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Consolidated Financial Results for the First Half of Fiscal 2025 [Japanese GAAP]

October 30, 2024

Listed Company Name: Nisshin Seifun Group Inc. Registered on Tokyo Stock Exchange
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Date to submit the Semi-annual Securities Report: November 8, 2024
 Date to start distributing dividends: December 6, 2024
 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 First Half of Fiscal 2025 (April 1, 2024 to September 30, 2024)

(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 2025	429,513	0.6	26,010	2.0	27,076	2.1	20,363	10.4
First six months of Fiscal 2024	426,881	9.8	25,511	60.3	26,511	53.9	18,446	–

(Note) Comprehensive income: First six months of Fiscal 2025: ¥2,544 million (-95.2%)
 First six months of Fiscal 2024: ¥52,894 million (-%)

	Earnings per share	Fully diluted earnings per share
	Yen	Yen
First six months of Fiscal 2025	68.48	–
First six months of Fiscal 2024	62.04	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
September 30, 2024	784,224	511,280	63.0
March 31, 2024	826,702	516,381	60.5

(Reference) Equity capital: September 30, 2024: ¥494,367 million March 31, 2024: ¥500,302 million

2. Dividends

	Dividend per share				
	1Q End	2Q End	3Q End	Year-End	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2024	–	21.00	–	24.00	45.00
Fiscal 2025	–	25.00	–	–	–
Fiscal 2025 (forecast)	–	–	–	30.00	55.00

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

3. Forecast of Consolidated Financial Results for the Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(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	870,000	1.4	51,000	6.7	53,000	6.0	39,000	22.9	131.16

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

* Notes

(1) Significant changes in the scope of consolidation during the first six months of the fiscal year ending March 31, 2025 : None

(2) Adoption of special accounting treatment for preparing semi-annual consolidated financial statements: Yes

Note: For details, please refer to “2. Semi-annual Consolidated Financial Statements and Related Notes (4) Notes on Semi-annual Consolidated Financial Statements [Notes on Special Accounting Treatment for Preparing Semi-annual Consolidated Financial Statements]” on page 13 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 September 30, 2024	304,357,891	As of March 31, 2024	304,357,891
2) Number of treasury shares	As of September 30, 2024	7,052,269	As of March 31, 2024	6,931,745
3) Average number of shares outstanding	First six months of Fiscal 2025	297,374,485	First six months of Fiscal 2024	297,358,169

* Semi-annual earnings reports are not subject to 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 Financial Results and Other Forward-looking Information” on page 7 of the Attachment.

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

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1. Overview of Business Performance, etc.

(1) Overview of Business Performance for the Period under Review

During the first half of the fiscal year ending March 31, 2025, there were some bright spots emerge in the business environment surrounding the Nisshin Seifun Group, largely atop an increase in foot traffic, particularly due to inbound tourism. This trend came despite high prices for raw materials and energy, as well as rising logistics costs, as belt-tightening behavior continued amid high prices for goods, causing the turnaround in consumer spending to remain at a standstill.

Under these conditions, the Group strives to fulfill its corporate mission of ensuring a stable supply of foods involving wheat flour and the delivery of safe and reliable products in each business area. At the same time, in a push to achieve goals set out in “The Nisshin Seifun Group Medium-Term Management Plan 2026,” set to conclude in the fiscal year ending March 31, 2027, the Group gave highest priority to efforts to stimulate its ability to grow by restructuring the business portfolio, promote measures to spur a performance recovery in the Australia flour milling business and the yeast business in India, realize tangible results from our R&D strategy, and showcase benefits from automation and labor-saving measures.

As part of efforts to stimulate the Group’s ability to grow by restructuring the business portfolio, we are continuing construction at flour milling subsidiary Nisshin Flour Milling Inc. of the Mizushima Plant ahead of an operational start sometime in May 2025. This move is accompanied by the scheduled closure of the subsidiary’s Okayama and Sakaide plants. Meanwhile, at U.S.-based subsidiary Miller Milling Company, LLC, expansion work continues at the Saginaw Plant, with an operational start set for early 2025. Additionally, Vietnam-based processed food business subsidiaries Vietnam Nisshin Seifun Co., Ltd. and Vietnam Nisshin Technomic Co., Ltd. launched the sale of household-use products in the country from July 2024. The Group will continue to aggressively enact measures to spur future growth.

