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Summary of Financial Statements for the Third Quarter of Fiscal 2021 [Japanese Standards]

January 28, 2021

Listed Company Name: Nisshin Seifun Group Inc. Registered on Tokyo Stock Exchange
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 Date to submit the Quarterly Securities Report: February 8, 2021
 Date to start distributing dividends: —
 Supplementary materials for this summary of financial statements: Yes
 Results briefing for financial results: None

(Figures shown are rounded down to the nearest million yen.)

1. Consolidated Financial Results for the Third Quarter of Fiscal 2021 (April 1, 2020 to December 31, 2020)

(1) Consolidated Business Results

(The percentages indicate the rates of increase or decrease compared with the same period of the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First nine months of Fiscal 2021	513,974	(4.2)	22,193	(7.2)	24,489	(6.6)	16,255	(18.5)
First nine months of Fiscal 2020	536,666	25.0	23,909	5.4	26,221	(3.3)	19,951	10.1

(Note) Comprehensive income: First nine months of Fiscal 2021: ¥29,990 million (up 40.9%)
 First nine months of Fiscal 2020: ¥21,278 million (up 13.1%)

	Earnings per share	Fully diluted earnings per share
	Yen	Yen
First nine months of Fiscal 2021	54.68	54.68
First nine months of Fiscal 2020	67.14	67.09

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
December 31, 2020	677,559	425,440	61.1
March 31, 2020	666,215	409,042	59.3

(Reference) Equity capital: December 31, 2020: ¥414,182 million March 31, 2020: ¥394,995 million

2. Dividends

	Dividend per share				
	1Q End	2Q End	3Q End	Year-End	Annual
Fiscal 2020	Yen —	Yen 17.00	Yen —	Yen 17.00	Yen 34.00
Fiscal 2021	—	17.00	—		
Fiscal 2021 (forecast)				20.00	37.00

(Note) Revision to the latest forecast of dividends: Yes

Breakdown of year-end dividends (forecast) for the fiscal year ending March 31, 2021

Dividend per share of common stock : ¥18.00 Commemorative dividend: ¥2.00 (dividend commemorating 120th anniversary)

3. Forecast of Consolidated Business Results for the Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

(The percentages indicate the rates of increase or decrease compared with the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	700,000	(1.7)	26,000	(9.9)	27,000	(14.1)	17,000	(24.1)	57.19

(Note) Revision to the latest forecast of business results: None

* Notes

(1) Changes in important subsidiaries during the period under review (changes in specified subsidiaries involving a change in the scope of consolidation): None

(2) Adoption of special accounting treatment for preparing quarterly consolidated financial statements: Yes

Note: For details, please refer to “2. Quarterly Consolidated Financial Statements and Related Notes (3) Notes on Quarterly Consolidated Financial Statements [Adoption of Special Accounting Treatment for Preparing Quarterly Consolidated Financial Statements]” on page 10 of the Attachment.

(3) Changes in accounting policies, changes in accounting estimates and revisions restated

1) Changes in accounting policies associated with the revisions of accounting standards, etc.: None

2) Changes in accounting policies other than the above: None

3) Changes in accounting estimates: None

4) Revisions restated: None

(4) Number of shares issued and outstanding (common stock)

1) Number of shares issued and outstanding (including treasury shares)	As of December 31, 2020	304,357,891	As of March 31, 2020	304,357,891
2) Number of treasury shares	As of December 31, 2020	7,036,868	As of March 31, 2020	7,079,592
3) Average number of shares outstanding	First nine months of Fiscal 2021	297,274,290	First nine months of Fiscal 2020	297,163,860

* Quarterly earnings reports are not subject to quarterly review by certified public accountants or independent account auditors.

* Statement regarding the proper use of financial forecasts and other special remarks

(1) The statements contained in this document are based on various assumptions and do not constitute any guarantee or definite promise that projections of future performance or related business policies will actually be realized. For details of assumptions for financial forecasts and other related matters, please refer to “1. Qualitative Information for the Period under Review (3) Forecast of Consolidated Business Results and Other Forward-looking Information” on page 5 of the Attachment.

