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## Consolidated Financial Results for the Year Ended March 31, 2023 [Japanese GAAP]

May 10, 2023

Listed Company Name: Nisshin Seifun Group Inc. Registered on Tokyo Stock Exchange  
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Date to hold the Ordinary General Meeting of Shareholders to approve results: June 28, 2023  
 Date to start distributing dividends: June 29, 2023  
 Date to submit the Securities Report: June 28, 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 Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

#### (1) Consolidated Business Results

(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	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2023	798,681	17.5	32,831	11.6	33,051	1.3	(10,381)	—
Fiscal 2022	679,736	0.0	29,430	8.2	32,626	9.2	17,509	(7.9)

(Note) Comprehensive income: Fiscal 2023: ¥(12,365) million (—%)  
 Fiscal 2022: ¥28,892 million (down 41.3%)

	Earnings per share	Fully diluted earnings per share	Return on shareholders' equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal 2023	(34.91)	—	(2.4)	4.6	4.1
Fiscal 2022	58.88	58.88	4.0	4.6	4.3

(Reference) Equity in earnings of affiliates: Fiscal 2023: ¥(346) million Fiscal 2022: ¥2,070 million

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2023	713,874	438,499	59.4	1,425.24
March 31, 2022	723,073	460,643	62.1	1,510.35

(Reference) Equity capital: March 31, 2023: ¥423,833 million March 31, 2022: ¥449,174 million

#### (3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal 2023	23,422	487	(10,625)	82,971
Fiscal 2022	41,833	(15,517)	(17,850)	68,728

### 2. Dividends

	Dividend per share					Total dividends paid (annual)	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1Q End	2Q End	3Q End	Year-End	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal 2022	—	19.00	—	20.00	39.00	11,603	66.2	2.6
Fiscal 2023	—	19.00	—	21.00	40.00	11,900	—	2.7
Fiscal 2024 (forecast)	—	20.00	—	21.00	41.00		46.9	

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

(The full-year percentages indicate the rates of increase or decrease compared with the previous fiscal year; the percentages for the first half are comparisons with the same period of 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
First half	410,000	5.5	19,000	19.3	19,200	11.5	12,500	—	42.03
Full year	820,000	2.7	39,000	18.8	39,500	19.5	26,000	—	87.43

\* Notes

(1) Changes in important subsidiaries during the fiscal year ended March 31, 2023 (changes in specified subsidiaries involving a change in the scope of consolidation): Yes

Newly included: None

Excluded: Four companies

PFG Topco Pty Ltd., PFG Mezzco Pty Ltd., PFG Holdco Pty Ltd., and PFG Bidco Pty Ltd.

(2) 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

(3) Number of shares issued and outstanding (common stock)

1) Number of shares issued and outstanding (including treasury shares)	As of March 31, 2023	304,357,891	As of March 31, 2022	304,357,891
2) Number of treasury shares	As of March 31, 2023	6,979,939	As of March 31, 2022	6,960,907
3) Average number of shares outstanding	Fiscal 2023	297,360,173	Fiscal 2022	297,369,226

\* This Consolidated Financial Results is 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 "I. Review of Business Performance (4) Outlook" on page 9 of the Attachment.

(2) Supplementary materials for this report and results briefing materials can be found on the Company's website.

## ATTACHMENT

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## **I. Review of Business Performance**

### **(1) Business Performance**

During the fiscal year ended March 31, 2023, the Japanese economy achieved a gradual turnaround as measures to prevent infection and social and economic activities gained ground despite a resurgence in COVID-19 domestically. The future, however, remains shrouded in uncertainty, with the corporate goods price index in Japan climbing to historic highs due to a range of factors, among them, soaring prices for raw materials, rising energy prices, and the devaluation of the yen in currency markets.

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, the Group responded to food inflation and cost inflation, two of its highest priority issues, through actions targeting the development and sale of reasonably priced and high-value-added products, in parallel with a move to shift cost increases into more appropriate pricing.

In October 2022, the Group formulated the Nisshin Seifun Group Medium-Term Management Plan 2026, a plan for making social contributions through business and realizing sustained growth as a food-centered enterprise. Addressing environmental issues connected to social sustainability and utilizing digital technologies are crucial to the Group's own sustainable growth, and are becoming even more important. Given these changes in the business environment, the Group is promoting management for realizing its vision driven by three basic policies—"Stimulate the Group's ability to grow by restructuring the business portfolio," "Enhance management by clarifying our business' relationships toward our stakeholders," and "Integrate ESG into management strategy, implement by adapting to social trends."

As part of this effort, in January 2023, Nisshin Flour Milling Inc., the Group's flour milling business subsidiary, acquired 85% of shares issued and outstanding of Kumamoto Flour Milling Co., Ltd., in a move aimed at strengthening the competitiveness of the domestic flour milling business.

Meanwhile, in March 2023, the decision was reached to expand the new production line at the Saginaw Plant of Miller Milling Company, LLC, a U.S.-based subsidiary in the flour milling business, in a move that will augment production capacity at the plant by roughly 40%.

Additionally, at Nisshin Seifun Welna Inc., a subsidiary in the processed food business, the Group unveiled advertising measures designed to boost brand recognition.

