

# Consolidated Financial Results for the Six Months Ended September 30, 2021 [Japanese GAAP]



November 1, 2021

Company name: Prima Meat Packers, Ltd.  
 Stock exchange listing: Tokyo Stock Exchange  
 Securities Code number: 2281  
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 Scheduled date of filing quarterly securities report: November 8, 2021  
 Scheduled date of commencing dividend payments: December 1, 2021  
 Availability of supplementary briefing material on quarterly financial results: Yes  
 Schedule of quarterly financial results briefing session: Yes (for institutional investors and analysts)

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

## 1. Consolidated Financial Results for the Six Months Ended September 30, 2021 (April 1, 2021 to September 30, 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	%
Six months ended September 30, 2021	209,728	—	7,995	(28.3)	8,850	(22.7)	5,288	(24.0)
September 30, 2020	212,226	2.8	11,148	48.0	11,451	44.1	6,957	21.1

(Note) Comprehensive income: Six months ended September 30, 2021: ¥5,504 million [(33.8)%]  
 Six months ended September 30, 2020: ¥8,318 million [24.5%]

	Earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2021	105.24	—
September 30, 2020	138.46	—

The Company and its subsidiaries (The “Group”) has applied the “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter ended June 30, 2021. As a result, changes in net sales from the previous corresponding period before the said accounting standard was applied are not presented.

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2021	217,345	116,990	48.4
As of March 31, 2021	214,542	114,761	48.3

(Reference) Equity: As of September 30, 2021: ¥105,142 million  
 As of March 31, 2021: ¥103,632 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	–	20.00	–	65.00	85.00
Fiscal year ending March 31, 2022	–	20.00			
Fiscal year ending March 31, 2022 (Forecast)			–	45.00	65.00

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

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	437,700	–	16,600	(22.7)	16,800	(25.0)	10,500	(25.9)	208.96

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

The Group has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter ended June 30, 2021. As a result, changes in net sales from the previous corresponding period are not presented.

### Notes:

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

New: – Excluded: –

(2) Accounting applied especially for the preparation of quarterly consolidated financial statements: Yes

(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: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

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

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

September 30, 2021: 50,524,399 shares

March 31, 2021: 50,524,399 shares

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

September 30, 2021: 274,306 shares

March 31, 2021: 275,939 shares

3) Average number of shares during the period:

Six months ended September 30, 2021: 50,249,116 shares

Six months ended September 30, 2020: 50,249,177 shares

(Note) The number of treasury shares that has been excluded when calculating total number of treasury shares at the end of the period and average number of shares during the period includes the Company's shares owned by the Board Benefit Trust (BBT).

\* These quarterly financial results are outside the scope of quarterly review by a certified public accountant or an audit firm.

\* Explanation of the proper use of the financial results forecast and other notes

- The earnings forecasts and other forward-looking statements herein are based on information available to the Company at the time of preparation and certain assumptions deemed to be reasonable, and actual results may vary significantly due to various factors. For the assumptions and notes for earnings forecasts, please refer to "1. Qualitative Information on Quarterly Financial Results for the Period, (1) Explanation on Operating Results" on page 2 of the attachment.
- The Company plans to hold a financial results briefing session for institutional investors and analysts on Tuesday, November 16, 2021. Soon after the event, we plan to post financial results briefing materials to be distributed at the briefing on our website.

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## 1. Qualitative Information on Quarterly Financial Results for the Period

### (1) Explanation on Operating Results

Items in this document which relate to the future are judgments made by Prima Meat Packers, Ltd., and its subsidiaries (the “Group”) as of the end of the second quarter ended September 30, 2021, consolidated basis.

The Group has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020, hereinafter the “Revenue Recognition Standard”), etc. from the beginning of the first quarter ended June 30, 2021. Accordingly, the explanation on operating results does not mention year-on-year comparison for net sales. For details, please refer to “2. Quarterly Consolidated Financial Statements and Primary Notes, (4) Notes to the Quarterly Consolidated Financial Statements (Changes in accounting policies).”

In addition, comments that make comparisons with net sales from the previous corresponding period also are based on figures calculated excluding the effects of the Revenue Recognition Standard.

