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## Consolidated Financial Results for the Six Months Ended September 30, 2022 [Japanese GAAP]

November 9, 2022

Company name: The Nisshin Oillio Group, Ltd.

Stock exchange listing: Tokyo

Code number: 2602

URL: <https://www.nisshin-oillio.com/english/>

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Scheduled date of filing quarterly securities report: November 11, 2022

Scheduled date of commencing dividend payments: December 2, 2022

Availability of supplementary briefing material on quarterly financial results: Yes

Quarterly financial results briefing session: Yes (for analysts and institutional investors)

(Amounts of less than one million yen are rounded down)

**1. Consolidated Financial Results for the Six Months Ended September 30, 2022 (April 1, 2022 to September 30, 2022)****(1) Consolidated Operating Results**

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2022	275,621	41.1	9,436	50.2	9,895	38.0	7,784	46.9
September 30, 2021	195,329	20.9	6,284	(20.1)	7,171	(9.9)	5,298	(4.9)

(Note) Comprehensive income: Six months ended September 30, 2022: ¥ 13,115 million [ 56.0%]  
Six months ended September 30, 2021: ¥ 8,408 million [ 50.3%]

	Basic earnings per share	Diluted earnings per share
Six months ended September 30, 2022	Yen 240.20	Yen -
September 30, 2021	163.49	-

**(2) Consolidated Financial Position**

	Total assets	Net assets	Capital adequacy ratio
As of September 30, 2022	Million yen 393,461	Million yen 176,038	% 42.5
March 31, 2022	344,506	164,314	45.3

(Reference) Equity: As of September 30, 2022: ¥ 167,047 million  
As of March 31, 2022: ¥ 156,225 million

**2. Dividends**

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	-	45.00	-	45.00	90.00
Fiscal year ending March 31, 2023	-	45.00			
Fiscal year ending March 31, 2023 (Forecast)			-	45.00	90.00

(Note) Revision to the dividend forecast announced most recently: No

**3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)**

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	500,000	15.5	13,000	11.4	13,300	5.1	9,200	7.0	283.88

(Note) Revision to the financial results forecast announced most recently: No

## Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2022 (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name: )  
 Exclusion: - (Company name: )

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

- 1) Changes in accounting policies due to the revision of accounting standards: No
- 2) Changes in accounting policies other than 1) above: No
- 3) Changes in accounting estimates: No
- 4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

September 30, 2022: 33,716,257 shares

March 31, 2022: 33,716,257 shares

2) Total number of treasury shares at the end of the period:

September 30, 2022: 1,305,372 shares

March 31, 2022: 1,307,629 shares

3) Average number of shares during the period:

Six months ended September 30, 2022: 32,409,347 shares

Six months ended September 30, 2021: 32,406,428 shares

\* The Company's shares held by the Trust Account for Stock Delivery to Directors are included in treasury shares.

- The Quarterly Consolidated Financial Results are not subject to quarterly review by certified public accountants or audit firms.
- Explanation of the appropriate use of earnings forecasts and other notes: The forward-looking statements, including earnings forecasts, contained in this document are based on information currently available to the Company and certain assumptions deemed reasonable, and are not intended as a promise by the Company that they will be achieved. Actual results may differ materially due to a variety of factors. Please refer to "1. Qualitative Information on the Quarterly Consolidated Financial Results, (3) Explanation of the Forecast Data, including Consolidated Results Forecast" on page 10 for the conditions that form the assumptions for the forecast of financial results and cautions concerning the use of the forecast of financial results.

The Company will hold a financial results briefing for analysts and institutional investors via live webcast on Thursday, November 17, 2022. Language used: Japanese.

Materials to be used in this briefing will be posted on the Company's website on the same day as the briefing.

[Reference]

## Table of Contents

1. Qualitative Information on the Quarterly Consolidated Financial Results .....	5
(1) Overview of Business Performance .....	5
(2) Overview of Financial Position .....	10
(3) Explanation of the Forecast Data, including Consolidated Results Forecast .....	10
2. Quarterly Consolidated Financial Statements and Related Notes .....	12
(1) Quarterly Consolidated Balance Sheets .....	12
(2) Quarterly Consolidated Statements of Income and Comprehensive Income .....	14
(3) Quarterly Consolidated Statements of Cash Flows .....	16
(4) Notes to the Quarterly Consolidated Financial Statements .....	17
Notes on going concern assumption .....	17
Notes on any significant fluctuation in the amount of shareholders' equity .....	17
Additional information .....	17
Segment information .....	18
Revenue recognition .....	20

## 1. Qualitative Information on the Quarterly Consolidated Financial Results

Any forward-looking statement herein are based on management's judgment as of September 30, 2022.