With respect to performance, consolidated net sales for the fiscal year ended March 31, 2023, increased 17.5% year on year to ¥798,681 million. Factors driving growth included enactment of price revisions for wheat flour in the flour milling business in Japan in step with wheat price revisions, coupled with increased wheat market prices and foreign currency translation effects in the overseas flour milling business. In terms of profits, operating profit increased 11.6% year on year to ¥32,831 million. In addition to lower shipments of processed foods and raw materials for pharmaceuticals in the processed food segment, performance was impacted by the inability to enact product price revisions that kept pace with higher-than-anticipated increases in costs for raw materials and ingredients, as well as expenses for the launch of a yeast business in India. These effects were countered, however, by firm sales prices for bran in the flour milling business in Japan, and favorable performance in the overseas flour milling business, as well as a decrease in the amortization of goodwill accompanying an impairment loss for the Australia flour milling business. Ordinary profit was up 1.3% to ¥33,051 million, lifted by growth in operating profit despite a decline in the share of profit of entities accounted for using equity method. In the second quarter, the Group recorded an impairment loss for non-current assets, including goodwill for the Australia flour milling business. This outcome resulted from the decision to depart from the initial business plan and develop a new one following serious reexamination of business plan feasibility in Australia in light of market changes and supply chain turmoil caused by measures to combat the COVID-19 pandemic, as well as the state of high prices in the markets for natural resources and grain triggered by the situation in Ukraine. As a result, for profit attributable to owners of parent, the Group posted a loss of ¥10,381 million, despite reporting profit on the sale of shares held for cross-shareholding purposes in the third and fourth quarters.

With respect to dividends, despite the loss reported due to an impairment loss for the Australia flour milling business, after consideration of its financial condition, coupled with a commitment to a greater return of profit to shareholders, the Company plans to pay a full-year dividend of ¥40 per share, up ¥1 from the previous fiscal year.

## (Year-on-year Comparison)

(Millions of yen)

	Fiscal 2022	Fiscal 2023	Difference	Change
Net sales	679,736	798,681	118,944	17.5%
Operating profit	29,430	32,831	3,401	11.6%
Ordinary profit	32,626	33,051	424	1.3%
Profit (loss) attributable to owners of parent	17,509	(10,381)	(27,890)	—

## [Business Overview by Segment]

### 1) Flour Milling Segment

(Millions of yen)

	Fiscal 2022	Fiscal 2023	Difference	Change
Net sales	313,519	419,782	106,263	33.9%
Operating profit	8,587	17,618	9,031	105.2%

In the flour milling business in Japan, shipments were lower year on year due mainly to effects from a decrease in demand due to product price revisions. This outcome came despite progress on initiatives to expand sales amid an ongoing recovery in restaurant dining demand due largely to increased foot traffic following the elimination of pandemic-related behavior restrictions. In June 2022, we implemented price revisions for commercial wheat flour in response to revised government prices for five classes of imported wheat enacted in April 2022. On average, the government's price for imported wheat rose 17.3%. Commercial wheat flour prices, meanwhile, were left unchanged since then, tracking the lack of movement in government prices due to emergency price countermeasures instituted by the Japanese government in October 2022.

In the overseas flour milling business, sales were sharply higher year on year mainly due to strong shipment performance, as well as the effects of rising wheat market prices, coupled with foreign currency translation effects.

As a result, net sales of the Flour Milling Segment increased 33.9% year on year to ¥419,782 million. Operating profit climbed 105.2% to ¥17,618 million despite lower shipments, rising energy prices, and higher distribution costs in the flour milling business in Japan. This outcome reflected benefits mainly from firm sales prices for bran, a byproduct from the flour milling business in Japan, and favorable year-on-year performance improvement in the overseas flour milling business, along with a decrease in amortization of goodwill from the reporting of an impairment loss for the flour milling business in Australia.

### 2) Processed Food Segment

(Millions of yen)

	Fiscal 2022	Fiscal 2023	Difference	Change
Net sales	182,968	187,988	5,020	2.7%
Operating profit	12,411	6,037	(6,374)	(51.4)%

In the processed food business, sales were higher year on year. In tandem with product price revisions enacted for products in Japan from July 2022 in line with rising costs for raw materials, we developed and launched reasonably priced products and value-added products responsive to changing consumer needs. Growth also benefited from product price revisions and foreign currency translation effects overseas.

In the yeast and biotechnology business, sales were up year on year, reflecting price revisions for yeast enacted in July and November 2022 in Japan, in response to soaring raw material prices and

energy costs, coupled with the start of full-scale operations at the yeast business in India in August 2022 overseas.

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

As a result, net sales of the Processed Food Segment increased 2.7% year on year to ¥187,988 million. Operating profit, however, declined 51.4% to ¥6,037 million. In addition to lower shipments of processed foods and raw materials for pharmaceuticals, performance was impacted by the inability to enact product price revisions in step with higher-than-anticipated increases in the cost of raw materials, as well as expenses incurred in the launch of the yeast business in India.

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

(Millions of yen)

	Fiscal 2022	Fiscal 2023	Difference	Change
Net sales	138,384	147,487	9,102	6.6%
Operating profit	3,141	3,284	142	4.5%

In the prepared dishes and other prepared foods business, sales of value-added products were higher year on year, amid a recovery in demand particularly at convenience stores (a key business sector) as the flow of people has rebounded with the elimination of pandemic-related behavior restrictions.

As a result, net sales of the Prepared Dishes and Other Prepared Foods Segment increased 6.6% year on year to ¥147,487 million, and operating profit increased 4.5% to ¥3,284 million.

Meanwhile, Nisshin Seifun Delica Frontier Inc. was established as an intermediate holding company responsible for the Prepared Dishes and Other Prepared Foods Segment in July 2022, in a move designed to strengthen the organizational structure for shaping this growth field into a core business.

### 4) Others Segment

(Millions of yen)

	Fiscal 2022	Fiscal 2023	Difference	Change
Net sales	44,864	43,423	(1,440)	(3.2)%
Operating profit	5,160	5,746	586	11.4%

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

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

As a result, net sales of the Others Segment decreased 3.2% year on year to ¥43,423 million, while operating profit increased 11.4% to ¥5,746 million. Profit growth came atop improved profitability from extensive construction cost management in the engineering business, coupled with effects from higher sales in the mesh cloths business.

