

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



February 2, 2022

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: February 9, 2022  
 Scheduled date of commencing dividend payments: –  
 Availability of supplementary briefing material on quarterly financial results: None  
 Schedule of quarterly financial results briefing session: None

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

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

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2021	320,114	–	11,516	(36.7)	12,900	(31.1)	7,735	(33.8)
December 31, 2020	332,319	4.2	18,187	46.4	18,729	44.2	11,680	41.1

(Note) Comprehensive income: Nine months ended December 31, 2021: ¥8,841 million [(35.3)%]  
 Nine months ended December 31, 2020: ¥13,659 million [40.8%]

	Earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2021	153.95	–
December 31, 2020	232.45	–

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 December 31, 2021	230,905	119,320	46.4
As of March 31, 2021	214,542	114,761	48.3

(Reference) Equity: As of December 31, 2021: ¥107,247 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	419,700	–	14,100	(34.3)	15,800	(29.5)	10,500	(25.9)	208.96

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

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.

For the revision to the financial results forecast, please refer to the “Notice regarding Revision of Financial Results Forecast” announced today (February 2, 2022).

### 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):

December 31, 2021: 50,524,399 shares

March 31, 2021: 50,524,399 shares

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

December 31, 2021: 274,538 shares

March 31, 2021: 275,939 shares

3) Average number of shares during the period:

Nine months ended December 31, 2021: 50,249,380 shares

Nine months ended December 31, 2020: 50,249,053 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.

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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 third quarter ended December 31, 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 nine months ended December 31, 2021, the Japanese economy witnessed the food service, tourism, and other industries being severely impacted as the nation was asked to stay at home under the ongoing pre-emergency measures and the declaration of the state of emergency, implemented as part of measures to prevent the further spread of the infection.

Meanwhile, thanks to the steady rollout of the vaccine, the declaration of the state of emergency was lifted throughout the nation in October in response to the decline in the number of new cases of COVID-19, and government restrictions on the food service industry and various events were gradually eased, allowing operators to resume normal operations, and economic activities also began to pick up. Nevertheless, there remain numerous industries where business has not recovered to previous levels and the economy has not been able to completely cast off its prevailing state of uncertainty. In the food industry, despite robust expenditures associated with household demand, with the delayed recovery of customer traffic to restaurants, the business climate overall remains harsh and demand has fallen below the levels of the previous year. Furthermore, since the beginning of the new year, the exponential rise in the number of new infections in Japan due to the Omicron variant, which had been rapidly multiplying overseas, has once again made our outlook increasingly uncertain.

In our sector, we have been impacted by such factors as higher crude oil prices, the depreciating yen, and increasing demand resulting from the government’s decision from an early stage to coexist with COVID-19, which has led to the rise in the prices of not only the major raw materials for ham, sausages, and other processed foods but also the secondary materials, such as flour and packaging materials while also heavily affecting manufacturing costs, due to escalating fuel costs, transport cost, and labor costs.

Under these circumstances, based on the basic philosophy 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 ¥320,114 million (¥332,319 million for the same period of the previous fiscal year), operating profit was ¥11,516 million (down 36.7% year on year), ordinary profit was ¥12,900 million (down 31.1% year on year), and profit attributable to owners of parent was ¥7,735 million (down 33.8% 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, resulting in sales volume and net sales to increase year on year. Particularly in the Koukun® Sausage series, one of our core brands, not only our standard-size range but also the larger size range packed in zipper bag performed well. The series, with the wide support of customers of all generations, increased sales both in value and volume again this year.

On the other hand, the products for business 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 declined year on year. New products, such as plant-based meat Try Veggie, popular character-based Demon Slayer: Kimetsu no Yaiba Hamburg, and Tsumami-dori which matches snack demand, received high marks from consumers and are planning to expand sales. On the other hand, the products for business increased sales volume year on year due partly to market recovery as in the ham and sausage section. However, at one time, it became difficult to procure certain products due to the closing of processing plants because of the spread of COVID-19 overseas, while changes also had to be made to the menu in response to the escalating price of imported beef. Accordingly, despite the year-on-year increase in sales volume for the processed foods section overall, net sales declined.

Despite the harsh business climate with fewer customers in the CVS market resulting in certain months after the summer season reporting year-on-year decreases, our vendor business for convenience stores managed to increase sales year on year, owing to development of new products to meet customers' needs. However, profit fell year on year due to rising prices of raw materials and fuel costs, as well as higher labor costs.

As a result, net sales were ¥217,251 million (¥224,607 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 nine months ended December 31, 2021), and segment profit was ¥12,053 million (down 19.8% year on year) in the Processed Foods Business.

