

Fiscal 2022 Results Briefing Meeting

May 17, 2022

Nisshin Seifun Group Inc.

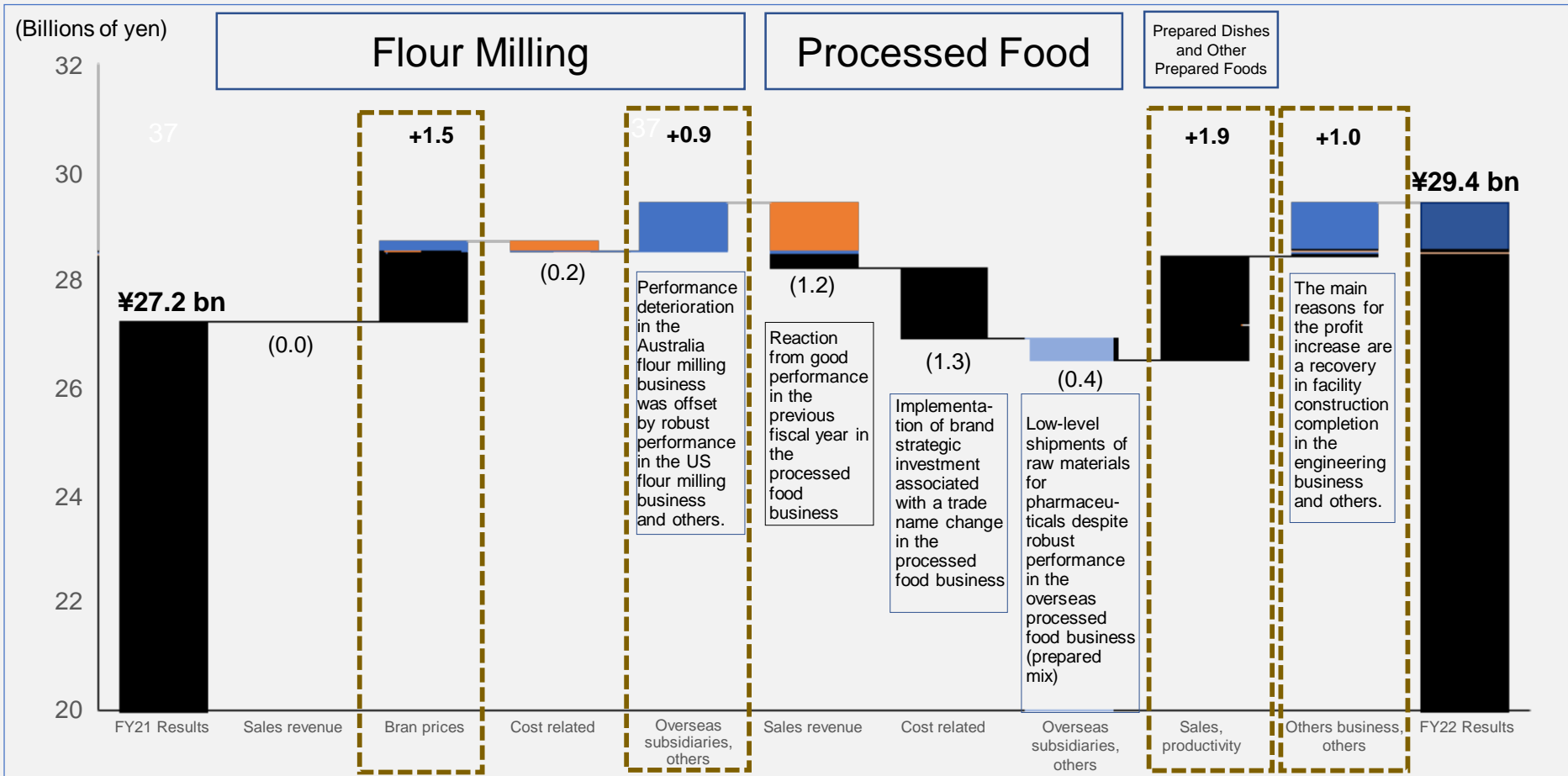
I. Fiscal 2022 Results

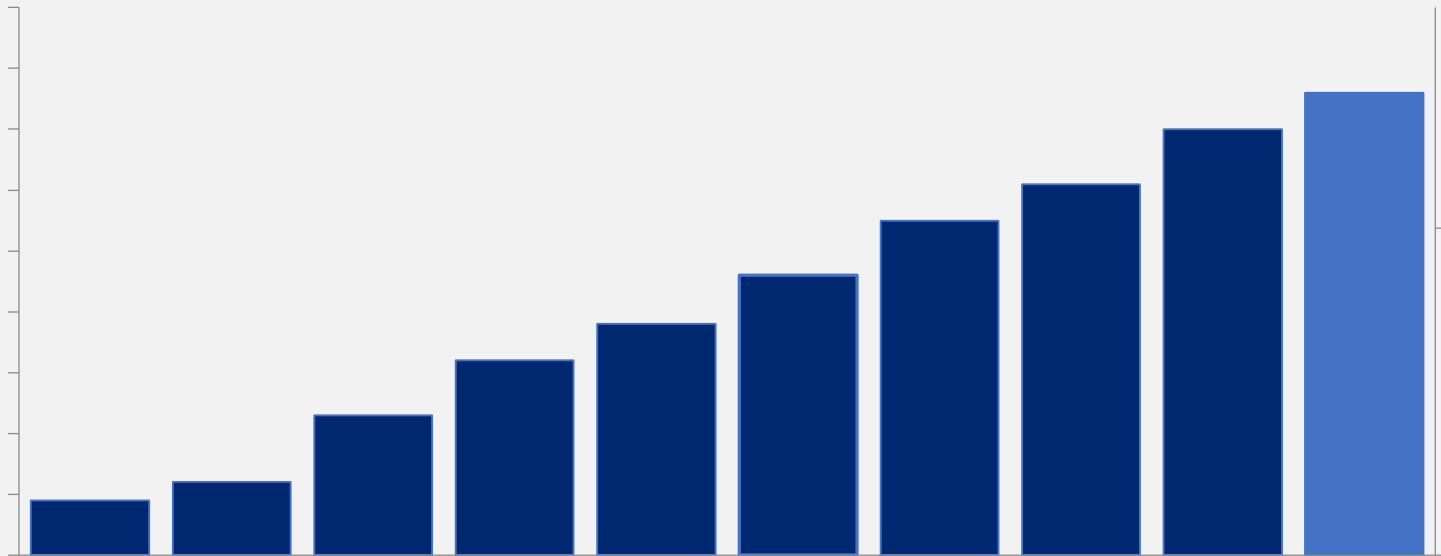
- Net sales was **on a par with the previous fiscal year** mainly due to the application of an accounting standard regarding revenue recognition despite the enactment of wheat flour price revisions accompanying the wheat price revision in the domestic flour milling business, a rise in the wheat market prices and foreign currency translation effects in the overseas flour milling business, a recovery in facility construction completion and others.
- Operating profit **increased** mainly due to strong performance in the US flour milling business, a robust trend in bran prices in the domestic flour milling business, a smooth performance recovery in the prepared dishes and other processed foods business and a recovery in facility construction completion.
- Profit **decreased** by recording impairment loss, based on the performance deterioration resulting mainly from the

	Fiscal 2022 Results	Forecasts		Fiscal 2021 Results	
			Change		Change
Net sales	679,736	670,000	+1.5	679,495	+0.0
Overseas sales ratio	27.3	26.5	—	22.9	—
Operating profit	29,430	29,200	+0.8	27,197	+8.2
Ordinary profit	32,626	31,300	+4.2	29,886	+9.2
Profit attributable to owners of parent	17,509	19,300	(9.3)	19,011	(7.9)

2. Operating Profit — Year-on-Year Analysis

Operating profit increased 2.2 billion yen year on year. The increase was due in large part to a strong trend in bran prices in the domestic flour milling business, robust performance in the U.S. flour milling business and a smooth performance recovery in the prepared dishes and other prepared foods business and a recovery in facility construction completion in the engineering business despite a profit decrease resulting from a performance deterioration in the Australia flour milling business, a reaction from good performance in the previous fiscal year and implementation of brand strategic investment associated with a trade name change in the processed food business.