### (1) Overview of Business Performance

During the first half of the fiscal year ending March 31, 2023, the Japanese economy showed signs of gradual recovery, mainly in personal consumption, as no restriction such as the Semi-emergency (Coronavirus) Spread Prevention Measures was imposed, despite the re-expansion of the spread of the virus and the increase in the number of the infected since July.

Meanwhile, prices of crude oil and other international commodities soared. The sharp depreciation of the yen against the US dollar, with the backdrop of diverging US and Japanese monetary policies, has caused energy and raw materials prices to rise, leading to concerns about potential decline in corporate profits and consumer confidence.

In the global economy, the impact of COVID-19 on the economy as a whole was limited, despite lockdowns in various cities in China. However, there are concerns about the risk of recession due to disruptions in the supply chain caused by Russia's invasion of Ukraine, soaring energy and raw materials prices, and significant monetary tightening in various countries to control inflation.

Within this environment, the Group continues to mobilize its core policy, "Transform ourselves into a corporate group that continuously creates diverse value through customer centricity," in advancing the "Value Up+" medium-term management plan (FY2021-FY2024). This includes accelerating its growth route with the creation of shared values in six priority sectors as the drivers to growth, while leveraging the "Natural Power of Plants" as the basis for value creation. The aim is to sustain growth through cultivation of diverse values to be shared with society.

The consolidated financial results for the six months of the fiscal year ending March 31, 2023, were as detailed below.

(Million yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022	Change	YoY (%)
Net sales	195,329	275,621	+80,291	141.1%
Operating profit	6,284	9,436	+3,152	150.2%
Ordinary profit	7,171	9,895	+2,723	138.0%
Profit attributable to owners of parent	5,298	7,784	+2,486	146.9%

### Overview by Segment

#### << Oil and Fat >>

In the oil and fat segment, in addition to the increase of oils and fats demand due to global economic recovery from the COVID-19 pandemic, concerns over the supply of raw materials linked to Russia's invasion of Ukraine and the rapid depreciation of the yen as the backdrop, caused the raw materials prices to rise even further. Such conditions prompted thorough efforts to raise productivity and reduce costs, along with the formation of appropriate sales prices. In addition to expanding sales of value-added products, the Company focused on creating new markets and strengthening solution proposals. As a result, both net sales and operating profit increased over the same period of the previous year.

◆ **Oil and Meal**

(Million yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022	Change	YoY (%)
Net sales	123,269	170,311	+47,041	138.2%
Operating profit	2,607	4,188	+1,581	160.6%

**Procurement environment of raw materials**

In procurement of raw materials, market prices for major raw materials rose over the same period of the previous fiscal year. In the dollar-yen market, the yen weakened against the dollar compared to the same period of the previous fiscal year. This led to broad increases in both soybean and rapeseed prices from the same period of the previous fiscal year.

*Market prices of major raw materials*

The market price for soybeans rose to a historical high of US\$16-17 per bushel and continued to hold at that range thereafter, due to uncertain supply in grain, fat and oil caused by Russia's invasion of Ukraine and a drop in soybeans production in South America caused by dry weather. It continued to remain significantly higher than in the same period of the previous year, due to the concern for reduced production of soybeans in the U.S. caused by high temperature and dry weather.

The market price for rapeseed also continued to chart an all-time high range due to tightening global supply and demand. Uncertainty over the supply of grain, fat and oil with Russia's invasion of Ukraine, as well as delays in planting new crops in Canada as a consequence of the unseasonable weather prompted further such increases. In April, the price of rapeseed rose to a new record high of C\$1,200 per metric ton and otherwise moved into an elevated pricing range. After July, the price dropped to the C\$800 level due to expectations of a good harvest in Canada and Australia. The price, however, remained significantly higher than in the same period of the previous year.

*Exchange rates*

From March, the yen weakened sharply against the dollar under the impact of the expanding gap between U.S. and Japanese monetary policy, with this trend continuing thereafter as well. The yen continued to weaken significantly against the U.S. dollar compared to the same period of the previous year: 145-yen level in September due to subsequent monetary tightening in the U.S. and the expansion of Japan's trade deficit against a backdrop of soaring resource prices.

