



NH Foods Ltd.

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Osaka, 530-0001, Japan

November 2, 2020

BRIEF STATEMENT OF ACCOUNTS
FOR THE SECOND QUARTER OF THE YEAR ENDING MARCH 31, 2021
(Under IFRS) (Consolidated)

Name of listed company:	NH Foods Ltd. (the “Company”)
Listing exchange:	Tokyo Stock Exchange
Code number:	2282
URL:	https://www.nipponham.co.jp/eng/
Representative:	Yoshihide Hata President and Representative Director
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Scheduled date of filing of quarterly report:	November 9, 2020
Scheduled date of payment of dividends:	-
Preparation of supplementary information on quarterly statement of accounts:	Yes
Holding of quarterly results briefing:	Yes (results briefing for institutional investors and analysts)

(Figures are indicated by counting fractions of 1/2 or more of a million yen as one and discarding the rest.)

1. Consolidated business results for the second quarter of the year ending March 31, 2021 (April 1, 2020 through September 30, 2020):

(1) Consolidated operating results (accumulated):

(The percentages indicate the rates of increase (decrease) from the second quarter of the previous fiscal year.)

	Net sales		Business profit		Profit before tax		Profit		Profit attributable to owners of the parent		Total comprehensive income	
	(millions of yen)	%	(millions of yen)	%	(millions of yen)	%	(millions of yen)	%	(millions of yen)	%	(millions of yen)	%
Second quarter of the year ending March 31, 2021	573,484	(6.9)	21,923	0.4	28,730	92.0	18,814	79.3	19,476	88.5	20,705	155.8
Second quarter of the year ended March 31, 2020	616,266	(0.3)	21,832	(0.2)	14,963	(35.4)	10,494	(34.9)	10,331	(36.9)	8,093	(50.8)

(yen)

	Earnings per share (basic)	Earnings per share (diluted)
Second quarter of the year ending March 31, 2021	189.32	189.26
Second quarter of the year ended March 31, 2020	100.39	100.35

(Note) Business profit is calculated by deducting cost of goods sold and selling, general and administrative expenses from net sales, and accounting for foreign exchange gains and losses determined by the Group, while excluding adjustments in accordance with IFRS and non-recurring items.

(2) Consolidated financial position:

	Total assets	Total equity	Total equity attributable to owners of the parent	Equity ratio of owners of the parent
	(millions of yen)	(millions of yen)	(millions of yen)	(%)
Second quarter of the year ending March 31, 2021	782,074	427,388	415,940	53.2
Year ended March 31, 2020	768,861	416,597	404,414	52.6

2. State of dividends:

(yen)

	Annual dividend				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
Year ended March 31, 2020	—	—	—	90.00	90.00
Year ending March 31, 2021	—	—			
Year ending March 31, 2021 (forecast)			—	91.00	91.00

(Note) Adjustment to the most recently publicized forecast of dividends: None

3. Forecast of consolidated business results for the year ending March 31, 2021 (April 1, 2020 through March 31, 2021):

(The percentages indicate the rates of increase (decrease) from the previous fiscal year for the whole-year period.)

	Net sales		Business profit		Profit before tax		Profit attributable to owners of the parent		Earnings per share (basic)
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(yen)
Whole-year period	1,180,000	(4.1)	42,000	(4.0)	38,000	40.5	26,000	35.3	252.97

(Note) Adjustment to the most recently publicized forecast of business results: None

* Notes:

(1) Changes in significant subsidiaries (changes in specific subsidiaries involving a change in the scope of consolidation) during the period under review: None

New subsidiaries: - (Name:) Excluded subsidiaries: - (Name:)

(2) Changes in accounting policies and accounting estimates:

- 1) Changes of accounting policies required by IFRS: None
- 2) Changes of accounting policies other than 1) above: None
- 3) Changes in accounting estimates: None

(3) Number of shares issued (shares of common stock):

- 1) Number of shares issued (including shares of treasury stock) as of the end of the period:

Second quarter of the year ending March 31, 2021: 102,958,904 shares
 Year ended March 31, 2020: 102,958,904 shares

- 2) Number of shares of treasury stock as of the end of the period:

Second quarter of the year ending March 31, 2021: 177,905 shares
 Year ended March 31, 2020: 39,542 shares

- 3) Average number of shares outstanding during the period:

Second quarter of the year ending March 31, 2021: 102,876,200 shares
 Second quarter of the year ended March 31, 2020: 102,913,235 shares

- * A brief statement of accounts for a quarter is not subject to quarterly review.

