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Supplementary Materials Second Quarter of Fiscal 2023

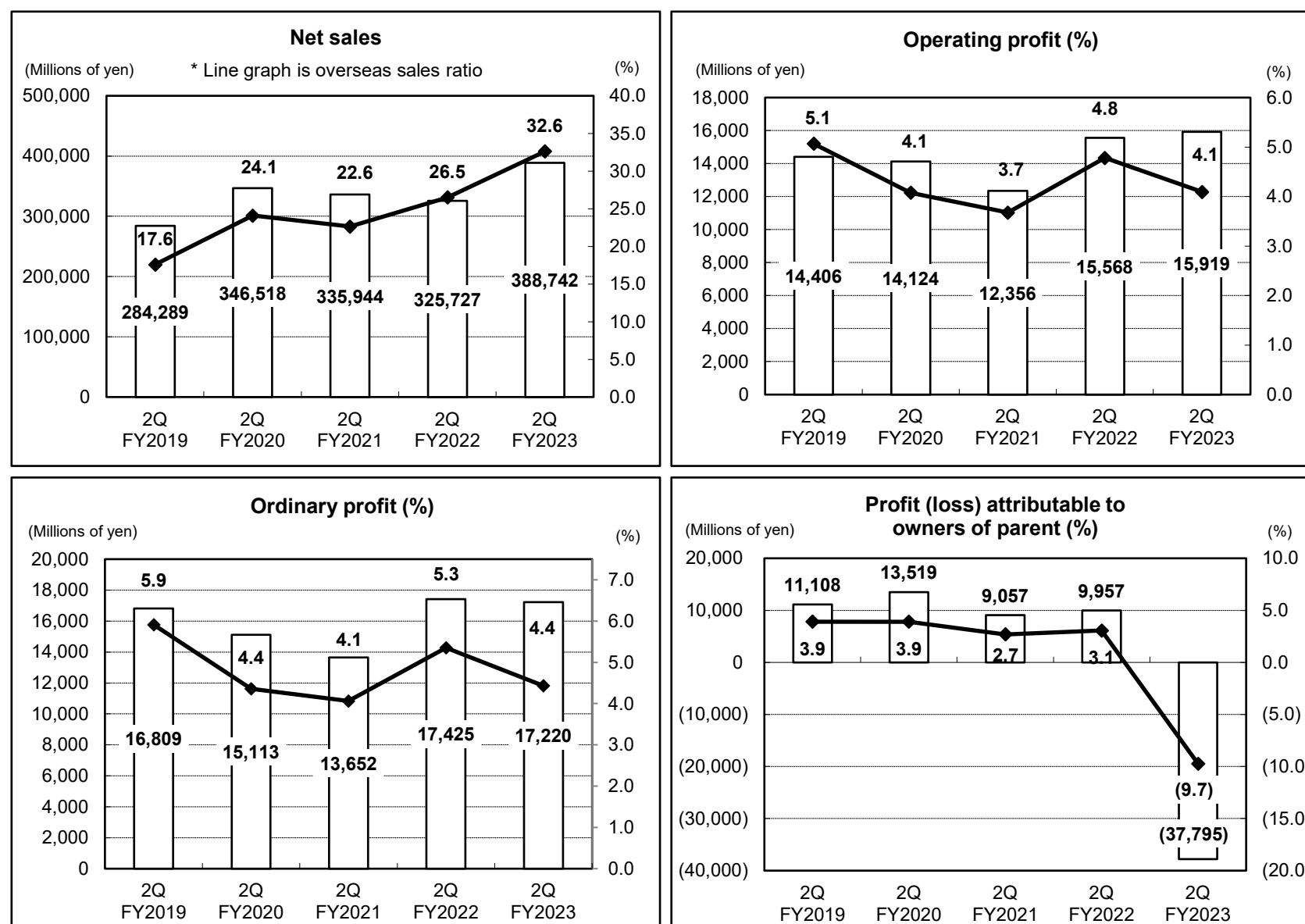
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October 26, 2022

Nisshin Seifun Group Inc.

