



NISSHIN SEIFUN GROUP

Nisshin Seifun Group Integrated Report 2022

# Growing Value from Wheat



## Nisshin Seifun Group Integrated Report 2022

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## Origin

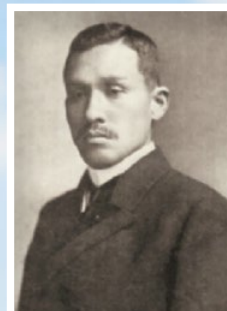
# 1900



### Our founder's maxim: "the basis of business is built on trust"

Nisshin Flour Milling founder Teiichiro Shoda said, "We must always remember that a business is connected to society. A company that works solely for its own benefit will not survive for very long. Trust is the foundation of all business."

The Nisshin Seifun Group's strong devotion to fulfilling our social responsibility and generating sustainable growth is rooted in these words from the Company's inception and remains in our DNA to this day. We will remain true to our founding spirit as we seek to continue growing as a global corporate group.

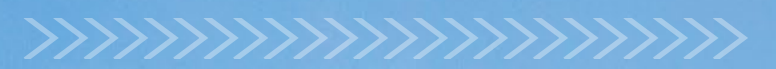


*In conducting business, all activities must be rooted in a desire to do one's best for society*

*Teiichiro Shoda  
Founder, Nisshin Seifun Group*

## Present

# 2022



### Our business foundation is the extensive assets we have built by following our founding spirit for over 120 years

Following our founding spirit, the Nisshin Seifun Group has been evolving with society and strengthening its business portfolio for over 120 years.

The Group's business environment is changing substantially from the COVID-19 pandemic, the historically high inflation of food prices caused by the situation in Ukraine, ongoing inflation in resource costs, and the need to address climate change and human rights issues.

The Group is responding to these changes by constantly transforming to create various types of value and contribute to society while generating sustained growth.

#### Corporate Principle

We are committed to our guiding philosophies of "the basis of business is built on trust" and to "be in tune with the changing business climate" along with our corporate principle to "contribute to a healthy and fruitful life for all" and will use our business to contribute to society and continue growing as a core corporate group in the food industry.

#### Corporate Code of Conduct

1. Seek continuous growth through sound business activities
2. Develop and provide reliable, safe, and high-quality products and services
3. Respect humanity
4. Comply with social norms, laws, and regulations, and promote fair business activities
5. Promote good public relations
6. Encourage environmental protection
7. Promote activities that contribute to society
8. Promote the local management of international operations
9. Realize the role and responsibilities of management to achieve our stated purposes in the Corporate Code of Conduct and Employee Action Guidelines\*

\* Our Corporate Code of Conduct and Employee Action Guidelines are available online at our website.  
<https://www.nisshin.com/english/company/code.html>



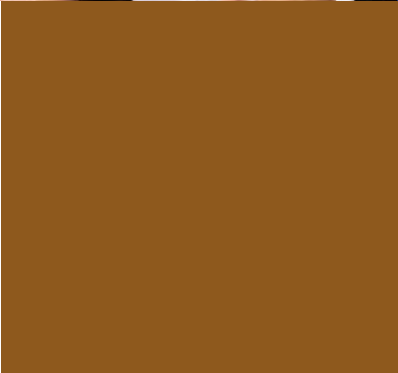




# Future

Use our business to contribute to society and continue growing as a core corporate group in the food industry

The Group announced its Medium-Term Management Plan 2026 in October 2022. Following our guiding philosophies and corporate principle, we will fulfill our mission to provide a stable supply of wheat flour and other foods and contribute to society through our business as we continue to grow as a core corporate group in the food industry.



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#### Editorial Policy

This report was prepared to communicate in an easy-to-understand format to provide stakeholders with a deeper understanding of the Nisshin Seifun Group's corporate value and strengths. The report also presents the Group's medium-term management plan and the initiatives and other activities the Group is engaged in to realize its objectives. The report was prepared following principles presented in the Guidance for Collaborative Value Creation of the Ministry of Economy, Trade and Industry and the Financial Reporting Framework advocated by the IFRS Foundation (formerly the Value Reporting Foundation).

#### Period Represented

The primary period covered in this Integrated Report is the Company's fiscal year 2022, beginning April 1, 2021 and ending March 31, 2022. When considered helpful to understanding, some content also covers periods before and after fiscal year 2022.

#### Scope of the Report

This report covers the 84 companies of the Nisshin Seifun Group as of the end of March 2022, including Nisshin Seifun Group Inc., and its consolidated subsidiaries and equity-method affiliates. Information that does not apply to all companies of the Group is duly indicated and the pertinent organizations are provided.

#### Forward-Looking Statements

The content of this report was prepared based on various assumptions. The report does not represent a guarantee for the presented future target figures or management strategy objectives.

#### Group Companies

The icons and colors below represent each of our seven businesses.

-  Flour Milling Business
-  Processed Food Business
-  Yeast and Biotechnology Business
-  Healthcare Foods Business
-  Prepared Dishes and Other Prepared Foods Business
-  Engineering Business
-  Mesh Cloth Business



Creating value through dynamic corporate management that is ahead of its time and by enriching Japanese food choices with wheat since our beginning



## 1900-1930s

Modernizing and industrializing the manufacturing structure

## 1940-1960s

Post-War reconstruction period / Rapid economic growth

## 1970-1990s

Globalization of the Japanese economy

## 2000-2020s

Declining birthrate and aging population, and borderless world economy

### Establishing a steady supply of high-quality, domestically produced wheat flour

#### Beginning of modern domestic mechanical flour milling operations

- 1900** Teiichiro Shoda established the Tatebayashi Flour Milling Co., Ltd. to develop the potential of mechanical flour milling.
- 1908** Acquired "Nisshin Flour Milling Co., Ltd." by merger and adopted that name.
- 1913** Teiichiro Shoda embarked on inspection tours in Europe and the United States, where he recognized the need for physicochemical research on European wheat and flour.

#### Introduction of the first chemical technology to the Japanese flour milling industry

- 1914** Laboratory research begun at a chemical laboratory established at the head office.
- 1918** The original chemical laboratory that later became the Central Research Laboratory (now part of the Kamifukuoka Research Laboratories) established.

#### Groundbreaking construction of a major seaside plant

- 1926** Constructed to develop the Japanese flour milling industry, the Tsurumi Plant featured a large dock for steamships transporting raw wheat (mainly for export), wheat intake equipment, a production line using German flour milling machines, and a large silo.

#### Domestic production of yeast and mesh sieves for flour milling

- 1929** The establishment of Oriental Yeast Co., Ltd., made it the pioneer of Japanese yeast production.
- 1934** Nippon Bolting Cloth Co., Ltd. established. (precursor of NBC Meshtec Inc.)

### Contributed to improving diets and a flourishing food culture

#### Contribution to post-War reconstruction

- 1945** Four days after the end of the War, Company President Hidesaburo Shoda established a Reconstruction Committee and began rebuilding the Company. The all-out company effort led to all factories that had been damaged returning to operation in just four years, allowing the Company to devote itself to alleviating the post-war food crisis.

#### Efforts to popularize bread and flour products, and diversify management into new fields

- 1955** Household-use size packages for wheat flour introduced and household-use macaroni products launched.
- 1957** Installing the latest pneumatic milling technology vastly enhanced product quality.
- 1961** Acquired the formula feed manufacturing and research department of Nisshin Feed Co., Ltd.
- 1962** Nisshin Foods Co., Ltd. established to manufacture and sell premixes for household use.
- 1965** Began full-scale manufacturing and sales of pharmaceutical products.
- 1967** Successfully developed the world's first method for mass production of Coenzyme Q10.

#### Responding to the shift in consumer needs from volume to quality

- 1960s** Construction of the Central Research Laboratory completed (now part of the Kamifukuoka Research Laboratories), Nisshin Chemicals Co., Ltd. established (now Nisshin Pharma Inc.), and Nisshin-DCA Foods Inc. established. (now Nisshin Seifun Premix Inc.)

### Responding to diversifying lifestyles

#### Continuously diversifying business with a priority on dialogue with customers

- 1970** Nisshin Pet Food Co., Ltd. established. (2020 Pet food sales business sold)
- 1972** Nisshin Engineering Co., Ltd. established.
- 1973** Food Consumer Center (now the Customer Service Office) established to provide information and respond to customer inquiries.
- 1977** Patented frozen noodle manufacturing method and created the new market for frozen noodles.

#### Developing business in overseas markets to be an international competitor

- 1987** Company President Osamu Shoda formulated and launched the NI-90 action plan to restructure Group businesses with the core principles of change and execution that became the driving forces of all subsequent management plans.
- 1988** Thai Nisshin Seifun Co., Ltd. established.
- 1989** Canadian flour milling company Rogers Foods Ltd. acquired.
- 1991** Thai Nisshin DCA Co., Ltd. (now Thai Nisshin Technomic Co., Ltd.) and Nisshin-STC Flour Milling Co., Ltd. established.
- 1993** Tsukuba Research Center (now the Cereal Science Research Center of Tsukuba) established.
- 1996** Medallion Foods, Inc. established in the United States.
- 1999** Entered the prepared dish and chilled foods business.

