

# Semi-Annual Securities Report

## **Interim Period of the 74th Fiscal Year**

(From April 1, 2021 to September 30, 2021)<sup>1</sup>

**Marudai Food Co., Ltd.**

E00458

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<sup>1</sup> This Semi-Annual Securities Report has been translated from the Japanese original of the Quarterly Securities Report for the Second Quarter of the 74th Fiscal Year (from July 1, 2021 to September 30, 2021) pursuant to Article 24-4-7, Paragraph 1 of the Financial Instruments and Exchange Act. This Report covers aggregated numbers for the period April 1, 2021 through September 30, 2021.

1. This is an English translation of the Quarterly Securities Report (“Shihanki Hokokusho”) pursuant to Article 24-4-7, Paragraph 1 of the Financial Instruments and Exchange Act filed via the Electronic Disclosure for Investors’ Network (“EDINET”) system as set forth in Article 27-30-2 of the same Act. The translation includes a table of contents and pagination that are not included in the electronic filing.
2. Appended to the back of this document are the independent auditors’ review report that was attached to the Quarterly Securities Report when it was filed in the aforementioned manner, and the confirmation letter that was filed at the same time as the Quarterly Securities Report.

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## Independent Auditors' Review Report on Quarterly Consolidated Financial Statements

## Confirmation Letter

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[Document Title]	Quarterly Securities Report
[Clause of Stipulation]	Article 24-4-7, Paragraph 1 of the Financial Instruments and Exchange Act
[Place of Filing]	Director-General, Kanto Local Finance Bureau
[Filing Date]	November 12, 2021
[Quarterly Accounting Period]	The second quarter of the 74th fiscal year (From July 1, 2021 to September 30, 2021)
[Company Name]	Marudai Shokuhin Kabushiki Kaisha
[Company Name in English]	Marudai Food Co., Ltd.
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[Name of Contact Person]	Nobuyoshi Katoh, Director, General Manager of Accounting Dept.
[Place for Public Inspection]	Tokyo Branch of Marudai Food Co., Ltd. (4-7-5 Tsukiji, Chuo-ku, Tokyo) Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo)

## Part I Company Information

### I. Overview of Company

#### 1. Key financial data

Fiscal period		First half of 73rd fiscal year	First half of 74th fiscal year	73rd fiscal year
Period of account		From April 1, 2020 to September 30, 2020	From April 1, 2021 to September 30, 2021	From April 1, 2020 to March 31, 2021
Net sales	(Millions of yen)	112,536 [57,141]	109,204 [55,520]	223,000
Ordinary profit (loss)	(Millions of yen)	(588)	356	180
Profit (loss) attributable to owners of parent	(Millions of yen)	247 [465]	98 [(80)]	412
Comprehensive income	(Millions of yen)	1,291	(169)	3,555
Net assets	(Millions of yen)	75,485	76,448	77,750
Total assets	(Millions of yen)	133,548	132,622	131,342
Profit (loss) per share	(Yen)	9.75 [18.33]	3.88 [(3.16)]	16.23
Diluted profit per share	(Yen)	—	—	—
Equity ratio	(%)	56.1	57.2	58.7
Net cash provided by (used in) operating activities	(Millions of yen)	2,095	4,716	7,673
Net cash provided by (used in) investing activities	(Millions of yen)	(3,737)	(2,475)	(5,388)
Net cash provided by (used in) financing activities	(Millions of yen)	1,291	(2,113)	(2,053)
Cash and cash equivalents at end of period	(Millions of yen)	7,894	8,604	8,476

(Notes) 1. As the Company has prepared quarterly consolidated financial statements, key financial data for the reporting company are not stated.

2. The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) from the beginning of the first quarter of the current fiscal year. Accordingly, key financial data for the first half, the second quarter and the entire period of the previous fiscal year are stated as figures to which the above accounting standard has been retrospectively applied.

3. We have changed the accounting principle (method of recording distribution expenses) since the first quarter of the 74th fiscal year. Accordingly, key financial data for the first half, the second quarter and the entire period of the 73rd fiscal year are stated as figures to which the new method has been retrospectively applied.

4. Diluted profit per share is not stated because there is no dilutive security.

5. Figures in square brackets for the net sales, profit (loss) attributable to owners of parent and profit (loss) per share are those for the second quarter (a three-month period) of the fiscal years.

#### 2. Description of business

There were no significant changes in the description of the business conducted by the Group (the Company and its subsidiaries and associates) during the first half of the 74th fiscal year.

There were no changes in the key subsidiaries and associates of the Company.

## II. Overview of Business

### 1. Business risks

With regard to the overview of business, financial information and other information stated in this quarterly securities report, during the first half of the current fiscal year, no events that may have a significant effect on investors' decision-making occurred and there were no significant changes in business risks described in the annual securities report for the previous fiscal year.

If the COVID-19 pandemic is protracted and it takes some time for economic conditions and consumer spending thereafter to normalize, it may have a significant impact on the business activities of the Group.

### 2. Management analysis of financial position, operating results and cash flows

The forward-looking statements included in the following descriptions are based on our judgment as of September 30, 2021.

Please note that we have applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the first quarter of the current fiscal year. We have also changed the method of recording distribution expenses. We make year-on-year comparisons and analyses of the data with quarterly/full-year figures of the previous fiscal year using the figures to which these changes in accounting policies have been retrospectively applied.

#### (1) Financial position and operating results

During the first half of the current fiscal year, the Japanese economy continued to be under severe conditions due to the COVID-19 pandemic. The overall outlook for the economy remains unpredictable as there is the risk of an economic downturn in and outside Japan due to COVID-19, although certain economic recovery is expected thanks to thorough preventive measures, progress in vaccination and the government's various policy packages.

The industry in which the Marudai Food Group operates continued to face severe conditions, as COVID-19 state of emergency and quasi emergency in many prefectures were extended to September 30, 2021, leading to sluggish demand for eating out, while consumers tended to save money due to uncertainties over economic outlook and price competition has become harsher. Regarding the meat market, domestic beef prices rallied after having slumped in the previous year due to a drop in demand. Meanwhile, domestic pork prices were lower than the level of the previous year when demand for home consumption was strong, although they recovered to be at the same level as the previous year in the latter half of the period. Imported beef prices were higher than the previous year's level due to a jump in the prices in exporter countries owing to recovery in demand overseas while imported pork prices have been significantly higher than the previous year, when they tended to fluctuate, due mainly to a stronger consumption overseas and soaring livestock feed prices.

