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## Summary of Financial Statements for the Third Quarter of Fiscal 2020 [Japanese Standards]

January 30, 2020

Listed Company Name: Nisshin Seifun Group Inc. Registered on Tokyo Stock Exchange  
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 Date to submit the Quarterly Securities Report: February 5, 2020  
 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 2020 (April 1, 2019 to December 31, 2019)

#### (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 2020	536,666	25.0	23,909	5.4	26,221	(3.3)	19,951	10.1
First nine months of Fiscal 2019	429,472	6.7	22,681	3.7	27,126	4.3	18,117	0.2

(Note) Comprehensive income: First nine months of Fiscal 2020: ¥21,278 million (up 13.1%)  
 First nine months of Fiscal 2019: ¥18,818 million (down 34.9%)

	Earnings per share	Fully diluted earnings per share
	Yen	Yen
First nine months of Fiscal 2020	67.14	67.09
First nine months of Fiscal 2019	61.00	60.94

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
December 31, 2019	709,563	428,922	58.4
March 31, 2019	594,754	418,848	67.9

(Reference) Equity capital: December 31, 2019: ¥414,304 million March 31, 2019: ¥403,937 million

### 2. Dividends

	Dividend per share				
	1Q End	2Q End	3Q End	Year-End	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2019	—	16.00	—	16.00	32.00
Fiscal 2020	—	17.00	—		
Fiscal 2020 (forecast)				17.00	34.00

(Note) Revision to the latest forecast of dividends: None

### 3. Forecast of Consolidated Business Results for the Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(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	715,000	26.5	29,500	9.6	31,000	(3.3)	22,000	(1.2)	74.04

(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): Yes

Newly included: Eight companies  
PFG Topco 1 Pty Ltd.  
Allied Pinnacle Pty Ltd., six others

Excluded: None

Note: For details, please refer to “2. Quarterly Consolidated Financial Statements and Related Notes (3) Notes on Quarterly Consolidated Financial Statements [Changes in Important Subsidiaries during the Period under Review]” on page 10 of the Attachment.

(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, 2019	304,357,891	As of March 31, 2019	304,357,891
2) Number of treasury shares	As of December 31, 2019	7,112,475	As of March 31, 2019	7,234,479
3) Average number of shares outstanding	First nine months of Fiscal 2020	297,163,860	First nine months of Fiscal 2019	296,989,462

\* 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.

## Contents of the Attachment

<b>1. Qualitative Information for the Period under Review .....</b>	<b>2</b>
(1) Business Performance.....	2
(2) Financial Position.....	5
(3) Forecast of Consolidated Business Results and Other Forward-looking Information.....	5
<b>2. Quarterly Consolidated Financial Statements and Related Notes .....</b>	<b>7</b>
(1) Quarterly Consolidated Balance Sheets .....	7
(2) Quarterly Consolidated Statements of Income and Comprehensive Income .....	9
[Quarterly Consolidated Statements of Income].....	9
[Quarterly Consolidated Statements of Comprehensive Income].....	10
(3) Notes on Quarterly Consolidated Financial Statements .....	11
[Notes on the Premise of a Going Concern] .....	11
[Notes on a Significant Change in Shareholders' Equity] .....	11
[Adoption of Special Accounting Treatment for Preparing Quarterly Consolidated Financial Statements].....	11
[Changes in Important Subsidiaries during the Period under Review].....	11
[Segment Information, etc.] .....	12

## 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, 2020, Japan's employment and personal income picture remained strong, however geopolitical instability, most notably trade friction between the U.S. and China, coupled with higher crude oil prices and the impact of a recent consumption tax hike on consumer sentiment, persisted as points of concern and so the Japanese economy continues to face uncertainty ahead.