### Creating further value and contributing to richer diets with more food choices

#### Rapidly expanding overseas business in anticipation of global increase in food needs

- 2000** Celebrated our 100th anniversary.
- 2001** Nisshin Flour Milling Co., Ltd. split into a holding company and operating companies. 2,000
- 2002** Qingdao Nisshin Seifun Foods Co., Ltd. established in China.
- 2004** Initio Foods Inc. established with the aim of developing it into the Group's core company for prepared dishes and foods business. 6,000
- 2005** Shin Nisshin Seifun Foods (Qingdao) Co., Ltd. established (merged with Qingdao Nisshin Seifun Foods Co., Ltd. in 2007).
- 2008** International ISO 14001 certification received for the Group's environmental management systems. 5,000
- 2010** Hokkaido Wheat Center established in Kitami, Hokkaido to raise the quality of Hokkaido-grown wheat and advance domestic wheat production.
- 2012** Oriental Yeast India Pvt. Ltd. established to expand operations in biotechnology (diagnostics reagents). Business expanded into the United States, the world's largest flour milling market in developed countries, with the acquisition of Miller Milling Company, LLC of the United States. 4,000
- 2013** Flour milling operation acquired in New Zealand, and Champion Flour Milling Ltd. established. 3,000
- 2014** Nisshin Seifun Turkey Makarna Ve Gida Sanayi Ve Ticaret A.S. established. Global production network of pasta products realized.
- 2016** Pre-cooked noodle manufacturer and seller Joyous Foods Co., Ltd. made a subsidiary. 2,000
- 2019** Comprehensive prepared dish and delicatessen food manufacturer Tokatsu Foods Co., Ltd. made a subsidiary. Allied Pinnacle Pty Ltd. acquired, making Nisshin Seifun the largest flour maker in Oceania.
- 2022** Company name Nisshin Foods Inc. changed to Nisshin Seifun Welna Inc. Intermediate holding company Nisshin Seifun Delica Frontier Inc. established in the prepared dishes and other prepared foods segment. Yeast plant at Oriental Yeast India Pvt. Ltd. began operation. 1,000

Net Sales  
(¥100 million)  
8,000

Group initiatives and providing value to society

\* Net sales since 1950





**Kenji Takihara**  
Representative Director and President  
Nisshin Seifun Group Inc.

**We use our business to contribute to society and continue growing as a core corporate group in the food industry following our time-honored guiding philosophies and corporate principle.**

**Our new Medium-Term Management Plan 2026 is formulated to anticipate near- and medium-term changes in the business environment.**

My name is Kenji Takihara, and I was appointed as the president of Nisshin Seifun Group in June 2022. Since its founding in 1900, the Group has built a solid position in the Japanese food industry through an unwavering commitment of using its business to contribute to society following our guiding philosophies of “the basis of business is built on trust” and to “be in tune with the changing business climate” along with our corporate principle to “contribute to a healthy and fruitful life for all.” As the Group president, I feel the responsibility that comes with leading a corporate group with a history spanning more than 120 years and a deep commitment to our social mission. I will diligently and sincerely work to ensure a stable supply of wheat flour and other food items and provide safe and reliable products to all of our customers.

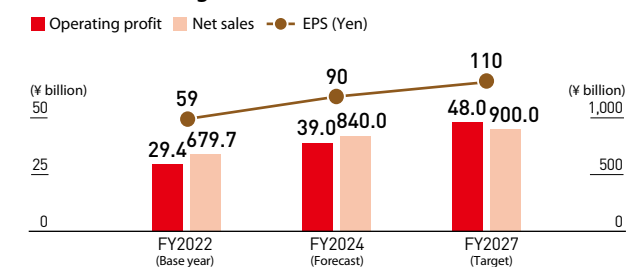
The Group’s top management priority in the current fiscal year is to deal with the impact of the historic inflation of food prices. We expect that impact to combine with impairment losses on fixed assets, including goodwill related to the Australian flour milling business, to result in a net loss in profit attributable to owners of parent in fiscal 2023. As president, I take this matter very seriously, and I am approaching the situation with a sense of crisis and a renewed

determination to overcome the adverse circumstances. In Australia, we are formulating a new business plan for improving earnings for the flour milling business there.

The NNI “Compass for the Future” plan formulated in May 2018 set our course for active strategic investment in growth fields in Japan and overseas and the reorganization of our production bases geared to the structural changes we anticipate in society over the next 10 and 20 years. However, the worldwide COVID-19 pandemic and the situation in the Ukraine, which has triggered historical inflation of food prices and rising costs, have drastically changed the Group’s business environment, and the outlook for the future is anything but certain. We must also address longer-term issues of climate change and human rights, which are critical to the Group’s sustainable growth. In addition, the Group needs to actively pursue growth opportunities that innovations in digital and food technologies are creating in the forms of new markets and changing business models.

The Nisshin Seifun Group Medium-Term Management Plan 2026 announced in October 2022 was formulated for the changes in the business environment. We want to use the new plan as an opportunity to deepen the understanding of the Group by our investors and stakeholders.

**Performance targets**



	Base year (FY2022 results)	Second year (FY2024)	Final year (FY2027)
Net sales (¥ billion)	679.7	840.0	900.0
Operating profit (¥ billion)	29.4	39.0	48.0
Earnings per share (EPS) (¥)	59	90	110

The three basic policies of the new medium-term management plan will restructure our business portfolio for further growth and focus management on stakeholders and ESG.

Medium-Term Management Plan 2026 contains three basic policies to develop the Group into our vision for the future.

**Basic Policy 1** Stimulate the Group's ability to grow by restructuring the business portfolio

The strengths of our Group are the high-level technological capabilities and productivity we have accumulated over our 120-year history and our solid sales foundation built on the strong relations of trust with our customers. We will continue restructuring our business portfolio in areas we can take advantage of these strengths to boost our competitiveness in each business area and for the Group overall. Our approach to restructuring the business portfolio will be to select and concentrate on businesses that are or can become leaders in specific, competitively meaningful sectors.

**Basic Policy 2** Enhance management by clarifying our business' relationships toward our stakeholders

We recognize that the Group's fundamental purpose is to provide a stable supply of staple foods centered on our wheat flour and other wheat products, and therefore seek to be a company that fulfills the expectations of all stakeholders and is trusted around the world.

**Basic Policy 3** Integrate ESG into management strategy, implement by adapting to social trends

Society expects companies to keep pace with social trends and proactively address ESG issues while simultaneously seeking to maximize corporate value. We consider it the responsibility of both the holding company, Nisshin Seifun Group Inc., and each of the Group companies to pursue both of these objectives. Among the ESG issues, we have made addressing environmental issues a management priority for its vital role in global sustainability.

We are increasing our earnings and sales capabilities, engaging in aggressive strategic investment, and continuously raising earnings per share.

Each basic policy has specific business strategies and initiatives.

**Basic Policy 1 to stimulate the Group's ability to grow by restructuring the business portfolio** has four strategies to strengthen the competitiveness of each of our businesses and the Group as a whole. The strategies are to fortify business competitiveness, set a clear R&D strategy, develop new businesses and engage in M&A, and advance our digital technologies.

The primary ways we will fortify our business competitiveness will be to 1) sustain and expand the core domestic flour milling, processed food, and yeast businesses, 2) advance growth strategies for the "made and sold locally" business model for overseas businesses, 3) advance growth strategies for the prepared dishes and other prepared foods

business, 4) set the business directions of the healthcare foods and biotechnology businesses and 5) the engineering and mesh cloth businesses, and 6) pursue new businesses.

We maintain strong domestic market presence in all of these areas. Our core businesses hold a commanding market share that has grown from roughly 30% 30 years ago to 40% presently. Our domestic processed food business offers the top brands in many categories. Our products are already essential items for distributors and consumers, and we plan to continue strengthening our brand power. Our yeast and biotechnology business headed by Oriental Yeast Co., Ltd., has over 50% domestic market share, exceeding even the share held by the flour milling business of Nisshin Flour Milling Inc. The company is highly regarded even by customers of smaller

transaction volumes with Nisshin Flour Milling's domestic business. These highly competitive standings suggest potential for the companies to boost market share even further if they work together.

We plan to leverage brand and sales power synergies like these in our core businesses to provide new value and further increase their market shares. That will enable us to offer new value at competitive prices while using digitalization to reduce costs in new ways to secure high profit levels and support the sustainable growth of the Group. Specific measures will be to acquire and conduct post-merger integration with Kumamoto Flour Milling Co., Ltd., refine our production structure, and develop and further establish the Nisshin Seifun Welna brand.

Our growth strategy for overseas milling businesses is the "made and sold locally" model in which we examine ways to transfer the Group's strengths in Japan to other countries and then to invest in growth. Reestablishing the business performance of the Australian flour milling operation will be a top priority. We are targeting raising operating profits by 42 million Australian dollars (¥4 billion) from fiscal 2022 to fiscal 2027 by securing a firm business foundation, cutting costs, leveraging the company's leading products in our areas of strength to boost sales, focusing on high-margin markets, and advancing a brand strategy. (The target amount excludes the impact of lower amortization expenses for fixed assets, including goodwill, due to the posting of impairment losses.)

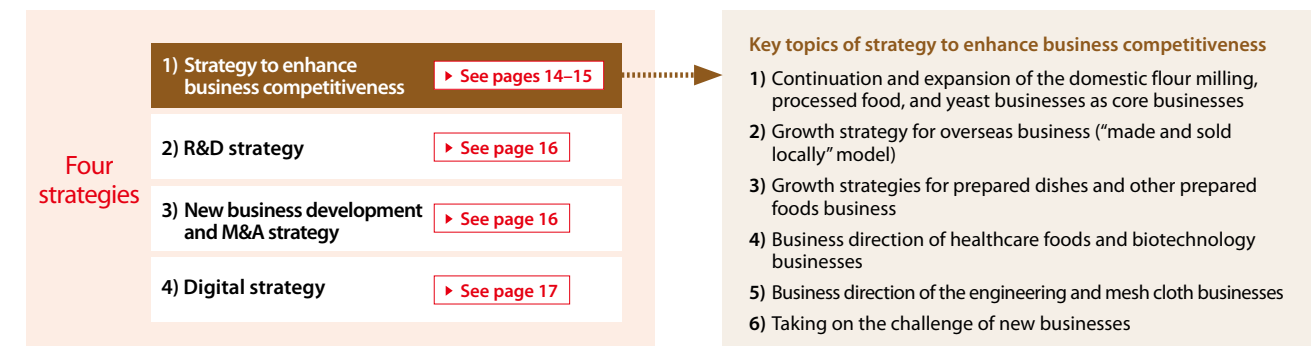
At our flour milling businesses in the United States and other countries, we will maintain their current earnings performances while investing for further business growth, reducing costs, and developing new business areas. For premixes, pasta, pasta sauces, and frozen foods in the overseas processed food business, we will continue working to build



sales of existing local businesses while also examining and pursuing investment in new businesses that utilize our in-house expertise. In India, we expect the yeast business launched in August 2022 to reach full use of its factory capacity during the medium-term management plan and boost the business's sales and profits.

In the domestic food industry, changing lifestyles have made the prepared foods market one of few growth segments. Significant competition with imported products is less likely to arise in this segment due to the need for experience in the development of Japanese prepared dishes and for chilled distribution networks. Also, this is an area where the Group can take full advantage of its labor-saving technology. We set up the intermediate holding company Nisshin Seifun Delica Frontier Inc., to lead our operations and increase sales in the segment by ensuring cost competitiveness versus rivals and strengthening cooperation

Stimulate the Group's ability to grow by restructuring the business portfolio





with the flour milling and processed food businesses as well as to bring together the Group's food develop capabilities in premixes, pastas, and other areas.