(2) Supplementary materials for this report can be found on the Company’s website.

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1. Qualitative Information for the Period under Review

(1) Business Performance

[Overview of the Period under Review]

During the first nine months of the fiscal year ending March 31, 2021, the future of the Japanese economy remained shrouded in uncertainty. While fiscal policies enacted by the Japanese government sparked a turnaround in some sectors of the economy, a resurgence in infections from the novel coronavirus triggered more restrictions on domestic and global economic activity.

Under these conditions, the Group placed highest priority on its corporate mission of ensuring the stable supply of foods involving wheat flour, as well as the safety of the employees who support this mission. In each business, the Group took decisive steps for building the foundation for further growth through initiatives to realize its long-term vision called “NNI ‘Compass for the Future’.”

With respect to performance, consolidated net sales for the first nine months of the fiscal year ending March 31, 2021, decreased 4.2% year on year to ¥513,974 million. This result primarily reflected a decline in shipments of commercial-use wheat flour in Japan and abroad due to the novel coronavirus pandemic, price reductions for wheat flour implemented in the flour milling business in Japan in January 2020, and a decrease in facility construction. These factors outweighed positive effects in the first quarter from the consolidation of Tokatsu Foods Co., Ltd. in July 2019. In terms of profits, operating profit decreased 7.2% year on year to ¥22,193 million, ordinary profit was down 6.6% to ¥24,489 million, and profit attributable to owners of parent declined 18.5% to ¥16,255 million. While profits initially rose atop performance recovery in the U.S. flour milling business, growth in sales of household-use products driven by effects from the novel coronavirus pandemic and brisk sales of raw materials for pharmaceuticals, earnings declined overall primarily due to a downturn in sales revenue in the flour milling business in and outside of Japan from the continuing impact of people avoiding outings, etc., coupled with a decrease in facility construction. The decline in profit attributable to owners of parent, meanwhile, mainly reflected the absence of extraordinary income posted a year earlier from a gain on step acquisitions accompanying the consolidation of Tokatsu Foods Co., Ltd.

(Year-on-year Comparison)

(Millions of yen)

	First nine months of Fiscal 2020	First nine months of Fiscal 2021	Difference	Change
Net sales	536,666	513,974	(22,692)	(4.2)%
Operating profit	23,909	22,193	(1,715)	(7.2)%
Ordinary profit	26,221	24,489	(1,731)	(6.6)%
Profit attributable to owners of parent	19,951	16,255	(3,695)	(18.5)%

[Business Overview by Segment]

1) Flour Milling Segment

(Millions of yen)

	First nine months of Fiscal 2020	First nine months of Fiscal 2021	Difference	Change
Net sales	232,575	214,697	(17,878)	(7.7)%
Operating profit	7,510	4,640	(2,869)	(38.2)%

In the flour milling business in Japan, the shift to at-home dining stemming from the novel coronavirus pandemic spurred growth in demand for pasta, instant noodles and similar household-use products. However, the continuation of a decline in demand for bread, sweets and

other products for specialty stores, and lower demand for products for restaurants and other commercial uses resulted in lower shipments of commercial wheat flour year on year. Additionally, in June 2020, we implemented price revisions for commercial wheat flour in response to revised government prices for five classes of imported wheat enacted in April 2020. On average, the government's price for imported wheat rose 3.1%.

The price of bran, a byproduct of the milling process, remained strong throughout the period.

In the overseas flour milling business, sales were lower year on year due to various factors, including weaker performance for sales of prepared mix and bakery-related ingredients at Australia-based Allied Pinnacle Pty Ltd., and sales of commercial wheat flour in Thailand and New Zealand. Sales were also negatively impacted by foreign currency translation for overseas businesses due to a strong yen. This downturn offset firm sales of wheat flour to household-use processed food manufacturers in North America and other markets spurred by the impact of the novel coronavirus pandemic.

As a result, net sales of the Flour Milling Segment decreased 7.7% year on year to ¥214,697 million. Operating profit fell 38.2% to ¥4,640 million, as sales revenue deteriorated in Japan mainly due to the spread of the novel coronavirus leading people to refrain from outings, etc., which altered the composition of product sales, along with deteriorated earnings in Australia due to weak sales of value-added products. These factors outweighed benefits from a recovery in business performance in the United States.