On a side note, to better meet growing demand from the automotive industry, the decision to expand a forming filter plant at the Thailand-based subsidiary of the mesh cloths business was reached in December 2022.

## (2) Financial Position

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023	Difference
Current assets	280,527	330,069	49,542
Non-current assets	442,546	383,805	(58,741)
Total assets	723,073	713,874	(9,198)
Current liabilities	129,158	150,262	21,104
Non-current liabilities	133,272	125,112	(8,160)
Total liabilities	262,430	275,375	12,944
Total net assets	460,643	438,499	(22,143)
Total liabilities and net assets	723,073	713,874	(9,198)

The status of assets, liabilities and net assets on a consolidated basis at the end of the fiscal year ended March 31, 2023, was as follows.

Current assets increased ¥49,542 million from the previous fiscal year-end to ¥330,069 million, tracking growth in inventories mainly due to rising prices for raw materials. Non-current assets decreased ¥58,741 million to ¥383,805 million, primarily due to an impairment loss recognized for non-current assets pertaining to the Australia flour milling business and the sale of shares held for cross-shareholding purposes. As a result, total assets declined ¥9,198 million from the previous fiscal year-end to ¥713,874 million.

Meanwhile, current liabilities increased ¥21,104 million to ¥150,262 million, mainly reflecting an increase in notes and accounts payable – trade in line with rising prices for raw materials, coupled with an increase in short-term loans payable used as working capital. Non-current liabilities decreased ¥8,160 million to ¥125,112 million, primarily due to the reversal of deferred tax liabilities in line with the sale of shares held for cross-shareholding purposes. As a result, total liabilities increased ¥12,944 million from the previous fiscal year-end to ¥275,375 million. Net assets decreased ¥22,143 million to ¥438,499 million, mainly due to the payment of dividends, a decrease in retained earnings resulting in a loss attributable to owners of parent for the year, and a decline in valuation difference on available-for-sale securities.

### (3) Cash Flows

#### 1) Overview of the Fiscal Year Ended March 31, 2023

The status of consolidated cash flows for the fiscal year ended March 31, 2023, was as follows.

(Millions of yen)

	Fiscal 2022	Fiscal 2023	Difference
Net cash provided by (used in) operating activities	41,833	23,422	(18,411)
Net cash provided by (used in) investing activities	(15,517)	487	16,004
Net cash provided by (used in) financing activities	(17,850)	(10,625)	7,224
Effect of exchange rate changes on cash and cash equivalents	1,110	959	(150)
Net increase (decrease) in cash and cash equivalents	9,576	14,243	4,667
Cash and cash equivalents at end of period	68,728	82,971	14,243

#### *Net cash provided by (used in) operating activities*

An increase in cash and cash equivalents mainly due to profit before income taxes of ¥879 million, an impairment loss of ¥55,704 million and depreciation and amortization of ¥22,805 million exceeded a decrease in cash and cash equivalents from factors such as an increase in inventories and the payment of income taxes. This led to net cash provided by operating activities of ¥23,422 million, compared to ¥41,833 million a year earlier.

#### *Net cash provided by (used in) investing activities*

¥18,657 million used for the purchase of property, plant, and equipment and intangible assets, as well as the purchase of shares of subsidiaries resulting in change in scope of consolidation, were offset by ¥29,086 million in proceeds from sale of investment securities. Consequently, net cash provided by investing activities was ¥487 million, compared to ¥15,517 million used a year earlier.

#### *Net cash provided by (used in) financing activities*

¥11,603 million used for dividends to distribute profits to shareholders was the primary factor that led to net cash used in financing activities of ¥10,625 million, compared to ¥17,850 million a year earlier.

As a result, consolidated cash and cash equivalents at the end of the fiscal year ended March 31, 2023 were ¥82,971 million.

## 2) Cash-flow Indicators

The main cash flow indicators for the Nisshin Seifun Group are as follows:

	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023
Equity ratio (%)	59.3	63.0	62.1	59.4
Market value-based equity ratio (%)	80.4	80.0	70.2	64.6
Ratio of interest-bearing debt to operating cash flow (years)	1.4	0.8	1.0	2.0
Interest coverage ratio (times)	12.1	17.8	14.3	6.6

Notes:

Equity ratio = Equity capital / Total assets

Market value-based equity ratio = Market capitalization / Total assets

Ratio of interest-bearing debt to operating cash flow = Interest-bearing debt / Operating cash flow

Interest coverage ratio = Operating cash flow / Interest expense

1. All of the above cash-flow indicators are calculated on a consolidated basis.
2. Market capitalization is calculated by multiplying the closing share price on the final trading day of the fiscal year by the total number of outstanding shares (excluding treasury shares) as of the corresponding fiscal year-end.
3. Operating cash flow equals net cash provided by operating activities as stated in the consolidated statements of cash flows. Interest-bearing debt refers to bonds and debt as stated in the consolidated balance sheets. Interest expense is equal to interest payments as stated in the consolidated statements of cash flows.

#### **(4) Outlook**

##### **1) Outlook for the Fiscal Year Ending March 31, 2024**

While the rebound in restaurant demand is ongoing, mainly reflecting an increase in the flow of people and inbound travel to Japan with the elimination of behavior restrictions, the environment surrounding the Group remains uncertain due to the expected continuation of food and cost inflation, among other factors. Under these circumstances, the Group remains committed to fulfilling its social mission of ensuring the stable supply of wheat flour and other food staples, and to working as one to achieve the objectives of its “Medium-term Management Plan 2026,” designed to stimulate the Group’s sustained growth as a food-centered enterprise.

For the fiscal year ending March 31, 2024, we are giving highest priority to stimulating the Group’s ability to grow by restructuring the business portfolio, responding to food inflation, spurring a performance recovery in the Australia flour milling business, and enacting both environmental policies and digital strategy.