With respect to R&D, we are moving ahead with addressing the commercialization of research results. In the flour milling business, we are seeking to expand recognition of and develop the market for high-fiber wheat flour (Amuleia). We also decided to build in Yoga, a neighborhood in Tokyo’s Setagaya Ward, a new development site based on an “Our ‘kitchen’ – where we co-create the future” concept, with construction scheduled to complete in the fiscal year ending March 31, 2027. In these ways, we aim to further highlight the Group’s development capabilities, while also creating Group synergies.

With respect to performance, consolidated net sales for the first half of the fiscal year ending March 31, 2025, increased 0.6% year on year to ¥429,513 million. Factors driving growth included increased shipments and effects from foreign currency translation in the overseas flour milling business and sales growth in the yeast and biotechnology business. On the profit side, operating profit increased 2.0% year on year to ¥26,010 million, and ordinary profit rose 2.1% year on year to ¥27,076 million. Growth was spurred by firm performance from the overseas flour milling and mesh cloths businesses, which came amid continued rising costs for raw materials, transportation, and labor in all businesses. Profit attributable to owners of parent for the first half came to ¥20,363 million, up 10.4% year on year, primarily from posting of a gain on sale of investment securities.

(Year-on-year Comparison)

(Millions of yen)

	First six months of Fiscal 2024	First six months of Fiscal 2025	Difference	Change
Net sales	426,881	429,513	2,632	0.6%
Operating profit	25,511	26,010	498	2.0%
Ordinary profit	26,511	27,076	565	2.1%
Profit attributable to owners of parent	18,446	20,363	1,916	10.4%

[Business Overview by Segment]

1) Flour Milling Segment

(Millions of yen)

	First six months of Fiscal 2024	First six months of Fiscal 2025	Difference	Change
Net sales	227,750	228,737	986	0.4%
Operating profit	14,731	15,478	747	5.1%

In the flour milling business in Japan, shipments were higher year on year, mainly reflecting a growth in demand for restaurant dining due to increased foot traffic, including from inbound tourism, in addition to benefits from sales expansion measures.

In July 2024, we implemented price revisions for commercial wheat flour in response to revised government prices for five classes of imported wheat. This move reflected that on average, the government's price for imported wheat declined 0.6% in April 2024, as well as rising transportation costs.

In the overseas flour milling business, sales were higher year on year, primarily reflecting firm shipments and the effects of foreign currency translation.

As a result, net sales of the Flour Milling Segment increased 0.4% year on year to ¥228,737 million. Operating profit climbed 5.1% to ¥15,478 million, lifted by firm performance from the overseas flour milling business, and despite lower profits year on year from the flour milling business in Japan due mainly to rising manufacturing costs.

2) Processed Food Segment

(Millions of yen)

	First six months of Fiscal 2024	First six months of Fiscal 2025	Difference	Change
Net sales	99,153	101,932	2,779	2.8%
Operating profit	4,692	3,927	(765)	(16.3)%

In the processed food business, while belt-tightening behavior among consumers in Japan continues, shipments of Ma•Ma Quick Cook Spaghetti and other pasta in household-use products held firm. Overseas, commercial-use prepared mix shipments were also higher, lifting sales higher year on year.

In the yeast and biotechnology business, sales were up year on year, reflecting increased shipments of cultivation medium in the biotechnology business and higher sales volume in the yeast business in India.

In the healthcare foods business, sales were lower year on year due to lower shipments of raw materials for pharmaceuticals and consumer products.

As a result, net sales of the Processed Food Segment increased 2.8% year on year to ¥101,932 million. Operating profit, however, declined 16.3% to ¥3,927 million, attributable mainly to higher costs, including for raw materials and transportation due to foreign currency translation effects in the processed food business, along with lower shipments in the healthcare foods business.

3) Prepared Dishes and Other Prepared Foods Segment

(Millions of yen)

	First six months of Fiscal 2024	First six months of Fiscal 2025	Difference	Change
Net sales	78,064	78,535	470	0.6%
Operating profit	3,397	3,398	1	0.1%

In the Prepared Dishes and Other Prepared Foods Segment, net sales increased 0.6% year on year to ¥78,535 million, mainly reflecting robust sales due to increased demand from inbound travel to Japan. Operating profit increased 0.1% to ¥3,398 million, largely atop sales growth and improved productivity, which offset rising costs for raw materials and labor.