**Sales of oil and fat**

In commercial-use, initiatives were taken to revise sales price in the midst of further soaring raw materials prices. Also, efforts were made to "respond to changes" in consumer behavior, labor shortages, and rising costs; and to strengthen solution proposals through sales initiatives, such as "collaborative-sales-to-identify-needs" marketing.

Efforts were likewise made to expand sales through active proposals for value-added products including "customer-solution-type frying oil" with long-lasting functions, *Nisshin Oil for Steamed-Rice*, and other functional oil and fat. As a result, despite a difficult environment in which demand for food service and tourism remained sluggish due to the impact of COVID-19, sales volume increased, unit sales prices rose, and net sales increased.

For food processing sector as well, net sales were raised with the efforts to advance sales at appropriate prices in view of costs, with the backdrop of further price hikes in raw materials.

This stance also extended to household-use products, with revised sales prices in line with the announcement

of those revisions. This was accompanied by greater popularity of “pour-and-enjoy fresh edible oil,” development of the “flavored oil” market, and other ongoing efforts to expand sales of value-added products. Whereas sales volume of supplement-type oil surpassed the same period of previous fiscal year, that of value-added products such as sesame oil and olive oil was lower than in the same period of the previous year due to a decrease in sales promotion opportunities following the revision of sales prices. Net sales, however, increased as a consequence of an increase in sales volume and higher sales unit prices of regular products.

As a result, net sales of oils and fats rose overall, with operating profit also increasing.

### Meal sales

Soybean meal sales volume recorded a major increase as a result of efforts to expand sales accompanying the increase in crushing volume. In addition, unit sales prices increased due to higher market prices for key raw materials and higher prices for competing imported meal due to the weaker yen against the U.S. dollar. This resulted in higher net sales.

As for rapeseed meal, although sales volume decreased as the crushing volume was lower than the same period of the previous year, sales prices increased due to the impact of higher soybean meal prices and other factors. As a result, net sales increased.

### ◆ Processed Oil and Fat

(Million yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022	Change	YoY (%)
Net sales	36,752	63,403	+26,650	172.5%
Operating profit	2,489	4,621	+2,132	185.7%

In the overseas sector for processed oil and fat, sales volume decreased, but net sales increased at Intercontinental Specialty Fats Sdn. Bhd. of Malaysia due to higher sales prices resulting from soaring palm market prices and the effect of foreign currency translation. Operating profit also grew, linked to the rise in unit sales prices, an increase in sales volume of high-value-added products, and the mark-to-market valuation of palm oil transactions and foreign exchange conversion.

In the domestic processed oil and fat sector, under the difficult circumstances of sluggish demand, sales volume remained on par with the same period of the previous year due to the acquisition of new users and the adoption of new products by existing customers. Also, sales prices were revised in stages, resulting in an increase in net sales. Operating profit decreased due to further increases in raw materials costs, as well as the significant impact of higher costs for utilities and packaging materials.

### << Processed Food and Materials >>

(Million yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022	Change	YoY (%)
Net sales	25,739	30,366	+4,627	118.0%
Operating profit	630	56	(573)	9.0%

In the processed food and materials segment, although net sales increased due to an increase in chocolate sales volume and the impact of sales price revisions in Japan and foreign currency translation of overseas subsidiaries, operating profit decreased due to the significant impact of a rise in the cost of sales ratio.

In chocolate products, sales volume rose at Daito Cacao Co., Ltd., as a result of efforts to expand sales to existing

customers and to discover new customers amidst the recovery in demand for confectionaries, primarily for souvenirs. T.&C. Manufacturing Co., Pte. Ltd. of Singapore was affected by the greater shift of use in Japan from premixed products to domestically produced butter and skim milk powder. As a result, sales volume decreased compared to the same period of the previous year. Sales volume increased at PT Indoagri Daitocacao of Indonesia, backed by expanded transactions with current customers, as well as invigorated transaction with new clients, which had been delayed under the impact of COVID-19. Moreover, net sales of chocolates increased overall due to the effect of foreign currency conversion at overseas subsidiaries, but operating profit decreased due to the significant impact of a rise in the cost of sales ratio.