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.

1. Consolidated Performance Highlights



[Performance Trends]

(Millions of yen)

	2Q FY2019	2Q FY2020	2Q FY2021	2Q FY2022	2Q FY2023	vs. 2Q FY2022	Change (%)	FY2023 Forecast
Net sales *1	284,289	346,518	335,944	325,727	388,742	63,014	119.3%	780,000
Overseas sales (%)	17.6%	24.1%	22.6%	26.5%	32.6%	40,386	146.8%	242,500 31.1%
Operating profit *1 (%)	14,406 5.1%	14,124 4.1%	12,356 3.7%	15,568 4.8%	15,919 4.1%	351 (0.7)%	102.3%	33,000 4.2%
Ordinary profit *1 (%)	16,809 5.9%	15,113 4.4%	13,652 4.1%	17,425 5.3%	17,220 4.4%	(204) (0.9)%	98.8%	35,000 4.5%
Profit (loss) attributable to owners of parent *1 (%)	11,108 3.9%	13,519 3.9%	9,057 2.7%	9,957 3.1%	(37,795) (9.7)%	(47,752) (12.8)%	–	(18,500) (2.4)%
Capital expenditures (construction base)	7,760	10,999	7,539	8,173	8,347	173	102.1%	22,000
Depreciation and amortization	7,211	10,141	10,809	11,199	11,523	323	102.9%	24,000
Number of employees (consolidated) (Persons)	6,771	9,010	9,107	8,999	9,134	135	101.5%	–
(Reference)								
Operating profit before amortization of goodwill, others *1	15,511	18,390	16,342	19,977	20,422	445	102.2%	39,253
Amortization of goodwill, others *2	1,104	4,266	3,986	4,408	4,503	94	102.1%	6,253

*1 The Company applied the "Accounting Standard for Revenue Recognition" (ASBJ No. 29) from the start of FY2022 (April 1, 2021).

*2 "Amortization of goodwill, others" refers to amortization of goodwill and intangible assets (customer-related assets).

[Balance Sheet Trends]

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020	As of March 31, 2021	As of March 31, 2022	As of September 30, 2022	vs. as of March 31, 2022
Current assets	268,170	238,980	238,674	280,527	303,929	23,402
Property, plant and equipment, and intangible assets	166,780	277,204	288,804	288,132	235,522	(52,609)
Investments and other assets	159,802	150,030	159,935	154,414	162,541	8,126
Total assets	594,754	666,215	687,415	723,073	701,993	(21,080)
Current liabilities	114,806	131,058	108,740	129,158	136,816	7,658
Non-current liabilities	61,098	126,114	133,900	133,272	132,080	(1,192)
Equity capital	403,937	394,995	433,089	449,174	420,940	(28,233)
Equity ratio (%)	67.9%	59.3%	63.0%	62.1%	60.0%	(2.1)%
Subscription rights to shares	167	137	116	95	44	(50)
Non-controlling interests	14,743	13,908	11,569	11,373	12,111	738
Total liabilities and net assets	594,754	666,215	687,415	723,073	701,993	(21,080)

[Shareholders' Equity and Dividends]

	As of March 31, 2019	As of March 31, 2020	As of March 31, 2021	As of March 31, 2022	As of September 30, 2022	vs. as of March 31, 2022	FY2023 Forecast
Net assets per share (Yen) *1	1,359.49	1,328.71	1,456.37	1,510.35	1,415.98	(94.37)	–
	2Q FY2019	2Q FY2020	2Q FY2021	2Q FY2022	2Q FY2023	vs. 2Q FY2022	FY2023 Forecast
Earnings per share (Yen) *1	37.41	45.50	30.47	33.49	(127.11)	(160.60)	(62.22)
Fully diluted earnings per share (Yen) *1	37.37	45.46	30.47	33.49	–	–	–
Interim dividend per share (Yen)	16.00	17.00	17.00	19.00	19.00	–	39.00
Total interim dividends (Millions of yen)	4,754	5,054	5,056	5,652	5,652	–	–

*1 When calculating earnings per share and net assets per share, Company shares held by The Master Trust Bank of Japan, Ltd. as trust assets for the stock-based remuneration plan are included in the treasury shares (listed under shareholders' equity) excluded from calculation of the number of shares of common stock.

