

Consolidated Financial Results for the Six Months Ended September 30, 2022 [Japanese GAAP]



October 31, 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: November 14, 2022
 Scheduled date of commencing dividend payments: December 1, 2022
 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, 2022 (April 1, 2022 to September 30, 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	%
Six months ended September 30, 2022	211,714	0.7	5,471	(34.9)	5,830	(34.1)	3,689	(30.2)
September 30, 2021	210,164	(1.0)	8,403	(24.6)	8,850	(22.7)	5,288	(24.0)

(Note) Comprehensive income: Six months ended September 30, 2022: ¥4,452 million [(19.1)%]
 Six months ended September 30, 2021: ¥5,504 million [(33.8)%]

	Earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2022	73.43	—
September 30, 2021	105.24	—

Prima Meat Packers, Ltd. and its subsidiaries (“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 September 30, 2022	229,632	124,751	49.6
As of March 31, 2022	221,721	122,567	50.5

(Reference) Equity: As of September 30, 2022: ¥113,870 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: Yes

For the revision to the financial results forecast, please refer to the “Notice regarding Revision of Financial Results Forecast” announced today (October 31, 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: 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):

September 30, 2022: 50,524,399 shares

March 31, 2022: 50,524,399 shares

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

September 30, 2022: 272,860 shares

March 31, 2022: 274,624 shares

3) Average number of shares during the period:

Six months ended September 30, 2022: 50,250,496 shares

Six months ended September 30, 2021: 50,249,116 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 Monday, November 21, 2022. 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, 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 six months ended September 30, 2022, the Japanese economy witnessed loosening of COVID-19 related constraints on daily life and restraints on economic activities. The movement of people has resumed as a result of factors, including the recovery of domestic transportation such as traveling and returning home, and the relaxation of restrictions on entry of foreign nationals, and hopes of recovery in economic activities have grown. Among the industry sectors that suffered greatly from restrictions, such as the restaurant industry, tourism industry, and department stores, business performance is starting to recover in some companies. Private household consumption has been driven by an increase in spending for entertainment, dining out, etc.

Meanwhile, due to the impact of the drastic depreciation of the yen, owing primarily to the continued monetary easing by the Bank of Japan amid a global trend of monetary tightening, and rising crude oil prices caused by the war in Ukraine, among other factors, raw material prices and energy costs soared, resulting in a significant rise in manufacturing costs, particularly for domestic businesses. This has led to the marking up being implemented in a wide variety of industries. As indicated by the consumer price index, domestic prices have been rising at a certain rate. However, there are some products whose sales volumes are declining in response to the markups of prices, depending on the product categories. Still, there are several businesses that raise product prices multiple times as they have been unable to cover the rise in manufacturing costs. Some consumers respond to it by refraining from purchasing their products, making the consumption trend unpredictable going forward.

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 weakening 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 ¥211,714 million (up 0.7% year on year), operating profit was ¥5,471 million (down 34.9% year on year), ordinary profit was ¥5,830 million (down 34.1% year on year), and profit attributable to owners of parent was ¥3,689 million (down 30.2% 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. As demand shifted from retail products to commercial-use products due to a recovery in economic activity, the sales amount in the retail product market overall decreased year on year. Even in this challenging environment, we continued our effort to increase our share in the retail product market. However, due to the more-than-anticipated rise in manufacturing costs, we suffered a severe result in terms of profit.

1) Ham and sausage section

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, we offered invitations to the Takarazuka Revue in commemoration of the 20th anniversary of the launch of the Koukun series, organized the Koukun day event in May, and implemented social media marketing campaigns, among others. With a wide range of support from customers of all generations, its market share continued to expand during this period. The overall sales of the retail products increased year on year, despite the difficult conditions of the market in general. Commercial-use products also enjoyed solid sales primarily owing to market recovery and new product offerings.

