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Supplementary Materials

Fiscal Year Ended March 31, 2019

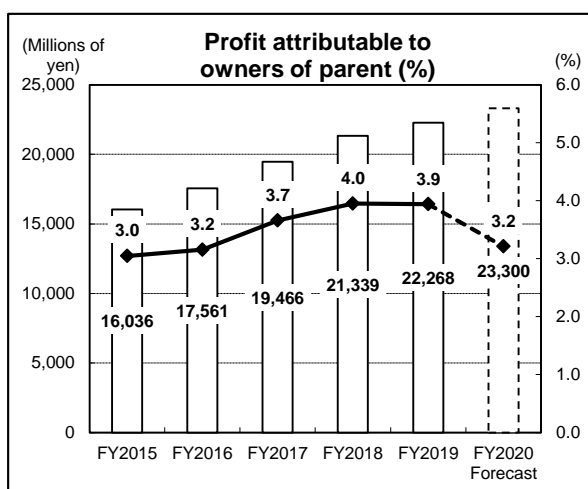
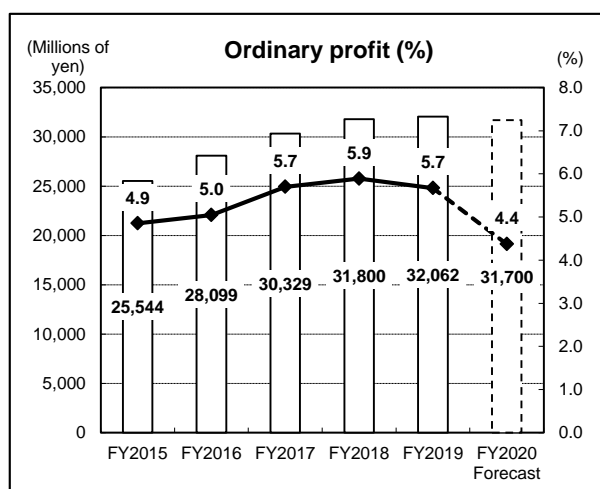
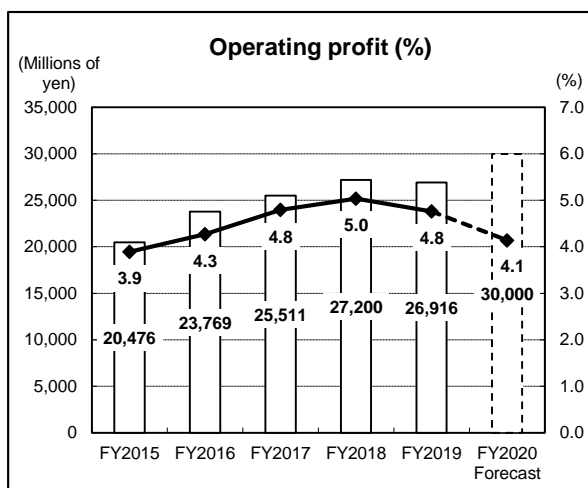
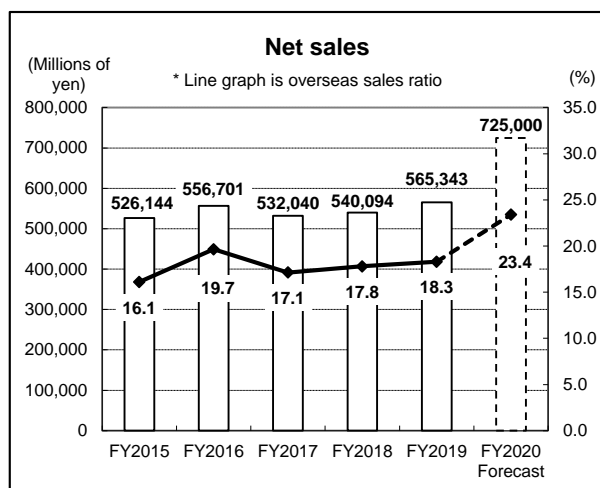
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May 14, 2019

Nisshin Seifun Group Inc.

The statements contained in this document are based on various assumptions and do not constitute any guarantee or definite promise that projections of future performance or related business policies will actually be realized.