II. Thinking on Future Business Management

(1)

Thinking on relationships with stakeholders

Shareholders

Realize an appropriate total shareholder return (TSR) by enhancing long-term corporate value.

Customers

Offer value that exceeds customer expectations in all aspects of products and services.

Employees

Ensure appropriate compensation and the working environment for them and support them in acquiring necessary skills.

Business partners

Engage with them in fair and impartial ways and with a sense of ethics and became equal partners.

Society

Strive to cohabit with society and become an eco-friendly company.

III. Fiscal 2023 Forecasts

1. Battle against Food Inflation (2)

Although the Group had continued to address cost increases of raw materials and others in FY2021, we **assume a considerable cost increase of raw materials and others for this fiscal year** as well due to surges in grain and natural resources market prices, caused by the Ukraine crisis. We take response to this situation **as the top priority matter** and each business will implement countermeasures without fail.

[Thinking on price revision]

1) Pass a cost increase to selling prices

The domestic flour milling business will revise selling prices of wheat flour based on the revision of government selling prices of imported wheat. The domestic processed food business will reflect the cost increase of raw materials, etc. including wheat flour on its selling prices appropriately.

2) Sales of products giving an impression of selling value-for-money products

A series of large price hikes of products have elevated the price range of existing household-use processed food and others. Develop and sell new products that give an impression of a bargain to consumers who seek products in the previous price range.

3) Sales of value-added products

The domestic flour milling business will step up sales of Japanese-made wheat flour and whole wheat flour and others that accommodate growing health conscious consumers. The domestic processed food business will develop and sell products more focused on SDGs and Generation Z in addition to promoting value-added line-ups centering on easy-to-prepare and convenient, authentic and healthy concepts.

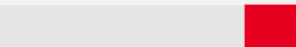
4) Risk of decline in demand

The domestic flour milling business and the domestic processed food business assume that a certain level of decline in demand will occur as a result of continued large price hikes of products.

1. Battle against Food Inflation (3)

[Analysis of FY2023 operating profit of the domestic flour milling business (Assumption)]

Item	Profit change (YoY difference)	Comments
Wheat price increase (wheat)	(36,000) million yen	



	Fiscal 2023 Forecasts	Fiscal 2022 Results	YoY difference	YoY change
Net sales	760,000	679,736	+80,263	+11.8
Overseas sales ratio	29.9	27.3	—	—
Operating profit	30,000	29,430	+569	+1.9
Ordinary profit	31,000	32,626	(1,626)	(5.0)
Profit attributable to owners of parent	18,500	17,509	+990	+5.7

IV. Main Initiatives for Realizing Long-Term Vision “NNI ‘Compass for the Future’”

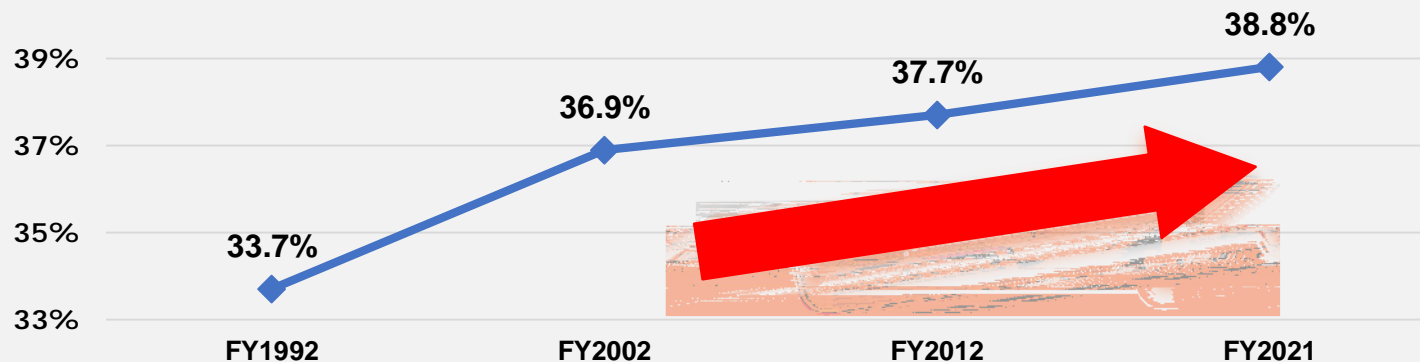
Advance selection and concentration based on the criteria of **whether a business is or can reach the top of a certain business domain** (in classifications of competitive significance).

