

August 1, 2023

BRIEF STATEMENT OF ACCOUNTS
FOR THE FIRST QUARTER OF THE YEAR ENDING MARCH 31, 2024

(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/
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Scheduled date of filing of quarterly report:	August 8, 2023
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 first quarter of the year ending March 31, 2024 (April 1, 2023 through June 30, 2023):

(1) Consolidated operating results (cumulative):

(The percentages indicate the rates of increase (decrease) from the first 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)	%
First quarter of the year ending March 31, 2024	322,175	6.5	12,140	32.4	18,785	27.6	12,486	19.8	11,749	15.4	19,008	5.8
First quarter of the year ended March 31, 2023	302,378	-	9,170	(26.2)	14,720	-	10,421	4.3	10,182	2.8	17,967	113.5

(yen)

	Earnings per share (basic)	Earnings per share (diluted)
First quarter of the year ending March 31, 2024	114.60	114.60
First quarter of the year ended March 31, 2023	99.49	99.47

(Notes)

- 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 deducting adjustments in accordance with IFRS and non-recurring items.
- The beef business relating to Breeders & Packers Uruguay S.A. ("BPU") has been reclassified to discontinued operations from the fourth quarter of the consolidated accounting period ended March 31, 2023. As a result, the quarterly loss from discontinued operations is presented separately from those from continuing operations in the condensed consolidated statements of income. Consequently, only net sales and quarterly profit before tax from continuing operations are shown. The corresponding figures for the first quarter of the year ended March 31, 2023 have been reclassified in the same way. For this reason, rates of increase (decrease) from the same period in the previous fiscal year are not shown.

(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)	(%)
First quarter of the year ending March 31, 2024	951,955	510,915	499,889	52.5
Year ended March 31, 2023	937,155	502,781	492,913	52.6

2. State of dividends:

	Annual dividend (yen)				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
Year ended March 31, 2023	—	—	—	110.00	110.00
Year ending March 31, 2024	—	—	—	—	—
Year ending March 31, 2024 (forecast)	—	—	—	112.00	112.00

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

3. Forecast of consolidated business results for the year ending March 31, 2024 (April 1, 2023 through March 31, 2024):

(The percentages indicate rates of increase (decrease) from the previous fiscal year in respect of whole-year figures, and from the second quarter (cumulative) period of the previous fiscal year in respect of the second quarter (cumulative) period, respectively.)

	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)
Cumulative second quarter	620,000	0.2	20,000	31.5	22,000	(6.8)	13,000	(16.0)	126.82
Whole-year period	1,260,000	0.0	38,000	48.5	34,000	53.4	23,000	38.2	224.38

(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:

First quarter of the year ending March 31, 2024: 102,958,904 shares

Year ended March 31, 2023: 102,958,904 shares

- 2) Number of shares of treasury stock as of the end of the period:
First quarter of the year ending March 31, 2024: 428,684 shares
Year ended March 31, 2023: 454,459 shares
- 3) Average number of shares outstanding during the period:
First quarter of the year ending March 31, 2024: 102,517,730 shares
First quarter of the year ended March 31, 2023: 102,338,005 shares

(Note) The number of shares of treasury stock as of the end of the period includes the number of the Company's shares (128,133 shares for the first quarter of the year ending March 31, 2024 and 131,403 shares for the year ended March 31, 2023) held by the Board Incentive Plan Trust (the "BIP Trust") adopted upon the introduction of the Performance-Based Stock Compensation Plan for officers. The number of shares of treasury stock deducted in the calculation of the average number of shares outstanding during the period includes the number of the Company's shares held by the BIP Trust. In addition, the number of shares of treasury stock as of the end of the period includes the number of the Company's shares (290,700 shares for the first quarter of the year ending March 31, 2024 and 313,400 shares for the year ended March 31, 2023) held by the NH Foods Group Employee Shareholding Association Dedicated Trust (the "Trust") upon the introduction of the Trust-type Employee Shareholding Incentive Plan. The number of shares of treasury stock deducted in the calculation of the average number of shares outstanding during the period includes the number of the Company's shares held by the Trust.