Under these conditions, the Group is carrying out initiatives to realize its long-term vision called "NNI 'Compass for the Future'," setting the final year of the "NNI-120 II" medium-term management plan (the year ending March 31, 2021) as a milestone. To this end, the Group is marking steady progress in building a foundation for greater growth going forward. As part of this push, in April 2019 the Group purchased Allied Pinnacle Pty Ltd., a company operating in the wheat flour-related business across Australia. This move was followed in July by the conversion of Tokatsu Foods Co., Ltd., a supplier of a comprehensive range of prepared dishes, into a consolidated subsidiary. Along similar lines, the Group has decided to transfer the business of consolidated subsidiary Nisshin Petfood Inc. to Pet Line Co., Ltd. in March 2020.

With respect to performance, consolidated net sales for the first nine months of the fiscal year ending March 31, 2020, increased 25.0% year on year to ¥536,666 million. This result primarily reflected effects from the new consolidation of Allied Pinnacle Pty Ltd. and Tokatsu Foods Co., Ltd. In terms of profits, operating profit increased 5.4% year on year to ¥23,909 million. In addition to effects from the consolidation of Tokatsu Foods Co., Ltd., profit was lifted by brisk performance in raw materials for pharmaceuticals and progress ahead of schedule on projects in the engineering business. These factors ultimately offset the impact of intensifying sales competition in the U.S. flour milling business and a rise in strategic costs, specifically expenses related to the integration of Allied Pinnacle Pty Ltd. and Tokatsu Foods Co., Ltd. In contrast, ordinary profit was down 3.3% to ¥26,221 million. This result primarily reflected interest payments borne by Allied Pinnacle Pty Ltd. Profit attributable to owners of parent for the quarter rose 10.1% to ¥19,951 million, as the gain on the conversion of Tokatsu Foods Co., Ltd. into a consolidated subsidiary upon its step acquisition outweighed an impairment loss which was posted as a precautionary measure to account for a temporary downturn in the U.S. flour milling business' performance.

(Year-on-year Comparison)

(Millions of yen)

	First nine months of Fiscal 2019	First nine months of Fiscal 2020	Difference	Change
Net sales	429,472	536,666	107,193	125.0%
Operating profit	22,681	23,909	1,227	105.4%
Ordinary profit	27,126	26,221	(904)	96.7%
Profit attributable to owners of parent	18,117	19,951	1,833	110.1%

[Business Overview by Segment]

#### 1) Flour Milling Segment

(Millions of yen)

	First nine months of Fiscal 2019	First nine months of Fiscal 2020	Difference	Change
Net sales	185,043	232,575	47,532	125.7%
Operating profit	8,019	7,510	(509)	93.6%

In the flour milling business, although we made progress in attracting new customers thanks to aggressive sales expansion efforts, shipments of commercial wheat flour in Japan were lower year on year, reflecting an adverse market environment. Also in July 2019 and again in January 2020, the Company revised its commercial wheat flour prices in response to the government's decision to change the prices of five classes of imported wheat. On average, the government's price for imported wheat declined 1.7% in April 2019 and 8.7% in October 2019.

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

In the overseas business, sales rose dramatically year on year, largely reflecting effects from the new consolidation of Allied Pinnacle Pty Ltd. In the U.S. flour milling business, where market conditions remain challenging, increased production capacity at key production bases in the U.S. and Canada was completed, and so in December 2019 we closed the Minnesota-based New Prague Plant which had previously been used to adjust supply to meet demand in North America. This has reinforced the business' base by concentrating management resources in growth regions.

As a result, net sales of the Flour Milling Segment increased 25.7% year on year to ¥232,575 million. Operating profit, however, decreased 6.4% to ¥7,510 million, mainly due to a downturn in performance triggered by sales competition in the U.S. and effects from expenses related to new acquisitions incurred in the previous year, despite robust prices for bran in the domestic business.