2) Processed foods section

In the processed foods section, 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 high popularity among consumers, and we made efforts to expand their sales. However, due partly to a reactionary fall after the strong performance in the previous fiscal year, total sales volume of retail products decreased year on year. Sales of commercial-use products expanded owing to the recovery in the market in general, and the overall sales of the processed foods section surpassed those in the same period of the previous fiscal year. However, raw material and purchasing costs rose sharply, 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 raw material prices, rising fuel prices, as well as higher labor costs. Despite efforts to develop new products that cater to customer requests, profit fell below that of the same period of the previous fiscal year.

As a result of the above, net sales were ¥148,442 million (up 4.4% year on year) and segment profit was ¥5,879 million (down 28.1% year on year) in the Processed Foods Business.

<Fresh Meat Business>

The purchasing environment for the Fresh Meat Business has been 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 substantially from the previous year. The profitability of fresh meat sales deteriorated significantly 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 this year has remained high, it has not been keeping up with the rise in the prices of feedstuff. It is thus difficult to maintain sales volume and secure profit, and the hog farming business is also in a challenging situation in terms of profitability. However, we are expanding an advanced production business for domestic pork and enhancing the farm productivity systematically with an eye to the future.

As a result of the above, net sales were ¥63,018 million (down 6.9% year on year) and segment loss was ¥195 million (compared to segment profit of ¥979 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 ¥254 million (up 6.8% year on year) and segment profit was ¥116 million (up 0.1% year on year).

(2) Explanation on Financial Position

<Assets>

Total assets at the end of the second quarter were ¥229,632 million, an increase of ¥7,910 million compared to the end of the previous fiscal year. This was mainly due to increases of ¥7,312 million in inventories, ¥3,622 million in property, plant and equipment, and ¥1,074 million in intangible assets, and a decrease of ¥3,979 million in deposits paid.

<Liabilities>

Liabilities increased by ¥5,726 million compared to the end of the previous fiscal year to ¥104,880 million. This was mainly due to increases of ¥3,247 million in long-term borrowings (including current portion of long-term borrowings) and ¥2,530 million in notes and accounts payable - trade.

<Net assets>

Net assets increased by ¥2,184 million compared to the end of the previous fiscal year to ¥124,751 million. This was mainly due to increases of ¥1,431 million in retained earnings and ¥662 million in foreign currency translation adjustment.

Cash Flows

Cash and cash equivalents (hereinafter referred to as “cash”) at the end of the second quarter amounted to ¥16,099 million, a decrease of ¥131 million compared to the end of the previous fiscal year (a decrease of ¥13,411 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 ¥4,961 million (a net cash inflow of ¥8,319 million for the same period of the previous fiscal year). The main factors were profit before income taxes of ¥5,760 million, depreciation and amortization of ¥5,265 million, an increase of ¥2,490 million in trade payables, an increase of ¥7,258 million in inventories, an increase of ¥541 million in retirement benefit asset, and income taxes paid of ¥167 million.

<Cash flows from investing activities>

Cash flows from investing activities recorded a net cash outflow of ¥5,797 million (a net cash outflow of ¥15,784 million for the same period of the previous fiscal year). This was primarily due to an outflow of ¥9,760 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.

<Cash flows from financing activities>

Cash flows from financing activities recorded a net cash inflow of ¥680 million (a net cash outflow of ¥5,904 million for the same period of the previous fiscal year). This was primarily due to an inflow of ¥5,200 million for proceeds from long-term borrowings and an outflow of ¥2,263 million for dividends paid and repayments of long-term borrowings of ¥1,952 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, 2023 has been revised.

