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

October 27, 2023

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

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

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

#### (1) Consolidated Business Results

(The percentages indicate the rates of increase or decrease compared with the same period of the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First six months of Fiscal 2024	426,881	9.8	25,511	60.3	26,511	53.9	18,446	—
First six months of Fiscal 2023	388,742	19.3	15,919	2.3	17,220	(1.2)	(37,795)	—

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

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

#### (2) Consolidated Financial Position

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

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

### 2. Dividends

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

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

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

(The percentages indicate the rates of increase or decrease compared with the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	850,000	6.4	46,000	40.1	47,000	42.2	30,000	—	100.89

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

\* Notes

(1) Changes in important subsidiaries during the first six months of the fiscal year ending March 31, 2024 (changes in specified subsidiaries involving a change in the scope of consolidation): None

(2) Adoption of special accounting treatment for preparing quarterly consolidated financial statements: Yes

Note: For details, please refer to “2. Quarterly Consolidated Financial Statements and Related Notes (4) Notes on Quarterly Consolidated Financial Statements [Adoption of Special Accounting Treatment for Preparing Quarterly Consolidated Financial Statements]” on page 14 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, 2023	304,357,891	As of March 31, 2023	304,357,891
2) Number of treasury shares	As of September 30, 2023	7,028,301	As of March 31, 2023	6,979,939
3) Average number of shares outstanding	First six months of Fiscal 2024	297,358,169	First six months of Fiscal 2023	297,346,493

\* Quarterly earnings reports are not subject to quarterly review by certified public accountants or independent account auditors.

\* Statement regarding the proper use of financial forecasts and other special remarks

(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 8 of the Attachment.

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

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## 1. Qualitative Information for the Period under Review

### (1) Business Performance

[Overview of the Period under Review]

During the first six months of the fiscal year ending March 31, 2024, the Japanese economy continued to mount a gradual recovery, lifted by an increase in foot traffic accompanying the elimination of pandemic-imposed behavioral restrictions and a rebound in inbound travel to Japan, among other factors. Prices for wheat and other grains, which had risen sharply primarily due to the situation in Ukraine, also gradually began to calm. And while the yen's ongoing depreciation in currency exchange markets is a trend that should remain closely watched, signs point to a favorable turn in the business environment surrounding the Nisshin Seifun Group.

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" formulated last year, the Group is giving highest priority this term to efforts to stimulate its ability to grow by restructuring the business portfolio, respond to food inflation, mount a recovery in the Australia flour milling business, pursue environmental policies and enact its digital strategy.

As part of efforts to stimulate the Group's ability to grow by restructuring the business portfolio, in May 2023, we began construction at flour milling subsidiary Nisshin Flour Milling Inc. of the Mizushima Plant, designed to develop a low-cost production framework that can counter international competition. Adopting cutting-edge automation and digital technologies, this facility, which plans call for establishing as an eco-friendly smart plant, is set to begin operating sometime in May 2025. This move will be accompanied by the scheduled closure of the Okayama and Sakaide plants.

In August of this year, yeast and biotechnology business subsidiary Oriental Yeast Co., Ltd. opted to close the Saitama Plant, where facilities are worn and operating efficiency has declined, at the end of December 2023, with flour paste production concentrated at the Biwa Plant. This move is designed to further improve both productivity and capital efficiency, while also strengthening cost competitiveness.

With respect to performance, consolidated net sales for the first six months of the fiscal year ending March 31, 2024, increased 9.8% year on year to ¥426,881 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, along with beneficial effects from the new consolidation of Kumamoto Flour Milling Co., Ltd. and the enactment of product price revisions in the Processed Food and Prepared Dishes and Other Prepared Foods segments. Operating profit increased 60.3% year on year to ¥25,511 million, ordinary profit rose 53.9% to ¥26,511 million and profit attributable to owners of parent came to ¥18,446 million, compared to a loss of ¥37,795 million a year earlier. Together with the enactment of price revisions in each business area that also compensated for delays in shifting higher costs to prices in the previous term, profits rose atop effects from the new consolidation of Kumamoto Flour Milling Co., Ltd. and firm sales prices for bran in the flour milling business in Japan, a decrease in the amortization of goodwill accompanying an impairment loss reported in the previous year for the Australia flour milling business, and robust performance from the prepared dishes and other prepared foods business.

