note) Revision to the forecast for financial results announced most recently: None

* Notes

- (1) Changes in significant subsidiaries during the first nine 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: Yes
- (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 September 30, 2022	14,353,140 shares	December 31, 2021	14,353,140 shares
(ii) Number of treasury shares at the end of the period	As of September 30, 2022	220 shares	December 31, 2021	153 shares
(iii) Average number of shares during the period (nine months ended September 30, 2022)	As of September 30, 2022	14,352,960 shares	September 30, 2021	14,352,993 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 4 of the attachment.

(How to obtain the quarterly financial results supplementary materials)

The quarterly financial results supplementary materials will be disclosed on TDnet on November 14, 2022 and will also be posted on the Company's website.

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1. Qualitative information on quarterly financial results

(1) Explanation of operating results

Forward-looking statements in the document are based on the judgment of the Company Group as of the end of the third quarter of the current consolidated fiscal year.

The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as the "Revenue Recognition Accounting Standard") has been applied since the beginning of the first quarter of the current consolidated fiscal year, and compared to the previous accounting method, net sales for the third quarter of the current consolidated fiscal year increased by 158 million yen. The impact on gross profit, operating income, ordinary income, and profit before income taxes is immaterial. For details, please refer to "2. Quarterly consolidated financial statements and major notes, (3) Notes to the quarterly consolidated financial statements (Changes in accounting policy)."

Year-on-year comparisons in the document refer to the results for the same period of the previous year before the application of the Revenue Recognition Accounting Standard and other accounting standards.

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

During the consolidated cumulative third quarter for the fiscal year ending December 31, 2022, while the global economy moved toward normalization of economic activities due to the removal of regulations as a result of policy shifting to living with COVID-19 in various countries, the rising geopolitical risks stemming from the situation in Ukraine and progression of inflation led to a sharp rise in prices of raw materials and fuels worldwide. The impact of these developments on corporate activities and consumer trend has resulted in rising concerns about economic slowdown.

Under such circumstances, the Company Group reacknowledged its mission as a food distributor and has been making efforts to steadily supply goods while ensuring employee safety. The main businesses of the Company Group are the Asian Food Global Business that distributes Asian food products and ingredients such as Japanese food around the world with a focus on North America, as well as in Europe, China, South East Asia, Australia, etc., and the Agricultural & Seafood Products Trading Business that distributes fruits and vegetables, fishery products, etc. in domestic markets, as well as overseas markets through exports and offshore trading. The Company Group also engages in business that distributes foreign brand foods, seasonal goods planned and developed by the Company Group, and character goods to imported food stores, daily sundry shops, etc., in Japan, and in business that manufactures and distributes natural supplements. In addition, the Company Group is expanding its business in new areas where the "food" and other domains, such as "healthcare," converge, with the aim to evolve into a company that develops and provides solutions for various challenges facing the food industry.

As for the Asian Food Global Business, the Company Group has been actively promoting initiatives to achieve sustainable and stable incomes from the North America region and an expansion of the business platform in regions outside of North America as one of our growth strategies. In the Agricultural & Seafood Products Trading Business, the Company Group has been working to expand sales to its mainstay wholesale markets, mass retailers, home-meal replacement industries, and restaurant chains, etc., while also developing overseas distribution routes, including export of domestic fruits and vegetables, offshore trading, and the wholesale business in China.

As a result, with respect to the financial results for this consolidated cumulative third quarter, the Company had net sales of 202,316 million yen (30.2% increase year-on-year), operating income of 8,317 million yen (64.9% increase year-on-year), ordinary income of 8,672 million yen (74.7% increase year-on-year) and profit attributable to owners of parent of 5,679 million yen (75.6% increase year-on-year).

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

Effective from the first quarter of the current consolidated fiscal year, the Company has changed the classification method of business segments to be indicated as reporting segments, and comparisons and analysis for the third quarter of the current consolidated fiscal year are based on the classification after the change.

[Outline of operating results by segment]

(i) Asian Food Global Business

In the Asian Food Global Business, for this consolidated cumulative third quarter, the Company had net sales of 157,795 million yen (35.6% increase year-on-year) and operating income of 9,662 million yen (70.8% increase year-on-year).