For details of the revision, please refer to the “Notice regarding Revision of Financial Results Forecast” announced today (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 September 30, 2022
Assets		
Current assets		
Cash and deposits	12,556	11,589
Notes and accounts receivable - trade	44,104	44,622
Merchandise and finished goods	16,796	23,210
Work in process	3,698	4,319
Raw materials and supplies	2,919	3,197
Deposits paid	13,028	9,049
Other	2,727	2,878
Allowance for doubtful accounts	(2)	(2)
Total current assets	95,828	98,863
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	47,954	48,486
Land	19,694	19,851
Other, net	29,554	32,488
Total property, plant and equipment	97,204	100,826
Intangible assets		
Goodwill	2,467	2,473
Other	2,386	3,455
Total intangible assets	4,854	5,928
Investments and other assets		
Investment securities	5,693	5,858
Retirement benefit asset	13,078	13,343
Other	5,077	4,824
Allowance for doubtful accounts	(14)	(13)
Total investments and other assets	23,834	24,013
Total non-current assets	125,892	130,768
Total assets	221,721	229,632

(Million yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	49,644	52,175
Short-term borrowings	278	313
Current portion of long-term borrowings	3,555	3,432
Income taxes payable	745	2,091
Provision for bonuses	1,626	1,832
Other	15,809	14,435
Total current liabilities	71,659	74,280
Non-current liabilities		
Long-term borrowings	14,923	18,293
Provision for share awards for directors (and other officers)	83	84
Retirement benefit liabilities	4,825	4,828
Asset retirement obligations	401	404
Other	7,261	6,989
Total non-current liabilities	27,494	30,599
Total liabilities	99,154	104,880
Net assets		
Shareholders' equity		
Share capital	7,908	7,908
Capital surplus	10,185	10,185
Retained earnings	85,084	86,515
Treasury shares	(409)	(404)
Total shareholders' equity	102,769	104,206
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,095	2,192
Deferred gains or losses on hedges	(5)	4
Revaluation reserve for land	4,552	4,546
Foreign currency translation adjustment	468	1,131
Remeasurements of defined benefit plans	1,979	1,789
Total accumulated other comprehensive income	9,090	9,664
Non-controlling interests	10,706	10,881
Total net assets	122,567	124,751
Total liabilities and net assets	221,721	229,632

(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, 2021	For the six months ended September 30, 2022
Net sales	210,164	211,714
Cost of sales	182,705	187,128
Gross profit	27,458	24,586
Selling, general and administrative expenses	19,055	19,114
Operating profit	8,403	5,471
Non-operating income		
Interest and dividend income	76	64
Share of profit of entities accounted for using equity method	66	10
Subsidy income	108	102
Other	331	340
Total non-operating income	583	518
Non-operating expenses		
Interest expenses	61	68
Loss on abandonment of inventories	45	52
Other	28	37
Total non-operating expenses	135	159
Ordinary profit	8,850	5,830
Extraordinary income		
Gain on sale of non-current assets	8	1
Other	154	0
Total extraordinary income	163	1
Extraordinary losses		
Loss on sale of non-current assets	13	3
Loss on retirement of non-current assets	51	51
Impairment losses	–	14
Loss on valuation of investment securities	1	–
Other	0	1
Total extraordinary losses	66	70
Profit before income taxes	8,947	5,760
Income taxes	2,939	1,889
Profit	6,007	3,871
Profit attributable to non-controlling interests	718	181
Profit attributable to owners of parent	5,288	3,689

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

(Million yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Profit	6,007	3,871
Other comprehensive income		
Valuation difference on available-for-sale securities	33	96
Deferred gains or losses on hedges	(50)	9
Foreign currency translation adjustment	(336)	654
Remeasurements of defined benefit plans, net of tax	(156)	(189)
Share of other comprehensive income of entities accounted for using equity method	7	9
Total other comprehensive income	(502)	580
Comprehensive income	5,504	4,452
Comprehensive income attributable to		
Owners of parent	4,777	4,270
Non-controlling interests	726	181