[Core businesses]

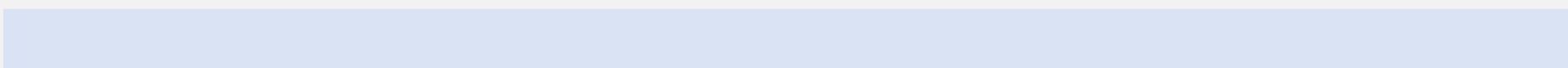
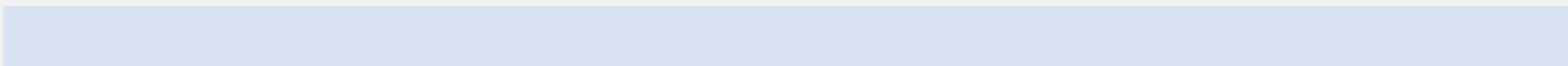
The flour milling business, the processed food business and the yeast business in Japan have **established stable profitability** by realizing high market shares, top brand lineups and low costs.

Domestic flour milling business Top market shares in Japan

Trend in the market share of our sales of commercial-use wheat flour
(on weight basis)



Source: "Beverage & Food Statistics Monthly" by Nikkan Keizai Tsushin Co., Ltd.



1. Thinking on Business Portfolio (2)

[Growth driver businesses]

- The overseas business will work to **strengthen the foundation of their respective business management** at existing bases of the flour milling, processed food and other businesses.
- The prepared dishes and other prepared foods business intends to **boost cost competitiveness** including utilization of labor-saving technology and **expand sales against the backdrop of development capability** by the group's comprehensive strength.

[Overseas Business]

Overseas net sales ratio and operating profit ratio

	Net sales ratio	Operating profit ratio
Consolidated total	27.3	28.9%
Flour milling business	52.2	50.6%

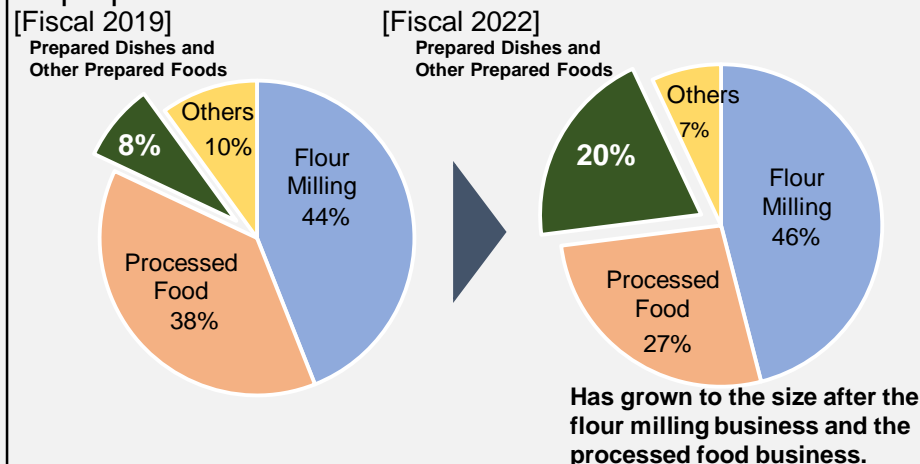
* Fiscal 2022 results

* Operating profit ratio is operating profit before amortization of goodwill, etc.

The processed food business and the yeast and biotechnology business too will further cultivate overseas expansion.