Following our guiding philosophy to "be in tune with the changing business climate," we also need to create new businesses that anticipate changes in the external environment. One example of a new direction that aligns with our corporate principle is the capital and business alliance with DAIZ Inc., maker of plant-based meat. Meat derived from plants emits far less greenhouse gases in the production

process than conventional livestock meat and is attracting worldwide attention as a next-generation food that can help address the anticipated protein crisis. We will maintain the competitive advantages of our existing businesses, acquire and develop businesses that will contribute to the Group's future, focus on innovation in food tech, functional materials, and other emerging domains, and pursue M&A and collaborations with startups to develop new businesses from a medium- and long-term perspective.

**We will strengthen relationships of trust with all stakeholders and promote management that considers the environment and human rights.**

Under **Basic Policy 2 to enhance management by clarifying our business' relationships toward our stakeholders**, the Group holding company Nisshin Seifun Group Inc. and all Group companies will work as one to continue earning the trust of customers and business partners and revitalize the organization and human resource by advancing the HR strategy, optimizing HR allocation throughout the Group, developing management personnel, promoting the active participation of women, and instituting work style reforms.

We are also focusing on returning value to shareholders and are working to enhance corporate value with a medium- and long-term horizon to maintain the appropriate level

of total shareholder return. With that objective, we are enhancing our earnings and sales capabilities to promote business growth while strategically investing to restructure our business portfolio with the aim of establishing sustaining increases in earnings per share. We will also continue to engage in two-way communication with the capital markets to maintain our status as a corporate group that is indispensable to the market.

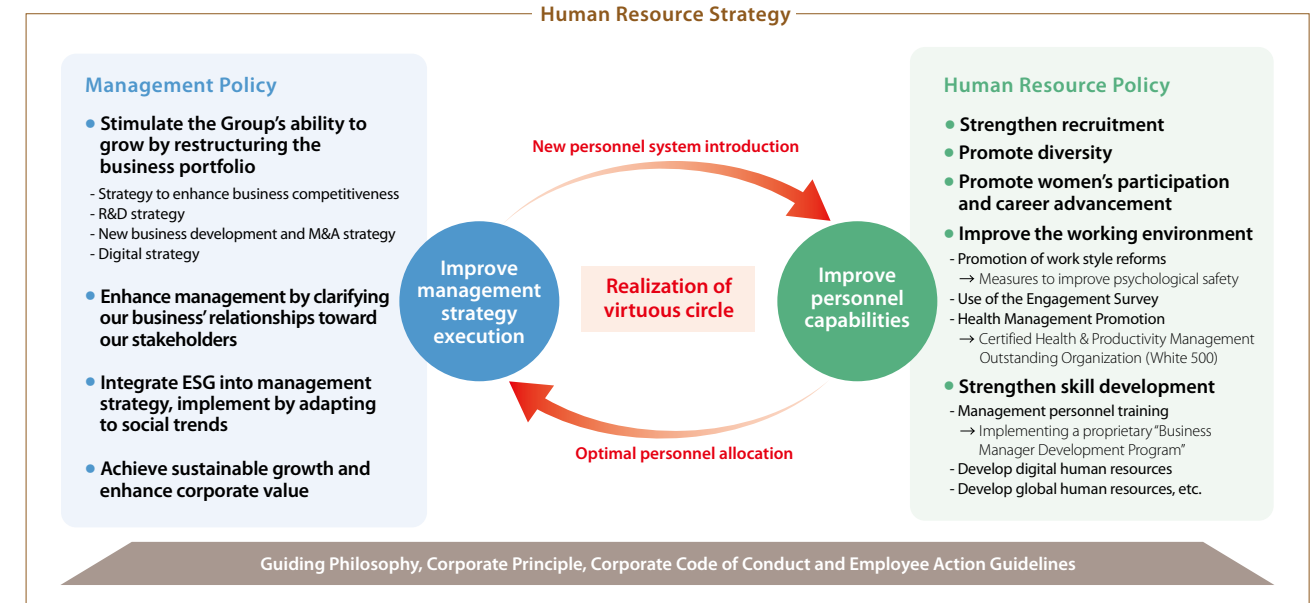
For **Basic Policy 3 to integrate ESG into management strategy and implement by adapting to social trends**, society expects companies to keep pace with social trends and proactively address ESG issues while simultaneously

**Enhance management by clarifying our business' relationships toward our stakeholders**

- Shareholders** ..... Enhance our long-term corporate value to provide appropriate total shareholder return
- Customers** ..... Offer value exceeding customer expectations in all aspects of products and services
- Employees** ..... Provide appropriate compensation and working environments and support skills acquisition
- Business Partners** ..... Engage with business partners fairly, impartially, and with a sense of ethics as equal partners
- Society** ..... Work with society and be an eco-friendly company



**Human Resource Strategy**



seeking to maximize corporate value. We consider it the responsibility of both the holding company, Nisshin Seifun Group Inc., and each of the Group companies to pursue both of these objectives. Among the ESG issues, we have made addressing environmental issues a management priority for its vital role in global sustainability.

The Group's commitment to the environment includes medium- and long-term targets for environmental issues to reduce CO<sub>2</sub> emissions, food waste, packaging and container waste, and water usage. We are also quantifying the potential impact risk of climate change on our business activities and creating a roadmap for achieving our CO<sub>2</sub> reduction targets. Among these targets, we are working to lower CO<sub>2</sub> emissions to half the fiscal 2014 level by 2030 and to continue emitting net zero CO<sub>2</sub> emissions from Group sites by 2050. We will achieve this target by maximizing the energy efficiency of our equipment and introducing renewable energy as well as by considering financing and investing in green energy procurement for off-site operations (outside the Group). The Medium-Term Management Plan 2026 includes a framework for environmental investment, and we will formulate specific capital investment plans to implement each fiscal year under the plan.

We will integrate society into our management strategies by clarifying our approach to stakeholders, as mentioned earlier, and by asking ourselves if we could clearly

explain the work we are doing to the consumer in all aspects of our business, including quality assurance. We will also continue to have all Group employees contribute to our social mission of providing a stable supply of safe and reliable products. We will also carry out exhaustive human rights due diligence throughout our operations and supply chain to identify any issues and reduce risk.

The Group's corporate culture is to constantly review the status of our governance and implement any changes needed for improvement. We also continuously review risks associated with our business activities, apply and fortify our internal control systems, and maintain constant preparedness for countermeasures. Understanding that it is impossible to eliminate all potential risks, in the event of an emergency, the corporate president and presidents of the operating companies will take the lead and make every effort to avoid a worst-case scenario.

The Group will steadily implement these specific business strategies and initiatives in each of the three basic policies of the Medium-Term Management Plan 2026 with the aim of achieving the key goal indicators in the plan's final year. By establishing sustainable growth and maximizing corporate value over the medium and long term, we aim to be a corporate group earning the unwavering support of our stakeholders. We look forward to your continued support.

# Overview of Medium-Term Management Plan 2026

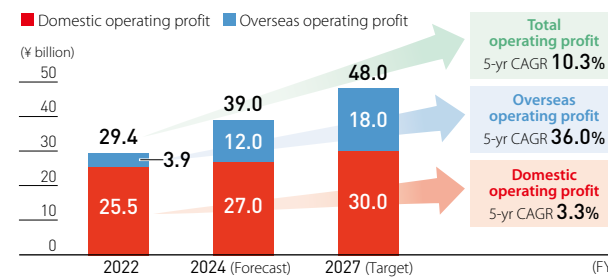
## 1. Medium-Term Management Plan Quantitative Targets

Group	FY2027 Targets	5-year CAGR <sup>*1</sup> [3-year CAGR]	(Reference) FY2024 Forecasts	(Base year) FY2022 Results
Net sales	¥900.0 billion	5.8%	¥840.0 billion	¥679.7 billion
Operating profit	¥48.0 billion	10.3% [7.2%] <sup>*2</sup>	¥39.0 billion	¥29.4 billion
Operating margin	5.3%	—	4.6%	4.3%
EPS	¥110	13.3% [6.9%] <sup>*2</sup>	¥90	¥59
ROE	7.0%	—	6.4%	4.0%

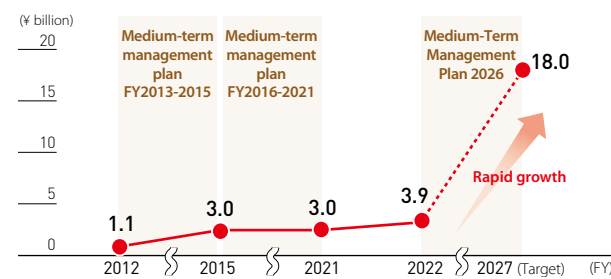
<sup>\*1</sup> Compound annual growth rate  
<sup>\*2</sup> 3-year CAGR from Fiscal 2024 to Fiscal 2027

Overseas business	FY2027 Targets	5-year CAGR <sup>*1</sup> [3-year CAGR]	(Reference) FY2024 Forecasts	(Base year) FY2022 Results
Overseas sales	¥270.0 billion	7.8%	¥240.0 billion	¥185.9 billion
Overseas sales ratio	30.0%	—	28.6%	27.3%
Overseas operating profit	¥18.0 billion	36.0% [14.5%] <sup>*2</sup>	¥12.0 billion	¥3.9 billion
Overseas operating margin	6.7%	—	5.0%	2.1%
Overseas operating ratio	37.5%	—	30.8%	13.2%

### Operating profit (Domestic, Overseas)



### Overseas business operating profit



## 2. Basic policy

See pages 10-13

## 3. Key topics of strategy to enhance business competitiveness

### 1) Continuation and expansion of the domestic flour milling, processed food, and yeast businesses as core businesses

We have earned the trust of our customers and hold a commanding share of the domestic market in our core businesses.

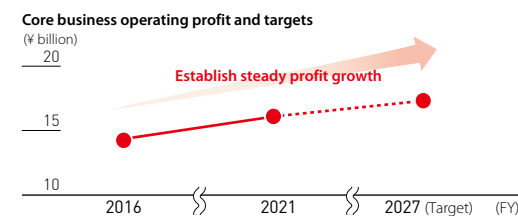
See pages 20-21

We will use strengths cultivated in each of our businesses, provide new value to expand our market share, and maintain appropriate pricing for our products. We will also lower costs in various areas to maintain our high profit levels and ensure the domestic flour milling, processed food, and yeast businesses continue to be the Group's core businesses.