- * 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 results 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 First Quarter of the Fiscal Year under Review: (3) Explanation on the Forward-looking Information such as Forecast of Consolidated Business Results" on page 8.

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* The Company is planning to hold a financial results briefing for institutional investors and analysts on Tuesday, August 1, 2023. All materials to be used at the conference will be disclosed on TDnet and posted on its website today.

* 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 First Quarter of the Fiscal Year under Review

(1) Explanation on the Operating Results

Overview of Operating Results in General

For the first quarter of the fiscal year under review on a consolidated and cumulative basis, net sales increased by 6.5% compared with the result for the same period in the previous fiscal year to ¥322,175 million. This increase was attributable to revisions in the prices of processed food products, and price increases for each type of fresh meats to pass on higher costs. Business profit was 32.4% higher compared with the same period in the previous fiscal year at ¥12,140 million. In addition to increased sales of domestic chicken and imported meat, this increase also resulted from improved profit from the Ballpark Business. Profit before tax was 27.6% higher at ¥18,785 million because of the increase in business profit and other factors, while profit attributable to owners of the parent rose by 15.4% year on year to ¥11,749 million.

Overview of Operating Segments

(millions of yen)

YoY results	Net sales			Business profit		
	Cumulative first quarter (consolidated)	Increase (decrease) compared with the same quarter in the previous year	Increase (decrease) (%)	Cumulative first quarter (consolidated)	Increase (decrease) compared with the same quarter in the previous year	Increase (decrease) (%)
Processed Foods Business Division	103,543	4,531	4.6	790	(430)	(35.2)
Fresh Meats Business Division	193,925	14,930	8.3	10,243	3,183	45.1
Overseas Business Division	75,231	(9,192)	(10.9)	(254)	(597)	—
Others	8,747	3,777	76.0	2,464	1,645	200.9

(Processed Foods Business Division)

Net sales increased by 4.6% compared with the same period in the previous fiscal year to ¥103,543 million thanks to higher sales of consumer hams and sausages and commercial deli products following price revisions. Business profit was 35.2% lower at ¥790 million due to a deterioration in the product mix accompanying a rise in the proportion of low-profit products.

(Fresh Meats Business Division)

Net sales increased by 8.3% to ¥193,925 million compared with the same period in the previous fiscal year. In addition to steady demand for domestic chicken, this increase also resulted from progress on the revision of prices to reflect higher market prices for domestic and imported meats. Production operations continued to be impacted by the high cost of feed for domestic chickens, but improvements in the profitability of branded meats and expanding domestic fresh meats sales caused business profit to increase by 45.1% over the same period a year earlier to ¥10,243 million.

(Overseas Business Division)

Despite higher revenues from the processed foods business in the United States, the beef business was impacted by lower selling prices due to a global downturn in demand. As a

result, net sales declined by 10.9% compared with the result for the same period in the previous fiscal year to ¥75,231 million. Profit from the US processed food business was higher thanks to volume growth and the stabilization of raw material prices, but the beef business was affected by lower selling prices. As a result, there was a business loss of ¥254 million, compared with business profit of ¥343 million in same period a year earlier.

(Others)

Net sales were 76.0% higher than the result for the same period in the previous fiscal year at ¥8,747 million. This reflects the opening of Hokkaido Ballpark F Village, which has enhanced the ability of the complex to attract visitors on non-match days, as well as improved profitability due to sales of food, beverages, goods, and advertising revenues. Business profit was 200.9% higher at ¥2,464 million.