### <Fresh Meat Business>

The environment for the Fresh Meat Business was extremely harsh mainly due to high overseas market prices, high transport costs as a result of the prolonged shortage of containers, as well as soaring grain prices. Profitability deteriorated in our procurement and sales because of the supply shortage brought on by transport delays as a result of the floods in Canada, in addition to our inability to pass soaring procurement costs for pork and beef imports on to customers. Although the Group expanded domestic pork production operations in Japan and improved farm business productivity in the hog farming business, sales and profit decreased year on year due in part to soaring feed prices.

As a result, net sales were ¥102,509 million (¥107,359 million for the same period of the previous fiscal year; a decrease from the same period of the previous fiscal year by subtracting the effect of the Revenue Recognition Standard from net sales for the nine months ended December 31, 2021), and segment profit was ¥672 million (down 78.0% year on year) in the Fresh Meat Business.

### <Other Business>

Net sales of Other Business (development, manufacture and sale of scientific instruments) were ¥354 million (up 0.4% year on year), and segment profit was ¥175 million (up 73.8% year on year).

## (2) Explanation on Financial Position

### <Assets>

Total assets at the end of the third quarter were ¥230,905 million, an increase of ¥16,362 million compared to the end of the previous fiscal year. This was mainly due to increases of ¥12,757 million in notes and accounts receivable - trade and ¥4,995 million in inventories.

### <Liabilities>

Liabilities increased by ¥11,803 million compared to the end of the previous fiscal year to ¥111,584 million. This was mainly due to an increase of ¥11,206 million in notes and accounts payable - trade.

### <Net assets>

Net assets increased by ¥4,558 million compared to the end of the previous fiscal year to ¥119,320 million. This was mainly due to an increase of ¥3,456 million in retained earnings.

## Cash Flows

Cash and cash equivalents (hereinafter referred to as “cash”) at the end of the third quarter were ¥14,301 million, a decrease of ¥15,471 million compared to the end of the previous fiscal year (an increase of ¥4,970 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 ¥11,398 million (a net cash inflow of ¥20,145 million for the same period of the previous fiscal year). This was primarily due to profit before income taxes of ¥12,949 million, depreciation and amortization of ¥7,701 million, an increase of ¥11,125 million in trade payables, an increase of ¥13,145 million in trade receivables, and income taxes paid of ¥6,350 million.

### <Cash flows from investing activities>

Cash flows from investing activities recorded a net cash outflow of ¥21,324 million (a net cash outflow of ¥8,980 million for the same period of the previous fiscal year). This was primarily due to an outflow of ¥11,321 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 ¥5,524 million (a net cash outflow of ¥6,202 million for the same period of the previous fiscal year). This was primarily due to an outflow of ¥4,265 million for dividends paid and repayments of long-term borrowings of ¥2,916 million.

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

The consolidated financial results forecast for the fiscal year ending March 31, 2022 has been revised.

For details of the revision, please refer to the “Notice of Revision to the Financial Results Forecast” announced today (February 2, 2022).

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

(Million yen)

	As of March 31, 2021	As of December 31, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	12,968	12,070
Notes and accounts receivable - trade	43,435	56,192
Merchandise and finished goods	14,909	19,032
Work in process	3,257	3,585
Raw materials and supplies	2,418	2,962
Deposits paid	20,016	11,098
Other	1,744	2,147
Allowance for doubtful accounts	(2)	(2)
<b>Total current assets</b>	<b>98,747</b>	<b>107,086</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	49,299	47,800
Land	19,178	20,213
Other, net	22,583	28,248
<b>Total property, plant and equipment</b>	<b>91,060</b>	<b>96,262</b>
Intangible assets		
Goodwill	259	2,572
Other	1,406	1,801
<b>Total intangible assets</b>	<b>1,666</b>	<b>4,374</b>
Investments and other assets		
Investment securities	6,197	6,164
Retirement benefit asset	11,612	11,977
Other	5,275	5,054
Allowance for doubtful accounts	(17)	(15)
<b>Total investments and other assets</b>	<b>23,068</b>	<b>23,181</b>
<b>Total non-current assets</b>	<b>115,795</b>	<b>123,818</b>
<b>Total assets</b>	<b>214,542</b>	<b>230,905</b>



(Million yen)

