



NH Foods Ltd.

4-9, Umeda 2-chome, kita-ku,
Osaka, 530-0001, Japan

January 31, 2020

BRIEF STATEMENT OF ACCOUNTS
FOR THE THIRD QUARTER OF THE YEAR ENDING MARCH 31, 2020
(Under IFRS) (Consolidated)

Name of listed company:	NH Foods Ltd. (the “Company”)
Listing exchange:	Tokyo Stock Exchange
Code number:	2282
URL:	https://www.nipponham.co.jp/eng/
Representative:	Yoshihide Hata President and Representative Director
Further inquiries:	Yoshitaka Hasegawa General Manager of Accounting & Finance Department, Corporate Management Division
TEL:	+81-6-7525-3042
Scheduled date of filing of quarterly report:	February 7, 2020
Scheduled date of payment of dividends:	-
Preparation of supplementary information on quarterly statement of accounts:	Yes
Holding of quarterly results briefing:	Yes (results briefing for institutional investors and analysts)

(Figures are indicated by counting fractions of 1/2 or more of a million yen as one and discarding the rest.)

1. Consolidated business results for the third quarter of the year ending March 31, 2020 (April 1, 2019 through December 31, 2019):

(1) Consolidated operating results (accumulated):

(The percentages indicate the rates of increase (decrease) from the third quarter of the previous fiscal year.)

	Net sales		Business profit		Profit before tax		Profit		Profit attributable to owners of the parent		Total comprehensive income	
	(millions of yen)	%	(millions of yen)	%	(millions of yen)	%	(millions of yen)	%	(millions of yen)	%	(millions of yen)	%
Third quarter of the year ending March 31, 2020	952,306	(0.2)	39,239	10.6	33,400	(3.7)	24,036	0.6	23,927	(0.5)	25,308	27.0
Third quarter of the year ended March 31, 2019	953,761	(2.1)	35,494	(23.0)	34,684	(34.3)	23,896	(34.6)	24,046	(33.6)	19,931	(51.0)

(yen)

	Earnings per share (basic)	Earnings per share (diluted)
Third quarter of the year ending March 31, 2020	232.52	232.43
Third quarter of the year ended March 31, 2019	223.73	221.99

(Note) Business profit is calculated by deducting cost of goods sold and selling, general and administrative expenses from net sales, and making adjustments of foreign exchange gains and losses determined by the Group, adjustments in accordance with international financial reporting standards ("IFRS"), and adjustments of non-recurring items.

(2) Consolidated financial position:

	Total assets	Total equity	Total equity attributable to owners of the parent	Equity ratio of owners of the parent
	(millions of yen)	(millions of yen)	(millions of yen)	(%)
Third quarter of the year ending March 31, 2020	813,164	425,379	416,379	51.2
Year ended March 31, 2019	741,388	405,358	401,014	54.1

2. State of dividends:

(yen)

	Annual dividend				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
Year ended March 31, 2019	—	—	—	90.00	90.00
Year ending March 31, 2020	—	—			
Year ending March 31, 2020 (forecast)			—	90.00	90.00

(Note) Adjustment to the most recently publicized forecast of dividends: None

3. Forecast of consolidated business results for the year ending March 31, 2020 (April 1, 2019 through March 31, 2020):

(The percentages indicate the rates of increase (decrease) from the previous fiscal year for the whole-year period.)

	Net sales		Business profit		Profit before tax		Profit attributable to owners of the parent		Earnings per share (basic)
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(yen)
Whole-year period	1,240,000	0.5	40,000	4.4	26,000	(14.1)	18,500	(5.4)	179.76

(Note) Adjustment to the most recently publicized forecast of business results: None

* Notes:

- (1) Changes in significant subsidiaries (changes in specific subsidiaries involving a change in the scope of consolidation) during the period under review: Yes

New subsidiaries: 1 (Name: Fighters Sports & Entertainment Co., Ltd.)

Excluded subsidiaries: - (Name:)

- (2) Changes in accounting policies and accounting estimates:

- 1) Changes of accounting policies required by IFRS: Yes
- 2) Changes of accounting policies other than 1) above: None
- 3) Changes in accounting estimates: None

(Note) For details, please refer to [Attachment] “2. Condensed Consolidated Financial Statements and Primary Notes (7) Note to Condensed Consolidated Financial Statements 2. Changes in the accounting policy” on page 23.

- (3) Number of shares issued (shares of common stock):

- 1) Number of shares issued (including shares of treasury stock) as of the end of the period:

Third quarter of the year ending March 31, 2020: 102,958,904 shares
Year ended March 31, 2019: 102,958,904 shares

- 2) Number of shares of treasury stock as of the end of the period:

Third quarter of the year ending March 31, 2020: 44,106 shares
Year ended March 31, 2019: 46,288 shares

- 3) Average number of shares outstanding during the period:
Third quarter of the year ending March 31, 2020: 102,913,791 shares
Third quarter of the year ended March 31, 2019: 107,475,594 shares

* A brief statement of accounts for a quarter is not subject to quarterly review.

