

Consolidated Financial Results (Japanese Accounting Standards) for the Six Months Ended September 30, 2020 (Q2 FY2020) (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
 Tel. +81-25-382-2111

Scheduled date for filing of securities report: November 13, 2020
 Scheduled date of commencement of dividend payment: December 2, 2020
 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, 2020 (April 1, 2020 - September 30, 2020)

(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	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Six Months ended September 30, 2020	48,898	0.5	1,666	18.8	2,151	27.2	1,556	30.9
September 30, 2019	48,649	3.5	1,402	6.9	1,691	-6.1	1,188	4.0

(Note) Comprehensive income: ¥ 1,415million (105.1%) for the six months ended September 30, 2020
 ¥ 690 million (-53.9%) for the six months ended September 30, 2019

	Net income Per share (basic)	Net income Per share (diluted)
	¥	¥
Six Months ended September 30, 2020	73.83	—
September 30, 2019	56.39	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of September 30, 2020	87,529	55,154	61.1	2,538.44
As of March 31, 2020	85,825	53,902	61.6	2,508.48

(Reference) Shareholder's equity: As of September 30, 2020: ¥ 53,520 million
 As of March 31, 2020: ¥ 52,889 million

2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	¥	¥	¥	¥	¥
Year ended March 31, 2020	—	15.00	—	37.00	52.00
Year ending March 31, 2021	—	15.00			
Year ending March 31, 2021 (forecasts)			—	38.00	53.00

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

3. Consolidated Forecasts for the Fiscal year Ending March 31, 2021 (April 1, 2020 – March 31, 2021)

(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, 2021	106,000	2.1	6,000	3.2	7,200	4.2	4,800	7.5	227.66

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

* Notes

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

2 new companies (Company name) 1. Singha Kameda (Thailand) Co., Ltd.
2. Singha Kameda Trading (Thailand) Co., Ltd.

(Note) For details, please refer to p.11 of the Appendix, “2. Quarterly Consolidated Financial Statements (3) Notes to the Quarterly Consolidated Financial Statements (Changes of Important Subsidiaries during the Period)”

- (2) Application of particular accounts procedures to the preparation of quarterly consolidated financial statements:

None

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

- (i) Changes in accounting policies caused by revision of accounting standards: None
- (ii) Changes in accounting policies other than (i): None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

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

- (i) Number of shares outstanding at end of period (including treasury stock)
 - As of September 30, 2020: 22,318,650 shares
 - As of March 31, 2020: 22,318,650 shares
- (ii) Number of treasury stock at end of period
 - As of September 30, 2020: 1,234,665 shares
 - As of March 31, 2020: 1,234,462 shares
- (iii) Average number of shares outstanding during the term
 - Six Months ended September 30, 2020: 21,084,054 shares
 - Six Months ended September 30, 2019: 21,084,244 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 4 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 Friday, November 20, 2020.

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	4
(3) Explanation of Future Estimates, Including Consolidated Forecasts	4
2. Consolidated Financial Statements.....	5
(1) Consolidated Balance Sheet	5
(2) Consolidated Income Statement and Consolidated Comprehensive Income Statement	7
Consolidated Income Statement	
Cumulative Second Quarter	7
Consolidated Comprehensive Income Statement	
Cumulative Second Quarter	8
(3) Consolidated Cash Flow Statement.....	9
(4) Notes to the Quarterly Consolidated Financial Statements.....	11
(Notes to the Assumption of a Going Concern)	11
(Notes to the Quarterly Consolidated Income Statement).....	11
(Notes Concerning Significant Changes in the Amount of Shareholder Equity).....	11
(Changes in Important Subsidiaries during the Period)	11
(Segment Information)	11
(Additional Information)	12

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

(1) Explanation of Consolidated Operating Results

During the six months ended September 30, 2020, although half a year had passed since the government's declaration of a state of emergency due to the spread of COVID-19 and economic activities were gradually returning to normal, the Japanese economy continued to experience lingering fears regarding the spread of the disease and a prevailing uncertainty about the future.

Similarly, the global economy continued to be affected by the spread of COVID-19. Restrictions on cross-border travel along with economic stagnation in many countries have resulted in an increasing sense of uncertainty about the future.

In the food industry, under the COVID-19 pandemic, companies are being forced to place the highest priority on the safety of their employees in their operations. However, various costs are on an upward trend, and the harsh earnings environment is expected to continue due to factors such as a trend toward low-priced products and an increasingly defensive stance toward spending among consumers in an attempt to maintain their lifestyles as an economic slowdown is expected going forward.