	As of March 31, 2021	As of December 31, 2021
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	47,958	59,164
Short-term borrowings	765	292
Current portion of long-term borrowings	3,444	3,722
Income taxes payable	3,566	1,365
Provision for bonuses	1,530	693
Provision for bonuses for directors (and other officers)	20	–
Other	14,673	19,756
Total current liabilities	71,957	84,995
Non-current liabilities		
Long-term borrowings	16,322	15,694
Provision for share awards for directors (and other officers)	67	81
Retirement benefit liability	4,823	4,987
Asset retirement obligations	385	389
Other	6,224	5,436
Total non-current liabilities	27,823	26,589
Total liabilities	99,781	111,584
<b>Net assets</b>		
Shareholders' equity		
Share capital	7,908	7,908
Capital surplus	8,601	8,601
Retained earnings	81,056	84,512
Treasury shares	(412)	(409)
Total shareholders' equity	97,153	100,613
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,295	2,195
Deferred gains or losses on hedges	(4)	(6)
Revaluation reserve for land	2,518	3,141
Foreign currency translation adjustment	141	9
Remeasurements of defined benefit plans	1,529	1,295
Total accumulated other comprehensive income	6,479	6,634
Non-controlling interests	11,128	12,072
Total net assets	114,761	119,320
<b>Total liabilities and net assets</b>	<b>214,542</b>	<b>230,905</b>

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

## Quarterly Consolidated Statements of Income

For the Nine Months Ended December 31

(Million yen)

	For the nine months ended December 31, 2020	For the nine months ended December 31, 2021
Net sales	332,319	320,114
Cost of sales	275,327	279,305
Gross profit	56,992	40,809
Selling, general and administrative expenses	38,804	29,292
Operating profit	18,187	11,516
Non-operating income		
Compensation income	–	852
Interest and dividend income	133	123
Share of profit of entities accounted for using equity method	33	96
Subsidy income	85	113
Other	506	490
Total non-operating income	760	1,676
Non-operating expenses		
Interest expenses	96	91
Loss on abandonment of inventories	79	110
Other	42	89
Total non-operating expenses	218	292
Ordinary profit	18,729	12,900
Extraordinary income		
Gain on sale of non-current assets	13	9
Gain on sale of investment securities	31	–
Subsidy income	154	154
Compensation income	223	53
Other	0	0
Total extraordinary income	422	217
Extraordinary losses		
Loss on sale of non-current assets	2	15
Loss on retirement of non-current assets	526	138
Loss on valuation of investment securities	5	6
Other	1	7
Total extraordinary losses	536	168
Profit before income taxes	18,614	12,949
Income taxes	5,565	4,271
Profit	13,048	8,678
Profit attributable to non-controlling interests	1,368	942
Profit attributable to owners of parent	11,680	7,735

Quarterly Consolidated Statements of Comprehensive Income  
For the Nine Months Ended December 31

(Million yen)

	For the nine months ended December 31, 2020	For the nine months ended December 31, 2021
Profit	13,048	8,678
Other comprehensive income		
Valuation difference on available-for-sale securities	553	(95)
Deferred gains or losses on hedges	91	(1)
Revaluation reserve for land	–	622
Foreign currency translation adjustment	120	(135)
Remeasurements of defined benefit plans, net of tax	(142)	(234)
Share of other comprehensive income of entities accounted for using equity method	(10)	5
Total other comprehensive income	611	162
Comprehensive income	13,659	8,841
Comprehensive income attributable to		
Owners of parent	12,290	7,890
Non-controlling interests	1,369	950

## (3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the nine months ended December 31, 2020	For the nine months ended December 31, 2021
Cash flows from operating activities		
Profit before income taxes	18,614	12,949
Depreciation and amortization	7,221	7,701
Amortization of goodwill	99	107
Increase (decrease) in allowance for doubtful accounts	(2)	(3)
Increase (decrease) in provision for bonuses	(829)	(861)
Increase (decrease) in retirement benefit liability	137	168
Decrease (increase) in retirement benefit asset	(531)	(718)
Increase (decrease) in provision for share awards for directors (and other officers)	22	14
Interest and dividend income	(133)	(123)
Interest expenses	96	91
Loss (gain) on sale of investment securities	(31)	-
Share of loss (profit) of entities accounted for using equity method	(33)	(96)
Loss (gain) on sale of property, plant and equipment	(10)	6
Loss (gain) on valuation of investment securities	5	6
Loss on retirement of property, plant and equipment	526	138
Subsidy income	(154)	(154)
Decrease (increase) in trade receivables	(14,647)	(13,145)
Decrease (increase) in other current assets	(233)	46
Decrease (increase) in inventories	(1,904)	(4,844)
Increase (decrease) in trade payables	14,525	11,125
Increase (decrease) in other current liabilities	4,014	4,460
Increase (decrease) in accrued consumption taxes	(510)	592
Increase (decrease) in long-term accounts payable - other	(0)	7
Other, net	39	95
Subtotal	26,278	17,563
Interest and dividends received	141	121
Interest paid	(95)	(90)
Income taxes paid	(6,333)	(6,350)
Subsidies received	154	154
Net cash provided by (used in) operating activities	20,145	11,398