With respect to the outlook for the fiscal year ending March 31, 2024, we are projecting consolidated net sales to rise 2.7% to ¥820,000 million, reflecting the effect of price revisions for commercial wheat flour due to price changes for imported wheat enacted by the Japanese government, benefits from the new consolidation of Kumamoto Flour Milling Co., Ltd., and sales expansion measures in the processed food business. Operating profit is projected to increase 18.8% to ¥39,000 million, mainly from the enactment in each business of price revisions in response to rising costs, including portions that failed to be reflected in prices to align with costs in the previous fiscal year. Other key factors include benefits from the new consolidation of Kumamoto Flour Milling and a recovery in business performance in Australia, along with a decline in amortization of goodwill accompanying an impairment loss reported in the previous fiscal year, in addition to sales expansion measures in the processed food business and shipment growth for the yeast business in India. Ordinary profit is expected to increase 19.5% year on year to ¥39,500 million, while profit attributable to owners of parent is expected to be ¥26,000 million, compared to a net loss of ¥10,300 million posted in the previous fiscal year.

With respect to shares held for cross-shareholding purposes, the Group has minimized such shares following an examination of shareholding rationale, and will continue to take steps in this direction going forward.

##### **2) Cash Flow Outlook for the Next Fiscal Year**

Regarding cash flow in the fiscal year ending March 31, 2024, an increase in capital from profit attributable to owners of parent of ¥26,000 million will be used primarily for growth and sustainable investment for the future, ordinary investment in maintenance and upkeep, and the return of profits to shareholders through the payment of appropriate dividends.

## **(5) Basic Policy on Profit Distribution and Dividends for Fiscal 2023 and Fiscal 2024**

The Company aims to meet the expectations of shareholders to distribute profits, taking into consideration the current and future profitability of its business and financial position, by undertaking the payment of dividends based on a targeted payout ratio of at least 40% on a consolidated basis.

For the fiscal year ended March 31, 2023, we plan to pay a full-year dividend of ¥40 per share, up ¥1 from the previous fiscal year. This reflects consideration of the Company's financial condition and its commitment to a greater return of profit to shareholders despite profit attributable to owners of parent ending in a net loss due to an impairment loss reported in relation to the flour milling business in Australia. Accordingly, the Company will submit a proposal to the Ordinary General Meeting of Shareholders to distribute its surplus to pay a year-end dividend of ¥21 per share. As a result, dividends paid will have increased for ten consecutive terms since the fiscal year ended March 31, 2014, the fiscal year in which total dividends paid were increased by stock split without adjustment to the dividend per share.

In accordance with the policies outlined in "Medium-term Management Plan 2026," the Company will appropriately allocate operation cash flows gained over the five-year duration of the plan to growth investments for the future and the return of profit to shareholders. Increases in dividends are actively considered typically with timing in mind, with any surplus investment funds potentially earmarked for allocation to additional return of profit to shareholders.

Based on the abovementioned standards for profit distribution, for the fiscal year ending March 31, 2024, the Company plans to pay a dividend of ¥41 per share, an increase of ¥1 per share from the fiscal year ended March 31, 2023.

Furthermore, the Company has established a system of providing special privileges to shareholders who own 500 shares or more of the Company's stock as at March 31.

## **II. Basic Policy Regarding Selection of Accounting Standards**

At this time, the policy of the Nisshin Seifun Group is to produce consolidated financial statements based on financial reporting standards in Japan, with an eye to ensuring comparability between business terms and between companies in the consolidated financial statements.

With regard to international financial reporting standards (IFRS), the Group's policy is to respond as most appropriate upon consideration of relevant circumstances on the domestic and international fronts.

### **III. Consolidated Financial Statements and Related Notes**

#### **(1) Consolidated Balance Sheets**

(Millions of yen)

	Fiscal 2022 (As of March 31, 2022)	Fiscal 2023 (As of March 31, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	69,607	82,971
Notes and accounts receivable – trade, and contract assets	100,594	107,887
Securities	1,103	–
Inventories	96,596	128,786
Other	13,167	11,065
Allowance for doubtful accounts	(542)	(641)
Total current assets	280,527	330,069
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	68,843	71,134
Machinery, equipment and vehicles, net	53,018	60,212
Land	46,334	52,618
Construction in progress	16,149	10,842
Right-of-use assets	29,050	17,060
Other, net	5,981	5,625
Total property, plant and equipment	219,379	217,494
Intangible assets		
Goodwill	42,385	7,496
Other	26,367	16,180
Total intangible assets	68,752	23,677
Investments and other assets		
Investment securities	141,590	124,653
Net defined benefit asset	316	340
Deferred tax assets	6,933	11,964
Other	5,698	5,875
Allowance for doubtful accounts	(125)	(200)
Total investments and other assets	154,414	142,633
Total non-current assets	442,546	383,805
<b>Total assets</b>	<b>723,073</b>	<b>713,874</b>

(Millions of yen)

	Fiscal 2022 (As of March 31, 2022)	Fiscal 2023 (As of March 31, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	63,655	74,565
Short-term loans payable	6,789	14,356
Income taxes payable	5,784	8,941
Accrued expenses	24,727	23,247
Other	28,201	29,150
Total current liabilities	129,158	150,262
Non-current liabilities		
Bonds	20,000	20,000
Long-term loans payable	13,785	13,378
Lease obligations	38,939	37,311
Deferred tax liabilities	28,360	22,097
Provision for repairs	1,373	1,562
Net defined benefit liability	22,845	23,422
Long-term deposits received	5,696	5,646
Other	2,272	1,694
Total non-current liabilities	133,272	125,112
Total liabilities	262,430	275,375
Net assets		
Shareholders' equity		
Capital stock	17,117	17,117
Capital surplus	12,622	12,728
Retained earnings	347,165	325,181
Treasury shares	(10,960)	(10,989)
Total shareholders' equity	365,946	344,037
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	60,585	52,044
Deferred gains or losses on hedges	445	(13)
Foreign currency translation adjustment	23,059	28,352
Remeasurements of defined benefit plans	(862)	(588)
Total accumulated other comprehensive income	83,227	79,795
Subscription rights to shares	95	44
Non-controlling interests	11,373	14,621
Total net assets	460,643	438,499
Total liabilities and net assets	723,073	713,874