* Explanation for the appropriate use of the forecast of business results and other special instructions

(Cautionary notice on information about the future)

The descriptions herein about the future, including the forecast of business results, are based on the information currently available to the Company and certain assumptions considered reasonable by the Company and are not contemplated to ensure the fulfillment thereof. The actual results may materially differ from such forecast and plans depending on various factors. The Company, therefore, wishes to caution that readers should not place undue reliance on these descriptions to make investment decisions. Further, unless obligated by laws or ordinances or the rules of financial instruments exchanges, the Company will not necessarily, or is not obligated to, revise such descriptions about the future, including the forecast of business results notwithstanding any information or event in the future or any result arising therefrom, or publicize such revised information. For information on the conditions precedent to the forecast of business results and cautionary notes for the use of the forecast of business results, please refer to “1. Qualitative Information on the Statements of Accounts for the Third Quarter of the Fiscal Year under Review: (3) Explanation on the Forward-looking Information such as Forecast of Consolidated Business Results” on page 10.

CONTENTS OF ATTACHMENT

1. Qualitative Information on the Statement of Accounts for the Third Quarter of the Fiscal Year under Review	6
(1) Explanation on the Operating Results.....	6
(2) Explanation on the Financial Position	9
(3) Explanation on the Forward-looking Information such as Forecast of Consolidated Business Results.....	10
2. Condensed Consolidated Financial Statements and Primary Notes	11
(1) Condensed Consolidated Statements of Financial Position.....	11
(2) Condensed Consolidated Statements of Income.....	13
(3) Condensed Consolidated Statements of Comprehensive Income.....	15
(4) Condensed Consolidated Statements of Changes in Equity	17
(5) Condensed Consolidated Statements of Cash Flows	19
(6) Note on the Premises of a Going Concern.....	21
(7) Note to Condensed Consolidated Financial Statements	21
1. Segment information	21
2. Changes in the accounting policy	23

* The Company is planning to hold a telephone conference for investors on January 31, 2020 (Friday). All materials to be used at the conference will be disclosed on TDnet and posted on its website today.

* In addition to the above-mentioned briefing, the Company will hold briefings of its operations and business results for individual investors from time to time. For information on the schedules of such briefings, etc., please make sure on its website.

1. Qualitative Information on the Statement of Accounts for the Third Quarter of the Fiscal Year under Review

(1) Explanation on the Operating Results:

Overview of Operating Results in General

The Japanese economy during the third quarter of the fiscal year under review continued to slowly recover as employment environment continued to improve, although personal consumption and company earnings showed some weakness. On the other hand, the economic conditions such as the future of the world economy, the uncertainty of the policies, and the trend of the trade issues, remain unpredictable.

In the food and fresh meats industry, the business conditions remain severe with the prices of certain raw materials having soared, increases of costs for distribution and labors due to labor shortage, intensifying sales competition, and diseases of the livestock in Japan and overseas.

Under these circumstances, NH Foods Ltd. and its subsidiaries (the “Group”), under the “Medium-Term Management Plan 2020” that commenced in April 2018 with the theme “Building systems that pave the way to the future”, has conducted business development based on its five management policies “Strengthen profitability by improving the efficiency of existing businesses,” “Create value through dialog with consumers,” “Enhance and develop technological capabilities for conceptualizing and realizing the future of food,” “Change gears in overseas market deployment”, and “Pursue sustainability”. As specific measures, the Group has made efforts, including continued reinforcement of its domestic farm business, increased production in the plants for producing processed fresh meat food products, which started operation in the previous term, and plants for producing yogurt and lactic acid probiotic beverage, development of human resources, and thorough risk management. Further, as to the overseas business, the Group has made continued efforts to improve profitability of the beef business in Australia. As to the management system, the Group has made efforts for enhancement in line with the “Nipponham Group Fundamental Policy on Corporate Governance”.

As a result of these activities, for the third quarter of the fiscal year under review, on a consolidated and cumulative basis, net sales amounted to ¥952,306 million, decreasing 0.2% from the corresponding period of the previous fiscal year. Business profit increased 10.6% from the corresponding period of the previous fiscal year to ¥39,239 million, and profit before tax decreased 3.7% from the corresponding period of the previous fiscal year to ¥33,400 million due to additional special payments, and other expenses of ¥8,472 million being recognized during the second quarter of the fiscal year under review in relation to the solicitation conducted based on the expansion of the optional retirement system resolved at the meeting of Board of Directors held on October 31, 2018. Profit attributable to owners of the parent decreased 0.5% from the corresponding period of the previous fiscal year to ¥23,927 million.

