First Six Months of Fiscal 2022 Results Briefing Meeting

November 1, 2021

Nisshin Seifun Group Inc.

I. First Six Months of Fiscal 2022 and Fiscal 2022 Forecasts

2. 2Q Operating Profit – Difference vs FY2021

37

3. 2Q Operating Profit – Difference vs FY2020

Delivering Good Health and Reliab

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- Operating profit for the first half was ¥1.4 billion higher than two years earlier. The main factor was strong processed

Flour Milling

¥4.3 bn

(1.4)

+0.7

+0.5

+0.3

¥4.4 bn

Processed Food

¥6.0 bn

+0.8

+0.2

¥7.2 bn

Prepared Dishes and Other Prepared Foods

¥1.3 bn

37

¥1.5 bn

37

Others

¥2.4 bn

(0.1)

+0.1

¥2.4 bn

4. Fiscal 2022 Forecasts

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(Millions of yen)	Fiscal 2022 Forecasts	Fiscal 2021 Results	YoY difference	YoY change
Net sales	670,000	679,495	(9,495)	(1.4)%
Overseas sales ratio	25.8%	22.9%	–	–
Operating profit	29,200	27,197	+2,002	+7.4%
Ordinary profit	31,300	29,886	+1,413	+4.7%
Profit attributable to owners of parent	19,300	19,011	+288	+1.5%

*The likely effect on net sales of the application of an accounting standard regarding revenue recognition is a reduction of ¥60.0 billion. <u>Net sales actually expected to increase by ¥50.5 billion (up 7.4%).</u>

Trends in Total Dividends and Payout Ratio

- Set baseline payout ratio to 40% or more
- Dividend for fiscal year ending March 31, 2022 scheduled to increase by ¥2, for actual dividend increase for 9th consecutive term .

(Billions of yen)

(forecasts)

Dividend per share	¥20	¥20	¥22	¥24	¥26	¥29	¥32	¥34	¥37	¥39

Actual dividend increase scheduled to occur for 9th consecutive term (*1)

(*1) For the fiscal year ending March 31, 2022, the dividend per share is scheduled to increase by ¥2.

1.1-for-1 stock split, actual dividend increase for 2nd consecutive term (*2)

(*2) 1.1-for-1 stock splits conducted on October 1 of 2013 and 2014, respectively. Dividend per share payment was not adjusted and subsequently increased.

¥10.0 billion in treasury shares purchased in fiscal year ended March 31, 2018

II. Initiatives for the Nisshin Seifun Group "NNI 'Compass for the Future'" Long-term Vision

1. Domestic Flour Milling Business

Construction in the Mizushima district of the City of Kurashiki (Okayama Pref.) of a new eco-conscious plant equipped with the latest in automation and digital technologies, with goals of enhancing cost competitiveness and BCP responsiveness – a step toward a stronger business base.

- Shuttering smaller plants while consolidating production in large coastal plants
- The construction of this new plant will complete consolidation under a large coastal plant in the Chugoku and Shikoku area as well, following similar steps previously taken in the Kanto, Kansai and Kyushu areas (the Okayama Plant and Sakaide Plant will be closed)
- Operation of the new plant will raise the proportion of large coastal plants among the Company's flour milling plants from 83% to 92%.

Delivering Good Health and Reliability

Steady implementation of a range of initiatives H Brisk performance exceeding levels prior to intense sales competition

Going forward, maintain stable earnings base and aim for additional growth

3. Overseas Flour Milling Business (Australia Flour Milling Business)
– Australian Market Situation

In Australia, compared to the same period a year earlier, the second quarter saw strict regulations on outings implemented across a wide area due to lockdown, impacting consumer purchasing behavior and resulting in an adverse business environment for the Company.
In particular, sales of high-value-added prepared mix and bakery-related ingredients continued to languish H

Key Behavior Restrictions in Australia Due to Lockdown

- All unnecessary or avoidable outings prohibited (Grocery shopping permitted once daily by 1 member of household)
- Retailers closed, with exception of supermarkets, grocers and pharmacies, and other restrictions

