

# Consolidated Financial Results (Japanese Accounting Standards) for the Six Months Ended September 30, 2021 (Q2 FY2021) (English Translation)

Company name: KAMEDA SEIKA CO., LTD.  
 Stock exchange: Tokyo Stock Exchange  
 Stock code: 2220  
 URL: www.kamedaseika.co.jp  
 Representative: Isamu Sato, President and COO  
 Contact: Akira Kobayashi, General Manager Administrative Div. Director & CFO  
 Tel. +81-25-382-2111

Scheduled date for filing of securities report: November 12, 2021  
 Scheduled date of commencement of dividend payment: December 2, 2021  
 Supplementary documents for quarterly results: Available  
 Quarterly results briefing: Available (for institutional investors and analysts)

(All amounts are rounded down to the nearest million yen)

## 1. Consolidated Financial Results for the Six Months Ended September 30, 2021 (April 1, 2021 - September 30, 2021)

### (1) Consolidated Results of Operations (Accumulated Total)

(Percentages show year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
Six Months ended	¥ million	%	¥ million	%	¥ million	%	¥ million	%
September 30, 2021	39,650	—	1,263	-24.2	1,559	-27.5	1,724	10.8
September 30, 2020	48,898	0.5	1,666	18.8	2,151	27.2	1,556	30.9

(Note) Comprehensive income: ¥ 2,349million (65.9%) for the six months ended September 30, 2021  
 ¥ 1,416million (105.3%) for the six months ended September 30, 2020

	Net income Per share (basic)	Net income Per share (diluted)
Six Months ended	¥	¥
September 30, 2021	81.80	—
September 30, 2020	73.83	—

(Note) 1. At the end of the fiscal year ended March 31, 2021, the Company confirmed the provisional accounting treatment related to business combinations. The figures for the six months ended September 30, 2021 reflect the confirmed content of the provisional accounting treatment.

2. The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the current consolidated fiscal year. The figures for the six months ended September 30, 2021 represent figures after the application of the accounting standard, etc. Accordingly, the year-on-year percentage change in net sales is not stated.

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of September 30, 2021	95,889	61,490	61.9	2,813.07
As of March 31, 2021	92,888	59,895	62.7	2,761.24

(Reference) Shareholder's equity: As of September 30, 2021: ¥ 59,310 million  
 As of March 31, 2021: ¥ 58,217 million

(Note) The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) etc. from the beginning of the first quarter of the current consolidated fiscal year. The figures for the six months ended September 30, 2021 represent figures after the application of the accounting standard, etc.

## 2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
Year ended March 31, 2021	¥ —	¥ 15.00	¥ —	¥ 38.00	¥ 53.00
Year ending March 31, 2022	—	15.00			
Year ending March 31, 2022 (forecasts)			—	39.00	54.00

(Note) Revisions to dividend forecasts published most recently: None

## 3. Consolidated Forecasts for the Fiscal year Ending March 31, 2022 (April 1, 2021 – March 31, 2022)

(Percentages represent ratio of changes from the corresponding period of the previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Year ending March 31, 2022	86,000	—	6,000	6.8	6,900	0.2	5,400	13.5	256.12

(Note) 1. Revisions to financial forecasts published most recently: Yes

2. For the forecast of consolidated financial results, please refer to “Notice Regarding Recording of Extraordinary Income (Gain on Step Acquisitions), Difference between Financial Forecasts and Actual Results for the Six Months Ended September 30, 2021, and Revisions of Full-Year Financial Forecasts” released today.

3. The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the current consolidated fiscal year. The figures for the six months ended September 30, 2021 represent figures after the application of the accounting standard, etc. Accordingly, the year-on-year percentage change in net sales is not stated.

### \* Notes

(1) Changes of important subsidiaries during the period (changes of specific subsidiaries in accordance with changes in the scope of consolidation): Yes

1 new company (Company name) THIEN HA KAMEDA, JSC.

(Note) For details, please refer to p.12 of the Appendix, “2. Quarterly Consolidated Financial Statements (4) Notes to the Quarterly Consolidated Financial Statements (Changes in Important Subsidiaries during the Period)”

(2) Application of particular accounts procedures to the preparation of quarterly consolidated financial statements:  
Not applicable.

(3) Changes in accounting policies and changes or restatement of accounting estimates

(i) Changes in accounting policies caused by revision of accounting standards: Yes

(ii) Changes in accounting policies other than (i): None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(Note) For details, please refer to “2. Quarterly Consolidated Financial Statements and Major Notes (4) Notes to the Quarterly Consolidated Financial Statements (Changes in Accounting Policies)” on page 12 of the Appendix.

(4) Number of shares outstanding (common stock):

(i) Number of shares outstanding at end of period (including treasury stock)

As of September 30, 2021: 22,318,650 shares

As of March 31, 2021: 22,318,650 shares

(ii) Number of treasury stock at end of period

As of September 30, 2021: 1,234,780 shares

As of March 31, 2021: 1,234,695 shares

(iii) Average number of shares outstanding during the term

Six Months ended September 30, 2021: 21,083,921 shares

Six Months ended September 30, 2020: 21,084,054 shares

\* This quarterly financial results report is not subject to quarterly review procedures by certified public accountants or the audit corporation.