Overview of Operating Segments

(Processed Foods Business Division)

With regards to the consumer products of the hams and sausages business, sales increased from the previous fiscal year due to the active promotional effort for the main product “*SCHAU ESSEN*”, the launch of “*SCHAU ESSEN CHEDDAR AND CAMEMBERT*”, and the promotion utilizing websites aiming to expand the purchaser base. For the year-end gift blitz, although in-store promotion of the flag-ship brand “*Utsukushi-no-Kuni*” was strengthened, due to the impact of the downturn of the year-end gift market as a whole, sales decreased. For the commercial-use products, the sales to the major restaurant channels decreased. However, the overall sales of the hams and sausages business ended with increased revenue since the sales of the consumer products grew.

With regards to consumer products of the processed foods business, in addition to the steady performance of the pizza group to which new products at a new price range were introduced, the products in the hamburg (meat patty) group and pre-fried group such as chicken nuggets for which active in-store promotions were conducted showed strong performance. As a result, sales were higher than that of the previous fiscal year. Regarding the sales of the commercial-use products, the sales targeting prepared food and home-meal replacement chains decreased. Consequently, the overall sales of the processed foods business decreased from the previous fiscal year, resulting in decreased revenue in the Processed Foods Business Division.

With regard to profit, in addition to the improvement of the gross profit rate by the unit price increasing due to the growth of the main brand products, decrease of indirect costs and mechanization as well as manpower reduction in the manufacturing division led profit to increase.

As a result, for the third quarter of the fiscal year under review, on a consolidated and cumulative basis, net sales of the Processed Foods Business Division amounted to ¥272,186 million, decreasing 0.3% from the corresponding period of the previous fiscal year, and business profit increased 34.2% compared to the corresponding period of the previous fiscal year to ¥10,559 million.

(Fresh Meats Business Division)

In the fresh meats business, active promotional efforts were made mainly for our branded fresh meats such as “*Mugikomachi*” domestic pork and “*Sakurahime*” domestic chicken. In addition, strong efforts were put into communication with consumers such as conducting campaigns and posting recipes using SNS. For promotional activities, in addition to proposals to wide range of channels as to beef from Canada and Uruguay, as well as antibiotic-free pork and chicken, proposals of our products including domestic beef were made at sales exhibitions organized for our business partners in various regions during the year-end selling season. As a result of such activities, sales volume of mainly domestic and imported chicken as well as processed fresh meat products grew, and the sales were higher than that of the corresponding period of the previous fiscal year.

With regard to profit, the production division made efforts to enhance the breeding results as well as high efficiency and labor-saving in workplaces. However, since the market price of domestic chicken sagged and labor costs increased, profit decreased compared to the

previous year. The sales division made efforts to strengthen proposals of branded fresh meats and value-added products, and made efforts for proposals and stable product procurement from a wide range of countries of origin in light of the fluctuation risk of market price due to diseases of livestock in Japan and overseas and the influence of the US-China trade negotiation. However, due to the high purchase price of domestic and imported beef and slumping sales price of domestic pork and chicken, which is owing to the increase in supply of imported pork and domestic chicken, overall profit decreased.

As a result, for the third quarter of the fiscal year under review, on a consolidated and cumulative basis, net sales of the Fresh Meats Business Division amounted to ¥594,874 million, increasing 2.0% from the corresponding period of the previous fiscal year and business profit amounted to ¥25,168 million, decreasing 12.3% from the corresponding period of the previous fiscal year.

(Affiliated Business Division)

In the marine products business, although sales of shrimp and crab products grew which were strengthened for the year-end sales season mainly to the mass retailers, the sales of tuna and roe decreased as their market prices sagged. Also due to the impact of the withdrawal of unprofitable items initiated as part of structural reorganization, sales were lower than that of the corresponding period of the previous fiscal year.

Among the dairy products business, with regard to yogurt and lactic acid probiotic beverages, although the sales of the main product, “Vanilla Yogurt”, were steady and drink-type yogurt also grew with new products introduced to CVS channels, they could not make up for the decrease in sales of lactic acid probiotic beverages. As a result, the sales were lower than that of the corresponding period of the previous fiscal year. With regard to cheese, sales were higher than that of the corresponding period of the previous fiscal year due to the sales growth of products targeting desserts for CVS channels, promotional efforts for Baby Cheese mainly for retail stores, and enhanced sales of smoked cheese.

With regard to profit, in the marine products business, since gross profit increased as a result of improvements in the gross profit margins of the main shrimp and crab products, profit was higher than that of the corresponding period of the previous fiscal year. With regard to yogurt and lactic acid probiotic beverages in the dairy products business, due to the improvement of the gross profit margin and of productivity thanks to the full-scale operation of Takasaki Plant, profit was higher than that of the corresponding period of the previous fiscal year. With regard to cheese, profit was higher than that of the corresponding period of the previous fiscal year since gross profit increased as a result of growth in sales.

As a result, for the third quarter of the fiscal year under review, on a consolidated and cumulative basis, net sales of the Affiliated Business Division amounted to ¥112,135 million, decreasing 7.9% from the corresponding period of the previous fiscal year and business profit amounted to ¥1,356 million increasing 27.0% from the corresponding period of the previous fiscal year.