## 2) Processed Food Segment

(Millions of yen)

	First nine months of Fiscal 2019	First nine months of Fiscal 2020	Difference	Change
Net sales	162,947	163,591	644	100.4%
Operating profit	10,380	9,961	(419)	96.0%

In the processed food business, for household-use products, amid continued belt-tightening behavior among consumers we have made efforts to develop high-value-added products with "simple," "authentic" and "healthy" as keywords. Additionally, we implemented initiatives designed to stimulate consumption, including Ao-No-Dokutsu (Blue Grotto) illumination event co-sponsorship and other advertising activities. In commercial-use products, we launched new products tailored to customer needs and carried out proposal activities geared toward garnering new customers. These measures led to firm shipments of pasta and pasta sauces, most notably among high-value-added products, keeping sales of processed foods relatively unchanged year on year despite lower shipments of household-use wheat flour. Elsewhere, we plan to implement price revisions for household-use wheat flour in February 2020. This move follows price revisions for commercial-use wheat flour due to revised government prices for imported wheat enacted in October 2019. In the overseas business, January 2020 saw the launch in Vietnam of operations at a new plant for commercial-use prepared mix owned by Vietnam Nisshin Technomic Co., Ltd.

In the yeast and biotechnology business, sales were lower year on year despite comparable yeast shipments with the previous fiscal year, reflecting a decline in shipments of other bread making ingredients. Meanwhile, construction is moving apace on a yeast plant in India being developed by overseas subsidiary Oriental Yeast India Pvt. Ltd., with a scheduled completion date of summer 2020.

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 increased 0.4% year on year to ¥163,591 million. Despite effects from revenue growth mainly in the healthcare foods business, operating profit declined 4.0% to ¥9,961 million. This performance primarily reflected an increase in strategic costs, including expenses for the launch of a yeast plant in India in the yeast and biotechnology business and other advertising and promotion expenses, coupled with higher logistics costs.

### 3) Prepared Dishes and Other Prepared Foods Segment

(Millions of yen)

	First nine months of Fiscal 2019	First nine months of Fiscal 2020	Difference	Change
Net sales	34,742	94,378	59,635	271.7%
Operating profit	925	2,145	1,219	231.8%

In the prepared dishes and other prepared foods business, while unstable summer weather led to weaker sales of prepared noodles, effects from the new consolidation of Tokatsu Foods Co., Ltd. lifted sales substantially higher year on year.

As a result, net sales of the Prepared Dishes and Other Prepared Foods Segment increased 171.7% year on year to ¥94,378 million, and operating profit increased 131.8% to ¥2,145 million.

### 4) Others Segment

(Millions of yen)

	First nine months of Fiscal 2019	First nine months of Fiscal 2020	Difference	Change
Net sales	46,738	46,120	(618)	98.7%
Operating profit	3,177	4,127	950	129.9%

In the pet food business, sales were lower year on year despite the launch of campaigns and other sales expansion efforts, reflecting adverse market conditions. Consequently, it was decided to transfer this business to Pet Line Co., Ltd. at the end of March 2020.

In the engineering business, sales were relatively unchanged year on year.

In the mesh cloths business, sales were down from the same period a year earlier, reflecting lower shipments of screen printing materials.

As a result, net sales of the Others Segment decreased 1.3% year on year to ¥46,120 million, while operating profit increased 29.9% to ¥4,127 million, primarily atop progress ahead of schedule on projects in the engineering business.

## (2) Financial Position

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019	Difference
Current assets	268,170	255,942	(12,227)
Non-current assets	326,583	453,620	127,036
Total assets	594,754	709,563	114,808
Current liabilities	114,806	144,555	29,749
Non-current liabilities	61,098	136,084	74,985
Total liabilities	175,905	280,640	104,734
Total net assets	418,848	428,922	10,074
Total liabilities and net assets	594,754	709,563	114,808

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 decreased ¥12,227 million from the previous fiscal year-end to ¥255,942 million, due largely to decreases in cash and deposits accompanying the acquisition of Allied Pinnacle Pty Ltd. Non-current assets increased ¥127,036 million to ¥453,620 million, primarily due to increases in leased assets and goodwill accompanying acquisition of Allied Pinnacle Pty Ltd. and the conversion of Tokatsu Foods Co., Ltd. into a consolidated subsidiary. As a result, total assets increased ¥114,808 million from the previous fiscal year-end to ¥709,563 million.