\* Explanations and other special notes concerning the appropriate use of performance forecasts.

(Caution concerning statements, etc. regarding the future)

The forward-looking statements such as performance forecasts included in this document are based on the information available to the Company at the time of the announcement and on certain assumptions considered reasonable. Actual results may differ materially from the forecast depending on a range of factors. See “1. Qualitative Consolidated Financial Results Data for the Period under Review (3) Explanation of Future Estimates, Including Consolidated Forecasts” on page 5 of the Appendix for the conditions assumed in consolidated forecasts and notes on the use of consolidated forecasts.

(How to obtain supplementary explanatory materials on financial results and details of financial results briefing session)

The Company intends to hold a briefing session for Analysts and Institutional Investors on Wednesday, November 24, 2021. Any explanatory materials used on that day will be available on the Company's website before the session starts.

## Contents of Appendix

1. Qualitative Consolidated Financial Results Data for the Period under Review .....	2
(1) Explanation of Consolidated Operating Results .....	2
(2) Explanation of Consolidated Financial Position .....	5
(3) Explanation of Future Estimates, Including Consolidated Forecasts .....	5
2. Quarterly Consolidated Financial Statements and Major Notes.....	6
(1) Quarterly Consolidated Balance Sheet .....	6
(2) Quarterly Consolidated Income Statement and Consolidated Comprehensive Income Statement .....	8
Quarterly Consolidated Income Statement	
Cumulative Second Quarter .....	8
Quarterly Consolidated Comprehensive Income Statement	
Cumulative Second Quarter .....	9
(3) Quarterly Consolidated Cash Flow Statement.....	10
(4) Notes to the Quarterly Consolidated Financial Statements.....	12
(Notes to the Assumption of a Going Concern) .....	12
(Notes Concerning Significant Changes in the Amount of Shareholder Equity).....	12
(Changes in Important Subsidiaries during the Period) .....	12
(Changes in Accounting Policies).....	12
(Segment Information) .....	14
(Additional Information) .....	16
(Business Combinations, etc.) .....	16

## 1. Qualitative Consolidated Financial Results Data for the Period under Review

The Group has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter, the “Revenue Recognition Accounting Standard”), etc. from the beginning of the first quarter of the current consolidated fiscal year.

The change in net sales compared to the six months ended September 30, 2020 and the year-on-year percentage change are not stated, because the figures for the six months ended September 30, 2021, explained herein as a consolidated operating results represent figures after the application of the accounting standard, etc.

For details regarding the application of the “Revenue Recognition Accounting Standard,” etc., please refer to “2. Quarterly Consolidated Financial Statements and Major Notes (4) Notes to the Quarterly Consolidated Financial Statements (Changes in Accounting Policies).”

### (1) Explanation of Consolidated Operating Results

During the six months ended September 30, 2021, although the Tokyo 2020 Olympic and Paralympic Games were held, the Japanese economy continued to face strong constraints on personal consumption, corporate activities, and imports and exports, due to the intermittent declaration of a state of emergency in response to the spread of COVID-19.

With regard to the global economy, while there are concerns regarding a renewed spread of the infection via mutant strains, and vaccinations and other measures against COVID-19 vary from country to country, some positive signs are also evident, such as a continued recovery led by personal consumption in the U.S.

In the food industry in Japan, despite support from firm demand including continued stay-at-home demand, various costs are on the rise, including rising ocean freight rates, and a sense of uncertainty regarding the future still remains.

Under these conditions and changes in the environment surrounding the food industry, the Kameda Seika Group has determined in the Medium-Term-Business Plan to continue to deliver value to customers from the perspective of “Better For You”; the promotion of a healthy lifestyle through the selection, consumption, and enjoyment of foods that are both delicious and nutritious. Hence, the Kameda Seika Group will be able to achieve sustainable growth and enhance its corporate value by realizing its long-term vision of becoming a “Global Food Company.” By FY2030, we aim to evolve from a “Rice cracker and snack manufacturer” to a “‘Better for You’ food company.”

During the period of the medium-term business plan, which continues to FY2023, we are striving to realize our vision as a distinctive global corporation that stands firmly on the foundation provided by the three pillars of our Domestic Rice Cracker Business, Overseas Business, and Food Business. At the same time, we will continue to implement structural reforms from a medium-to-long-term perspective, while taking actions to address changes in the business environment, such as changes in consumer behavior in response to the ongoing spread of COVID-19, thereby accelerating our efforts to achieve sustainable growth and enhance our corporate value.