4) Others Segment

(Millions of yen)

	First six months of Fiscal 2024	First six months of Fiscal 2025	Difference	Change
Net sales	21,912	20,308	(1,604)	(7.3)%
Operating profit	2,581	3,247	666	25.8%

In the engineering business, sales were lower year on year, reflecting a decline in large-scale plant projects.

In the mesh cloths business, sales rose year on year atop the continuation of favorable shipments of screen printing materials for solar panels.

As a result, net sales of the Others Segment decreased 7.3% year on year to ¥20,308 million, with operating profit up 25.8% to ¥3,247 million. The rise in profit came mainly from growth in shipments in the mesh cloths business.

(2) Overview of Financial Position for the Period under Review

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024	Difference
Current assets	365,072	339,133	(25,939)
Non-current assets	461,629	445,091	(16,538)
Total assets	826,702	784,224	(42,477)
Current liabilities	163,571	131,728	(31,843)
Non-current liabilities	146,749	141,215	(5,533)
Total liabilities	310,321	272,944	(37,377)
Total net assets	516,381	511,280	(5,100)
Total liabilities and net assets	826,702	784,224	(42,477)

The status of assets, liabilities and net assets on a consolidated basis at the end of the first half of the fiscal year ending March 31, 2025 was as follows.

Current assets decreased ¥25,939 million from the previous fiscal year-end to ¥339,133 million, mainly accompanying a decrease in notes and accounts receivable – trade, and contract assets. Non-current assets decreased ¥16,538 million to ¥445,091 million, primarily accompanying a decrease in the market valuation of investment securities. As a result, total assets decreased ¥42,477 million from the previous fiscal year-end to ¥784,224 million.

Current liabilities decreased ¥31,843 million to ¥131,728 million, mainly accompanying a decrease in notes and accounts payable – trade. Non-current liabilities decreased ¥5,533 million to ¥141,215 million, accompanying a decrease in deferred tax liabilities. As a result, total liabilities decreased ¥37,377 million from the previous fiscal year-end to ¥272,944 million. Net assets decreased ¥5,100 million to ¥511,280 million, mainly reflecting an increase in retained earnings due to profit attributable to owners of parent for the first half, a decrease due to the payment of dividends, and a decrease in accumulated other comprehensive income.

The Company's consolidated cash flows for the first half of the fiscal year ending March 31, 2025 were as follows.

(Millions of yen)

	First six months of Fiscal 2024	First six months of Fiscal 2025	Difference
Net cash provided by (used in) operating activities	33,766	31,800	(1,966)
Net cash provided by (used in) investing activities	(13,815)	(14,668)	(852)
Net cash provided by (used in) financing activities	(14,953)	(19,573)	(4,619)
Effect of exchange rate change on cash and cash equivalents	1,742	(780)	(2,522)
Net increase (decrease) in cash and cash equivalents	6,740	(3,222)	(9,962)
Net increase (decrease) in cash and cash equivalents due to changes in accounting period of consolidated subsidiaries	–	21	21
Cash and cash equivalents at end of period	89,711	104,480	14,768

Net cash provided by (used in) operating activities

An increase in cash and cash equivalents mainly due to profit before income taxes of ¥31,011 million and decreases in depreciation and amortization (a non-cash item), notes and accounts receivable – trade, and contract assets exceeded a decrease in cash and cash equivalents from factors such as decreases in notes and accounts payable – trade, accounts payable - other, and accrued expenses, along with the payment of income taxes. This led to net cash provided by operating activities for the first half of ¥31,800 million, compared to ¥33,766 million in net cash provided by operating activities a year earlier.

Net cash provided by (used in) investing activities

¥20,062 million was used for the purchase of property, plant, and equipment and intangible assets. Consequently, net cash used in investing activities was ¥14,668 million, compared to ¥13,815 million a year earlier.

Net cash provided by (used in) financing activities

Net cash used in financing activities was ¥19,573 million for the first half of the fiscal year ending March 31, 2025, compared to ¥14,953 million a year earlier. This mainly reflected a net decrease in short-term borrowings and ¥7,140 million used for the payment of dividends as part of the return of profits to shareholders.

As a result, consolidated cash and cash equivalents at the end of the first half of the fiscal year ending March 31, 2025 decreased ¥3,201 million from the previous year-end to ¥104,480 million.

