August 6, 2021

Consolidated Financial Results (Japanese Accounting Standards) for the Three Months Ended June 30, 2021 (Q1 FY2021) (English Translation)

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Scheduled date for filing of securities report: August 12, 2021
Scheduled date of commencement of dividend payment: -
Supplementary documents for quarterly results: Available
Quarterly results briefing: None

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

1. Consolidated Financial Results for the Three Months Ended June 30, 2021 (April 1 - June 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	
Three Months ended	¥ million	%	¥ million	%	¥ million	%	¥ million	%
June 30, 2021	19,756	—	615	-31.1	712	-32.3	402	-41.4
June 30, 2020	24,837	5.7	893	110.6	1,052	81.8	686	122.0

(Note) Comprehensive income: ¥ 850 million (32.0%) for the three months ended June 30, 2021
¥ 643 million (－%) for the three months ended June 30, 2020

	Net income Per share (basic)	Net income Per share (diluted)
Three Months ended	¥	¥
June 30, 2021	19.09	—
June 30, 2020	32.57	—

(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 three months ended June 30, 2020 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 three months ended June 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 June 30, 2021	91,806	59,536	62.9	2,740.81
As of March 31, 2021	92,888	59,895	62.7	2,761.24

(Reference) Shareholder's equity: As of June 30, 2021: ¥ 57,787 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 three months ended June 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	—				
Year ending March 31, 2022 (forecasts)		15.00	—	39.00	54.00

(Note) Revisions to dividend forecasts published most recently: Not applicable.

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

(Percentage figures for the fiscal year represent the changes from the previous year, while percentage figures for the six months' period represent the changes from the same 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	%	¥
Six months ending September 30, 2021	40,000	—	1,200	-28.0	1,400	-34.9	900	-42.2	42.69
Year ending March 31, 2022	84,700	—	6,000	6.8	6,900	0.2	4,700	-1.2	222.92

(Note) 1. Revisions to financial forecasts published most recently: Not applicable.

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 three months ended June 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): Not applicable.

(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): Not applicable
(iii) Changes in accounting estimates: Not applicable
(iv) Restatement: Not applicable

(Note) For details, please refer to "2. Quarterly Consolidated Financial Statements and Major Notes (3) Notes to the Quarterly Consolidated Financial Statements (Changes in Accounting Policies)" on page 10 of the Appendix.

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

(i) Number of shares outstanding at end of period (including treasury stock)
As of June 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 June 30, 2021: 1,234,695 shares
As of March 31, 2021: 1,234,695 shares

(iii) Average number of shares outstanding during the term
Three Months ended June 30, 2021: 21,083,955 shares
Three Months ended June 30, 2020: 21,084,123 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 materials on financial results)

Download from the Company’s website, available from Wednesday, August 11, 2021.

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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 three months ended June 30, 2020 and the year-on-year percentage change are not stated, because the figures for the three months ended June 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 (3) Notes to the Quarterly Consolidated Financial Statements (Changes in Accounting Policies).”

(1) Explanation of Consolidated Operating Results

During the three months ended June 30, 2021, the outlook for the Japanese economy remained uncertain, owing to another declaration of a state of emergency and other factors placing strong constraints on personal consumption and corporate activities, while it remained uncertain as to when the COVID-19 would be contained.

With regard to the global economy, while vaccination against COVID-19 has progressed in some countries and there are signs of recovery, the outlook remains uncertain due to concerns regarding a renewed spread of the infection via mutant strains.

In the food industry, despite support from firm demand, various costs are on the rise, and the earnings environment remains severe due to the combination of these rising costs with the budget-consciousness of customers.

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 enable 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 the use of digital data such as MotionBoard. In addition to the continued strong performance, primarily of our savory snacks line products, that has resulted from an increase in demand, mainly due to current stay-at-home consumption, we are continuing to work on product development, such as by conducting a campaign using a social networking service for “Mugen Ebi,” which is highly popular among our customers.

To commemorate the 45th anniversary of the launch of our core brand, “Happy Turn,” the Company has implemented aggressive sales promotion activities, such as creating a commemorative web commercial, launching limited-time products, and opening a limited-time “Happy Turn Happy Kingdom” in the First Avenue Tokyo Station.

