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Consolidated Financial Results for the Second Quarter of Fiscal 2024 [Japanese GAAP]

October 27, 2023

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 Code: 2002
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Date to submit the Quarterly Securities Report: November 8, 2023
 Date to start distributing dividends: December 4, 2023
 Supplementary materials for these consolidated financial results: Yes
 Results briefing for financial results: Yes (for analysts and institutional investors)

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

1. Consolidated Financial Results for the Second Quarter of Fiscal 2024 (April 1, 2023 to September 30, 2023)

(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 six months of Fiscal 2024	426,881	9.8	25,511	60.3	26,511	53.9	18,446	—
First six months of Fiscal 2023	388,742	19.3	15,919	2.3	17,220	(1.2)	(37,795)	—

(Note) Comprehensive income: First six months of Fiscal 2024: ¥52,894 million (—%)
 First six months of Fiscal 2023: ¥(20,775) million (—%)

	Earnings per share	Fully diluted earnings per share
	Yen	Yen
First six months of Fiscal 2024	62.04	—
First six months of Fiscal 2023	(127.11)	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
September 30, 2023	766,425	484,685	61.2
March 31, 2023	713,874	438,499	59.4

(Reference) Equity capital: September 30, 2023: ¥469,300 million March 31, 2023: ¥423,833 million

2. Dividends

	Dividend per share				
	1Q End	2Q End	3Q End	Year-End	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2023	—	19.00	—	21.00	40.00
Fiscal 2024	—	21.00	—	—	—
Fiscal 2024 (forecast)	—	—	—	21.00	42.00

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

3. Forecast of Consolidated Financial Results for the Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(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	850,000	6.4	46,000	40.1	47,000	42.2	30,000	—	100.89

(Note) Revision to the latest forecast of financial results: Yes

* Notes

(1) Changes in important subsidiaries during the first six months of the fiscal year ending March 31, 2024 (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

(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 September 30, 2023	304,357,891	As of March 31, 2023	304,357,891
2) Number of treasury shares	As of September 30, 2023	7,028,301	As of March 31, 2023	6,979,939
3) Average number of shares outstanding	First six months of Fiscal 2024	297,358,169	First six months of Fiscal 2023	297,346,493

* 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

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.

Quarterly Consolidated Financial Statements and Related Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Fiscal 2023 (As of March 31, 2023)	Fiscal 2024 Second Quarter (As of September 30, 2023)
Assets		
Current assets		
Cash and deposits	82,971	89,507
Notes and accounts receivable – trade, and contract assets	107,887	116,644
Securities	–	204
Inventories	128,786	121,015
Other	11,065	17,173
Allowance for doubtful accounts	(641)	(840)
Total current assets	330,069	343,704
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	71,134	72,685
Machinery, equipment and vehicles, net	60,212	63,666
Land	52,618	53,250
Right-of-use assets	17,060	17,792
Other, net	16,468	19,274
Total property, plant and equipment	217,494	226,669
Intangible assets		
Goodwill	7,496	6,845
Other	16,180	15,846
Total intangible assets	23,677	22,692
Investments and other assets		
Investment securities	124,653	154,060
Other	18,180	19,508
Allowance for doubtful accounts	(200)	(209)
Total investments and other assets	142,633	173,359
Total non-current assets	383,805	422,721
Total assets	713,874	766,425

(Millions of yen)

	Fiscal 2023 (As of March 31, 2023)	Fiscal 2024 Second Quarter (As of September 30, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	74,565	72,779
Short-term loans payable	14,356	9,938
Income taxes payable	8,941	5,818
Accrued expenses	23,247	24,518
Other	29,150	33,775
Total current liabilities	150,262	146,831
Non-current liabilities		
Bonds	20,000	20,000
Long-term loans payable	13,378	12,668
Lease obligations	37,311	39,071
Deferred tax liabilities	22,097	30,766
Provision for repairs	1,562	1,609
Net defined benefit liability	23,422	23,494
Other	7,341	7,298
Total non-current liabilities	125,112	134,908
Total liabilities	275,375	281,739
Net assets		
Shareholders' equity		
Capital stock	17,117	17,117
Capital surplus	12,728	12,752
Retained earnings	325,181	337,380
Treasury shares	(10,989)	(11,078)
Total shareholders' equity	344,037	356,171
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	52,044	72,202
Deferred gains or losses on hedges	(13)	354
Foreign currency translation adjustment	28,352	41,089
Remeasurements of defined benefit plans	(588)	(517)
Total accumulated other comprehensive income	79,795	113,129
Subscription rights to shares	44	—
Non-controlling interests	14,621	15,384
Total net assets	438,499	484,685
Total liabilities and net assets	713,874	766,425

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

[Quarterly Consolidated Statements of Income]

(Millions of yen)