We have been focusing on policies targeting future growth for some time, and have positioned FY2021 as a year of structural reform, with an eye toward the future. We will implement various measures to rebuild the foundation for the growth of the entire Group from the perspective of selection and concentration while linking it to results, and to capture further growth opportunities through the challenge of expanding our business domains. In the Domestic Rice Cracker Business, we are working to further strengthen our revenue base in order to solidify our position, which is by far the best in the industry. The Overseas Business is working to achieve further growth in the North American market, and to improve profit and expand through investment in Asia. The Food Business is working to expand long-life preserved foods and allergen-free products, and to strengthen our initiatives for plant-based foods.

In the Domestic Rice Cracker Business, we are implementing structural reforms from a medium-to-long-term perspective, and are working to expand environmentally friendly products, from the perspective of building a robust management structure. In terms of sales, we are concentrating management resources on growth channels, etc. and promoting a digital approach such as MotionBoard. In general, sales remained firm supported by stay-at-home demand under the declaration of a state of emergency, and “Mugen Ebi,” which is highly popular among our customers, continued to perform strongly. We are working to increase our production capacity to meet the growing demand.

To commemorate the 45th anniversary of the launch of our core brand, “Happy Turn,” the Company has implemented a variety of campaigns. In addition, to commemorate the 55th anniversary of the launch of “KAMEDA Kaki-no-Tane,” the Company has implemented aggressive sales promotion activities through communication with

customers, such as holding the “KAMEDA Kaki-no-Tane Online Summit” as in the previous year, as well as asking customers about the current seasoning of the product using TV commercials.

As a result of these initiatives, excluding the impact of the decline in revenue due to the Revenue Recognition Accounting Standard, net sales of our core brands, “Happy Turn,” “Tsumami Dane,” “Usuyaki,” “Waza-no-KodaWari,” “Soft Salad,” and “HaiHain” were up year-on-year. Meanwhile, “KAMEDA Kaki-no-Tane,” “KAMEDA Magari Senbei,” “Potapota Yaki,” “Teshioya,” “Age-Ichiban,” and “Katabutsu” were down year-on-year.

In the Overseas Business, Mary’s Gone Crackers, Inc. in North America, which is positioned as a key base, experienced a rebound from the special demand caused by the spread of COVID-19 in the previous year. Meanwhile, net sales of Singha Kameda Co., Ltd., which was consolidated during the previous fiscal year, contributed to our performance from the beginning of the fiscal year, and exports to the U.S. increased. As a result, net sales excluding the impact of the decline in revenue due to the Revenue Recognition Accounting Standard increased year-on-year.

In September 2021, the Company entered into an agreement to acquire additional shares of THIEN HA KAMEDA, JSC., an affiliate accounted for by the equity method, making it a consolidated subsidiary. Vietnam has a massive domestic market, and is blessed with abundant labor and quality rice as raw materials, as well as competitiveness as an export base, in terms of logistics infrastructure and other factors. In addition to the current positioning of Vietnam as a country for local production targeting local consumption, it also has high potential as a production base for exports, and we plan to further expand our business going forward.

In the Food Business, long-life preserved foods for corporate stockpiling performed strongly. Meanwhile, the previous year’s surge in demand for stockpiling of food, particularly for personal consumption, subsided, and sales of Alpha Rice and other products declined. As a result, net sales excluding the impact of the decline in revenue due to the Revenue Recognition Accounting Standard decreased year-on-year.

As a result of the above, net sales totaled ¥39,650 million.

In terms of operating income, we have been working to improve efficiency by changing formulations and making on-site improvements, in the face of soaring raw material prices in KAMEDA SEIKA’s Rice Cracker Business. Meanwhile, although subsidiaries that deal with products for department stores and sell souvenirs were affected by the intermittent declaration of a state of emergency and were recovering at a moderate pace, the Domestic Rice Cracker Business posted an increase in profits as a result of various measures, including an expansion of sales channels and efforts to reduce fixed costs.

In the Overseas Business, profits decreased due to the impact of the decline in revenue of Mary’s Gone Crackers, Inc. in the first quarter, as well as double operations due to the launch of Singha Kameda Co., Ltd. and the transfer of the business of THAI KAMEDA CO., LTD., which is scheduled to be liquidated as a result of reorganization in Thailand.

In the Food Business, although we worked to capture replacement demand for long-life preserved foods, profits declined due to the impact of a reactionary decline from the increased demand for stockpiling of food in the previous year, as well as an increase in research and development expenses.

As a result of these efforts, operating income decreased by 24.2% year-on-year to ¥1,263 million.

In addition, as a result of a decrease in equity in earnings of affiliates of TH Foods, Inc., an affiliate accounted for by the equity method, ordinary income decreased by 27.5% year-on-year to ¥1,559 million. As a result of recording a gain on step acquisitions in connection with making THIEN HA KAMEDA, JSC. a consolidated subsidiary, net income attributable to owners of the parent increased by 10.8% year-on-year to ¥1,724 million.

## Supplementary Information

In conjunction with the application of the Revenue Recognition Accounting Standard, figures prior to the application of the accounting standard are presented under the former standard, and figures after the application of the accounting standard are presented under the new standard.