(2) Explanation on the Financial Position

<Financial position>

Total assets amounted to ¥951,955 million at the end of the first quarter of the current fiscal years, an increase of 1.6% from the position at the end of the previous fiscal year. Current assets increased by 3.0% over the level at the end of the previous fiscal year to ¥440,976 million. This growth occurred despite a decline in trade and other receivables, which were 5.8% lower at ¥138,087 million because of reduced transactions with companies outside of the consolidation and other factors. One reason for the higher figure for current assets was a 15.4% increase in cash and cash equivalents, which reached ¥74,987 million. In addition, inventory assets were 7.1% higher at ¥151,942 million because of an increase in stocks of fresh meats, especially imported beef and pork. Property, plant and equipment were 0.2% lower at ¥363,772 million, but Intangible assets and goodwill increased by 8.9% to ¥21,992 million. As a result, non-current assets were 0.4% above the level at the end of the previous fiscal year at ¥510,979 million.

Total liabilities increased by 1.5% over the level at the end of the previous fiscal year to ¥441,040 million, despite a 1.1% decline in Interest-bearing liabilities, which totaled ¥239,292 million. The higher figure was attributable to an increase in trade and other payables, which were 8.2% higher at ¥114,766, in part because of increased higher market prices and increased purchasing of inventory in preparation for a demand recovery.

Total equity attributable to owners of the parent increased by 1.4% compared with the figure at the end of the previous fiscal year to ¥499,889 million. Despite ¥11,275 million decrease due to cash dividends, but in addition to ¥11,749 million increase due to net income, there was also ¥5,569 million increase relating to exchange differences on translation of foreign operations due to the weakening of the yen.

As a result, the equity ratio of owners of the parent decreased by 0.1 percentage points from the end of previous fiscal year to 52.5%.

<Cash flows>

Despite an increase of ¥7,985 million in inventories, and other factors, net cash provided by operating activities amounted to ¥36,277 million. Reasons for this result include quarterly profit before tax of ¥18,785 million, depreciation and amortization expenses of ¥9,786 million, and ¥9,793 million decrease in trade and other receivables.

Net cash used for investing activities amounted to ¥10,149 million. Reasons for this

result include acquisition of fixed assets totaling ¥11,184 million, and other factors.

Despite the proceeds from debt totaling ¥31,080 million, net cash used for financing activities amounted to ¥20,104 million. Reasons for this result include the payment of cash dividends of ¥11,312 million, the decrease in short-term bank loans totaling ¥32,684 million, and other factors.

As a result, cash and cash equivalents at the end of the first quarter increased by ¥10,001 million from the position at the end of the previous fiscal year to ¥74,987 million.

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

After considering various factors, including disease problems in Japan and overseas, global economic trends, and the impact of geopolitical risks on feed prices, we have not changed our forecast of the cumulative results for the first two quarters of the fiscal year ending March 2024, which were released on May 10, 2023 with the “Brief Statement of Accounts for the Year Ended March 31, 2023.”

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 results 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, 2023 (as of March 31, 2023)	First quarter of the year ending March 31, 2024 (as of June 30, 2023)
(Assets)		
Current Assets		
Cash and cash equivalents	64,986	74,987
Trade and other receivables	146,660	138,087
Inventories	141,930	151,942
Biological assets	27,984	29,104
Other financial assets	9,098	13,733
Other current assets	25,171	22,878
Assets held for sale	12,189	10,245
Total Current Assets	428,018	440,976
Non-current Assets		
Property, plant and equipment	364,381	363,772
Right-of-use assets	40,898	40,746
Biological assets	1,517	1,536
Intangible assets and goodwill	20,193	21,992
Investments accounted for using the equity method	9,087	9,003
Other financial assets	27,587	28,373
Deferred tax assets	31,082	30,831
Other non-current assets	14,392	14,726
Total Non-current Assets	509,137	510,979
Total Assets	937,155	951,955
(Liabilities and Equity)		
Current Liabilities		
Interest-bearing liabilities	102,199	99,536
Trade and other payables	106,027	114,766
Income taxes payable	1,795	2,168
Other financial liabilities	15,806	15,169
Other current liabilities	41,350	44,209
Liabilities directly associated with assets held for sale	11,359	9,078
Total Current Liabilities	278,536	284,926
Non-current Liabilities		
Interest-bearing liabilities	139,856	139,756
Retirement benefit liabilities	12,394	12,506
Other financial liabilities	1,108	1,181
Deferred tax liabilities	889	1,072
Other non-current liabilities	1,591	1,599
Total Non-current Liabilities	155,838	156,114
Total Liabilities	434,374	441,040