- * Explanation for the appropriate use of the forecast of business results and other special instructions

(Cautionary notice on information about the future)

The descriptions herein about the future, including the forecast of business results, are based on the information currently available to the Company and certain assumptions considered reasonable by the Company and are not contemplated to ensure the fulfillment thereof. The actual results may materially differ from such forecast and plans depending on various factors. The Company, therefore, wishes to caution that readers should not place undue reliance on these descriptions to make investment decisions. Further, unless obligated by laws or ordinances or the rules of financial instruments exchanges, the Company will not necessarily, or is not obligated to, revise such descriptions about the future, including the forecast of business results notwithstanding any information or event in the future or any result arising therefrom, or publicize such revised information. For information on the conditions precedent to the forecast of business results and cautionary notes for the use of the forecast of business results, please refer to “1. Qualitative Information on the Statement of Accounts for the Second Quarter of the Fiscal Year under Review: (3) Explanation on the Forward-looking Information such as Forecast of Consolidated Business Results” on page 9.

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* The Company is planning to hold a briefing for investors as follows. All materials to be distributed at the briefing will be disclosed on TDnet and posted on its website today.

- November 5, 2020 (Thursday): Results briefing for institutional investors and analysts

* In addition to the above-mentioned briefing, the Company will hold briefings of its operations and business results for individual investors from time to time. Please check the Company's website for information on the schedules of such briefings, etc.

1. Qualitative Information on the Statement of Accounts for the Second Quarter of the Fiscal Year under Review
 - (1) Explanation on the Operating Results

Overview of Operating Results in General

Although the Japanese economy during the second quarter of the fiscal year under review showed some indications of a recovery, the situation remains unpredictable due to the impact of COVID-19.

In the food and fresh meats industry, demand for consumer products grew due to rising demand for dining at home and special demand for food stockpiling after the declaration of a state of emergency in April this year, while commercial-use products continue to struggle due to sluggish demand for dining out.

Under these circumstances, NH Foods Ltd. and its subsidiaries (the “Group”), under the “Medium-Term Management Plan 2020” that commenced in April 2018 with the theme “Building systems that pave the way to the future,” conducted business development based on its five management policies “Strengthen profitability by improving the efficiency of existing businesses,” “Create value through dialog with consumers,” “Enhance and develop technological capabilities for conceptualizing and realizing the future of food,” “Change gears in overseas market deployment,” and “Pursue sustainability.” Specifically, the Group maintained a stable supply system in response to the increased demand for home meals resulting from the impact of COVID-19, while engaging in initiatives such as those to accelerate the realization of synergies from organizational integration, provide new products to respond to rising demand for dining at home, and revise sales structures to target growing demand from mass retailers. In overseas operations, the Group continued to implement measures to minimize the impact of COVID-19, and work to secure suppliers to ensure a stable supply to Japan.

As a result of these activities, for the second quarter of the fiscal year under review on a consolidated and cumulative basis, net sales decreased by 6.9% from the same period of the previous fiscal year to ¥573,484 million. Business profit increased by 0.4% to ¥21,923 million, and profit before tax increased by 92.0% to ¥28,730 million, due to factors including additional special payments, and other expenses of ¥8,472 million recorded as other expenses in the second quarter of the previous fiscal year in relation to the expansion of the optional retirement system, and share of profit in investments accounted for using the equity method of ¥2,308 million recorded during the second quarter of the fiscal year under review on a consolidated and cumulative basis. Profit attributable to owners of the parent increased by 88.5% to ¥19,476 million, compared to the same period of the previous fiscal year.

Overview of Operating Segments

As of April 1, 2020, the Company changed the name of the “Affiliated Business Division” to the “Dairy and Marine Products Division” and integrated it into the Processed Foods Business Division.

