

August 2, 2019

Consolidated Financial Results

Kikkoman Corporation Flash Report for Fiscal 2020 1Q

Three-month period ended June 30, 2019

Listed company name: **Kikkoman Corporation**
Shares listed: Tokyo (1st Section)
Code No.: 2801
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Scheduled submission date of quarterly accounting report: August 9, 2019
Scheduled date for cash dividend payments: —
Supplementary Schedules for quarter: Yes
Results briefing for quarter: No

Notes:

1. All information has been prepared in accordance with accounting principles and practices generally accepted in Japan.
2. Amounts less than ¥1 million, except for per share amounts, have been omitted in the following tables.

1. Business Performance for the Three-month Period Ended June 30, 2019 (April 1, 2019 to June 30, 2019)

1) Business Performance

(Millions of yen)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Amount	Y o Y (%)	Amount	Y o Y (%)	Amount	Y o Y (%)	Amount	Y o Y (%)
Apr. 1, 2019 -Jun. 30, 2019	115,642	3.5	10,553	4.5	11,162	11.2	7,975	12.3
Apr. 1, 2018 -Jun. 30, 2018	111,774	4.6	10,100	4.1	10,034	0.7	7,102	16.4

(Note) Comprehensive Income

April 1, 2019 to June 30, 2019: ¥ 1,238 million ((90.3)%)

April 1, 2018 to June 30, 2018: ¥ 12,778 million (50.0%)

	Earnings per share (yen)	Earnings per share (Assuming full dilution) (yen)
Apr. 1, 2019 -Jun. 30, 2019	41.54	—
Apr. 1, 2018 -Jun. 30, 2018	37.00	—

2) Financial Position

(Millions of yen)

	Total assets	Net assets	Shareholders' equity ratio
Jun. 30, 2019	369,935	267,199	70.8%
Mar. 31, 2019	362,119	270,451	73.3%

(Reference) Total shareholders' equity

June 30, 2019: ¥ 262,026 million

March 31, 2019: ¥ 265,428 million

2. Cash Dividends

	Cash dividends per share (yen)				
	Three-month period ended	Six-month period ended	Nine-month period ended	Full year ended	Total
Apr. 1, 2018 -Mar. 31, 2019	—	20.00	—	21.00	41.00
Apr. 1, 2019 -Mar. 31, 2020	—				
Apr. 1, 2019 -Mar. 31, 2020 (Estimated)		21.00	—	21.00	42.00

(Note) Revisions to recently announced forecasts of dividends: None

3. Forecasts of Business Performance for the Fiscal Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share (yen)
	Amount	Y o Y (%)	Amount	Y o Y (%)	Amount	Y o Y (%)	Amount	Y o Y (%)	
Apr. 1, 2019- Sep.30, 2019	235,100	4.0	20,900	4.1	20,300	1.5	14,400	0.5	75.01
Apr.1, 2019- Mar.31, 2020	473,500	4.4	39,700	3.3	38,900	2.6	26,900	3.5	140.12

(Note) Revisions to recently announced forecasts of business performance: None

[Notes]

- 1) Changes in important subsidiaries during the first three months (Changes in certain specific subsidiaries resulting in a revised scope of consolidation): None
- 2) Application of special accounting methods in preparation for the consolidated quarterly financial statements: Yes

(Note) For details, please refer to the attachments to this report, Page 14, 2. Consolidated Quarterly Financial Statements and Main Notes, 3) Notes on quarterly consolidated financial statements, (Application of Special Accounting Methods in Preparation for the Consolidated Quarterly Financial Statements).

- 3) Changes in accounting policy, changes in accounting estimates and restatement of revisions
 - ① Changes in accounting policy associated with accounting standard revisions: Yes
 - ② Changes in accounting policy other than those in ① above: None
 - ③ Changes in accounting estimates: None
 - ④ Restatement of revisions: None

4) Issued and outstanding shares (common stock)

① Shares issued and outstanding at end of period (including treasury stock)			
June 30, 2019	—	193,883,202 shares	March 31, 2019 — 193,883,202 shares
② Treasury stock at end of period			
June 30, 2019	—	1,906,189 shares	March 31, 2019 — 1,905,508 shares
③ Shares outstanding during the period (cumulative for period, consolidated)			
June 30, 2019	—	191,977,334 shares	June 30, 2018 — 191,979,900 shares

* This flash report is not included in the scope of an audit by certified public accountants or the audit corporations.