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,” and “HaiHain” were up year-on-year. Meanwhile, “KAMEDA Kaki-no-Tane,” “KAMEDA Magari Senbei,” “Potapota Yaki,” “Teshioya,” “Age-Ichiban,” “Soft Salad,” 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, showed signs of a recovery in personal consumption due to the effects of factors such as the government’s economic stimulus measures. Meanwhile, there was a significant rebound from the special demand caused by the spread of COVID-19 in the previous year, and net sales excluding the impact of the decline in revenue due to the Revenue Recognition Accounting Standard decreased year-on-year.

In the Food Business, the previous year’s surge in demand for stockpiling of food, particularly for personal consumption, subsided, and sales of long-life 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.

In July 2021, we also acquired TAINAI Co., Ltd., which manufactures and sells allergen-free rice flour bread that does not contain 28 items identified as allergens. Thus far, a limited number of companies have entered into this business, and its market size is roughly several hundred million yen. However, inquiries are increasing rapidly, and we plan to expand this business as the core of the Food Business.

As a result of the above, net sales totaled ¥19,756 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 declaration of a state of emergency, the worst period, which was seen in the previous year when department stores and theme parks were closed, is now coming to an end. As a result of various measures, including an expansion of sales channels and efforts to reduce fixed costs, the Domestic Rice Cracker Business posted an increase in profits. In the Overseas Business, we had a double operation 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. However, as the business transfer was completed in June, no fixed costs are expected to be incurred going forward. 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 a result of these efforts, operating income decreased by 31.1% year-on-year to ¥615 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 32.3% year-on-year to ¥712 million, and net income attributable to owners of the parent decreased by 41.4% year-on-year to ¥402 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)

	Three Months ended June 30, 2020		Three Months ended June 30, 2021		〔Reference〕 *5 YoY	
	Old standard	〔Reference〕 *5 New standard	〔Reference〕 Old standard	New standard	Change (amount)	Change (%)
Net sales	24,837	19,944	24,742	19,756	(187)	(0.9)
Domestic Rice Cracker Business	19,240	14,624	19,970	15,167	543	3.7
Overseas Business *1	2,248	1,995	2,034	1,826	(169)	(8.5)
Food Business *2	1,633	1,609	1,091	1,115	(493)	(30.7)
Other (Freights transport etc.) *3	1,714	1,714	1,646	1,646	(68)	(4.0)
Operating income	893	893	601	615	(277)	(31.1)
Operating income margin	3.6%	4.5%	2.4%	3.1%		
Domestic Rice Cracker Business	608	608	836	835	226	37.3
Overseas Business *1,4	(18)	(18)	(200)	(200)	(182)	
Food Business *2	216	216	(144)	(129)	(345)	
Other (Freights transport etc.) *3,4	86	86	109	109	22	26.3

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

*2. Food business is mainly comprised of long-term preserved foods and plant origin lactic acid bacteria as well as bread made from brown rice and vegetarian meat substitutes.

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

*4. Restructuring charges of Overseas business are reclassified to Other (Freights transport etc.)

*5. 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 ¥23,821 million at the end of the first quarter, a decline of ¥1,755 million from the end of the previous fiscal year. This was mainly due to increases of ¥255 million in "Merchandise and finished goods" and ¥82 million in "Raw materials and supplies," which were partly offset by decreases of ¥327 million in "Cash and deposits" and ¥1,850 million in "Notes, accounts receivable-trade and contract assets." Fixed assets stood at ¥67,984 million, an increase of ¥673 million from the end of the previous fiscal year. This was mainly attributable to increases of ¥112 million in "Buildings and structures," ¥935 million in "other" under the Property, plant and equipment and ¥299 in "Other" under the Investments and other assets which were partially offset by decreases of ¥237 million in "Machinery, equipment and vehicles, net" and ¥392 million in "Investment securities."

As a result, total assets stood at ¥91,806 million, a decrease of ¥1,082 million from the end of the previous fiscal year.

(Liabilities)

Current liabilities stood at ¥22,462 million at the end of the first quarter, a decline of ¥184 million from the end of the previous fiscal year. This was mainly due to increases of ¥841 million in "Provision for bonuses" and ¥1,312 million in "Other," which were offset by respective decreases of ¥424 million in "Short-term loans payable," ¥909 million in "Income tax payable," ¥944 million in "Other provisions." Long-term liabilities stood at ¥9,807 million, a decrease of ¥539 million from the end of the previous fiscal year. This was mainly due to a ¥554 million decrease in "Long-term loans payable."