Under these economic conditions and changes in the environment surrounding the food industry, the Kameda Seika Group will continue its efforts, as part of the medium-term business plan, to achieve sustainable growth and enhance its corporate value, by providing customer value from the standpoint of the slogan, "Better for You," which represents "contributing to a healthy lifestyle through the selection, eating, and enjoyment of foods that are delicious and good for the body," and realizing its long-term vision of becoming a "Global Food Company." By FY2030, we aim to evolve from a "Rice crackers and snacks 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 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 for FY2020, we plan to take more dynamic approaches over both the short and medium-to-long term, in light of the current changes in the business environment. We are pressing forward with the following priority initiatives. In the Domestic Rice Cracker Business, we will further enhance our revenue base to strengthen our position, which is by far the best in the industry. In the Overseas Business, we will pave the way toward securing stable profits for our North American subsidiaries and restoring profitability overall segment. In the Food Business, we will grow sales by expanding plant-based foods.

In the Domestic Rice Cracker Business, we have taken measures to focus on manufacturing and sales of our core products, by temporarily reducing the product lineup and suspending sales of some products, in order to fulfill our responsibility to supply products in response to increased stay-at-home demand.

In addition, as a result of a growing demand from consumers who are voluntarily refraining from going out and drinking at home due to the COVID-19 pandemic, sales of our core product, "KAMEDA Kaki-no-Tane," as well as our savory snacks line products, such as "Tsumami Dane," have increased.

Meanwhile, although voluntarily refraining from going out as well as restrictions on travel have gradually eased, some trends toward refraining from cross-prefecture travel still remain. Accordingly, subsidiaries that deal with products for department stores and sell souvenirs continue to face harsh conditions, despite having weathered the worst period of the first quarter.

We have been pressing forward with initiatives to focus and strengthen management resources on our core brands, with the aim of promoting medium-to-long-term brand growth. Regarding "KAMEDA Kaki-no-Tane," we changed the ratio of "Kaki-no-Tane" crackers to peanuts for the first time in about 40 years, in response to consumer feedback from a nationwide poll that we conducted last year. In addition, we are aiming for a further evolution of our products, by directly connecting with customers who have supported our products, in an effort to capture diversifying customer needs.

As a result of these initiatives, net sales of our core brands, "KAMEDA Kaki-no-Tane," "Happy Turn," "Tsumami Dane," "KAMEDA Magari Senbei," "Soft Salad," "Potapota Yaki," "Waza-no-KodaWari," and "Age-Ichiban" were up year-on-year. Meanwhile, "Usuyaki," "Teshioya," "Katabutsu," and "HaiHain" were down year-on-year due to reduced effectiveness of aggressive sales promotion activities.

In the Overseas Business, a temporary suspension of operations has been forced in many countries, as lockdown orders were issued due to the spread of COVID-19. However, Mary's Gone Crackers, Inc. in North America, which is positioned as a major base, has continued its operations based on its position as a supplier of consumer staples, and maintained stable performance overall. In addition, net sales increased year-on-year, due to our ongoing efforts for gaining new customers and expanding our sales areas, as well as an increase in demand associated with rising consumer household spending and consumer stockpiling.

In addition, in order to capitalize on a growing global demand for rice crackers, we started a joint venture for manufacturing and sales of rice crackers for the export market in collaboration with Singha Corporation Co., Ltd., which operates similar businesses in Thailand, as a new base for cross-border business, and have commenced operations in certain manufacturing processes from the second quarter under review. By combining the strengths of both companies, we will strengthen our global manufacturing base, which possesses both high quality and cost-competitiveness, with the aim of expanding our Overseas Business.

In the Food Business, net sales increased year-on-year due to an increased demand for stockpiling of food, particularly for personal consumption, and the strong performance of products such as long-life Alpha Rice (pre-cooked and dehydrated rice) and long-life allergen-free brown rice bread.

As a result of the above, net sales totaled ¥48,898 million (up 0.5% year-on-year).

In terms of operating income, the product mix improved due to the effects of higher revenues mainly at supermarkets and drugstores, as a result of increased stay-at-home demand due to the COVID-19 pandemic, as well as the strong performance of our savory snacks line products in conjunction with a growing demand from consumers who are drinking at home. Meanwhile, sales were sluggish for subsidiaries that deal with products for department stores and sell souvenirs, as some trends toward voluntarily refraining from going out and restrictions on travel still remain. As a result, operating income for the Domestic Rice Cracker Business decreased year-on-year.