I. Consolidated Performance Highlights



[Performance Trends]

(Millions of yen)

	FY2015	FY2016	FY2017	FY2018	FY2019	YoY Change	Change (%)	FY2020 Forecast
Net sales	526,144	556,701	532,040	540,094	565,343	25,248	104.7%	725,000
Overseas sales (%)	84,765 16.1%	109,435 19.7%	91,204 17.1%	96,290 17.8%	103,739 18.3%	7,448 0.5%	107.7%	169,400 23.4%
Operating profit (%)	20,476 3.9%	23,769 4.3%	25,511 4.8%	27,200 5.0%	26,916 4.8%	(284) (0.2)%	99.0%	30,000 4.1%
Ordinary profit (%)	25,544 4.9%	28,099 5.0%	30,329 5.7%	31,800 5.9%	32,062 5.7%	262 (0.2)%	100.8%	31,700 4.4%
Profit attributable to owners of parent (%)	16,036 3.0%	17,561 3.2%	19,466 3.7%	21,339 4.0%	22,268 3.9%	929 (0.1)%	104.4%	23,300 3.2%
Capital expenditures (construction base)	19,895	14,970	12,689	21,484	18,719	(2,765)	87.1%	23,000
Depreciation and amortization	14,747	16,816	16,132	15,509	14,951	(558)	96.4%	19,000
Number of Employees (consolidated)	6,146	6,440	6,324	6,545	6,760	215	103.3%	-
(Reference)								
Operating profit before amortization of goodwill, others	22,338	26,040	27,693	29,440	29,172	(268)	99.1%	38,500
Amortization of goodwill, others	1,862	2,270	2,181	2,239	2,256	16	100.7%	8,500

[Balance Sheet Trends]

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016	As of March 31, 2017	As of March 31, 2018	As of March 31, 2019	YoY Change
Current assets	224,529	228,271	234,172	260,751	268,170	7,418
Property, plant and equipment, and intangible assets	170,332	169,829	159,929	163,352	166,780	3,428
Investments and other assets	152,234	150,019	161,234	167,408	159,802	(7,606)
Total assets	547,096	548,120	555,337	591,512	594,754	3,241
Current liabilities	112,237	106,799	89,526	114,189	114,806	616
Non-current liabilities	56,144	54,835	59,005	63,528	61,098	(2,429)
Equity capital	367,081	373,375	393,620	399,278	403,937	4,659
(Equity ratio)	67.1%	68.1%	70.9%	67.5%	67.9%	+ 0.4%
Subscription rights to shares	179	147	175	189	167	(21)
Non-controlling interests	11,454	12,962	13,009	14,327	14,743	415
Total liabilities and net assets	547,096	548,120	555,337	591,512	594,754	3,241

[Shareholders' Equity and Dividends]

	FY2015	FY2016	FY2017	FY2018	FY2019	YoY Change	FY2020 Forecast
Net assets per share (Yen) *2	1,218.49	1,237.64	1,303.45	1,344.68	1,359.49	14.81	–
Earnings per share (Yen) *1,2	53.28	58.25	64.50	71.47	74.98	3.51	78.42
Fully diluted earnings per share (Yen) *1,2	53.22	58.15	64.43	71.40	74.90	3.50	–
Dividend per share (Yen)	22.00	24.00	26.00	29.00	32.00	3.00	34.00
Dividend per share after consideration of stock split (Yen) *1	21.09	24.00	26.00	29.00	32.00	3.00	34.00
Total dividends (Millions of yen)	6,353	7,240	7,851	8,617	9,510	892	–
Payout ratio (%)	39.6%	41.2%	40.3%	40.6%	42.7%	+ 2.1%	43.4%

(*1) Stock splits (1.1-for-1) were conducted on October 1, 2014. Above figures were calculated as if the stock splits took place at the beginning of the year ended March 31, 2015.

(*2) From the year ended March 31, 2018, when calculating earnings per share and net assets per share, Company shares held by The Master Trust Bank of Japan, Ltd. as trust assets for the stock-based remuneration plan are included in the treasury shares (listed under shareholders' equity) excluded from calculation of the number of shares of common stock.

[Share Data (Nisshin Seifun Group Inc.)]