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

[Consolidated Statements of Income]

(Millions of yen)

	Fiscal 2022 (April 1, 2021 to March 31, 2022)	Fiscal 2023 (April 1, 2022 to March 31, 2023)
Net sales	679,736	798,681
Cost of sales	531,660	638,062
Gross profit	148,075	160,618
Selling, general and administrative expenses	118,645	127,786
Operating profit	29,430	32,831
Non-operating income		
Interest income	157	260
Dividend income	3,003	3,201
Share of profit of entities accounted for using equity method	2,070	–
Rent income	300	295
Other	1,025	833
Total non-operating income	6,558	4,591
Non-operating expenses		
Interest expenses	2,914	3,546
Share of loss of entities accounted for using equity method	–	346
Other	447	479
Total non-operating expenses	3,362	4,371
Ordinary profit	32,626	33,051
Extraordinary income		
Gain on sale of investment securities	1,645	24,393
Total extraordinary income	1,645	24,393
Extraordinary losses		
Loss on retirement of non-current assets	722	609
Impairment loss	(note 1) 2,439	(note 1) 55,704
Expenses related to change of the company name	336	251
Total extraordinary losses	3,499	56,565
Profit before income taxes	30,773	879
Income taxes – current	12,654	18,748
Income taxes – deferred	(642)	(8,404)
Total income taxes	12,011	10,343
Profit (loss)	18,761	(9,463)
Profit attributable to non-controlling interests	1,251	917
Profit (loss) attributable to owners of parent	17,509	(10,381)

[Consolidated Statements of Comprehensive Income]

(Millions of yen)

	Fiscal 2022 (April 1, 2021 to March 31, 2022)	Fiscal 2023 (April 1, 2022 to March 31, 2023)
Profit (loss)	18,761	(9,463)
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,087)	(8,585)
Deferred gains or losses on hedges	97	(306)
Foreign currency translation adjustment	13,497	5,441
Remeasurements of defined benefit plans	154	268
Share of other comprehensive income of entities accounted for using equity method	467	281
Total other comprehensive income (loss)	10,130	(2,901)
Comprehensive income	28,892	(12,365)
(Breakdown)		
Comprehensive income attributable to owners of parent	27,639	(13,813)
Comprehensive income attributable to non-controlling interests	1,253	1,447

### (3) Consolidated Statements of Changes in Net Assets

Fiscal 2022 (April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	17,117	12,627	341,241	(10,997)	359,990
Cumulative effects of changes in accounting policies			16		16
Restated balance	17,117	12,627	341,258	(10,997)	360,006
Changes of items during the period					
Dividends from surplus			(11,602)		(11,602)
Profit attributable to owners of parent			17,509		17,509
Purchase of treasury shares				(190)	(190)
Disposal of treasury shares		(6)		227	220
Change in ownership interest of parent due to transactions with non-controlling interests		1			1
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	(4)	5,907	36	5,939
Balance at the end of current period	17,117	12,622	347,165	(10,960)	365,946

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	64,687	222	9,314	(1,125)	73,098	116	11,569	444,774
Cumulative effects of changes in accounting policies								16
Restated balance	64,687	222	9,314	(1,125)	73,098	116	11,569	444,791
Changes of items during the period								
Dividends from surplus								(11,602)
Profit attributable to owners of parent								17,509
Purchase of treasury shares								(190)
Disposal of treasury shares								220
Change in ownership interest of parent due to transactions with non-controlling interests								1
Net changes of items other than shareholders' equity	(4,102)	223	13,745	262	10,129	(20)	(196)	9,912
Total changes of items during the period	(4,102)	223	13,745	262	10,129	(20)	(196)	15,851
Balance at the end of current period	60,585	445	23,059	(862)	83,227	95	11,373	460,643

Fiscal 2023 (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	17,117	12,622	347,165	(10,960)	365,946
Changes of items during the period					
Dividends from surplus			(11,603)		(11,603)
Loss attributable to owners of parent			(10,381)		(10,381)
Purchase of treasury shares				(190)	(190)
Disposal of treasury shares		1		161	162
Change in ownership interest of parent due to transactions with non-controlling interests		104			104
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	105	(21,984)	(29)	(21,908)
Balance at the end of current period	17,117	12,728	325,181	(10,989)	344,037

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	60,585	445	23,059	(862)	83,227	95	11,373	460,643
Changes of items during the period								
Dividends from surplus								(11,603)
Profit (loss) attributable to owners of parent								(10,381)
Purchase of treasury shares								(190)
Disposal of treasury shares								162
Change in ownership interest of parent due to transactions with non-controlling interests								104
Net changes of items other than shareholders' equity	(8,540)	(459)	5,293	274	(3,432)	(51)	3,248	(234)
Total changes of items during the period	(8,540)	(459)	5,293	274	(3,432)	(51)	3,248	(22,143)
Balance at the end of current period	52,044	(13)	28,352	(588)	79,795	44	14,621	438,499

