First Six Months of Fiscal 2023 Results Briefing

Results, Forecasts

October 28, 2022

Nisshin Seifun Group Inc.

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1. First Six Months of Fiscal 2023 Results (1)

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* Figures rounded down to nearest million yen

(Millions of yen)	First Six Months of Fiscal 2022 Results	First Six Months of Fiscal 2023 Results	YoY difference	YoY change	Forecasts difference (May Release)	Forecasts change (May Release)
Net sales [Overseas sales]	**325,727** **[86,373]**	**388,742** **[126,760]**	+63,014 [+40,386]	+19.3% [+46.8%]	+18,742 –	+5.1% –
Flour Milling	147,213	201,881	+54,667	+37.1%	–	–
Processed Food	90,607	92,486	+1,878	+2.1%	–	–
Prepared Dishes and Other Prepared Foods	68,333	73,285	+4,952	+7.2%	–	–
Others	19,572	21,089	+1,516	+7.7%	–	–
Operating profit [Overseas operating profit]	**15,568** **[2,460]**	**15,919** **[3,990]**	+351 [+1,530]	+2.3% [+62.2%]	+919 –	+6.1% –
Flour Milling	4,441	7,117	+2,675	+60.2%	–	–
Processed Food	7,193	4,066	(3,126)	(43.5)%	–	–
Prepared Dishes and Other Prepared Foods	1,504	1,638	+134	+8.9%	–	–
Others	2,354	3,050	+696	+29.6%	–	–
Adjustments*1	74	45	(28)	–	–	–
Ordinary profit	**17,425**	**17,220**	(204)	(1.2)%	+1,720	+11.1%
Profit attributable to owners of parent	**9,957**	**(37,795)**	(47,752)	–	(46,795)	–

*1 Intersegment transaction eliminations

1. First Six Months of Fiscal 2023 Results (2)

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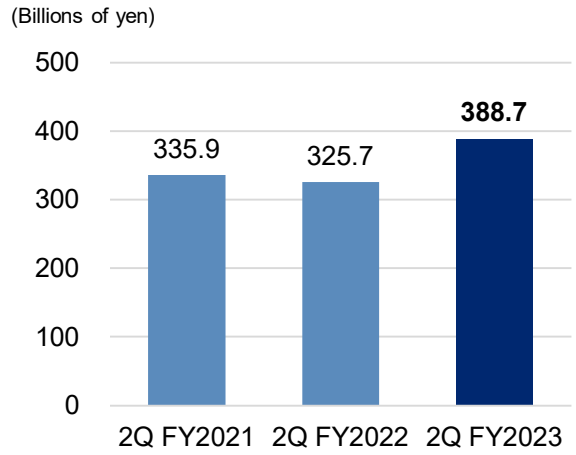
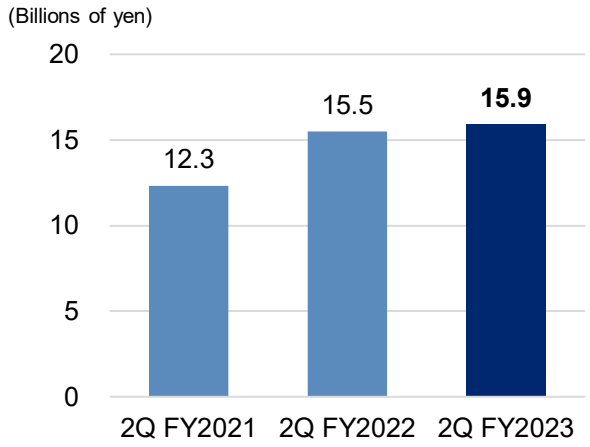
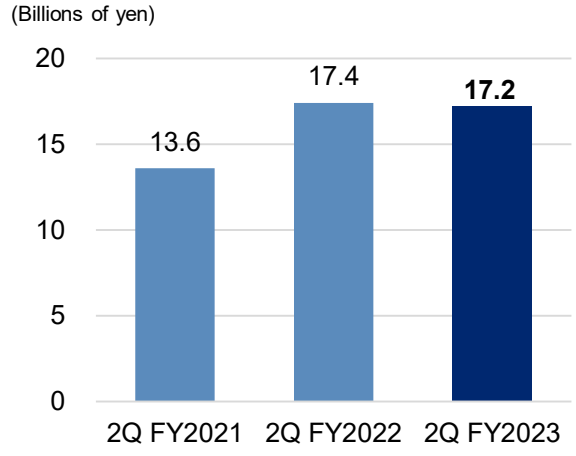
Net sales