[Prepared dishes and other prepared foods business]

Composition of sales in the prepared dishes and other prepared foods business



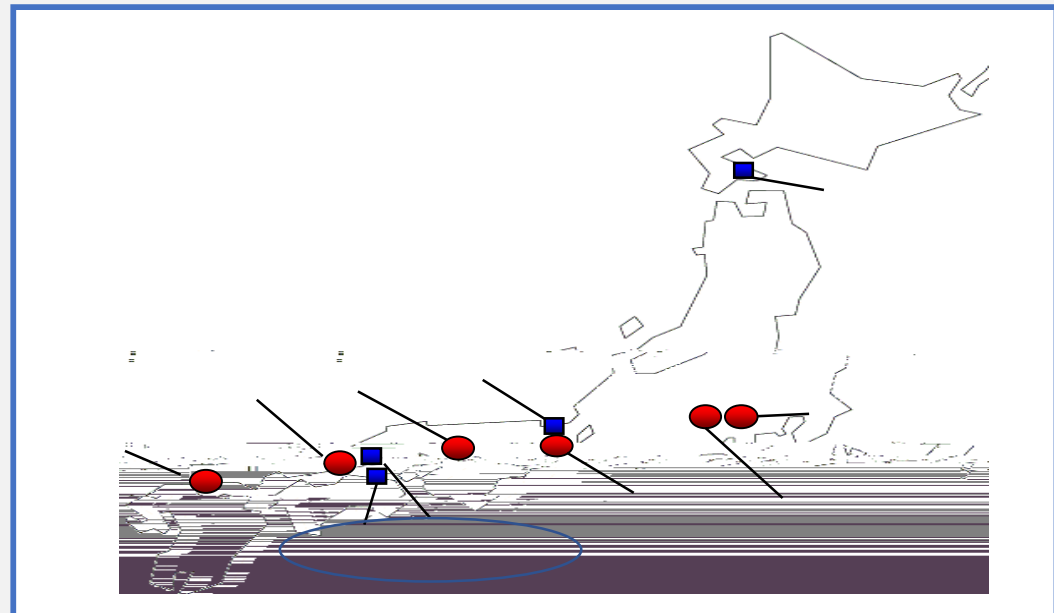
[Growth Investment]

We will make a decision to make investment after verifying whether we **can demonstrate the group's strengths** in Japan and overseas.

Amid the domestic market expected to diminish in the medium-to long term mainly due to a decreasing population, efforts will be made to strengthen the sales foundation and cost competitiveness, thereby **maintaining and expanding a stable earnings foundation for the future.**

Regarding strengthening cost competitiveness and BCP measures (implementation of structural improvement)

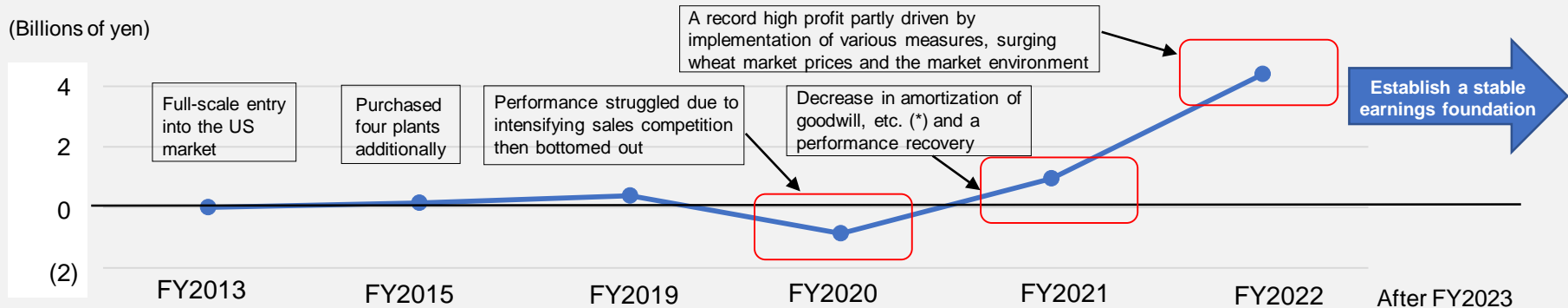
In the middle of concentrating production on large coastal plants and closing small inland plants.