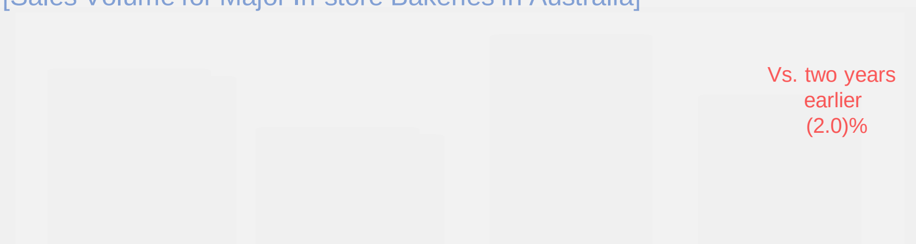
Number of Lockdown Days in 2Q in Major Australian Cities (Year-on-year)

- Decline in shopping frequency and time spent at supermarkets and other stores
- Increase in purchasing from nearby supermarkets and via EC instead of major supermarkets
- Belt-tightening trend from sense of economic uncertainty
- Increased demand for recognizable brands with long shelf life

Trends at In-store Bakeries of Major Supermarket

- Decline in fresh bakery demand as shopping frequency declined and demand shifted to wholesale bread with longer shelf life
- Decline in in-store bread production volume due to outing restrictions and labor shortages in shop management and breadmaking staff due to border closings (many professional bakers immigrate from other countries)
  - Ÿ Weak sales of prepared mix, etc. from Allied Pinnacle; below previous year and pre-pandemic levels

[Sales Volume for Major In-store Bakeries in Australia]



- Firm sales centered on household-use products
- Firm sales of supermarket-shelf bagged bread
  - Ÿ Robust -4.9 ( )2.08[(V)-3 (ppr)-(ar)-18.9 152-14.5 (>BD(r)-18.9 (e BT

Impact on the Australia Flour Milling Business (Sales Composition Basis)

By product

By sales target

Progress on production-side initiatives largely in line with expectations. In contrast, sales-side initiatives were delayed due mainly to the lockdown. Recovery measures going forward will prioritize sales-side efforts

- Operating profit expected to be on par with the previous year due to effects from the lockdown, despite plans to cut the previous-year earnings decline by about half
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Enter the yeast business in the India market, home to the world's second largest population with excellent prospects for bread market growth in step with economic development. Aim for full-scale operations from around next summer

Status of preparations for launch of the India yeast business

Status of plant construction

- Construction of plant buildings and delivery of the bulk of machinery completed
- Resume construction halted due to the pandemic, followed by steady dispatch of personnel from Japan to the site

Ÿ Aim for full-scale operations from around next summer

Sales

- Striving to develop routes ahead of yeast sales through sale of bread improvers, cake gelatin and cake mixes
-

Aim for profitability one year from start of operations

Bread Market Situation in India

- Due to the effect of the novel coronavirus pandemic, small and medium-sized bakeries have seen sales decline against a backdrop of labor shortages. Nevertheless, sales remain firm among major bakeries that primarily use fresh yeast. Further growth can be expected going forward
- There is no change in supply capacity for yeast in India, with supplies of fresh yeast still insufficient; dry yeast is being imported

Oriental Yeast India Pvt. Ltd. (subsidiary of Oriental Yeast Co., Ltd.)

- VASCEPA® from Amarin Corporation plc (" Amarin ") saw sluggish growth in prescriptions due to the novel coronavirus pandemic
- Over the medium term, Amarin sales are projected to increase atop sales in Europe and other markets outside the US
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The Wheat Market (1)

The Wheat Market (2)

Delivering Good Health and Reliability

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[Oct. 2021: Wheat price revisions]

(Period for price revision calculation: 2nd week of March 2021 to 1st week of September 2021)

The wheat market (Chicago) was characterized since the start of the year by vigorous purchasing of US- and Canada-produced wheat by China, along with rising wheat prices internationally, particularly as an alternative to high-priced corn for use as livestock feed. Furthermore, harvests worsened at production sites in the northern US and southern Canada for wheat earmarked for Japan due to high temperatures and drought, keeping prices elevated. Wheat import prices also rose, reflecting rising marine shipping fees atop recovering transport demand, coupled with the yen's ongoing depreciation in currency exchange markets.