(Unit: ¥ million)

	Six Months ended September 30, 2020		Six Months ended September 30, 2021		[Reference] *4 YoY	
	Old standard	[Reference] *4 New standard	[Reference] Old standard	New standard	Change	Change (%)
Net sales	48,898	39,234	49,384	39,650	416	1.1
Domestic Rice Cracker Business	38,491	29,392	39,212	29,912	520	1.8
Overseas Business *1	4,093	3,575	4,357	3,919	344	9.6
Food Business *2	3,012	2,965	2,559	2,563	(402)	(13.6)
Other (Freights transport etc.) *3	3,301	3,301	3,255	3,255	(46)	(1.4)
Operating income	1,666	1,666	1,223	1,263	(402)	(24.2)
Operating income margin	3.4%	4.2%	2.5%	3.2%		
Domestic Rice Cracker Business	1,323	1,323	1,443	1,468	145	11.0
Overseas Business *1	(44)	(44)	(234)	(234)	(190)	—
Food Business *2	272	272	(124)	(109)	(382)	—
Other (Freights transport etc.) *3	114	114	139	139	25	22.1

\*1. Overseas business includes domestic import and export transactions in addition to those of overseas subsidiaries.

\*2. Food business is mainly comprised of long-life preserved foods and plant origin lactic acid bacteria as well as bread made from brown rice and plant-based food.

\*3. “Other” consists mainly of the subsidiary’s logistic business.

\*4. In accordance with the application of the Revenue Recognition Accounting Standard, the Company analyzes and compares the amount under the assumption that the accounting standard has applied retroactively.

## (2) Explanation of Consolidated Financial Position

### (Assets)

Current assets stood at ¥24,706 million at the end of the second quarter, a decline of ¥870 million from the end of the previous fiscal year. This was mainly due to increases of ¥243 million in “Cash and deposits,” ¥242 million in “Merchandise and finished goods” and ¥320 million in “Raw materials and supplies” which were offset by a ¥1,591 million decline in “Notes, accounts receivable-trade and contract assets.” Fixed assets stood at ¥71,183 million, an increase of ¥3,871 million from the end of the previous fiscal year. This was mainly attributable to increases of ¥510 million in “Buildings and structures,” ¥2,098 million in “other” under the Property, plant and equipment, ¥1,645 million in “Goodwill” and ¥505 in “Other” under the Investments and other assets which were partially offset by decrease of ¥845 million in “Investment securities.”

As a result, total assets stood at ¥95,889 million, an increase of ¥3,001 million from the end of the previous fiscal year.

### (Liabilities)

Current liabilities stood at ¥24,656 million at the end of the second quarter, an increase of ¥2,010 million from the end of the previous fiscal year. This was mainly due to increases of ¥1,541 million in “Short-term loans payable,” ¥300 million in “Provision for bonuses” and ¥1,873 million in “Other” which were partly offset by respective decreases of ¥794 million in “Notes and accounts payable-trade” and ¥918 million in “Other provisions.” Long-term liabilities stood at ¥9,743 million, a decrease of ¥603 million from the end of the previous fiscal year. This was mainly due to an increase of ¥250 million in “Other” which was offset by a decrease ¥849 million in “Long-term loans payable.”

As a result, total liabilities stood at ¥34,399 million, an increase of ¥1,406 million from the end of the previous fiscal year.

### (Net assets)

Total net assets stood at ¥61,490 million at the end of the second quarter, an increase of ¥1,594 million from the end of the previous fiscal year. This mainly reflected increases of ¥515 million in “Retained earnings,” ¥79 million in “Valuation difference on available-for-sales,” ¥526 million in “Foreign currency translation adjustments” and ¥501 million in “Non-controlling interests,” resulting from ¥1,724 million in “Net income attributable to owners of the parent,” ¥801 million in “Dividends from surplus” and a cumulative-effect adjustment of ¥407 million resulting from application of “Accounting Standard for Revenue Recognition,” etc.

As a result, the equity ratio was 61.9%, down from 62.7% at the end of the previous fiscal year.

## (3) Explanation of Future Estimates, Including Consolidated Forecasts

The Group’s consolidated earnings forecasts for the full-year of FY2021 have been changed from the earnings forecasts disclosed on May 13, 2021. For details, please refer to the “Notice Regarding Recording of Extraordinary Income (Gain on Step Acquisitions), Difference between Financial Forecasts and Actual Results for the Six Months Ended September 30, 2021, and Revisions of Full-Year Financial Forecasts” released today.