In the mainstay North American region, sales to both restaurant and grocery stores remained strong as COVID-19-related regulations were lifted and the region recovered to its pre-pandemic normality. In addition to a recovery in demand, efforts to appropriately pass on overall cost increases (manufacturers' selling prices, ocean freight, and other logistics expenses) resulting from inflation and other factors contributed to the year-on-year increase in net sales. Besides, the rapid depreciation of the yen boosted net sales in yen terms (USD/yen exchange rate for the cumulative third quarter of the current fiscal year was 128.05 yen, versus 108.50 yen in the same period of the previous year).

As for income, the cost of goods sold and overhead expenses continued to rise, but the tight supply-demand situation remained due to delays in improving logistics and inventory conditions, and efforts to appropriately pass on prices, as mentioned above, helped to maintain a high profit margin. While we currently expect profit margin to be subject to downward pressure in the adjustment phases of inventories and prices amid rising concerns about economic slowdown and the gradual process toward supply chain normalization, its impact was limited during this consolidated cumulative third quarter. As a result, the Company achieved a significant increase in both net sales and income during this consolidated cumulative third quarter compared to the same period of the previous year, when it was still under the lingering impact of regulations related to COVID-19.

In regions outside of North America, in Europe, although the number of newly infected COVID-19 cases remained high, net sales achieved a steady recovery as in North America as economic activities were promoted as a result of the easing of related regulations. However, in and after the latter half of the second quarter, the momentum of the recovery in performance slowed down somewhat as we were affected by rising prices and interest rates, energy procurement difficulty, etc. In the Asia and Oceania region, net sales declined in the first quarter due to tightened regulations brought on by the spread of a new variant and shortages of products due to a deteriorating supply chain, but net sales recovered steadily in and after the second quarter as regulations were eased and supply shortages began to abate. On the other hand, we continued to face higher costs due to soaring raw material prices and ocean freight and higher overhead expenses, mainly fuel and labor costs.

(ii) Agricultural & Seafood Products Trading Business

In the Agricultural & Seafood Products Trading Business, for the third quarter of the current consolidated fiscal year, the Company had net sales of 42,060 million yen (14.2% increase year-on-year) and operating losses of 643 million yen (operating losses of 71 million yen in the same period of the previous year).

As for imported fruits, our main product, inflation in the country of origin, soaring ocean freight, and disruptions in arrival shipping schedules increased logistics-related costs, while the rapid depreciation of the yen reduced the price competitiveness against domestically-produced fruits and vegetables. Besides, the Company struggled to secure sales in the domestic market in the face of the trend among consumers to reduce the frequency of fruit purchases amid the continuing price hikes of daily necessities in general and some mass retailers that have reduced the handling of products in response to higher selling prices that reflect higher cost. Nevertheless, the segment as a whole posted a year-on-year increase in net sales thanks to the contribution of making Ban Choon Marketing Pte. Ltd., a major fruit and vegetable wholesaler in Singapore, a consolidated subsidiary in January of this year.

As for income, imported fruits, a core product, faced quality deterioration caused by the delayed arrival of container ships as well as the aforementioned soaring costs, the aforementioned business environment also affected transaction volume, and we chose sales measures that prioritize delivery in order to avoid inventory backlogs. As a result, income decreased year on year.

(iii) Other businesses

In other businesses, for the third quarter of the current consolidated fiscal year, the Company had net sales of 2,460 million yen (12.1% increase year-on-year) and operating losses of 227 million yen (operating losses of 51 million yen in the same period of the previous year).

In the mainstay imported foods business, net sales and income grew steadily in the first quarter thanks to the success of the Valentine's Day event, the biggest sales event of the year. However, income decreased in and after the second quarter mainly due to the sharp depreciation of the yen combined with price increases of raw materials and a slowdown in sales to the supermarkets, our main customer, amid price hikes of daily necessities in general.

In the supplement business, both net sales and income grew steadily due to the introduction of new products and expansion of the e-commerce business.

On the other hand, for the other businesses as a whole, the development of new businesses in the domestic market, such as the expansion of a ready-made meal support business in collaboration with well-known restaurants and a food supply business catering to post-operative and post-acute care patients, resulted in prior selling, general and administrative expenses related to these new businesses, which led to a year-on-year increase in net sales and decrease in income.

