

# Consolidated Financial Results for the Nine Months Ended December 31, 2022 [Japanese GAAP]



February 6, 2023

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 13, 2023  
 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, 2022 (April 1, 2022 to December 31, 2022)

(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, 2022	328,388	2.3	8,762	(28.8)	9,314	(27.8)	5,866	(24.2)
December 31, 2021	320,941	–	12,301	(32.4)	12,900	(31.1)	7,735	(33.8)

(Note) Comprehensive income: Nine months ended December 31, 2022: ¥6,583 million [(25.5)%]  
 Nine months ended December 31, 2021: ¥8,841 million [(35.3)%]

	Earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2022	116.75	–
December 31, 2021	153.95	–

Prima Meat Packers, Ltd. 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 previous fiscal year. As a result, changes in net sales from the nine months ended December 31, 2021 are not presented.

The Group has made changes to presentation method from the first quarter ended June 30, 2022. Therefore, the figures for net sales and operating profit in the consolidated operating results present the amounts and percentage changes from the previous corresponding period after the consolidated financial statements have been reclassified, reflecting the changes in presentation method.

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2022	252,054	125,875	45.6
As of March 31, 2022	221,721	122,567	50.5

(Reference) Equity: As of December 31, 2022: ¥114,883 million  
 As of March 31, 2022: ¥111,860 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, 2022	–	20.00	–	45.00	65.00
Fiscal year ending March 31, 2023	–	20.00	–		
Fiscal year ending March 31, 2023 (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, 2023 (April 1, 2022 to March 31, 2023)

(% 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	432,000	2.7	11,000	(21.6)	11,600	(22.1)	7,300	(24.9)	145.27

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

### Notes:

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

New: –

Excluded: –

Notes to changes in significant subsidiaries during the period

(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: None

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, 2022: 50,524,399 shares

March 31, 2022: 50,524,399 shares

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

December 31, 2022: 273,101 shares

March 31, 2022: 274,624 shares

3) Average number of shares during the period:

Nine months ended December 31, 2022: 50,250,771 shares

Nine months ended December 31, 2021: 50,249,380 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, 2022, consolidated basis.

As described in “2. Quarterly Consolidated Financial Statements and Primary Notes, (4) Notes to the Quarterly Consolidated Financial Statements (Additional information),” the Group has made changes to presentation method from the first quarter ended June 30, 2022. Accordingly, the comparison of operating results is made by using the amounts after the Quarterly Consolidated Financial Statements for the previous corresponding period have been reclassified, reflecting the changes in presentation method.

During the nine months ended December 31, 2022, the Japanese economy witnessed loosening or lifting of COVID-19 related constraints on daily life and restraints on economic activities. The movement of people has resumed as a result of the recovery of domestic transportation such as traveling and returning home, and the gradual relaxation of restrictions on entry of foreign nationals, and economic activities have been resuming to normal. Even in the industry sectors that suffered greatly from restrictions, such as the restaurant industry, tourism industry, and department stores, business performance is starting to recover to a pre-COVID-19 level in some companies. Private household consumption also surpassed that of the previous year, driven by an increase in spending for entertainment, tourism, dining out, etc.

Meanwhile, due to the impact of the depreciation of the yen against the background of the interest differential between the U.S. and Japan and trade deficits, though partly corrected after October, and the Ukraine crisis, among other factors, raw material prices and energy costs soared, resulting in a significant rise in manufacturing costs. This has led to the marking up being implemented in a wide variety of industries. However, while domestic prices have been rising as indicated by the consumer price index, many businesses raised product prices multiple times as they have been unable to cover the rise in manufacturing costs, resulting in an unprecedented rush of price increases for food. Some consumers with growing lifestyle protection awareness respond to it by refraining from purchasing their products, making the consumption trend unpredictable going forward. The Bank of Japan reviewed its operation of yield curve control at the year-end, and volatility of interest rates and foreign exchange rates has become higher. Amid such situations, it is becoming increasingly difficult to predict the future economic outlook.

In our sector, we also continue to face a severe business environment; while it is not easy to raise sales prices as planned, manufacturing costs are rising more than anticipated, due to the impact of rising market prices for livestock meat, the further rise in the prices of feedstuff, deteriorating conditions for procurement from abroad as a result of the weaker yen, etc.