2) Processed Food Segment

(Millions of yen)

	First nine months of Fiscal 2020	First nine months of Fiscal 2021	Difference	Change
Net sales	163,591	162,856	(734)	(0.4)%
Operating profit	9,961	12,655	2,693	27.0%

In the processed food business, amid the declaration of a state of emergency in the first quarter, shipments of household-use products rose sharply, reflecting demand as consumers hunkered at home to avoid outings, etc. Although demand retreated from this peak, shipments remained higher year on year. In the third quarter, we pushed aggressively ahead with the development and launch of high-value-added products tailored to changing consumer needs, while also enacting sales campaigns and digital promotion measures, the latter of which included co-sponsorship of online events. As a result, sales in the processed food business were higher year on year, despite significantly lower sales of commercial-use products for restaurants and other sectors compared to a year earlier, reflecting a delayed recovery in demand.

In the yeast and biotechnology business, sales were lower year on year, mainly reflecting a decline in shipments of bread making ingredients. Furthermore, a date for the start of operations remains undetermined for a yeast plant in India being developed by local subsidiary Oriental Yeast India Pvt. Ltd. due to the impact of the novel coronavirus pandemic.

In the healthcare foods business, sales were higher year on year, reflecting growth in shipments of raw materials for pharmaceuticals and consumer products.

As a result, net sales of the Processed Food Segment decreased 0.4% year on year to ¥162,856 million. Operating profit rose 27.0% to ¥12,655 million, reflecting growth in shipments of household-use products and raw materials for pharmaceuticals, as well as a decline in advertising and promotion expenses and other selling, general and administrative expenses.

3) Prepared Dishes and Other Prepared Foods Segment

(Millions of yen)

	First nine months of Fiscal 2020	First nine months of Fiscal 2021	Difference	Change
Net sales	94,378	109,493	15,115	16.0%
Operating profit	2,145	1,593	(552)	(25.7)%

In the prepared dishes and other prepared foods business, sales were higher year on year, as effects from the consolidation of Tokatsu Foods Co., Ltd. in the first quarter outweighed lower sales from a steep rise in working from home and fewer opportunities for outings due to the spread of the novel coronavirus.

As a result, net sales of the Prepared Dishes and Other Prepared Foods Segment increased 16.0% year on year to ¥109,493 million. Operating profit, however, fell 25.7% to ¥1,593 million, reflecting the sizeable impact of lower sales due to the novel coronavirus pandemic. This came despite improved production efficiency and higher sales of seasonal New Year dishes.

4) Others Segment

(Millions of yen)

	First nine months of Fiscal 2020	First nine months of Fiscal 2021	Difference	Change
Net sales	46,120	26,926	(19,194)	(41.6)%
Operating profit	4,127	3,232	(894)	(21.7)%

In the engineering business, sales were lower year on year due to a decline in facility construction.

In the mesh cloths business, sales declined year on year due to lower shipments of chemical products mainly for automotive components, amid a global slump in automobile production volume from the effects of the novel coronavirus pandemic. This decline came despite brisk sales of antiviral and related products.

In the pet food business, we continue involvement in the outsourced production of pet food following transfer of the sales business at the end of March 2020. Accordingly, sales were lower year on year.

As a result, net sales of the Others Segment decreased 41.6% year on year to ¥26,926 million, and operating profit decreased 21.7% to ¥3,232 million.

(2) Financial Position

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020	Difference
Current assets	238,980	243,483	4,502
Non-current assets	427,234	434,075	6,841
Total assets	666,215	677,559	11,343
Current liabilities	131,058	121,378	(9,680)
Non-current liabilities	126,114	130,740	4,626
Total liabilities	257,172	252,118	(5,054)
Total net assets	409,042	425,440	16,398
Total liabilities and net assets	666,215	677,559	11,343

The status of assets, liabilities and net assets on a consolidated basis at the end of the period under review was as follows.