3. Overseas Flour Milling Business (U.S. Flour Milling Business)

Ten years have passed since a full-scale entry into the US market. The business recovered from a temporary performance slump at an early stage and has grown steadily. The business strives to establish a stable earnings foundation.

Trend in operating profit (vs. FY2013)



* The implementation of impairment has decreased amortization of goodwill, etc. by an annual 800 million yen since the second half of FY2020.

Future U.S. Flour Milling Business Initiatives

The business has established a solid position as a regionally top-class flour-milling company in California and Texas.

An expansion will be carried out in the plant in Los Angeles whose operational rate reached a high level. The U.S. and Canada flour milling businesses will raise their presence in the North American market by deepening ties across manufacturing and sales areas, and through synergies enabled by leveraging the management resources of both companies.

Continuation of search and investigation of candidates for M&A, etc. that have affinity with existing businesses and growth potential.

Take in a demand recovery and aim at a performance recovery. However, verify the real status of business altered by the COVID-19 pandemic in a calm and collected manner to incorporate strategy and policy into a medium-term management plan.

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Toward performance recovery

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Construction of a new plant was completed excluding part of equipment.

An intermediate holding company will be established in the prepared dishes and other prepared foods business. Strengthen **a foundation for further growth** through stepping up business total optimization, flexible strategy judgment and the management function.

New management system of the prepared dishes and other prepared foods business



Initio Foods Inc.



Joyous Foods Co., Ltd.



Tokatsu Foods Co., Ltd.



Boxed lunch, rice ball,

V. Group Sustainability Initiatives

1. The Group's Materiality (CSR Priority)

Facing society's change every day, strive to **contribute to solving social issues through business operations** and balance realization of a sustainable society and corporate growth.

Five Priorities

Fields contributing to SDGs

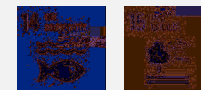
Provide safe and healthy food and responsible consumer communication

- Ensuring food safety
- Responsible consumer communication
- Contribution to healthy diets



Enable secure and sustainable raw material procurement

- Ensuring stable wheat procurement
- Sustainable raw materials procurement



Efficiently handle product and packaging waste

- Reducing food waste
- Reducing packaging waste



Address climate change and water resource issues

- Climate change adaptation and mitigation
- Water resource conservation

Medium-and-long term targets for environmental issues were formulated in August 2021.



Provide working environments that are healthy and fulfilling

- Respect for diversity
- Cultivation of human resources
- Employee working environments and health