During the six months ended September 30, 2021, while restrictions on activities continued for a long period due to the extension of the declaration of a state of emergency, the trend of the food market environment has changed from a year ago, when very intensive stockpiling behavior was observed in terms of demand for consumption at home, and consumption behavior has calmed down. On the other hand, the food service industry, including bars and restaurants, continues to suffer further from long-term restrictions on evening hours and bans on serving alcohol.

In our sector, the market environment is plagued by concerns over both price and supply, as the market price rose for imported meat, manufacturing declined due to the impact of COVID-19 infections with no end in sight to the global spread, and delays in logistics caused supply issues. In addition, the grain market that directly impacts feed prices has surged, and manufacturing costs have risen due to higher crude oil prices. The pork market in Japan saw demand and supply went out of balance particularly at the beginning of the fiscal year, and the market price has dropped below the previous year.

Under these circumstances, based on our mission as a group of contributing “To food culture and society through great taste and excitement,” we set and worked to attain the basic policy goal in our medium-term management plan of “Strengthening basic sustainability through ESG measures,” “Expanding the scope of existing businesses and further strengthening the earnings base,” and “Business creation and global expansion for growth markets.”

As a result, net sales amounted to ¥209,728 million (¥212,226 million for the same period of the previous fiscal year), operating profit was ¥7,995 million (down 28.3% year on year), ordinary profit was ¥8,850 million (down 22.7% year on year), and profit attributable to owners of parent was ¥5,288 million (down 24.0% year on year).

Results by segment are as follows:

#### <Processed Foods Business>

##### 1) Ham and sausage section

We implemented measures to increase our share in the retail product market, despite the overall market decline year on year due partly to a reactionary drop from last year. Particularly in the Koukun® Sausage series, one of our core brands, not only our classic drawstring-packaged range but also products in large, zippered packs performed well. The series continues to be supported widely by customers of all generations, and sales volume increased again this year, resulting in higher total retail product sales volume year on year. On the other hand, commercial-use products, which were struggling in the severe environment last year, also increased sales year on year mainly due to a partial recovery of the market and new product proposals.

As marketing promotion strategies, we implemented the Tokyo Disney Resort® invitation campaign and the Disney items present campaign, as well as other campaigns utilizing our official corporate Twitter account and LINE as part of new initiatives. At our plants, we continued reforms and improvements to stabilize supply and raise productivity. We proceeded with efforts to raise man-hour productivity and promoted utility cost-cutting and other initiatives, steadily improving our cost competitiveness. As a result, we increased total net sales and volumes year on year in the ham and sausage section.

## 2) Processed foods section

The processed foods section continued to see strong performance from Prima Grill Hamburg and other hamburger steak products. However, due partly to a reactionary drop from last year, total retail product sales volume declined year on year. New products, such as meatless Try Veggie, popular character-based Kimetsu no Yaiba Demiglace Hamburg, and Tsumami-dori which matches snack demand, received high marks from consumers and are planning to expand sales. On the other hand, commercial-use products increased sales year on year due partly to market recovery as in the ham and sausage section. As a result, processed foods sales overall increased year on year in terms of both value and volumes sold.

Our vendor business for convenience stores saw sales rise year on year, owing to development of new products to meet customers' changing demands in addition to the recovery of the CVS market. However, profit fell year on year due to a long spell of rainy weather in the summer and higher labor costs.

As a result, net sales were ¥142,207 million (¥144,112 million for the same period of the previous fiscal year; an increase from the same period of the previous fiscal year by subtracting the effect of the Revenue Recognition Standard from sales for the six months ended September 30, 2021), and segment profit was ¥8,179 million (down 10.3% year on year) in the Processed Foods Business.

## &lt;Fresh Meat Business&gt;

The environment for the Fresh Meat Business was extremely harsh mainly due to high overseas market prices, concerns about securing supply, and soaring grain prices. Profitability deteriorated because we were unable to pass soaring procurement costs especially for pork and beef imports on to customers. Although the Group expanded domestic pork production operations in Japan and improved farm business productivity, profit decreased year on year due in part to soaring feed prices.

As a result, net sales were ¥67,283 million (¥67,876 million for the same period of the previous fiscal year; an increase from the same period of the previous fiscal year by subtracting the effect of the Revenue Recognition Standard from net sales for the six months ended September 30, 2021), and segment profit was ¥571 million (down 70.9% year on year) in the Fresh Meat Business.