(millions of yen)

	Year ended March 31, 2023 (as of March 31, 2023)	First quarter of the year ending March 31, 2024 (as of June 30, 2023)
Equity		
Common stock	36,294	36,294
Capital surplus	71,095	71,094
Retained earnings	369,389	369,855
Treasury stock, at cost	(2,057)	(1,941)
Accumulated other comprehensive income	17,193	23,251
Accumulated other comprehensive income of disposal groups classified as held for sale	999	1,336
Total Equity Attributable to Owners of the Parent	492,913	499,889
Non-controlling Interests	9,868	11,026
Total Equity	502,781	510,915
Total Liabilities and Equity	937,155	951,955

(Note) Breakdown of accumulated other comprehensive income

	Year ended March 31, 2023	First quarter of the year ending March 31, 2024
Financial assets measured at fair value through other comprehensive income	6,469	6,958
Exchange differences on translation of foreign operations	10,724	16,293

(2) Condensed Consolidated Statements of Income

(millions of yen)

	Cumulative first quarter of the year ended March 31, 2023 (consolidated) (April 1, 2022 through June 30, 2022)	Cumulative first quarter of the year ending March 31, 2024 (consolidated) (April 1, 2023 through June 30, 2023)
Net Sales	302,378	322,175
Cost of Goods Sold	255,511	267,666
Selling, General and Administrative Expenses	39,470	41,557
Other Income	12,334	9,119
Other Expenses	6,215	4,439
Financial Income	440	1,630
Financial Costs	882	524
Share of Profit in Investments Accounted for Using the Equity Method	1,646	47
Profit before Tax	14,720	18,785
Income Tax Expense	3,811	5,763
Profit from Continuing Operations	10,909	13,022
Loss from Discontinued Operations	(488)	(536)
Profit	10,421	12,486
Profit Attributable to:		
Owners of the Parent		
Continuing Operations	10,670	12,285
Discontinued Operations	(488)	(536)
Total	10,182	11,749
Non-controlling Interests		
Continuing Operations	239	737
Discontinued Operations	—	—
Total	239	737
Profit	10,421	12,486

Earnings per Share		
Earnings per share (basic)	99.49 yen	114.60 yen
Continuing Operations	104.26 yen	119.83 yen
Discontinued Operations	(4.77) yen	(5.23) yen
Earnings per share (diluted)	99.47 yen	114.60 yen
Continuing Operations	104.24 yen	119.83 yen
Discontinued Operations	(4.77) yen	(5.23) yen

(3) Condensed Consolidated Statements of Comprehensive Income

(millions of yen)

	Cumulative first quarter of the year ended March 31, 2023 (consolidated) (April 1, 2022 through June 30, 2022)	Cumulative first quarter of the year ending March 31, 2024 (consolidated) (April 1, 2023 through June 30, 2023)
Profit	10,421	12,486
Other Comprehensive Income		
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of defined benefit plans	(3)	(8)
Financial assets measured at fair value through other comprehensive income	(2,225)	547
Share of other comprehensive income of investments accounted for using the equity method	—	(56)
Total	(2,228)	483
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	8,654	5,368
Share of other comprehensive income of investments accounted for using the equity method	1,120	671
Total	9,774	6,039
Total Other Comprehensive Income	7,546	6,522
Comprehensive Income	17,967	19,008
Comprehensive Income Attributable to:		
Owners of the Parent	17,606	18,136
Non-controlling Interests	361	872
Comprehensive Income	17,967	19,008

(4) Condensed Consolidated Statements of Changes in Equity

Consolidated cumulative first quarter of the year ended March 31, 2023 (April 1, 2022 through June 30, 2022)