Under these circumstances, based on the basic philosophy of “Contributing to food culture and society through great taste and excitement,” we implemented various measures as we set the basic policy, in achieving our Medium-term Business Plan, to “Implement ESG strategy and make business foundation more sustainable,” “Further expand the domains of the two existing business segments and further strengthen their sales and profit bases,” and “Invest in growth projects and expand globally.”

As a result, net sales amounted to ¥328,388 million (up 2.3% year on year), operating profit was ¥8,762 million (down 28.8% year on year), ordinary profit was ¥9,314 million (down 27.8% year on year), and profit attributable to owners of parent was ¥5,866 million (down 24.2% year on year).

Results by segment are as follows:

<Processed Foods Business>

Following the price revisions in February 2022, we implemented second price revisions in September 2022 for hams and sausages and other processed foods, raising the delivery prices for customers. Even in a challenging environment where the sales amount in the retail product market overall decreased year on year, we constantly increased our share in the retail product market. However, due to the more-than-anticipated rapid rise in manufacturing costs, we suffered a severe result in terms of profit.

1) Ham and sausage section

Sales of the Koukun® Sausage series, one of our core brands, continued to perform well, not only in the standard two-piece bundle size range, but also in the larger size range packed in a zipper bag. As part of sales promotion measures, the Takarazuka Revue invitation campaign in commemoration of the 20th anniversary of the Koukun series was well-received. We have continued to implement campaigns such as the Tokyo Disney Resort® invitation campaign and social media marketing campaigns. With a wide range of support from customers of all generations, its market share continued to expand during this period. We made efforts to expand sales of other retail products and the net sales and sales volume both surpassed those in the same period of the previous fiscal year. Commercial-use products also enjoyed solid sales owing to market recovery and by taking measures including price revisions.

2) Processed foods section

In the processed foods section, retail products such as the Arrange *Shokudō* precooked lines for convenient and quick cooking, and the Stock Dish products that can be stored at room temperature enjoyed popularity among consumers, and we steadily expanded their sales. Sales of commercial-use products also expanded following the recovery in the market. As a result, the overall net sales and sales volume of the processed foods section surpassed those in the same period of the previous fiscal year; however they were not large enough to cover the significant rise in purchasing costs of raw materials among others, causing profit to fall below that in the same period of the previous fiscal year.

Our vendor business for convenience stores also experienced a rise in manufacturing costs, primarily owing to soaring electricity and fuel costs, as well as higher labor costs. Despite continued efforts to develop new products that cater to customer requests, net sales and profit both fell below that of the same period of the previous fiscal year.

As a result of the above, net sales were ¥229,573 million (up 5.7% year on year) and segment profit was ¥9,102 million (down 24.5% year on year) in the Processed Foods Business.

<Fresh Meat Business>

The purchasing environment for the Fresh Meat Business has continued to be extremely harsh owing to factors such as high market prices of livestock meat overseas, grain prices remaining at a high level, and rise in purchasing costs from abroad due to the weaker yen. The rise in store prices at customers' shops are not large enough to cover the rise in raw meat prices, and according to a household economies survey, the amount of beef and other fresh meat products purchased by consumers declined from the previous year. The net sales and profitability of fresh meat sales deteriorated significantly, as it is difficult to maintain sales volume and secure profit due to the inadequacy in passing on the procurement costs to customers, coupled with the declining demand in the fresh meat market. Though the price of domestic pork has remained high, it has not been keeping up with the rise in the prices of feedstuff. Thus the hog farming business is also in a challenging situation in terms of profitability. However, we are steadily making upfront investments by expanding an advanced production business for domestic pork and enhancing the farm productivity systematically with an eye to future policies on improving sustainability measures.

As a result of the above, net sales were ¥98,430 million (down 4.7% year on year) and segment loss was ¥51 million (compared to segment profit of ¥1,456 million for the same period of the previous fiscal year) in the Fresh Meat Business.

<Other Business>

Net sales from Other Business (development, manufacture and sale of scientific instruments) were ¥384 million (up 8.4% year on year) and segment profit was ¥167 million (down 4.8% year on year).

## (2) Explanation on Financial Position

## &lt;Assets&gt;

Total assets at the end of the third quarter were ¥252,054 million, an increase of ¥30,332 million compared to the end of the previous fiscal year. This was mainly due to increases of ¥14,303 million in notes and accounts receivable – trade, ¥7,784 million in inventories, and ¥7,715 million in buildings and structures.