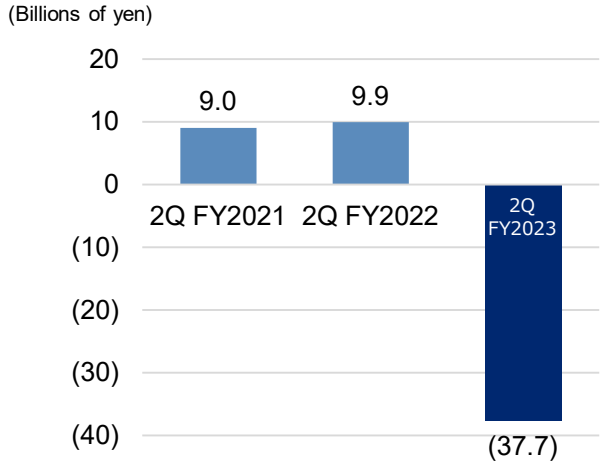
Operating profit



Ordinary profit



Profit attributable to owners of parent



* Figures rounded down to nearest 100 million yen

- Net sales increased mainly due to the implementation of wheat price revisions in the domestic flour milling business, higher wheat prices in the overseas flour milling business and foreign currency translation effects, and steady sales in the prepared dishes and other prepared foods businesses.
- Operating profit increased due to strong bran prices in the domestic flour milling business and favorable performance in the overseas flour milling business.
- Quarterly loss due to impairment loss in the Australia flour milling business based on re-examination of the business plan, considering market changes influenced by strict COVID-19 measures in Australia.

Net sales:	YoY changes	+19.3%
Operating profit:	YoY changes	+2.3%
Ordinary profit:	YoY changes	(1.2)%
Profit attributable to owners of parent:	YoY changes	–

2. Analysis of Segment Results (1)

Analysis of Net Sales (YoY Difference)

(Billions of yen)

Flour Milling ¥+54.7 billion

Domestic wheat flour shipments (down 1.1% year on year)	(0.8)
Flour price revisions accompanying revised wheat prices, others	+15.6
Bran prices	+0.7
Overseas sales	+39.2

Processed Food ¥+1.9 billion

Processed food sales	+3.0
Household-use flour sales	**(0.3)**
Prepared mix product sales	+0.3
Pasta-related sales	+0.7
Frozen food sales	+0.1
Overseas processed food sales	+1.5
Other	+0.7
Oriental Yeast sales	+0.2
Nisshin Pharma sales	(1.3)

Prepared Dishes and Other Prepared Foods ¥+4.9 billion

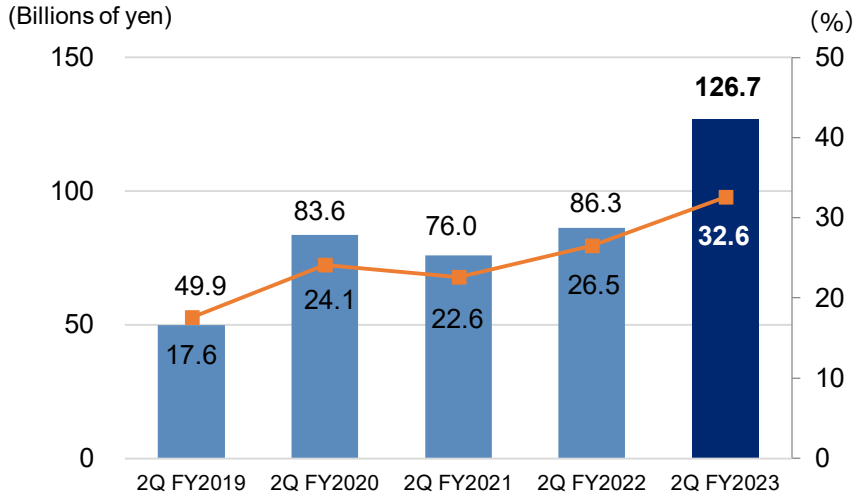
Prepared dishes and other prepared foods sales	+4.9

