

The Nisshin Seifun Group Medium-Term Management Plan 2026

October 28, 2022 Nisshin Seifun Group Inc.





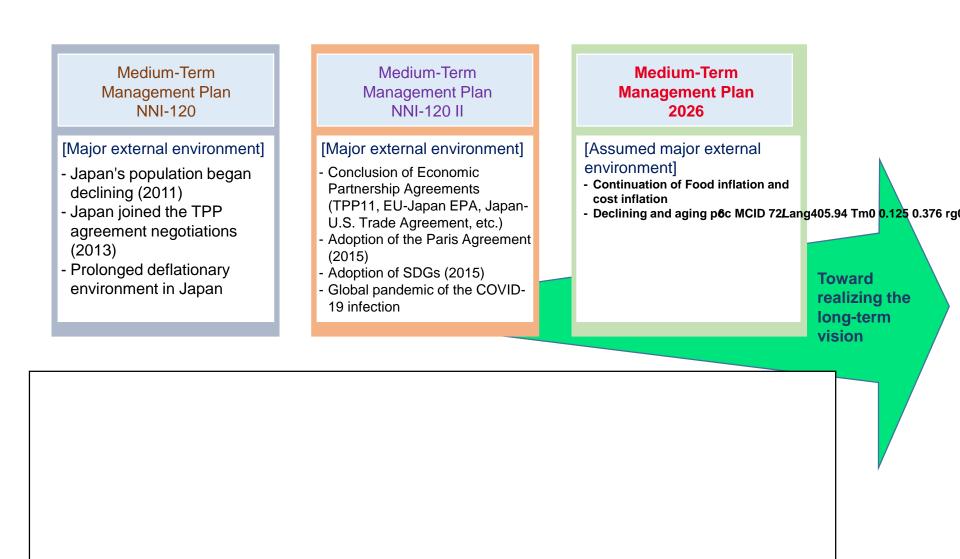
- I. Basic Policy
- II. Key Topics in Strategy To Enhance Business Competitiveness
- III. Key Strategies to Accelerate the Group's Growth
- **IV. Environment Policy**
- V. Capital Policy
- VI. Details of Final-Year Numerical Targets



1. Numerical Targets (Fis[(ts)] TJETŒMC PM9

Net sales	¥679.7 bn	¥840.0 bn	¥900.0 bn
5-year CAGR*			5.8
Operating Profit	¥29.4 bn	¥39.0 bn	¥48.0 bn
5-year CAGR			10.3
EPS	¥59	¥90	¥110
5-year CAGR			13.3
ROE	4.0	6.4	7.0















Core businesses have achieved stable profit growth and are the foundation of the Group's



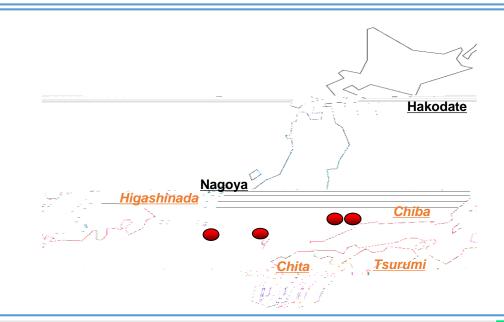
Key topic	Details of initiatives and expected effects
Production structure development and cost reduction	 Development for a low-cost production system that responds to international competition 1) Construction of a new plant will be completed and two plants will be closed in Fiscal 2026. Ratio of large waterfront plants increased (from 83% to 92%) 2) Achieve further labor savings by introducing digital technology to production plants and establishing automation technology
M&A	Acquisition of Kumamoto Flour Milling and PMI implementation and synergy creation

Overview of the New Plant

Total cost: approx. ¥14.0 billion Production capacity: 550 tons/day (raw material basis)

Start of construction: around May 2023 Scheduled start of operations: around May 2025 This eco-conscious "smart plant" will be installed with solar panels and feature cutting-edge automation and digital technologies Site is directly linked to wheat silos accessible by

large grain vessels, enabling low-cost operations with respect to raw material shipping; also enhances BCP responsiveness