## &lt;Liabilities&gt;

Liabilities increased by ¥27,024 million compared to the end of the previous fiscal year to ¥126,178 million. This was mainly due to increases of ¥14,917 million in notes and accounts payable – trade and ¥5,271 million in long-term borrowings (including current portion of long-term borrowings).

## &lt;Net assets&gt;

Net assets increased by ¥3,308 million compared to the end of the previous fiscal year to ¥125,875 million. This was mainly due to increases of ¥2,601 million in retained earnings and ¥641 million in foreign currency translation adjustment.

## Cash Flows

Cash and cash equivalents (hereinafter referred to as “cash”) at the end of the third quarter amounted to ¥18,638 million, an increase of ¥2,407 million compared to the end of the previous fiscal year (a decrease of ¥15,471 million for the same period of the previous fiscal year).

## &lt;Cash flows from operating activities&gt;

Cash flows from operating activities recorded a net cash inflow of ¥10,198 million (a net cash inflow of ¥11,398 million for the same period of the previous fiscal year). The main factors were profit before income taxes of ¥9,203 million, depreciation and amortization of ¥7,959 million, an increase of ¥14,883 million in trade payables, an increase of ¥14,247 million in trade receivables, and income taxes paid of ¥1,716 million.

## &lt;Cash flows from investing activities&gt;

Cash flows from investing activities recorded a net cash outflow of ¥9,292 million (a net cash outflow of ¥21,324 million for the same period of the previous fiscal year). This was primarily due to an outflow of ¥12,347 million for purchase of property, plant and equipment in order to upgrade production facilities, improve productivity, and stabilize quality and an inflow of ¥5,000 million for proceeds from withdrawal of deposits paid to affiliated company.

## &lt;Cash flows from financing activities&gt;

Cash flows from financing activities recorded a net cash inflow of ¥1,439 million (a net cash outflow of ¥5,524 million for the same period of the previous fiscal year). This was primarily due to an inflow of ¥8,200 million for proceeds from long-term borrowings and an outflow of ¥3,264 million for dividends paid and repayments of long-term borrowings of ¥2,928 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, 2023 from the forecast presented in the “Consolidated Financial Results for the Six Months Ended September 30, 2022” announced on October 31, 2022.

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

(Million yen)

	As of March 31, 2022	As of December 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	12,556	14,076
Notes and accounts receivable - trade	44,104	58,407
Merchandise and finished goods	16,796	23,463
Work in process	3,698	4,315
Raw materials and supplies	2,919	3,419
Deposits paid	13,028	9,042
Other	2,727	3,873
Allowance for doubtful accounts	(2)	(3)
<b>Total current assets</b>	<b>95,828</b>	<b>116,596</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	47,954	55,670
Land	19,694	19,908
Other, net	29,554	29,455
<b>Total property, plant and equipment</b>	<b>97,204</b>	<b>105,033</b>
Intangible assets		
Goodwill	2,467	2,425
Other	2,386	3,984
<b>Total intangible assets</b>	<b>4,854</b>	<b>6,410</b>
Investments and other assets		
Investment securities	5,693	5,828
Retirement benefit asset	13,078	13,475
Other	5,077	4,769
Allowance for doubtful accounts	(14)	(58)
<b>Total investments and other assets</b>	<b>23,834</b>	<b>24,014</b>
<b>Total non-current assets</b>	<b>125,892</b>	<b>135,458</b>
<b>Total assets</b>	<b>221,721</b>	<b>252,054</b>



(Million yen)