## &lt;Other Business&gt;

Net sales of Other Business (development, manufacture and sale of scientific instruments) were ¥238 million (¥237 million for the same period of the previous fiscal year), and segment profit was ¥116 million (up 85.1% year on year).

## (2) Explanation on Financial Position

## &lt;Assets&gt;

Total assets at the end of the second quarter were ¥217,345 million, an increase of ¥2,802 million compared to the end of the previous fiscal year. This was mainly due to increases of ¥5,315 million in construction in progress and ¥5,217 million in inventories, and decreases of ¥4,987 million in deposits paid and ¥3,078 million in cash and deposits.

## &lt;Liabilities&gt;

Liabilities increased by ¥573 million compared to the end of the previous fiscal year to ¥100,355 million. This was mainly due to an increase of ¥2,209 million in notes and accounts payable - trade, and a decrease of ¥1,913 million in long-term borrowings (including current portion).

## &lt;Net assets&gt;

Net assets increased by ¥2,229 million compared to the end of the previous fiscal year to ¥116,990 million. This was mainly due to an increase of ¥2,016 million in retained earnings.

## Cash Flows

Cash and cash equivalents (hereinafter referred to as “cash”) at the end of the second quarter were ¥16,361 million, a decrease of ¥13,411 million compared to the end of the previous fiscal year (an increase of ¥2,564 million for the same period of the previous fiscal year).

### <Cash flows from operating activities>

Cash flows from operating activities recorded a net cash inflow of ¥8,319 million (a net cash inflow of ¥12,980 million for the same period of the previous fiscal year). This was primarily due to profit before income taxes of ¥8,947 million, depreciation and amortization of ¥5,067 million, an increase of ¥2,188 million in trade payables, an increase of ¥5,174 million in inventories, and income taxes paid of ¥3,463 million.

### <Cash flows from investing activities>

Cash flows from investing activities recorded a net cash outflow of ¥15,784 million (a net cash outflow of ¥6,137 million for the same period of the previous fiscal year). This was primarily due to an outflow of ¥7,511 million for purchase of property, plant and equipment in order to renew production facilities, improve productivity, and stabilize quality, and payments into deposits paid of ¥5,000 million.

### <Cash flows from financing activities>

Cash flows from financing activities recorded a net cash outflow of ¥5,904 million (a net cash outflow of ¥4,279 million for the same period of the previous fiscal year). This was primarily due to an outflow of ¥1,913 million for repayments of long-term borrowings and dividends paid of ¥3,266 million.

## (3) Explanation on Consolidated Financial Results Forecast and Other Forward-looking Information

There are no changes to the consolidated financial results forecast for the fiscal year ending March 31, 2022 from the forecast presented in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2021” announced on May 10, 2021.

2. Quarterly Consolidated Financial Statements and Primary Notes(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2021	As of September 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	12,968	9,889
Notes and accounts receivable - trade	43,435	43,282
Merchandise and finished goods	14,909	19,239
Work in process	3,257	3,811
Raw materials and supplies	2,418	2,751
Deposits paid	20,016	15,028
Other	1,744	2,071
Allowance for doubtful accounts	(2)	(2)
Total current assets	98,747	96,072
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	49,299	48,477
Land	19,178	19,146
Other, net	22,583	27,201
Total property, plant and equipment	91,060	94,825
Intangible assets	1,666	3,147
Investments and other assets		
Investment securities	6,197	6,313
Retirement benefit asset	11,612	11,855
Other	5,275	5,146
Allowance for doubtful accounts	(17)	(15)
Total investments and other assets	23,068	23,299
Total non-current assets	115,795	121,273
Total assets	214,542	217,345



(Million yen)

	As of March 31, 2021	As of September 30, 2021
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	47,958	50,167
Short-term borrowings	765	321
Current portion of long-term borrowings	3,444	3,367
Income taxes payable	3,566	3,039
Provision for bonuses	1,530	1,802
Provision for bonuses for directors (and other officers)	20	-
Other	14,673	15,687
Total current liabilities	71,957	74,385
Non-current liabilities		
Long-term borrowings	16,322	14,485
Provision for share awards for directors (and other officers)	67	74
Retirement benefit liability	4,823	4,931
Asset retirement obligations	385	387
Other	6,224	6,089
Total non-current liabilities	27,823	25,969
Total liabilities	99,781	100,355
<b>Net assets</b>		
Shareholders' equity		
Share capital	7,908	7,908
Capital surplus	8,601	8,601
Retained earnings	81,056	83,072
Treasury shares	(412)	(408)
Total shareholders' equity	97,153	99,173
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,295	2,326
Deferred gains or losses on hedges	(4)	(55)
Revaluation reserve for land	2,518	2,518
Foreign currency translation adjustment	141	(193)
Remeasurements of defined benefit plans	1,529	1,373
Total accumulated other comprehensive income	6,479	5,968
Non-controlling interests	11,128	11,848
Total net assets	114,761	116,990
<b>Total liabilities and net assets</b>	<b>214,542</b>	<b>217,345</b>