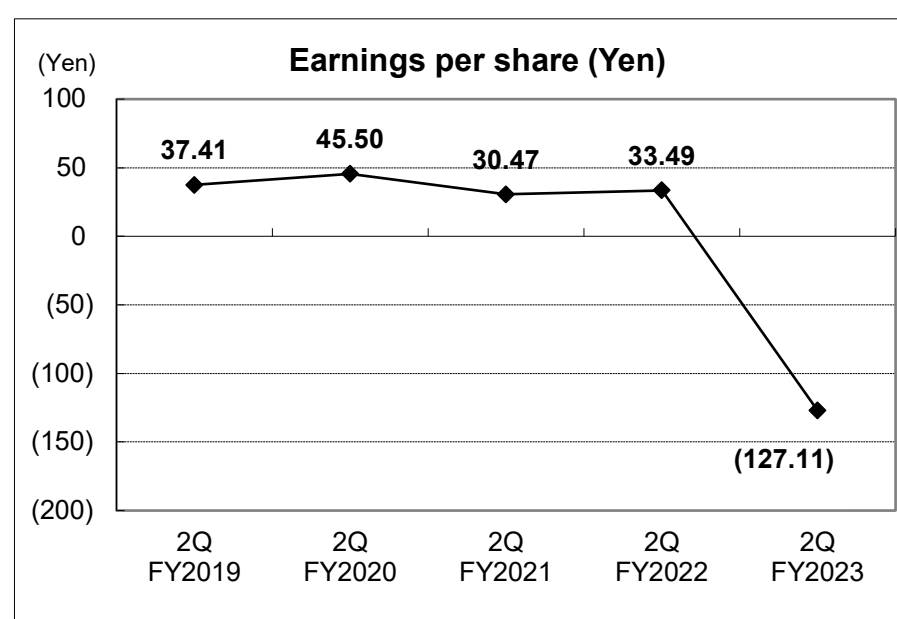
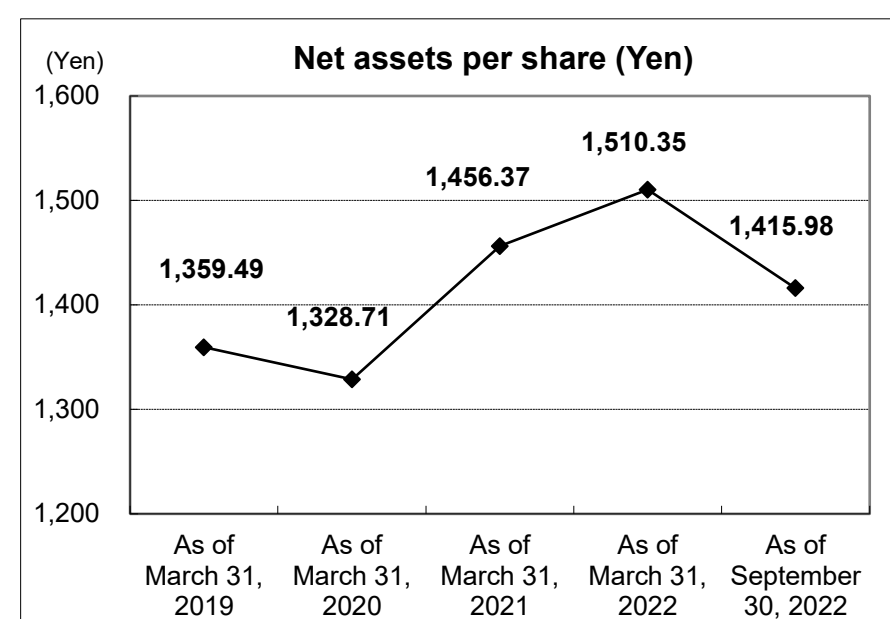
[Share Data (Nisshin Seifun Group Inc.)]