Others ¥+1.5 billion

NBC Meshtec sales	+0.4
Facility construction sales, others (Nisshin Engineering, others)	+1.1

[Ref.] Overseas sales

* Line graph indicates overseas sales ratio



2. Analysis of Segment Results (2)

Analysis of Operating Profit (YoY Difference)

(Billions of yen)

Flour Milling ¥+2.7 billion

Domestic wheat flour shipment volume	(0.2)
Sales expansion costs	(0.2)
Bran prices	+0.6
Cost related	+0.1
Overseas operating profit	+2.4

Processed Food ¥(3.1) billion

Shipment volume	(0.7)
Sales expansion costs	(0.1)
Cost related	(1.3)
Overseas operating profit (incl. Oriental Yeast, Nisshin Pharma exports)	(1.0)

Prepared Dishes and Other Prepared Foods ¥+0.1 billion

Sales	+0.9
Cost related, others	(0.8)

Others ¥+0.7 billion

Sales	+0.5
Cost related, others	+0.2

Adjustments ¥(0.0) billion

Intersegment transaction eliminations	(0.0)

3. Non-operating Income (Expenses) / Extraordinary Income (Losses) (Results)

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(Millions of yen)

	First Six Months of Fiscal 2022 Results	First Six Months of Fiscal 2023 Results	YoY difference	Comments
[Non-operating Income (Expenses)]				
Net financial income	49	(21)	(71)	
Share of profit of entities accounted for using equity method	1,498	632	(865)	Decrease in profit of compound feed-related affiliates
Other	309	690	+381	Profit on foreign currency exchange
Total non-operating income (expenses)	1,856	1,301	(555)	

[Extraordinary Income (Losses)]				
Gain on sales of investment securities	648	206	(441)	
Impairment loss	–	(55,836)	(55,836)	Impairment loss due to a decline in results of the Australian flour milling business
Other	(393)	(358)	+ 35	
Total extraordinary income (losses)	255	(55,987)	(56,242)	

* Figures rounded down to nearest million yen

4. Statements of Cash Flows (Results)

(Billions of yen)

	First Six Months of Fiscal 2022 Results	First Six Months of Fiscal 2023		YoY difference	
		Results	Highlights		
Cash and cash equivalents at beginning of period	**59.1**	**68.7**		**+9.5**	Cash on hand*1 **70.7**
Cash flows from operating activities	**29.3**	**(1.8)**	Loss before income taxes (38.7) Depreciation and amortization +11.5 Impairment loss +55.8 Increase in working capital (24.9) Income taxes paid (7.3)	(31.2)	
Cash flows from investing activities	**(8.4)**	**(6.7)**	Capital expenditures (payment basis) (8.9)	+1.7	
Cash flows from financing activities	**(10.5)**	**(1.2)**	Cash dividends paid (5.9) Increase in short-term loans (for working capital) +6.6	+9.3	
Effect of exchange rate change on cash and cash equivalents	**(0.5)**	**1.7**		+2.3	
Cash and cash equivalents at end of period	**68.8**	**60.6**		**(8.1)**	Cash on hand*1 **60.6**

*1: Cash on hand includes deposits exceeding 3 months and operating bonds

	First Six Months of Fiscal 2022 Results	First Six Months of Fiscal 2023 Results	YoY difference	Highlights
Capital expenditures (construction basis)	8.1	8.3	+ 0.1	
Depreciation and amortization	11.1	11.5	+ 0.3	

* Figures rounded down to nearest million yen

5. Fiscal 2023 Forecasts (1)

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- Net sales are expected to increase due to the continued impact of the same factors as in the first half's results.
- Operating profit is expected to increase due to steady bran prices in the domestic flour milling business, strong results in the overseas flour milling business, and a decrease in depreciation and amortization resulting from implementing the impairment loss in the Australia flour milling business.
- Loss resulting from impairment loss in the Australia flour milling business despite an expected extraordinary gain from the sale of investment securities in the second half.
- Results forecasts had already been announced on October 19. Operating profit and ordinary profit were revised upward, while profit was revised downward.