In this tough situation, the Group, a comprehensive food manufacturer that supplies consumers with safer and healthier food products, has pushed ahead with its corporate operations, aiming to be a company whose own value is thoroughly recognized in society.

#### (Financial position)

Consolidated total assets as of September 30, 2021 were 132,622 million yen, an increase of 1,279 million yen from the end of the previous fiscal year, due mainly to increases in merchandise and finished goods of 782 million yen and in property, plant and equipment of 595 million yen.

Consolidated liabilities increased by 2,581 million yen from the end of the previous fiscal year to 56,173 million yen, due mainly to increases in notes and accounts payable - trade of 2,416 million yen and in accounts payable - other of 356 million yen, despite a decrease in interest-bearing liabilities of 224 million yen.

Consolidated net assets as of September 30, 2021 were 76,448 million yen, a decrease of 1,301 million yen from the end of the previous fiscal year, due mainly to dividends of retained earnings of 762 million yen, the acquisition of treasury shares of 368 million yen, and a decrease in valuation difference on available-for-sale securities of 329 million yen.

As a result, the equity ratio of the Company was 57.2%, a decrease of 1.5 percent point from the end of the previous fiscal

year.

(Operating results)

Consolidated net sales for the first half of the current fiscal year were 109,204 million yen, a decrease of 3.0% year on year; consolidated operating profit was 101 million yen, compared to consolidated operating loss of 864 million yen for the first half of the previous fiscal year; consolidated ordinary profit was 356 million yen, compared to consolidated ordinary loss of 588 million yen for the first half of the previous fiscal year; and consolidated profit attributable to owners of parent was 98 million yen, a decrease of 60.3% year on year.

Overview of business results for each segment are as follows:

1) Processed Food Products operations

The Ham and Sausage Products department strove to promote its core products, including “*Kunseiya-Ripened Pork Sausage*” that won three awards from international institutions that assess product quality, such as “Monde Selection 2021 Gold Award.” We also launched new products such as “*Gute Wurst Prime Pork Sausage*” that boasts rich flavor and juiciness to increase the sales of the department. Despite these initiatives, due mainly to a reactionary drop from steeply increased demand for home consumption during the previous year, harsher competition and sluggish summer gift season, net sales in the Ham and Sausage Products department decreased by 7.2% year on year.

In the Precooked & Processed Foods department, while the sales of retort-pouch curry products such as the “*Bistro Club Beef Curry*” series decreased year on year due to a reactionary drop from the previous year’s increase in demand for storage as emergency supplies at home, the sales of precooked soup/sauce products such as the “*Bistro Club Doria Sause*” series showed steady growth and new products, including the “*Tabi-suru Chicken*” series that allows people to easily enjoy specialty chicken dishes around the world at home, were launched. The net sales of the Precooked & Processed Foods department increased 0.7% compared to the same period of the previous fiscal year, due mainly to the sales recovery of precooked rice products for convenience stores and the contribution of the sales of Toraku Foods Co., Ltd. that became the Company’s subsidiary on July 1, 2020, despite the significant drop in the sales of beverages with black tapioca.

As a result, net sales in the Processed Food Products operations segment amounted to 74,337 million yen, a decrease of 3.0% year on year. A decrease in raw material costs and our efforts to reduce costs by streamlining allowed the said segment to reduce its loss but it still posted segment loss of 239 million yen (compared to segment loss of 1,199 million yen for the same period of the previous fiscal year), owing mainly to lower net sales.

2) Meat Products operations

The sales of beef increased from the same period of the previous fiscal year, due mainly to our strengthened sales efforts targeting large-scale retailers and an increase in selling prices, while the sales of commercial food products for the restaurant industry remained sluggish. The sales of pork decreased from the same period of the previous fiscal year, due mainly to the revision of product portfolio with the aim of securing profitability and a reactionary drop from increased demand for home consumption during the previous year.

As a result, net sales in the Meet Products operations segment amounted to 34,783 million yen, a decrease of 2.9% year on year. Its segment income increased by 3.6% year on year to 308 million yen, thanks to the effort to improve profitability by revising product portfolio though it was difficult to pass steep increases in purchasing prices for domestic beef/imported meat on to selling prices.

3) Other

Net sales in Other segment decreased by 1.2% year on year to 83 million yen, and segment income decreased by 10.4% year on year to 33 million yen.

## (2) Cash flows

(Millions of yen)

	First half of previous fiscal year	First half of current fiscal year	Changes
Net cash provided by (used in) operating activities	2,095	4,716	2,621
Net cash provided by (used in) investing activities	(3,737)	(2,475)	1,262
Net cash provided by (used in) financing activities	1,291	(2,113)	(3,404)
Net increase (decrease) in cash and cash equivalents	(350)	128	478
Cash and cash equivalents at end of period	7,894	8,604	710

Net cash provided by (used in) operating activities increased by 4,716 million yen due mainly to factors such as the recording of depreciation and a decrease in working capital.

Net cash provided by (used in) investing activities decreased by 2,475 million yen due mainly to the purchase of non-current assets to expand and streamline production facilities and to improve product quality, despite the recording of proceeds from sale of non-current assets.

Net cash provided by (used in) financing activities decreased by 2,113 million yen due mainly to a decrease in interest-bearing liabilities, payment of dividends, and purchase of treasury shares.

As a result, consolidated cash and cash equivalents as of September 30, 2021 increased by 128 million yen from the end of the previous fiscal year to 8,604 million yen.

## (3) Management policy, management strategy, etc.

There were no significant changes in the management policy, management strategy, etc. of the Group during the first half of the current fiscal year.

## (4) Business and financial issues to address

There were no significant changes in business and financial issues to address, nor arose new issues, for the Group during the first half of the current fiscal year.

## (5) Research and development activities

The research and development expenses paid by the Group during the first half of the current fiscal year were 360 million yen in total.

There were no significant changes in the status of research and development activities of the Group during the first half of the current fiscal year.

## (6) Major facilities

A plan to establish a major facility that was determined during the first half of the current fiscal year and its progress are as follows:

Company name	Business place (Location)	Name of business segment	Detail of facility	Planned amount of investment		Fundraising method	Starting date	Estimated completion date
				Total amount (Millions of yen)	Amount already paid (Millions of yen)			
Toraku Foods Co., Ltd.	Head Office and plant (Higashinada-ku, Kobe-shi, Hyogo Prefecture)	Processed Food Products operations	Manufacturing facilities, etc.	750	-	By our own capital and leases	September 2021	July 2022

(Note) The amounts above are exclusive of consumption taxes.