## (2) Quarterly Consolidated Statements of Income and Comprehensive Income

## Quarterly Consolidated Statements of Income

For the Six Months Ended September 30

(Million yen)

	For the six months ended September 30, 2020	For the six months ended September 30, 2021
Net sales	212,226	209,728
Cost of sales	175,983	182,705
Gross profit	36,243	27,022
Selling, general and administrative expenses	25,094	19,027
Operating profit	11,148	7,995
Non-operating income		
Compensation income	–	435
Interest and dividend income	69	76
Share of profit of entities accounted for using equity method	–	66
Subsidy income	75	108
Other	312	331
Total non-operating income	457	1,018
Non-operating expenses		
Interest expenses	75	61
Share of loss of entities accounted for using equity method	7	–
Loss on abandonment of inventories	40	45
Other	31	56
Total non-operating expenses	154	163
Ordinary profit	11,451	8,850
Extraordinary income		
Gain on sale of non-current assets	6	8
Gain on sale of investment securities	31	–
Subsidy income	154	154
Other	1	–
Total extraordinary income	193	163
Extraordinary losses		
Loss on sale of non-current assets	1	13
Loss on retirement of non-current assets	494	51
Loss on valuation of investment securities	–	1
Other	1	0
Total extraordinary losses	498	66
Profit before income taxes	11,147	8,947
Income taxes	3,349	2,939
Profit	7,797	6,007
Profit attributable to non-controlling interests	840	718
Profit attributable to owners of parent	6,957	5,288

Quarterly Consolidated Statements of Comprehensive Income  
For the Six Months Ended September 30

(Million yen)

	For the six months ended September 30, 2020	For the six months ended September 30, 2021
Profit	7,797	6,007
Other comprehensive income		
Valuation difference on available-for-sale securities	574	33
Deferred gains or losses on hedges	54	(50)
Foreign currency translation adjustment	—	(336)
Remeasurements of defined benefit plans, net of tax	(95)	(156)
Share of other comprehensive income of entities accounted for using equity method	(14)	7
Total other comprehensive income	520	(502)
Comprehensive income	8,318	5,504
Comprehensive income attributable to		
Owners of parent	7,481	4,777
Non-controlling interests	836	726

## (3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30, 2020	For the six months ended September 30, 2021
Cash flows from operating activities		
Profit before income taxes	11,147	8,947
Depreciation and amortization	4,663	5,067
Amortization of goodwill	63	55
Increase (decrease) in allowance for doubtful accounts	(1)	(2)
Increase (decrease) in provision for bonuses	191	253
Increase (decrease) in retirement benefit liability	75	112
Decrease (increase) in retirement benefit asset	(354)	(478)
Increase (decrease) in provision for share awards for directors (and other officers)	16	7
Interest and dividend income	(69)	(76)
Interest expenses	75	61
Loss (gain) on sale of investment securities	(31)	–
Share of loss (profit) of entities accounted for using equity method	7	(66)
Loss (gain) on sale of property, plant and equipment	(4)	4
Loss (gain) on valuation of investment securities	–	1
Loss on retirement of property, plant and equipment	494	51
Subsidy income	(154)	(154)
Decrease (increase) in trade receivables	(611)	208
Decrease (increase) in other current assets	3	(623)
Decrease (increase) in inventories	(1,395)	(5,174)
Increase (decrease) in trade payables	2,699	2,188
Increase (decrease) in other current liabilities	106	811
Increase (decrease) in accrued consumption taxes	(476)	422
Increase (decrease) in long-term accounts payable - other	(0)	8
Other, net	15	(15)
Subtotal	16,460	11,611
Interest and dividends received	78	77
Interest paid	(73)	(61)
Income taxes paid	(3,639)	(3,463)
Subsidies received	154	154
Net cash provided by (used in) operating activities	12,980	8,319