#### Securing the solid business and earnings foundations that are essential for core businesses

We expect the international trade agreements to support long-term stability for our core business operations in Japan because they have provided a degree of stability to cross-border wheat transactions by setting schedules for incrementally reducing the markup on raw wheat and tariffs on secondary-process wheat products. Based on that expectation, we will actively invest in our domestic wheat business operations.

**Projects already decided** Construction of the new Mizushima Plant, Acquisition of Kumamoto Flour Milling, etc.



### 2) Growth strategy for overseas businesses ("made and sold locally" model)

Our medium-term management plan is to build our overseas businesses into a growth driver for the Group by raising their contribution to total Group operating profit from 13% in fiscal 2022 to 38% in the plan's final year of fiscal 2027. New investment overseas will be conducted after verifying the viability of applying our strengths in Japan to the overseas market.

Key topics	1. Overseas flour milling business	2. Overseas processed food business	3. India yeast business
	<ul style="list-style-type: none"> <li>Improve performance in the Australia flour milling business</li> <li>Advance initiatives to maintain and strengthen high profitability of the U.S. flour milling business and other businesses</li> </ul>	<ul style="list-style-type: none"> <li>Consider future investments (premises, pasta, pasta sauces, frozen foods)</li> <li>Promote local sales of processed foods produced at overseas production sites or shipment to Japan</li> </ul>	<ul style="list-style-type: none"> <li>Achieve profit growth through smooth launching and reaching full production capacity</li> </ul>

### 3) Growth strategies for prepared dishes and other prepared foods business

The prepared food market is one of the few growing markets in the domestic food industry. We established Nisshin Seifun Delica Frontier Inc. to lead our efforts in this market and ensure cost competitiveness to enable us to win against rival firms.

#### Market size of prepared foods and market growth

Market size of prepared foods (2021)

**¥10.1 trillion**

Market growth (compared with 2011)

**21% expansion**

Note: Estimated by the Company based on data from the Japan Ready-made Meal Association

#### Growth of prepared dishes and other prepared foods business [Net sales]

(Entered the market for prepared dishes and other prepared foods in 1999)

[Subsidiaries in prepared dishes and other prepared foods business]

- SANKO Co., Ltd. 1999 – 2005 (Merged by Initio Foods Inc.)
- Initio Foods Inc. 2004 –
- Joyous Foods Co., Ltd. 2016 –
- Tokatsu Foods Co., Ltd. 2019 –

FY	Net sales
1999	0
2012	11.7
2017	36.5
2022	138.4
2027 (FY)	180.0

Continuing growth

#### Nisshin Seifun Delica Frontier Inc.

Strengthen the business foundation for growth of the prepared dishes and other prepared foods businesses by restructuring the production system, enhancing procurement capabilities, and ensuring cost competitiveness

### 4) Business direction of healthcare foods and biotechnology businesses

We aim to grow the health and biotechnology business by creating synergies between the personal nutrition (offering personalized health food products) in the health food business and the biomarkers (such as advanced glycation end-products) in the biotechnology business.

### 5) Business direction of the engineering and mesh cloth businesses

Both businesses have world-class technical capabilities and knowledge and are looking to expand their business ranges either organically or through external collaborations. They will also look to combine their technologies to pursue business collaborations in the electronic components and other markets. The mesh cloth business will leverage its technological superiority to increase its profits by applying its products to applications related to the environment and creating a sustainable society.

### 6) Taking on the challenge of new businesses

Please see new business development and M&A strategy. See page 16



#### 4. Key strategies to accelerate the Group's growth

##### 1) R&D strategy

Secure competitive advantages in Japan and overseas to drive the Group's growth and generate cyclical growth by using our businesses to address social issues and enhancing corporate value.

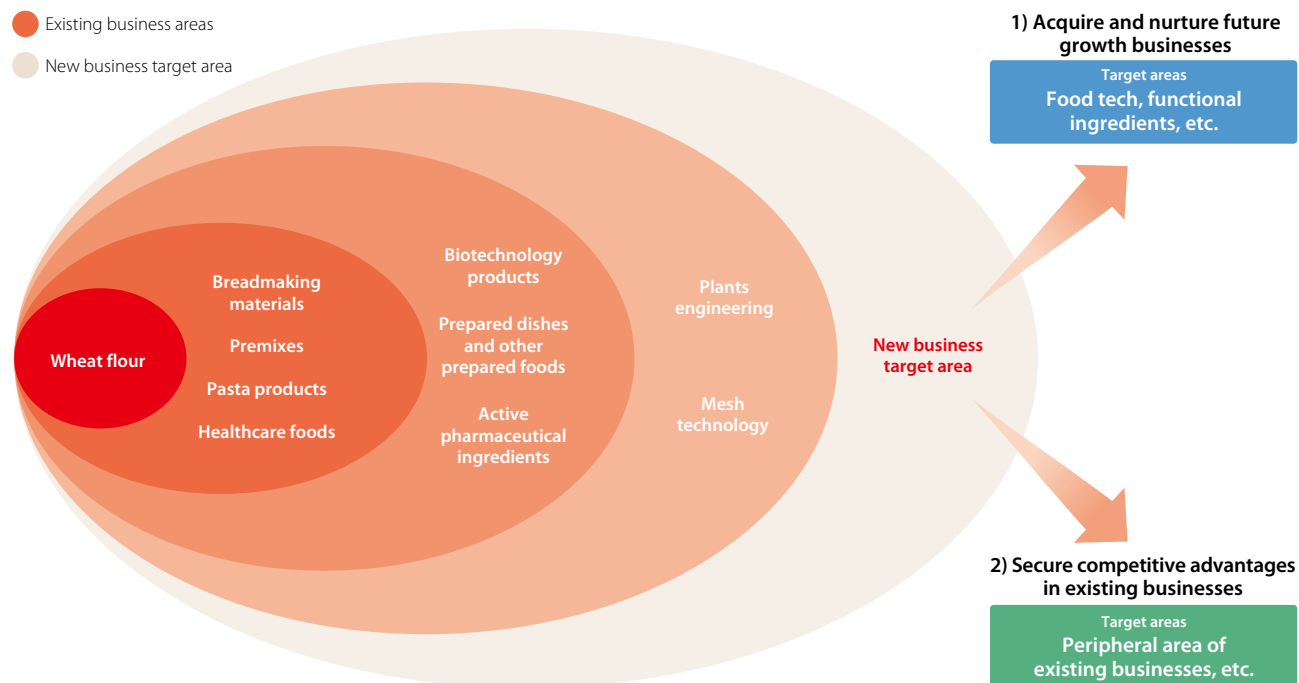
##### Research topics in focused R&D areas

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 anti-aging, and <b>use our business to extend healthy life expectancy.</b>
Processing technology for prepared dishes and other prepared foods	<b>Strengthen competitiveness</b> by promoting R&D in cooking and processing technologies that improve the taste, aroma, color, texture, and other qualities of prepared foods, and R&D in microorganism control technologies that lead to longer expiration dates (waste reduction, including in the supply chain).
Food tech	<b>Develop new businesses and secure competitive advantage in existing businesses</b> by engaging in R&D in technologies to solve food-related problems, such as the protein crisis and food loss, with an eye to collaborating with startup companies.
Automation	<b>Realize additional labor and energy savings</b> in the prepared dishes and other prepared foods business, the flour milling business, and other businesses by leveraging digital technology (AI, IOT) and robotics technology.

##### 2) New business development and M&A strategy

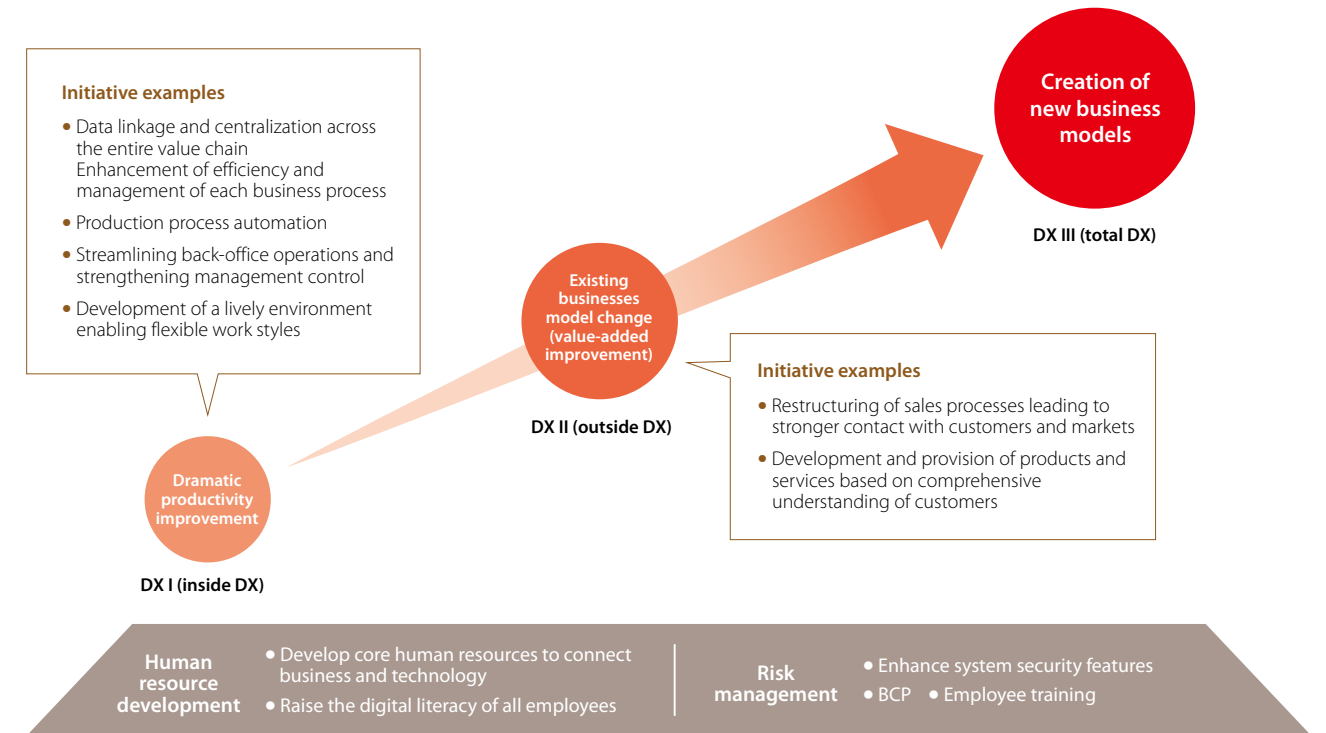
Secure competitive advantage in existing businesses, acquire and nurture businesses that will become the future core businesses succeeding our flour milling, processed foods, yeast, and prepared dishes and other prepared foods operations. Promote new business development through M&A and collaboration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

##### Target areas for existing and new businesses



##### 3) Digital strategy

Actively incorporate digital technology to dramatically improve productivity, revise the business models of existing businesses, create new business models, and enhance our competitiveness. In addition, continuously verify and review our system structure to strengthen resilience against cyber-attacks, and continue securing and training digital technology human resources.