(Overseas Business Division)

In Asia and Europe operations, net sales were lower than that of the corresponding

period of the previous fiscal year since the import and export volume of raw materials in Singapore decreased, although sales of processed food in China and Taiwan grew. In Americas operations, net sales were higher than that of the corresponding period of the previous fiscal year due to the steadiness of the domestic sales of processed foods and export of raw materials in the U.S. and Chile. In Australia operations, net sales were higher than that of the corresponding period of the previous fiscal year since the number of cattle collected was steady and the sales of beef to China were strong.

With regards to profit, for Asia and Europe operations, the profit was higher than that of the corresponding period of the previous fiscal year due to the secured revenue by the increase of transaction volume of raw materials for chicken in Thailand as well as raw materials for marine products in Singapore, and thanks to the steady sales of processed foods in Taiwan. In Americas operations, profit was higher than that of the corresponding period of the previous fiscal year since the profit for the sales of processed foods within the U.S. was secured due to the suppressed selling and administrative expenses, and the prices of raw materials exported to Japan from the U.S. and Chile were stabilized. For Australia operations, due to the improvement of costs for production and processing in Australia being stable, in addition to the stable sales prices being maintained, profit was higher than that of the corresponding period of the previous fiscal year.

As a result, for the third quarter of the fiscal year under review, on a consolidated and cumulative basis, net sales of the Overseas Business Division amounted to ¥197,975 million, increasing 0.3% from the corresponding period of the previous fiscal year and business profit amounted to ¥3,048 million (business loss of ¥1,958 million for the corresponding period of the previous fiscal year).

(2) Explanation on the Financial Position:

<Financial position>

At the end of the third quarter of the fiscal year under review, total assets increased by 9.7% from the end of the previous fiscal year to account for ¥813,164 million, due to the increases of trade and other receivables by ¥31,986 million and property, plant and equipment by ¥28,308 million respectively from the end of the previous fiscal year. Liabilities increased by 15.4% from the end of the previous fiscal year to account for ¥387,785 million, due to the increase of interest-bearing liabilities by ¥49,187 million from the end of the previous fiscal year though other current liabilities decreased by ¥7,102 million and other financial liabilities decreased by ¥4,844 million respectively from the end of the previous fiscal year. Interest-bearing liabilities account for ¥196,196 million. Property, plant and equipment as well as interest-bearing liabilities have respectively increased due to recognition of right-of-use assets and the increase of lease liabilities based on the application of IFRS 16 “Leases” (“IFRS 16”) starting from the first quarter of the fiscal year under review.

Although total equity attributable to owners of the parent accounted for ¥416,379 million by increasing ¥15,365 million from the end of the previous fiscal year, since the total assets increased, the equity ratio of owners of the parent decreased by 2.9 percentage points from the end of the previous fiscal year to 51.2%.

<Cash flows>

With regard to operating activities, while the increase of trade and other receivables amounted to ¥32,441 million and income tax paid amounted to ¥8,782 million, profit before tax amounted to ¥33,400 million, depreciation and amortization expenses amounted to ¥24,793 million, and trade and other payables increased by ¥14,554. As a result, net cash provided by operating activities amounted to ¥22,215 million.

With regard to investing activities, acquisition of fixed assets amounted to ¥27,667 million. As a result, net cash used in investing activities amounted to ¥28,507 million.

With regard to financing activities, while repayments of debt amounted to ¥32,067 million and cash dividends amounted to ¥9,271 million, proceeds from debt amounted to ¥34,138 million and increase in short-term bank loans amounted to ¥15,382. As a result, net cash provided in financing activities amounted to ¥12,841 million.

As a result, cash and cash equivalents at end of the third quarter of the fiscal year under review increased by ¥6,283 million in comparison with the end of the previous fiscal year to amount to ¥54,391 million.

(3) Explanation on the Forward-looking Information such as Forecast of Consolidated Business Results:

With regards to the forecasts of consolidated business results for the whole-year period of the fiscal year ending March 31, 2020, there are no changes from the forecast published on the “Brief Statement of Accounts For the Second Quarter of the Year Ending March 31, 2020” as announced on October 31, 2019.

Cautionary notice on information about the future:

The plans, forecast of operating results and other prospects for the future described in this brief statement of accounts are based on the information currently available to the Company and certain assumptions considered reasonable by the Company and are not contemplated to ensure the fulfillment thereof. The actual results in the future may materially differ from such plans and forecast, depending on various factors including risk factors in business. The Company, therefore, wishes to caution that readers should not place undue reliance on these descriptions to make investment decisions. Further, unless obligated by laws or ordinances or the rules of financial instruments exchanges, the Company will not necessarily, or is not obligated to, revise such descriptions about the future, including the forecast of business results notwithstanding any information or event in the future or any result arising therefrom, or publicize such revised information.