## 2. Quarterly Consolidated Financial Statements and Major Notes

### (1) Quarterly Consolidated Balance Sheet

(¥ Million)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	6,510	6,753
Notes and accounts receivable-trade	11,876	—
Notes, accounts receivable-trade and contract assets	—	10,285
Merchandise and finished goods	2,364	2,606
Work in process	807	855
Raw materials and supplies	3,113	3,434
Other	920	783
Allowance for doubtful accounts	(15)	(12)
Total current assets	25,577	24,706
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	16,095	16,606
Machinery, equipment and vehicles, net	17,424	17,450
Other, net	12,005	14,104
Total property, plant and equipment	45,525	48,161
Intangible assets		
Goodwill	844	2,490
Customer related assets	722	691
Trademark assets	587	562
Technology assets	364	348
Other	1,029	1,031
Total intangible assets	3,547	5,125
Investments and other assets		
Investment securities	12,545	11,699
Other	5,737	6,242
Allowance for doubtful accounts	(45)	(45)
Total investments and other assets	18,237	17,896
Total fixed assets	67,311	71,183
Total assets	92,888	95,889

(¥ Million)

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,668	3,684
Electronic-recording liabilities	2,499	2,533
Short-term loans payable	6,502	8,043
Income taxes payable	1,062	268
Provision for bonuses	1,401	1,701
Provision for loss on closing plants	41	—
Other provisions	969	51
Asset retirement obligations	67	66
Other	6,433	8,307
Total current liabilities	22,646	24,656
Long-term liabilities		
Long-term loans payable	7,953	7,104
Liabilities for retirement benefits	531	526
Asset retirement obligations	262	263
Other	1,599	1,849
Total long-term liabilities	10,346	9,743
Total liabilities	32,992	34,399
Net assets		
Shareholders' equity		
Capital stock	1,946	1,946
Capital surplus	170	170
Retained earnings	55,514	56,030
Treasury stock	(1,900)	(1,901)
Total shareholders' equity	55,730	56,245
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	734	814
Deferred gains (losses) on hedges	—	5
Foreign currency translation adjustment	1,245	1,772
Remeasurements of defined benefit plans	507	472
Total accumulated other comprehensive income	2,487	3,064
Non-controlling interests	1,678	2,179
Total net assets	59,895	61,490
Total liabilities and net assets	92,888	95,889

(2) Quarterly Consolidated Income Statement and Consolidated Comprehensive Income Statement  
(Quarterly Consolidated Income Statement)  
(Cumulative Second Quarter)

(¥ Million)

	Six Months ended September 30, 2020	Six Months ended September 30, 2021
Net sales	48,898	39,650
Cost of sales	28,237	29,033
Gross profit	20,661	10,617
Selling, general and administrative expenses	18,994	9,353
Operating income	1,666	1,263
Non-operating income		
Interest income	3	3
Dividend income	25	26
Equity in earnings of affiliates	386	243
Other	248	110
Total non-operating income	663	383
Non-operating expenses		
Interest expenses	49	32
Foreign exchange losses	85	38
Other	43	15
Total non-operating expenses	177	87
Ordinary income	2,151	1,559
Extraordinary income		
Gain on step acquisitions	—	730
Total extraordinary income	—	730
Extraordinary losses		
Loss on disposal of noncurrent assets	121	121
Total extraordinary losses	121	121
Income before income taxes	2,030	2,168
Income taxes-current	576	156
Income taxes-deferred	(112)	308
Total income taxes	463	464
Net income	1,566	1,704
Net income (loss) attributable to non-controlling interests	10	(20)
Net income attributable to owners of the parent	1,556	1,724

(Quarterly Consolidated Comprehensive Income Statement)  
(Cumulative Second Quarter)

(¥ Million)

	Six Months ended September 30, 2020	Six Months ended September 30, 2021
Net income	1,566	1,704
Other comprehensive income		
Valuation difference on available-for-sale securities	93	79
Deferred gains (losses) on hedges	(4)	5
Foreign currency translation adjustment	(19)	488
Adjustment for retirement benefits	52	(34)
Share of other comprehensive income of associates accounted for using equity method	(271)	105
Other comprehensive income	(150)	645
Comprehensive income	1,416	2,349
(Breakdown)		
Comprehensive income attributable to owners of the parent	1,412	2,302
Comprehensive income (loss) attributable to non- controlling interests	4	47

## (3) Quarterly Consolidated Cash Flow Statement

(¥ million)

	Six Months ended September 30, 2020	Six Months ended September 30, 2021
Cash flows from operating activities		
Income before income taxes	2,030	2,168
Depreciation and amortization	2,339	2,535
Amortization of goodwill	31	42
Net gain (loss) on step acquisition	—	(730)
Increase (decrease) in allowance for doubtful accounts	(2)	(3)
Increase (decrease) in net defined benefit liability	(79)	(4)
Decrease (increase) in net defined benefit asset	(255)	(666)
Increase (decrease) in bonus provisions	286	286
Increase (decrease) in other allowances	(238)	(126)
Interest and dividend income	(28)	(29)
Interest expenses	49	32
Equity in losses (earnings) of affiliates	(386)	(243)
Loss (gain) on disposal of noncurrent assets	121	121
Decrease (increase) in notes and accounts receivable-trade	3,031	1,797
Decrease (increase) in inventories	(806)	(445)
Increase (decrease) in notes and accounts payable-trade	(666)	(72)
Decrease (increase) in other assets	202	154
Increase (decrease) in other liabilities	(496)	(219)
Other	(62)	92
Subtotal	5,069	4,689
Interest and dividend income received	655	1,122
Interest expenses paid	(45)	(32)
Income taxes paid	(717)	(957)
Net cash provided by operating activities	4,962	4,821
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,511)	(3,322)
Purchase of investment securities	(7)	(110)
Purchase of intangible assets and investments	(69)	(111)
Payments for acquisition of shares of subsidiaries resulting in changes in scope of consolidation	(346)	(1,179)
Other	15	(35)
Net cash used in investing activities	(2,919)	(4,759)