(Processed Foods Business Division)

In the hams and sausages business, sales of the consumer products increased year on year, as the sales of the main product “*SCHAU ESSEN*” were strong due to the effect of TV commercials. The re-released “*HONKAKUHA*” performed strongly in the summer gift-giving season, but sales decreased from the same period of the previous fiscal year, mainly due the impact of a more subdued summer gift-giving market overall. Sales of the commercial-use products to major convenience store and major restaurant channels decreased. However, with the growth in the consumer products, the overall sales of the hams and sausages business were higher than that of the same period of the previous year.

In the processed foods business, consumer products such as the pizza group, including the “*Ishigama Kobo*,” the One-Cook group, including the “*Chuka Meisai*,” and the shelf-stable product group, performed strongly, and sales increased year on year. For the commercial-use products, the sales of processed extracts to ramen shops and the sales to restaurant channels such as izakaya chains declined. Consequently, the overall sales of the processed foods business decreased from the same period of the previous fiscal year.

In the dairy products business, sales of yogurt and lactic acid probiotic beverages including the main product “*Vanilla Yogurt*” remained strong, but were insufficient to cover a slump in sales of cheese to mainstay breadmaking routes and restaurant channels. As a result, sales were lower than that of the same period of the previous year.

In the marine products business, we worked to expand sales of sushi toppings and processed salmon products, and sales to mass retailer channels grew, but restaurant channels including sushi restaurants were sluggish. As a consequence, sales were lower than that of the same period of the previous year.

In terms of profit, increase in profit was achieved mainly due to the improved gross profit rate that resulted from unit sales prices rising along with the growth of the mainstay brand products, as well as reviewed sales promotion expenses, and further mechanization and manpower saving in the manufacturing division.

As a result, for the second quarter of the fiscal year under review on a consolidated and cumulative basis, net sales of the Processed Foods Business Division decreased by 2.8% from the same period of the previous fiscal year to ¥253,290 million, and business profit increased by 22.7% from the same period of the previous fiscal year to ¥6,414 million.

(Fresh Meats Business Division)

In the fresh meats business, amid the continuing impact of COVID-19, we strengthened initiatives targeting the growing mass retailer channels, such as using promotional materials displaying nutritional information on our branded fresh meats, posting recipes on social networking services, and further expanding this idea by placing QR codes containing the recipes on storefront promotional materials, in response to rising health-consciousness and home cooking demand. We also engaged in proactive sales proposals for the new growth channels of takeout and home delivery, which are displaying heightened demand due to factors such the self-restraint of business operations by restaurants.

Due to these efforts, sales volumes of domestic chicken and domestic pork to mass retailers increased. However, demand for imported meats and other products for restaurants and wholesalers did not fully recover from the impact of COVID-19, and overall sales were consequently lower year on year.

In terms of profit, profit of the production division increased due to an increase in shipment volume arising from the operation of a new farm, as well as the impact of factors such as rising market prices of domestic chicken and domestic pork, and declining feed prices. In the sales division, while the impact of COVID-19 spread around the world, we focused on market conditions, ensuring stable procurement of products from a wide range of countries of origin and making sales proposals. In particular, we worked on initiatives such as proposals to expand sales of standard products at mass retailers, strengthening sales of our branded fresh meats, and proposing high value-added products such as antibiotic-free meats. Consequently, profit of the sales division increased.

As a result, for the second quarter of the fiscal year under review on a consolidated and cumulative basis, net sales of the Fresh Meats Business Division decreased by 4.6% from the same period of the previous fiscal year to ¥361,691 million, and business profit increased by 27.9% from the same period of the previous fiscal year to ¥18,197 million.

(Overseas Business Division)

In Asia and Europe operations, net sales were lower than that of the same period of the previous year as sales volumes continued to decline in Thailand and the slump in demand continued due to COVID-19 in Vietnam and Turkey. In Americas operations, net sales were higher year on year due to smooth progress in pork export volumes and processed food sales volumes to mass retailers in the U.S., and smooth progress in export volumes for marine products and pork in Chile. In Australia operations, net sales were lower than that of the same period of the previous year due to decreases in the number of collected cattle and in demand from China, as well as a decrease in sales volume to China in Uruguay.

In terms of profit, profit of Asia and Europe operations was lower year on year, mainly due to a decrease in production volume in Thailand, as well as low unit sales prices and high feed prices in Turkey. Profit of Americas operations was higher year on year due primarily to an increase in sales volume of processed foods in the U.S., as well as improved revenues from sales of marine products in Chile. In Australia operations, the cattle collection environment deteriorated with the persistence of high cattle collection prices and a decline in the number of collected cattle, and sales prices remained low, particularly to China. In Uruguay also, cattle collection prices did not fall and unit sales prices of exports to China remained low. Consequently, profit was lower than that of the same period of the previous year.