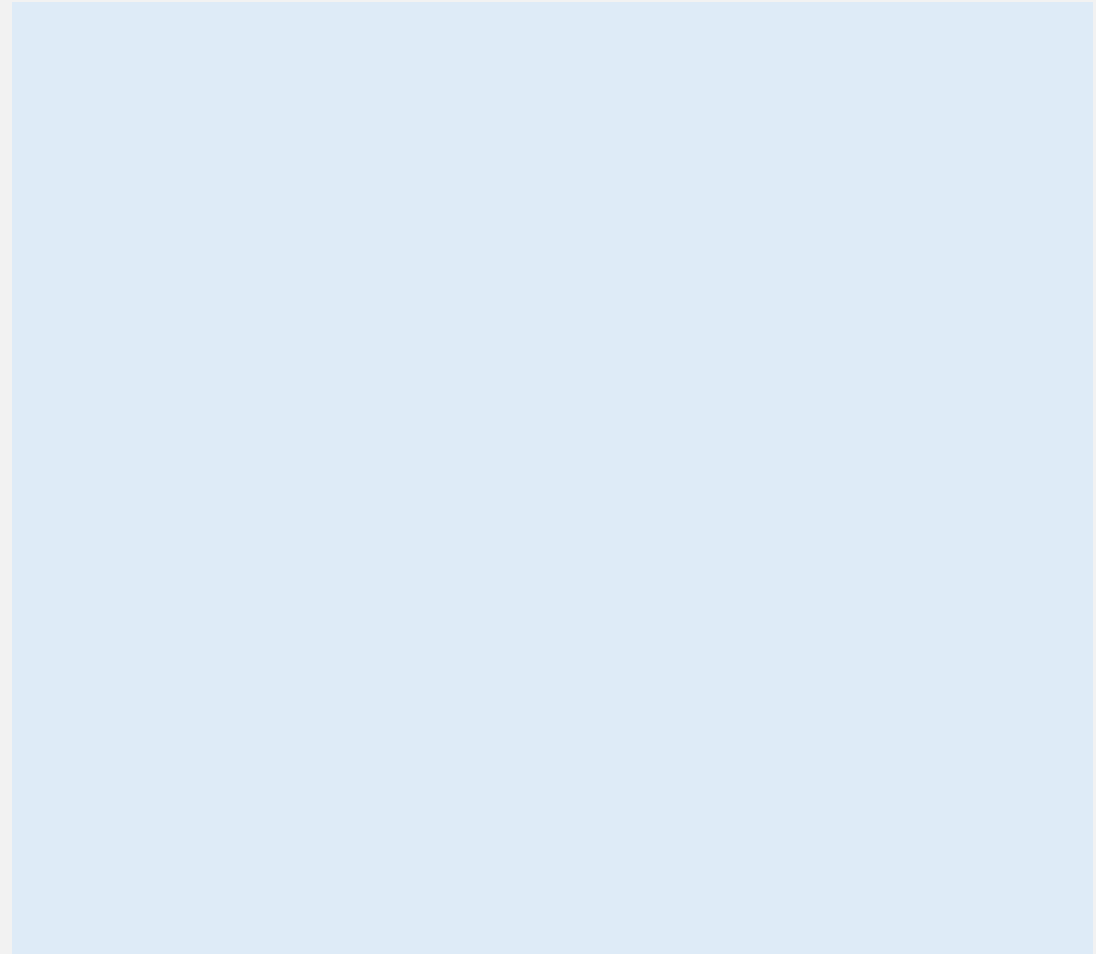
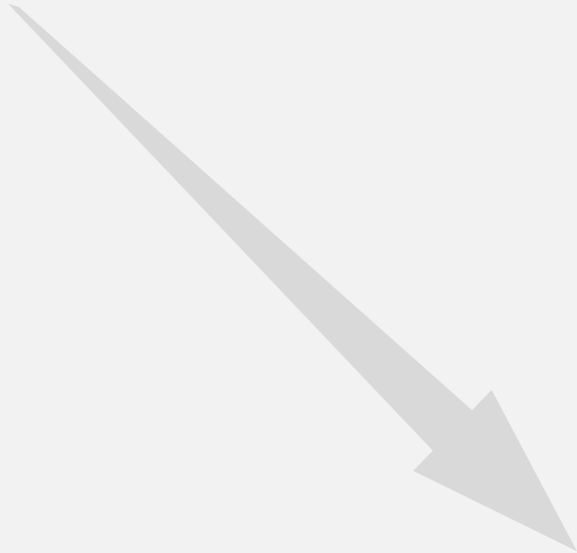
Formulate medium-and-long term targets for environmental issues and work to reduce environmental load to reach the targets, thereby **contributing to realization of a sustainable society.**

Reduce CO₂ emissions from Group-owned facilities by **50%** compared with the fiscal 2014 level

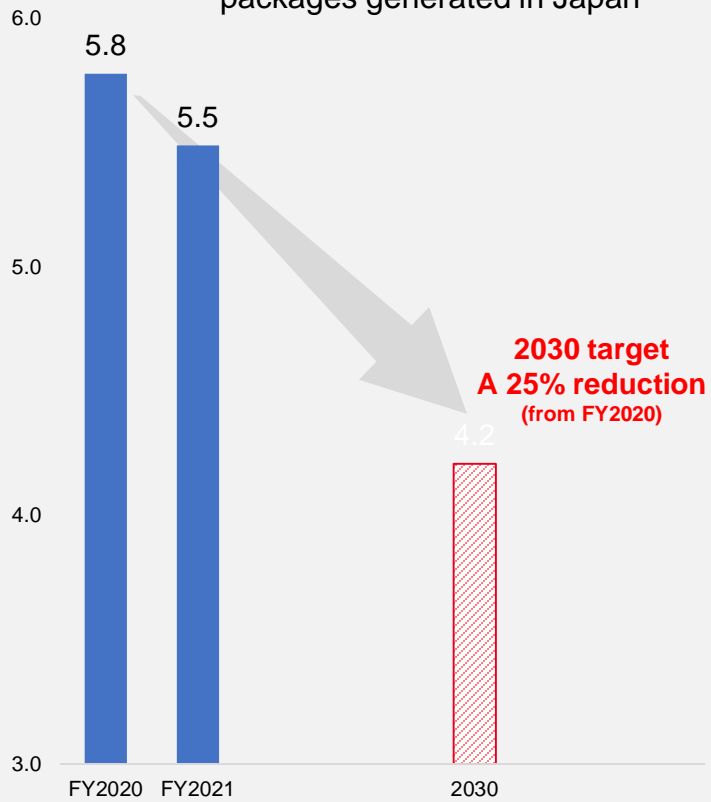
Reduce CO₂ emissions from Group-owned facilities to net zero