	As of March 31, 2022	As of December 31, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	49,644	64,562
Short-term borrowings	278	205
Current portion of long-term borrowings	3,555	3,864
Income taxes payable	745	1,918
Provision for bonuses	1,626	698
Other	15,809	22,763
Total current liabilities	71,659	94,012
Non-current liabilities		
Long-term borrowings	14,923	19,886
Provision for share awards for directors (and other officers)	83	87
Retirement benefit liability	4,825	4,830
Asset retirement obligations	401	405
Other	7,261	6,957
Total non-current liabilities	27,494	32,166
<b>Total liabilities</b>	<b>99,154</b>	<b>126,178</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	7,908	7,908
Capital surplus	10,185	10,185
Retained earnings	85,084	87,685
Treasury shares	(409)	(404)
Total shareholders' equity	102,769	105,375
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,095	2,175
Deferred gains or losses on hedges	(5)	(18)
Revaluation reserve for land	4,552	4,546
Foreign currency translation adjustment	468	1,109
Remeasurements of defined benefit plans	1,979	1,695
Total accumulated other comprehensive income	9,090	9,508
Non-controlling interests	10,706	10,991
<b>Total net assets</b>	<b>122,567</b>	<b>125,875</b>
<b>Total liabilities and net assets</b>	<b>221,721</b>	<b>252,054</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, 2021	For the nine months ended December 31, 2022
Net sales	320,941	328,388
Cost of sales	279,305	290,526
Gross profit	41,636	37,861
Selling, general and administrative expenses	29,335	29,099
Operating profit	12,301	8,762
Non-operating income		
Interest and dividend income	123	100
Share of profit of entities accounted for using equity method	96	26
Subsidy income	113	106
Other	516	631
Total non-operating income	849	865
Non-operating expenses		
Interest expenses	91	109
Loss on abandonment of inventories	110	91
Other	47	113
Total non-operating expenses	249	313
Ordinary profit	12,900	9,314
Extraordinary income		
Gain on sale of non-current assets	9	3
Other	207	0
Total extraordinary income	217	3
Extraordinary losses		
Loss on sale of non-current assets	15	3
Loss on retirement of non-current assets	138	90
Impairment losses	–	14
Loss on valuation of investment securities	6	–
Other	7	5
Total extraordinary losses	168	114
Profit before income taxes	12,949	9,203
Income taxes	4,271	3,042
Profit	8,678	6,160
Profit attributable to non-controlling interests	942	294
Profit attributable to owners of parent	7,735	5,866

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

(Million yen)

	For the nine months ended December 31, 2021	For the nine months ended December 31, 2022
Profit	8,678	6,160
Other comprehensive income		
Valuation difference on available-for-sale securities	(95)	74
Deferred gains or losses on hedges	(1)	(12)
Revaluation reserve for land	622	–
Foreign currency translation adjustment	(135)	636
Remeasurements of defined benefit plans, net of tax	(234)	(284)
Share of other comprehensive income of entities accounted for using equity method	5	8
Total other comprehensive income	162	422
Comprehensive income	8,841	6,583
Comprehensive income attributable to		
Owners of parent	7,890	6,290
Non-controlling interests	950	292

## (3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the nine months ended December 31, 2021	For the nine months ended December 31, 2022
Cash flows from operating activities		
Profit before income taxes	12,949	9,203
Depreciation and amortization	7,701	7,959
Impairment losses	–	14
Amortization of goodwill	107	255
Increase (decrease) in allowance for doubtful accounts	(3)	44
Increase (decrease) in provision for bonuses	(861)	(929)
Increase (decrease) in retirement benefit liability	168	(2)
Decrease (increase) in retirement benefit asset	(718)	(811)
Increase (decrease) in provision for share awards for directors (and other officers)	14	3
Interest and dividend income	(123)	(100)
Interest expenses	91	109
Share of loss (profit) of entities accounted for using equity method	(96)	(26)
Loss (gain) on sale of property, plant and equipment	6	0
Loss (gain) on valuation of investment securities	6	–
Loss on retirement of property, plant and equipment	138	90
Subsidy income	(154)	–
Decrease (increase) in trade receivables	(13,145)	(14,247)
Decrease (increase) in other current assets	46	(393)
Decrease (increase) in inventories	(4,844)	(7,739)
Increase (decrease) in trade payables	11,125	14,883
Increase (decrease) in other current liabilities	4,460	4,547
Increase (decrease) in accrued consumption taxes	592	(988)
Increase (decrease) in long-term accounts payable - other	7	(7)
Other, net	95	57
Subtotal	17,563	11,921
Interest and dividends received	121	113
Interest paid	(90)	(118)
Income taxes paid	(6,350)	(1,716)
Subsidies received	154	–
Net cash provided by (used in) operating activities	11,398	10,198

(Million yen)