(Million yen)

	For the nine months ended December 31, 2020	For the nine months ended December 31, 2021
Cash flows from investing activities		
Payments into deposits paid	–	(5,000)
Purchase of property, plant and equipment	(6,762)	(11,321)
Proceeds from sale of property, plant and equipment	33	49
Purchase of intangible assets	(547)	(803)
Purchase of investment securities	(115)	(12)
Proceeds from sale of investment securities	188	–
Loan advances	(5)	(0)
Proceeds from collection of loans receivable	28	2
Payments of leasehold deposits	(50)	(19)
Proceeds from refund of leasehold deposits	12	16
Decrease (increase) in time deposits	(1,104)	(754)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(132)	(3,234)
Purchase of long-term prepaid expenses	(104)	(136)
Other, net	(420)	(110)
Net cash provided by (used in) investing activities	(8,980)	(21,324)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	18	(464)
Repayments of lease obligations	(579)	(434)
Proceeds from long-term borrowings	–	2,566
Repayments of long-term borrowings	(2,621)	(2,916)
Dividends paid	(3,011)	(4,265)
Dividends paid to non-controlling interests	(7)	(7)
Purchase of treasury shares	(2)	(2)
Proceeds from sale of treasury shares	0	–
Net cash provided by (used in) financing activities	(6,202)	(5,524)
Effect of exchange rate change on cash and cash equivalents	8	(20)
Net increase (decrease) in cash and cash equivalents	4,970	(15,471)
Cash and cash equivalents at beginning of period	22,214	29,773
Cash and cash equivalents at end of period	27,184	14,301

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

(Notes on going concern assumption)

None

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

1. For the nine months ended December 31, 2020 (from April 1, 2020 to December 31, 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
Board of Directors meeting on November 9, 2020	Common stock	1,006	20.00	September 30, 2020	December 1, 2020	Retained earnings

(Notes) 1. 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. 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).

(2) Dividends of which the record date fell under the nine-month period ended December 31, 2020, and the effective date of which was after December 31, 2020

None

(3) Significant changes in shareholders' equity

None

2. For the nine months ended December 31, 2021 (from April 1, 2021 to December 31, 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
Board of Directors meeting on November 8, 2021	Common stock	1,006	20.00	September 30, 2021	December 1, 2021	Retained earnings

(Notes) 1. 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. 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).

(2) Dividends of which the record date fell under the nine-month period ended December 31, 2021, and the effective date of which was after December 31, 2021

None

(3) Significant changes in shareholders' equity

None

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

Item	For the nine months ended December 31, 2021 (from April 1, 2021 to December 31, 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 nine months ended December 31, 2021, net sales, cost of sales, and selling, general and administrative expenses decreased by ¥15,777 million, ¥3,293 million, and ¥12,484 million, respectively, compared with amounts in the previous method. There are no changes in operating profit, ordinary profit, or profit before income taxes.

Furthermore, in accordance with the transitional treatment stipulated in Paragraph 28-15 of the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12, March 31, 2020), information on the breakdown of revenues from contracts with customers for the nine months ended December 31, 2020 is not presented.

#### 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 nine months ended December 31, 2020 (from April 1, 2020 to December 31, 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	224,607	107,359	331,966	352	332,319	–	332,319
(2) Intersegment sales or transfers	10	15,893	15,904	35	15,939	(15,939)	–
Total	224,618	123,253	347,871	388	348,259	(15,939)	332,319
Segment profit (loss)	15,029	3,057	18,086	101	18,187	0	18,187

(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 nine months ended December 31, 2021 (from April 1, 2021 to December 31, 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	217,251	102,509	319,760	354	320,114	–	320,114
(2) Intersegment sales or transfers	10	16,388	16,399	52	16,452	(16,452)	–
Total	217,262	118,897	336,160	407	336,567	(16,452)	320,114
Segment profit (loss)	12,053	672	12,725	175	12,901	(1,384)	11,516

(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 ¥1,384 million includes corporate expenses of ¥1,378 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. on August 4, 2021, and had 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 ¥1,106 million for the nine months ended December 31, 2021.

The amount of goodwill reflects the revised allocation of the purchase price, as the provisional accounting treatment was finalized in the third quarter ended December 31, 2021.

In the Fresh Meat Business segment, the Company purchased shares of TMG Co., Ltd. on December 24, 2021, and has included the said company and its subsidiary, TMG International Co., Ltd. in the scope of consolidation from the third quarter ended December 31, 2021. The increase in goodwill from this event is ¥1,281 million for the nine months ended December 31, 2021.

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