* Explanation of appropriate use of business forecasts and other special matters.

(Caution Regarding Forward-looking Statements)

Forecasts of business performance and future developments noted in this report are based on assumptions from information available to management at the time of disclosure and deemed reasonable at the present time. Actual results may differ significantly from forecasts. For details of business performance forecasts and guidelines for assumptions, please refer to the attachments to this report, Page 9, 1. Qualitative Information and Consolidated Financial Statements, etc., 3) Explanation of forward-looking statements, including forecasts of consolidated business performance.

(How to obtain business performance presentation materials)

Kikkoman will publish supplementary schedules to the first quarter results on TD-net for viewing in Japan, and on its website.

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1. Qualitative Information and Consolidated Financial Statements, etc.

1) Explanation of business performance

During the first three months under review, the U.S. economy maintained a steady recovery and the European economy also continued to expand moderately. Overall, the global economy remained solid in general. The Japanese economy, too, remained on a path to revitalization at a moderate pace.

In this environment, the overall domestic sales of the Group rose year on year in the Foods—Manufacturing and Sales business due to year-on-year increases in sales of food products and beverages, despite year-on-year decreases in the sales of soy sauce, liquor and wine. Overseas sales climbed year on year, supported by the strong performance of the Foods—Manufacturing and Sales business and the Foods—Wholesale business.

As a result, consolidated operating results for the first three months of fiscal 2019 were as follows.

<Consolidated Financial Statements>

(Millions of yen, %)

(millions of yen, %)

	FY2019 1Q		FY2020 1Q		Increase /Decrease			Translation difference	Increase /Decrease except translation difference	
	4.1.2018 – 6.30.2018		4.1.2019 – 6.30.2019							
	Amount	%	Amount	%	Amount	YoY	%		Amount	YoY
Net Sales	111,774	100.0	115,642	100.0	3,867	103.5	—	(236)	4,104	103.7
Operating Profit	10,100	9.0	10,553	9.1	452	104.5	0.1	78	374	103.7
Ordinary Profit	10,034	9.0	11,162	9.7	1,128	111.2	0.7	82	1,045	110.4
Profit attributable to owners of parent	7,102	6.4	7,975	6.9	872	112.3	0.5	66	805	111.3
Exchange Rate (¥/US\$)	108.71		110.00		1.29					
(¥/EUR)	129.39		123.29		(6.10)					

<Reporting Segments>

(Millions of yen, %)

(millions of yen, %)

		FY2019 1Q		FY2020 1Q		Increase /Decrease			Translation difference	Increase /Decrease except translation difference	
		4.1.2018 – 6.30.2018		4.1.2019 – 6.30.2019						Increase /Decrease	
		Amount	%	Amount	%	Amount	YoY	%		Amount	YoY
Domestic Foods— Manufacturing and Sales	Net Sales	44,485	100.0	45,550	100.0	1,064	102.4	—	—	1,064	102.4
	Operating Profit	3,052	6.9	3,151	6.9	98	103.2	0.0	—	98	103.2
Domestic Others	Net Sales	5,202	100.0	5,373	100.0	170	103.3	—	—	170	103.3
	Operating Profit	372	7.2	503	9.4	130	135.0	2.2	—	130	135.0
Overseas Foods— Manufacturing and Sales	Net Sales	23,009	100.0	23,724	100.0	714	103.1	—	(111)	825	103.6
	Operating Profit	4,972	21.6	4,905	20.7	(67)	98.6	(0.9)	39	(106)	97.9
Overseas Foods— Wholesale	Net Sales	46,353	100.0	48,440	100.0	2,087	104.5	—	(129)	2,217	104.8
	Operating Profit	1,940	4.2	2,384	4.9	444	122.9	0.7	28	416	121.5
Adjustments	Net Sales	(7,275)	100.0	(7,446)	100.0	(170)	—	—	4	(174)	—
	Operating Profit	(237)	—	(391)	—	(154)	—	—	10	(164)	—
Consolidated Total	Net Sales	111,774	100.0	115,642	100.0	3,867	103.5	—	(236)	4,104	103.7
	Operating Profit	10,100	9.0	10,553	9.1	452	104.5	0.1	78	374	103.7
Exchange Rate (¥/US\$)		108.71		110.00		1.29					
(¥/EUR)		129.39		123.29		(6.10)					

Performance in each reporting segment is outlined as follows.