In the Overseas Business, we secured increased profits thanks to the effects of our ongoing efforts for structural reforms of Mary's Gone Crackers, Inc. and the stabilization of the businesses of LYLY KAMEDA CO., LTD., despite the impact of COVID-19. In addition, an increased demand for stockpiling of long-life preserved foods in the Food Business has resulted in a year-on-year increase in profits for the Group as a whole. As a result, the three pillars of the businesses promoted in the medium-term business plan are finally taking shape.

As a result of these efforts, operating income increased by 18.8% year-on-year to ¥1,666 million.

Furthermore, equity in earnings of affiliates increased due to the effects of reducing the sales promotion expenses of TH Foods, Inc., offsetting a decrease in equity in earnings of affiliates associated with the factory operations of Daawat KAMEDA (India) Private Limited. As a result, ordinary income increased by 27.2% year-on-year to ¥2,151 million, and net income attributable to owners of the parent increased by 30.9% year-on-year to ¥1,556 million.

Supplementary Information

(Unit: ¥ Million)

	Six Months ended September 30, 2019	Six Months ended September 30, 2020	YoY	
			Change (amount)	Change (%)
Net sales	48,649	48,898	249	0.5
Domestic Rice Cracker Business	39,231	38,491	(740)	(1.9)
Overseas Business *1	3,707	4,093	386	10.4
Food Business *2	2,162	3,012	849	39.3
Other (Freights transport etc.) *3	3,548	3,301	(246)	(6.9)
Operating income	1,402	1,666	263	18.8
Operating income margin	2.9%	3.4%		
Domestic Rice Cracker Business	1,891	1,323	(568)	(30.1)
Overseas Business *1	(430)	(44)	386	—
Food Business *2	(125)	272	398	—
Other (Freights transport etc.) *3	66	114	47	70.8

*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 etc.

*3. "Other" consists mainly of the subsidiary's logistic business.

(2) Explanation of Consolidated Financial Position

(Assets)

Current assets stood at ¥23,477 million at the end of the second quarter, a decline of ¥505 million from the end of the previous fiscal year. This was mainly due to increases of ¥1,556 million in “Cash and deposits,” ¥429 million in “Merchandise and finished goods” and ¥430 million in “Raw materials and supplies” which were partly offset by a ¥2,890 million decline in “Notes and accounts receivable-trade.” Fixed assets stood at ¥64,051 million, an increase of ¥2,209 million from the end of the previous fiscal year. This was mainly attributable to increases of ¥324 million in “Buildings and structures,” ¥1,529 million in “other” under the Property, plant and equipment, ¥557 million in “Goodwill” and ¥374 in “Other” under the Investments and other assets which were partially offset by decrease of ¥410 million in “Investment securities.”

As a result, total assets stood at ¥87,529 million, an increase of ¥1,703 million from the end of the previous fiscal year.

(Liabilities)

Current liabilities stood at ¥25,622 million at the end of the second quarter, an increase of ¥1,425 million from the end of the previous fiscal year. This was mainly due to increases of ¥1,894 million in “Short-term loans payable” and ¥291 million in “Provision for bonuses,” which were offset by respective decreases of ¥359 million in “Notes and accounts payable-trade,” ¥211 million in “Electronic-recording liabilities” and ¥240 million in “Other provisions.” Long-term liabilities stood at ¥6,751 million, a decrease of ¥974 million from the end of the previous fiscal year. This was mainly due to a ¥973 million decrease in “Long-term loans payable.”

As a result, total liabilities stood at ¥32,374 million, an increase of ¥450 million from the end of the previous fiscal year.

(Net assets)

Total net assets stood at ¥55,154 million at the end of the second quarter, an increase of ¥1,252 million from the end of the previous fiscal year. This mainly reflected increases of ¥776 million in “Retained earnings” and ¥621 million in “Non-controlling interests” which partly offset by decrease of ¥284 million in “Foreign currency translation adjustments” resulting from ¥1,556 million in “Net income attributable to owners of the parent” and ¥780 million in “Dividends from surplus.”