##### 4) Human resource strategy [▶ See page 13](#)

Enhance our ability to execute management strategies and advance human resource strategies as the foundation of a company that values all stakeholders and aims to be trusted all around the world.

##### 5. Environment policy [▶ See pages 30-37](#)

The Group has set medium- and long-term targets for environmental issues for reducing CO<sub>2</sub> emissions, food waste, container and packaging waste, and water usage. We are also quantifying the potential impact risk of climate change on our business activities and creating a roadmap for achieving our CO<sub>2</sub> reduction targets. In line with our basic policy, we will formulate and implement specific capital investment plans for achieving the environmental targets, and Medium-Term Management Plan 2026 includes a budget to cover the necessary costs.

##### 6. Capital policy [▶ See pages 18-19](#)

Group management maintains control of the capital structure with an appropriate balance of financial stability and steps to improve capital efficiency while giving full consideration to our social responsibility to provide a stable supply of flour and other food staples.

**Website** Please see our homepage for more details about the Medium-Term Management Plan 2026 [https://www.nisshin.com/english/shareholders/management\\_plan.html](https://www.nisshin.com/english/shareholders/management_plan.html)





**While balancing financial stability and steps to improve capital efficiency, we will invest with the aim of continuing to increase EPS with adequate consideration to our social responsibility to provide a stable supply of food staples.**

**Akira Mori**  
Director, Senior Managing Executive Officer  
(In charge of Corporate Planning Division and Finance and Accounting Division)

Medium-Term Plan **Basic Policy 1** Stimulate the Group's ability to grow by restructuring the business portfolio

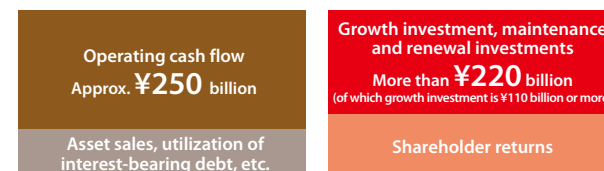
**Growth investment**

Under the strong leadership of the new president, Medium-Term Management Plan 2026 calls for aggressively investing in growth to continue raising earnings per share. During the five years of the plan, we will seek to generate ¥250 billion in operating cash flow, all of which will be used for investment and shareholder returns.

The funds generated will be primarily used for investment to sustain and bolster the steady cash flow of the core businesses that hold leading market shares in their business domains. In the flour milling business, we plan to construct a new plant in the Mizushima district and purchase Kumamoto Flour Milling. In the processed foods business, we plan to develop and expand the Nisshin Seifun Welna

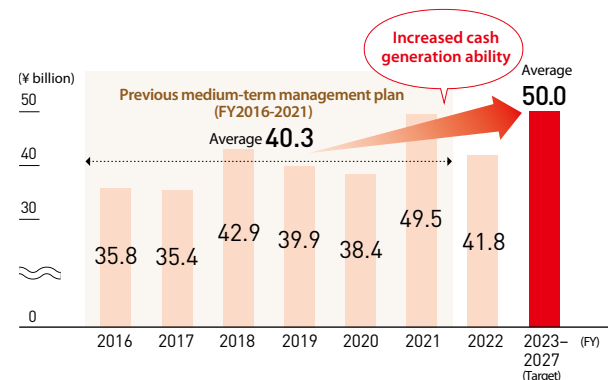
brand. Our next priority will be to ensure sustainable growth by investing in the areas of the environment, digitalization, new business development and M&A, R&D, and human resources development in all fields. Funds will also be used for shareholder return through consistent dividend distributions.

**Five-year cumulative cash-flow plan**

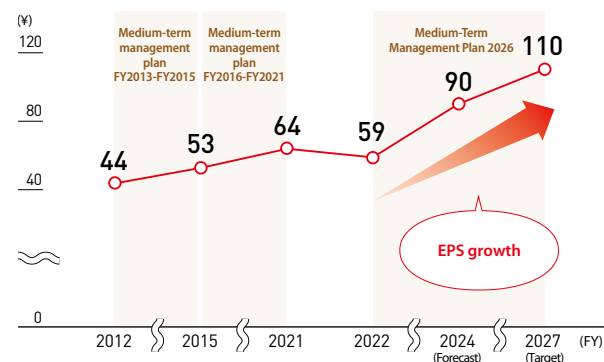


¥15 billion for environmental investment and ¥15 billion for digital investment as components of growth investment

**Group operating cash flow and targets**



**EPS and targets**



Medium-Term Plan **Basic Policy 2** Enhance management by clarifying our business' relationships toward our stakeholders

**Human resources investment**

**Human resources strategy investment linked to the management strategy**

Human resources is a key theme in the Medium-Term Management Plan 2026. Hiring and training human resources, including mid-career professionals, in the environmental, digital, new business, and R&D areas is essential to achieving our growth strategy. We are increasing investment in human resources on the expectation that our business and human resources strategies will synergize and be mutually beneficial.

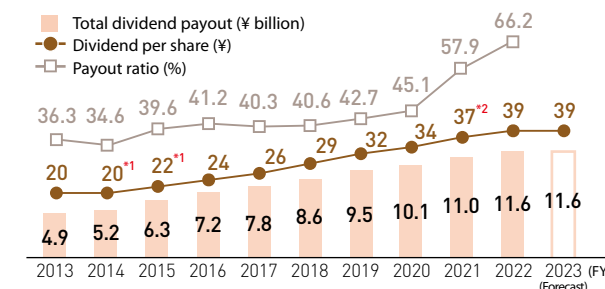
**Shareholder returns**

**Long-term perspective for stable shareholder returns**

Our basic policy is to maintain stable dividends from a long-term perspective, and we have specifically set a baseline consolidated dividend payout ratio of 40%. We also actively monitor for advantageous conditions for dividend distribution. We seek to increase earnings per share by optimizing our business portfolio and, as a result, to realize share price value and an appropriate level of total shareholder return that earns the trust of our shareholders.

When surplus investment funds are available, while taking into account future funding needs, we will consider share buybacks and other forms of providing shareholder returns.

**Total dividend and dividend payout ratio**



\*1 Stock splits of 1:1.1 were conducted on October 1 of 2013 and 2014. The annual dividend per share was unchanged, but the effective dividend per share increased.  
\*2 Fiscal 2021 included a ¥2 dividend per share to commemorate the 120th anniversary of the Company's founding.

**Strategically held shares**

**We are reviewing and reducing strategically held shares while understanding that strong business partner relationships are essential to ensuring stable supply**

Our Group's most important mission is to reliably deliver wheat flour and other staple foods to consumers. To fulfill the mission, it is essential that we construct and cultivate long-term stable relationships with our business partners in the supply chain. The strong relationships we have today have been cultivated over many years, and maintaining and strengthening these relationships is essential for us to continue maximizing our corporate value in the future.

At the same time, we regularly review the rationality of maintaining the strategic shareholdings and, if we determine that there is no reasonable function to possessing the shares, we will divest the shares without being bound by the past.

**Improving financial soundness and capital efficiency**

**We are seeking to improve our capital efficiency while ensuring financial stability**

The importance of financial soundness to corporate performance became abundantly clear during the COVID-19 pandemic. The pandemic reminded us that maintaining a strong financial foundation is absolutely essential to business continuity. This is particularly true given the social significance and crisis resilience of our business and considering the need to be able to continue operating even during a severe disaster.

At the same time, we believe it is essential to improve capital efficiency while appropriately managing our capital investments as we restructure our business portfolio. We plan to consider setting performance indicators to serve as gauges that will help ensure we maintain appropriate capital efficiency.

Medium-Term Plan **Basic Policy 3** Integrate ESG into management strategy, implement by adapting to social trends

**Environment set as a top-priority management issue with a ¥15 billion investment budget**

The Medium-Term Management Plan 2026 includes a five-year ¥15 billion budget for environmental investment to put us on track to attain our goal of net-zero CO<sub>2</sub> emissions for the Group in 2050. We believe these investments will have positive economic effects for the Group and also contribute to raising the Group's corporate value in the future by elevating the view of the Group in society and the capital markets. We are

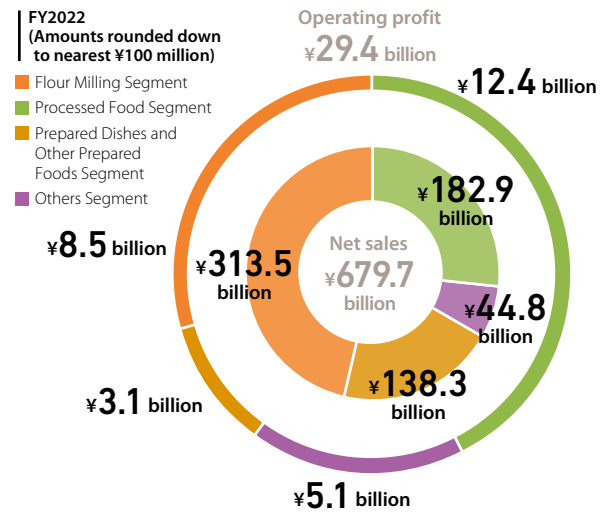
planning to install maximum-efficiency equipment and use renewable energy at the Mizushima Plant being constructed for the flour milling business. We are also considering the feasibility of off-site investment for procurement of power generated using renewable energy.

As we invest in the development of businesses, such as food tech, we believe it is important to consider not just their potential to generate revenue but also how they can address environmental issues.



# A solid presence in a range of markets

The Nisshin Seifun Group's core domestic flour milling, processed foods, and yeast businesses command overwhelming market share in various categories supported by the trust of its customers and its ability to provide a reliable supply of high-quality foods. The Group is also expanding its operations in the growth domains of prepared dishes and other prepared foods and overseas businesses. In addition, the Group is using its technologies and R&D capabilities to establish solid positions in the health food, biotechnology, engineering, and mesh cloth business fields.