Current assets increased ¥4,502 million from the previous fiscal year-end to ¥243,483 million, accompanying growth in cash and deposits. Non-current assets increased ¥6,841 million to ¥434,075 million, primarily due to an increase in right-of-use assets atop changes in foreign currency exchange rates for subsidiaries, coupled with an increase in the valuation difference on investment securities. As a result, total assets increased ¥11,343 million from the previous fiscal year-end to ¥677,559 million.

Meanwhile, current liabilities decreased ¥9,680 million to ¥121,378 million, mainly reflecting a decrease in short-term loans payable. Non-current liabilities increased ¥4,626 million to ¥130,740 million, primarily due to an increase in lease obligations from changes in foreign currency exchange rates for subsidiaries. As a result, total liabilities decreased ¥5,054 million from the previous fiscal year-end to ¥252,118 million. Net assets increased ¥16,398 million to ¥425,440 million, including an increase due to profit attributable to owners of parent for the period, a decrease due to the payment of dividends, and an increase in accumulated other comprehensive income.

(3) Forecast of Consolidated Business Results and Other Forward-looking Information

The pandemic spread of the novel coronavirus has shrouded social and economic conditions, both domestically and globally, in extreme uncertainty. Under these circumstances, the entire Group is working together to continue adapting to this changing business environment and to achieving the objectives outlined in the Group's long-term vision, "NNI 'Compass for the Future'," in a staunch commitment to its social mission of ensuring the stable supply of food staples and maintaining the source of its corporate value.

With respect to the outlook for the fiscal year ending March 31, 2021, although performance for the first nine months of the year moved apace steadily, a resurgence in the spread of the novel coronavirus is fueling uncertainty in the consumer environment. For this reason, we are projecting consolidated net sales to decline 1.7% to ¥700,000 million, operating profit to decline 9.9% to ¥26,000 million, and ordinary profit to decrease 14.1% to ¥27,000 million, while profit attributable to owners of parent is expected to decline 24.1% to ¥17,000 million. These projections are unchanged from initial forecasts.

With respect to dividends, one of our basic policies is to aim for a payout ratio of 40% or more on a consolidated basis and seek to continuously increase the amount of dividends. Consequently, in addition to a dividend increase of ¥1 per share of common stock for the year-end dividend, the Company plans to add a dividend of ¥2 per share commemorating its 120th anniversary. As a result, the Company plans to pay a full-year dividend of ¥37 per share.

With respect to shares held for cross-shareholding purposes, the Group has minimized such shares following an examination of shareholding rationale, and will continue to take steps in this direction going forward.

2. Quarterly Consolidated Financial Statements and Related Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Fiscal 2020 (As of March 31, 2020)	Fiscal 2021 Third Quarter (As of December 31, 2020)
Assets		
Current assets		
Cash and deposits	49,710	59,533
Notes and accounts receivable – trade	92,236	94,557
Securities	7,523	732
Inventories	79,854	79,433
Other	10,180	9,756
Allowance for doubtful accounts	(524)	(529)
Total current assets	238,980	243,483
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	69,597	67,734
Machinery, equipment and vehicles, net	48,769	48,699
Land	45,791	45,747
Right-of-use assets	23,285	26,618
Other, net	21,043	21,470
Total property, plant and equipment	208,487	210,270
Intangible assets		
Goodwill	42,743	44,645
Other	25,972	26,960
Total intangible assets	68,716	71,605
Investments and other assets		
Investment securities	135,739	137,697
Other	14,416	14,630
Allowance for doubtful accounts	(126)	(127)
Total investments and other assets	150,030	152,200
Total non-current assets	427,234	434,075
Total assets	666,215	677,559

(Millions of yen)