In seasonings, amid a decline in demand accompanying price revisions, efforts were made to expand sales of the core products such as *Nisshin Dressing "Diet,"* as well as *Nisshin Flaxseed Dressing* and *Nisshin MCT Dressing Sauce* featuring strengths in oil. However, sales volume decreased. Although net sales increased due to higher selling prices, operating profit decreased due to the significant impact of higher cost and selling price, general and administrative (SG&A) expenses.

In functional materials and foods, efforts were made to foster a desire to purchase MCTs (medium-chain triglycerides) through communication activities to facilitate understanding of their functions, while approaching processed food manufacturers and promoting the launch of collaborative products. These activities contributed to increased sales volume for products such as *Nisshin MCT Oil*. The rise in raw materials prices was targeted by advancing sales based on appropriate pricing, with net sales exceeding the same period of the previous fiscal year as a result. On the profit front, the impact of higher costs and increased SG&A expenses due to promotional campaigns saw operating profit decline from the same period of the previous fiscal year.

In soybean materials and foods, higher raw materials prices were addressed by promoting sales at appropriate prices. Although this was a factor in raising net sales, the impact of soaring cost of raw materials and selling a consolidated subsidiary in the previous fiscal year contributed to a decline in operating profit.

## &lt;&lt; Fine Chemical &gt;&gt;

(Million yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022	Change	YoY (%)
Net sales	8,265	10,234	+1,968	123.8%
Operating profit	787	848	+60	107.7%

In the fine chemical segment, despite the decrease in sales volume due to delayed recovery in both domestic and overseas demand, revisions in selling prices led to higher net sales and operating profit.

Fine chemical products were impacted by the delayed recovery in domestic demand, as well as China's economic stagnation. For Industrial Química Lasem, S.A.U. of Spain, strong sales in the European region, especially in cosmetic ingredients, resulted in increases for both net sales and operating profit in the segment as a whole.

In environment and hygiene-related products, net sales rose on the strength of higher sales volume backed by strong demand for alcohol preparations. In contrast, operating profit in this segment declined under the heavy impact of soaring raw materials prices and energy costs.

## &lt;&lt; Other &gt;&gt;

(Million yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022	Change	YoY (%)
Net sales	1,302	1,306	+4	100.3%
Operating profit	114	211	+96	184.1%

In the other business segment including information systems, net sales were flat but operating profit increased year on year.

### Net sales by region

(Million yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022	Change	YoY (%)
Japan	156,235	206,800	+50,564	132.4%
Asia	21,861	36,117	+14,255	165.2%
Other	17,232	32,703	+15,471	189.8%
Overseas sales ratio	20.0%	25.0%	-	+5.0%

Net sales to Malaysia, China and other Asian markets, and other markets such as Europe and the US advanced on the strength of higher sales prices, reflecting the sharp rise in raw materials prices, and currency conversion. Overseas sales accounted for 25.0% of consolidated net sales for the quarter under review, up by 5.0 percentage points from the same period of the previous fiscal year.

### Reference: Net sales (non-consolidated)

(Million yen)

		Six months ended September 30, 2021	Six months ended September 30, 2022	Change	YoY (%)
Oil and Fat	Oil and Meal	108,443	152,882	+44,439	141.0%
	Commercial-use and food processing	42,438	64,293	+21,854	151.5%
	Household-use	27,695	36,301	+8,606	131.1%
	Meal	38,309	52,287	+13,978	136.5%
	Processed Oil and Fat	4,589	6,169	+1,580	134.4%
	Subtotal	113,032	159,052	+46,019	140.7%
Processed Food and Materials		8,855	9,503	+648	107.3%
Fine Chemical		2,715	2,923	+208	107.7%
Other		169	169	(0)	99.8%
Total		124,773	171,648	+46,875	137.6%

## (2) Overview of Financial Position

### 1) Assets, liabilities and net assets

Total assets on September 30, 2022, stood at ¥393,461 million, up by ¥48,954 million from the previous fiscal year-end. The main reasons for this increase were increases of ¥10,487 million in accounts receivable—trade, ¥27,987 million in inventories, and ¥3,507 million in property, plant and equipment.

Liabilities stood at ¥217,422 million, up by ¥37,230 million from the previous fiscal year-end. The main reasons for the increase were increases of ¥14,759 million in trade payables, ¥4,789 million in short-term borrowings and ¥14,837 million in long-term borrowings.