(2) Explanation of financial position

(Assets)

Total assets as of September 30, 2022 stood at 192,577 million yen, an increase of 50,808 million yen compared to December 31, 2021, and was mainly attributable to the following.

Total current assets as of September 30, 2022 amounted to 161,659 million yen, an increase of 36,922 million yen compared to December 31, 2021. The increase in total current assets was due to an increase of 15,430 million yen in inventories, an

increase of 13,249 million yen in cash and deposits, and an increase of 6,914 million yen in notes and accounts receivable—trade.

Total non-current assets as of September 30, 2022, came to 30,918 million yen, an increase of 13,886 million yen compared to December 31, 2021. The increase in total non-current assets was due to an increase of 11,256 million yen in leased assets, net, and an increase of 1,649 million yen in goodwill.

(Liabilities)

Total liabilities as of September 30, 2022 stood at 116,028 million yen, an increase of 34,121 million yen compared to December 31, 2021, and was mainly attributable to the following.

Total current liabilities as of September 30, 2022, amounted to 39,790 million yen, an increase of 3,097 million yen compared to December 31, 2021. The increase in total current liabilities was due to an increase of 2,225 million yen in short-term loans payable, an increase of 2,207 million yen in lease obligations, an increase of 999 million yen in notes and accounts payable—trade, and an increase of 451 million yen in other current liabilities including accrued expenses, despite a decrease of 2,855 million yen in the current portion of long-term loans payable.

Total non-current liabilities as of September 30, 2022 was 76,237 million yen (an increase of 31,023 million yen compared to December 31, 2021). The increase in non-current liabilities was due to an increase of 21,771 million yen in long-term loans payable and an increase of 9,547 million yen in lease obligations.

(Net assets)

Total net assets as of September 30, 2022 amounted to 76,549 million yen, an increase of 16,687 million yen compared to December 31, 2021. The increase in total net assets is mainly due to an increase of 12,871 million yen in foreign currency translation adjustment and an increase of 3,706 million yen in retained earnings.

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

Forecasts of financial results for the fiscal year ending December 31, 2022 are described in the Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending December 31, 2022 (Japanese GAAP), published on August 12, 2022. The forecasts remain unchanged.

2. Quarterly consolidated financial statements and major notes

(1) Quarterly consolidated balance sheet

(Millions of yen)

	FY 2021 (As of December 31, 2021)	Third quarter of FY 2022 (As of September 30, 2022)
Assets		
Current assets		
Cash and deposits	65,647	78,896
Notes and accounts receivable—trade	22,454	29,369
Inventories	34,497	49,927
Other	2,539	3,898
Allowance for doubtful accounts	(402)	(432)
Total current assets	124,737	161,659
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,909	3,179
Machinery, equipment and vehicles, net	421	495
Tools, furniture and fixtures, net	357	373
Leased assets, net	1,453	12,709
Other, net	201	243
Total property, plant and equipment	5,344	17,001
Intangible assets		
Goodwill	4,096	5,746
Software	290	244
Software in progress	790	1,255
Customer-related assets	4,415	4,438
Other	51	52
Total intangible assets	9,644	11,736
Investments and other assets		
Investment securities	262	387
Guarantee deposits	893	950
Deferred tax assets	746	679
Other	148	168
Allowance for doubtful accounts	(7)	(7)
Total investments and other assets	2,043	2,179
Total non-current assets	17,032	30,918
Total assets	141,769	192,577

	(Millions of yen)	
	FY 2021 (As of December 31, 2021)	Third quarter of FY 2022 (As of September 30, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable—trade	15,269	16,268
Short-term loans payable	3,395	5,620
Current portion of long-term loans payable	9,221	6,365
Lease obligations	386	2,593
Accounts payable—other	3,347	3,504
Income taxes payable	363	442
Provision for bonuses	1,279	1,176
Provision for directors' bonuses	157	105
Provision for shareholders' benefits	15	3
Other	3,256	3,708
Total current liabilities	36,693	39,790
Non-current liabilities		
Long-term loans payable	40,015	61,787
Lease obligations	1,115	10,663
Deferred tax liabilities	1,209	1,316
Provision for bonuses	135	101
Provision for share-based remuneration	111	370
Net defined benefit liability	131	127
Other	2,494	1,871
Total non-current liabilities	45,213	76,237
Total liabilities	81,906	116,028
Net assets		
Shareholders' equity		
Capital stock	2,646	2,646
Capital surplus	6,531	6,531
Retained earnings	47,578	51,285
Treasury shares	(0)	(0)
Total shareholders' equity	56,755	60,462
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8	7
Deferred gains or losses on hedges	9	25
Foreign currency translation adjustment	2,666	15,538
Total accumulated other comprehensive income	2,684	15,571
Non-controlling interests	422	515
Total net assets	59,862	76,549
Total liabilities and net assets	141,769	192,577