	As of March 31, 2019	As of March 31, 2020	As of March 31, 2021	As of March 31, 2022	As of September 30, 2022
(Interim) Shares issued and outstanding at end of period (Thousand shares)	297,204	297,359	297,456	297,478	297,360
(Interim) Share price at end of period (Yen)	2,540	1,802	1,850	1,706	1,468
Total market value of shares (Millions of yen)	754,899	535,841	550,293	507,497	436,525

[Statements of Cash Flows]

(Millions of yen)

	2Q FY2019	2Q FY2020	2Q FY2021	2Q FY2022	2Q FY2023	vs. 2Q FY2022
Net cash provided by (used in) operating activities	15,905	10,935	25,439	29,376	(1,823)	(31,200)
Net cash provided by (used in) investing activities	(8,171)	(90,392)	(8,230)	(8,474)	(6,733)	1,740
Net cash provided by (used in) financing activities	(3,636)	19,576	(9,701)	(10,587)	(1,258)	9,329
Effect of exchange rate change on cash and cash equivalents	(584)	76	277	(597)	1,769	2,367
Cash and cash equivalents at beginning of period	98,461	107,374	56,550	59,152	68,728	9,576
Increase (decrease) in cash and cash equivalents resulting from change of fiscal year-end of subsidiaries	(1,006)	713	–	–	–	–
Cash and cash equivalents at end of period	100,967	48,284	64,335	68,869	60,682	(8,186)



II. Consolidated Statements of Income

1. Consolidated Statements of Income

(Millions of yen)

	2Q FY2022	2Q FY2023	YoY Change		FY2023 Forecast
Net sales	325,727	388,742	63,014		780,000
Cost of sales	252,959	308,600	55,641		
Gross profit	72,768	80,141	7,372		
Selling, general and administrative expenses	57,200	64,221	7,021		
Selling expenses	19,440	22,606	3,165		
Personnel expenses	18,786	20,227	1,441		
Non-personnel expenses	18,972	21,386	2,413		
Operating profit	15,568	15,919	351		33,000
Non-operating income	3,518	3,183	(334)		
Interest income	62	103	40		
Dividend income	1,443	1,577	134		
Share of profit of entities accounted for using equity method	1,498	632	(865)		
Other	513	869	356		
Non-operating expenses	1,661	1,882	220		
Interest expenses	1,457	1,703	246		
Other	204	179	(25)		
Ordinary profit	17,425	17,220	(204)		35,000
Extraordinary income	648	206	(441)		
Gain on sale of investment securities	648	206	(441)		
Extraordinary losses	393	56,194	55,800		
Loss on retirement of non-current assets	393	203	(189)		
Impairment losses	–	55,836	55,836	The Australia flour milling business	
Expenses related to change of the company name	–	154	154	Nisshin Seifun Welna	
Profit (loss) before income taxes	17,680	(38,766)	(56,446)		
Total income taxes	7,063	(1,649)	(8,713)		
Profit (loss)	10,616	(37,117)	(47,733)		
Profit attributable to non-controlling interests	659	677	18		
Profit (loss) attributable to owners of parent	9,957	(37,795)	(47,752)		(18,500)

2. Net Sales and Operating Profit by Segment

[Net Sales by Segment]

(Millions of yen)

	2Q FY2022	(Composition ratio)	2Q FY2023	(Composition ratio)	Difference from previous year	YoY Change
Flour Milling	147,213	45%	201,881	52%	54,667	137.1%
Processed Food	90,607	28%	92,486	24%	1,878	102.1%
Prepared Dishes and Other Prepared Foods	68,333	21%	73,285	19%	4,952	107.2%
Others	19,572	6%	21,089	5%	1,516	107.7%
Total	325,727	100%	388,742	100%	63,014	119.3%