	As of March 31, 2015	As of March 31, 2016	As of March 31, 2017	As of March 31, 2018	As of March 31, 2019
Shares issued and outstanding at end of period (Thousand shares)	301,341	301,764	302,064	297,013	297,204
Share price at end of period (Yen)	1,414	1,789	1,661	2,109	2,540
Total market value of shares (Millions of yen)	426,096	539,857	501,729	626,400	754,899

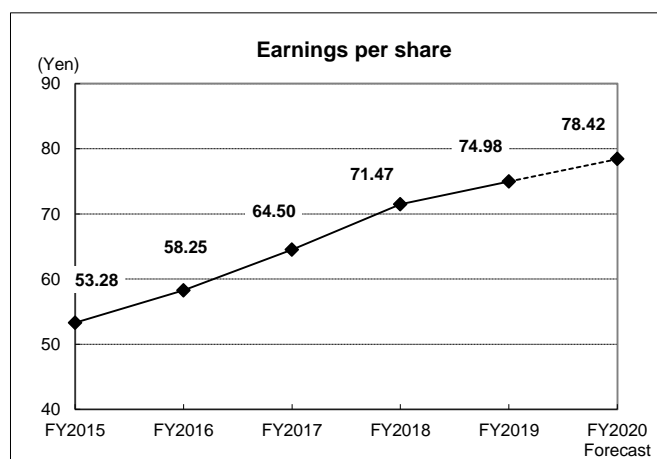
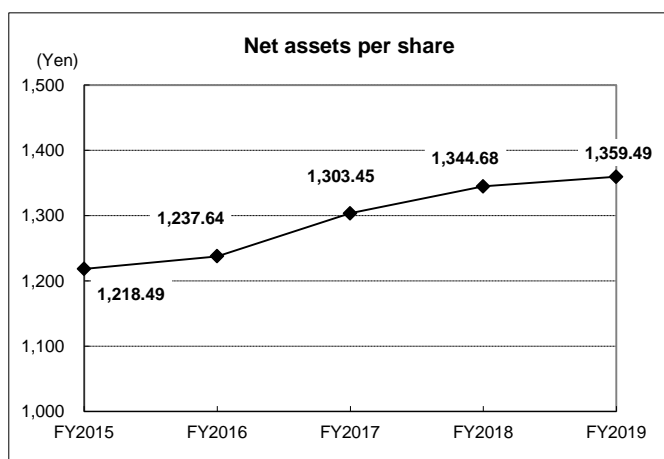
[Statements of Cash Flows]

(Millions of yen)

(Billions of yen)

	FY2015	FY2016	FY2017	FY2018	FY2019	YoY Change	FY2019 Reference*
Cash and cash equivalents at beginning of period	72,685	59,897	72,960	90,837	98,461	7,624	99.4
Net cash provided by (used in) operating activities	25,107	35,839	35,361	42,869	39,873	(2,996)	39.8
Net cash provided by (used in) investing activities	(43,636)	(12,201)	(5,240)	(18,067)	(19,184)	(1,116)	(18.2)
Net cash provided by (used in) financing activities	4,331	(9,446)	(11,470)	(18,593)	(10,567)	8,026	(10.5)
Effect of exchange rate changes on cash and cash equivalents	1,409	(1,128)	(246)	1,415	(202)	(1,617)	(0.2)
Increase (decrease) in cash and cash equivalents resulting from change of fiscal year-end of subsidiaries	–	–	(527)	–	(1,006)	(1,006)	(1.0)
Cash and cash equivalents at end of period	59,897	72,960	90,837	98,461	107,374	8,913	109.3

*Includes deposits exceeding 3 months and securities under management



II. Consolidated Statements of Income

1. Consolidated Statements of Income

(Millions of yen)