(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	Subtotal			
Balance as of April 1, 2022	36,294	71,272	360,900	(2,856)	—	9,639	3,820	13,459	479,069	10,485	489,554
Profit			10,182					—	10,182	239	10,421
Other comprehensive income					(3)	(2,224)	9,651	7,424	7,424	122	7,546
Comprehensive income	—	—	10,182	—	(3)	(2,224)	9,651	7,424	17,606	361	17,967
Dividends			(10,437)					—	(10,437)	(10)	(10,447)
Acquisition of treasury stock				(1)				—	(1)		(1)
Disposal of treasury stock		(8)		109				—	101		101
Share-based payment transactions		37						—	37		37
Transfer of accumulated other comprehensive income to retained earnings			(4)		3	1		4	—		—
Total transactions with owners	—	29	(10,441)	108	3	1	—	4	(10,300)	(10)	(10,310)
Balance as of June 30, 2022	36,294	71,301	360,641	(2,748)	—	7,416	13,471	20,887	486,375	10,836	497,211

Consolidated cumulative first quarter of the year ending March 31, 2024 (April 1, 2023
through June 30, 2023)

(millions of yen)

	Equity attributable to owners of the parent										Non-con- trolling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income					Total		
					Remeasure- ment of defined benefit plans	Financial assets measured at fair value through other comprehen- sive income	Exchange differences on translation of foreign operations	Subtotal	Accumulat ed other comprehen sive income of disposal groups classified as held for sale			
Balance as of April 1, 2023	36,294	71,095	369,389	(2,057)	—	6,469	10,724	17,193	999	492,913	9,868	502,781
Profit			11,749					—		11,749	737	12,486
Other comprehensive income					(8)	489	5,569	6,050	337	6,387	135	6,522
Comprehensive income	—	—	11,749	—	(8)	489	5,569	6,050	337	18,136	872	19,008
Dividends			(11,275)					—		(11,275)	(37)	(11,312)
Acquisition of treasury stock				(1)				—		(1)		(1)
Disposal of treasury stock		(13)		117				—		104		104
Share-based payment		12						—		12		12
Sales of subsidiary								—		—	323	323
Transfer of accumulated other comprehensive income to retained earnings			(8)		8			8		—		—
Total transactions with owners	—	(1)	(11,283)	116	8	—	—	8	—	(11,160)	286	(10,874)
Balance as of June 30, 2023	36,294	71,094	369,855	(1,941)	—	6,958	16,293	23,251	1,336	499,889	11,026	510,915

(5) Condensed Consolidated Statements of Cash Flows

(millions of yen)

	Cumulative first quarter of the year ended March 31, 2023 (April 1, 2022 through June 30, 2022)	Cumulative first quarter of the year ending March 31, 2024 (April 1, 2023 through June 30, 2023)
Cash Flows from Operating Activities		
Profit before tax	14,720	18,785
Loss before tax from discontinued operations	(731)	(746)
Depreciation and amortization expense	9,369	9,786
Impairment losses (reversal of impairment losses)	(1,898)	292
Decrease (increase) in fair value of biological assets	(804)	(1,374)
Financial income and costs	454	(1,036)
Loss (gain) on sales of business	405	44
Decrease (increase) in trade and other receivables	(3,057)	9,793
Decrease (increase) in inventories	(22,878)	(7,985)
Decrease (increase) in biological assets	41	883
Decrease (increase) in other assets	(1,038)	2,295
Increase (decrease) in trade and other payables	10,801	7,147
Increase (decrease) in other liabilities	3,135	2,826
Others—net	(6,631)	(3,440)
Interest received	234	525
Dividends received	5,152	945
Interest paid	(198)	(468)
Income tax paid	(3,207)	(1,995)
Cash Flows from Operating Activities	3,869	36,277
Cash Flows from Investing Activities		
Acquisition of fixed assets	(27,013)	(11,184)
Proceeds from sales of fixed assets	37	104
Decrease (increase) in time deposits	(14)	(159)
Acquisition of other financial assets	(20)	(16)
Sale and redemption of other financial assets	169	0
Proceeds from government grants	—	2,425
Payments for sales of business	(3,559)	(974)
Others—net	(45)	(345)
Cash Flows from Investing Activities	(30,445)	(10,149)
Cash Flows from Financing Activities		
Cash dividends	(10,447)	(11,312)
Increase (decrease) in short-term bank loans	600	(32,684)
Proceeds from debt	35,011	31,080
Repayments of debt	(9,153)	(7,276)
Acquisition of treasury stock	(0)	(1)
Proceeds from sales of treasury stock	87	89
Cash Flows from Financing Activities	16,098	(20,104)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	2,796	3,735
Hyperinflation Adjustment	528	146
Increase (decrease) in Cash and Cash Equivalents Included in Assets Held for Sale	—	96
Net Increase (Decrease) in Cash and Cash Equivalents	(7,154)	10,001
Cash and Cash Equivalents at the Beginning of the Period	85,374	64,986
Cash and Cash Equivalents at the End of the Period	78,220	74,987