Establishment of the new brand	Enhance exposure, establish and expand
Business structure transformation	Strengthen commercial-use business and frozen foods business, while maintaining and bolstering the room-temperature home-use business, which is our revenue bases
R&D, New business	Create value by adding value to products targeting "easy-to-prepare and convenience," "authenticity," and "health," and by expanding product lineups for SDGs and Generation Z

7. Overseas Flour Milling Business

Delivering Good Health and Reliability



Operating profit target for Fiscal 2027 is expected to be significantly higher compared to Fiscal 2022. Regarding new investments, search for and consider investment opportunities leveraging accumulated experience.

Key topics

1) Australia flour milling busine	-	brove perform Details shown o			business plan
2) Overseas flou business in th and other cou	e U.S.		y investments expand into ne	s for business ew business	s growth and cost areas with the aim of
(Billions of yen) 6 3 0	0.9 1.	6 0.9	ory profit of Miller 0.4 FY2019	Milling Compared 4.5	ny, LLC Establish a stable earnings foundation Medium-Term Management Plan 2026

 Search for investment opportunities in new areas

Consideration of new investments

Execute new investments after confirming that they can take advantage of the Group's strengths in Japan. Also, establish a system that enables the Group to make such investments at any time

8. Overseas Flour Milling Business (Australia Flour Milling Business) (2)





In the Australia flour milling business, we intend to maintain the No. 1 market share position (approximately 40%) for wheat flour, which has a stable revenue base. In addition, we will take four initiatives to recover earnings.

Major initiatives to achieve operating profit targets for Fiscal 2027

1) Continual cost reductions	2) Sales growth in core products that leverage our strengths
 Address increased costs due to the COVID-19 pandemic Implement appropriate product price pass-through Implement continuous initiatives to reduce costs Modify/eliminate production lines, reduce production loss, improve productivity, lift transportation efficiency, etc. 	 Wheat flour Increase transactions with major consumers, etc. Prepared mix and bakery-related raw materials Expand sales to in-store bakeries by upgrading product lineups with relatively high profit margins and market strengths
3) Selection of profitable markets	4) Branding (bakery-related raw materials)
 Withdraw from unprofitable products and implement profitability improvements Focus on sales of prepared mixes to specialized bakery stores and wheat flour to small- and medium- sized bakeries, franchises, etc. Strengthen value-added products and implementation of product design Commercialize high-fiber wheat, specialty flours (organic flour, rye flour, etc.), frozen dough, etc. 	Strengthen the brand power of focused product lines and increase sales by bolstering development and product capabilities, such as frozen dough, to ensure quality superiority over competitors' products



Consider future investment in prepared mixes, pasta, pasta sauces, and frozen foods, utilizing our own expertise. In addition, promote local sales





11. Growth Strategies for Prepared Dishes and Other Prepared Foods Business

Delivering Good Health and Reliability



The prepared foods market is one of the few growth markets in the domestic food industry. We plan to secure cost competitiveness to beat competitors, centered on Nisshin Seifun Delica Frontier Inc., established to oversee the business.

Key topics

Strengthen R&D capabilities	
Chilled and frozen prepared foods, extension of expiration dates, etc.	





Business direction of healthcare foods and biotechnology businesses

Business direction of the engineering and mesh cloth businesses

Taking on the challenge of new businesses



III. Key Strategies to Accelerate the Group's Growth



Secure competitive advantage in Japan and overseas to support the Group's growth and create circular growth that solves social issues through our business, leading to higher corporate value.

Research topics in focused R&D areas

Food ingredients with health functions	Promote R&D on various health functionalities, centering on wheat ingredients, including effects on preventing metabolic syndrome, brain function, and antiaging, and contribute to extending healthy life expectancy through our business.
Processing technology for prepared dishes and other prepared foods	Strengthen competitiveness by promoting R&D on cooking and processing technologies that improve the taste, aroma, color, texture, and other qualities of prepared foods, as well as microorganism control technologies that lead to longer expiration dates (waste reduction, including in the supply chain).
Food technology	Develop new businesses and secure competitive advantage in existing businesses by engaging in R&D on technologies to solve food-related problems such as the protein crisis and food loss, with an eye to collaborating with startup companies.
Automation	Realize additional labor and energy savings in the prepared dishes and other prepared foods business, the flour milling business, etc., by leveraging digital technology (AI, IOT) and robotics technology.