2. Condensed Consolidated Financial Statements and Primary Notes

(1) Condensed Consolidated Statements of Financial Position:

(millions of yen)

	Year ended March 31, 2019 (as of March 31, 2019)	Third quarter of year ending March 31, 2020 (as of December 31, 2019)
(Assets)		
Current Assets		
Cash and cash equivalents	48,108	54,391
Trade and other receivables	153,260	185,246
Inventories	113,415	116,776
Biological assets	25,971	25,199
Other financial assets	12,041	13,512
Other current assets	5,468	6,719
Total Current Assets	358,263	401,843
Non-current Assets		
Property, plant and equipment	289,898	318,206
Biological assets	1,877	1,914
Intangible assets and goodwill	7,097	7,856
Investments accounted for using the equity method	14,400	13,778
Other financial assets	34,125	35,958
Deferred tax assets	28,004	25,153
Other non-current assets	7,724	8,456
Total Non-current Assets	383,125	411,321
Total Assets	741,388	813,164
(Liabilities and Equity)		
Current Liabilities		
Interest-bearing liabilities	62,746	75,044
Trade and other payables	111,573	125,886
Income taxes payable	2,738	2,344
Other financial liabilities	18,123	13,658
Other current liabilities	38,788	31,686
Total Current Liabilities	233,968	248,618
Non-current Liabilities		
Interest-bearing liabilities	84,263	121,152
Retirement benefit liabilities	14,118	14,525
Other financial liabilities	1,105	726
Deferred tax liabilities	1,326	1,243
Other non-current liabilities	1,250	1,521
Total Non-current Liabilities	102,062	139,167
Total Liabilities	336,030	387,785
Equity		
Common stock	36,294	36,294
Capital surplus	72,672	72,659

Retained earnings	286,934	300,926
Treasury stock, at cost	(202)	(193)
Accumulated other comprehensive income	5,316	6,693
Total Equity Attributable to Owners of the Parent	401,014	416,379
Non-controlling Interests	4,344	9,000
Total Equity	405,358	425,379
Total Liabilities and Equity	741,388	813,164

(Note) Breakdown of other accumulated comprehensive income

	Year ended March 31, 2019	Third quarter of the year ending March 31, 2020
Financial assets measured at fair value through other comprehensive income	6,980	8,607
Exchange differences on translation of foreign operations	(1,664)	(1,914)

(2) Condensed Consolidated Statements of Income:
[Cumulative third quarter]

(millions of yen)

	Cumulative third quarter of the year ended March 31, 2019 (consolidated) (April 1, 2018 through December 31, 2018)	Cumulative third quarter of the year ending March 31, 2020 (consolidated) (April 1, 2019 through December 31, 2019)
Net sales	953,761	952,306
Cost of Goods Sold	794,563	788,663
Selling, General and Administrative Expenses	125,337	122,860
Other Income	6,362	3,434
Other Expenses	4,043	10,444
Financial Income	1,229	1,102
Financial Costs	3,194	2,298
Share of Profit in Investments Accounted for Using the Equity Method	469	823
Profit before Tax	34,684	33,400
Income Tax Expense	10,788	9,364
Profit	23,896	24,036
Profit Attributable to:		
Owners of the Parent	24,046	23,927
Non-controlling Interests	(150)	109
Profit	23,896	24,036

Earnings per Share		
Earnings per share (basic)	223.73yen	232.52yen
Earnings per share (diluted)	221.99yen	232.43yen

[Third quarter]

(millions of yen)

	Cumulative third quarter of the year ended March 31, 2019 (consolidated) (October 1, 2018 through December 31, 2018)	Cumulative third quarter of the year ending March 31, 2020 (consolidated) (October 1, 2019 through December 31, 2019)
Net sales	335,761	336,040
Cost of Goods Sold	280,082	277,035
Selling, General and Administrative Expenses	43,240	41,699
Other Income	1,093	1,894
Other Expenses	1,491	965
Financial Income	357	374
Financial Costs	711	708
Share of Profit (Loss) in Investments Accounted for Using the Equity Method	(176)	536
Profit before Tax	11,511	18,437
Income Tax Expense	3,737	4,895
Profit	7,774	13,542
Profit Attributable to:		
Owners of the Parent	7,675	13,596
Non-controlling Interests	99	(54)
Profit	7,774	13,542

Earnings per Share		
Earnings per share (basic)	71.43yen	132.13yen
Earnings per share (diluted)	71.41yen	132.08yen

(3) Condensed Consolidated Statements of Comprehensive Income
[Cumulative third quarter]

(millions of yen)

	Cumulative third quarter of the year ended March 31, 2019 (consolidated) (April 1, 2018 through December 31, 2018)	Cumulative third quarter of the year ending March 31, 2020 (consolidated) (April 1, 2019 through December 31, 2019)
Profit	23,896	24,036
Other Comprehensive Income (Loss)		
Items that will not be reclassified subsequently to profit or loss		
Financial assets measured at fair value through other comprehensive income	(4,105)	1,629
Total	(4,105)	1,629
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	173	(594)
Share of other comprehensive income of investments accounted for using the equity method	(33)	237
Total	140	(357)
Total Other Comprehensive Income (Loss)	(3,965)	1,272
Comprehensive Income	19,931	25,308
Comprehensive Income Attributable to:		
Owners of the Parent	20,486	25,306
Non-controlling Interests	(555)	2
Comprehensive Income	19,931	25,308