(6) Note on the Premises of a Going Concern

Not applicable.

(7) Notes to Condensed Consolidated Financial Statements

1. Segment information

Information regarding the reportable segments

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

Processed Foods Business Division	—	Mainly domestic production and sales of hams and sausages, processed foods, 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 and fresh meats at overseas subsidiaries and associates

The beef business relating to BPU was reclassified to discontinued operations from the fourth quarter of the consolidated accounting period year ended March 31, 2023. For that reason, we have readjusted the cumulative figures for the first quarter of the consolidated accounting period year ended March 31, 2023. However, discontinued operations relating to BPU are included in the figures for the Overseas Business Division reporting segment.

The Group consists of 67 subsidiaries and 6 associates.

For the consolidated cumulative first quarter of the year ended March 31, 2023 (April 1, 2022 through June 30, 2022):

(millions of yen)

	Processed Foods Business Division	Fresh Meats Business Division	Overseas Business Division	Others	Total	Eliminations, adjustments and others	Consolidated (before adjustment for discontinued operations)	Transfer to discontinued operations	Consolidated (after adjustment for discontinued operations)
Net sales									
Sales to external customers	92,458	163,542	48,540	4,159	308,699	2,813	311,512	(9,134)	302,378
Intersegment sales	6,554	15,453	35,883	811	58,701	(58,701)	—	—	—
Total	99,012	178,995	84,423	4,970	367,400	(55,888)	311,512	(9,134)	302,378
Segment profit	1,220	7,060	343	819	9,442	(272)	9,170	312	9,482

For the consolidated cumulative first quarter of the year ending March 31, 2024 (April 1, 2023 through June 30, 2023):

(millions of yen)

	Processed Foods Business Division	Fresh Meats Business Division	Overseas Business Division	Others	Total	Eliminations, adjustments and others	Consolidated (before adjustment for discontinued operations)	Transfer to discontinued operations	Consolidated (after adjustment for discontinued operations)
Net sales									
Sales to external customers	96,644	177,762	45,944	7,925	328,275	66	328,341	(6,166)	322,175
Intersegment sales	6,899	16,163	29,287	822	53,171	(53,171)	—	—	—
Total	103,543	193,925	75,231	8,747	381,446	(53,105)	328,341	(6,166)	322,175
Segment profit (loss)	790	10,243	(254)	2,464	13,243	(1,103)	12,140	625	12,765

- (Notes) 1. “Others” refers to operating segments not included in the reportable segments, such as the Ballpark Business and New Business. The Ballpark Business encompasses the operation of the professional baseball team and ballpark.
2. “Eliminations, adjustments and others” includes unallocated items and intersegment eliminations.
3. 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 included in each reportable operating segment.
4. “Segment profit (loss)” 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 deducting adjustments in accordance with IFRS and non-recurring items.
5. Net sales, profit and loss, and other data relating to BPU, which are included in the results for the Overseas Business Division have been reclassified to “Transfer to discontinued operations.”