(3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	8,947	5,760
Depreciation and amortization	5,067	5,265
Impairment losses	–	14
Amortization of goodwill	55	168
Increase (decrease) in allowance for doubtful accounts	(2)	(0)
Increase (decrease) in provision for bonuses	253	203
Increase (decrease) in retirement benefit liability	112	(4)
Decrease (increase) in retirement benefit asset	(478)	(541)
Increase (decrease) in provision for share awards for directors (and other officers)	7	0
Interest and dividend income	(76)	(64)
Interest expenses	61	68
Share of loss (profit) of entities accounted for using equity method	(66)	(10)
Loss (gain) on sale of property, plant and equipment	4	2
Loss (gain) on valuation of investment securities	1	–
Loss on retirement of property, plant and equipment	51	51
Subsidy income	(154)	–
Decrease (increase) in trade receivables	208	(461)
Decrease (increase) in other current assets	(623)	(466)
Decrease (increase) in inventories	(5,174)	(7,258)
Increase (decrease) in trade payables	2,188	2,490
Increase (decrease) in other current liabilities	811	201
Increase (decrease) in accrued consumption taxes	422	(161)
Increase (decrease) in long-term accounts payable - other	8	(6)
Other, net	(15)	(132)
Subtotal	11,611	5,119
Interest and dividends received	77	76
Interest paid	(61)	(67)
Income taxes paid	(3,463)	(167)
Subsidies received	154	–
Net cash provided by (used in) operating activities	8,319	4,961

(Million yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Cash flows from investing activities		
Decrease (increase) in deposits paid	(5,000)	5,000
Purchase of property, plant and equipment	(7,511)	(9,760)
Proceeds from sale of property, plant and equipment	62	18
Purchase of intangible assets	(774)	(997)
Purchase of investment securities	(8)	(8)
Loan advances	(0)	–
Proceeds from collection of loans receivable	1	0
Payments of leasehold deposits	(15)	(14)
Proceeds from refund of leasehold deposits	13	18
Decrease (increase) in time deposits	(561)	38
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,779)	–
Purchase of long-term prepaid expenses	(113)	(100)
Other, net	(98)	7
Net cash provided by (used in) investing activities	(15,784)	(5,797)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(426)	20
Repayments of lease liabilities	(289)	(316)
Proceeds from long-term borrowings	–	5,200
Repayments of long-term borrowings	(1,913)	(1,952)
Dividends paid	(3,266)	(2,263)
Dividends paid to non-controlling interests	(7)	(7)
Purchase of treasury shares	(2)	(0)
Net cash provided by (used in) financing activities	(5,904)	680
Effect of exchange rate change on cash and cash equivalents	(42)	24
Net increase (decrease) in cash and cash equivalents	(13,411)	(131)
Cash and cash equivalents at beginning of period	29,773	16,230
Cash and cash equivalents at end of period	16,361	16,099

(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 six months ended September 30, 2022 (from April 1, 2022 to September 30, 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 six months ended September 30, 2021 have been reclassified.

As a result, ¥435 million posted in "Other" under "Non-operating income" and ¥27 million posted in "Other" under "Non-operating expenses" in the quarterly consolidated statements of income for the six months ended September 30, 2021 have been reclassified into "Net sales" and "Selling, general and administrative expenses," respectively.

(Segment information, etc.)

[Segment information]

1. 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	67,719	209,926	238	210,164	–	210,164
(2) Intersegment sales or transfers	7	10,250	10,257	28	10,285	(10,285)	–
Total	142,214	77,969	220,184	266	220,450	(10,285)	210,164
Segment profit	8,179	979	9,159	116	9,276	(872)	8,403

(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 ¥1,106 million for the six months ended September 30, 2021.

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

2. For the six months ended September 30, 2022 (from April 1, 2022 to September 30, 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	148,442	63,018	211,460	254	211,714	–	211,714
(2) Intersegment sales or transfers	5	13,179	13,184	26	13,211	(13,211)	–
Total	148,448	76,197	224,645	280	224,926	(13,211)	211,714
Segment profit (loss)	5,879	(195)	5,684	116	5,801	(329)	5,471

- (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 ¥329 million includes corporate expenses of ¥329 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 six months ended September 30, 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 ¥435 million and ¥408 million, respectively, compared to the amounts before reclassification.