With respect to interim dividends, in light of conditions in the second quarter, the Company will pay a dividend of ¥21 per share, up ¥1 from the most recent projections, to acknowledge support from and to meet the expectation of its shareholders.

(Year-on-year Comparison)

(Millions of yen)

	First six months of Fiscal 2023	First six months of Fiscal 2024	Difference	Change
Net sales	388,742	426,881	38,139	9.8%
Operating profit	15,919	25,511	9,591	60.3%
Ordinary profit	17,220	26,511	9,290	53.9%
Profit (loss) attributable to owners of parent	(37,795)	18,446	56,242	—

[Business Overview by Segment]

1) Flour Milling Segment

(Millions of yen)

	First six months of Fiscal 2023	First six months of Fiscal 2024	Difference	Change
Net sales	201,881	227,750	25,869	12.8%
Operating profit	7,117	14,731	7,613	107.0%

In the flour milling business in Japan, shipments were on par with the previous year despite effects from a fallback in demand for wheat flour due to product price revisions. This outcome mainly reflected increased foot traffic following the elimination of pandemic-related behavior restrictions and a recovery in inbound travel to Japan.

In June 2023, we implemented price revisions for commercial wheat flour in response to revised government prices for five classes of imported wheat enacted in April 2023, as well as in response to higher energy and distribution costs since the previous fiscal year. On average, the government's price for imported wheat rose 5.8%.

In the overseas flour milling business, sales were higher year on year mainly due to product price revisions in Australia and foreign currency translation effects from a U.S.-based subsidiary.

As a result, net sales of the Flour Milling Segment increased 12.8% year on year to ¥227,750 million, reflecting price revisions for commercial wheat flour enacted in Japan last year and in June of this year, coupled with benefits from the new consolidation of Kumamoto Flour Milling Co., Ltd. in January 2023. Operating profit climbed 107.0% to ¥14,731 million, lifted mainly by firm sales prices for bran, a byproduct from the flour milling business in Japan, beneficial effects from the new consolidation of Kumamoto Flour Milling Co., Ltd., and a decrease in amortization of goodwill accompanying an impairment loss reported for the Australia flour milling business in the previous year.

Furthermore, in October 2023, Nisshin Flour Milling Inc. entered an Offsite Corporate Power Purchase Agreement (PPA) with Marubeni Power Retail Corporation. This agreement will see all power consumed by the Tsurumi Plant, Japan's largest flour milling plant by scale, substantially supplied using renewable energy, a move that will lead to reductions in CO<sub>2</sub>.

2) Processed Food Segment

(Millions of yen)

	First six months of Fiscal 2023	First six months of Fiscal 2024	Difference	Change
Net sales	92,486	99,153	6,667	7.2%
Operating profit	4,066	4,692	625	15.4%

In the processed food business, sales were higher year on year as we continued the enactment of product price revisions launched last year in response to higher costs for raw materials in Japan.

In the yeast and biotechnology business, sales were up year on year, reflecting price revisions for yeast enacted in July and November 2022, and again in April of this year, in Japan, in response to soaring raw material prices and energy costs, coupled with the start of operations at the yeast business in India in August 2022 overseas.

In the healthcare foods business, sales were lower year on year. From October 2023, we launched a "personal nutrition business," which supplies supplements to customers designed to fit their individual lifestyle habits and health status.

As a result, net sales of the Processed Food Segment increased 7.2% year on year to ¥99,153 million. Operating profit increased 15.4% year on year to ¥4,692 million, largely as a result of product price revisions.

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

(Millions of yen)

	First six months of Fiscal 2023	First six months of Fiscal 2024	Difference	Change
Net sales	73,285	78,064	4,778	6.5%
Operating profit	1,638	3,397	1,758	107.3%

In the Prepared Dishes and Other Prepared Foods Segment, net sales increased 6.5% year on year to ¥78,064 million, mainly reflecting increased foot traffic accompanying the elimination of pandemic-imposed behavioral restrictions, and a recovery in demand from a rebound in inbound travel to Japan, and product price revisions. Operating profit increased 107.3% to ¥3,397 million, largely atop product price revisions and improved productivity.

### 4) Others Segment

(Millions of yen)

	First six months of Fiscal 2023	First six months of Fiscal 2024	Difference	Change
Net sales	21,089	21,912	823	3.9%
Operating profit	3,050	2,581	(469)	(15.4)%

In the engineering business, sales were higher year on year.