Meanwhile, current liabilities increased ¥29,749 million to ¥144,555 million, mainly reflecting an increase in notes and accounts payable – trade accompanying the purchase of Allied Pinnacle Pty Ltd. and the conversion of Tokatsu Foods Co., Ltd. into a consolidated subsidiary. Non-current liabilities increased ¥74,985 million to ¥136,084 million, primarily due to increases in lease obligations accompanying the purchase of Allied Pinnacle Pty Ltd., an increase in long-term loans payable and the issue of bonds. As a result, total liabilities increased ¥104,734 million from the previous fiscal year-end to ¥280,640 million. Net assets increased ¥10,074 million to ¥428,922 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

With fiscal year ending March 31, 2021 marking the milestone final year of the “NNI-120 II” medium-term management plan, the entire Group will continue to work together to achieve the objectives outlined in the Group’s long-term vision, “NNI ‘Compass for the Future’.”

With respect to the downturn in business performance due to sales competition in the U.S. flour milling business, recovery measures to minimize losses are already in place, including sales price revisions. In addition, while challenges to shipment growth at Allied Pinnacle Pty Ltd. and rising distribution costs have been greater than anticipated, we will work to boost profitability by implementing sales expansion measures. At the same time, we are projecting growth in shipments for both the prepared dishes and other prepared foods business and the healthcare foods business, along with the completion ahead of schedule of projects in the engineering business. Consequently, consolidated net sales for the fiscal year ending March 31, 2020 are expected to rise 26.5% over the previous fiscal year to ¥715,000 million. Consolidated operating profit is forecast to climb 9.6% to ¥29,500 million, and ordinary profit is expected to decrease 3.3% to ¥31,000 million, while profit attributable to owners of parent is expected to decrease 1.2% to ¥22,000 million. All figures reflect projections announced in October 2019.

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 line with initial projections, the Company plans to pay a full-year dividend of ¥34 per share, up ¥2 from the previous fiscal year.

## 2. Quarterly Consolidated Financial Statements and Related Notes

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Fiscal 2019 (As of March 31, 2019)	Fiscal 2020 Third Quarter (As of December 31, 2019)
Assets		
Current assets		
Cash and deposits	101,974	49,898
Notes and accounts receivable – trade	76,245	107,940
Securities	7,336	8,155
Inventories	73,348	81,880
Other	9,497	8,437
Allowance for doubtful accounts	(232)	(369)
Total current assets	268,170	255,942
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	58,308	70,175
Machinery, equipment and vehicles, net	41,393	48,657
Land	42,611	45,922
Leased assets, net	1,011	28,013
Other, net	12,994	20,848
Total property, plant and equipment	156,317	213,617
Intangible assets		
Goodwill	5,016	49,030
Other	5,446	29,322
Total intangible assets	10,462	78,353
Investments and other assets		
Investment securities	149,659	146,435
Other	10,265	15,339
Allowance for doubtful accounts	(122)	(125)
Total investments and other assets	159,802	161,649
Total non-current assets	326,583	453,620
Total assets	594,754	709,563

(Millions of yen)

	Fiscal 2019 (As of March 31, 2019)	Fiscal 2020 Third Quarter (As of December 31, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	54,936	66,303
Short-term loans payable	9,535	16,039
Income taxes payable	5,217	3,967
Accrued expenses	19,963	19,279
Other	25,153	38,966
Total current liabilities	114,806	144,555
Non-current liabilities		
Bonds	–	20,000
Long-term loans payable	6,771	18,692
Lease obligations	760	34,512
Deferred tax liabilities	24,664	33,217
Provision for repairs	1,464	1,244
Net defined benefit liability	21,169	21,277
Other	6,268	7,138
Total non-current liabilities	61,098	136,084
Total liabilities	175,905	280,640
Net assets		
Shareholders' equity		
Capital stock	17,117	17,117
Capital surplus	12,882	12,630
Retained earnings	319,705	329,885
Treasury shares	(11,403)	(11,224)
Total shareholders' equity	338,303	348,409
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	62,669	64,634
Deferred gains or losses on hedges	(393)	79
Foreign currency translation adjustment	4,086	1,818
Remeasurements of defined benefit plans	(728)	(636)
Total accumulated other comprehensive income	65,634	65,895
Subscription rights to shares	167	144
Non-controlling interests	14,743	14,473
Total net assets	418,848	428,922
Total liabilities and net assets	594,754	709,563