【Domestic】

Sales in Japan were as follows.

Foods—Manufacturing and Sales

This business segment comprises manufacturing and sales in Japan of products from the Soy Sauce Division and the Food Products Division, which includes *tsuyu* (soy sauce soup base), *tare* (dipping and marinade sauces), and Del Monte seasonings, as well as the Beverages Division, which includes soy milk beverages and Del Monte beverages, and the Liquor and Wine Division, which includes *mirin* and wines. Sales for each division were as follows.

■Soy Sauce Division

Sales of the *Itsudemo Shinsen* (always fresh) series of soy sauce increased in the home-use sector of the Soy Sauce Division with the increased understanding of its added values, such as the flavor of raw soy sauce and the easy-to-use bottles that keep the contents fresh, in the market attributable to the thorough execution of marketing measures, including TV advertising. In the meantime, sales fell year on year for products in conventional plastic bottles such as *Koikuchi Shoyu*. Sales were also down year on year in the industrial- and foodservice-use sectors. As a result, sales decreased year on year for the Soy Sauce Division.

■Food Products Division

Sales of *tsuyu* products decreased year on year, however in the home-use sector the *Gumen* series — a straight type *tsuyu* that does not need to be diluted — performed well while sales for other straight type *tsuyu* are weak. Sales of *tare* products rose year on year, reflecting the strong performance of the mainstay *Wagaya wa Yakinikuyasan* series and increased sales of products for industrial- and foodservice-use. Sales of the *Uchi no Gohan* series (handy Japanese-style seasoning mixes) surpassed the year-ago level due to the strong performance of the new *Kyabetsu no Garibatashoyuitame* as well as the growth of sales in the *Mazegohan no Moto* series. Sales grew year on year for Del Monte seasonings due to the strong performance of high value-added products including Lycopene-Rich. As a result, sales rose year on year for the Food Products Division.

■Beverages Division

Sales of soy milk beverages rose year on year, with rising health awareness, due to the growth of products designated as Food for Specified Health Use and Unprocessed soy milk, as well as an increase in the number of consumers who use soy milk, not only as a beverage but also as a cooking ingredient. Soy Milk *Okara* (soy pulp) Powder, launched in the previous year, introduced on the TV programs, also contributed to the sales growth in the sector.

Sales rose year on year for Del Monte beverages, reflecting the strong performance of tomato juice such as Lycopene-Rich and salt-free tomato juice. As a result, sales grew year on year for the Beverages Division.

■Liquor and Wine Division

Sales decreased year on year for *Hon Mirin*. In the home-use sector, products in PET bottles did not perform well, which offset a rise in sales for high value-added products such as *Komekoji Kodawari-jikomi Hon Mirin* and in the industrial sector, sales for products in large containers fell year on year. Sales increased year on year for wine due to increased sales of the products for foodservice-use. As a result, sales decreased year on year for the Liquor and Wine Division.

As a result of the above, the Foods—Manufacturing and Sales segment recorded higher sales and higher profit, with net sales increasing 2.4% year on year, to ¥45,550 million, and operating profit increasing 3.2% year on year, to ¥3,151 million.

Others

This segment includes production and sales of clinical diagnostic reagents, hygiene inspection agents, processing enzymes and chemical products such as hyaluronic acid, as well as real estate rental, logistics, back-office functions for the Kikkoman Group, and other businesses.

Sales of clinical diagnostic reagents and hyaluronic acid were strong. Sales rose year on year for the logistics business. As a result, sales increased year on year for the Others Division.

As a result of the above, the Others segment recorded higher sales and higher profit, with net sales increasing 3.3% year on year, to ¥5,373 million, and operating profit increasing 35.0% year on year, to ¥503 million.

【Overseas】

Sales overseas were as follows.

Foods—Manufacturing and Sales

This business comprises overseas manufacturing and sales of products from the Soy Sauce Division, Del Monte Division, and the Other Foods Division, including health foods. Sales for each division were as follows.

■ Soy Sauce Division

In the North American market, the division did its business making use of the Kikkoman brand by continuing efforts to enhance the lineup of mainstay soy sauce products, soy sauce-based seasonings and other products for the home-use sector. In addition, the division worked to expand businesses in the industrial- and foodservice-use sectors, dealing with customer needs attentively. As a result, sales in the market rose year on year.