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 increased 3.9% year on year to ¥21,912 million, with operating profit down 15.4% to ¥2,581 million. The decline in profit came mainly from a decrease in large-scale projects in the engineering business.

## (2) Financial Position

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023	Difference
Current assets	330,069	343,704	13,634
Non-current assets	383,805	422,721	38,915
Total assets	713,874	766,425	52,550
Current liabilities	150,262	146,831	(3,431)
Non-current liabilities	125,112	134,908	9,796
Total liabilities	275,375	281,739	6,364
Total net assets	438,499	484,685	46,185
Total liabilities and net assets	713,874	766,425	52,550

The status of assets, liabilities and net assets on a consolidated basis at the end of the first six months of the fiscal year ending March 31, 2024 was as follows.

Current assets increased ¥13,634 million from the previous fiscal year-end to ¥343,704 million, tracking growth in notes and accounts receivable – trade, and contract assets. Non-current assets increased ¥38,915 million to ¥422,721 million, primarily accompanying an increase in the market valuation of investment securities held. As a result, total assets rose ¥52,550 million from the previous fiscal year-end to ¥766,425 million.

Meanwhile, current liabilities decreased ¥3,431 million to ¥146,831 million, mainly from a decrease in short-term loans payable. Non-current liabilities increased ¥9,796 million to ¥134,908 million, primarily due to an increase in deferred tax liabilities. As a result, total liabilities increased ¥6,364 million from the previous fiscal year-end to ¥281,739 million. Net assets increased ¥46,185 million to ¥484,685 million, mainly reflecting an increase in retained earnings due to profit attributable to owners of parent for the period, a decrease due to the payment of dividends, and an increase in accumulated other comprehensive income.

The Company's consolidated cash flows for the first six months of the fiscal year ending March 31, 2024 were as follows.

(Millions of yen)

	First six months of Fiscal 2023	First six months of Fiscal 2024	Difference
Net cash provided by (used in) operating activities	(1,823)	33,766	35,590
Net cash provided by (used in) investing activities	(6,733)	(13,815)	(7,082)
Net cash provided by (used in) financing activities	(1,258)	(14,953)	(13,695)
Effect of exchange rate change on cash and cash equivalents	1,769	1,742	(27)
Net increase (decrease) in cash and cash equivalents	(8,046)	6,740	14,786
Cash and cash equivalents at end of period	60,682	89,711	29,029

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

An increase in cash and cash equivalents mainly due to profit before income taxes of ¥25,377 million and decreases in depreciation and amortization (a non-cash item) and inventories exceeded a decrease in cash and cash equivalents from factors such as increases in notes and accounts receivable – trade, and contract assets, along with the payment of income taxes. This led to net cash provided by operating activities for the second quarter of ¥33,766 million, compared to ¥1,823 million in net cash used in operating activities a year earlier.

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

¥13,419 million was used for the purchase of property, plant, and equipment and intangible assets. Consequently, net cash used in investing activities was ¥13,815 million, compared to ¥6,733 million a year earlier.

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

Net cash used in financing activities was ¥14,953 million for the second quarter of the fiscal year ending March 31, 2024, compared to ¥1,258 million a year earlier. This mainly reflected ¥6,606 million used for the repayment of short-term loans payable and ¥6,247 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 second quarter of the fiscal year ending March 31, 2024 increased ¥6,740 million from the previous year-end to ¥89,711 million.

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

With respect to the outlook for the fiscal year ending March 31, 2024, we are projecting consolidated net sales to rise 6.4% to ¥850,000 million, operating profit to increase 40.1% to ¥46,000 million, ordinary profit to rise 42.2% year on year to ¥47,000 million, and profit attributable to owners of parent of ¥30,000 million, compared to a loss attributable to owners of parent of ¥10,381 million in the previous fiscal year. This is a revision of initial projections announced on May 10, 2023, and reflects factors such as movement in net sales and profit cumulative as of the second quarter, as well as the outlook for the second half of the year and the effects of changes in foreign currency exchange rates, a key assumption.

Following the decision to pay an interim dividend of ¥21 per share, up ¥1 from recent projections, the Company plans to pay a full-year dividend of ¥42 per share, also ¥1 higher than recent estimates. This represents an increase of ¥2 compared to the previous fiscal year, resulting in a projected 11th consecutive year of dividend growth.