Secure competitive advantage in existing businesses, acquire and nurture businesses that will become the future core businesses following flour milling, processed foods, yeast, and prepared dishes and other prepared foods, and promote new business development through M&A and collaboration with start-ups, etc., anticipating future innovation in new areas such as food-



3. Digital Strategy



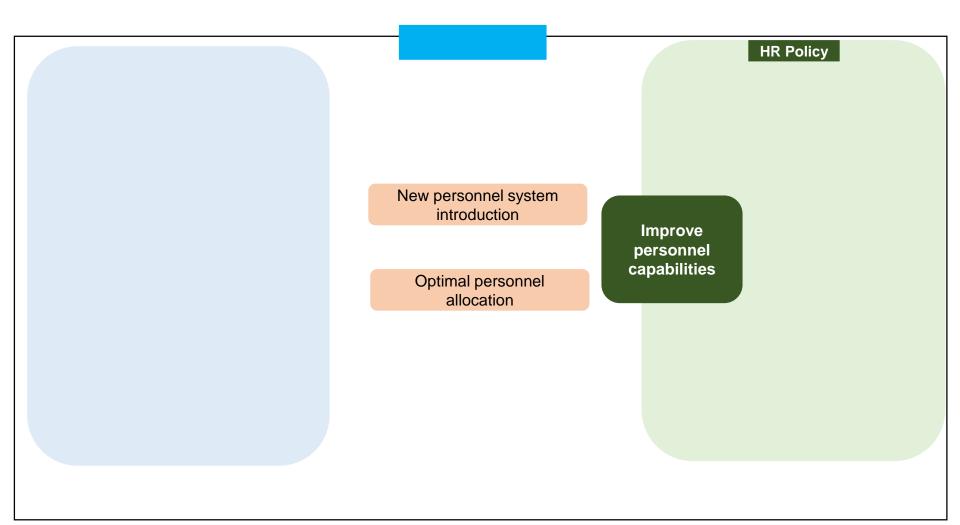
Create value for each stakeholder through dramatic improvement in productivity, model changes in existing businesses, and creation of new business models by proactively adopting digital technology. Aim to

[Initiative cases]

Data linkage and centralization across the entire value chain Enhancement of efficiency and management of each business process Production process automation Streamlining back-office operations and strengthening management control Development of a lively environment enabling flexible work styles

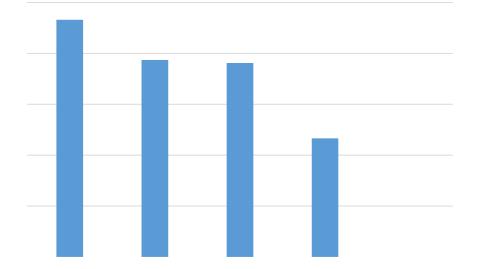
> Dramatic productivity improvement













V. Capital Policy

1. Capital Policy Approach

Delivering Good Health and Reliability



Control the capital structure appropriately while maintaining a balance between capital efficiency and financial stability, considering our social responsibility to provide a stable supply of flour and other major foodstuffs.