As a result, total liabilities stood at ¥32,269 million, a decline of ¥723 million from the end of the previous fiscal year.

(Net assets)

Total net assets stood at ¥59,536 million at the end of the first quarter, a decline of ¥359 million from the end of the previous fiscal year. This mainly reflected increases of ¥419 million in "Foreign currency translation adjustment" and ¥71 million in "Non-controlling interests" which partly offset by decreases of ¥806 million in "Retained earnings" and ¥26 million in "Valuation difference on available-for-sale securities" resulting from ¥402 million in "Net income attributable to owners of the parent," ¥801 million in "Dividends from surplus" and a cumulative-effect adjustment of ¥407 million yen resulting from application of "Accounting Standard for Revenue Recognition," etc.

As a result, the equity ratio was 62.9%, up 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 first half and full-year of FY2021 remain unchanged from the earnings forecasts disclosed on May 13, 2021.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheet

(¥ million)

	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	6,510	6,182
Notes and accounts receivable-trade	11,876	—
Notes, accounts receivable-trade and contract assets	—	10,025
Merchandise and finished goods	2,364	2,619
Work in process	807	838
Raw materials and supplies	3,113	3,196
Other	920	974
Allowance for doubtful accounts	(15)	(16)
Total current assets	25,577	23,821
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	16,095	16,208
Machinery, equipment and vehicles, net	17,424	17,186
Other, net	12,005	12,941
Total property, plant and equipment	45,525	46,335
Intangible assets		
Goodwill	844	834
Customer assets	722	707
Trademark assets	587	575
Technology assets	364	356
Other	1,029	1,031
Total intangible assets	3,547	3,504
Investments and other assets		
Investment securities	12,545	12,152
Other	5,737	6,036
Allowance for doubtful accounts	(45)	(45)
Total investments and other assets	18,237	18,144
Total fixed assets	67,311	67,984
Total assets	92,888	91,806

(¥ million)

	As of March 31, 2021	As of June 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,668	3,518
Electronic-recording liabilities	2,499	2,633
Short-term loans payable	6,502	6,077
Income taxes payable	1,062	153
Provision for bonuses	1,401	2,242
Provision for loss on closing plants	41	—
Other provisions	969	24
Asset retirement obligations	67	65
Other	6,433	7,746
Total current liabilities	22,646	22,462
Long-term liabilities		
Long-term loans payable	7,953	7,398
Net defined benefit liability	531	516
Asset retirement obligations	262	264
Other	1,599	1,627
Total long-term liabilities	10,346	9,807
Total liabilities	32,992	32,269
Net assets		
Shareholders' equity		
Capital stock	1,946	1,946
Capital surplus	170	170
Retained earnings	55,514	54,707
Treasury stock	(1,900)	(1,900)
Total shareholders' equity	55,730	54,924
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	734	707
Foreign currency translation adjustment	1,245	1,665
Remeasurements of defined benefit plans	507	489
Total accumulated other comprehensive income	2,487	2,863
Non-controlling interests	1,678	1,749
Total net assets	59,895	59,536
Total liabilities and net assets	92,888	91,806

(2) Quarterly Consolidated Statement of income and Comprehensive Income

(Quarterly Consolidated Income Statement)

(Cumulative First Quarter)

(¥ million)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Net sales	24,837	19,756
Cost of sales	14,341	14,458
Gross profit	10,495	5,297
Selling, general and administrative expenses	9,602	4,682
Operating income	893	615
Non-operating income		
Interest income	1	1
Dividend income	21	24
Equity in earnings of affiliates	122	61
Other	53	69
Total non-operating income	199	156
Non-operating expenses		
Interest expenses	26	18
Foreign exchange losses	—	28
Other	12	12
Total non-operating expenses	39	59
Ordinary income	1,052	712
Extraordinary losses		
Loss on disposal of noncurrent assets	53	51
Total extraordinary losses	53	51
Income before income taxes	998	661
Income taxes-current	560	110
Income taxes-deferred	(241)	163
Total income taxes	319	273
Quarterly net income	678	387
Net income (loss) attributable to non-controlling interests	(7)	(14)
Net income attributable to owners of the parent	686	402