	FY2018	FY2019	YoY Change	FY2020 Forecast	YoY Change	
Net sales	540,094	565,343	25,248	725,000	159,656	
Cost of sales	378,742	401,584	22,842			
Gross profit	161,352	163,759	2,406			
Selling, general and administrative expenses	134,152	136,842	2,690			
Sales freight expenses	35,668	35,968	300			
Sales promotion expenses	40,669	40,707	38			
Personnel expenses	28,555	29,511	955			
Non-personnel expenses	29,258	30,655	1,396			
Operating profit	27,200	26,916	(284)	30,000	3,083	
Non-operating income	5,084	5,751	666			
Interest income	305	458	152			
Dividend income	2,412	2,655	243			
Share of profit of entities accounted for using equity method	1,771	1,647	(123)			
Rent income	284	275	(8)			
Other	311	715	403			
				FY2020 Forecast		
				Non-operating income (expenses)	FY2020 Forecast	YoY Change
				Net financial income	300	(2,555)
				Equity in earnings (losses) of affiliates	1,000	(647)
				Other	400	(242)
Non-operating expenses	485	605	120			
Interest expenses	221	257	36			
Loss on disaster	-	108	108			
Other	263	239	(24)			
Ordinary profit	31,800	32,062	262	31,700	(362)	
Extraordinary income	1,365	1,581	216			
Gain on sales of non-current assets	1,007	201	(805)			
Gain on sales of investment securities	357	1,379	1,022			
Extraordinary losses	734	529	(205)			
Loss on retirement of non-current assets	605	457	(147)			
Impairment loss	129	72	(57)			
Profit before income taxes	32,430	33,113	683			
Income taxes – current	8,664	9,417	753			
Income taxes – deferred	1,096	109	(986)			
Total income taxes	9,760	9,526	(233)			
Profit	22,669	23,586	917			
Profit attributable to non-controlling interests	1,330	1,317	(12)			
Profit attributable to owners of parent	21,339	22,268	929	23,300	1,031	

Principal Consolidated Subsidiaries

Company name	Net sales	Ordinary profit	Profit	Net assets	Total assets
Nisshin Flour Milling Inc.	174,927	9,880	7,038	72,913	144,421
Miller Milling Company, LLC	58,213	411	279	35,350	48,239
Nisshin Foods Inc.	117,001	5,959	4,308	30,288	62,447
Oriental Yeast Co., Ltd.	65,489	4,283	3,277	20,064	48,601

* Miller Milling Company, LLC reports profit (loss) data after deduction of amortization of goodwill, others (1,908 million yen).

2. Net Sales, Operating Profit and Non-operating Income (Expenses) by Segment

[FY2019 Performance]

[Net Sales by Segment]

(Millions of yen)

	FY2018	(Composition ratio)	FY2019	(Composition ratio)	Difference from previous year	YoY Change
Flour Milling	234,799	43%	245,943	44%	11,143	104.7%
Processed Food	254,000	47%	258,783	46%	4,783	101.9%
Others	51,295	10%	60,616	10%	9,321	118.2%
Total	540,094	100%	565,343	100%	25,248	104.7%

* Overseas Sales (included in sales data above)

(Millions of yen)

Currency Exchange Rates

(Yen)

	FY2018	FY2019	Difference from previous year	Impact of currency exchange rate fluctuations	YoY Change
Flour Milling	79,535	84,856	5,320	(1,480)	106.7%
Processed Food	11,685	14,115	2,429	86	120.8%
Others	5,069	4,767	(302)	(26)	94.0%
Total	96,290	103,739	7,448	(1,419)	107.7%

	FY2018	FY2019
USD	112.3	110.5
CAD	86.5	84.3
THB	3.3	3.4
NZD	79.9	75.5

(Analysis of Net Sales Difference from Previous Year)

(Billions of yen)

FY2019 (Difference from previous year)

Flour Milling	+11.1	· Domestic wheat flour shipments (-1.1%)	(1.9)
		· Flour price revisions, others accompanying revised wheat prices	+7.3
		· Bran prices	+0.3
		· Overseas sales, others	+5.4
Processed Food	+4.8	· Processed Food sales	+2.9
		Household-use flour sales	(0.3)
		Prepared mix product sales	+1.3
		Pasta-related sales	+0.1
		Frozen food sales	(1.6)
		Prepared dishes and other prepared foods sales	+3.0
		Overseas processed food sales	+0.8
		Other	(0.4)
		· Oriental Yeast sales	+0.4
		· Nisshin Pharma sales	+1.5
Others	+9.3	· Nisshin Petfood sales	(0.2)
		· NBC Meshtec sales	(0.5)
		· Facility construction sales, others (Nisshin Engineering, others)	+10.0
Total	+25.2		