### 3. Material contracts, etc.

There was no decision-making or conclusion of contracts of managerial importance during the first half of the current fiscal year.

## III. Information about Reporting Company

### 1. Company's shares, etc.

#### (1) Total number of shares, etc.

##### 1) Authorized shares

As of September 30, 2021

Class	Total number of shares authorized to be issued (Shares)
Common stock	40,000,000
Total	40,000,000

##### 2) Issued shares

Class	As of the end of second quarter (Shares) (September 30, 2021)	As of the filing date (Shares) (November 12, 2021)	Stock exchange on which the Company is listed	Details
Common stock	26,505,581	26,505,581	Tokyo Stock Exchange (First section) Frankfurt Stock Exchange	A minimum trading unit: 100 shares
Total	26,505,581	26,505,581	—	—

#### (2) Share acquisition rights

##### 1) Employee share option plans

Not applicable.

##### 2) Share acquisition rights for other uses

Not applicable.

#### (3) Exercises of moving strike convertible bonds, etc.

Not applicable.

#### (4) Changes in total number of issued shares, share capital and legal capital surplus

Date	Changes in the total number of issued shares (Thousands of shares)	Balance of the total number of issued shares (Thousands of shares)	Changes in share capital (Millions of yen)	Balance of share capital (Millions of yen)	Changes in legal capital surplus (Millions of yen)	Balance of legal capital surplus (Millions of yen)
From July 1, 2021 to September 30, 2021	—	26,505	—	6,716	—	21,685

## (5) Major shareholders

As of September 30, 2021

Name	Address	Number of shares held (Thousands of shares)	Percentage of shares held to the total number of issued shares (excluding shares of treasury shares) (%)
Marudai Kyoei Kai	21-3 Midori-cho, Takatsuki-shi, Osaka	2,007	7.96
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3 Hamamatsu-cho, Minato-ku, Tokyo	1,638	6.50
Kanematsu Corporation	119 Ito-machi, Chuo-ku, Kobe-shi, Hyogo Prefecture	1,192	4.73
Komori Memorial Foundation	Inside the Head Office of Marudai Food Co., Ltd. at 21-3 Midori-cho, Takatsuki-shi, Osaka	1,050	4.16
Sumitomo Mitsui Banking Corporation	1-1-2 Marunouchi, Chiyoda-ku, Tokyo	887	3.52
Sumitomo Mitsui Trust Bank, Limited	1-4-1 Marunouchi, Chiyoda-ku, Tokyo	864	3.43
Sumitomo Life Insurance Company	7-18-24 Tsukiji, Chuo-ku, Tokyo	860	3.41
The Norinchukin Bank	1-13-2 Yuraku-cho, Chiyoda-ku, Tokyo	642	2.55
DFA INTL SMALL CAP VALUE PORTFOLIO (Standing proxy: Citibank, N.A., Tokyo Branch)	PALISADES WEST 6300, BEE CAVE ROAD BUILDING ONE AUSTIN TX 78746 US (6-27-30 Shinjuku, Shinjuku-ku, Tokyo)	413	1.64
Yoshiyuki Komori	Toyonaka-shi, Osaka	320	1.27
Total	—	9,878	39.20

(Notes) 1. Number of shares held is rounded down to the nearest thousand.

2. Percentage of shares held is rounded down to the second decimal place.

3. The Company owns 1,308,766 shares of treasury shares but excludes itself from the major shareholders above.

4. Komori Memorial Foundation is a public interest incorporated foundation established in accordance with the last will of the Company's founding president, the late Mr. Toshiyuki Komori. This Foundation is aimed to provide monetary support for scholarship programs and academic research, among others, using the dividends, etc. gained by managing its base assets, which mainly consist of the Company's shares.

5. The following shares fall into the shares related to trust business:

The Master Trust Bank of Japan, Ltd. (Trust Account) 1,638 thousand shares

6. The change report on large shareholdings that was made available to the public on August 19, 2021 states that Sumitomo Mitsui Trust Bank, Limited and its joint holders, Sumitomo Mitsui Trust Asset Management Co., Ltd. and Nikko Asset Management Co., Ltd., owned the following shares as of August 13, 2021. However, since the Company has not been able to confirm the actual number of shares alleged to be held by the two companies other than Sumitomo Mitsui Trust Bank, Limited as of September 30, 2021, the Company does not include the information of those two companies in the major shareholders above.

The details of the change report on large shareholdings are as follows:

Name	Address	Number of share certificates, etc. held (Thousands of shares)	Percentage of share certificates, etc. held (%)
Sumitomo Mitsui Trust Bank, Limited	1-4-1 Marunouchi, Chiyoda-ku, Tokyo	864	3.26
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1-1 Shibakoen, Minato-ku, Tokyo	699	2.64
Nikko Asset Management Co., Ltd.	9-7-1 Akasaka, Minato-ku, Tokyo	283	1.07
Total	—	1,847	6.97

7. The change report on large shareholdings that was made available to the public on September 24, 2021 states that SMBC Nikko Securities Inc. and its joint holders, Sumitomo Mitsui Banking Corporation owned the following shares as of September 15, 2021. However, since the Company has not been able to confirm the actual number of shares alleged to be held by SMBC Nikko Securities Inc. as of September 30, 2021, the Company does not include its information in the major shareholders above.

The details of the change report on large shareholdings are as follows:

Name	Address	Number of share certificates, etc. held (Thousands of shares)	Percentage of share certificates, etc. held (%)
SMBC Nikko Securities Inc.	3-3-1 Marunouchi, Chiyoda-ku, Tokyo	767	2.89
Sumitomo Mitsui Banking Corporation	1-1-2 Marunouchi, Chiyoda-ku, Tokyo	887	3.35
Total	—	1,654	6.24

(6) Voting rights

1) Issued shares

As of September 30, 2021

Category	Number of shares (Shares)	Number of voting rights (Units)	Details
Shares without voting rights	—	—	—
Shares with limited voting rights (treasury shares, etc.)	—	—	—
Shares with limited voting rights (others)	—	—	—
Shares with full voting rights (treasury shares, etc.)	(Treasury shares) Common stock 1,308,700	—	—
Shares with full voting rights (others)	Common stock 25,158,700	251,587	—
Shares below one unit	Common stock 38,181	—	—
Total number of issued shares	26,505,581	—	—
Total voting rights held by all shareholders	—	251,587	—

(Note) The number of shares of common stock in “Shares below one unit” includes 66 treasury shares held by the Company.

2) Treasury shares, etc.