(2) Quarterly consolidated statements of income and comprehensive income

Quarterly consolidated statement of income

First nine months ended September 30, 2022

	(Millions of yen)	
	First nine months of FY 2021 (January 1, 2021 to September 30, 2021)	First nine months of FY 2022 (January 1, 2022 to September 30, 2022)
Net sales	155,378	202,316
Cost of sales	126,163	161,659
Gross profit	29,214	40,656
Selling, general and administrative expenses	24,171	32,339
Operating income	5,042	8,317
Non-operating income		
Interest and dividend income	42	185
Share of profit of entities accounted for using equity method	—	74
Insurance benefits received	3	0
Foreign exchange gains	132	429
Reversal of allowance for doubtful accounts	2	5
Other	40	104
Total non-operating income	221	799
Non-operating expenses		
Interest expenses	270	438
Share of loss of entities accounted for using equity method	9	—
Provision of allowance for doubtful accounts	4	—
Other	17	5
Total non-operating expenses	301	444
Ordinary income	4,963	8,672
Extraordinary income		
Gain on revision of retirement benefit plan	174	—
Total extraordinary income	174	—
Extraordinary losses		
Total extraordinary losses	—	—
Profit before income taxes	5,137	8,672
Income taxes—current	1,767	2,820
Income taxes—deferred	110	159
Total income taxes	1,878	2,979
Net income	3,259	5,693
Profit attributable to non-controlling interests	25	13
Profit attributable to owners of parent	3,233	5,679

Quarterly consolidated statement of comprehensive income

First nine months ended September 30, 2022

	(Millions of yen)	
	First nine months of FY 2021 (January 1, 2021 to September 30, 2021)	First nine months of FY 2022 (January 1, 2022 to September 30, 2022)
Net income	3,259	5,693
Other comprehensive income		
Valuation difference on available-for-sale securities	7	(0)
Deferred gains or losses on hedges	3	16
Foreign currency translation adjustment	3,342	12,862
Remeasurements of defined benefit plans	18	-
Share of other comprehensive income of entities accounted for using equity method	17	48
Total other comprehensive income	3,389	12,926
Comprehensive income	6,649	18,619
(Breakdown)		
Comprehensive income attributable to owners of parent	6,614	18,566
Comprehensive income attributable to non-controlling interests	34	53

(3) 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 third quarter of the fiscal year.

(Changes in accounting policy)

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

The Company applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as the "Revenue Recognition Accounting Standard") from the beginning of the first quarter of the current consolidated fiscal year, and recognized revenue at the amount expected to be received in exchange for the promised goods or services when control of the promised goods or services has been transferred to the customer.

As a result, in the domestic sales of fresh fruits and vegetables in the Agricultural & Seafood Products Trading Business, the Company previously recognized revenue when the selling price to the customer was determined but changed the method to recognize revenue when the customer is able to pick up the product from the designated warehouse at its discretion. In addition, center fees and other payments made to customers, which were previously treated as cost of sales are now deducted from the transaction price.

As for the application of the Revenue Recognition Accounting Standard and other accounting standards, in accordance with the transitional treatment prescribed in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard, the cumulative effect of retrospective application of the new accounting policy prior to the beginning of the first quarter of the current consolidated fiscal year is added to or deducted from retained earnings at the beginning of the first quarter of the current consolidated fiscal year, and the new accounting policy is applied from such beginning balance.

As a result, net sales increased by 158 million yen, and gross profit, operating income, ordinary income, and profit before income taxes each decreased by 63 million yen during the third quarter of the current consolidated fiscal year. In addition, the balance of retained earnings at the beginning of the period increased by 36 million yen.

In accordance with the transitional treatment prescribed in Paragraph 28-15 of the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12, March 31, 2020), information disaggregating revenue from contracts with customers for the third quarter of the previous consolidated fiscal year is not presented.