As a result, the equity ratio was 61.1%, down from 61.6% 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 FY2020 remain unchanged from the earnings forecasts disclosed on May 11, 2020.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheet

	(¥ Million)	
	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	4,586	6,142
Notes and accounts receivable-trade	12,586	9,695
Merchandise and finished goods	1,966	2,395
Work in process	685	764
Raw materials and supplies	3,215	3,646
Other	966	854
Allowance for doubtful accounts	(24)	(21)
Total current assets	23,982	23,477
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	15,370	15,694
Machinery, equipment and vehicles, net	16,117	16,058
Other, net	11,714	13,243
Total property, plant and equipment	43,201	44,996
Intangible assets		
Goodwill	495	1,052
Customer related assets	784	753
Trademark assets	637	612
Technology assets	395	379
Other	1,042	1,006
Total intangible assets	3,354	3,805
Investments and other assets		
Investment securities	11,898	11,487
Other	3,432	3,806
Allowance for doubtful accounts	(45)	(45)
Total investments and other assets	15,286	15,249
Total fixed assets	61,842	64,051
Total assets	85,825	87,529

(¥ Million)

	As of March 31, 2020	As of September 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable-trade	4,032	3,673
Electronic-recording liabilities	2,637	2,425
Short-term loans payable	7,483	9,377
Income taxes payable	725	588
Provision for bonuses	1,401	1,692
Other provisions	1,125	885
Asset retirement obligations	70	72
Other	6,719	6,906
Total current liabilities	24,197	25,622
Long-term liabilities		
Long-term loans payable	5,397	4,423
Liabilities for retirement benefits	455	414
Asset retirement obligations	188	253
Reserve for retirement benefits for officers	53	53
Other	1,632	1,606
Total long-term liabilities	7,726	6,751
Total liabilities	31,923	32,374
Net assets		
Shareholders' equity		
Capital stock	1,946	1,946
Capital surplus	170	170
Retained earnings	51,853	52,630
Treasury stock	(1,899)	(1,900)
Total shareholders' equity	52,071	52,846
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	617	710
Deferred gains (losses) on hedges	4	—
Foreign currency translation adjustment	1,332	1,047
Remeasurements of defined benefit plans	(1,137)	(1,084)
Total accumulated other comprehensive income	818	673
Non-controlling interests	1,012	1,634
Total net assets	53,902	55,154
Total liabilities and net assets	85,825	87,529

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

(¥ Million)

	Six Months ended September 30, 2019	Six Months ended September 30, 2020
Net sales	48,649	48,898
Cost of sales	28,382	28,237
Gross profit	20,267	20,661
Selling, general and administrative expenses	18,864	18,994
Operating income	1,402	1,666
Non-operating income		
Interest income	3	3
Dividend income	23	25
Equity in earnings of affiliates	336	386
Other	56	248
Total non-operating income	420	663
Non-operating expenses		
Interest expenses	76	49
Foreign exchange losses	20	85
Other	35	43
Total non-operating expenses	131	177
Ordinary income	1,691	2,151
Extraordinary income		
Subsidy income	* 80	—
Total extraordinary income	80	—
Extraordinary losses		
Loss on disposal of noncurrent assets	117	121
Total extraordinary losses	117	121
Income before income taxes	1,654	2,030
Income taxes-current	546	576
Income taxes-deferred	(37)	(112)
Total income taxes	509	463
Net income	1,145	1,566
Net income (loss) attributable to non-controlling interests	(43)	10
Net income attributable to owners of the parent	1,188	1,556

(Consolidated Comprehensive Income Statement)
(Cumulative Second Quarter)

(¥ Million)

	Six Months ended September 30, 2019	Six Months ended September 30, 2020
Net income	1,145	1,566
Other comprehensive income		
Valuation difference on available-for-sale securities	(134)	93
Deferred gains (losses) on hedges	(11)	(4)
Foreign currency translation adjustment	(96)	(20)
Adjustment for retirement benefits	0	52
Share of other comprehensive income of associates accounted for using equity method	(213)	(271)
Other comprehensive income	(454)	(151)
Comprehensive income	690	1,415
(Breakdown)		
Comprehensive income attributable to owners of the parent	757	1,412
Comprehensive income (loss) attributable to non- controlling interests	(67)	3

(3) Consolidated Cash Flow Statement

(¥ million)