	Fiscal 2020 (As of March 31, 2020)	Fiscal 2021 Third Quarter (As of December 31, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	53,730	53,450
Short-term loans payable	18,078	11,696
Income taxes payable	5,829	3,326
Accrued expenses	21,814	18,295
Other	31,605	34,609
Total current liabilities	131,058	121,378
Non-current liabilities		
Bonds	20,000	20,000
Long-term loans payable	15,226	14,764
Lease obligations	30,989	34,837
Deferred tax liabilities	29,055	30,315
Provision for repairs	1,335	1,196
Net defined benefit liability	22,443	22,564
Other	7,062	7,061
Total non-current liabilities	126,114	130,740
Total liabilities	257,172	252,118
Net assets		
Shareholders' equity		
Capital stock	17,117	17,117
Capital surplus	12,638	12,632
Retained earnings	332,342	338,485
Treasury shares	(11,172)	(11,082)
Total shareholders' equity	350,926	357,153
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	56,970	58,367
Deferred gains or losses on hedges	(53)	9
Foreign currency translation adjustment	(11,689)	(262)
Remeasurements of defined benefit plans	(1,158)	(1,085)
Total accumulated other comprehensive income	44,069	57,028
Subscription rights to shares	137	124
Non-controlling interests	13,908	11,133
Total net assets	409,042	425,440
Total liabilities and net assets	666,215	677,559

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

[Quarterly Consolidated Statements of Income]

(Millions of yen)

	First nine months of Fiscal 2020 (April 1, 2019 to December 31, 2019)	First nine months of Fiscal 2021 (April 1, 2020 to December 31, 2020)
Net sales	536,666	513,974
Cost of sales	385,671	370,805
Gross profit	150,995	143,168
Selling, general and administrative expenses	127,086	120,975
Operating profit	23,909	22,193
Non-operating income		
Interest income	410	129
Dividend income	2,573	2,507
Share of profit of entities accounted for using equity method	1,344	1,330
Other	776	571
Total non-operating income	5,104	4,539
Non-operating expenses		
Interest expenses	2,428	2,062
Other	364	180
Total non-operating expenses	2,792	2,242
Ordinary profit	26,221	24,489
Extraordinary income		
Gain on sales of non-current assets	103	334
Gain on sales of investment securities	7	1,248
Gain on step acquisitions	7,272	–
Total extraordinary income	7,384	1,582
Extraordinary losses		
Loss on retirement of non-current assets	402	328
Impairment loss	4,299	–
Business restructuring expenses	346	223
Other	36	–
Total extraordinary losses	5,084	552
Profit before income taxes	28,521	25,520
Total income taxes	7,579	8,613
Profit	20,941	16,906
Profit attributable to non-controlling interests	990	651
Profit attributable to owners of parent	19,951	16,255

[Quarterly Consolidated Statements of Comprehensive Income]

(Millions of yen)

	First nine months of Fiscal 2020 (April 1, 2019 to December 31, 2019)	First nine months of Fiscal 2021 (April 1, 2020 to December 31, 2020)
Profit	20,941	16,906
Other comprehensive income		
Valuation difference on available-for-sale securities	1,987	1,379
Deferred gains or losses on hedges	469	86
Foreign currency translation adjustment	(2,126)	11,643
Remeasurements of defined benefit plans	102	110
Share of other comprehensive income of entities accounted for using equity method	(96)	(136)
Total other comprehensive income	336	13,083
Comprehensive income	21,278	29,990
(Breakdown)		
Comprehensive income attributable to owners of parent	20,018	29,214
Comprehensive income attributable to non-controlling interests	1,259	776

(3) Notes on Quarterly Consolidated Financial Statements

[Notes on the Premise of a Going Concern]

There are no applicable matters to be reported.

[Notes on a Significant Change in Shareholders' Equity]

There are no applicable matters to be reported.

[Adoption of Special Accounting Treatment for Preparing Quarterly Consolidated Financial Statements]

Tax expenses are calculated in accordance with Paragraph 15, "Method for Using the Statutory Effective Tax Rate," of the Practical Guidelines on Tax-Effect Accounting for Preparation of Interim Financial Statements, pursuant to the provision of Paragraph 19 of the Guidance on the Accounting Standard for Quarterly Financial Reporting.

The amount of tax adjustments is included in "Total income taxes."

[Segment Information, etc.]