In the European market, sales decreased year on year mainly due to the difference of shipment timing for certain transactions.

In the Asia and Oceania market, sales rose in China. Sales also grew in Thailand and Indonesia among others. As a result, sales in the market were higher than the year-ago level.

As a result, aggregate sales in this division rose year on year.

■ Del Monte Division

This division manufactures and sells canned fruits, canned corn, tomato ketchup and other products in the Asia and Oceania region.

Sales rose year on year for the Del Monte Division.

■ Other Foods Division

This division manufactures and sells health foods, mainly in the North American region.

Sales through medical doctors were weak despite strong sales through general retailers. As a result, sales remained the year-ago level.

As a result of the above, the Foods—Manufacturing and Sales segment recorded higher sales and lower profit, with net sales increasing 3.1% year on year, to ¥23,724 million, and operating profit decreasing 1.4% year on year, to ¥4,905 million.

Foods—Wholesale

This segment procures and sells oriental foods in Japan and overseas.

Sales grew in North America as a result of efforts to penetrate not only Asian markets but also local markets in general. Moreover, markets continued to grow in Europe and Asia and Oceania, leading to good growth in sales in each region. As a result, sales increased year on year for the segment.

As a result of the above, the Foods—Wholesale segment recorded higher sales and higher profit, with net sales increasing 4.5% year on year, to ¥48,440 million, and operating profit increasing 22.9% year on year, to ¥2,384 million.

As a result of the aforementioned segment results, the Company reported consolidated net sales for the first three months of fiscal 2020 of ¥115,642 million increasing 3.5% year on year, operating profit of ¥10,553 million increasing 4.5%, ordinary profit of ¥11,162 million increasing 11.2%, and profit attributable to owners of parent of ¥7,975 million increasing 12.3%.

2) Explanation of financial position

(Assets)

Current assets as of June 30, 2019 were ¥152,450 million, down ¥4,067 million from March 31, 2019. This was mainly due to decreases in cash and deposits and other current assets. Noncurrent assets were ¥217,484 million, up ¥11,883 million. This was largely attributable to an increase in lease assets, net as a result of application of IFRS 16 “Leases” and ASU 2016-02 “Leases” at overseas subsidiaries, which offset a decrease in investment securities.

As a result, total assets increased ¥7,816 million from March 31, 2019, to ¥369,935 million.

(Liabilities)

Current liabilities as of June 30, 2019 were ¥55,831 million, down ¥408 million from March 31, 2019. This was mainly owing to decreases in accounts payable-other and provision for bonuses, which offset an increase in short-term loans payable and an increase in lease liabilities as a result of application of IFRS “Leases” and ASU 2016-02 “Leases” at overseas subsidiaries. Noncurrent liabilities were ¥46,905 million, up ¥11,477 million from March 31, 2019. This was largely due to an increase in lease liabilities as a result of application of IFRS “Leases” and ASU 2016-02 “Leases” at overseas subsidiaries, which offset decreases in other noncurrent liabilities and deferred tax liabilities.

As a result, total liabilities increased ¥11,068 million from March 31, 2019, to ¥102,736 million.

(Net Assets)

Net assets were ¥267,199 million, down ¥3,252 million from March 31, 2019. This was largely attributable to decreases in foreign currency translation adjustment and valuation difference on available-for-sale securities, despite an increase in retained earnings.

As a result, the equity ratio was 70.8% (down from 73.3% on March 31, 2019).

3) Explanation of forward-looking statements, including forecasts of consolidated business performance

There are no changes to the semiannual and full year forecasts of business performance that were announced in the flash report published on April 24, 2019. There are no significant changes to business risks that might affect business performance from the disclosures in the latest securities report (submitted on June 25, 2019).