	Six Months ended September 30, 2019	Six Months ended September 30, 2020
Cash flows from operating activities		
Income before income taxes	1,654	2,030
Depreciation and amortization	2,373	2,339
Amortization of goodwill	50	31
Subsidy income	(80)	—
Increase (decrease) in allowance for doubtful accounts	(3)	(2)
Increase (decrease) in net defined benefit liability	1	(79)
Decrease (increase) in net defined benefit asset	(380)	(255)
Increase (decrease) in bonus provisions	238	286
Increase (decrease) in other allowances	(103)	(238)
Interest and dividend income	(27)	(28)
Interest expenses	76	49
Equity in losses (earnings) of affiliates	(336)	(386)
Loss (gain) on disposal of noncurrent assets	117	121
Decrease (increase) in notes and accounts receivable-trade	2,840	3,031
Decrease (increase) in inventories	(612)	(806)
Increase (decrease) in notes and accounts payable-trade	(91)	(666)
Decrease (increase) in other assets	(264)	202
Increase (decrease) in other liabilities	(772)	(496)
Other	(2)	(62)
Subtotal	4,678	5,069
Interest and dividend income received	597	655
Interest expenses paid	(77)	(45)
Settlement received	209	—
Income taxes paid	(1,216)	(717)
Net cash provided by operating activities	4,191	4,962
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,524)	(2,511)
Purchase of investment securities	(7)	(7)
Purchase of intangible assets and investments	(116)	(69)
Subsidy income received	80	—
Payments for acquisition of shares of subsidiaries resulting in changes in scope of consolidation	—	(346)
Other	(26)	15
Net cash used in investing activities	(2,594)	(2,919)

	(¥ million)	
	Six Months ended September 30, 2019	Six Months ended September 30, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	702	2,168
Repayment of long-term loans payable	(1,201)	(1,741)
Cash dividends paid	(758)	(779)
Other	(179)	(169)
Net cash used in financing activities	(1,436)	(521)
Effect of exchange rate changes on cash and cash equivalents	(10)	35
Net increase (decrease) in cash and cash equivalents	149	1,556
Cash and cash equivalents, beginning of term	4,328	4,581
Cash and cash equivalents, end of term	4,478	6,138

(4)Notes to the Quarterly Consolidated Financial Statements

(Notes to the Assumption of a Going Concern)

Not applicable.

(Notes to the Quarterly Consolidated Income Statement)

* Subsidy income

Six months ended September 30, 2019 (April 1 2019 – September 30, 2019)

This is the financial incentive for companies to locate in the area which came with the plant expansion of Onisi Foods Co., Ltd., a consolidated subsidiary of KAMEDA SEIKA.

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

Not applicable.

(Changes in Important Subsidiaries during the Period)

During the first quarter of the current accounting period, Singha Kameda (Thailand) Co., Ltd. and its subsidiary Singha Kameda Trading (Thailand) Co., Ltd. have been included in the scope of consolidation by underwriting of third-party allocation of shares.

(Segment Information)

I Six months ended September 30, 2019(April 1, 2019 – September 30, 2019)

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

	Reportable segment				Other (Note) 1	Total	Adjustment (Note) 2	(¥ million) The amount stated in quarterly consolidated income statement (Note) 3
	Domestic Rice Cracker	Overseas	Food	Total				
Net sales								
Net sales to outside customers	39,231	3,707	2,162	45,101	3,548	48,649	—	48,649
Internal sales or transfers between segments	2	525	5	533	2,681	3,215	(3,215)	—
Total	39,233	4,232	2,168	45,634	6,229	51,864	(3,215)	48,649
Segment income (loss)	1,891	(430)	(125)	1,335	59	1,394	7	1,402

- (Note)
1. “Other” refers to business segments not included in the reportable segments, which includes Freights transport business etc.
 2. ¥7 million of adjustment of segment income (loss) is ¥7 million of elimination of intersegment transactions.
 3. Segment income (loss) is adjusted with operating income reported on quarterly consolidated income statement.

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

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								
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 Freights 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. Notes relating to changes in reportable segments etc.

We clarified to further drive autonomous business operations by the three pillars of our Domestic Rice Cracker Business, Overseas Business and Food Business and to strengthen the group management including the affiliates as the direction of medium-term strategy in the update of medium-term management plan.

In light of these circumstances, the reportable segment has split into three segments from the first consolidated quarter under review as a result of re-examination about reportable segment from the viewpoint of the Group’s business development, allocation of its management resources and the status of business administrative structure etc.

Note that the segment information from the first half of the previous consolidated fiscal year is disclosed based on the reportable segments as classified following the changes that were made to the Company structure.

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

(Material Change in the Amount of Goodwill)

As shares of Singha Kameda (Thailand) Co., Ltd, were acquired and the deemed acquisition date was included in the scope of consolidation at the end of the first consolidated quarter under review, the "Overseas Business" segment increased by ¥589 million in goodwill compared to the end of the previous consolidated fiscal year.

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

(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.