[Operating Profit by Segment]

	FY2018	(Composition ratio)	FY2019	(Composition ratio)	Difference from previous year	YoY Change
Flour Milling	9,957	37%	9,179	34%	(778)	92.2%
Processed Food	13,473	49%	13,421	50%	(51)	99.6%
Others	3,613	13%	4,088	15%	474	113.1%
Eliminations/Corporate	155	1%	226	1%	70	—
Total	27,200	100%	26,916	100%	(284)	99.0%

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

	FY2018	FY2019	Difference from previous year	Impact of currency exchange rate fluctuations	YoY Change
Total	4,033	3,880	(152)	26	96.2%

(Analysis of Operating Profit Difference from Previous Year)

(Billions of yen)

FY2019 (Difference from previous year)

Flour Milling	(0.8)	<ul style="list-style-type: none"> · Domestic wheat flour shipment volume (0.3) · Sales expansion costs (0.1) · Bran prices +0.5 · Cost related, others (0.5) · Overseas subsidiaries, others (0.4)
Processed Food	(0.1)	<ul style="list-style-type: none"> · Shipment volume +1.6 · Sales expansion costs (0.1) · Cost related (1.5) · Overseas subsidiaries, others (0.1)
Others	+0.5	<ul style="list-style-type: none"> · Sales +1.1 · Cost related, others (0.6)
Eliminations/Corporate	+0.1	<ul style="list-style-type: none"> · Others +0.1
Total	(0.3)	

[Non-operating income (expenses)]

(Millions of yen)

	FY2018	FY2019	YoY Change
Net financial income	2,496	2,856	359
Equity in earnings (losses) of affiliates	1,771	1,647	(123)
Other	331	642	310
Non-operating income (expenses)	4,599	5,146	546

[Performance Forecast]

[Net Sales by Segment]

(Millions of yen)

	FY2019	(Composition ratio)	FY2020 Forecast	(Composition ratio)	Difference from previous year	YoY Change
Flour Milling	245,943	44%	315,000	43%	69,056	128.1%
Processed Food	258,783	46%	352,000	49%	93,216	136.0%
Prepared dishes and other prepared foods	43,745	8%	130,600	18%	86,855	298.5%
Others	60,616	10%	58,000	8%	(2,616)	95.7%
Total	565,343	100%	725,000	100%	159,656	128.2%

* Overseas Sales (included in sales data above)

(Millions of yen)

Currency Exchange Rates

(Yen)

	FY2019	FY2020 Forecast	Difference from previous year	YoY Change		FY2019	FY2020 (Projection)
Flour Milling	84,856	147,800	62,943	174.2%	USD	110.5	109.0
Processed Food	14,115	16,300	2,184	115.5%	CAD	84.3	82.0
Others	4,767	5,300	532	111.2%	THB	3.4	3.4
Total	103,739	169,400	65,660	163.3%	NZD	75.5	73.0

(Analysis of Net Sales Difference from Previous Year)

(Billions of yen)

FY2020 Forecast
(Difference from previous year)

Flour Milling	+69.0	· Domestic wheat flour shipments (+1%)	+2.2
		· Flour price revisions, others accompanying revised wheat prices	+3.9
		· Bran prices	+0.2
		· Overseas sales, others	+62.7
Processed Food	+93.2	· Processed Food sales	+2.9
		Domestic processed food sales	+2.4
		Overseas processed food sales	+0.5
		· Prepared dishes and other prepared foods sales	+86.9
		· Oriental Yeast sales	+2.5
		· Nisshin Pharma sales	+0.9
Others	(2.6)	· Nisshin Petfood sales	+0.4
		· NBC Meshtec sales	+0.6
		· Facility construction sales, others (Nisshin Engineering, others)	(3.6)
Total	+159.6		

[Operating Profit by Segment]

