

Fiscal 2023 Results Briefing Meeting: Summary of Q&A

Q: The Australia flour milling business has been steadily improving its earnings. Please explain the background to the results achieved in the fourth quarter of fiscal 2023 and the sustainability of the earnings improvement in fiscal 2024.

A: Our earnings improved considerably in the fourth quarter of fiscal 2023 versus the same period of

Q: I believe you have invested considerable marketing costs since January 2022 in the domestic processed food business to popularize the Nisshin Seifun Welna brand. I would like to know the effects and results of such investment.

A: Although there are figures for specific results that have been confirmed internally, the details are not disclosed. We believe our brand recognition is still in its developing and that brand strategy investments still need to be made.

Q: f EPA-E, a raw material for pharmaceuticals.

A: EPA-E shipments to the U.S. in fiscal 2023 declined significantly from the previous year. Currently, we are approaching the E.U. and other regions and implementing initiatives beyond these regions as well. However, at this point, the outlook for EPA-E shipments to each region is not yet clear, and our profit plan for fiscal 2024 set flat year-on-year.

Q: You have stated that all funds from the sale of cross-shareholdings will be earmarked for investments. Under what conditions would you be willing to allocate more to shareholder returns?

A: For the fiscal year ending March 2023, we originally questioned if we should increase the dividend in a loss-making year. However, we were confident in the earnings outlook and therefore decided to increase the dividend. We will also increase the dividend for the fiscal year ending March 2024. That said, during the period of the Medium-Term Management Plan, we plan to invest firmly in growth, and we hope to use the cash we will earn from those areas. If that investment falls short of expectations, we believe the timing will arise to enhance shareholder returns.

Q: The ROE target for the final year of the Medium-Term Management Plan is 7%. I would like to confirm whether there is a plan to further raise the ROE target.

A: First of all we would like to achieve the 7% target for the final year of the Medium-Term Management Plan. At this juncture, we do not intend to change our final year target of 7% during the Medium-Term Management Plan period. But of course we are not going to be satisfied with 7%.

Q: As you have started to adopt ROIC management, please describe the issues you are facing regarding ROIC for each of your businesses.

A: Regarding ROIC, we have discussed at the Group Management Committee that we should implement it from fiscal 2024. At this point, there is no consensus as to which businesses have which issues, and we would like to confirm these issues after one to two years of initiatives.