* Figures rounded down to nearest million yen

(Millions of yen)	Fiscal 2022 Results	Fiscal 2023 Forecasts	YoY difference	YoY change	Forecasts difference (May Release)	Forecasts change (May Release)
Net sales	**679,736**	**780,000**	**+100,263**	**14.8%**	**+20,000**	**+2.6%**
Overseas sales [Overseas sales ratio]	185,890 [27.3%]	242,500 [31.1%]	+56,609	+30.5%	+15,000	+6.6%
Operating profit	**29,430**	**33,000**	**+3,569**	**+12.1%**	**+3,000**	**+10.0%**
Overseas operating profit [Overseas operating profit ratio]	3,875 [13.2%]	8,400 [25.5%]	+4,524	+116.7%	+3,600	+75.0%
Ordinary profit	**32,626**	**35,000**	**+2,373**	**+7.3%**	**+4,000**	**+12.9%**
Profit attributable to owners of parent	**17,509**	**(18,500)**	**(36,009)**	**–**	**(37,000)**	**–**

5. Fiscal 2023 Forecasts (2)

Net Sales by Segment

(Billions of yen)

	Forecasts	YoY difference
Flour Milling	401.0	+87.5
Processed Food	192.0	+ 9.0
Prepared Dishes and Other Prepared Foods	145.0	+ 6.6
Others	42.0	(2.8)
Total	780.0	+100.3

(Billions of yen)

Flour Milling ¥+87.5 billion

Domestic wheat flour shipments (down 0.5% YoY)	(0.8)
Flour price revisions accompanying revised wheat prices, others	+31.7
Bran prices	+1.7
Overseas sales	+54.9

Processed Food ¥+9.0 billion

Domestic processed food sales	+6.8
Overseas processed food sales	+2.1
Oriental Yeast sales	+3.0
Nisshin Pharma sales	(2.9)

Prepared Dishes and Other Prepared Foods ¥+6.6 billion

Prepared dishes and other prepared foods sales	+6.6

Others ¥(2.8) billion

NBC Meshtec sales	+1.5
Facility construction sales, others (Nisshin Engineering, others)	(4.3)

5. Fiscal 2023 Forecasts (3)

Operating Profit by Segment

(Billions of yen)

	Forecasts	YoY difference
Flour Milling	16.3	+7.7
Processed Food	8.0	(4.4)
Prepared Dishes and Other Prepared Foods	3.3	+ 0.2
Others	5.3	+ 0.1
Adjustments*	0.1	(0.0)
Total	33.0	+3.6

* Intersegment transaction eliminations

(Billions of yen)

Flour Milling ¥+7.7 billion

Domestic wheat flour shipment volume	(0.1)
Sales expansion costs	(0.4)
Bran prices	+1.7
Cost related	(0.6)
Overseas operating profit	+7.1

Processed Food ¥(4.4) billion

Shipment volume	(1.0)
Sales expansion costs	(0.1)
Cost related	(0.8)
Overseas operating profit (incl. Oriental Yeast, Nisshin Pharma exports)	(2.5)

Prepared Dishes and Other Prepared Foods ¥+0.2 billion

Sales	+1.2
Cost related, others	(1.0)

Others ¥+0.1 billion

Sales	(0.2)
Cost related, others	+ 0.3

Caution Regarding Results Briefing Content

The content of this briefing is based on various assumptions, and thus does not represent any promise or guarantee that numerical targets and initiatives projected for the future will be realized.