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

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share
Previously announced forecast (A)	Millions of yen 820,000	Millions of yen 39,000	Millions of yen 39,500	Millions of yen 26,000	Yen 87.43
Newly revised forecast (B)	850,000	46,000	47,000	30,000	100.89
Change amount (B-A)	30,000	7,000	7,500	4,000	—
Change rate (%)	3.7	17.9	19.0	15.4	—
(Reference) Results for the previous fiscal year (Year ended March 31, 2023)	798,681	32,831	33,051	(10,381)	(34.91)

## 2. Quarterly Consolidated Financial Statements and Related Notes

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

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

(Millions of yen)

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

(2) Quarterly Consolidated Statements of Income and Comprehensive Income  
 [Quarterly Consolidated Statements of Income]

(Millions of yen)

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

[Quarterly Consolidated Statements of Comprehensive Income]

(Millions of yen)

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

### (3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

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

(4) Notes on Quarterly 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.

[Adoption of Special Accounting Treatment for Preparing Quarterly Consolidated Financial Statements]

Tax expenses are calculated in accordance with Paragraph 15, “Method for Using the Statutory Effective Tax Rate,” of the Practical Guidelines on Tax-Effect Accounting for Preparation of Interim Financial Statements, pursuant to the provision of Paragraph 19 of the Guidance on the Accounting Standard for Quarterly Financial Reporting.

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

[Related to the Quarterly Consolidated Statements of Income]

1. Impairment losses

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

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

Location	Application	Type
Australia	– (Flour Milling business)	Goodwill
	Business assets (Flour Milling business)	Others (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 business, 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 ¥55,836 million as an extraordinary loss. A breakdown of the impairment loss includes ¥31,378 million in goodwill, other (intangible assets) of ¥7,837 million, and ¥16,620 million in property, plant and equipment.

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

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.

[Segment Information, etc.]

[Segment information]

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

1. Information about net sales and profit (loss) for each reportable segment

(Millions of yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Carried on quarterly consolidated statements of income (Note 3)
	Flour Milling	Processed Food	Prepared Dishes and Other Prepared Foods	Total				
Net sales								
Sales to external customers	201,881	92,486	73,285	367,653	21,089	388,742	–	388,742
Intersegment sales and transfers	9,540	884	2,439	12,865	1,401	14,267	(14,267)	–
Total	211,422	93,370	75,725	380,518	22,490	403,009	(14,267)	388,742
Segment profit	7,117	4,066	1,638	12,823	3,050	15,874	45	15,919

- Notes: 1. Business segment of “Others” is excluded from reportable segment, which includes engineering, mesh cloths, handling and storage businesses.
2. Segment profit adjustment refers to intersegment transaction eliminations and other.
3. Segment profit has been adjusted for the operating profit appearing in the quarterly consolidated statements of income.

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 Flour Milling Segment, due to a decline in profitability, non-current assets pertaining to the Australia flour milling business were deemed to no longer hold any prospect of a recovery of investment, prompting the Company to reduce the book value of the assets to their recoverable value and post an impairment loss. For the first six months of the fiscal year ended March 31, 2023, the value of this impairment loss was ¥55,836 million.

[Material changes in goodwill]

Due to the recognition of an impairment loss for goodwill pertaining to the Australia flour milling business, goodwill for the Flour Milling Segment for the first six months of the fiscal year ended March 31, 2023, declined by ¥33,530 million.

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

### 1. Information about net sales and profit (loss) for each reportable segment

(Millions of yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Carried on quarterly consolidated statements of income (Note 3)
	Flour Milling	Processed Food	Prepared Dishes and Other Prepared Foods	Total				
Net sales								
Sales to external customers	227,750	99,153	78,064	404,968	21,912	426,881	–	426,881
Intersegment sales and transfers	9,566	988	2,252	12,807	1,181	13,989	(13,989)	–
Total	237,317	100,141	80,317	417,776	23,093	440,870	(13,989)	426,881
Segment profit	14,731	4,692	3,397	22,820	2,581	25,402	109	25,511

- Notes: 1. Business segment of “Others” is excluded from reportable segment, which includes engineering, mesh cloths, handling and storage businesses.  
2. Segment profit adjustment refers to intersegment transaction eliminations and other.  
3. Segment profit has been adjusted for the operating profit appearing in the quarterly consolidated statements of income.

### 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 ending March 31, 2024, the value of this impairment loss was ¥1,254 million.