(Application of Accounting Standard for Calculation of Fair Value)

The "Accounting Standard for Calculation of Fair Value" (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as "Fair Value Calculation Accounting Standard") is applied from the beginning of the first quarter of the current consolidated fiscal year, and in accordance with Paragraph 19 of the Fair Value Calculation Accounting Standard and transitional treatment prescribed in Paragraph 44-2 of "Accounting Standards for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), the new accounting policy prescribed by the Fair Value Calculation Accounting Standard will be applied prospectively. There is no impact on the quarterly consolidated financial statements.

(Application of U.S. GAAP ASU No. 2016-02 "Leases")

The Company and its consolidated subsidiaries in the United States have applied ASU No. 2016-02 "Leases" (hereinafter referred to as the "Standard") effective from the first quarter of the current consolidated fiscal year. As a result, in principle, all leases of lessees are accounted for as leased assets, net and lease obligations.

As a result of the application of this standard, property, plant and equipment, current liabilities, and non-current liabilities increased by 10,552 million yen, 2,125 million yen, and 8,958 million yen, respectively, in the consolidated balance sheet for the third quarter of the current consolidated fiscal year. The effect of this change on profit and loss for the third quarter of the current consolidated fiscal year and segment information is immaterial.

(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, 2021.

(Segment information)

I. First nine months of the fiscal year (from January 1, 2021 to September 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	116,356	36,826	2,195	155,378	—	155,378
Intersegment sales or transfers	4,471	0	—	4,472	(4,472)	—
Total	120,828	36,826	2,195	159,850	(4,472)	155,378
Segment profit/loss	5,657	(71)	(51)	5,533	(491)	5,042

(Note) 1. "Adjustment" for segment profit or loss in the amount of (491) million yen includes (119) million yen for elimination of intersegment transactions and (371) 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 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 these events is 822 million yen in the previous consolidated cumulative third quarter

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

II. First nine months of the fiscal year (from January 1, 2022 to September 30, 2022)

1. Information related to net sales and profits/losses and revenue breakdown by reportable 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						
Japan	5,935	34,077	2,460	42,473	—	42,473
North America	114,048	—	—	114,048	—	114,048
Europe	29,296	—	—	29,296	—	29,296
Other	8,515	7,983	—	16,498	—	16,498
Revenue from contracts with customers	157,795	42,060	2,460	202,316	—	202,316
Sales to external customers	157,795	42,060	2,460	202,316	—	202,316
Intersegment sales or transfers	5,381	0	—	5,381	(5,381)	—
Total	163,176	42,060	2,460	207,697	(5,381)	202,316
Segment profit or loss	9,662	(643)	(227)	8,791	(473)	8,317

(Note) 1. "Adjustment" for segment profit or loss in the amount of (473) million yen includes 0 million yen for elimination of intersegment transactions and (474) million yen for company profit/loss not allotted to reporting segments (net company profits and net company expenses). Company profits consist mainly of management guidance fees 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. Matters related to changes in reporting segments

(Change in classification of reporting segment)

Effective from the first quarter of the current consolidated fiscal year, following a partial review of performance management categories within the Company Group, the Company has revised its classification method of business segments and changed the "World Gift Business" previously included in the "Other businesses" segment to the "Agricultural & Seafood Trading Business." The segment information for the third quarter of the previous consolidated fiscal year is presented based on the classification method after the change.

(Application of account standard for revenue recognition)

As described in "Changes in accounting policy," the Company has applied the Revenue Recognition Accounting Standard and other accounting standards from the beginning of the first quarter of the current consolidated fiscal year, and has changed its accounting method for revenue recognition, and therefore, the calculation method of profit or loss by business segment has been changed in the same manner.

As a result of this change, compared with the previous method, net sales and segment loss of the Agricultural & Seafood Products Trading Business increased by 158 million yen and 63 million yen, respectively, during the cumulative third quarter of the current consolidated fiscal year.

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

(Material fluctuation in goodwill)

In the Agricultural & Seafood Products Trading Business segment, the Company acquired 100% shares of Ban Choon Marketing Pte. Ltd. as its consolidated subsidiary. The increase in goodwill attributable to this event is 1,621 million yen in this consolidated cumulative third quarter.

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