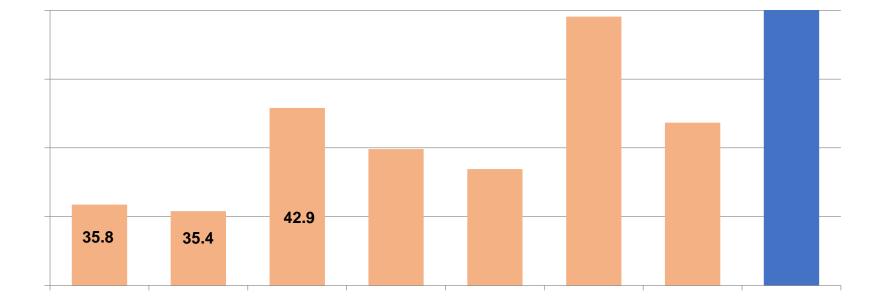
Achieve EPS growth and adequate TSR

- Continue EPS growth by proactively using the operating cash flow generated over the five years of the Medium-Term Management Plan, as well as the proceeds from asset sales, in growth investments.
- As a result, we will increase ROE and achieve an adequate TSR (Total Shareholder Return).

Profit returns

Maintain a dividend payout ratio of 40% or more and determine the dividend level based on business results. Although we have dropped the policy of consecutive dividend increases, we will always strive to consider dividend increases based on the timing while aiming for EPS growth. We will consider further returns when we have excess investment funds, etc.







Execute an optimal cash allocation for continued EPS growth by promoting vigorous growth investments, leveraging not only operating cash flow but also asset sales and interest-bearing debt, as needed.

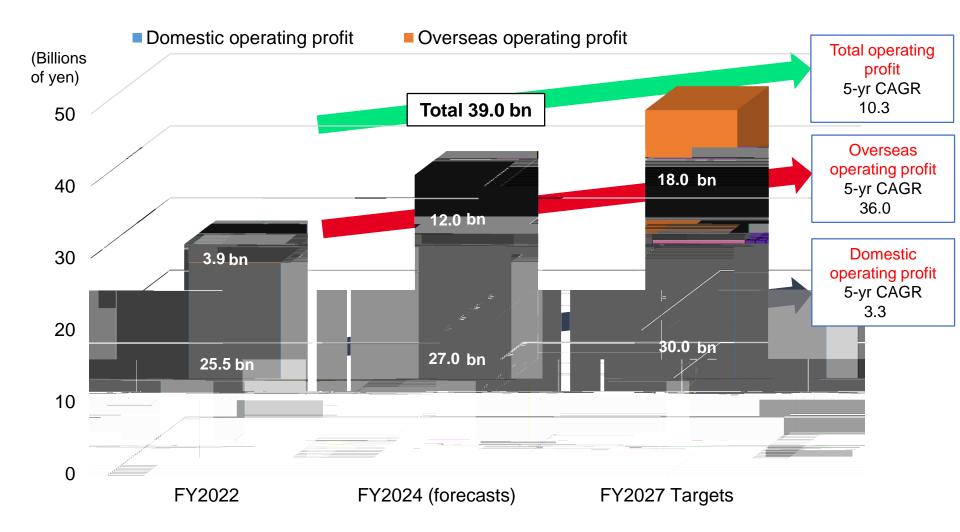


VI. Details of Final-Year Numerical Targets

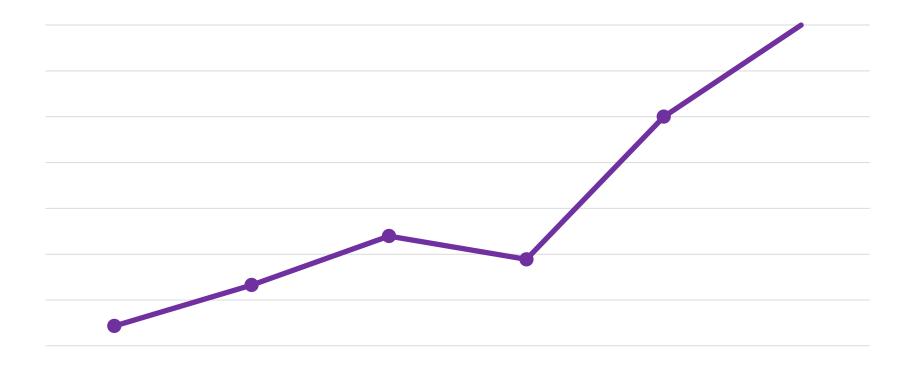


3. Numerical Targets for the Final Year (3) Operating profit (Domestic, Overseas)











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.