## Flour Milling Segment

### Flour Milling Business

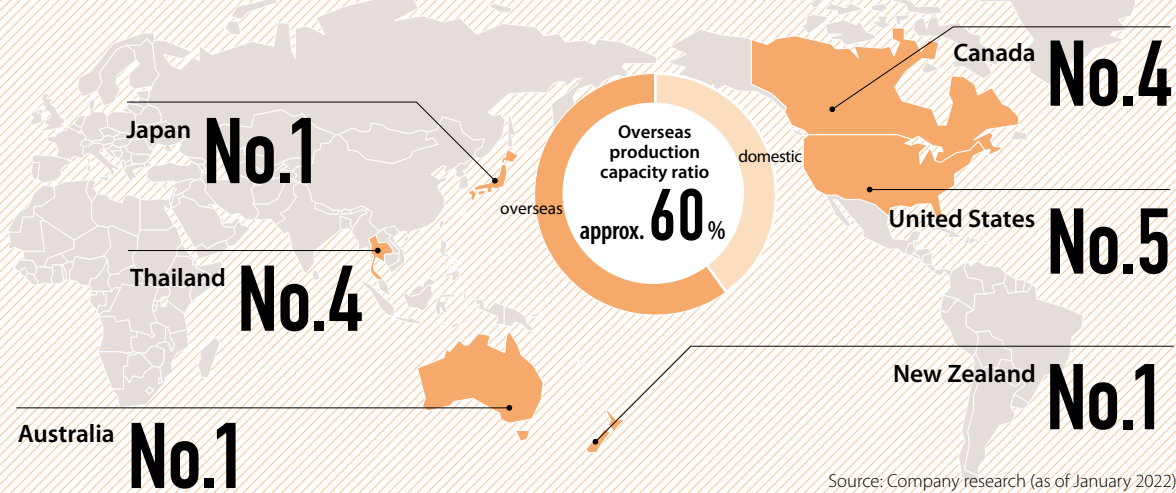
We are the leading company in the domestic milling industry and are working to increase productivity and ensure reliable supplies. With production bases in North America, Oceania, and Asia, our overseas production capacity has grown to surpass our capacity in Japan.

▶ Market rank of wheat flour sales in Japan (weight basis)

**No.1**  
(39.5% market share)

Source: Nikkan Keizai Tsushin Co., Ltd. (fiscal 2021)

▶ Group wheat flour production capacity rank by country



Source: Company research (as of January 2022)

## Prepared Dishes and Other Prepared Foods Segment

### Prepared Dishes and Other Prepared Foods Business

In this business area, we offer a full lineup of products in a wide variety of categories. Our focus is the application of our group-wide capabilities to product development and manufacturing process automation.

▶ Number of manufacturing sites in Japan

**24**

(as of July 2022)



## Processed Food Segment

### Processed Food Business

The Processed Food Business offers a wide variety of delicious and easy-to-prepare ambient temperature and frozen products for consumers. The business is expanding from Japan to worldwide.

▶ Market rank of the domestic household-use products

**No.1** in the following categories

Source: Intage SRI+ research\*

Okonomiyaki pancake flour  
**43.5%**

Frozen pasta  
**39.5%**

Pasta sauce  
**32.5%**

Wheat flour  
**67.9%**

Pasta (spaghetti)  
**43.1%**

Tempura mix  
**60.1%**

Karaage deep-fry mix  
**60.1%**

\* Percentages represent shares of total market sales. The data periods for the No. 1 market shares for flour, pasta (spaghetti), pasta sauce, and frozen pasta (frozen cooked spaghetti and sauce) are April 2021- March 2022, for okonomiyaki pancake flour and tempura mix are April 2020- March 2022, and for karaage deep-fry mix April 2019- March 2022.

### Yeast and Biotechnology Business

As Japan's first manufacturer of bread yeast, the Yeast and Biotechnology Business contributes to a vibrant bread market by constantly introducing new technologies and developing and supplying yeast products from the customer's perspective.

▶ Domestic ranking of yeast production volume

**No.1** (approximately 50% market share)  
Source: Company research

### Healthcare Foods Business

In this business area, we use our original technologies to carry out R&D, and to manufacture and sell safe, high-quality health foods, functional food ingredients, and active pharmaceutical ingredients.

▶ Number of patent applications in Japan

**No.3**  
Japanese health food makers (single companies)  
Source: Company research

## Others Segment

### Engineering Business

The Engineering Business has technologies and expertise spanning powder processing, equipment production and sales, and plant construction. The business has earned the trust of its customer base and is steadily expanding earnings outside of the Group as well.

### Mesh Cloth Business

Our technology in this business area has advanced from flour milling sieve nets to a wide range of mesh cloths. We supply high-performance mesh cloth for screen-printing applications in markets around the world, primarily for the electronics industry.







# Leveraging Group strengths, we create new value backed by our trusted Nisshin brand

Our founding commitment to building the trusted Nisshin brand

Group strengths that build and maintain our trusted Nisshin brand



## Our founding commitment to building the trusted Nisshin brand

Ever since its founding in 1900, the Nisshin Seifun Group has built a reputation as a trusted brand by reliably supplying safe foods through business activities following our guiding philosophies of “the basis of business is built on trust” and to “be in tune with the changing business climate” along with our corporate principle to “contribute to a healthy and fruitful life for all.”

### Things that change

Our constant challenge in a continually changing business environment is to remain in tune with changing needs. Our ongoing mission is to provide our products and services reliably. We continue to achieve growth through change, including diversification into new business areas, the development of products embodying new concepts made possible by research and development, endless efforts to reduce costs, and the development of flexible production structures.

### Things that never change

Our business environment may change, and our business areas may expand. However, we will never change our commitment to reliability backed by safety, which will continue to be manifested in the development and maintenance of thorough quality assurance systems, our continual focus on research and development and innovation, and our determination to communicate in good faith with all stakeholders.

### Working in good faith with all stakeholders

A wide range of people are involved at each stage of the journeys that deliver our flour and products made from our flour to the

dining tables of Japan. They include wheat growers in Japan and overseas, government agencies dedicated to ensuring reliable supplies of wheat to Japan, the wholesalers who maintain supply networks, the customers who process our flour into products for consumers, and the consumers who provide input about their needs and preferences. The Nisshin Seifun Group has consistently worked in good faith with all of these valued partners.

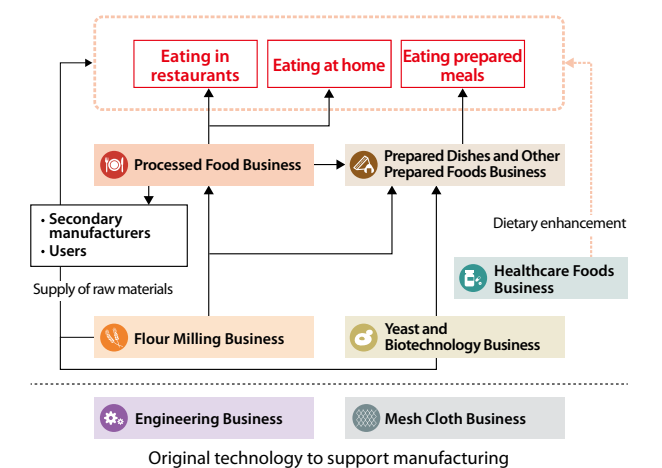
By maintaining all of these activities, we have been able to build a resilient business portfolio, the capacity to create new value through research and development, advanced product manufacturing capabilities, and product safety and reliability backed by quality assurance systems and stable supply chains. These strengths have been the building blocks for the reputation of the Nisshin Seifun Group as a brand synonymous with trust. They are manifested in decades-long business relationships with our many customers, product brands that are widely supported by consumers, such as Nisshin, Ma•Ma, and Ao-No-Dokutsu, and consistently large shares of the domestic markets for commercial flour and yeast, and the markets for many types of household products. Our reputation as a trusted brand has also created a virtuous circle that further enhances our strengths.



Strength 1  
A flexible and resilient business portfolio covering products for a wide variety of eating options

From its origins as a flour-milling company, the Nisshin Seifun Group has steadily expanded its business portfolio in step with changing needs. The Group has diversified into the yeast business, and during Japan's period of high economic growth, it brought new choices to Japanese dining tables by launching household-use flour and macaroni. Through our premix business, we have helped our customers to improve productivity and build extensive product lineups. Anticipating growth in the percentage of women working outside of the home, we also moved into the frozen food business and began to supply prepared dishes and other prepared foods. In addition, we are expanding the potential of our health food business, through which we help people to enhance their diets, our engineering business, through which we contribute to quality and efficiency in manufacturing, and our mesh cloth business, through which we continually create new technologies and value. We also create new value by bringing new ideas from outside the Group through joint research and open innovation.