#### (4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal 2022 (April 1, 2021 to March 31, 2022)	Fiscal 2023 (April 1, 2022 to March 31, 2023)
Cash flows from operating activities		
Profit before income taxes	30,773	879
Depreciation and amortization	23,054	22,805
Impairment loss	2,439	55,704
Amortization of goodwill	5,864	3,908
Interest and dividend income	(3,161)	(3,461)
Interest expenses	2,914	3,546
Share of (profit) loss of entities accounted for using equity method	(2,070)	346
Loss (gain) on sale of investment securities	(1,645)	(24,393)
Decrease (increase) in notes and accounts receivable – trade, and contract assets	(12,756)	(2,811)
Decrease (increase) in inventories	(12,155)	(27,935)
Increase (decrease) in notes and accounts payable – trade	14,900	8,285
Other, net	4,992	(219)
Subtotal	53,150	36,653
Interest and dividends income received	3,974	4,238
Interest expenses paid	(2,918)	(3,532)
Income taxes paid	(12,372)	(13,937)
Net cash provided by (used in) operating activities	41,833	23,422
Cash flows from investing activities		
Payments into time deposits	(4,248)	(439)
Proceeds from withdrawal of time deposits	5,063	2,113
Purchase of property, plant, and equipment and intangible assets	(18,683)	(18,657)
Proceeds from sale of investment securities	1,956	29,086
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(11,480)
Other, net	394	(135)
Net cash provided by (used in) investing activities	(15,517)	487
Cash flows from financing activities		
Increase in short-term loans payable	1,858	7,210
Decrease in short-term loans payable	(2,369)	(1,578)
Purchase of treasury shares	(190)	(190)
Cash dividends paid	(11,602)	(11,603)
Repayments of lease obligations	(4,148)	(4,484)
Other, net	(1,397)	19
Net cash provided by (used in) financing activities	(17,850)	(10,625)
Effect of exchange rate changes on cash and cash equivalents	1,110	959
Net increase (decrease) in cash and cash equivalents	9,576	14,243
Cash and cash equivalents at beginning of period	59,152	68,728
Cash and cash equivalents at end of period	68,728	82,971

## **(5) Notes on Consolidated Financial Statements**

### **[Going Concern Considerations]**

There are no applicable matters to be reported.

### **[Changes in Matters Fundamental to Preparation of the Consolidated Financial Statements]**

[Material changes in scope of consolidation]

Following its founding through company split in the fiscal year ended March 31, 2023, Nisshin Seifun Delica Frontier Inc. has been newly added within the scope of consolidation. Similarly, following the purchase of its shares during the fiscal year ended March 31, 2023, Kumamoto Flour Milling Co., Ltd. and its four subsidiaries have been newly added to the scope of consolidation.

### **[Changes in Disclosure]**

[Consolidated Statements of Cash Flows]

Due to a lack of monetary importance, “Purchase of securities” and “Proceeds from sales of securities,” listed as independent line items under “Cash flows from investing activities” in the previous fiscal year, were included within “Other, net” under “Cash flows from investing activities” for the fiscal year ended March 31, 2023. Figures for the previous fiscal year have been restated in the consolidated financial statements to reflect this change in disclosure.

As a result, “Purchase of securities” of ¥(418) million, “Proceeds from sales of securities” of ¥316 million and “Other, net” of ¥497 million listed under “Cash flows from investing activities” in the Consolidated Statements of Cash Flows for the previous fiscal year have been reclassified as ¥394 million posted as “Other, net.”

Due to a lack of monetary importance, “Proceeds from sales of treasury shares” and “Dividends paid to non-controlling interests,” listed as independent line items under “Cash flows from financing activities” in the previous fiscal year, were included within “Other, net” under “Cash flows from financing activities” for the fiscal year ended March 31, 2023. Figures for the previous fiscal year have been restated in the consolidated financial statements to reflect this change in disclosure.

As a result, “Proceeds from sales of treasury shares” of ¥58 million, “Dividends paid to non-controlling interests” of ¥(1,455) million and “Other, net” of ¥(0) million listed under “Cash flows from financing activities” in the Consolidated Statements of Cash Flows for the previous fiscal year have been reclassified as ¥(1,397) million posted as “Other, net.”

## [Consolidated Statements of Income]

### 1. Impairment losses

Year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

Impairment losses were posted for the asset groups below during the fiscal year ended March 31, 2022.

Location	Application	Type
New Zealand	Business assets (Flour Milling)	Buildings and structures; machinery, equipment and vehicles; others

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.

Regarding business assets for the plant in New Zealand in the Flour Milling Segment, following comprehensive consideration of factors surrounding a downturn in business performance due to a nationwide lockdown and other issues related to the COVID-19 pandemic, the Company conducted an impairment test based on international financial reporting standards (IFRS). This resulted in a reduction in the book value of this plant to its recoverable value, and the subsequent posting of an impairment loss of ¥2,300 million under extraordinary losses. The breakdown of the impairment loss is ¥679 million in buildings and structures, ¥1,005 million in machinery, equipment and vehicles, and ¥615 million in others.

The recoverable value is measured based on use value. A discount rate of 9.7% was used in the calculation of use value.

Due to a lack of material importance, impairment losses other than the above have been omitted.

Year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

Impairment losses were posted for the asset groups below during the fiscal year ended March 31, 2023.

Location	Application	Type
Australia	— (Flour Milling)	Goodwill
	Business assets (Flour Milling)	Other (intangible assets), property, plant and equipment

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 Flour Milling Segment, non-current assets pertaining to the Australia flour milling business experienced a decline in profitability largely attributable to changes in demand due to the COVID-19 pandemic, coupled with the impact of rising costs driven by the situation in Ukraine. Since there is no longer any prospect of a recovery of investment, the Company has reduced the book value of the assets to their recoverable amount, and has recognized an impairment loss of ¥55,704 million under extraordinary losses. The breakdown of the impairment loss is ¥31,303 million in goodwill, ¥7,818 million in other (intangible assets), and ¥16,581 million in property, plant and equipment.