As a result, for the second quarter of the fiscal year under review on a consolidated and cumulative basis, net sales of the Overseas Business Division decreased by 15.5% year on year to ¥111,385 million, and business profit decreased by 73.3% from the same period of the previous fiscal year to ¥508 million.

(2) Explanation on the Financial Position

<Financial position>

At the end of the second quarter of the fiscal year under review, total assets increased by 1.7% from the end of the previous fiscal year to ¥782,074 million, as property, plant and equipment and other financial assets increased by ¥21,089 million and ¥1,789 million, respectively, although cash and cash equivalents and trade and other receivables decreased by ¥6,965 million and ¥6,532 million, respectively. Liabilities increased by 0.7% from the end of the previous fiscal year to stand at ¥354,686 million, as interest-bearing liabilities increased by ¥13,372 million, although other financial liabilities and other current liabilities decreased by ¥6,003 million and ¥4,909 million, respectively. Interest-bearing liabilities stood at ¥189,865 million.

Total equity attributable to owners of the parent increased by ¥11,526 million from the end of the previous fiscal year to ¥415,940 million, and the equity ratio of owners of the parent increased by 0.6 percentage points from the end of the previous fiscal year to 53.2%.

<Cash flows>

With regard to operating activities, income tax paid amounted to ¥6,523 million, and the decrease in other liabilities amounted to ¥4,889 million, while profit before tax amounted to ¥28,730 million, depreciation and amortization expenses amounted to ¥16,935 million, and the decrease in trade and other receivables amounted to ¥6,684 million. As a result, net cash provided by operating activities amounted to ¥34,428 million.

With regard to investing activities, acquisition of fixed assets amounted to ¥36,919 million. As a result, net cash used in investing activities amounted to ¥36,528 million.

With regard to financing activities, proceeds from debt amounted to ¥15,101 million, while cash dividends amounted to ¥9,268 million, and repayments of debt amounted to ¥18,393 million. As a result, net cash used in financing activities amounted to ¥4,697 million.

As a result, cash and cash equivalents at end of the second quarter of the fiscal year under review decreased by ¥6,965 million from the end of the previous fiscal year to ¥65,434 million.

(3) Explanation on the Forward-looking Information such as Forecast of Consolidated Business Results

With regards to forecast of consolidated business results for the whole-year period ending March 31, 2021, there are no changes from the future outlook announced in the “Notice of the Adjustment to the Forecast of Business Results” dated October 30, 2020.

Cautionary notice on information about the future

The plans, forecast of operating results and other prospects for the future described in this brief statement of accounts are based on the information currently available to the

Company and certain assumptions considered reasonable by the Company and are not contemplated to ensure the fulfillment thereof. The actual results in the future may materially differ from such plans and forecast, depending on various factors including risk factors in business. The Company, therefore, wishes to caution that readers should not place undue reliance on these descriptions to make investment decisions. Further, unless obligated by laws or ordinances or the rules of financial instruments exchanges, the Company will not necessarily, or is not obligated to, revise such descriptions about the future, including the forecast of business results notwithstanding any information or event in the future or any result arising therefrom, or publicize such revised information.

2. Condensed Consolidated Financial Statements and Primary Notes

(1) Condensed Consolidated Statements of Financial Position

(millions of yen)