As of September 30, 2021

Shareholder	Address of shareholder	Number of shares held under own name (Shares)	Number of shares held under the names of others (Shares)	Total number of shares held (Shares)	Percentage of shares held to the total number of issued shares (%)
(Treasury shares) Marudai Food Co., Ltd.	21-3 Midori-cho, Takatsuki-shi, Osaka	1,308,700	—	1,308,700	4.93
Total	—	1,308,700	—	1,308,700	4.93

2. Directors (and other officers)

Not applicable.

## IV. Financial Information

### 1. Preparation of the quarterly consolidated financial statements

The Company's quarterly consolidated financial statements are prepared in accordance with the "Regulation on the Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements" (Cabinet Office Ordinance No. 64, 2007 / hereinafter referred to as the "Quarterly Consolidated Financial Statements Regulations").

The Company prepares its quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income for each fiscal quarter in accordance with Article 64, Paragraph 3 and Article 83-2, Paragraph 3 of the Quarterly Consolidated Financial Statements Regulations.

### 2. Independent auditor's report

Pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, the Company's quarterly consolidated financial statements for the second quarter (from July 1, 2021 through September 30, 2021) and the first half (from April 1, 2021 through September 30, 2021) of the current fiscal year underwent a quarterly review by KPMG AZSA LLC.

1. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Previous fiscal year (As of March 31, 2021)	Second quarter of current fiscal year (As of September 30, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	8,476	8,604
Notes and accounts receivable - trade	23,833	23,470
Merchandise and finished goods	9,693	10,473
Work in process	377	611
Raw materials and supplies	5,797	6,273
Other	1,900	2,043
Allowance for doubtful accounts	(12)	(11)
Total current assets	50,065	51,467
Non-current assets		
Property, plant and equipment		
Buildings and structures	61,928	62,174
Accumulated depreciation	(43,776)	(44,289)
Buildings and structures, net	18,152	17,885
Machinery, equipment and vehicles	69,987	72,599
Accumulated depreciation	(54,174)	(55,777)
Machinery, equipment and vehicles, net	15,812	16,822
Tools, furniture and fixtures	5,048	5,084
Accumulated depreciation	(3,480)	(3,544)
Tools, furniture and fixtures, net	1,567	1,540
Land	18,839	18,723
Leased assets	8,344	9,057
Accumulated depreciation	(3,279)	(3,715)
Leased assets, net	5,065	5,342
Construction in progress	908	630
Total property, plant and equipment	60,346	60,943
Intangible assets	2,779	2,568
Investments and other assets		
Investment securities	13,314	12,830
Shares of subsidiaries and associates	166	188
Long-term loans receivable	18	17
Retirement benefit asset	1,580	1,831
Deferred tax assets	317	356
Other	2,866	2,528
Allowance for doubtful accounts	(112)	(110)
Total investments and other assets	18,150	17,640
Total non-current assets	81,277	81,150
Total assets	131,342	132,617

(Millions of yen)

	Previous fiscal year (As of March 31, 2021)	Second quarter of current fiscal year (As of September 30, 2021)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	20,236	22,650
Short-term borrowings	7,890	8,710
Current portion of long-term borrowings	2,657	2,410
Lease obligations	905	989
Accounts payable - other	6,841	7,190
Income taxes payable	187	131
Accrued consumption taxes	264	252
Provision for bonuses	850	958
Other	1,376	1,450
Total current liabilities	41,210	44,750
Non-current liabilities		
Long-term borrowings	4,649	3,560
Lease obligations	4,296	4,490
Deferred tax liabilities	1,470	1,350
Retirement benefit liability	1,308	1,320
Other	657	672
Total non-current liabilities	12,381	11,410
Total liabilities	53,592	56,170
<b>Net assets</b>		
Shareholders' equity		
Share capital	6,716	6,710
Capital surplus	22,086	22,080
Retained earnings	45,270	44,600
Treasury shares	(2,697)	(3,066)
Total shareholders' equity	71,375	70,340
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,944	5,610
Deferred gains or losses on hedges	34	32
Foreign currency translation adjustment	34	34
Remeasurements of defined benefit plans	(251)	(200)
Total accumulated other comprehensive income	5,761	5,480
Non-controlling interests	612	623
Total net assets	77,750	76,440
Total liabilities and net assets	131,342	132,620

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

## Quarterly Consolidated Statements of Income

[First half of fiscal year]

(Millions of yen)

	First half of previous fiscal year (From April 1, 2020 to September 30, 2020)	First half of current fiscal year (From April 1, 2021 to September 30, 2021)
Net sales	112,536	109,204
Cost of sales	95,881	92,599
Gross profit	16,655	16,605
Selling, general and administrative expenses	* 17,520	* 16,500
Operating profit (loss)	(864)	101
Non-operating income		
Interest income	8	8
Dividend income	154	160
Rental income from real estate	80	86
Other	234	150
Total non-operating income	477	406
Non-operating expenses		
Interest expenses	118	111
Other	82	39
Total non-operating expenses	201	151
Ordinary profit (loss)	(588)	356
Extraordinary income		
Gain on disposal of non-current assets	32	129
Gain on bargain purchase	997	—
Total extraordinary income	1,030	129
Extraordinary losses		
Loss on disposal of non-current assets	104	222
Impairment losses	42	9
Loss on valuation of investment securities	—	24
Total extraordinary losses	146	255
Profit before income taxes	295	230
Income taxes - current	214	134
Income taxes - deferred	(195)	(16)
Total income taxes	18	117
Profit	277	113
Profit attributable to non-controlling interests	29	14
Profit attributable to owners of parent	247	98

Quarterly Consolidated Statements of Comprehensive Income

[First half of fiscal year]

(Millions of yen)

	First half of previous fiscal year (From April 1, 2020 to September 30, 2020)	First half of current fiscal year (From April 1, 2021 to September 30, 2021)
Profit	277	113
Other comprehensive income		
Valuation difference on available-for-sale securities	916	(331)
Deferred gains or losses on hedges	(3)	(2)
Remeasurements of defined benefit plans, net of tax	106	51
Share of other comprehensive income of entities accounted for using equity method	(5)	—
Total other comprehensive income	1,014	(282)
Comprehensive income	1,291	(169)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,262	(184)
Comprehensive income attributable to non-controlling interests	29	14



Quarterly Consolidated Statements of Income

[Second quarter of fiscal year]

(Millions of yen)