The recoverable value is measured based on use value. A discount rate of 11.9% was used in the calculation of use value.

## [Merger-related Matters]

### Corporate merger via acquisition

At a meeting of the Board of Directors on June 23, 2022, the Company's consolidated subsidiary Nisshin Flour Milling Inc. (Nisshin Flour Milling) reached the decision, pending regulatory approval, to acquire 85% of the shares issued and outstanding of Kumamoto Flour Milling Co., Ltd. (Kumamoto Flour Milling) from Nagasaka Corporation. Following conclusion of the share transfer agreement, the acquisition took place on January 4, 2023. In line with this acquisition, Kumamoto Flour Milling and its subsidiaries became consolidated subsidiaries of the Company.

#### 1. Outline of the merger

##### (1) Name and business lines of the acquired company

Name: Kumamoto Flour Milling Co., Ltd.

Business lines: Flour milling, processed foods, warehousing, real estate, others

##### (2) Main rationale for the merger

The manufacture and sale of wheat flour has been a core business since the founding of the Nisshin Seifun Group, and is positioned as a core business that anchors Group operations. Nisshin Flour Milling, the company responsible for this business, views steps to ensure the stable supply of wheat flour as key staple of the Japanese market, together with support for food infrastructure, as its mission. At the same time, Japan's wheat flour market is in a state of nearly constant change, with the market environment growing more adverse. In addition to facing declines in demand for wheat-related products due to a shrinking and aging domestic population, two long-standing issues that have grown more acute, the coming into force of international trade agreements has lowered border control mechanisms pertaining to wheat-related products. Consequently, competition from overseas products is expected to intensify going forward.

In this environment, enhancing cost competitiveness to counter against import products from overseas and improving adaptability to respond quickly to drastic market changes are essential in order for Nisshin Flour Milling to continue the flour milling business in Japan and fulfill its social mission.

Kumamoto Flour Milling was founded in 1947, and enjoys both high name recognition and customer trust, particularly in Japan's Kyushu region. Further, this outstanding flour milling company possesses highly distinctive technological and developmental capabilities and brand strength, and is involved not only in wheat flour but in soba flour, rice flour and other grain flour businesses, as well as adjacent operations.

Nisshin Flour Milling and Kumamoto Flour Milling have already built a track record of collaboration in the supply of wheat and rice flour products, as well as the procurement of wheat as a raw ingredient. A tighter bond was forged back in 2016, when Nisshin Flour Milling supplied alternative products, support for the restoration of production facilities and other assistance in the wake of the Kumamoto Earthquake.

After considering Kumamoto Flour Milling's business composition, accumulated expertise, workforce, assets and other traits from various perspectives, the companies decided to conduct the acquisition, having determined that merging to do business as a single entity would bring major mutual and complementary merits to the individual operations of both companies, while the ability to promote cost competitiveness and market adaptability through synergies would further enhance business competitiveness.

Building a more robust relationship between Nisshin Flour Milling and Kumamoto Flour Milling going forward will enable them to meet their responsibilities in the supply of wheat flour, contributing to the business efforts of their respective customers while striving for sustainable growth, stability in business continuity and expansion in corporate value.

##### (3) Date of merger

January 4, 2023

##### (4) Legal form of merger

Share acquisition at cash value

##### (5) Post-merger name

Kumamoto Flour Milling Co., Ltd.

##### (6) Percentage of voting rights acquired

85%

##### (7) Principal evidence supporting acquisition decision

Following share acquisition at cash value, Nisshin Flour Milling acquired 85% of voting rights.

2. Period of business results for the acquired company included within the consolidated financial statements

Consolidation was limited to balance sheets only for the fiscal year ended March 31, 2023. Consequently, business results for the acquired company were omitted from the Consolidated Statements of Income.

3. Breakdown of acquisition cost and type of compensation

Compensation for acquisition	Cash and deposits	¥13,930 million
Acquisition cost		¥13,930 million

4. Name and amount of principal acquisition-related expenses

Advisory costs, etc.	¥385 million
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5. Amount and principal breakdown of assets and liabilities assumed on date of merger

Current assets	¥9,240 million	
Non-current assets	¥13,375 million	
Total assets		¥22,615 million
Current liabilities	¥4,649 million	
Non-current liabilities	¥1,549 million	
Total liabilities		¥6,199 million

## [Segment Information, etc.]

### [Segment information]

#### 1. Outline of reportable segment

The Nisshin Seifun Group's reportable segments and the other businesses are components of the Group, for which discrete financial information is available and the operating results are regularly reviewed by the Company's Board of Directors to make decisions about resources to be allocated to and assess the performance of the segments.

The Company, as the holding company of the Group, plans and determines group strategies for, allocates resources to and assesses the performance of each of its businesses, which are classified by type of products and services in Flour Milling, Processed Food, Prepared Dishes and Other Prepared Foods and Others.

Accordingly, the Group designates the Flour Milling, Processed Food and Prepared Dishes and Other Prepared Foods segments as its reportable segments. Major products of the reportable segments are as follows.

Flour Milling:	Wheat flour, bran and wheat flour-related products
Processed Food:	Prepared mix, wheat flour for household-use, pasta, pasta sauce, frozen food, cake and bread ingredients, biochemical products, drug discovery research support business, healthcare foods
Prepared Dishes and Other Prepared Foods:	Boxed lunches, prepared dishes, prepared noodles and other prepared foods

#### 2. Calculation methods of net sales, profit (loss), assets and other items for each reportable segment

The accounting methods used for reportable segments are largely the same as those adopted for use in the preparation of the consolidated financial statements. Segment profit figures are the same as operating profit figures. Intersegment sales and transfers are based on market prices.