[Third quarter]

(millions of yen)

	Third quarter of the year ended March 31, 2019 (consolidated) (October 1, 2018 through December 31, 2018)	Third quarter of the year ending March 31, 2020 (consolidated) (October 1, 2019 through December 31, 2019)
Profit	7,774	13,542
Other Comprehensive Income (Loss)		
Items that will not be reclassified subsequently to profit or loss		
Financial assets measured at fair value through other comprehensive income	(2,705)	1,952
Total	(2,705)	1,952
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(1,410)	1,417
Share of other comprehensive income of investments accounted for using the equity method	(181)	304
Total	(1,591)	1,721
Total Other Comprehensive Income (Loss)	(4,296)	3,673
Comprehensive Income	3,478	17,215
Comprehensive Income Attributable to:		
Owners of the Parent	3,315	17,241
Non-controlling Interests	163	(26)
Comprehensive Income	3,478	17,215

(4) Condensed Consolidated Statements of Changes in Equity

Consolidated cumulative third quarter of the previous year (April 1, 2018 through December 31, 2018)

(millions of yen)

	Equity attributable to owners of the parent									Non-cont-rolling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income				Total		
					Remeasure-ment of defined benefit plans	Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Total			
Balance as of April 1, 2018	36,291	72,818	300,076	(16)	—	11,311	(2,498)	8,813	417,982	4,906	422,888
Profit			24,046					—	24,046	(150)	23,896
Other comprehensive loss						(4,105)	545	(3,560)	(3,560)	(405)	(3,965)
Comprehensive income	—	—	24,046	—	—	(4,105)	545	(3,560)	20,486	(555)	19,931
Dividends			(11,394)					—	(11,394)	(9)	(11,403)
Acquisition of treasury stock				(1,622)				—	(1,622)	—	(1,622)
Disposal of treasury stock		0		0				—	0	—	0
Issuance of new shares through exercise of stock options	3	(3)						—	0	—	0
Establishment of subsidiary								—	—	406	406
Transfer of accumulated other comprehensive income to retained earnings			240			(240)		(240)	—	—	—
Total transactions with owners	3	(3)	(11,154)	(1,622)	—	(240)	—	(240)	(13,016)	397	(12,619)
Balance as of December 31, 2018	36,294	72,815	312,968	(1,638)	—	6,966	(1,953)	5,013	425,452	4,748	430,200

Consolidated cumulative third quarter of the year ending March 31, 2020 (April 1, 2019 through December 31, 2019)

(millions of yen)

	Equity attributable to owners of the parent									Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income				Total		
					Remeasurement of defined benefit plans	Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Total			
Balance as of April 1, 2019	36,294	72,672	286,934	(202)	—	6,980	(1,664)	5,316	401,014	4,344	405,358
Profit			23,927					—	23,927	109	24,036
Other comprehensive income						1,629	(250)	1,379	1,379	(107)	1,272
Comprehensive income	—	—	23,927	—	—	1,629	(250)	1,379	25,306	2	25,308
Dividends			(9,262)					—	(9,262)	(9)	(9,271)
Acquisition of treasury stock				(4)				—	(4)	—	(4)
Disposal of treasury stock		(13)		13				—	0	—	0
Capital increase of subsidiaries								—	—	557	557
Establishment of subsidiary								—	—	4,106	4,106
Other			(675)					—	(675)	—	(675)
Transfer of accumulated other comprehensive income to retained earnings			2			(2)		(2)	—	—	—
Total transactions with owners	—	(13)	(9,935)	9	—	(2)	—	(2)	(9,941)	4,654	(5,287)
Balance as of December 31, 2019	36,294	72,659	300,926	(193)	—	8,607	(1,914)	6,693	416,379	9,000	425,379

(5) Condensed Consolidated Statements of Cash Flows:

(millions of yen)