Overseas Sales (included in sales data above)

	2Q FY2022	2Q FY2023	Difference from previous year	Impact of currency exchange rate fluctuations	YoY Change
Flour Milling	75,657	114,833	39,176	15,682	151.8%
Processed Food	8,166	8,684	517	898	106.3%
Prepared Dishes and Other Prepared Foods	—	—	—	—	—
Others	2,549	3,242	692	215	127.2%
Total	86,373	126,760	40,386	16,796	146.8%

Currency Exchange Rates (Yen)

	2Q FY2022	2Q FY2023
USD	109.6	131.3
CAD	88.1	102.5
AUD	82.7	93.1
NZD	77.4	84.6
THB	3.4	3.8
INR	1.5	1.7

(Analysis of Net Sales Difference from Previous Year)

(Billions of yen)

2Q FY2023
(Difference from
previous year)

Flour Milling	+54.7	<ul style="list-style-type: none"> · Domestic wheat flour shipments (down 1.1% YoY) · Flour price revisions accompanying revised wheat prices, others · Bran prices · Overseas sales 	(0.8)
Processed Food	+1.9	<ul style="list-style-type: none"> · Processed Food sales <ul style="list-style-type: none"> Household-use flour sales Prepared mix product sales Pasta-related sales Frozen food sales Overseas processed food sales Other · Oriental Yeast sales · Nisshin Pharma sales 	+3.0
Prepared Dishes and Other Prepared Foods	+4.9	· Prepared dishes and other prepared foods sales	+4.9
Others	+1.5	<ul style="list-style-type: none"> · NBC Meshtec sales · Facility construction sales, others (Nisshin Engineering, others) 	+0.4
Total	+63.0		+1.1

[Operating Profit by Segment]

(Millions of yen)

	2Q FY2022	(Composition ratio)	2Q FY2023	(Composition ratio)	Difference from previous year	YoY Change
Flour Milling	4,441	29%	7,117	45%	2,675	160.2%
Processed Food	7,193	46%	4,066	26%	(3,126)	56.5%
Prepared Dishes and Other Prepared Foods	1,504	10%	1,638	10%	134	108.9%
Others	2,354	15%	3,050	19%	696	129.6%
Adjustments	74	0%	45	0%	(28)	—
Total	15,568	100%	15,919	100%	351	102.3%

Amortization of goodwill, others (Deducted from [Operating Profit by Segment] above)

	2Q FY2022	2Q FY2023	Difference from previous year
Flour Milling	3,592	3,686	94
Processed Food	32	32	—
Prepared Dishes and Other Prepared Foods	784	784	—
Others	—	—	—
Total	4,408	4,503	94

Overseas Operating Profit (included in [Operating Profit by Segment] above)

	2Q FY2022	2Q FY2023	Difference from previous year	Impact of currency exchange rate fluctuations	YoY Change
Flour Milling	927	3,306	2,378	664	356.3%
Processed Food	1,342	334	(1,007)	25	24.9%
Prepared Dishes and Other Prepared Foods	—	—	—	—	—
Others	190	349	159	23	183.9%
Total	2,460	3,990	1,530	712	162.2%

(Analysis of Operating Profit Difference from Previous Year)

(Billions of yen)

2Q FY2023
(Difference from
previous year)

Flour Milling	+2.7	<ul style="list-style-type: none"> • Domestic wheat flour shipment volume (0.2) • Sales expansion costs (0.2) • Bran prices +0.6 • Cost related +0.1 • Overseas operating profit +2.4
Processed Food	(3.1)	<ul style="list-style-type: none"> • Shipment volume (0.7) • Sales expansion costs (0.1) • Cost related (1.3) • Overseas operating profit (incl. Oriental Yeast, Nisshin Pharma exports) (1.0)
Prepared Dishes and Other Prepared Foods	+0.1	<ul style="list-style-type: none"> • Sales +0.9 • Cost related, others (0.8)
Others	+0.7	<ul style="list-style-type: none"> • Sales +0.5 • Cost related, others +0.2
Adjustments	(0.0)	<ul style="list-style-type: none"> • Intersegment transaction eliminations (0.0)
Total	+0.4	