Net assets stood at ¥176,038 million, an increase of ¥11,724 million from the previous fiscal year-end. The main factors in the increase were increases of ¥5,609 million in retained earnings and ¥5,215 million in accumulated other comprehensive income.

### 2) Status of cash flows

Cash and cash equivalents as of September 30, 2022, stood at ¥9,593 million. Although cash and cash equivalents decreased ¥469 million from the previous fiscal year-end, this decrease was partially offset by an increase of ¥2,187 million due to changes in the accounting period of consolidated subsidiaries.

#### << Cash Flows from Operating Activities >>

Operating activities used net cash of ¥12,703 million (¥17,251 million used in the same period of the previous fiscal year). The main factors increasing cash were profit before income taxes of ¥10,690 million, depreciation of ¥4,696 million and increase in trade payables of ¥12,479 million. The main factors decreasing cash were an increase in trade receivables of ¥8,081 million, an increase in inventories of ¥25,737 million, and income taxes paid of ¥718 million.

#### << Cash Flows from Investing Activities >>

Investing activities used net cash of ¥3,258 million (¥6,900 million used in the same period of the previous fiscal year). The main factor decreasing cash was purchase of property, plant, and equipment of ¥4,969 million.

#### << Cash Flows from Financing Activities >>

Financing activities provided net cash of ¥14,914 million (¥22,736 million provided in the same period of the previous fiscal year). The main factors increasing cash were net increase in short-term borrowings of ¥1,566 million and proceeds from long-term borrowings of ¥15,017 million. There was also a decrease in cash due to dividends paid of ¥1,459 million.

## (3) Explanation of the Forecast Data, including Consolidated Results Forecast

There is no change in the consolidated earnings forecast for the fiscal year ending March 31, 2023, which was announced on May 11, 2022.

The impact of the spread of COVID-19 and the prolonged Russian invasion of Ukraine, both of which have brought serious consequences on economic and social activities in Japan and abroad, is described below. (There has been no significant change from what was reported on August 5, 2022.) If we judge it is necessary to revise our earnings forecast due to future changes in the situation, we will disclose it promptly.

### *Impact of the spread of COVID-19*

Amid an easing of the impact of COVID-19, moves toward a moderate economic recovery centered on consumption

activity are evident in Japan and overseas. The impact of COVID-19 and the timing of its convergence are uncertain, but we expect that the future impact on the Group's business performance will be limited.

We believe that the introduction of behavioral restrictions in Japan and overseas, or restrictions on business activities due to the spread of infection among the Group's employees, could have an impact on the Group's earnings forecasts. The Group will continue to monitor the consequences of COVID-19 both in Japan and overseas and will work to maintain the health of its employees and their families.

*Effects of Russia's prolonged invasion of Ukraine*

Although the Group does not have any manufacturing or sales bases in Russia or Ukraine, the prolonged uncertainty over grain supply and disruption of the supply chain due to the worsening situation have had an impact on the procurement of raw materials, with energy and grain prices remaining at high levels.

The Group will continue to closely monitor the situation and take appropriate risk management measures to minimize the impact on its business activities, such as forming appropriate sales prices commensurate with costs and expanding sales of value-added products and focusing on stable procurement of raw materials.

## 2. Quarterly Consolidated Financial Statements and Related Notes

### (1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2022	As of September 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	9,977	11,791
Notes and accounts receivable - trade	88,200	98,687
Inventories	84,811	112,799
Other	18,937	25,268
Allowance for doubtful accounts	(86)	(243)
Total current assets	201,840	248,304
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	31,959	32,439
Machinery, equipment and vehicles, net	36,081	35,292
Land	27,736	27,806
Other, net	5,452	9,199
Total property, plant and equipment	101,230	104,737
Intangible assets		
Goodwill	227	218
Other	1,443	1,576
Total intangible assets	1,671	1,794
Investments and other assets		
Investment securities	30,393	28,606
Retirement benefit asset	5,318	5,957
Other	4,016	4,030
Allowance for doubtful accounts	(26)	(26)
Total investments and other assets	39,701	38,568
Total non-current assets	142,603	145,100
Deferred assets		
Bond issuance costs	63	56
Total deferred assets	63	56
Total assets	344,506	393,461

(Million yen)