Oct. 1, 2021 – Japanese government's price for five classes of imported wheat rose by an average of 19.0%

Dec. 20, 2021 – Nisshin Flour Milling Inc. to raise prices for commercial-use wheat flour

[Factors Driving Future Wheat Market Changes]

Price-increasing Factors

- Concerns of supply-demand tightness largely accompanying lower production volume for the 2021 crop of North America-produced wheat
- Concerns of decreased crop acreage mainly in line with irrigation water shortages for the 2022 crop of North America winter wheat

Price-decreasing Factors

- Continued outlook of favorable global wheat inventories
- Weaker export competitiveness for US-produced wheat accompanying favorable harvests in Australia and Black Sea coastal areas

IV. Group Sustainability Initiatives

Endorsement of TCFD Recommendations and Clarification of Participation in TCFD Consortium

Newly create medium - to long-term environmental objectives and accelerate implementation of related measures to "Address climate change and water resource issues" and "efficiently handle product and packaging waste"

- Promote reductions in water usage at plants; take actions for effective use of limited water resources, collaborating with suppliers at every stage of the supply chain

Key Action Toward Reductions

- Adopt solar power generation equipment
  - Flour milling in Japan: Higashinada Plant, Tsurumi Plant,
    US flour milling: Fresno Plant, Nisshin Foods: Tatebayashi Plant
- Switch to supplying 100% of electric power from solar and biomass power generation
  - Kanda-Nishiki Head Office Bldg. and Koamicho Bldg.
- Promote CO_2 reductions in the supply chain (household-use, commercial-use)
  - Nisshin Foods: Fast-boil spaghetti, IQF series (commercial-use frozen short pasta), others

Key Action Toward Reductions

- More efficient water usage through adoption of water-saving equipment and IoT
- Create an onsite water circulation system at plants through waste water reuse
  - OY India Pvt. Ltd.: New plant in India (scheduled to begin operating next summer)

and others

- Work with suppliers at every stage of the supply chain to promote reduction of food waste to help realize a sustainable food system

- Reduce food waste, from the procurement of raw materials to the delivery of products to customers, by 50% or more compared with the fiscal 2017 level
- Work with our partners to reduce food waste at all supply chain stages

Key Actions Toward Reductions

- Reduce loss from the production process; reduce damage to products and packaging
- Work to simplify product delivery rules; improve supply-demand forecast accuracy
- Reduce product returns and disposal through changes to shelf life labeling
- Develop technology to combat degradation and improve quality of frozen and chilled types of prepared dishes
- Divert to material recycling (livestock feed, fertilizer, yeast, repurposing, etc.)
- Utilization by food banks, others

- Promote reduction in use of fossil fuel-derived plastic containers, contribute to encouraging plastic resourcification

- Reduce the amount of fossil fuel-derived plastics used by at least 25% compared with the fiscal 2020 level
- Promote plastic recycling, such as by using environmentally-friendly package designs
- Increase the ivut2 (004 Tw -0.282)Tj -0.004 Tc 0.019 Tw 0.603

Key Actions Toward Reductions

- Promotion of 3R (reduce, reuse, recycle) + renewables
  - Ÿ Nisshin Foods:
    Adoption of paper trays for frozen food product
    Ma-Ma “Karada Ni, Oishi Koto” mochi wheat risotto
- Product package and container design enabling easy sorting and material/chemical recycling, others

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1. First Six Months of Fiscal 2022 Results (2)

Excluding effects from the application of an accounting standard regarding revenue recognition, net sales increased year on year, mainly atop an ongoing sales rebound in the prepared dishes and other prepared foods business, a recovery in facility construction completion, and both higher wheat market prices and foreign currency exchange effects in the overseas flour milling business. These factors outweighed a decline in revenue from transfer of the pet food business.
However, with application of the accounting standard regarding revenue recognition, sales were lower year on year.