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

1) Revision of Numerical Targets for “Medium-Term Management Plan 2026”

In terms of numerical targets for the fiscal year ending March 31, 2027, the final year of “Medium-Term Management Plan 2026,” we have upwardly revised our targets to net sales of ¥950,000 million, operating profit of ¥57,000 million, earnings per share (EPS) of ¥140, and ROE of 8.0%.

In conjunction with this change, we revised our capital policy with respect to the return of profits to shareholders and cross-shareholdings. For the former, we raised the goal of a consolidated payout ratio of 40% or more to around 50% by the final year of “Medium-Term Management Plan 2026.” For the latter, we set a target to curtail cross-shareholdings by ¥40,000 million or more over the next five years (fiscal years ending March 31, 2025 to 2029), or around ¥8,000 million per year, to shrink these even further. The aforementioned curtailment target is calculated based on the share price as of September 30, 2024.

2) Forecast of Consolidated Financial Results for the Year Ending March 31, 2025

With respect to the outlook for the fiscal year ending March 31, 2025, based on the aforementioned target for shrinking cross-shareholdings, we have revised upward our forecast for profit attributable to owners of parent to be 22.9% higher at ¥39,000 million. Forecasts for net sales, operating profit and ordinary profit are unchanged from those announced on July 31, 2024.

Revisions to Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share
Previous Forecast (A) (Announced July 31, 2024)	Millions of yen 870,000	Millions of yen 51,000	Millions of yen 53,000	Millions of yen 38,000	Yen 127.76
Revised Forecast (B)	870,000	51,000	53,000	39,000	131.16
Difference (B-A)	—	—	—	1,000	—
Change (%)	—	—	—	2.6	—
(Reference) Previous Results (Fiscal Year Ended March 31, 2024)	858,248	47,791	49,992	31,743	106.74

3) Dividends for the Year Ending March 31, 2025

With respect to dividends for the fiscal year ending March 31, 2025, based on the aforementioned dividend policy, we are projecting a full-year dividend of ¥55 per share, increases of ¥5 from the latest forecast and ¥10 from the previous fiscal year. This is projected to result in actual dividend growth for a twelfth consecutive term. The payout ratio on a consolidated basis for the fiscal year under review is 41.9%, or 47.2% with the exclusion of gains or losses from non-recurring extraordinary factors.

2. Semi-annual Consolidated Financial Statements and Related Notes

(1) Semi-annual Consolidated Balance Sheets

(Millions of yen)

	Fiscal 2024 (As of March 31, 2024)	Fiscal 2025 First Half (As of September 30, 2024)
Assets		
Current assets		
Cash and deposits	109,470	103,955
Notes and accounts receivable – trade, and contract assets	114,536	105,663
Securities	–	1,362
Inventories	124,878	116,974
Other	16,729	11,806
Allowance for doubtful accounts	(541)	(629)
Total current assets	365,072	339,133
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	72,092	71,180
Machinery, equipment and vehicles, net	66,504	64,285
Land	53,393	53,182
Right-of-use assets, net	18,471	18,317
Other, net	25,354	31,614
Total property, plant and equipment	235,815	238,579
Intangible assets		
Goodwill	6,212	5,609
Other	15,350	15,959
Total intangible assets	21,563	21,568
Investments and other assets		
Investment securities	185,445	165,887
Other	19,014	19,248
Allowance for doubtful accounts	(208)	(192)
Total investments and other assets	204,250	184,942
Total non-current assets	461,629	445,091
Total assets	826,702	784,224

(Millions of yen)

	Fiscal 2024 (As of March 31, 2024)	Fiscal 2025 First Half (As of September 30, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	76,198	62,924
Short-term loans payable	15,101	6,055
Income taxes payable	7,890	8,292
Accrued expenses	27,036	23,541
Other	37,344	30,913
Total current liabilities	163,571	131,728
Non-current liabilities		
Bonds	20,000	20,000
Long-term loans payable	12,014	11,559
Lease obligations	39,929	40,369
Deferred tax liabilities	42,671	36,863
Provision for repairs	1,278	1,371
Net defined benefit liability	23,532	23,646
Other	7,322	7,404
Total non-current liabilities	146,749	141,215
Total liabilities	310,321	272,944
Net assets		
Shareholders' equity		
Capital stock	17,117	17,117
Capital surplus	12,752	12,752
Retained earnings	344,428	357,663
Treasury shares	(10,914)	(11,137)
Total shareholders' equity	363,383	376,396
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	93,519	79,757
Deferred gains or losses on hedges	164	(229)
Foreign currency translation adjustment	43,632	38,664
Remeasurements of defined benefit plans	(398)	(221)
Total accumulated other comprehensive income	136,918	117,971
Non-controlling interests	16,078	16,913
Total net assets	516,381	511,280
Total liabilities and net assets	826,702	784,224