	Third quarter of the year ended March 31, 2019 (April 1, 2018 through December 31, 2018)	Third quarter of the year ending March 31, 2020 (April 1, 2019 through December 31, 2019)
Cash Flows from Operating Activities		
Profit before tax	34,684	33,400
Depreciation and amortization expense	16,807	24,793
Impairment losses	672	422
Decrease (increase) in fair value of biological assets	248	(442)
Financial income and costs	1,965	1,196
Decrease (increase) in trade and other receivables	(36,544)	(32,441)
Decrease (increase) in inventories	(11,257)	(3,673)
Decrease (increase) in biological assets	(429)	342
Decrease (increase) in other assets	(46)	379
Increase (decrease) in trade and other payables	19,003	14,554
Increase (decrease) in other liabilities	(7,755)	(8,264)
Others – net	1,478	(926)
Interest received	567	552
Dividends received	1,571	2,278
Interest paid	(807)	(1,173)
Income tax paid	(15,905)	(8,782)
Cash Flows from Operating Activities	4,252	22,215
Cash Flows from Investing Activities		
Acquisition of fixed assets	(37,679)	(27,667)
Proceeds from sales of fixed assets	140	602
Decrease (increase) in time deposits	2,814	(1,167)
Acquisition of other financial assets	(1,061)	(67)
Sale and redemption of other financial assets	519	41
Investments in associated companies	(38)	(120)
Others - net	(192)	(129)
Cash Flows from Investing Activities	(35,497)	(28,507)
Cash Flows from Financing Activities		
Cash dividends	(11,403)	(9,271)
Increase (decrease) in short-term bank loans	36,295	15,382
Proceeds from debt	7,148	34,138
Repayments of debt	(11,849)	(32,067)
Contributions from non-controlling interests	406	4,663
Acquisition of treasury stock	(1,622)	(4)
Others - net	0	0
Cash Flows from Financing Activities	18,975	12,841
Effect of Exchange Rate Changes on Cash and Cash Equivalents	84	(266)

NH FOODS LTD. (2282)
BRIEF STATEMENT OF ACCOUNTS FOR
THE THIRD QUARTER OF THE YEAR
ENDING MARCH 31, 2020

Net Increase (Decrease) in Cash and Cash Equivalents	(12,186)	6,283
Cash and Cash Equivalents at the Beginning of the Period	58,290	48,108
Cash and Cash Equivalents at the End of the Period	46,104	54,391

(6) Note on the Premises of a Going Concern:

Not applicable.

(7) Note to Condensed Consolidated Financial Statements

1. Segment information:

Information regarding the reportable segments

The Group categorizes the business segments into the following four business segments according to the nature of products and providing services, and the geographical areas where it sells or provides services. These are the reportable segments:

Processed Foods Business Division	—	Mainly domestic production and sales of hams and sausages, and processed foods
Fresh Meats Business Division	—	Mainly domestic production and sales of fresh meats
Affiliated Business Division	—	Mainly domestic production and sales of marine products and dairy products
Overseas Business Division	—	Mainly production and sales of hams and sausages, processed foods, fresh meats and marine products at overseas subsidiaries and associates.

Furthermore, the Group consists of 83 subsidiaries and 10 associates.

(Change in method of presentation)

Until the previous consolidated fiscal year, “segment profit” represented net sales less cost of goods sold and selling general and administrative expenses. However, from the current consolidated fiscal year, the method of calculating the said “segment profit” has changed. From the current consolidated fiscal year, the new “segment profit” is calculated by deducting cost of goods sold and selling, general and administrative expenses from net sales, and making adjustments of foreign exchange gains and losses determined by the Group, adjustments in accordance with IFRS, and adjustments of non-recurring items. “Segment profit” for third quarter of the previous fiscal year, on a consolidated and cumulative basis and third quarter of the previous fiscal year, on a consolidated basis is presented by applying the new calculation method from the viewpoint of the comparability with the third quarter of the fiscal year under review, on a consolidated and cumulative basis and third quarter of the fiscal year under review, on a consolidated basis. The Group considers this change will provide more relevant information for users of the condensed consolidated financial statements by clarifying income derived from business activities as an important management index of segment information.

For the consolidated cumulative third quarter of the year ended March 31, 2019 (April 1, 2018 through December 31, 2018):

(millions of yen)

	Processed Foods Business Division	Fresh Meats Business Division	Affiliated Business Division	Overseas Business Division	Total	Eliminations, adjustments and others	Consolidated
Net sales							
Sales to external customers	262,019	498,620	119,097	99,536	979,272	(25,511)	953,761
Intersegment sales	11,027	84,642	2,609	97,923	196,201	(196,201)	-
Total	273,046	583,262	121,706	197,459	1,175,473	(221,712)	953,761
Segment profit (loss)	7,866	28,703	1,068	(1,958)	35,679	(185)	35,494

For the consolidated cumulative third quarter of the year ending March 31, 2020 (April 1, 2019 through December 31, 2019):

(millions of yen)

	Processed Foods Business Division	Fresh Meats Business Division	Affiliated Business Division	Overseas Business Division	Total	Eliminations, adjustments and others	Consolidated
Net sales							
Sales to external customers	260,860	506,952	109,456	101,047	978,315	(26,009)	952,306
Intersegment sales	11,326	87,922	2,679	96,928	198,855	(198,855)	-
Total	272,186	594,874	112,135	197,975	1,177,170	(224,864)	952,306
Segment profit	10,559	25,168	1,356	3,048	40,131	(892)	39,239

- (Note)
1. "Eliminations, adjustments and others" includes unallocated items and intersegment eliminations.
 2. Except for a few unallocated items, corporate overhead expenses and profit or loss of certain subsidiaries are allocated to each reportable operating segment. These subsidiaries provide indirect services and operational support for the companies included in each reportable operating segment.
 3. "Segment profit (loss)" is calculated by deducting cost of goods sold and selling, general and administrative expenses from net sales, and making adjustments of foreign exchange gains and losses determined by the Group, adjustments in accordance with IFRS, and adjustments of non-recurring items.