Operating profit was higher year on year, as improved earnings from the flour milling business in Japan, primarily atop higher sales prices for bran (a milling byproduct), brisk performance in the overseas flour milling business and steady recovery in the prepared dishes and other prepared foods business overcame the absence of strong results in the processed food business in Japan reported last year and lower shipments of raw materials for pharmaceuticals.

Net sales:	YoY changes	(3.0)%
Operating profit:	YoY changes	+26.0%
Ordinary profit:	YoY changes	+27.6%
Profit attributable to owners of parent:		
	YoY changes	+9.9%

2. Analysis of Segment Results (1)

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*1: Excluding effect of application of new accounting standard (revenue recognition)

Analysis of Operating Profit (YoY Difference)

(Billions of yen)

Flour Milling ¥+2.4 billion

Domestic wheat flour shipment volume	+0.0
Sales expansion costs	+0.0
Bran prices	+0.7
Cost related	+0.3
Overseas subsidiaries, others	+1.4

Processed Food ¥(0.8) billion

Shipment volume	+0.2
Sales expansion costs	(0.9)
Cost related	+0.0
Overseas subsidiaries, others (incl. Oriental Yeast, Nisshin Pharma exports)	(0.1)

Prepared Dishes and Other Prepared Foods ¥+1.2 billion

Increase in sales, others	+1.2

Others ¥+0.3 billion

Sales	+1.2
Cost related, others	(0.9)

Adjustments ¥+0.1 billion

Intersegment transaction eliminations	+0.1

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

(Millions of yen)

	First Six Months of Fiscal 2021 Results	First Six Months of Fiscal 2022 Results	YoY difference	Comments
[Non-operating Income (Expenses)]				
Net financial income	91	49	(42)	
Share of profit of entities accounted for using equity method	848	1,498	+649	
Other	355	309	(46)	
Total non-operating income (expenses)	1,295	1,856	+561	

[Extraordinary Income (Losses)]				
Gain on sales of investment securities	1,133	648	(485)	Reduction of cross-shareholdings
Other	(141)	(393)	(252)	
Total extraordinary income (losses)	992	255	(737)	

* Figures rounded down to nearest million yen

	First Six Months of Fiscal 2021 Results	First Six Months of Fiscal 2022		YoY difference	
		Results	Highlights		
Cash and cash equivalents at beginning of period	56.5	59.1		+2.6	Cash on hand*1 61.7
Cash flows from operating activities	25.4	29.3	Profit before income taxes +17.6 Depreciation and amortization +11.1 Decrease in working capital +3.3 Income taxes paid (6.8)	+3.9	
Cash flows from investing activities	(8.2)	(8.4)	Capital expenditures (payment basis) (9.9)	(0.2)	
Cash flows from financing activities	(9.7)	(10.5)	Cash dividends paid (5.9)	(0.8)	
Effect of exchange rate change					

5. Fiscal 2022 Forecasts (2)

Net Sales by Segment

(Billions of yen)

	Forecasts	YoY difference
Flour Milling	301.0	+15.2
Processed Food	185.0	(29.7)
Prepared Dishes and Other Prepared Foods	139.0	(3.8)
Others	45.0	+8.8
Total	670.0	(9.5)

Domestic wheat flour shipments (up 0.8% YoY)	+1.2
Flour price revisions, otherons +1.2	

*1: Excluding effect of application of new accounting standard (revenue recognition)

5. Fiscal 2022 Forecasts (3)

Operating Profit by Segment

(Billions of yen)

	Forecasts	YoY difference
Flour Milling	8.9	+2.6
Processed Food	13.0	(2.4)
Prepared Dishes and Other Prepared Foods	2.6	+1.3
Others	4.5	+0.3
Adjustments*1	0.2	+0.2
Total	29.2	+2.0

*1: Intersegment transaction eliminations

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.