	Second quarter of previous fiscal year (From July 1, 2020 to September 30, 2020)	Second quarter of current fiscal year (From July 1, 2021 to September 30, 2021)
Net sales	57,141	55,520
Cost of sales	48,599	47,111
Gross profit	8,541	8,409
Selling, general and administrative expenses	9,237	8,520
Operating loss	(695)	(119)
Non-operating income		
Interest income	4	4
Dividend income	149	155
Rental income from real estate	41	41
Other	123	52
Total non-operating income	318	254
Non-operating expenses		
Interest expenses	62	56
Other	51	19
Total non-operating expenses	113	75
Ordinary profit (loss)	(490)	58
Extraordinary income		
Gain on disposal of non-current assets	11	5
Gain on bargain purchase	997	—
Total extraordinary income	1,009	5
Extraordinary losses		
Loss on disposal of non-current assets	65	94
Impairment losses	7	9
Loss on valuation of investment securities	—	3
Total extraordinary losses	73	107
Profit (loss) before income taxes	446	(43)
Income taxes - current	7	(80)
Income taxes - deferred	(37)	118
Total income taxes	(29)	38
Profit (loss)	476	(81)
Profit (loss) attributable to non-controlling interests	10	(1)
Profit (loss) attributable to owners of parent	465	(80)

Quarterly Consolidated Statements of Comprehensive Income

[Second quarter of fiscal year]

(Millions of yen)

	Second quarter of previous fiscal year (From July 1, 2020 to September 30, 2020)	Second quarter of current fiscal year (From July 1, 2021 to September 30, 2021)
Profit (loss)	476	(81)
Other comprehensive income		
Valuation difference on available-for-sale securities	433	186
Deferred gains or losses on hedges	(9)	15
Remeasurements of defined benefit plans, net of tax	53	25
Share of other comprehensive income of entities accounted for using equity method	4	(4)
Total other comprehensive income	482	222
Comprehensive income	958	141
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	948	142
Comprehensive income attributable to non-controlling interests	10	(1)

## (3) Quarterly consolidated statements of cash flows

(Millions of yen)

	First half of previous fiscal year (From April 1, 2020 to September 30, 2020)	First half of current fiscal year (From April 1, 2021 to September 30, 2021)
<b>Cash flows from operating activities</b>		
Profit before income taxes	295	230
Depreciation	3,74	3,820
Impairment losses	42	9
Increase (decrease) in allowance for doubtful accounts	(1)	(3)
Increase (decrease) in retirement benefit liability	(126)	(172)
Gain on bargain purchase	(997)	—
Interest and dividend income	(163)	(169)
Interest expenses	118	111
Loss (gain) on valuation of investment securities	—	24
Loss (gain) on disposal of non-current assets	71	92
Decrease (increase) in trade receivables	1,62	366
Decrease (increase) in inventories	(863)	(1,485)
Increase (decrease) in trade payables	(1,14)	2,397
Increase (decrease) in accrued consumption taxes	(288)	(11)
Other, net	112	(235)
Subtotal	2,46	4,974
Interest and dividends received	172	174
Interest paid	(117)	(111)
Income taxes paid	(329)	(179)
Income taxes refund	—	62
Extra retirement payments	(90)	(204)
Net cash provided by (used in) operating activities	2,05	4,710
<b>Cash flows from investing activities</b>		
Purchase of investment securities	(17)	(18)
Purchase of non-current assets	(3,03)	(2,914)
Proceeds from sale of non-current assets	141	580
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,19)	—
Other, net	364	(122)
Net cash provided by (used in) investing activities	(3,73)	(2,475)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	2,92	822
Proceeds from long-term borrowings	2,44	—
Repayments of long-term borrowings	(2,68)	(1,330)
Repayments of lease obligations	(458)	(469)
Dividends paid	(889)	(761)
Purchase of treasury shares	(40)	(368)
Other, net	(3)	(3)
Net cash provided by (used in) financing activities	1,25	(2,113)
Net increase (decrease) in cash and cash equivalents	(350)	128
Cash and cash equivalents at beginning of period	8,24	8,470
Cash and cash equivalents at end of period	* 7,89	* 8,600

[Notes]

(Uncertainties of entity's ability to continue as going concern)

Not applicable.

(Changes in scope of consolidation and scope of companies to which the equity method is applied)

(1) Changes in scope of consolidation

Kyomigawa Co., Ltd. was excluded from the scope of consolidation as the liquidation of the company concerned was completed during the second quarter of the current fiscal year.

(2) Number of consolidated subsidiaries after the change:

27

(Changes in accounting policies)

(Application of an accounting standard for revenue recognition, etc.)

The Company began applying the "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020, hereinafter referred to as the "Revenue Recognition Standard"), etc., at the beginning of the first quarter of the current fiscal year, and recognizing revenue when it transfers the control of promised goods or services to a customer, based on amounts expected to be received in exchange for such goods or services. As a result, we have changed an accounting method in which a portion of distribution expenses and promotion expenses, etc., which had previously been recorded as selling, general and administrative expenses, are now deducted from net sales. In principle, this change in accounting policies has been applied retrospectively, including the quarterly/full-year consolidated financial statements for the previous fiscal year. However, the following method that is provided in Paragraph 85 of the Revenue Recognition Standard is applied:

- For contracts under which almost all of revenues had been recognized before the beginning of the previous fiscal year in accordance with the previous revenue recognition policy, comparative information shall not be revised retrospectively.

As a result, when compared to figures not applying the new Revenue Recognition Standard, both net sales and selling, general and administrative expenses for the first half of the previous fiscal year decreased by 5,750 million yen, respectively. In addition, both accounts payable - other and accounts receivable - trade at the end of the fiscal year ended March 31, 2021 decreased by 2,304 million yen, respectively.

In addition, in accordance with the transitional treatment prescribed in Paragraph 28-15 of the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12, March 31, 2020), the breakdown of revenues generated from contracts with customers for the first half of the previous fiscal year are omitted.

(Application of an accounting standard for fair value measurement, etc.)

The Company began applying the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019, hereinafter referred to as the "Fair Value Measurement Standard"), etc., at the beginning of the first quarter of the current fiscal year, and adopts new accounting policies that are stipulated by the Fair Value Measurement Standard, etc. in accordance with the transitional treatment prescribed in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). This change has no effect on the quarterly consolidated financial statements.

(Change in the method of recording distribution expenses)

The Group has decided to start recording a portion of distribution expenses, which had previously been recorded as selling, general and administrative expenses, as manufacturing costs from the beginning of the first quarter of the current fiscal year. This change was implemented to make our profit and loss management better reflect the real situations (regarding relevant divisions, items, customers, etc.) within the Group, including the revision of allocation method of distribution expenses, while the importance of distribution expenses are growing, taking advantage of the system unification of the Company and its major consolidated subsidiaries thanks to the update of the enterprise system.