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income

[Semi-annual Consolidated Statements of Income]

(Millions of yen)

	First six months of Fiscal 2024 (April 1, 2023 to September 30, 2023)	First six months of Fiscal 2025 (April 1, 2024 to September 30, 2024)
Net sales	426,881	429,513
Cost of sales	335,756	332,358
Gross profit	91,124	97,155
Selling, general and administrative expenses	65,613	71,145
Operating profit	25,511	26,010
Non-operating income		
Interest income	202	447
Dividend income	1,248	1,462
Share of profit of entities accounted for using equity method	699	1,049
Other	1,121	713
Total non-operating income	3,271	3,672
Non-operating expenses		
Interest expenses	1,865	1,935
Other	406	670
Total non-operating expenses	2,271	2,605
Ordinary profit	26,511	27,076
Extraordinary income		
Gain on sale of investment securities	327	4,251
Total extraordinary income	327	4,251
Extraordinary losses		
Loss on retirement of non-current assets	207	246
Impairment losses	Note 1 1,254	Note 1 70
Total extraordinary losses	1,461	317
Profit before income taxes	25,377	31,011
Total income taxes	6,135	9,971
Profit	19,241	21,039
Profit attributable to non-controlling interests	794	676
Profit attributable to owners of parent	18,446	20,363

[Semi-annual Consolidated Statements of Comprehensive Income]

(Millions of yen)

	First six months of Fiscal 2024 (April 1, 2023 to September 30, 2023)	First six months of Fiscal 2025 (April 1, 2024 to September 30, 2024)
Profit	19,241	21,039
Other comprehensive income		
Valuation difference on available-for-sale securities	20,029	(13,735)
Deferred gains or losses on hedges	314	(305)
Foreign currency translation adjustment	12,753	(4,888)
Remeasurements of defined benefit plans	85	42
Share of other comprehensive income of entities accounted for using equity method	470	392
Total other comprehensive income	33,652	(18,494)
Comprehensive income	52,894	2,544
(Breakdown)		
Comprehensive income attributable to owners of parent	51,780	1,415
Comprehensive income attributable to non-controlling interests	1,113	1,128

(3) Semi-annual Consolidated Statements of Cash Flows

(Millions of yen)

	First six months of Fiscal 2024 (April 1, 2023 to September 30, 2023)	First six months of Fiscal 2025 (April 1, 2024 to September 30, 2024)
Cash flows from operating activities		
Profit before income taxes	25,377	31,011
Depreciation and amortization	11,102	11,518
Impairment losses	1,254	70
Amortization of goodwill	657	603
Interest and dividend income	(1,450)	(1,910)
Interest expenses	1,865	1,935
Share of (profit) loss of entities accounted for using equity method	(699)	(1,049)
Loss (gain) on sale of investment securities	(327)	(4,251)
Decrease (increase) in notes and accounts receivable – trade, and contract assets	(5,864)	7,865
Decrease (increase) in inventories	11,533	7,237
Increase (decrease) in notes and accounts payable - trade	(2,686)	(13,094)
Increase (decrease) in accounts payable - other, and accrued expenses	4,764	(8,175)
Other, net	1,587	2,011
Subtotal	47,113	33,771
Interest and dividend income received	1,492	2,808
Interest expenses paid	(1,879)	(1,917)
Income taxes paid	(12,960)	(2,863)
Net cash provided by (used in) operating activities	33,766	31,800
Cash flows from investing activities		
Payments into time deposits	–	(2,044)
Proceeds from withdrawal of time deposits	–	3,067
Purchase of property, plant and equipment and intangible assets	(13,419)	(20,062)
Proceeds from sale of investment securities	1,049	4,501
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(930)	–
Other, net	(515)	(129)
Net cash provided by (used in) investing activities	(13,815)	(14,668)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(5,019)	(8,634)
Repayments of long-term borrowings	(1,054)	(1,013)
Purchase of treasury shares	(118)	(223)
Cash dividends paid	(6,247)	(7,140)
Repayments of lease obligations	(2,210)	(2,276)
Other, net	(301)	(284)
Net cash provided by (used in) financing activities	(14,953)	(19,573)
Effect of exchange rate changes on cash and cash equivalents	1,742	(780)
Net increase (decrease) in cash and cash equivalents	6,740	(3,222)
Cash and cash equivalents at beginning of period	82,971	107,681
Net increase (decrease) in cash and cash equivalents due to changes in accounting period of consolidated subsidiaries	–	21
Cash and cash equivalents at end of period	89,711	104,480

(4) Notes on Semi-annual 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.