#### 3. Information about net sales, profit (loss), assets and other items for each reportable segment

Year Ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Carried on consolidated financial statements (Note 3)
	Flour Milling	Processed Food	Prepared Dishes and Other Prepared Foods	Total				
Net sales								
Sales to external customers	313,519	182,968	138,384	634,872	44,864	679,736	–	679,736
Intersegment sales and transfers	16,367	1,626	5,205	23,199	3,044	26,243	(26,243)	–
Total	329,886	184,595	143,589	658,071	47,908	705,980	(26,243)	679,736
Segment profit	8,587	12,411	3,141	24,141	5,160	29,301	129	29,430
Segment assets	324,243	158,795	61,044	544,084	71,808	615,892	107,180	723,073
Other items								
Depreciation and amortization	12,606	5,232	4,128	21,967	1,336	23,303	(248)	23,054
Investment for affiliates accounted for by the equity method	3,820	159	–	3,979	18,738	22,717	–	22,717
Increase in property, plant and equipment and intangible assets	8,660	5,959	2,269	16,889	1,443	18,332	(125)	18,207

#### 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.

The adjustment in segment assets of ¥107,180 million includes intersegment asset eliminations (-¥89,071 million) and the Group's assets (¥196,252 million); mainly, the Company's investment securities.

3. Segment profit has been adjusted for the operating profit appearing in the consolidated statements of income.

Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Carried on consolidated financial statements (Note 3)
	Flour Milling	Processed Food	Prepared Dishes and Other Prepared Foods	Total				
Net sales								
Sales to external customers	419,782	187,988	147,487	755,258	43,423	798,681	–	798,681
Intersegment sales and transfers	19,240	1,731	4,651	25,623	2,935	28,558	(28,558)	–
Total	439,022	189,720	152,138	780,881	46,358	827,240	(28,558)	798,681
Segment profit	17,618	6,037	3,284	26,940	5,746	32,687	144	32,831
Segment assets	316,356	161,195	69,743	547,294	73,215	620,510	93,364	713,874
Other items								
Depreciation and amortization	11,980	5,655	3,982	21,618	1,440	23,059	(253)	22,805
Investment for affiliates accounted for by the equity method	4,328	158	–	4,486	17,322	21,809	–	21,809
Increase in property, plant and equipment and intangible assets	8,513	7,854	2,656	19,024	1,024	20,048	(161)	19,887

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.  
The adjustment in segment assets of ¥93,364 million includes intersegment asset eliminations (-¥114,913 million) and the Group’s assets (¥208,278 million): mainly, the Company’s investment securities.
3. Segment profit has been adjusted for the operating profit appearing in the consolidated statements of income.

## [Per Share Information]

(Yen)

	Fiscal 2022 (April 1, 2021 to March 31, 2022)	Fiscal 2023 (April 1, 2022 to March 31, 2023)
Net assets per share	1,510.35	1,425.24
Earnings (loss) per share	58.88	(34.91)
Fully diluted earnings per share	58.88	—

### Notes

- “Fully diluted earnings per share” is not reported for the fiscal year ended March 31, 2023 due to the net loss per share and the absence of any shares experiencing dilution effects.
- The basis of calculation for net assets per share

	Fiscal 2022 (As of March 31, 2022)	Fiscal 2023 (As of March 31, 2023)
Total net assets, as stated on the consolidated balance sheets (millions of yen)	460,643	438,499
Net assets associated with common stock (millions of yen)	449,174	423,833
Major components of the difference (millions of yen):		
Subscription rights to shares	95	44
Non-controlling interests	11,373	14,621
Number of shares of common stock issued and outstanding (shares)	304,357,891	304,357,891
Number of treasury shares of common stock (shares)	6,960,907	6,979,939
Number of shares of common stock used in the calculation of net assets per share (shares)	297,396,984	297,377,952

- The basis of calculation for earnings (loss) per share and fully diluted earnings per share

	Fiscal 2022 (April 1, 2021 to March 31, 2022)	Fiscal 2023 (April 1, 2022 to March 31, 2023)
Profit (loss) attributable to owners of parent, as stated on the consolidated statements of income (millions of yen)	17,509	(10,381)
Amount not attributable to owners of common stock (millions of yen)	—	—
Profit (loss) attributable to owners of parent associated with common stock (millions of yen)	17,509	(10,381)
Average number of shares of common stock during the fiscal year (shares)	297,369,226	297,360,173
Adjustment to profit attributable to owners of parent (millions of yen)	—	—
Main components of increase in number of shares of common stock used in calculation of fully diluted earnings per share (shares):		
Subscription rights to shares	4,117	—
Details of shares not included in calculation of fully diluted earnings per share due to non-dilutive effect	<ul style="list-style-type: none"> <li>Subscription rights to shares</li> <li>Date of resolution at the General Meeting of Shareholders: June 28, 2016</li> <li>(81 subscription rights to shares)</li> </ul>	<ul style="list-style-type: none"> <li>Subscription rights to shares</li> <li>Date of resolution at the General Meeting of Shareholders: June 28, 2016</li> <li>(74 subscription rights to shares)</li> <li>(127 subscription rights to shares)</li> </ul>

### Note:

When calculating 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 excluded from the number of shares of common stock issued and outstanding at the end of the fiscal year. As of March 31, 2022, 42,900 Company shares were held in the aforementioned trust. As of March 31, 2023, 64,000 Company shares were held in the aforementioned trust.

Furthermore, when calculating earnings (loss) per share and fully diluted earnings 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 excluded when calculating the average number of shares of common stock during the fiscal year. For the fiscal year ended March 31, 2022, the average number of shares of common stock for Company shares held in the aforementioned trust was 59,638 shares. For the fiscal year ended March 31, 2023, that figure was 79,708 shares.

**[Material Subsequent Events]**

There are no applicable matters to be reported.