	As of March 31, 2022	As of September 30, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	44,855	59,614
Short-term borrowings	35,370	40,160
Income taxes payable	626	2,250
Provisions	57	31
Other	24,981	23,614
Total current liabilities	105,891	125,672
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term borrowings	38,195	53,032
Provisions	493	430
Retirement benefit liability	1,949	1,996
Other	13,662	16,290
Total non-current liabilities	74,300	91,750
Total liabilities	180,192	217,422
<b>Net assets</b>		
Shareholders' equity		
Share capital	16,332	16,332
Capital surplus	21,665	21,655
Retained earnings	110,379	115,988
Treasury shares	(4,071)	(4,064)
Total shareholders' equity	144,305	149,911
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,715	7,825
Deferred gains or losses on hedges	2,565	4,411
Foreign currency translation adjustment	1,642	5,683
Remeasurements of defined benefit plans	(1,003)	(785)
Total accumulated other comprehensive income	11,919	17,135
Non-controlling interests	8,088	8,991
Total net assets	164,314	176,038
Total liabilities and net assets	344,506	393,461

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

## Quarterly Consolidated Statements of Income (For the six months)

(Million yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Net sales	195,329	275,621
Cost of sales	166,808	241,763
Gross profit	28,521	33,858
Selling, general and administrative expenses	22,237	24,422
Operating profit	6,284	9,436
Non-operating income		
Interest income	28	41
Dividend income	195	226
Share of profit of entities accounted for using equity method	955	130
Foreign exchange gains	27	740
Other	110	163
Total non-operating income	1,318	1,302
Non-operating expenses		
Interest expenses	234	417
Loss on disposal of inventories	49	59
Provision of allowance for doubtful accounts	-	149
Other	146	215
Total non-operating expenses	430	843
Ordinary profit	7,171	9,895
Extraordinary income		
Gain on sale of investment securities	311	1,144
Gain on sale of shares of subsidiaries and associates	-	48
Total extraordinary income	311	1,192
Extraordinary losses		
Loss on retirement of non-current assets	383	397
Loss on cancellation of business consignment agreement	33	-
Total extraordinary losses	417	397
Profit before income taxes	7,066	10,690
Income taxes	1,879	2,949
Profit	5,186	7,741
Loss attributable to non-controlling interests	(111)	(43)
Profit attributable to owners of parent	5,298	7,784

## Quarterly Consolidated Statements of Comprehensive Income

(Million yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Profit	5,186	7,741
Other comprehensive income		
Valuation difference on available-for-sale securities	1,569	(1,181)
Deferred gains or losses on hedges	(262)	1,849
Foreign currency translation adjustment	1,566	3,946
Remeasurements of defined benefit plans, net of tax	120	218
Share of other comprehensive income of entities accounted for using equity method	228	541
Total other comprehensive income	3,222	5,373
Comprehensive income	8,408	13,115
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,467	12,743
Comprehensive income attributable to non- controlling interests	(58)	371

## (3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	7,066	10,690
Depreciation	4,287	4,696
Amortization of goodwill	16	17
Interest and dividend income	(224)	(268)
Interest expenses	234	417
Share of loss (profit) of entities accounted for using equity method	(955)	(130)
Loss (gain) on sale and retirement of non-current assets	383	397
Loss (gain) on sale of investment securities	(311)	(1,144)
Loss (gain) on sale of shares of subsidiaries and associates	-	(48)
Decrease (increase) in trade receivables	(5,833)	(8,081)
Decrease (increase) in inventories	(15,640)	(25,737)
Increase (decrease) in trade payables	3,269	12,479
Decrease (increase) in retirement benefit asset	(624)	(639)
Increase (decrease) in retirement benefit liability	30	46
Other, net	(7,076)	(4,463)
<b>Subtotal</b>	<b>(15,380)</b>	<b>(11,765)</b>
Interest and dividends received	205	245
Interest paid	(229)	(464)
Income taxes paid	(1,846)	(718)
<b>Net cash provided by (used in) operating activities</b>	<b>(17,251)</b>	<b>(12,703)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(7,224)	(4,969)
Proceeds from sale of property, plant and equipment	0	61
Purchase of investment securities	(11)	(20)
Proceeds from sale of investment securities	515	1,857
Proceeds from sale of shares of subsidiaries and associates	-	108
Other, net	(180)	(296)
<b>Net cash provided by (used in) investing activities</b>	<b>(6,900)</b>	<b>(3,258)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	14,283	1,566
Proceeds from long-term borrowings	15,152	15,017
Repayments of long-term borrowings	(5,129)	(445)
Dividends paid	(1,298)	(1,459)
Proceeds from sale of treasury shares	5	3
Purchase of treasury shares	(1)	(1)
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	2	-
Dividends paid to non-controlling interests	(13)	(26)
Proceeds from share issuance to non-controlling shareholders	-	553
Other, net	(264)	(293)
<b>Net cash provided by (used in) financing activities</b>	<b>22,736</b>	<b>14,914</b>
Effect of exchange rate change on cash and cash equivalents	144	577
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,271)</b>	<b>(469)</b>
Cash and cash equivalents at beginning of period	9,256	7,875
Increase (decrease) in cash and cash equivalents due to changes in the accounting period of consolidated subsidiaries	(319)	2,187
<b>Cash and cash equivalents at end of period</b>	<b>7,665</b>	<b>9,593</b>