This change in the accounting policies has been applied retrospectively, including the quarterly/full-year consolidated financial statements for the previous fiscal year. As a result, when compared to figures not applying the new accounting policy, merchandise and finished goods increased by 100 million yen, deferred tax liabilities increased by 30 million yen, and retained earnings increased by 70 million yen on the consolidated balance sheet for the fiscal year ended on March 31, 2021. For the quarterly consolidated statements of income for the first half of the same fiscal year, cost of sales increased by 2,012 million yen, selling, general and administrative expenses decreased by 2,009 million yen, operating loss and ordinary loss increased by 3 million yen, respectively, and profit before income taxes decreased by 3 million yen, profit and profit attributable to owners of parent decreased by 2 million yen, respectively.

(Additional information)

(Application of tax effect accounting related to the transition from a consolidated taxation system to a group tax sharing system)

Regarding items that have been transitioned to a group tax sharing system established under the “Act for Partial Amendment to the Income Tax Act, etc.” (Act No. 8 of 2020) and those for which a revision of the non-consolidated taxation system has been carried out pursuant to this transition, the Company and some of its consolidated subsidiaries in Japan has not applied the provisions in Paragraph 44 of the “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, February 16, 2018), in accordance with the treatment prescribed in Paragraph 3 of the “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (PITF No. 39, March 31, 2020) and the amounts of deferred tax assets and deferred tax liabilities for these items are based on taxation law as it was before amendment.

(Quarterly consolidated statements of income)

\* Selling, general and administrative expenses

Major items and their amounts were as follows:

	First half of previous fiscal year (From April 1, 2020 to September 30, 2020)	First half of current fiscal year (From April 1, 2021 to September 30, 2021)
Distribution expenses	6,562 million yen	6,1million yen
Salaries and allowances	3,236 million yen	3,1million yen
Provision for bonuses	488 million yen	459 million yen
Retirement benefit expenses	199 million yen	159 million yen
Provision of allowance for doubtful accounts	4 million yen	(0)million yen

(Quarterly Consolidated statements of cash flows)

\* Relationship between the cash and cash equivalents at end of period and the amount of quarterly consolidated balance sheet items is as follows:

	First half of previous fiscal year (From April 1, 2020 to September 30, 2020)	First half of current fiscal year (From April 1, 2021 to September 30, 2021)
Cash and deposits	7,894 million yen	8,604 million yen
Cash and cash equivalents	7,894 million yen	8,604 million yen

(Shareholders' equity, etc.)

First half of the previous fiscal year (From April 1, 2020 to September 30, 2020)

1. Dividends paid

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
Ordinary General Meeting of Shareholders held on June 26, 2020	Common stock	889	35	March 31, 2020	June 29, 2020	Retained earnings

2. Dividends whose record date falls in the first half ended September 30, 2020, but whose effective date comes after September 30, 2020

Not applicable.

First half of the current fiscal year (From April 1, 2021 to September 30, 2021)

1. Dividends paid

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
Ordinary General Meeting of Shareholders held on June 25, 2021	Common stock	762	30	March 31, 2021	June 28, 2021	Retained earnings

2. Dividends whose record date falls in the first half ended September 30, 2021, but whose effective date comes after September 30, 2021

Not applicable.

(Segment information, etc.)

[Segment information]

First half of the previous fiscal year (From April 1, 2020 to September 30, 2020)

1. Disclosure of sales and profit (loss) for each reportable segment

(Millions of yen)

	Reportable segment			Other (Note) 1	Total	Adjustments	Amount recorded on the quarterly consolidated statement of income (Note) 2
	Processed Food Products operations	Meat Products operations	Total				
Net sales							
Sales to external customers	76,621	35,825	112,451	84	112,535	—	112,536
Intersegment sales and transfers	—	—	—	374	374	(374)	—
Total	76,621	35,825	112,451	458	112,909	(374)	112,536
Segment income (loss)	(1,191)	297	(901)	37	(864)	—	(864)

(Notes)1. The "Other" segment is business other than that of the reportable segments and includes the insurance agency business.

2. Segment income (loss) is equal to the operating loss in the quarterly consolidated statements of income.

2. Information on impairment losses on non-current assets or goodwill, etc. by reportable segment

(Significant impairment losses on non-current assets)

Impairment losses of 42 million yen have been recognized in the first half of the previous fiscal year due to decrease in recoverable value for real estate for rent and other not belonging to any segment.

(Significant gain on bargain purchase)

In the Processed Food Products operations segment, the Company recorded gain on bargain purchase of 997 million yen in the first half of the previous fiscal year due to the acquisition of shares of Toraku Foods Co., Ltd. in the second quarter ended September 30, 2020.

First half of the current fiscal year (From April 1, 2021 to September 30, 2021)

1. Disclosure of sales and profit (loss) and disaggregation of revenues for each reportable segment

(Millions of yen)

	Reportable segment			Other (Note) 1	Total	Adjustments	Amount recorded on the quarterly consolidated statement of income (Note) 2
	Processed Food Products operations	Meat Products operations	Total				
Net sales							
Ham & Sausage Products	33,028	—	33,028	—	33,028	—	33,028
Precooked & Processed Foods	41,308	—	41,308	—	41,308	—	41,308
Meat Products operations	—	34,783	34,783	—	34,783	—	34,783
Other	—	—	—	83	83	—	83
Revenues generated from contracts with customers	74,336	34,783	109,120	83	109,204	—	109,204
Sales to external customers	74,336	34,783	109,120	83	109,204	—	109,204
Intersegment sales and transfers	—	—	—	373	373	(373)	—
Total	74,336	34,783	109,120	456	109,577	(373)	109,204
Segment income (loss)	(239)	308	68	33	101	—	101

(Notes)1. The “Other” segment is business other than that of the reportable segments and includes the insurance agency business.

2. Segment income (loss) is equal to the operating profit in the quarterly consolidated statements of income.

2. Information on impairment losses on non-current assets or goodwill, etc. by reportable segment

(Significant impairment losses on non-current assets)

Impairment losses of 9 million yen have been recognized in the first half of the current fiscal year due to decrease in recoverable value for real estate for rent and other not belonging to any segment.

3. Change in reportable segments, etc.

(Application of an accounting standard for revenue recognition, etc.)

As described in “Changes in accounting policies,” the Company began applying the Revenue Recognition Standard, etc. from the beginning of the first quarter of the current fiscal year and changed the accounting treatment in relation to revenue recognition. The calculation method for the income/loss of reportable segments has been changed in the same manner accordingly.