[Performance Forecast]

[Net Sales by Segment]

	(Millions of yen)					(Millions of yen)		
	FY2022	(Composition ratio)	FY2023 Forecast	(Composition ratio)	Difference from previous year	YoY Change	Initial forecast (Announced in May)	Difference from initial forecast
Flour Milling	313,519	46%	401,000	51%	87,480	127.9%	385,000	16,000
Processed Food	182,968	27%	192,000	25%	9,031	104.9%	195,000	(3,000)
Prepared Dishes and Other Prepared Foods	138,384	20%	145,000	19%	6,615	104.8%	140,000	5,000
Others	44,864	7%	42,000	5%	(2,864)	93.6%	40,000	2,000
Total	679,736	100%	780,000	100%	100,263	114.8%	760,000	20,000

Overseas Sales (included in sales data above)

						Currency Exchange Rates (Yen)				
	FY2022	FY2023 Forecast	Difference from previous year	Impact of currency exchange rate fluctuations	YoY Change	Initial forecast (Announced in May)	Difference from initial forecast	FY2022	FY2023 (Projection)	
Flour Milling	163,598	218,500	54,901	32,540	133.6%	199,700	18,800	USD	111.7	136.0
Processed Food	16,901	17,700	798	2,008	104.7%	21,500	(3,800)	CAD	89.0	105.0
Prepared Dishes and Other Prepared Foods	—	—	—	—	—	—	—	AUD	82.6	95.0
Others	5,391	6,300	908	381	116.9%	6,300	—	NZD	77.8	85.0
Total	185,890	242,500	56,609	34,930	130.5%	227,500	15,000	THB	3.4	3.8
								INR	1.5	1.7

(Analysis of Net Sales Difference from Previous Year)

			(Billions of yen)
			FY2023 Forecast (Difference from previous year)
Flour Milling	+87.5	· Domestic wheat flour shipments (down 0.5% YoY)	(0.8)
		· Flour price revisions accompanying revised wheat prices, others	+31.7
		· Bran prices	+1.7
		· Overseas sales	+54.9
Processed Food	+9.0	· Domestic processed food sales	+6.8
		· Overseas processed food sales	+2.1
		· Oriental Yeast sales	+3.0
		· Nisshin Pharma sales	(2.9)
Prepared Dishes and Other Prepared Foods	+6.6	· Prepared dishes and other prepared foods sales	+6.6
Others	(2.8)	· NBC Meshtec sales	+1.5
		· Facility construction sales, others (Nisshin Engineering, others)	(4.3)
Total	+100.3		

[Performance Forecast]

[Operating Profit by Segment]

	(Millions of yen)						(Millions of yen)	
	FY2022	(Composition ratio)	FY2023 Forecast	(Composition ratio)	Difference from previous year	YoY Change	Initial forecast (Announced in May)	Difference from initial forecast
Flour Milling	8,587	29%	16,300	49%	7,712	189.8%	9,200	7,100
Processed Food	12,411	42%	8,000	24%	(4,411)	64.5%	12,300	(4,300)
Prepared Dishes and Other Prepared Foods	3,141	11%	3,300	10%	158	105.0%	3,300	—
Others	5,160	18%	5,300	17%	139	102.7%	5,100	200
Adjustments	129	0%	100	0%	(29)	—	100	—
Total	29,430	100%	33,000	100%	3,569	112.1%	30,000	3,000

Amortization of goodwill, others (Deducted from [Operating Profit by Segment] above)