	FY2019	(Composition ratio)	FY2020 Forecast	(Composition ratio)	Difference from previous year	YoY Change
Flour Milling	9,179	34%	11,000	37%	1,820	119.8%
Processed Food	13,421	50%	14,600	49%	1,178	108.8%
Prepared dishes and other prepared foods	591	2%	1,700	6%	1,108	287.6%
Others	4,088	15%	4,100	14%	11	100.3%
Eliminations/Corporate	226	1%	300	1%	73	–
Total	26,916	100%	30,000	100%	3,083	111.5%

* Amortization of goodwill, others (Deducted from "Segment profit" above)

	FY2019	FY2020 Forecast	Difference from previous year
Flour Milling	2,058	7,200	5,141
Processed Food	197	1,300	1,102
Others	–	–	–
Total	2,256	8,500	6,243

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

	FY2019	FY2020 Forecast	Difference from previous year	YoY Change
Flour Milling	1,926	4,300	2,373	223.2%
Processed Food	1,761	2,000	238	113.5%
Others	193	200	6	103.5%
Total	3,880	6,500	2,619	167.5%

(Analysis of Operating Profit Difference from Previous Year)

(Billions of yen)

			FY2020 Forecast (Difference from previous year)
Flour Milling	+1.8	<ul style="list-style-type: none"> • Domestic wheat flour shipment volume • Sales expansion costs • Bran prices • Cost related, others • Overseas subsidiaries, others 	+0.2 (0.1) +0.1 (0.7) +2.3
Processed Food	+1.2	<ul style="list-style-type: none"> • Shipment volume • Sales expansion costs • Cost related • Overseas subsidiaries, others (including Oriental Yeast and Nisshin Pharma exports) 	+1.7 +0.3 (1.0) +0.2
Others	+0.0	<ul style="list-style-type: none"> • Sales • Cost related, others 	+0.0 +0.0
Eliminations/Corporate	+0.1	<ul style="list-style-type: none"> • Others 	+0.1
Total	+3.1		

III. Consolidated Balance Sheets

[Assets]

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019	YoY Change
Total assets	591,512	594,754	3,241
Current assets	260,751	268,170	7,418
Cash and deposits	91,635	101,974	10,339
Notes and accounts receivable – trade	79,676	76,245	(3,431)
Securities	7,857	7,336	(521)
Inventories	71,882	73,348	1,466
Other	9,892	9,497	(394)
Allowance for doubtful accounts	(193)	(232)	(39)
Non-current assets	330,761	326,583	(4,177)
Property, plant and equipment	150,942	156,317	5,375
Buildings and structures, net	55,979	58,308	2,328
Machinery, equipment and vehicles, net	38,700	41,393	2,692
Land	42,208	42,611	403
Construction in progress	10,337	10,030	(307)
Other, net	3,716	3,974	257
Intangible assets	12,409	10,462	(1,946)
Goodwill	5,623	5,016	(607)
Other	6,786	5,446	(1,339)
Investments and other assets	167,408	159,802	(7,606)
Investment securities	158,211	149,659	(8,551)
Net defined benefit asset	238	277	38
Deferred tax assets	5,754	6,064	309
Other	3,329	3,924	594
Allowance for doubtful accounts	(125)	(122)	2

Decrease due to decline
in market value -¥7.2 billion
Decrease due to sale
-¥2.8 billion, others

[Liabilities and net assets]

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019	YoY Change
Total liabilities	177,718	175,905	(1,812)
Current liabilities	114,189	114,806	616
Notes and accounts payable – trade	58,492	54,936	(3,556)
Short-term loans payable	7,892	9,535	1,642
Income taxes payable	4,397	5,217	820
Accrued expenses	19,291	19,963	672
Other	24,115	25,153	1,037
Non-current liabilities	63,528	61,098	(2,429)
Long-term loans payable	7,194	6,771	(422)
Deferred tax liabilities	27,184	24,664	(2,520)
Provision for repairs	1,159	1,464	304
Net defined benefit liability	20,782	21,169	386
Long-term deposits received	5,402	5,492	90
Other	1,804	1,536	(268)
Total net assets	413,794	418,848	5,053
Shareholders' equity	324,732	338,303	13,571
Capital stock	17,117	17,117	-
Capital surplus	12,894	12,882	(11)
Retained earnings	306,415	319,705	13,289
Treasury shares	(11,695)	(11,403)	292
Accumulated other comprehensive income	74,546	65,634	(8,911)
Valuation difference on available-for-sale securities	69,467	62,669	(6,797)
Deferred gains or losses on hedges	(473)	(393)	80
Foreign currency translation adjustment	6,352	4,086	(2,266)
Remeasurements of defined benefit plans	(800)	(728)	72
Subscription rights to shares	189	167	(21)
Non-controlling interests	14,327	14,743	415
Total liabilities and net assets	591,512	594,754	3,241