(Million yen)

	For the six months ended September 30, 2020	For the six months ended September 30, 2021
Cash flows from investing activities		
Payments into deposits paid	–	(5,000)
Purchase of property, plant and equipment	(4,881)	(7,511)
Proceeds from sale of property, plant and equipment	18	62
Purchase of intangible assets	(358)	(774)
Purchase of investment securities	(111)	(8)
Proceeds from sale of investment securities	188	–
Loan advances	(5)	(0)
Proceeds from collection of loans receivable	25	1
Payments of leasehold deposits	(11)	(15)
Proceeds from refund of leasehold deposits	7	13
Decrease (increase) in time deposits	(617)	(561)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(132)	(1,779)
Purchase of long-term prepaid expenses	(65)	(113)
Other, net	(192)	(98)
Net cash provided by (used in) investing activities	(6,137)	(15,784)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(119)	(426)
Repayments of lease obligations	(405)	(289)
Repayments of long-term borrowings	(1,736)	(1,913)
Dividends paid	(2,009)	(3,266)
Dividends paid to non-controlling interests	(7)	(7)
Purchase of treasury shares	(1)	(2)
Proceeds from sale of treasury shares	0	–
Net cash provided by (used in) financing activities	(4,279)	(5,904)
Effect of exchange rate change on cash and cash equivalents	–	(42)
Net increase (decrease) in cash and cash equivalents	2,564	(13,411)
Cash and cash equivalents at beginning of period	22,214	29,773
Cash and cash equivalents at end of period	24,778	16,361

## (4) Notes to the Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

None

(Notes in the case of significant changes in shareholders' equity)

For the six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)

## 1. Dividends paid

Date of resolution	Type of shares	Total dividends (Million yen)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
General meeting of shareholders on June 26, 2020	Common stock	2,013	40.00	March 31, 2020	June 29, 2020	Retained earnings

(Note) Total dividends resolved at the annual general meeting of shareholders held on June 26, 2020 include ¥3 million in dividends on the Company's shares owned by the Board Benefit Trust (BBT).

## 2. Dividends of which the record date fell under the six-month period ended September 30, 2020, and the effective date of which was after September 30, 2020

Scheduled date of resolution	Type of shares	Total dividends (Million yen)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
Board of Directors meeting on November 9, 2020	Common stock	1,006	20.00	September 30, 2020	December 1, 2020	Retained earnings

(Note) Total dividends resolved at the Board of Directors meeting on November 9, 2020 include ¥1 million in dividends on the Company's shares owned by the Board Benefit Trust (BBT).

## 3. Significant changes in shareholders' equity

None

For the six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

## 1. Dividends paid

Date of resolution	Type of shares	Total dividends (Million yen)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
General meeting of shareholders on June 29, 2021	Common stock	3,272	65.00	March 31, 2021	June 30, 2021	Retained earnings

(Note) Total dividends resolved at the annual general meeting of shareholders held on June 29, 2021 include ¥5 million in dividends on the Company's shares owned by the Board Benefit Trust (BBT).

## 2. Dividends of which the record date fell under the six-month period ended September 30, 2021, and the effective date of which was after September 30, 2021

Scheduled date of resolution	Type of shares	Total dividends (Million yen)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
Board of Directors meeting on November 8, 2021	Common stock	1,006	20.00	September 30, 2021	December 1, 2021	Retained earnings

(Note) Total dividends resolved at the Board of Directors meeting on November 8, 2021 include ¥1 million in dividends on the Company's shares owned by the Board Benefit Trust (BBT).

## 3. Significant changes in shareholders' equity

None

(Accounting applied especially for the preparation of quarterly consolidated financial statements)

Item	For the six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)
Tax expense	The Group reasonably estimates the effective tax rate after applying tax effect accounting on profit before income taxes for the fiscal year ending March 31, 2022 and calculates tax expense by multiplying profit before income taxes by the effective tax rate thus obtained.

(Changes in accounting policies)

#### Adoption of the Accounting Standard for Revenue Recognition

The Group has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020, hereinafter the “Revenue Recognition Standard”), etc. from the beginning of the first quarter ended June 30, 2021, and recognizes revenue in the amount expected to be received in exchange for promised goods or services at the time the control of those is transferred to customers.