	(¥ million)	
	Six Months ended September 30, 2020	Six Months ended September 30, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	2,168	1,380
Repayment of long-term loans payable	(1,741)	(1,216)
Cash dividends paid	(779)	(800)
Other	(169)	(163)
Net cash used in financing activities	(521)	(799)
Effect of exchange rate changes on cash and cash equivalents	35	170
Net increase (decrease) in cash and cash equivalents	1,556	(566)
Cash and cash equivalents, beginning of term	4,581	6,505
Cash and cash equivalents, end of term	6,138	5,938

(4)Notes to the Quarterly Consolidated Financial Statements

(Notes to the Assumption of a Going Concern)

Not applicable.

(Notes Concerning Significant Changes in the Amount of Shareholder Equity)

Not applicable.

(Changes in Important Subsidiaries during the Period)

1. Material change in the scope of consolidation

During the second quarter of the current consolidated fiscal year, THIEN HA KAMEDA, JSC., which was an equity method affiliated company, has been included in the scope of consolidation as a result of the additional acquisition of shares.

In addition, as a result of the acquisition of shares of TAINAI Co., Ltd., it has been included in the scope of consolidation.

2. Material change in the scope of equity method

From the second quarter of the current consolidated fiscal year, THIEN HA KAMEDA, JSC. has been excluded from the scope of equity method since it has been included in the scope of consolidation through an additional share acquisition.

(Changes in Accounting Policies)

(Application of “Accounting Standard for Revenue Recognition,” etc.)

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter, the “Revenue Recognition Accounting Standard”), etc. from the beginning of the first quarter of the current consolidated fiscal year and recognizes revenue in the amount expected to be received in exchange for promised goods or services at the time when the control of the goods or services is transferred to customers. Major changes as a result of this application are as described below.

1. Variable Consideration and Consideration payable to a customer

The Company previously recorded certain sales promotion expenses, etc. under selling, general and administrative expenses. The Company has now changed to a method to subtract such expenses from net sales.

2. Agent Transactions

Regarding transactions involving certain products in the Food Business in which the Group acts as an agent in providing the products to customers, the Company previously recognized the gross amount of consideration to be received from customers as revenue. The Company has now changed to a method to recognize revenue at the net amount after deducting the amount to be paid to suppliers from the amount to be received from customers.

The application of the Revenue Recognition Accounting Standard, etc. is based on the transitional treatment provided for in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard. The cumulative effect of the retroactive application of the new accounting policy, assuming that it has been applied to periods prior to the beginning of the first quarter of the current consolidated fiscal year, is added to or subtracted from retained earnings at the beginning of the first quarter of the current consolidated fiscal year, and the new accounting policy is applied from such beginning balance.

As a result, for the six months ended September 30, 2021, net sales decreased by ¥9,734 million, cost of sales decreased by ¥0 million, selling, general and administrative expenses decreased by ¥9,773 million, and operating income, ordinary income, and income before income taxes increased by ¥40 million, respectively. In addition, the beginning balance of retained earnings decreased by ¥407 million.

Furthermore, “Notes and accounts receivable-trade,” which was presented under “Current assets” in the consolidated balance sheet for the previous fiscal year, is included in “Notes and accounts receivable-trade, and contract assets” from the first quarter of the current consolidated fiscal year. A portion of “Other provisions,” which was presented under “Current liabilities” in the consolidated balance sheet for the previous fiscal year, is recognized as refund liabilities and included in “Other” under current liabilities.

In accordance with the transitional treatment provided for in Paragraph 89-2 of the Revenue Recognition Accounting Standard, the Company has not reclassified financial statements for the previous fiscal year based on the new presentation method. Furthermore, in accordance with the transitional treatment provided for in Paragraph 28-15 of the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12, March 31, 2020), information on disaggregate revenue from contracts with customers for the six months ended September 30, 2020 is not presented.

(Application of “Accounting Standard for Fair Value Measurement,” etc.)

The “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and other standards in Paragraph 19 of the “Accounting Standard for Fair Value Measurement” and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019), we have decided to apply the new accounting policies set forth by the “Accounting Standard for Fair Value Measurement” into the future. These changes had no impact on the quarterly consolidated financial statements.