IV. Consolidated Statements of Cash Flows

(Millions of yen)

	FY2018	FY2019	YoY Change
Cash and cash equivalents at beginning of period	90,837	98,461	7,624
Net cash provided by (used in) operating activities			
Profit before income taxes	32,430	33,113	683
Depreciation and amortization	15,509	14,951	(558)
Impairment loss	129	72	(57)
Amortization of goodwill	1,224	1,324	99
Increase (decrease) in net defined benefit liability	(110)	381	491
Decrease (increase) in net defined benefit asset	(32)	(38)	(6)
Interest and dividend income	(2,717)	(3,113)	(395)
Interest expenses	221	257	36
Share of (profit) loss of entities accounted for using equity method	(1,771)	(1,647)	123
Loss (gain) on sales of investment securities	(357)	(1,379)	(1,022)
Decrease (increase) in notes and accounts receivable – trade	(10,217)	2,697	12,914
Decrease (increase) in inventories	(8,010)	(1,700)	6,309
Increase (decrease) in notes and accounts payable – trade	18,185	(2,666)	(20,852)
Other, net	5,607	1,314	(4,292)
Subtotal	50,092	43,567	(6,525)
Interest and dividend income received	3,704	4,049	345
Interest expenses paid	(217)	(257)	(39)
Income taxes paid	(10,710)	(7,485)	3,224
Net cash provided by (used in) operating activities	42,869	39,873	(2,996)
Net cash provided by (used in) investing activities			
Payments into time deposits	(4,369)	(1,425)	2,944
Proceeds from withdrawal of time deposits	5,128	513	(4,615)
Purchase of securities	(2,955)	(2,038)	916
Proceeds from sales of securities	2,970	2,052	(918)
Purchase of property, plant, and equipment and intangible assets	(19,704)	(18,233)	1,470
Proceeds from sales of property, plant, and equipment and intangible assets	898	44	(853)
Purchase of investment securities	(625)	(742)	(116)
Proceeds from sales of investment securities	858	1,706	848
Purchase of shares of subsidiaries and associates	(54)	(125)	(71)
Proceeds from sales of shares of subsidiaries and associates	122	-	(122)
Other, net	(334)	(935)	(600)
Net cash provided by (used in) investing activities	(18,067)	(19,184)	(1,116)
Net cash provided by (used in) financing activities			
Increase in short-term loans payable	-	75	75
Decrease in short-term loans payable	(3,253)	(1,636)	1,617
Proceeds from long-term loans payable	3,369	1,105	(2,264)
Proceeds from sales of treasury shares	339	297	(42)
Purchase of treasury shares	(10,164)	(190)	9,973
Cash dividends paid	(8,088)	(9,209)	(1,120)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(180)	(180)
Other, net	(795)	(828)	(33)
Net cash provided by (used in) financing activities	(18,593)	(10,567)	8,026
Effect of exchange rate changes on cash and cash equivalents	1,415	(202)	(1,617)
Net increase (decrease) in cash and cash equivalents	7,624	9,920	2,295
Increase (decrease) in cash and cash equivalents resulting from change of fiscal year-end of subsidiaries	-	(1,006)	(1,006)
Cash and cash equivalents at end of period	98,461	107,374	8,913

V. Consolidated ROE

	FY2015	FY2016	FY2017	FY2018	FY2019	YoY Change	FY2020 Forecast
ROE (%)	4.6%	4.8%	5.1%	5.4%	5.5%	0.1%	5.7%
Net income to net sales ratio (%)	3.0%	3.2%	3.7%	4.0%	3.9%	(0.1)%	3.2%
Average total asset turnover (Times)	1.0	1.0	1.0	0.9	1.0	0.1	–
Leverage	1.5	1.5	1.4	1.4	1.5	0.1	–