### Creating new eating options through our wide-ranging businesses and products





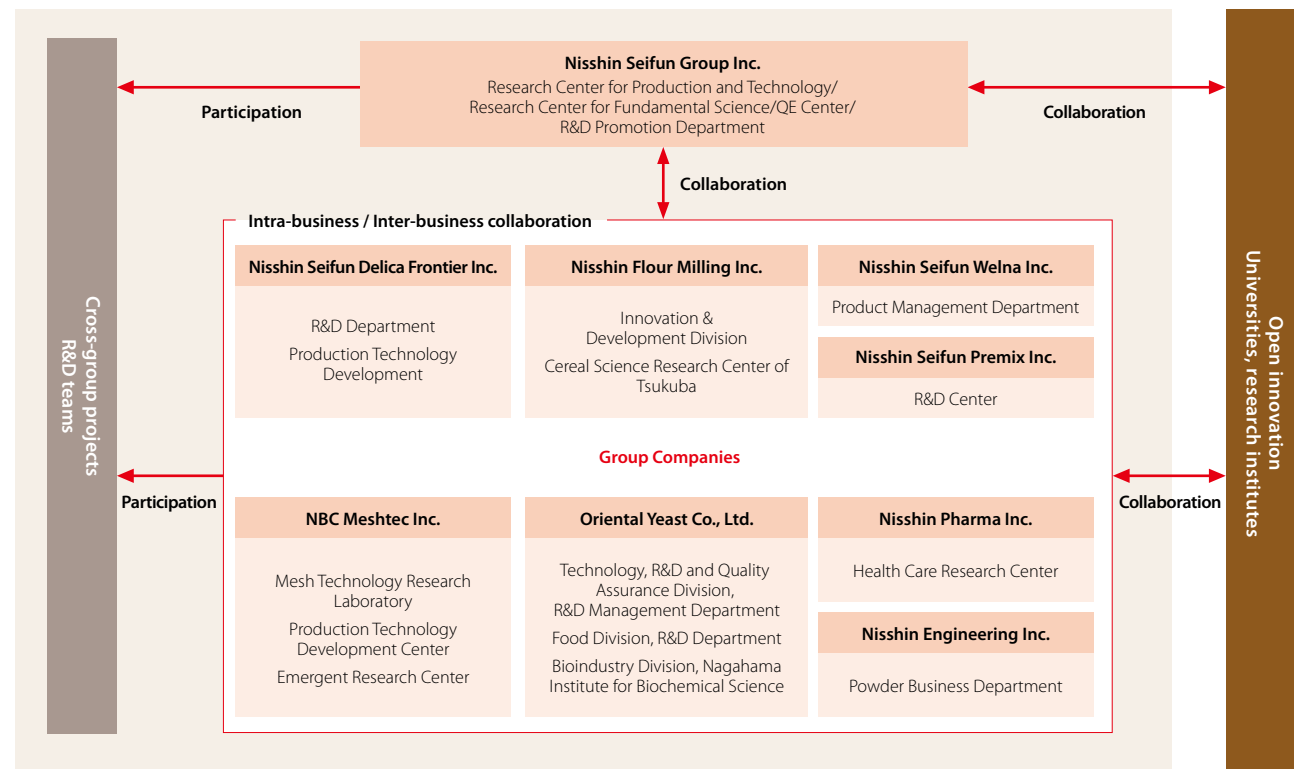
Group Strengths that Contribute to Value Creation



Applying the Group's internal and external strengths and multifaceted R&D to specific business needs

The Nisshin Seifun Group has a mutually integrated R&D system designed to harness the strengths of Nisshin Seifun Group Inc. and each of our companies. The Group has highly refined capabilities in all phases of R&D, from fundamental research to developing products that are delicious, simple, and convenient, through to the development of secondary processing

technologies that align with the customer's perspective. By quickly acquiring the patent rights to intellectual property resulting from our research and prioritizing its strategic use in our business activities, we preserve our competitive advantage and satisfy our customers with our unparalleled product quality. We also seek to generate new value through collaborative research, open innovation, and other methods to incorporate input from outside the Group.



New products resulting from research focusing on the health functions of wheat

As a leader in wheat-related industries, the Nisshin Seifun Group further explores the potential of wheat through research that leads to the discovery of additional health benefits from whole wheat flour, bran, and other wheat products. One of the successes to emerge from this work in 2021 was SF Bran, a wheat bran product developed under the leadership of Nisshin Flour Milling Inc. using an original production method created by the Nisshin Seifun Group. SF Bran is wheat bran containing a standardized amount of the dietary fiber arabinoxylan. It is supplied to commercial users as a functional

ingredient. SF Bran is marketed for home use as NatuBran, which was launched by Nisshin Seifun Welna Inc. in February 2022 as a food with functional claims. Other Nisshin Seifun Group products containing SF Bran include hotcake mixes and frozen pasta. These foods with functional claims are helping consumers to achieve good health while enhancing their enjoyment of food. The Nisshin Seifun Group will continue to pursue fundamental and basic research leading to the creation of new products that benefit consumers.



Nisshin Karada Ni Oishii Koto —NatuBran

Milling expertise and technology key to the consistently high quality of hundreds of types of wheat flour

The wheat used by the Nisshin Seifun Group as a raw material is an agricultural product. This means that different shiploads of wheat can exhibit quality differences, even when they are of the same variety and grown in the same year. However, the wheat flour used in secondary processed flour products, such as bread, noodles, and confectionary, must have consistent quality characteristics in the same way as the raw materials used in any manufactured product. Depending on the types of secondary processed products in which it is used, variations in the quality of wheat flour can result in lower yields and food waste. The Nisshin Seifun Group supplies hundreds of different types of flour with characteristics to suit the specific purposes for which they are used by our customers. We adjust the attributes of each product by blending multiple varieties of wheat to ensure that our customers can use Nisshin Seifun Group products with confidence that processed flour products made with our flour will always be of optimal quality. That is why customers trust the Nisshin Seifun Group.



Commercial wheat flour

during heat treatment, impart a variety of properties to the resulting flour, including gluten denaturation or starch gelatinization. We use these effects to develop tempura mixes that create delicious crispy tempura when fried, and bread mixes that produce soft, springy bread. The result is products that facilitate our customers' manufacturing operations and satisfy the preferences of consumers.

Deep pool of engineering talent

Since its founding, the Nisshin Seifun Group has been involved in flour milling, an industry that is heavily reliant on large-scale industrial facilities. Other product categories include prepared dishes and other prepared foods, which require production lines staffed by large numbers of workers. The characteristics of our factories vary according to the products that they manufacture, but they all have large teams of engineers whose task is to maintain stable operations. In addition, our engineering business employs numerous engineers on plant construction projects within and outside of the Nisshin Seifun Group. Engineering technology and expertise are shared among Group companies through personnel exchanges within the Group. For example, engineers from operating companies are frequently seconded to the Nisshin Seifun Group Inc. Research Center for Production and Technology and the Technology and Engineering Department. In addition to their work in Japan, our engineering staff also gain overseas experience, including work on plant construction projects in other countries. They also support the expansion of our overseas business operations by learning the latest technologies through overseas study. Another key role for our engineers is the improvement of production line efficiency and productivity by combining expertise learned from previous generations with knowledge of automation technology gained through their own experience.

Providing value that meets customer needs through technology

Our flour appears on dining tables after being transformed into products ranging from bread and noodles to fried food and okonomiyaki pancakes. The Nisshin Seifun Group carefully selects the wheat used to produce flour and further enhances the potential uses of its products through the utilization of numerous manufacturing technologies, such as heat treatment, granulation, pulverization, and classification. For example, processes used during production, such as the application of heat and addition of water



Nisshin Kotsunoiranai tempura butter mix Agejozu



Engineering personnel attend training courses overseas



Strength 4

Safe and reliable products backed by comprehensive quality management



Safety and security backed by rigorous quality assurance in all processes

Ever since its founding in 1900, the Nisshin Seifun Group has worked to earn the trust of society through business activities following our guiding philosophies of “the basis of business is built on trust” and “to be in tune with the changing business climate” along with our corporate principle to “contribute to a healthy and fruitful life for all.” This commitment is reflected in business activities based on the following Quality Assurance Policy.

The Quality Assurance Policy of the Nisshin Seifun Group

Every Nisshin Seifun Group employee practices quality assurance from the viewpoint of consumers, asking themselves whether they could clearly explain the work they are doing to the consumer.

1. The Nisshin Seifun Group defines quality assurance as accountability to consumers about the safety and reliability of every aspect at every stage of our business, including manufacturing.
2. We create structures to ensure regulatory compliance and product safety at every stage of the supply chains that deliver our products to consumers, from safety assurance for raw materials, to development, production, marketing, distribution, and storage.
3. We will consistently implement quality assurance from the viewpoint of consumers in line with our commitment to reliably supplying safe, high-quality products.
4. We will continually enhance the Group's quality assurance systems by obtaining and administering certification under international management system standards.

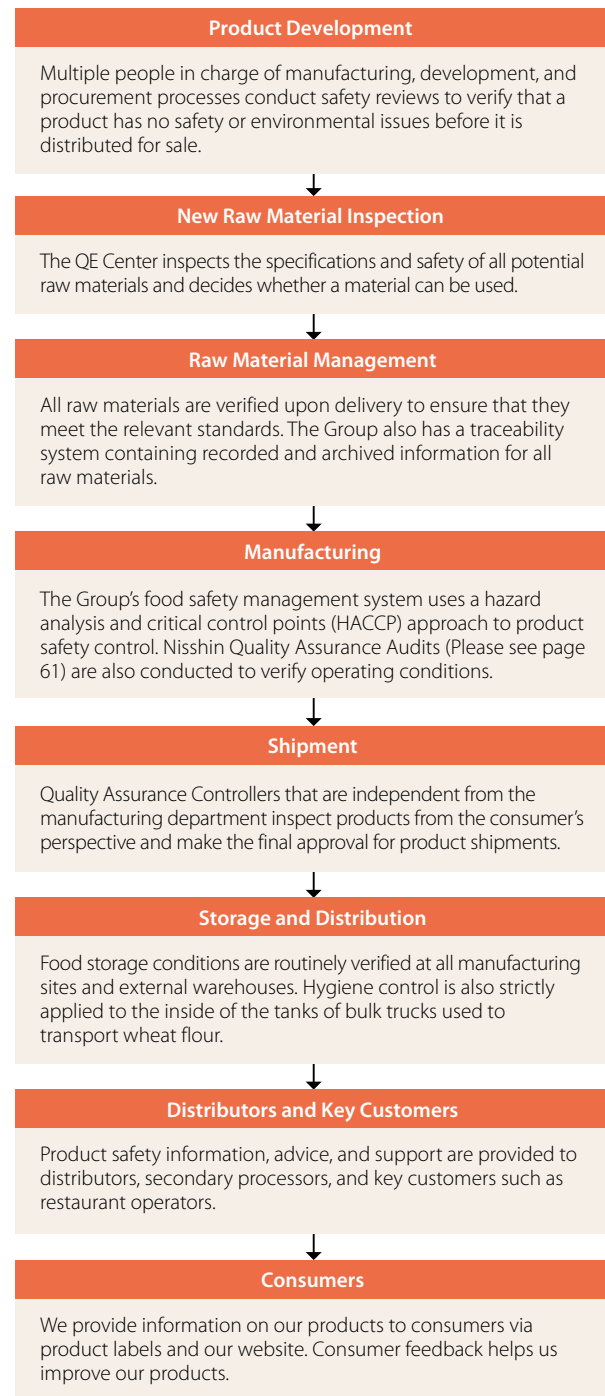
Full quality assurance in all processes

Food safety management systems and Quality Assurance Controllers ensure the safety of all processes from product development and raw material procurement through to manufacturing and distribution. The Nisshin Seifun Group's Quality Exam (QE) Center verifies, inspects, and advises all Group companies on the safety of new raw materials and final products to be released into the market and continually monitors the safety of existing products.