	FY2022	FY2023 Forecast	Difference from previous year	Initial forecast (Announced in May)	Difference from initial forecast
Flour Milling	7,195	4,620	(2,574)	7,408	(2,788)
Processed Food	64	64	—	64	—
Prepared Dishes and Other Prepared Foods	1,568	1,568	—	1,568	—
Others	—	—	—	—	—
Total	8,828	6,253	(2,574)	9,041	(2,788)

Overseas Operating Profit (included in [Operating Profit by Segment] above)

	FY2022	FY2023 Forecast	Difference from previous year	Impact of currency exchange rate fluctuations	YoY Change	Initial forecast (Announced in May)	Difference from initial forecast
Flour Milling	790	7,900	7,109	1,516	999.8%	1,700	6,200
Processed Food	2,584	100	(2,484)	(14)	3.9%	2,700	(2,600)
Prepared Dishes and Other Prepared Foods	—	—	—	—	—	—	—
Others	501	400	(101)	33	79.8%	400	—
Total	3,875	8,400	4,524	1,535	216.7%	4,800	3,600

(Analysis of Operating Profit Difference from Previous Year)

			(Billions of yen)
			FY2023 Forecast (Difference from previous year)
Flour Milling	+7.7	<ul style="list-style-type: none"> • Domestic wheat flour shipment volume • Sales expansion costs • Bran prices • Cost related • Overseas operating profit 	(0.1) (0.4) +1.7 (0.6) +7.1
Processed Food	(4.4)	<ul style="list-style-type: none"> • Shipment volume • Sales expansion costs • Cost related • Overseas operating profit (incl. Oriental Yeast, Nisshin Pharma exports) 	(1.0) (0.1) (0.8) (2.5)
Prepared Dishes and Other Prepared Foods	+0.2	<ul style="list-style-type: none"> • Sales • Cost related, others 	+1.2 (1.0)
Others	+0.1	<ul style="list-style-type: none"> • Sales • Cost related, others 	(0.2) +0.3
Adjustments	(0.0)	• Intersegment transaction eliminations	(0.0)
Total	+3.6		

III. Consolidated Balance Sheets

[Assets]

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022	vs. as of March 31, 2022	Details of YoY difference (Billions of yen)
Total assets	723,073	701,993	(21,080)	
Current assets	280,527	303,929	23,402	
Cash and deposits	69,607	60,377	(9,229)	
Notes and accounts receivable – trade, and contract assets	100,594	106,688	6,094	
Securities	1,103	304	(799)	
Inventories	96,596	121,983	25,386	Increase due to rising prices for raw materials
Other	13,167	15,412	2,244	
Allowance for doubtful accounts	(542)	(837)	(294)	
Non-current assets	442,546	398,063	(44,482)	
Property, plant and equipment	219,379	209,575	(9,803)	
Buildings and structures, net	68,843	69,482	639	
Machinery, equipment and vehicles, net	53,018	61,356	8,338	
Land	46,334	46,885	550	
Right-of-use assets	29,050	18,181	(10,869)	Impairment loss recognized in the Australia flour milling business
Other, net	22,131	13,669	(8,462)	
Intangible assets	68,752	25,946	(42,806)	
Goodwill	42,385	8,232	(34,153)	Impairment loss recognized in the Australia flour milling business
Other	26,367	17,714	(8,652)	same as above
Investments and other assets	154,414	162,541	8,126	
Investment securities	141,590	144,388	2,798	Increase due to changes in market value
Other	12,948	18,275	5,326	
Allowance for doubtful accounts	(125)	(122)	2	

[Liabilities and Net Assets]