	Year ended March 31, 2020 (as of March 31, 2020)	Second quarter of the year ending March 31, 2021 (as of September 30, 2020)
(Assets)		
Current Assets		
Cash and cash equivalents	72,399	65,434
Trade and other receivables	130,213	123,681
Inventories	114,520	114,927
Biological assets	21,335	22,606
Other financial assets	11,701	10,922
Other current assets	5,583	6,348
Total Current Assets	355,751	343,918
Non-current Assets		
Property, plant and equipment	284,060	305,149
Right-of-use assets	35,545	37,458
Biological assets	1,883	1,807
Intangible assets and goodwill	8,953	8,388
Investments accounted for using the equity method	13,910	15,451
Other financial assets	32,647	35,215
Deferred tax assets	29,745	26,743
Other non-current assets	6,367	7,945
Total Non-current Assets	413,110	438,156
Total Assets	768,861	782,074
(Liabilities and Equity)		
Current Liabilities		
Interest-bearing liabilities	55,924	67,637
Trade and other payables	99,802	98,554
Income taxes payable	3,178	4,009
Other financial liabilities	18,877	12,886
Other current liabilities	35,966	31,057
Total Current Liabilities	213,747	214,143
Non-current Liabilities		
Interest-bearing liabilities	120,569	122,228
Retirement benefit liabilities	14,920	15,318
Other financial liabilities	719	707
Deferred tax liabilities	732	676
Other non-current liabilities	1,577	1,614
Total Non-current Liabilities	138,517	140,543
Total Liabilities	352,264	354,686

(millions of yen)

	Year ended March 31, 2020 (as of March 31, 2020)	Second quarter of the year ending March 31, 2021 (as of September 30, 2020)
Equity		
Common stock	36,294	36,294
Capital surplus	72,639	72,658
Retained earnings	294,018	303,943
Treasury stock, at cost	(173)	(822)
Accumulated other comprehensive income	1,636	3,867
Total Equity Attributable to Owners of the Parent	404,414	415,940
Non-controlling Interests	12,183	11,448
Total Equity	416,597	427,388
Total Liabilities and Equity	768,861	782,074

(Note) Breakdown of accumulated other comprehensive income

	Year ended March 31, 2020	Second quarter of the year ending March 31, 2021
Financial assets measured at fair value through other comprehensive income	7,178	9,184
Exchange differences on translation of foreign operations	(5,542)	(5,317)

(2) Condensed Consolidated Statements of Income
[Cumulative second quarter]

(millions of yen)

	Cumulative second quarter of the year ended March 31, 2020 (consolidated) (April 1, 2019 through September 30, 2019)	Cumulative second quarter of the year ending March 31, 2021 (consolidated) (April 1, 2020 through September 30, 2020)
Net Sales	616,266	573,484
Cost of Goods Sold	511,628	469,396
Selling, General and Administrative Expenses	81,161	78,191
Other Income	2,247	1,992
Other Expenses	10,186	1,335
Financial Income	728	942
Financial Costs	1,590	1,074
Share of Profit in Investments Accounted for Using the Equity Method	287	2,308
Profit before Tax	14,963	28,730
Income Tax Expense	4,469	9,916
Profit	10,494	18,814
Profit Attributable to:		
Owners of the Parent	10,331	19,476
Non-controlling Interests	163	(662)
Profit	10,494	18,814

Earnings per Share		
Earnings per share (basic)	100.39 yen	189.32 yen
Earnings per share (diluted)	100.35 yen	189.26 yen

[Second quarter]

(millions of yen)

	Second quarter of the year ended March 31, 2020 (consolidated) (July 1, 2019 through September 30, 2019)	Second quarter of the year ending March 31, 2021 (consolidated) (July 1, 2020 through September 30, 2020)
Net Sales	311,506	294,179
Cost of Goods Sold	260,244	240,327
Selling, General and Administrative Expenses	40,325	39,394
Other Income	1,138	370
Other Expenses	9,082	782
Financial Income	228	124
Financial Costs	823	667
Share of Profit in Investments Accounted for Using the Equity Method	221	2,192
Profit before Tax	2,619	15,695
Income Tax Expense	878	5,944
Profit	1,741	9,751
Profit Attributable to:		
Owners of the Parent	1,680	10,092
Non-controlling Interests	61	(341)
Profit	1,741	9,751

Earnings per Share		
Earnings per share (basic)	16.33 yen	98.14 yen
Earnings per share (diluted)	16.32 yen	98.11 yen

(3) Condensed Consolidated Statements of Comprehensive Income
[Cumulative second quarter]

(millions of yen)