Segment information for the first half of the previous fiscal year is presented after applying the new calculation method for income/loss.

(Change in the method of recording distribution expenses)

As described in “Changes in accounting policies,” the Company changed the method of recording distribution expenses starting from the beginning of the first quarter of the current fiscal year. The calculation method for the income/loss of reportable segments has been changed in the same manner accordingly.

Segment information for the first half of the previous fiscal year is presented after applying the new calculation method for income/loss.



Second quarter of the previous fiscal year (From July 1, 2020 to September 30, 2020)

1. Disclosure of sales and profit (loss) for each reportable segment

(Millions of yen)

	Reportable segment			Other (Note) 1	Total	Adjustments	Amount recorded on the quarterly consolidated statement of income (Note) 2
	Processed Food Products operations	Meat Products operations	Total				
Net sales							
Sales to external customers	39,09	18,005	57,09	45	57,141	—	57,14
Intersegment sales and transfers	—	—	—	193	193	(193)	—
Total	39,09	18,005	57,09	239	57,335	(193)	57,14
Segment income (loss)	(921)	203	(717)	22	(695)	—	(695)

(Notes)1. The “Other” segment is business other than that of the reportable segments and includes the insurance agency business.

2. Segment income (loss) is equal to the operating loss in the quarterly consolidated statements of income.

2. Information on impairment losses on non-current assets or goodwill, etc. by reportable segment

(Significant impairment losses on non-current assets)

Impairment losses of 7 million yen have been recognized in the second quarter of the previous fiscal year due to decrease in recoverable value for real estate for rent and other not belonging to any segment.

(Significant gain on bargain purchase)

In the Processed Food Products operations segment, the Company recorded gain on bargain purchase of 997 million yen in the second quarter of the previous fiscal year due to the acquisition of shares of Toraku Foods Co., Ltd. in the same period.

Second quarter of the current fiscal year (From July 1, 2021 to September 30, 2021)

1. Disclosure of sales and profit (loss) and disaggregation of revenues for each reportable segment

(Millions of yen)

	Reportable segment			Other (Note) 1	Total	Adjustments	Amount recorded on the quarterly consolidated statement of income (Note) 2
	Processed Food Products operations	Meat Products operations	Total				
Net sales							
Ham & Sausage Products	16,958	—	16,958	—	16,958	—	16,958
Precooked & Processed Foods	21,117	—	21,117	—	21,117	—	21,117
Meat Products operations	—	17,398	17,398	—	17,398	—	17,398
Other	—	—	—	45	45	—	45
Revenues generated from contracts with customers	38,075	17,398	55,473	45	55,518	—	55,520
Sales to external customers	38,075	17,398	55,473	45	55,518	—	55,520
Intersegment sales and transfers	—	—	—	194	194	(194)	—
Total	38,075	17,398	55,473	240	55,713	(194)	55,520
Segment income (loss)	(268)	130	(138)	18	(119)	—	(119)

(Notes)1. The “Other” segment is business other than that of the reportable segments and includes the insurance agency business.

2. Segment income (loss) is equal to the operating loss in the quarterly consolidated statements of income.

2. Information on impairment losses on non-current assets or goodwill, etc. by reportable segment

(Significant impairment losses on non-current assets)

Impairment losses of 9 million yen have been recognized in the second quarter of the current fiscal year due to decrease in recoverable value for real estate for rent and other not belonging to any segment.

3. Change in reportable segments, etc.

(Application of an accounting standard for revenue recognition, etc.)

As described in “Changes in accounting policies,” the Company began applying the Revenue Recognition Standard, etc. from the beginning of the first quarter of the current fiscal year and changed the accounting treatment in relation to revenue recognition. The calculation method for the income/loss of reportable segments has been changed in the same manner accordingly.

Segment information for the second quarter of the previous fiscal year is presented after applying the new calculation method for income/loss.

(Change in the method of recording distribution expenses)

As described in “Changes in accounting policies,” the Company changed the method of recording distribution expenses starting from the beginning of the first quarter of the current fiscal year. The calculation method for the income/loss of reportable segments has been changed in the same manner accordingly.

Segment information for the second quarter of the previous fiscal year is presented after applying the new calculation method for income/loss.

(Revenue recognition)

Information on the disaggregation of revenues generated from contracts with customers are presented in “[Note] Segment information, etc.”

(Per share information)

First half of fiscal year

The amounts of profit per share and the basis of calculation thereof are as follows:

Item	First half of previous fiscal year (From April 1, 2020 to September 30, 2020)	First half of current fiscal year (From April 1, 2021 to September 30, 2021)
Profit per share	9.75 yen	3.88 yen
(Basis of calculation)		
Profit attributable to owners of parent (Millions of yen)	247	98
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent associated with common stock (Millions of yen)	247	98
Weighted average number of common shares during the period (Thousand shares)	25,420	25,367

(Notes)1. Diluted profit per share is not stated because there is no dilutive security.

2. We have changed the accounting principle (method of recording distribution expenses) since the first quarter of the current fiscal year. Accordingly, the related data for the first half of the previous fiscal year are stated as figures to which the new method has been retrospectively applied.

Second quarter of fiscal year

The amounts of profit (loss) per share and the basis of calculation thereof are as follows:

Item	Second quarter of previous fiscal year (From July 1, 2020 to September 30, 2020)	Second quarter of current fiscal year (From July 1, 2021 to September 30, 2021)
Profit (loss) per share	18.33 yen	(3.16 yen)
(Basis of calculation)		
Profit (loss) attributable to owners of parent (Millions of yen)	465	(80)
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit (loss) attributable to owners of parent associated with common stock (Millions of yen)	465	(80)
Weighted average number of common shares during the period (Thousand shares)	25,417	25,333

(Notes)1. Diluted profit per share is not stated because there is no dilutive security.

2. We have changed the accounting principle (method of recording distribution expenses) since the first quarter of the current fiscal year. Accordingly, the related data for the second quarter of the previous fiscal year are stated as figures to which the new method has been retrospectively applied.

2. Other

Not applicable.

Part II Information about Reporting Company's Guarantor, etc.

Not applicable.

# Independent Auditors' Review Report on Quarterly Consolidated Financial Statements

November 11, 2021

To the Board of Directors of Marudai Food Co., Ltd.