	First six months of Fiscal 2023 (April 1, 2022 to September 30, 2022)	First six months of Fiscal 2024 (April 1, 2023 to September 30, 2023)
Net sales	388,742	426,881
Cost of sales	308,600	335,756
Gross profit	80,141	91,124
Selling, general and administrative expenses	64,221	65,613
Operating profit	15,919	25,511
Non-operating income		
Interest income	103	202
Dividend income	1,577	1,248
Share of profit of entities accounted for using equity method	632	699
Other	869	1,121
Total non-operating income	3,183	3,271
Non-operating expenses		
Interest expenses	1,703	1,865
Other	179	406
Total non-operating expenses	1,882	2,271
Ordinary profit	17,220	26,511
Extraordinary income		
Gain on sale of investment securities	206	327
Total extraordinary income	206	327
Extraordinary losses		
Loss on retirement of non-current assets	203	207
Impairment losses	55,836	1,254
Expenses related to change of the company name	154	–
Total extraordinary losses	56,194	1,461
Profit (loss) before income taxes	(38,766)	25,377
Total income taxes	(1,649)	6,135
Profit (loss)	(37,117)	19,241
Profit attributable to non-controlling interests	677	794
Profit (loss) attributable to owners of parent	(37,795)	18,446

[Quarterly Consolidated Statements of Comprehensive Income]

(Millions of yen)

	First six months of Fiscal 2023 (April 1, 2022 to September 30, 2022)	First six months of Fiscal 2024 (April 1, 2023 to September 30, 2023)
Profit (loss)	(37,117)	19,241
Other comprehensive income		
Valuation difference on available-for-sale securities	1,859	20,029
Deferred gains or losses on hedges	(92)	314
Foreign currency translation adjustment	14,046	12,753
Remeasurements of defined benefit plans	118	85
Share of other comprehensive income of entities accounted for using equity method	409	470
Total other comprehensive income	16,341	33,652
Comprehensive income	(20,775)	52,894
(Breakdown)		
Comprehensive income attributable to owners of parent	(22,198)	51,780
Comprehensive income attributable to non-controlling interests	1,423	1,113

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	First six months of Fiscal 2023 (April 1, 2022 to September 30, 2022)	First six months of Fiscal 2024 (April 1, 2023 to September 30, 2023)
Cash flows from operating activities		
Profit (loss) before income taxes	(38,766)	25,377
Depreciation and amortization	11,523	11,102
Impairment losses	55,836	1,254
Amortization of goodwill	3,185	657
Interest and dividend income	(1,681)	(1,450)
Interest expenses	1,703	1,865
Share of (profit) loss of entities accounted for using equity method	(632)	(699)
Loss (gain) on sale of investment securities	(206)	(327)
Decrease (increase) in notes and accounts receivable – trade, and contract assets	(3,360)	(5,864)
Decrease (increase) in inventories	(21,942)	11,533
Increase (decrease) in notes and accounts payable - trade	332	(2,686)
Other, net	(1,263)	6,351
Subtotal	4,727	47,113
Interest and dividend income received	2,482	1,492
Interest expenses paid	(1,679)	(1,879)
Income taxes paid	(7,354)	(12,960)
Net cash provided by (used in) operating activities	(1,823)	33,766
Cash flows from investing activities		
Payments into time deposits	(439)	–
Proceeds from withdrawal of time deposits	2,108	–
Purchase of property, plant and equipment and intangible assets	(8,947)	(13,419)
Proceeds from sale of investment securities	407	1,049
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(930)
Other, net	137	(515)
Net cash provided by (used in) investing activities	(6,733)	(13,815)
Cash flows from financing activities		
Increase in short-term loans payable	9,056	532
Decrease in short-term loans payable	(2,395)	(6,606)
Proceeds from long-term loans payable	1,112	–
Purchase of treasury shares	(189)	(118)
Cash dividends paid	(5,950)	(6,247)
Repayments of lease obligations	(2,284)	(2,210)
Other, net	(606)	(301)
Net cash provided by (used in) financing activities	(1,258)	(14,953)
Effect of exchange rate changes on cash and cash equivalents	1,769	1,742
Net increase (decrease) in cash and cash equivalents	(8,046)	6,740
Cash and cash equivalents at beginning of period	68,728	82,971
Cash and cash equivalents at end of period	60,682	89,711

[Segment Information, etc.]

[Segment information]

I. First six months of Fiscal 2023 (April 1, 2022 to September 30, 2022)

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	201,881	92,486	73,285	367,653	21,089	388,742	–	388,742
Intersegment sales and transfers	9,540	884	2,439	12,865	1,401	14,267	(14,267)	–
Total	211,422	93,370	75,725	380,518	22,490	403,009	(14,267)	388,742
Segment profit	7,117	4,066	1,638	12,823	3,050	15,874	45	15,919

- Notes: 1. Business segment of “Others” is excluded from reportable segment, which includes 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 six months of Fiscal 2024 (April 1, 2023 to September 30, 2023)

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	227,750	99,153	78,064	404,968	21,912	426,881	–	426,881
Intersegment sales and transfers	9,566	988	2,252	12,807	1,181	13,989	(13,989)	–
Total	237,317	100,141	80,317	417,776	23,093	440,870	(13,989)	426,881
Segment profit	14,731	4,692	3,397	22,820	2,581	25,402	109	25,511

- Notes: 1. Business segment of “Others” is excluded from reportable segment, which includes 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.