	Cumulative second quarter of the year ended March 31, 2020 (consolidated) (April 1, 2019 through September 30, 2019)	Cumulative second quarter of the year ending March 31, 2021 (consolidated) (April 1, 2020 through September 30, 2020)
Profit	10,494	18,814
Other Comprehensive Income (Loss)		
Items that will not be reclassified subsequently to profit or loss		
Financial assets measured at fair value through other comprehensive income	(323)	1,720
Total	(323)	1,720
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(2,011)	332
Share of other comprehensive income of investments accounted for using the equity method	(67)	(161)
Total	(2,078)	171
Total Other Comprehensive Income (Loss)	(2,401)	1,891
Comprehensive Income	8,093	20,705
Comprehensive Income Attributable to:		
Owners of the Parent	8,065	21,419
Non-controlling Interests	28	(714)
Comprehensive Income	8,093	20,705

[Second quarter]

(millions of yen)

	Second quarter of the year ended March 31, 2020 (consolidated) (July 1, 2019 through September 30, 2019)	Second quarter of the year ending March 31, 2021 (consolidated) (July 1, 2020 through September 30, 2020)
Profit	1,741	9,751
Other Comprehensive Loss		
Items that will not be reclassified subsequently to profit or loss		
Financial assets measured at fair value through other comprehensive income	155	(206)
Total	155	(206)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(313)	(958)
Share of other comprehensive income of investments accounted for using the equity method	42	(397)
Total	(271)	(1,355)
Total Other Comprehensive Loss	(116)	(1,561)
Comprehensive Income	1,625	8,190
Comprehensive Income Attributable to:		
Owners of the Parent	1,577	8,650
Non-controlling Interests	48	(460)
Comprehensive Income	1,625	8,190

(4) Condensed Consolidated Statements of Changes in Equity

Consolidated cumulative second quarter of the year ended March 31, 2020 (April 1, 2019 through September 30, 2019)

(millions of yen)

	Equity attributable to owners of the parent									Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income				Total		
					Remeasurement of defined benefit plans	Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Total			
Balance as of April 1, 2019	36,294	72,672	286,934	(202)	—	6,980	(1,664)	5,316	401,014	4,344	405,358
Profit			10,331					—	10,331	163	10,494
Other comprehensive loss						(321)	(1,945)	(2,266)	(2,266)	(135)	(2,401)
Comprehensive income	—	—	10,331	—	—	(321)	(1,945)	(2,266)	8,065	28	8,093
Dividends			(9,262)					—	(9,262)	(9)	(9,271)
Acquisition of treasury stock				(2)				—	(2)	—	(2)
Disposal of treasury stock		(13)		13				—	0	—	0
Capital increase of subsidiaries								—	—	186	186
Establishment of subsidiaries								—	—	106	106
Transfer of accumulated other comprehensive income to retained earnings			2			(2)		(2)	—	—	—
Total transactions with owners	—	(13)	(9,260)	11	—	(2)	—	(2)	(9,264)	283	(8,981)
Balance as of September 30, 2019	36,294	72,659	288,005	(191)	—	6,657	(3,609)	3,048	399,815	4,655	404,470

Consolidated cumulative second quarter of the year ending March 31, 2021 (April 1, 2020
through September 30, 2020)

(millions of yen)

	Equity attributable to owners of the parent									Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income				Total		
					Remeasurement of defined benefit plans	Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Total			
Balance as of April 1, 2020	36,294	72,639	294,018	(173)	—	7,178	(5,542)	1,636	404,414	12,183	416,597
Profit			19,476					—	19,476	(662)	18,814
Other comprehensive income						1,718	225	1,943	1,943	(52)	1,891
Comprehensive income	—	—	19,476	—	—	1,718	225	1,943	21,419	(714)	20,705
Dividends			(9,263)					—	(9,263)	(6)	(9,269)
Acquisition of treasury stock		(1)		(664)				—	(665)	—	(665)
Disposal of treasury stock		(15)		15				—	0	—	0
Share-based payment transactions		34						—	34	—	34
Establishment of subsidiaries								—	—	2	2
Other		1						—	1	(17)	(16)
Transfer of accumulated other comprehensive income to retained earnings			(288)			288		288	—	—	—
Total transactions with owners	—	19	(9,551)	(649)	—	288	—	288	(9,893)	(21)	(9,914)
Balance as of September 30, 2020	36,294	72,658	303,943	(822)	—	9,184	(5,317)	3,867	415,940	11,448	427,388

(5) Condensed Consolidated Statements of Cash Flows:

(millions of yen)