For the consolidated third quarter of the year ended March 31, 2019 (October 1, 2018 through December 31, 2018):

(millions of yen)

	Processed Foods Business Division	Fresh Meats Business Division	Affiliated Business Division	Overseas Business Division	Total	Eliminations, adjustments and others	Consolidated
Net sales							
Sales to external customers	94,712	175,700	44,957	32,487	347,856	(12,095)	335,761
Intersegment sales	3,871	28,427	797	33,315	66,410	(66,410)	-
Total	98,583	204,127	45,754	65,802	414,266	(78,505)	335,761
Segment profit (loss)	5,113	10,451	875	(1,103)	15,336	(1,713)	13,623

For the consolidated third quarter of the year ending March 31, 2020 (October 1, 2019 through December 31, 2019):

(millions of yen)

	Processed Foods Business Division	Fresh Meats Business Division	Affiliated Business Division	Overseas Business Division	Total	Eliminations, adjustments and others	Consolidated
Net sales							
Sales to external customers	95,289	176,845	41,641	35,067	348,842	(12,802)	336,040
Intersegment sales	3,804	30,542	873	31,140	66,359	(66,359)	-
Total	99,093	207,387	42,514	66,207	415,201	(79,161)	336,040
Segment profit	5,993	10,478	1,122	1,146	18,739	(1,332)	17,407

- (Note)
- "Eliminations, adjustments and others" includes unallocated items and intersegment eliminations.
 - Except for a few unallocated items, corporate overhead expenses and profit or loss of certain subsidiaries are allocated to each reportable operating segment. These subsidiaries provide indirect services and operational support for the companies included in each reportable operating segment.
 - "Segment profit (loss)" is calculated by deducting cost of goods sold and selling, general and administrative expenses from net sales, and making adjustments of foreign exchange gains and losses determined by the Group, adjustments in accordance with IFRS, and adjustments of non-recurring items.

2. Changes in the accounting policy

The Group has started to apply the following standard from the consolidated first quarter of the year ending March 31, 2020.

Standard	Name of standard	Outline of new establishment or revision
IFRS 16	Leases	Revision of accounting treatment regarding recognition of lease transactions

At inception of a contract, the Group assesses whether the contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

However, the Group elects not to recognize right-of-use assets and lease liabilities for either short-term leases with a lease term within 12 months, or leases for which the underlying asset is of low value.

When applying IFRS 16, the Group accepted the decisions under IAS 17 "Leases" ("IAS 17") and IFRIC 4 "Determining Whether an Arrangement Contains a Lease" in respect of whether a contract contains a lease. After the date of initial application, the determination is based on the rules under IFRS 16.

The Group recognizes the cumulative effect of initially applying IFRS 16 to all of its leases.

Lease liabilities in lease transactions are measured at discounted present value of the

total lease payments that are not paid at the commencement date.

The weighted average of the lessee's incremental borrowing rate applied to the lease liabilities recognized in the condensed consolidated statement of financial position at the date of initial application is 0.4%.

The interest rate implicit in the lease is used to measure the present value of the lease payments that are not paid, if practically possible. If it is not practically possible, the lessee's incremental borrowing rates are used.

Lease payment is allocated to financial costs and repayment of lease obligations under the interest method. Financial costs are recognized separately from depreciation costs for the right-of-use assets in the condensed consolidated statement of income.

The Group initially measures the right-of-use asset by adding any initial direct costs, any lease payments made at or before the commencement date, and any costs to be incurred in restoring the underlying asset to the condition required by the terms and conditions of the lease to the amount of the initial measurement of the lease liability. The right-of-use assets are depreciated under the straight-line basis or another systematic basis over the lease terms.

The reconciliation from operating lease commitments disclosed applying IAS 17 to lease liabilities recognized in the condensed consolidated statement of financial position at the date of initial application is as follows:

(millions of yen)	
Discounted amount of operating lease commitments disclosed as of March 31, 2019	8,846
Finance lease obligations recognized as of March 31, 2019	11,264
Cancellable operating lease commitments	16,844
Lease liabilities as of April 1, 2019	36,954

Accordingly, in comparison to when the former accounting standards were applied, the asset balance mainly included in property, plant and equipment in the condensed consolidated statement of financial position at the beginning of the current year increased by ¥25,690 million.

Further, when applying IFRS 16, the Group uses the following practical expedients:

- The Group applies a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The Group relies on its assessment of whether leases are onerous applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review.
- The Group excludes initial direct costs from the measurement of right-of-use assets at the date of initial application.

- The Group uses hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.