KPMG AZSA LLC

Osaka Office

Takahide Nakahata  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Satoru Komatsuno  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

## Conclusion of Auditors

Pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan, we have reviewed the quarterly consolidated financial statements of Marudai Food Co., Ltd. included in "Financial Information" in the quarterly securities report for the second quarter (from July 1, 2021 to September 30, 2021) and the first half (from April 1, 2021 to September 30, 2021) of the fiscal year from April 1, 2021 to March 31, 2022, which comprise the quarterly consolidated balance sheets, the quarterly consolidated statements of income, the quarterly consolidated statements of comprehensive income, the consolidated statements of cash flows and notes thereof.

In our opinion, the quarterly consolidated financial statements referred to above are not considered to inappropriately state, in all material respects, the financial positions of Marudai Food Co., Ltd. and its consolidated subsidiaries as of September 30, 2021, and their results of operations for the second quarter as well as the first half of the fiscal year then ended and their cash flows for the same first half in light of standards for the preparation of quarterly consolidated financial statements generally accepted in Japan.

## Basis for the Auditors' Conclusion

We conducted our quarterly review in accordance with quarterly review standards generally accepted in Japan. Our responsibility under the quarterly review standards is stated in "Auditor's Responsibility for the Quarterly Review of the Quarterly Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibility as an auditor. We believe that we have obtained evidence to provide a basis for our conclusion.

## Responsibilities of the Management, Statutory Auditors and the Board of Statutory Auditors for the Quarterly Consolidated Financial Statements

The management is responsible for the preparation and fair presentation of quarterly consolidated financial statement in accordance with standards for the preparation of quarterly consolidated financial statements generally accepted in Japan, and for designing and operating such internal control as the management determines is necessary to enable the preparation and fair presentation of the quarterly consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the quarterly consolidated financial statements, the management is responsible for assessing whether it is appropriate to prepare the quarterly consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with standards for the preparation of quarterly consolidated financial statements generally accepted in Japan.

Statutory Auditors and the Board of Statutory Auditors are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

#### Auditor's Responsibility for the Quarterly Review of the Quarterly Consolidated Financial Statements

Our responsibility is to express a conclusion on the quarterly consolidated financial statements from an independent standpoint in a quarterly review report, based on our quarterly review.

Auditors make professional judgment in the quarterly review process in accordance with quarterly review standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Conduct quarterly review procedures including interviews with the management, those who are responsible for the matters related to the Company's finance and accounting and other relevant parties as well as analytical procedures. Quarterly review procedures are conducted with a narrower scope compared to the audits of full-year financial statements that are carried out in accordance with auditing standards generally accepted in Japan.
- If the auditor judges that there is significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern, determine, based on the obtained evidence, whether no item is believed to be inappropriately stated in the quarterly consolidated financial statements, in light of standards for the preparation of quarterly consolidated financial statements generally accepted in Japan. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the quarterly consolidated financial statements in the quarterly review report, or if the notes to the quarterly consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a qualified conclusion or negative conclusion on the quarterly consolidated financial statements. While the conclusions of the auditor are based on the evidence obtained up to the date of the quarterly review report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether no items and notes thereto in the quarterly consolidated financial statements are believed to deviate from standards for the preparation of quarterly consolidated financial statements generally accepted in Japan, assess the presentation, structure, and content of the quarterly consolidated financial statements including related notes, and whether the quarterly consolidated financial statements are believed to inappropriately state the transactions and accounting events on which they are based.
- Obtain evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express a conclusion on the quarterly consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing the quarterly review of the quarterly consolidated financial statements, and is solely responsible for its conclusion.

The auditor reports to Statutory Auditors and the Board of Statutory Auditors regarding the scope and timing of implementation of the planned quarterly review and material findings thereof.

The auditor reports to Statutory Auditors and the Board of Statutory Auditors regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

#### Conflicts of Interest

There are no special interests between the engagement partners/audit firm and the Company or its consolidated subsidiaries that should be disclosed under the provisions of the Certified Public Accountants Act.

End

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(Notes)1. The above is an electronic version of the original copy of the Independent Auditors' Review Report on Quarterly Consolidated Financial Statements, and the original report is maintained by the Company (a company that files quarterly securities reports).

2. XBRL data are not subject to the quarterly review.

## [Cover Page]

[Document Title]	Confirmation Letter
[Clause of Stipulation]	Article 24-4-8, Paragraph 1 of the Financial Instruments and Exchange Act
[Place of Filing]	Director-General, Kanto Local Finance Bureau
[Filing Date]	November 12, 2021
[Company Name]	Marudai Shokuhin Kabushiki Kaisha
[Company Name in English]	Marudai Food Co., Ltd.
[Title and Name of Representative]	Yuji Sato, President and Representative Director
[Title and Name of Chief Financial Officer]	Not applicable.
[Address of Registered Head Office]	21-3 Midori-cho, Takatsuki-shi, Osaka
[Place for Public Inspection]	Tokyo Branch of Marudai Food Co., Ltd.  (4-7-5 Tsukiji, Chuo-ku, Tokyo)  Tokyo Stock Exchange, Inc.  (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo)

## 1. Appropriateness of contents of quarterly securities report

Yuji Sato, the Company's President and Representative Director, confirms that the contents of the Company's quarterly securities report for the second quarter of the 74th fiscal year (from July 1, 2021 to September 30, 2021) are appropriately presented in accordance with the Financial Instruments and Exchange Act.

## 2. Special note

There is nothing to report.



## Certification

regarding the registration as a third-country audit firm according to § 134 Section 1  
in conjunction with § 38 number 5 WPO (German Public Accounting Act)

### KPMG AZSA LLC, Tokyo/Japan

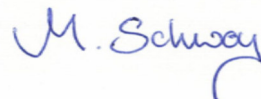
is registered as a **third-country audit firm** in the public professional register of the  
Wirtschaftsprüferkammer **effective April 12, 2022, registration number 205001600** after  
compliance with the requirements for registration according to § 134 Section 2 WPO.

With regard to the activity according to § 134 Section 1 WPO, the aforementioned firm is  
subject to the provisions of quality control (§§ 57a – 57g WPO), professional oversight  
(§§ 61a – 71 WPO), as well as professional jurisdiction (§§ 71a – 127 WPO). A quality  
assurance review may be waived if the registered third-country audit firm has already been  
subject to a quality assurance review in another member state of the European Union within  
the past three years. The same applies if within the past three years a quality assurance review  
of the third-country audit firm has been performed in a third country, provided that the quality  
assurance review of that country was recognized as being equivalent based on an evaluation  
according to § 134 Section 4 WPO.

Berlin, April 12, 2022



Dr. Peter Uhlmann  
*Head of Division Member Affairs*



Manuela Schwoy  
*Head of Department Member Affairs*