2. Consolidated Quarterly Financial Statements and Main Notes

1) Consolidated Quarterly Balance Sheets

	(Millions of yen)	
	As of March 31, 2019	As of June 30, 2019
Assets		
Current assets		
Cash and deposits	30,162	26,743
Notes and accounts receivable-trade	60,719	61,228
Short-term investment securities	—	90
Merchandise and finished goods	42,513	42,001
Work in process	10,997	11,229
Raw materials and supplies	5,330	5,495
Other	7,512	6,463
Allowance for doubtful accounts	(717)	(802)
Total current assets	156,518	152,450
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	42,862	42,545
Machinery, equipment and vehicles, net	40,879	40,351
Land	20,936	20,830
Lease assets, net	254	16,187
Construction in progress	14,080	14,981
Other, net	4,376	4,182
Total property, plant and equipment	123,390	139,079
Intangible assets		
Goodwill	4,969	4,772
Other	5,339	5,334
Total intangible assets	10,308	10,107
Investments and other assets		
Investment securities	59,207	55,785
Long-term loans receivable	1,491	1,610
Net defined benefit asset	5,936	6,059
Deferred tax assets	3,053	3,087
Other	3,940	3,561
Allowance for doubtful accounts	(1,726)	(1,806)
Total investments and other assets	71,902	68,298
Total noncurrent assets	205,601	217,484
Total assets	362,119	369,935

	(Millions of yen)	
	As of March 31, 2019	As of June 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable-trade	22,383	21,610
Short-term loans payable	3,487	5,817
Lease obligations	50	2,431
Accounts payable-other	18,872	15,093
Income taxes payable	3,230	3,307
Provision for bonuses	2,592	1,074
Provision for directors' bonuses	125	30
Other	5,497	6,465
Total current liabilities	56,240	55,831
Noncurrent liabilities		
Long-term loans payable	13,602	13,602
Lease obligations	90	14,433
Deferred tax liabilities	7,934	6,935
Provision for directors' retirement benefits	711	717
Provision for environmental measures	31	34
Net defined benefit liability	5,511	5,390
Other	7,546	5,790
Total noncurrent liabilities	35,427	46,905
Total liabilities	91,667	102,736
Net assets		
Shareholders' equity		
Capital stock	11,599	11,599
Capital surplus	13,695	13,695
Retained earnings	225,835	229,455
Treasury stock	(3,631)	(3,635)
Total shareholders' equity	247,498	251,114
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	17,521	15,121
Deferred gains or losses on hedges	(4)	(45)
Foreign currency translation adjustment	1,081	(3,482)
Remeasurements of defined benefit plans	(667)	(681)
Total Accumulated other comprehensive income	17,930	10,912
Non-controlling interests	5,022	5,172
Total net assets	270,451	267,199
Total liabilities and net assets	362,119	369,935

2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income

(Consolidated Quarterly Statements of Income) (During the first three months of fiscal 2020)

	(Millions of yen)	
	Three months ended June 30, 2018	Three months ended June 30, 2019
Net sales	111,774	115,642
Cost of sales	67,472	69,701
Gross profit	44,302	45,941
Selling, general and administrative expenses	34,202	35,388
Operating profit	10,100	10,553
Non-operating income		
Interest income	56	68
Dividends income	646	514
Equity in earnings of affiliates	50	22
Rent income	173	178
Foreign exchange gains	99	1,785
Gain on valuation of derivatives	2,014	52
Other	494	292
Total non-operating income	3,535	2,914
Non-operating expenses		
Interest expenses	26	180
Foreign exchange losses	2,044	109
Loss on valuation of derivatives	49	1,073
Other	1,480	941
Total non-operating expenses	3,601	2,305
Ordinary profit	10,034	11,162
Extraordinary income		
Gain on sales of investment securities	—	148
Total extraordinary income	—	148
Extraordinary loss		
Loss on retirement of noncurrent assets	26	—
Loss on valuation of investment securities	—	21
Loss on valuation of golf club membership	—	15
Total extraordinary loss	26	37
Profit before income taxes	10,008	11,273
Income taxes	2,773	3,165
Profit	7,234	8,108
Profit attributable to non-controlling interests	131	132
Profit attributable to owners of parent	7,102	7,975

(Consolidated Quarterly Statements of Comprehensive Income)
(During the first three months of fiscal 2020)

	(Millions of yen)	
	Three months ended June 30, 2018	Three months ended June 30, 2019
Profit	7,234	8,108
Other comprehensive income		
Valuation difference on available-for-sale securities	1,587	(2,351)
Deferred gains or losses on hedges	43	(40)
Foreign currency translation adjustment	3,993	(4,416)
Remeasurements of defined benefit plans, net of tax	(7)	(10)
Share of other comprehensive income of associates accounted for using equity method	(73)	(51)
Total other comprehensive income	5,543	(6,870)
Comprehensive income	12,778	1,238
Total comprehensive income attributable to:		
Owners of parent	12,736	956
Non-controlling interests	41	281

3) Notes on quarterly consolidated financial statements (Notes Regarding Going Concern)

No applicable items.