(Segment Information)

I Six months ended September 30, 2020(April 1, 2020 – September 30, 2020)

1. Information regarding the amount of net sales, income and loss by reportable segment

(¥ million)

	Reportable segment				Other (Note) 1	Total	Adjustment (Note) 2	The amount stated in quarterly consolidated income statement (Note) 3
	Domestic Rice Cracker	Overseas	Food	Total				
Net sales								
Net sales to outside customers	38,491	4,093	3,012	45,596	3,301	48,898	—	48,898
Internal sales or transfers between segments	2	505	15	523	2,693	3,216	(3,216)	—
Total	38,493	4,598	3,028	46,120	5,994	52,115	(3,216)	48,898
Segment income (loss)	1,323	(44)	272	1,552	109	1,661	4	1,666

(Note) 1. “Other” refers to business segments not included in the reportable segments, which includes Freight transport business etc.

2. ¥4 million of adjustment of segment income (loss) is ¥4 million of elimination of intersegment transactions.

3. Segment income (loss) is adjusted with operating income reported on quarterly consolidated income statement.

2. Information on goodwill and impairment loss on noncurrent assets for each reportable segment

(Material Impairment Loss on Fixed Assets)

Not applicable.

(Material Change in the Amount of Goodwill)

With regard to the share acquisition of Singha Kameda (Thailand) Co., Ltd., which was implemented during the first quarter of the previous consolidated fiscal year, the amount of goodwill was provisionally calculated, as the allocation of acquisition cost had not been confirmed. Since the allocation of acquisition cost was completed and the provisional accounting treatment was confirmed at the end of the fiscal year ended March 31, 2021, the Company has revised the amount of goodwill.

For details, please refer to “Notes (Business Combinations, etc.).”

(Material profit from negative goodwill)

Not applicable.

## II Six months ended September 30, 2021(April 1, 2021 – September 30, 2021)

### 1. Information regarding the amount of net sales, gain and loss by reportable segment

(¥ million)

	Reportable segment				Other (Note) 1	Total	Adjustment (Note) 2	The amount stated in quarterly consolidated income statement (Note) 3
	Domestic Rice Cracker	Overseas	Food	Total				
Net sales								
Revenue from contracts with customers	29,912	3,919	2,563	36,395	3,255	39,650	—	39,650
Other income	—	—	—	—	—	—	—	—
Net sales to outside customers	29,912	3,919	2,563	36,395	3,255	39,650	—	39,650
Internal sales or transfers between segments	2	607	15	625	2,785	3,411	(3,411)	—
Total	29,915	4,526	2,579	37,020	6,041	43,061	(3,411)	39,650
Segment income (loss)	1,468	(234)	(109)	1,124	132	1,257	6	1,263

(Note) 1. “Other” refers to business segments not included in the reportable segments, which includes Freight transport business etc.

2. ¥6 million of adjustment of segment income (loss) is ¥6 million of elimination of intersegment transactions.

3. Segment income (loss) is adjusted with operating income reported on quarterly consolidated income statement.

### 2. Notes relating to changes in reportable segments etc.

As described in “Changes in Accounting Policies,” the Company has applied the Revenue Recognition Accounting Standard, etc. from the beginning of the first quarter of the current consolidated fiscal year and changed the accounting method for revenue recognition. Accordingly, the Company has similarly changed the method to measure segment income (loss).

As a result of this change, in comparison with the previous method, net sales and segment income in the “Domestic Rice Cracker Business” decreased by ¥9,300 million and ¥25 million, respectively, net sales in the “Overseas Business” decreased by ¥437 million, and net sales and segment income in the “Food Business” increased by ¥3 million and ¥14 million, respectively.

### 3. Information on goodwill and impairment loss on noncurrent assets for each reportable segment

(Material Impairment Loss on Fixed Assets)

Not applicable.

(Material Change in the Amount of Goodwill)

As a result of the additional acquisition of shares of THIEN HA KAMEDA, JSC. and its inclusion in the scope of consolidation, with a deemed acquisition date of the end of the second quarter of the current consolidated fiscal year, goodwill in the “Overseas” segment increased by ¥1,502 million, compared to the end of the previous fiscal year.

The amount of goodwill is calculated provisionally, as the allocation of acquisition cost has not been completed, as of the end of the second quarter of the current consolidated fiscal year.

As a result of the acquisition of shares of TAINAI Co., Ltd. and its inclusion in the scope of consolidation, with a deemed acquisition date of the end of the second quarter of the current consolidated fiscal year, goodwill in the “Food” segment increased by ¥186 million, compared to the end of the previous fiscal year.

(Material profit from negative goodwill)

Not applicable.

(Additional Information)

(Accounting Estimates in Relation to the Impact of the Spread of COVID-19)

For the first half of the current consolidated fiscal year, no new additional information has arisen and there have been no significant changes to the information contained in the previous fiscal year's securities report.

(Business Combinations, etc.)

I Significant revision of the initial amount of allocation of acquisition cost in the comparative information

The Company provisionally accounted for the business combination of Singha Kameda (Thailand) Co., Ltd., which was conducted on June 29, 2020, for the first quarter of the previous consolidated fiscal year. The provisional accounting treatment was confirmed at the end of the previous fiscal year.