	Cumulative second quarter of the year ended March 31, 2020 (April 1, 2019 through September 30, 2019)	Cumulative second quarter of the year ending March 31, 2021 (April 1, 2020 through September 30, 2020)
Cash Flows from Operating Activities		
Profit before tax	14,963	28,730
Depreciation and amortization expense	16,437	16,935
Impairment losses	156	275
Decrease (increase) in fair value of biological assets	(738)	(1,700)
Financial income and costs	867	132
Decrease (increase) in trade and other receivables	21,745	6,684
Decrease (increase) in inventories	(15,743)	(70)
Decrease (increase) in biological assets	794	850
Decrease (increase) in other assets	(333)	(2,870)
Increase (decrease) in trade and other payables	(1,389)	(1,175)
Increase (decrease) in other liabilities	118	(4,889)
Others—net	834	(2,812)
Interest received	277	110
Dividends received	1,057	1,375
Interest paid	(878)	(624)
Income tax paid	(4,869)	(6,523)
Cash Flows from Operating Activities	33,298	34,428
Cash Flows from Investing Activities		
Acquisition of fixed assets	(19,385)	(36,919)
Proceeds from sales of fixed assets	256	243
Decrease (increase) in time deposits	(119)	252
Acquisition of other financial assets	(42)	(142)
Sale and redemption of other financial assets	15	22
Investments in associated companies	(120)	—
Others—net	(39)	16
Cash Flows from Investing Activities	(19,434)	(36,528)
Cash Flows from Financing Activities		
Cash dividends	(9,271)	(9,268)
Increase (decrease) in short-term bank loans	8,903	8,528
Proceeds from debt	19,606	15,101
Repayments of debt	(20,099)	(18,393)
Contributions from non-controlling interests	292	—
Acquisition of treasury stock	(2)	(665)
Others—net	0	0
Cash Flows from Financing Activities	(571)	(4,697)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(791)	(168)
Net Increase (Decrease) in Cash and Cash Equivalents	12,502	(6,965)
Cash and Cash Equivalents at the Beginning of the Period	48,108	72,399
Cash and Cash Equivalents at the End of the Period	60,610	65,434

(6) Note on the Premises of a Going Concern

Not applicable.

(7) Note to Condensed Consolidated Financial Statements

1. Segment information

Information regarding the reportable segments

The Group categorizes the business into the following three business segments according to the nature of products and services, and the geographical areas where it sells products or provides services. The Group manages its operations by the business segment and considers them as reportable segments.

As of April 1, 2020, the Company changed the name of the “Affiliated Business Division” to the “Dairy and Marine Products Division,” and placed it under the responsibility of the Processed Foods Business Division. As a result, the category of operating segments has been changed from the previous classification of four business groups to the following three business groups from the first quarter of the fiscal year under review. In addition, the processed meat products/extract manufacturing and sales company, which had been under the responsibility of the Fresh Meats Business Division, was transferred to the Processed Foods Business Division.

Processed Foods Business Division	—	Mainly domestic production and sales of hams and sausages, processed foods, marine products, and dairy products
Fresh Meats Business Division	—	Mainly domestic production and sales of fresh meats
Overseas Business Division	—	Mainly production and sales of hams and sausages, processed foods, fresh meats and marine products at overseas subsidiaries and associates.

The Group consists of 83 subsidiaries and 9 associates.

For the consolidated cumulative second quarter of the year ended March 31, 2020 (April 1, 2019 through September 30, 2019):

(millions of yen)

	Processed Foods Business Division	Fresh Meats Business Division	Overseas Business Division	Total	Eliminations, adjustments and others	Consolidated
Net sales						
Sales to external customers	247,998	315,495	65,980	629,473	(13,207)	616,266
Intersegment sales	12,550	63,724	65,788	142,062	(142,062)	—
Total	260,548	379,219	131,768	771,535	(155,269)	616,266
Segment profit	5,229	14,227	1,902	21,358	474	21,832

For the consolidated cumulative second quarter of the year ending March 31, 2021 (April 1, 2020 through September 30, 2020):

(millions of yen)

	Processed Foods Business Division	Fresh Meats Business Division	Overseas Business Division	Total	Eliminations, adjustments and others	Consolidated
Net sales						
Sales to external customers	240,794	299,286	54,885	594,965	(21,481)	573,484
Intersegment sales	12,496	62,405	56,500	131,401	(131,401)	—
Total	253,290	361,691	111,385	726,366	(152,882)	573,484
Segment profit	6,414	18,197	508	25,119	(3,196)	21,923