	For the nine months ended December 31, 2021	For the nine months ended December 31, 2022
<b>Cash flows from investing activities</b>		
Decrease (increase) in deposits paid	(5,000)	5,000
Purchase of property, plant and equipment	(11,321)	(12,347)
Proceeds from sale of property, plant and equipment	49	25
Purchase of intangible assets	(803)	(1,815)
Purchase of investment securities	(12)	(8)
Loan advances	(0)	-
Proceeds from collection of loans receivable	2	0
Payments of leasehold deposits	(19)	(20)
Proceeds from refund of leasehold deposits	16	95
Decrease (increase) in time deposits	(754)	38
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(3,234)	-
Purchase of long-term prepaid expenses	(136)	(146)
Other, net	(110)	(113)
Net cash provided by (used in) investing activities	(21,324)	(9,292)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(464)	(83)
Repayments of lease liabilities	(434)	(476)
Proceeds from long-term borrowings	2,566	8,200
Repayments of long-term borrowings	(2,916)	(2,928)
Dividends paid	(4,265)	(3,264)
Dividends paid to non-controlling interests	(7)	(7)
Purchase of treasury shares	(2)	(1)
Net cash provided by (used in) financing activities	(5,524)	1,439
Effect of exchange rate change on cash and cash equivalents	(20)	61
Net increase (decrease) in cash and cash equivalents	(15,471)	2,407
Cash and cash equivalents at beginning of period	29,773	16,230
Cash and cash equivalents at end of period	14,301	18,638

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

(Notes on going concern assumption)

None

(Notes in the case of 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, 2022 (from April 1, 2022 to December 31, 2022)
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, 2023 and calculates tax expense by multiplying profit before income taxes by the effective tax rate thus obtained.

(Additional information)

## Changes in presentation method

Proceeds and expenses concerning the compound feed price stabilization system were previously posted under "Non-operating income" and "Non-operating expenses" respectively. However, from the first quarter ended June 30, 2022, they were posted under "Net sales" and "Selling, general and administrative expenses," respectively.

The reason for the changes is as follows. In the previous fiscal year, the Group received compensation money in an amount far greater than that of previous fiscal years on account of soaring feedstuff prices. In addition, the Group is in a business environment where the rise in feedstuff prices is not temporary owing to factors such as further increases in raw material prices due to the impact of the war in Ukraine and the weakening of the yen stemming from the belt-tightening policy by the U.S. government. Looking ahead, it is expected that the Group will face an uncertain operating environment in which the volatility of raw materials procurement will become high in the course of making efforts to realize a carbon neutral society and reviewing the current supply chain by decoupling. To present the actual situation of the Group's business more appropriately, the quarterly consolidated statements of income for the nine months ended December 31, 2021 have been reclassified.

As a result, ¥826 million posted in "Compensation income" under "Non-operating income" and ¥42 million posted in "Other" under "Non-operating expenses" in the quarterly consolidated statements of income for the nine months ended December 31, 2021 have been reclassified into "Net sales" and "Selling, general and administrative expenses," respectively.

(Segment information, etc.)

1. 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	103,335	320,587	354	320,941	–	320,941
(2) Intersegment sales or transfers	10	16,388	16,399	52	16,452	(16,452)	–
Total	217,262	119,724	336,986	407	337,393	(16,452)	320,941
Segment profit	12,053	1,456	13,509	175	13,685	(1,384)	12,301

(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 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 ¥1,106 million for the nine months 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 ¥1,213 million for the nine months ended December 31, 2021.

The amount of goodwill reflects the revision subsequent to the finalization of the provisional accounting treatment.

2. For the nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)

(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	229,573	98,430	328,004	384	328,388	–	328,388
(2) Intersegment sales or transfers	8	20,755	20,764	40	20,805	(20,805)	–
Total	229,581	119,186	348,768	425	349,193	(20,805)	328,388
Segment profit (loss)	9,102	(51)	9,050	167	9,218	(456)	8,762

- (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 ¥456 million includes corporate expenses of ¥457 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 (loss) 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

(3) Matters concerning changes in reportable segments

As stated in “(Additional information) Changes in presentation method,” proceeds and expenses concerning the compound feed price stabilization system that had been previously posted under “Non-operating income” and “Non-operating expenses,” respectively, are posted under “Net sales” and “Selling, general and administrative expenses,” respectively, from the first quarter ended June 30, 2022.

The segment information for the nine months ended December 31, 2021 also presents the figures after reclassification. As a result of this change, net sales and segment profit of the Fresh Meat Business increased by ¥826 million and ¥784 million, respectively, compared to the amounts before reclassification.