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022	vs. as of March 31, 2022	Details of YoY difference (Billions of yen)
Total liabilities	262,430	268,896	6,466	
Current liabilities	129,158	136,816	7,658	
Notes and accounts payable – trade	63,655	64,878	1,222	
Short-term loans payable	6,789	15,459	8,670	Increase for use as operating capital
Income taxes payable	5,784	5,362	(421)	
Accrued expenses	24,727	22,679	(2,047)	
Other	28,201	28,435	233	
Non-current liabilities	133,272	132,080	(1,192)	
Bonds	20,000	20,000	–	
Long-term loans payable	13,785	14,395	610	
Lease obligations	38,939	39,459	520	
Deferred tax liabilities	28,360	26,267	(2,092)	
Provision for repairs	1,373	1,494	121	
Net defined benefit liability	22,845	22,825	(20)	
Other	7,968	7,637	(330)	
Total net assets	460,643	433,096	(27,546)	
Shareholders' equity	365,946	322,116	(43,830)	
Capital stock	17,117	17,117	–	
Capital surplus	12,622	12,726	104	
Retained earnings	347,165	303,420	(43,745)	Profit (37.8), Dividends (6.0)
Treasury shares	(10,960)	(11,148)	(188)	
Accumulated other comprehensive income	83,227	98,824	15,596	
Valuation difference on available-for-sale securities	60,585	62,453	1,868	Increase due to changes in market value
Deferred gains or losses on hedges	445	301	(144)	
Foreign currency translation adjustment	23,059	36,795	13,735	Increase due to weaker yen in currency exchange
Remeasurements of defined benefit plans	(862)	(726)	136	
Subscription rights to shares	95	44	(50)	
Non-controlling interests	11,373	12,111	738	
Total liabilities and net assets	723,073	701,993	(21,080)	

IV. Consolidated Statements of Cash Flows

(Millions of yen)

	2Q FY2022	2Q FY2023	YoY Change
Cash flows from operating activities			
Profit (loss) before income taxes	17,680	(38,766)	(56,446)
Depreciation and amortization	11,199	11,523	323
Impairment losses	–	55,836	55,836
Amortization of goodwill	2,934	3,185	251
Interest and dividend income	(1,506)	(1,681)	(174)
Interest expenses	1,457	1,703	246
Share of (profit) loss of entities accounted for using equity method	(1,498)	(632)	865
Loss (gain) on sale of investment securities	(648)	(206)	441
Decrease (increase) in notes and accounts receivable – trade, and contract assets	(1,040)	(3,360)	(2,319)
Decrease (increase) in inventories	(3,286)	(21,942)	(18,655)
Increase (decrease) in notes and accounts payable – trade	7,633	332	(7,300)
Other, net	2,442	(1,263)	(3,706)
Subtotal	35,367	4,727	(30,639)
Interest and dividend income received	2,332	2,482	149
Interest expenses paid	(1,461)	(1,679)	(218)
Income taxes paid	(6,862)	(7,354)	(492)
Net cash provided by (used in) operating activities	29,376	(1,823)	(31,200)
Cash flows from investing activities			
Payments into time deposits	(2,796)	(439)	2,356
Proceeds from withdrawal of time deposits	2,630	2,108	(522)
Purchase of property, plant, and equipment and intangible assets	(9,937)	(8,947)	989
Proceeds from sale of investment securities	715	407	(308)
Other, net	912	137	(775)
Net cash provided by (used in) investing activities	(8,474)	(6,733)	1,740
Cash flows from financing activities			
Increase in short-term loans payable	144	9,056	8,912
Decrease in short-term loans payable	(2,233)	(2,395)	(162)
Proceeds from long-term loans payable	–	1,112	1,112
Purchase of treasury shares	(188)	(189)	(0)
Cash dividends paid	(5,949)	(5,950)	(0)
Other, net	(2,359)	(2,891)	(531)
Net cash provided by (used in) financing activities	(10,587)	(1,258)	9,329
Effect of exchange rate change on cash and cash equivalents	(597)	1,769	2,367
Net increase (decrease) in cash and cash equivalents	9,716	(8,046)	(17,762)
Cash and cash equivalents at beginning of period	59,152	68,728	9,576
Cash and cash equivalents at end of period	68,869	60,682	(8,186)