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

## [Quarterly Consolidated Statements of Income]

(Millions of yen)

	First nine months of Fiscal 2019 (April 1, 2018 to December 31, 2018)	First nine months of Fiscal 2020 (April 1, 2019 to December 31, 2019)
Net sales	429,472	536,666
Cost of sales	304,486	385,671
Gross profit	124,986	150,995
Selling, general and administrative expenses	102,305	127,086
Operating profit	22,681	23,909
Non-operating income		
Interest income	330	410
Dividend income	2,379	2,573
Share of profit of entities accounted for using equity method	1,294	1,344
Other	696	776
Total non-operating income	4,701	5,104
Non-operating expenses		
Interest expenses	165	2,428
Other	91	364
Total non-operating expenses	257	2,792
Ordinary profit	27,126	26,221
Extraordinary income		
Gain on sales of non-current assets	172	103
Gain on sales of investment securities	39	7
Gain on step acquisitions	–	7,272
Total extraordinary income	212	7,384
Extraordinary losses		
Loss on retirement of non-current assets	288	402
Impairment loss	42	4,299
Other	–	382
Total extraordinary losses	331	5,084
Profit before income taxes	27,006	28,521
Total income taxes	7,812	7,579
Profit	19,194	20,941
Profit attributable to non-controlling interests	1,077	990
Profit attributable to owners of parent	18,117	19,951

[Quarterly Consolidated Statements of Comprehensive Income]

(Millions of yen)

	First nine months of Fiscal 2019 (April 1, 2018 to December 31, 2018)	First nine months of Fiscal 2020 (April 1, 2019 to December 31, 2019)
Profit	19,194	20,941
Other comprehensive income		
Valuation difference on available-for-sale securities	(721)	1,987
Deferred gains or losses on hedges	326	469
Foreign currency translation adjustment	25	(2,126)
Remeasurements of defined benefit plans	36	102
Share of other comprehensive income of entities accounted for by the equity method	(43)	(96)
Total other comprehensive income (loss)	(376)	336
Comprehensive income	18,818	21,278
(Breakdown)		
Comprehensive income attributable to owners of parent	18,046	20,018
Comprehensive income attributable to non-controlling interests	771	1,259

### (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."

[Changes in Important Subsidiaries during the Period under Review]

Due to the purchase of PFG Topco 1 Pty Ltd. during the first quarter of the fiscal year ending 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.

Of these companies, PFG Topco 1 Pty Ltd., Allied Pinnacle Pty Ltd. and six other companies are designated as specified subsidiaries.

Tokatsu Foods Co., Ltd. and three subsidiaries were newly included within the scope of consolidation following acquisition of additional shares of former equity-method affiliate Tokatsu Foods Co., Ltd. during the second quarter of the fiscal year ending March 31, 2020.

[Segment Information, etc.]

[Segment information]

I. First nine months of Fiscal 2019 (April 1, 2018 to December 31, 2018)

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	185,043	162,947	34,742	382,734	46,738	429,472	–	429,472
Intersegment sales and transfers	12,385	321	2,678	15,385	2,234	17,619	(17,619)	–
Total	197,429	163,269	37,421	398,119	48,972	447,092	(17,619)	429,472
Segment profit	8,019	10,380	925	19,325	3,177	22,503	178	22,681

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.

II. 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 ending 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.

Segment information listed for the same period of the previous fiscal year has been adjusted to reflect this change in classification.

## 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 ending 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 ending 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 ending 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 ending March 31, 2020.

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