[Segment information]

I. First nine months of Fiscal 2020 (April 1, 2019 to December 31, 2019)

1. Information about net sales and profit (loss) for each reportable segment

(Millions of yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Carried on quarterly consolidated statements of income (Note 3)
	Flour Milling	Processed Food	Prepared Dishes and Other Prepared Foods	Total				
Net sales								
Sales to external customers	232,575	163,591	94,378	490,545	46,120	536,666	–	536,666
Intersegment sales and transfers	12,621	1,070	3,648	17,340	1,646	18,987	(18,987)	–
Total	245,197	164,662	98,026	507,886	47,767	555,654	(18,987)	536,666
Segment profit	7,510	9,961	2,145	19,616	4,127	23,744	164	23,909

Notes: 1. Business segment of "Others" is excluded from reportable segment, which includes pet food, engineering, mesh cloths, handling and storage businesses.

2. Segment profit adjustment refers to intersegment transaction eliminations and other.

3. Segment profit has been adjusted for the operating profit appearing in the quarterly consolidated statements of income.

2. Matters regarding reportable segment changes

From the second quarter of the fiscal year ended March 31, 2020, the prepared dishes and other prepared foods business, formerly part of the Processed Food Segment, is now listed as a reportable segment. This change is a result of growth in the material importance of the business following the conversion of Tokatsu Foods Co., Ltd. into a consolidated subsidiary.

3. Information about assets for each reportable segment

(Notable increase in assets due to subsidiary acquisition)

Due to the purchase of PFG Topco 1 Pty Ltd. during the first quarter of the fiscal year ended March 31, 2020, both PFG Topco 1 Pty Ltd. and its subsidiaries (Allied Pinnacle Pty Ltd. and 19 other companies) were newly included within the scope of consolidation. Compared to the non-inclusion of these companies within the scope of consolidation, assets in the Flour Milling Segment increased by ¥122,502 million.

Tokatsu Foods Co., Ltd. and three subsidiaries were newly included within the scope of consolidation following the conversion of Tokatsu Foods Co., Ltd. into a consolidated subsidiary during the second quarter of the fiscal year ended March 31, 2020. Compared to non-inclusion, the addition of these companies within the scope of consolidation increased assets in the Prepared Dishes and Other Prepared Foods Segment by ¥66,881 million.

4. Information about non-current asset impairment and goodwill for each reportable segment

(Material impairment losses related to non-current assets)

Regarding goodwill for the U.S. flour milling business in the Flour Milling Segment, following comprehensive consideration of factors surrounding a downturn in business performance due to intensifying sales competition, the Company conducted an impairment test based on U.S. GAAP. This resulted in a reduction in the book value of this business to its fair value, and the subsequent posting of an impairment loss of ¥3,857 million for the first nine months of the fiscal year ended March 31, 2020.

(Important changes in goodwill)

Goodwill in the Flour Milling Segment increased by ¥33,653 million, primarily from the purchase of PFG Topco 1 Pty Ltd. and an impairment loss for goodwill related to the U.S. flour milling business during the first quarter of the fiscal year ended March 31, 2020.

Additionally, the conversion of Tokatsu Foods Co., Ltd. into a consolidated subsidiary during the second quarter of the fiscal year ended March 31, 2020 increased goodwill in the Prepared Dishes and Other Prepared Foods Segment by ¥11,218 million.

II. First nine months of Fiscal 2021 (April 1, 2020 to December 31, 2020)

Information about net sales and profit (loss) for each reportable segment

(Millions of yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Carried on quarterly consolidated statements of income (Note 3)
	Flour Milling	Processed Food	Prepared Dishes and Other Prepared Foods	Total				
Net sales								
Sales to external customers	214,697	162,856	109,493	487,047	26,926	513,974	–	513,974
Intersegment sales and transfers	12,070	1,212	4,006	17,288	2,150	19,438	(19,438)	–
Total	226,767	164,068	113,499	504,336	29,076	533,412	(19,438)	513,974
Segment profit	4,640	12,655	1,593	18,889	3,232	22,121	71	22,193

Notes: 1. Business segment of “Others” is excluded from reportable segment, which includes pet food, engineering, mesh cloths, handling and storage businesses.

2. Segment profit adjustment refers to intersegment transaction eliminations and other.

3. Segment profit has been adjusted for the operating profit appearing in the quarterly consolidated statements of income.