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

(¥ million)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Quarterly net income	678	387
Other comprehensive income		
Valuation difference on available-for-sale securities	91	(26)
Deferred gains (losses) on hedges	(3)	—
Foreign currency translation adjustment	(47)	523
Adjustment for retirement benefits	26	(17)
Share of other comprehensive income of associates accounted for using equity method	(101)	(17)
Other comprehensive income	(35)	462
Comprehensive income	643	850
(Breakdown)		
Quarterly comprehensive income attributable to owners of parent	650	778
Quarterly comprehensive income attributable to non-controlling interests	(6)	71

(3) 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 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 three months ended June 30, 2021, net sales decreased by ¥4,986 million, cost of sales increased by ¥10 million, selling, general and administrative expenses decreased by ¥5,010 million, and operating income, ordinary income, and income before income taxes increased by ¥13 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 three months ended June 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 Three months ended June 30, 2020(April 1, 2020 – June 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	19,240	2,248	1,633	23,122	1,714	24,837	—	24,837
Internal sales or transfers between segments	1	262	14	278	1,366	1,644	(1,644)	—
Total	19,241	2,510	1,648	23,400	3,080	26,481	(1,644)	24,837
Segment income (loss)	608	(18)	216	806	84	890	2	893

(Note)
1. "Other" refers to business segments not included in the reportable segments, which includes Freights transport business etc.
2. ¥2 million of adjustment of segment income (loss) is ¥2 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 Three months ended June 30, 2021(April 1, 2021 – June 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	15,167	1,826	1,115	18,109	1,646	19,756	—	19,756
Other income	—	—	—	—	—	—	—	—
Net sales to outside customers	15,167	1,826	1,115	18,109	1,646	19,756	—	19,756
Internal sales or transfers between segments	1	313	5	320	1,409	1,730	(1,730)	—
Total	15,168	2,140	1,121	18,430	3,056	21,486	(1,730)	19,756
Segment income (loss)	835	(200)	(129)	505	105	611	3	615

(Note) 1. “Other” refers to business segments not included in the reportable segments, which includes Freights transport business etc.
2. ¥3 million of adjustment of segment income (loss) is ¥3 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 ¥4,802 million and ¥1 million, respectively, net sales in the “Overseas Business” decreased by ¥208 million, and net sales and segment income in the “Food Business” increased by ¥24 million and ¥15 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)

Not applicable.

(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 consolidated quarter under review, 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.)

(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 three months ended June 30, 2021. Accordingly, the ¥589 million in goodwill, which was provisionally calculated for the three months ended June 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 first quarter of the previous consolidated fiscal year.

(Material subsequent events)

(Liquidation of Specified Subsidiaries)

The company resolved at the Board of Directors' meeting held on July 21, 2021 to liquidate its specific subsidiaries, THAI KAMEDA CO., LTD.

1. Background of the liquidation

Since 2009, TKD, as Kameda's consolidated subsidiary, had been engaged in the manufacturing and sales of rice crackers, mainly for Japan, Europe, and the U.S. Meanwhile, Kameda established Singha Kameda (Thailand) Co., Ltd. (hereinafter SKD), as a consolidated subsidiary, by underwriting capital increase through third party allotment in June 2020, and has proceeded with the transfer of TKD's business, due to the deterioration of TKD's buildings and manufacturing facilities, etc.

In conjunction with the completion of this business transfer, Kameda has decided to liquidate TKD and strengthen SKD, the successor of the business, as a global base that combines high quality and cost competitiveness, with the aim of increasing the corporate value of the Group.

2. Outline of the subsidiary to be liquidated

(1)	Company name	THAI KAMEDA CO., LTD.	
(2)	Location	Samut Prakan Province, Thailand	
(3)	Representative	CEO, Naoya Ohno	
(4)	Business	Manufacturing and sales of rice crackers	
(5)	Capital	349 million THB	
(6)	Date of Establishment	January, 1990	
(7)	Ownership ratio	KAMEDA SEIKA CO., LTD. 100%	
(8)	Relationship between the listed company and the relevant company	Capital relationship	TKD is a wholly-owned consolidated subsidiary of Kameda
		Personal relationship	One employee of Kameda serves as an officer of TKD
		Business relationship	Kameda provides loans to TKD
		Status as a related party	TKD is a consolidated subsidiary of Kameda and is the related party of Kameda

3. Date of liquidation

The liquidation will be completed as soon as the required procedures pursuant to local laws are completed. However, specific dates have not been decided at the current moment.

4. Future prospects

The liquidation of this consolidated subsidiary will have no significant impact on the consolidated results for the year ending March 31, 2022.