In conjunction with the confirmation of the provisional accounting treatment, a significant revision of the initial amount of allocation of acquisition cost has been reflected in the comparative information included in the quarterly consolidated financial statements for the six months ended September 30, 2021. Accordingly, the ¥589 million in goodwill, which was provisionally calculated for the six months ended September 30, 2020, has decreased by ¥159 million to ¥429 million due to the confirmation of the amount of allocation of acquisition cost. The decrease in goodwill is mainly due to increases in property, plant and equipment, long-term liabilities, and non-controlling interests by ¥399 million, ¥79 million, and ¥159 million, respectively.

These changes had no impact on the quarterly consolidated statements of the second quarter of the previous consolidated fiscal year.

II Business combination by acquisition

(THIEN HA KAMEDA, JSC.)

1. Overview of business combination

(i) Name of acquired enterprise and its business activities

Name of acquired enterprise THIEN HA KAMEDA, JSC.

Business activities Manufacturing and selling rice crackers

(ii) Main reasons for business combination

Vietnam has high potential as a production base due to a massive domestic market backed by a population of nearly 100 million, and its capability to secure abundant labor and quality rice as raw materials, as well as robust competitiveness in exporting due to participation in FTAs with many countries, including the TPP. The Company expects expanded business performance due to further synergy effects, toward an acceleration of the overseas expansion of the Kameda Seika Group, going forward.

(iii) Date of business combination

October 12, 2021 (date of share acquisition)

September 30, 2021 (regarded as acquisition date)

(iv) Legal form of business combination

Acquisition of shares in exchange for cash

(v) Name of acquired company after the acquisition

No change

(vi) Share of voting rights acquired

Ownership ratio held immediately before the business combination 30.0%

Ownership ratio additionally acquired on the date of the business combination 21.0%

Ownership ratio after the acquisition 51.0%

(vii) Main reasons leading to decision of acquiring enterprise

This was decided because the Company acquired 51.0% of the total number of voting rights of THIEN HA KAMEDA, JSC. through the acquisition of shares in exchange for cash.

2. Period during which performance of the acquired company is included in the quarterly consolidated income statement

Because the date of acquisition is regarded as September 30, 2021, the earnings of the acquired enterprise are not included in the second quarter of the current consolidated fiscal year.

3. Acquisition cost and consideration paid, by type, for the acquired company
 

Market value of common stock of THIEN HA KAMEDA, JSC. held immediately before the business combination	¥1,021 million
Market value of common stock of THIEN HA KAMEDA, JSC. additionally acquired on the date of the business combination	¥953 million
Acquisition cost	¥1,974 million
4. Difference between the acquisition cost of the acquired company and the total amount of acquisition cost for each transaction leading to the acquisition
 

Gains on step acquisition    ¥730 million
5. Amount of goodwill, reason for its occurrence, and amortization method and period
  - (i) Amount of goodwill that occurred
 

¥1,502 million

As the allotment of the acquisition cost is not yet complete, this is a provisional calculation.
  - (ii) Reason for its occurrence
 

Goodwill occurred as a result of the future excess earning power expected from future business development.
  - (iii) Amortization and method and period
 

Goodwill is amortized using the straight-line method over the period in which the goodwill is expected to have an effect. The amortization period is in the process of being calculated.

(TAINAI Co., Ltd.)

1. Overview of business combination
  - (i) Name of acquired enterprise and its business activities
 

Name of acquired enterprise	TAINAI Co., Ltd.
Business activities	Manufacturing and selling rice bread crumbs and rice flour bread
  - (ii) Main reasons for business combination
 

The Kameda Seika Group has also been engaged in the manufacture and sales of 28 allergen-free rice flour bread in its Food Business. The Company expects synergy effects through the consolidation of production bases, improved production efficiency, and utilization of the Group's sales channels.
  - (iii) Date of business combination
 

July 1, 2021	(date of share acquisition)
September 30, 2021	(regarded as acquisition date)
  - (iv) Legal form of business combination
 

Acquisition of shares in exchange for cash
  - (v) Name of acquired company after the acquisition
 

No change
  - (vi) Share of voting rights acquired
 

100.0%
  - (vii) Main reasons leading to decision of acquiring enterprise
 

Because the Company acquired a 100.0% voting rights in TAINAI Co., Ltd. through an acquisition of shares in the exchange for cash.
2. Period during which performance of the acquired company is included in the quarterly consolidated income statement
 

Because the date of acquisition is regarded as September 30, 2021, the earnings of the acquired enterprise are not included in the second quarter of the current consolidated fiscal year.
3. Acquisition cost and consideration paid, by type, for the acquired company
 

In accordance with the provisions of the share transfer agreement, the Company is obligated to maintain confidentiality and will not disclose this information.
4. Amount of goodwill, reason for its occurrence, and amortization method and period
  - (i) Amount of goodwill that occurred
 

¥186 million
  - (ii) Reason for its occurrence
 

Goodwill occurred as a result of the future excess earning power expected from future business development.
  - (iii) Amortization and method and period
 

Amortized in equal amounts over a 14 period