The main changes resulting from the adoption of the Revenue Recognition Standard, etc. are as follows:

(1) Promotional sponsorship expenses and contract distribution expenses

Promotional sponsorship expenses and contract distribution expenses, which were previously recorded as selling, general and administrative expenses, are excluded from net sales, in principle.

(2) Paid supply transactions

Consideration received from subcontractors, which was previously recognized as revenue, is no longer recognized as revenue.

The Group has applied the Revenue Recognition Standard, etc. in accordance with the transitional treatment provided in the proviso of Paragraph 84 of the Revenue Recognition Standard. The cumulative effect of retroactively applying the new accounting policies prior to the beginning of the first quarter ended June 30, 2021 is adjusted in retained earnings at the beginning of the first quarter ended June 30, 2021, and the new accounting policies have been applied to the balance from the beginning of the period. This will not affect the balance at the beginning of the period.

As a result, for the six months ended September 30, 2021, net sales, cost of sales, and selling, general and administrative expenses decreased by ¥10,704 million, ¥2,199 million, and ¥8,505 million, respectively, compared with amounts in the previous method. There are no changes in operating profit, ordinary profit, or profit before income taxes.

#### Adoption of Accounting Standard for Fair Value Measurement, etc.

The Group has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019, hereinafter the “Fair Value Measurement Standard”) etc. from the beginning of the first quarter ended June 30, 2021. The Company will prospectively apply new accounting policies stipulated in the Fair Value Measurement Standard, etc. in accordance with the transitional treatment provided in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). This will not affect the Company’s quarterly consolidated financial statements.

(Segment information, etc.)

[Segment information]

1. For the six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)

(1) Information relating to net sales and profit or loss by reportable segments

(Million yen)

	Reportable segments			Other (Note 1)	Total	Adjustment	Quarterly consolidated statements of income (Note 2)
	Processed Foods Business	Fresh Meat Business	Total				
Net sales							
(1) Sales to external customers	144,112	67,876	211,989	237	212,226	–	212,226
(2) Intersegment sales or transfers	7	10,012	10,019	23	10,043	(10,043)	–
Total	144,119	77,888	222,008	261	222,269	(10,043)	212,226
Segment profit (loss)	9,121	1,964	11,085	63	11,148	0	11,148

(Notes) 1. “Other” comprises business segments not included in reportable segments, such as development, manufacture, and sale of scientific instruments.

2. Segment profit is reconciled with operating profit in the quarterly consolidated statements of income.

(2) Information concerning impairment loss on non-current assets or goodwill, etc. by reportable segments

None

2. For the six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

(1) Information relating to net sales and profit or loss by reportable segments

(Million yen)

	Reportable segments			Other (Note 1)	Total	Adjustment (Note 2)	Quarterly consolidated statements of income (Note 3)
	Processed Foods Business	Fresh Meat Business	Total				
Net sales							
(1) Sales to external customers	142,207	67,283	209,490	238	209,728	–	209,728
(2) Intersegment sales or transfers	7	10,250	10,257	28	10,285	(10,285)	–
Total	142,214	77,533	219,748	266	220,014	(10,285)	209,728
Segment profit (loss)	8,179	571	8,751	116	8,868	(872)	7,995

(Notes) 1. “Other” comprises business segments not included in reportable segments, such as development, manufacture, and sale of scientific instruments.

2. “Adjustment” for segment loss of ¥872 million includes corporate expenses of ¥872 million that are not allocated to reportable segments. Corporate expenses primarily consist of general and administrative expenses that are not attributable to any reportable segments.

3. Segment profit is reconciled with operating profit in the quarterly consolidated statements of income.

(2) Information concerning impairment loss on non-current assets or goodwill, etc. by reportable segments

(Significant impairment loss on non-current assets)

None



(Significant changes in the amount of goodwill)

In the Processed Foods Business segment, the Company purchased shares of Rudi's Fine Food Pte Ltd. and has included the said company and its subsidiary, Continental Deli Pte. Ltd., in the scope of consolidation from the second quarter ended September 30, 2021. The increase in goodwill from this event is ¥1,524 million for the six months ended September 30, 2021.

The amount of goodwill is provisional since the purchase price allocation has not been finalized.