Reduce the amount of water used in plants per unit of production by **308181** compared from 1 0 0 rg /TT1 1 Tf 0.004 T

3. Initiatives to Reach Medium-and-Long Term Targets for Environmental Issues (1)



Waste volumes from containers and packages generated in Japan



2. Analysis of Segment Results (2)

Analysis of Operating Profit (YoY Difference)

(Billions of yen)

Flour Milling

¥+2.2 billion

Domestic wheat flour shipment volume	+0.1
Sales expansion costs	(0.1)
Bran prices	+1.5
Cost related	(0.2)
Overseas subsidiaries, others	+0.9

Processed Food

¥(2.9) billion

Shipment volume	+0.2
Sales expansion costs	(1.4)
Cost related	(1.3)
Overseas subsidiaries, others (incl. Oriental Yeast, Nisshin Pharma exports)	(0.4)

Prepared Dishes and Other Prepared Foods

¥+1.9 billion

Increase in sales, others	+1.9
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Others

¥+0.9 billion

Sales	+3.1
Cost related, others	(2.2)

Adjustments

¥+0.1 billion

Intersegment transaction eliminations	+0.1
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	Fiscal 2021 Results	Fiscal 2022 Results		YoY	

- Net sales will **increase** due to enactment of selling price revisions accompanying the cost increase of raw materials, etc. by each business, and a rise in wheat market prices, currency translation effects, etc. in the overseas flour milling business.
- Operating profit **is expected to be on a par with the previous fiscal year** due in large part to the uncertain outlook amid cost-push inflation and a profit decrease forecast by the engineering business despite the effort of each business to pass a cost increase to their selling prices.

Under the new president's leadership, the business will improve its sales and operating profit by addressing the impairment loss of the New Zealand flour milling business and accurately grasping a market change in the Oceania region in addition to addressing the cost increase of raw materials, etc. by each business.

	Fiscal 2022 Results	Fiscal 2023 Forecasts	YoY difference	YoY change
Net sales	679,736	760,000	+80,263	+11.8
Overseas sales [Overseas sales ratio]	185,890 [27.3 %]	227,500 [29.9 %]	+41,609	+22.4
Operating profit	29,430	30,000	+569	+1.9
Overseas operating profit [Overseas operating profit ratio]	3,875 [13.2 %]	4,800 [16.0 %]	+924	+23.9
Ordinary profit	32,626	31,000	(1,626)	(5.0)
Profit attributable to owners of parent	17,509	18,500	+990	+5.7

Net Sales by Segment

(Billions of yen)

	Forecasts	YoY difference
Flour Milling	385.0	+71.5
Processed Food	195.0	+12.0
Prepared Dishes and Other Prepared Foods	140.0	+1.6
Others	40.0	(4.8)
Total	760.0	+80.3

Domestic wheat flour shipments (down 0.5% YoY)	(0.8)
Flour price revisions, others accompanying revised wheat prices	+36.0
Bran prices	+0.2
Overseas sales	+36.1

Prepared dishes and other prepared foods sales	+1.6
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Domestic wheat flour shipment volume	(0.1)

06 Position Regarding Results Br Tm[(00015 GP2015