[Notes on a Change in Scope of Consolidation or Scope of Application of the Equity Method]

(Change in matters related to fiscal year of consolidated subsidiaries)

Previously, the Company used the financial statements of consolidated subsidiary Kumamoto Flour Milling Co., Ltd. and its four subsidiaries available as of December 31, the account settlement date for these companies, with necessary adjustments made for important transactions occurring between that date and the consolidated account settlement date (March 31). However, from the first half of the current consolidated fiscal year, the account settlement date for Kumamoto Flour Milling Co., Ltd. and its four subsidiaries has been changed to March 31.

In line with this change in account settlement period, we have consolidated the six-month period from April 1, 2024 to September 30, 2024 under the cumulative consolidated first-half period.

Income for these consolidated subsidiaries from January 1, 2024 to March 31, 2024, meanwhile, has been adjusted as change in retained earnings.

[Notes on Special Accounting Treatment for Preparing Semi-annual Consolidated Financial Statements]

Tax expenses are calculated in accordance with Paragraph 15, "Method for Using the Statutory Effective Tax Rate," of the Implementation Guidelines on Tax Effect Accounting for Interim Financial Statements, pursuant to the provision of Paragraph 18 of the Guidance on the Accounting Standard for Interim Financial Reporting.

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

[Notes on Semi-annual Consolidated Statements of Income]

1. Impairment losses

First six months of Fiscal 2024 (April 1, 2023 to September 30, 2023)

The Group has recognized an impairment loss regarding the assets described below.

Location	Application	Type
Niiza City, Saitama Prefecture	Business assets (Processed Food business)	Buildings, machinery and equipment, etc.

The Nisshin Seifun Group categorizes assets based on the smallest unit that largely generates cash flows independently from the cash flows of other assets and asset groups.

In the processed food business, Oriental Yeast Co., Ltd. decided to dismantle and remove its Saitama Plant. The Company has reduced the book value of the assets to their recoverable amount, and has recognized an impairment loss of ¥1,254 million as an extraordinary loss. A breakdown of the impairment loss consists of ¥749 million of impairment loss on buildings, machinery and equipment, etc. and demolition costs of ¥504 million. The net sale value of the buildings, machinery and equipment was evaluated as 0 since it was decided to remove them.

First six months of Fiscal 2025 (April 1, 2024 to September 30, 2024)

The description has been omitted because of its lack of materiality.

[Notes on Segment Information, etc.]

[Segment Information]

I. 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 semi-annual 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 semi-annual consolidated statements of income.

2. Information regarding impairment losses or goodwill for non-current assets for each reportable segment

[Material impairment losses pertaining to non-current assets]

In the Processed Food Segment, Oriental Yeast Co., Ltd. in the yeast and biotechnology business decided to dismantle and remove its Saitama Plant. The book value of the plant was reduced to its recoverable value, and an impairment loss was posted. For the first six months of the fiscal year ended March 31, 2024, the value of this impairment loss was ¥1,254 million.

II. First six months of Fiscal 2025 (April 1, 2024 to September 30, 2024)

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 semi-annual consolidated statements of income (Note 3)
	Flour Milling	Processed Food	Prepared Dishes and Other Prepared Foods	Total				
Net sales								
Sales to external customers	228,737	101,932	78,535	409,205	20,308	429,513	–	429,513
Intersegment sales and transfers	9,649	904	2,256	12,809	1,833	14,643	(14,643)	–
Total	238,387	102,836	80,791	422,015	22,141	444,157	(14,643)	429,513
Segment profit	15,478	3,927	3,398	22,804	3,247	26,052	(42)	26,010

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 semi-annual consolidated statements of income.

2. Information regarding impairment losses or goodwill for non-current assets for each reportable segment

[Material impairment losses pertaining to non-current assets]

The description has been omitted because of its lack of materiality.