#### (4) Notes to the Quarterly Consolidated Financial Statements

##### **Notes on going concern assumption**

There is no item to report.

##### **Notes on any significant fluctuation in the amount of shareholders' equity**

There is no item to report.

##### **Additional information**

###### **◆ Impact of the spread of COVID-19**

Amid an easing of the impact of COVID-19, moves toward a moderate economic recovery centered on consumption activity are evident in Japan and overseas. The impact of COVID-19 and the timing of its convergence are uncertain, but we expect that the future impact on the Group's business performance will be limited.

We believe that the introduction of behavioral restrictions in Japan and overseas, or restrictions on business activities due to the spread of infection among the Group's employees, could have an impact on the Group as a whole.

In consideration of these factors, at the present time, it is the judgment that the potential is low for any serious impact on the recoverability of deferred tax assets or other accounting related estimates.

###### **◆ Effects of Russia's prolonged invasion of Ukraine**

Although the Group does not have any manufacturing or sales bases in Russia or Ukraine, the prolonged uncertainty over grain supply and disruption of the supply chain due to the worsening situation have had an impact on the procurement of raw materials, with energy and grain prices remaining at high levels.

The Group will continue to closely monitor the situation and take appropriate risk management measures to minimize the impact on its business activities, such as forming appropriate sales prices commensurate with costs and expanding sales of value-added products and focusing on stable procurement of raw materials.

In consideration of these factors, at the present time, it is the judgment that the potential is low for any serious impact on the recoverability of deferred tax assets or other accounting related estimates.

###### **◆ Change of fiscal year closing date of consolidated subsidiaries**

From the first quarter of the fiscal year ending March 31, 2023, the fiscal year closing date of Intercontinental Specialty Fats Sdn. Bhd. was changed from December 31 to March 31. Regarding profit and loss of the subsidiary for the three-month period from January 1, 2022, to March 31, 2022, ¥713 million is subtracted from retained earnings upon consolidation.

## Segment information

### 1. Overview of Reporting Segments

The Company's products are divided between operating divisions at its headquarters, and each operating division formulates comprehensive domestic and overseas strategies for each of its assigned products and conducts business activities. Therefore, the Company's business consists of product segments based on the operating divisions, with three reporting segments: "Oil and Fat," "Processed Food and Materials," and "Fine Chemical."

Main products for each reporting segment can be found in the chart below:

Business Category		Main products
Oil and Fat	Oil and meal	Household-use (edible oils), edible oils for commercial use, oils and fats for food processing, oil meals
	Processed oil and fat	Processed palm oil products, oils and fats for chocolate, margarines, shortenings
Processed Food and Materials		Chocolate-related products, household-use (salad dressing), wellness foods (MCT high-energy food, elderly/nursing care food), MCT, lecithin, tocopherol, edible soybeans, soy protein
Fine Chemical		Raw materials for cosmetics and toiletries, chemical products, plant-based industrial oils, detergents, antibacterial agents, surfactants
Other		Information systems, sales promotions, sports facility operations, P&C insurance agency, real estate leasing

### 2. Information Regarding Amounts of Net Sales and Profit and Loss by Reporting Segment

Six months ended September 30, 2021 (April 1, 2021, to September 30, 2021)

	Reporting segment						Other (Note 1)	Total	Adjustments (Note 2)	Amount in the quarterly consolidated statements of income (Note 3)
	Oil and Fat			Processed Food and Materials	Fine Chemical	Total				
	Oil and meal	Processed oil and fat	Subtotal							
Net sales										
Sales to external customers	123,269	36,752	160,022	25,739	8,265	194,027	1,302	195,329	—	195,329
Intersegment sales and transfers	881	2,710	3,591	56	489	4,138	821	4,959	(4,959)	—
Total	124,150	39,463	163,614	25,796	8,755	198,166	2,123	200,289	(4,959)	195,329
Segment profit (loss)	2,607	2,489	5,096	630	787	6,515	114	6,630	(345)	6,284