- (Notes)
1. “Eliminations, adjustments and others” includes unallocated items and intersegment eliminations.
 2. Except for a few unallocated items, corporate overhead expenses and profit or loss of certain subsidiaries are allocated to each reportable operating segment. These subsidiaries provide indirect services and operational support for the Group’s companies included in each reportable operating segment.
 3. “Segment profit” is calculated by deducting cost of goods sold and selling, general and administrative expenses from net sales, and accounting for foreign exchange gains and losses determined by the Group, while excluding adjustments in accordance with IFRS and non-recurring items.
 4. For the consolidated cumulative second quarter of the year ended March 31, 2020, reclassifications have been made based on operating segment information of the consolidated cumulative second quarter of the year ending March 31, 2021.

For the consolidated second quarter of the year ended March 31, 2020 (July 1, 2019 through September 30, 2019):

(millions of yen)

	Processed Foods Business Division	Fresh Meats Business Division	Overseas Business Division	Total	Eliminations, adjustments and others	Consolidated
Net sales						
Sales to external customers	127,804	157,990	32,864	318,658	(7,152)	311,506
Intersegment sales	6,211	32,324	34,112	72,647	(72,647)	—
Total	134,015	190,314	66,976	391,305	(79,799)	311,506
Segment profit	2,852	6,712	1,116	10,680	78	10,758

For the consolidated second quarter of the year ending March 31, 2021 (July 1, 2020 through September 30, 2020):

(millions of yen)

	Processed Foods Business Division	Fresh Meats Business Division	Overseas Business Division	Total	Eliminations, adjustments and others	Consolidated
Net sales						
Sales to external customers	124,330	151,251	28,641	304,222	(10,043)	294,179
Intersegment sales	6,499	30,499	26,917	63,915	(63,915)	—
Total	130,829	181,750	55,558	368,137	(73,958)	294,179
Segment profit	3,675	9,701	615	13,991	(1,298)	12,693

- (Notes)
1. “Eliminations, adjustments and others” includes unallocated items and intersegment eliminations.
 2. Except for a few unallocated items, corporate overhead expenses and profit or loss of certain subsidiaries are allocated to each reportable operating segment. These subsidiaries provide indirect services and operational support for the Group’s companies included in each reportable operating segment.
 3. “Segment profit” is calculated by deducting cost of goods sold and selling, general and administrative expenses from net sales, and accounting for foreign exchange gains and losses determined by the Group, while excluding adjustments in accordance with IFRS and non-recurring items.
 4. For the consolidated second quarter of the year ended March 31, 2020, reclassifications have been made based on operating segment information of the consolidated second quarter of the year ending March 31, 2021.

2. Changes in the accounting policy

Not applicable.

3. Important accounting policy

The accounting policy applied by the Group in preparing these Condensed Consolidated Financial Statements is identical to that applied in preparing the Condensed Consolidated Financial Statements for the previous consolidated fiscal year, except regarding the matter below.

(Share-based payment)

The Group has introduced the Performance-Based Stock Compensation Plan as an equity-settled share-based payment plan for officers from the second quarter of the fiscal year under review. Under the Plan, services received are measured against the fair value of the Company's shares as of the grant date, and recognized as expense throughout the vesting period. A corresponding amount is recognized as increase of equity. The fair value of the Company's shares as of the grant date is measured based on observable market prices, and the forecast dividends are incorporated in the measurement of the fair value.

4. Additional information

With respect to the impact of COVID-19, the Company anticipated that the impact would continue for around six months from the end of the previous fiscal year, and would be gradually contained thereafter. However, in view of recent conditions, it is evident that the situation is not one of gradual containment. The Company has therefore revised its initial forecasts regarding the impact of COVID-19, under the accounting estimates and assumptions that the impact will persist for some time after September 30, 2020, and be gradually contained thereafter. Based on these accounting estimates and assumptions, the Company has determined that the impact of COVID-19 on the cumulative second quarter of the year ending March 31, 2021 is immaterial. However, the Group's financial position and operating results may be greatly affected in the next quarter and the following periods depending on how the situation develops.