(Notes Regarding Significant Changes in Shareholders' Equity)

No applicable items.

(Application of Special Accounting Methods in Preparation for the Consolidated Quarterly Financial Statements)

Calculation of tax expenses

The effective tax rate after application of deferred tax accounting to profit before income taxes and non-controlling interests for the consolidated fiscal year, including the first three months under review, is reasonably estimated, and the tax expenses are calculated by multiplying this estimated effective tax rate by profit before income taxes and non-controlling interests.

(Changes in accounting policies)

(Adoption of ASU2014-09 "Revenue from Contracts with Customers")

Certain overseas subsidiaries which apply U.S. GAAP have been adopted ASU 2014-09 "Revenue from Contracts with Customers." from the first quarter of fiscal 2020.

With the adoption, the entity recognize revenue upon the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in the exchange for those goods or services.

In adopting the accounting standard, retained earnings has been adjusted for the cumulative effects of the application at the beginning of the first quarter of fiscal 2020 in line with the transitional treatment of the standard.

The effect of this change on retained earnings at the beginning of the first quarter of fiscal 2020 and operating profit, ordinary profit, profit before income taxes, and profit for the first three months of fiscal 2020 was immaterial.

(Application of IFRS 16 "Leases" and ASU 2016-02 "Leases")

IFRS 16 "Leases" and ASU 2016-02 "Leases" have been applied at overseas subsidiaries from the first quarter of fiscal 2020. With this application, lessees, in principle, record all leases as assets and liabilities on the balance sheets.

In applying the accounting standards, retained earnings has been adjusted for the cumulative effects of the application at the beginning of the first quarter of fiscal 2020 in line with the transitional treatment of the standards.

As a result, "lease assets, net" in noncurrent assets, "lease obligations" in current liabilities and "lease obligations" in noncurrent liabilities were ¥15,925 million, ¥2,402 million, and ¥14,337 million greater, respectively, than if the former accounting standards were applied. The effect of this adjustment on operating profit, ordinary profit, profit before income taxes, and profit for the first three months of fiscal 2020 was immaterial.

(Segment Information, etc.)

I. First three months of fiscal 2019 (April 1, 2018 to June 30, 2018)

Sales, Profit, and Losses by Reporting Segment

(Millions of yen)

	Reporting Segment					Adjustments (Note 1)	Consoli- dated Total (Note 2)
	Domestic Foods— Manufacturing and Sales	Domestic Others	Overseas Foods— Manufacturing and Sales	Overseas Foods— Wholesale	Total		
Sales							
Sales to third parties	44,024	1,782	19,719	46,247	111,774	—	111,774
Intragroup sales or transfers	460	3,419	3,290	105	7,275	(7,275)	—
Total sales	44,485	5,202	23,009	46,353	119,050	(7,275)	111,774
Operating profit	3,052	372	4,972	1,940	10,338	(237)	10,100

(Notes)

1. Adjustments of ¥ (237) million in segment operating profit consist mainly of difference in the allocation of corporate expenses.
2. Segment operating profits are adjusted to the operating profits recorded in the consolidated statements of income.

II. First three months of fiscal 2020 (April 1, 2019 to June 30, 2019)

Sales, Profit, and Losses by Reporting Segment

(Millions of yen)

	Reporting Segment					Adjustments (Note 1)	Consoli- dated Total (Note 2)
	Domestic Foods— Manufacturing and Sales	Domestic Others	Overseas Foods— Manufacturing and Sales	Overseas Foods— Wholesale	Total		
Sales							
Sales to third parties	45,042	1,789	20,485	48,324	115,642	—	115,642
Intragroup sales or transfers	507	3,583	3,238	116	7,446	(7,446)	—
Total sales	45,550	5,373	23,724	48,440	123,088	(7,446)	115,642
Operating profit	3,151	503	4,905	2,384	10,944	(391)	10,553

(Notes)

1. Adjustments of ¥ (391) million in segment operating profit consist mainly of difference in the allocation of corporate expenses.
2. Segment operating profits are adjusted to the operating profits recorded in the consolidated statements of income.