Notes:

1. The Other category is for business segments that are not included in reporting segments, such as information systems.
2. Adjustment for segment profit of - ¥345 million includes unallocated expenses. These expenses mainly comprise general and administrative expenses that cannot be attributed to reporting segments.
3. Segment profit is adjusted against the operating profit recorded in the quarterly consolidated statements of income.

Six months ended September 30, 2022 (April 1, 2022, to September 30, 2022)

(Million yen)

	Reporting segment						Other (Note 1)	Total	Adjustments (Note 2)	Amount in the quarterly consolidated statements of income (Note 3)
	Oil and Fat			Processed Food and Materials	Fine Chemical	Total				
	Oil and meal	Processed oil and fat	Subtotal							
Net sales										
Sales to external customers	170,311	63,403	233,714	30,366	10,234	247,315	1,306	275,621	—	275,621
Intersegment sales and transfers	802	5,047	5,850	52	1,157	7,060	930	7,990	(7,990)	—
Total	171,113	68,451	239,565	30,418	11,392	281,376	2,236	283,612	(7,990)	275,621
Segment profit (loss)	4,188	4,621	8,809	56	848	9,715	211	9,926	(490)	9,436

Notes:

1. The Other category is for business segments that are not included in reporting segments, such as information systems.
2. Adjustment for segment profit of - ¥490 million includes unallocated expenses. These expenses mainly comprise general and administrative expenses that cannot be attributed to reporting segments.
3. Segment profit is adjusted against the operating profit recorded in the quarterly consolidated statements of income.

### 3. Regional Information

Six months ended September 30, 2021 (April 1, 2021, to September 30, 2021)

(Million yen)

	Japan	Asia	Other	Total
Net sales	156,235	21,861	17,232	195,329
Ratio to net sales	80.0%	11.2%	8.8%	100.0%

Note: Sales are classified into countries or regions based on customers' locations.

Six months ended September 30, 2022 (April 1, 2022, to September 30, 2022)

(Million yen)

	Japan	Asia	Other	Total
Net sales	206,800	36,117	32,703	275,621
Ratio to net sales	75.0%	13.1%	11.9%	100.0%

Note: Sales are classified into countries or regions based on customers' locations.

## Revenue recognition

Information breaking down revenue arising from contracts with customers

Six months ended September 30, 2021 (April 1, 2021, to September 30, 2021)

(Million yen)

	Reporting segment						Other (Note)	Total
	Oil and Fat			Processed Food and Materials	Fine Chemical	Total		
	Oil and meal	Processed oil and fat	Total					
Japan	121,399	4,210	125,610	24,293	5,030	154,933	1,164	156,097
Asia	1,864	17,158	19,022	1,439	1,399	21,861	—	21,861
Other	6	15,383	15,389	6	1,835	17,232	—	17,232
Revenue arising from contracts with customers	123,269	36,752	160,022	25,739	8,265	194,027	1,164	195,192
Other revenue	—	—	—	—	—	—	137	137
Sales to external customers	123,269	36,752	160,022	25,739	8,265	194,027	1,302	195,329

Note: The Other category is for business segments that are not included in reporting segments, such as information systems.

Six months ended September 30, 2022 (April 1, 2022, to September 30, 2022)

(Million yen)

	Reporting segment						Other (Note)	Total
	Oil and Fat			Processed Food and Materials	Fine Chemical	Total		
	Oil and meal	Processed oil and fat	Total					
Japan	166,795	5,572	172,368	27,816	5,309	205,494	1,163	206,658
Asia	3,485	28,836	32,322	2,544	1,250	36,117	—	36,117
Other	29	28,994	29,023	5	3,674	32,703	—	32,703
Revenue arising from contracts with customers	170,311	63,403	233,714	30,366	10,234	274,315	1,163	275,479
Other revenue	—	—	—	—	—	—	142	142
Sales to external customers	170,311	63,403	233,714	30,366	10,234	274,315	1,306	275,621

Note: The Other category is for business segments that are not included in reporting segments, such as information systems.