2. Note on discontinued operations

(1) Transfer of shares of The Marine Foods Corporation

1) Overview of discontinued operations

The Company, at the meeting of its Board of Directors held on February 9, 2022, determined to transfer all of its shares and related assets of its consolidated subsidiary, The Marine Foods Corporation (“Marine Foods”), to Sojitz Corporation, and the share transfer was completed on March 31, 2022.

As a result, the marine products business relating to Marine Foods has been classified as discontinued operations from the fourth quarter of the year ended March 31, 2022.

2) Name and nature of business of the subsidiary and the segment that included the divested business

Name of the subsidiary	The Marine Foods Corporation
Nature of business	Manufacturing and sale of processed marine food products and import and sale of marine raw materials
Applicable segment	Processed Foods Business Division

3) Number of shares sold, percentage of ownership after the sale

Numbers of shares owned before the sale	22,666,000 shares (Number of voting rights: 22,666,000) (Percentage of voting rights held: 100.0%)
Number of shares sold	22,666,000 shares (Number of voting rights: 22,666,000)
Percentage of ownership after the sale	— share (Number of voting rights: —) (Percentage of voting rights held: — %)

4) Profit (loss) from discontinued operations

Details of profit (loss) from discontinued operations are as follows.

(millions of yen)

	Cumulative first quarter of the year ended March 31, 2023 (consolidated) (April 1, 2022 through June 30, 2022)	Cumulative first quarter of the year ending March 31, 2024 (consolidated) (April 1, 2022 through June 30, 2022)
Net sales	—	—
Gain (loss) on sales of business (Note)	(405)	—
Other profit (loss)	—	—
Profit (loss) before tax from discontinued operations	(405)	—
Income tax expense	91	—
Profit (loss) from discontinued operations	(314)	—

(Note) Gain (loss) on sales of business classified as discontinued operations in the cumulative first quarter of the year ended March 31, 2023 was due to an adjustment to the transfer price of The Marine Foods' shares held by the Company pursuant to the share transfer agreement.

(2) Transfer of shares of BPU

1) Overview of discontinued operations

The Company, at the meeting of its Board of Directors held on January 31, 2023, determined to transfer all of its shares of its consolidated subsidiary, BPU, to Minerva S.A.

As a result, the beef business relating to BPU has been reclassified as discontinued operations from the fourth quarter of the year ended March 31, 2023.

2) Name and nature of business of the subsidiary and the segment that included the divested business

Name of the subsidiary	Breeders & Packers Uruguay S.A.
Nature of business	Meat processing and sales (beef)
Applicable segment	Overseas Business Division

3) Number of shares to be sold, sale price, percentage of ownership after the sale

Numbers of shares owned before the sale	1,797,343,133 shares (Number of voting rights: 1,797,343,133) (Percentage of voting rights held: 100.0%)
Number of shares to be transferred	1,797,343,133 shares (Number of voting rights: 1,797,343,133)
Sale price (Note)	The sale price will be determined based on the enterprise value of 40 million USD (5.2 billion JPY), and the price adjustments stipulated in the stock purchase agreement, including net debt and working capital of BPU.
Percentage of ownership after the sale	— share (Number of voting rights: —) (Percentage of voting rights held: —%)

(Note)

The yen equivalent is a reference value calculated at a rate of 130 yen to the U.S. dollar.

4) Profit (loss) from discontinued operations

Details of profit (loss) from discontinued operations are as follows.

(millions of yen)

	Cumulative first quarter of the year ended March 31, 2023 (consolidated) (April 1, 2022 through June 30, 2022)	Cumulative first quarter of the year ending March 31, 2024 (consolidated) (April 1, 2023 through June 30, 2023)
Net sales	9,134	6,166
Loss recognized on the measurement to fair value less costs to sell of a disposal group constituting the discontinued operation	—	(219)
Other profit (loss)	(9,460)	(6,693)
Loss before tax from discontinued operations	(326)	(746)
Income tax expense	152	210
Loss from discontinued operations	(174)	(536)