Each operating company also has Quality Assurance Controllers that are independent from the manufacturing department and provide a third-party approach to verifying quality and approving products for final shipment, for which they have the same level of authority as plant managers.

The safety and reliability of products as well as food defense are also ensured through auditing and monitoring of business sites.

Quality control throughout the food supply chain



**Website** Safety and Reliability (Quality assurance information)  
<https://www.nisshin.com/english/safety/>

Strength 5

Business continuity planning to ensure stable supplies of food



Enhancing our preparedness to maintain stable supplies of safe and reliable food products

As a food manufacturer, the Nisshin Seifun Group is fully committed to ensuring the high quality and safety of its products and to providing a reliable supply of wheat flour and other staple foods. We believe that fulfilling these responsibilities will contribute to sustaining business growth and raising corporate value through the medium and long term.

Food supply stability has become an increasingly important priority in recent times due to problems relating to the COVID-19 pandemic and the situation in Ukraine, as well as the impact of climate change on grain production. The Nisshin Seifun Group is enhancing its preparedness for natural disasters, epidemics, and other contingencies under a business continuity plan (BCP) designed to maintain stable supplies of safe and reliable flour and other foods.

Formulating the business continuity plan

We prepare for such contingencies by formulating a business continuity plan (BCP) to ensure that the Nisshin Seifun Group can continue to fulfill its responsibility to supply food reliably. Every year we check and revise our BCP manual and plan and implement BCP-related simulation exercises during BCP enhancement month. The purpose of these activities is to ensure that we can respond quickly in the event of an emergency.

Countermeasures in plants

In 1995, the Great Hanshin earthquake damaged Nisshin Flour Milling's Higashinada Plant and the Kobe Plant (closed in 2004). The earthquake caused major damage, including the collapse of embankments due to liquefaction, as well as silo pile fractures and the collapse of the unloader, a suction system used to offload grain from ships.

Drawing on the lessons learned from this disaster, we have implemented liquefaction countermeasures and seismic isolation systems at the Tsurumi Plant, which is Japan's largest flour mill. In addition, our multi-story automated warehouses at the Fukuoka and Chita Plants, which began operating after the 2011 Great East Japan Earthquake, feature vibration suppression systems designed to limit shaking and prevent rack collapses. Even in the event of a major earthquake, these systems will minimize damage and ensure that we can continue to provide reliable supplies of wheat flour.

In addition to earthquake preparations, we are also

implementing countermeasures based on monitoring of the latest hazard scenarios for storm surges, floods, tsunamis, and other disasters, in response to the increasing scale and frequency of major natural disasters.

Examples of business continuity initiatives

Grain unloading equipment retrofitted with seismic isolation systems

The Tsurumi Plant has its own dock with a system that unloads grain from grain carriers. This grain unloader is the first in the world with legs protected by seismic isolation devices.



Coordination among production sites

We are establishing production capacity at multiple sites with the aim of maintaining production even if unforeseen situations occur. For example, Nisshin Seifun Welna Inc. implements countermeasures based on coordination among its domestic and overseas plants, such as the transfer of production operations for pasta, pasta sauces, premixes, and other items.

Nisshin Seifun Welna is building a resilient production structure that will enable it to supply products reliably from other plants if customers relocate their operations to other production sites due to COVID-19 infections, or if container shortages or other problems occur at a particular site.

Logistics countermeasures

Logistics countermeasures are vital to the maintenance of reliable supplies of products to customers and consumers in the event of a major earthquake or other disaster. The Nisshin Seifun Group has access to multiple transportation modes, including trucks, trains, and ships, for each transportation route. We are also decentralizing our logistics operations by maintaining product storage facilities in appropriate locations. Other measures include the preferential selection of outside storage facilities with earthquake-resistant seismic isolation structures.





**We will contribute to realizing a sustainable society while being sensitive to the rapidly changing times and society's evolving needs.**

**Naoto Masujima**  
 Director, Senior Managing Executive Officer  
 Division Executive, General Administration Division

**Our mission in the current social conditions**

The business environment is becoming increasingly complex with rising food prices worldwide and the situation in Ukraine in addition to the intensification of weather events from climate change—all of which are having increasingly stronger impacts on society and the economy. Amid these major changes in the business environment for our companies, the Group is fully committed to our fundamental mission to ensure a stable supply of wheat flour and other food staples and provide safe and reliable products. At the same time, we will continue listening to our stakeholders and following our corporate principle of “contributing to a healthy and fruitful life for all.”

The new medium-term management plan reclarifies the approach we take to relationships with each of our stakeholders. In our relationship with society, we are committed to working together with society to be an environmentally friendly company. For our employees, we will ensure proper compensation and work environment and help them acquire necessary skills. We will formulate and implement specific measures to deepen these relationships, which will be an important element in establishing the sustainable development of our Company.

**Focus on the environment, human resources, and human rights**

The Group has identified five CSR priorities as our issues of materiality that require priority attention. We are placing special emphasis on strengthening our initiatives related to environmental issues beginning with responding to climate change, development of our organization and human resources for business growth, and human rights both within our Group and throughout the supply chain. Addressing environmental issues is of particular importance and a top priority for management as we take the steps needed to achieve our long-term goals of reducing CO<sub>2</sub> emissions by 50% by 2030 (compared to fiscal 2014) and to net zero in 2050. In fiscal 2022, we installed or increased solar power

generation equipment at Nisshin-STC Flour Milling in Thailand and at several production sites in Japan. We plan to create roadmaps including environmental investment in each Group business for concrete steps to continue lowering CO<sub>2</sub> emissions. We also introduced an internal carbon pricing scheme in September 2022, which gives us better visualization of the financial impact of CO<sub>2</sub> emissions, which we can then use for investment decisions.

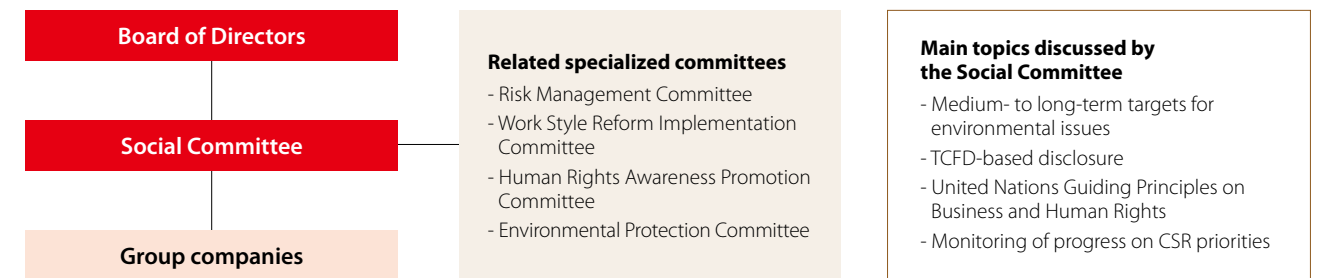
In addition, we are also responding to the changing views on work styles being brought about by digitalization and the COVID-19 pandemic. To create new value in the current conditions, we believe it will be essential to reskill employees and in fiscal 2022 began providing opportunities for employees to learn new skills, including training in digital transformation. Also in fiscal 2022, we prioritized “improving psychological safety” for officers and employees. Our employees are vital to the Group’s growth, and we will continue working to create a corporate culture that embraces diverse values and encourages active discussion so employees can fulfill their potential.

In the area of human rights, countries around the world are forming action plans and legislation for human rights in business activities, and it is essential that we take further steps to protect human rights both in Japan and all countries where we conduct business activities and procurement. Our human rights due diligence initiative begun in fiscal 2022 is identifying human rights risks in the flour milling, processed food, and prepared dishes and other prepared foods segments. The initiative is focusing on high-priority risks and actively advancing prevention and mitigation measures. We intend to broaden the scope of these efforts to the other business segments and overseas subsidiaries to step up our efforts to protect human rights throughout our supply chain.

The Social Committee and Board of Directors will continue holding in-depth discussions on these issues, and our management will continue incorporating action on social and environmental issues into our business strategies. We aim to be a corporate group that is helping realize a sustainable society with the full support of stakeholders around the world.

**CSR Activity Structures**

CSR initiatives in the Nisshin Seifun Group are promoted by the Social Committee, which serves under the Board of Directors and is chaired by the Director in charge of the General Administration Division. The specialized committees and departments associated with specific CSR initiatives also work with the Group companies to advance our priorities on each theme.

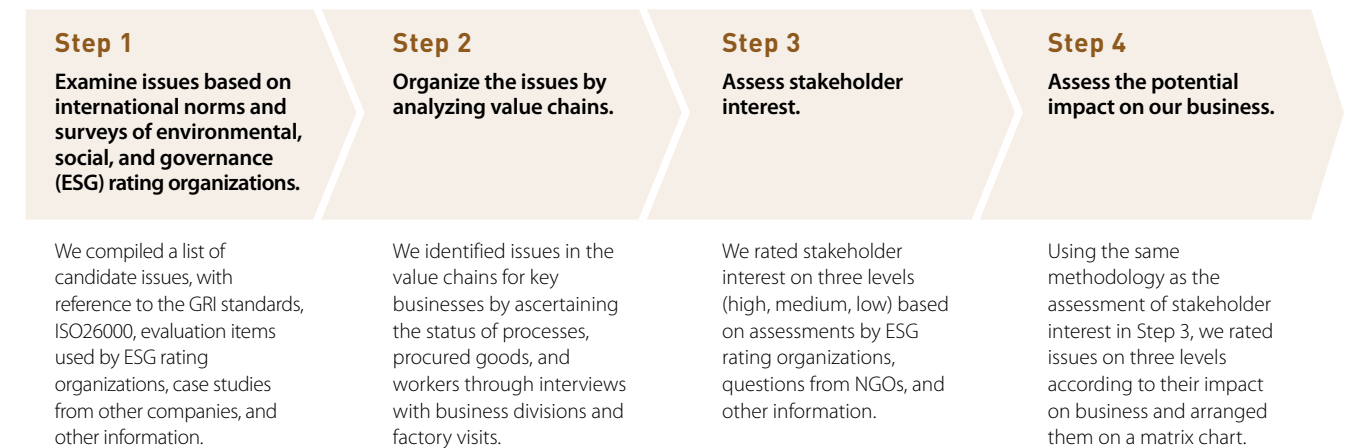


**Characteristics of Our Materiality**

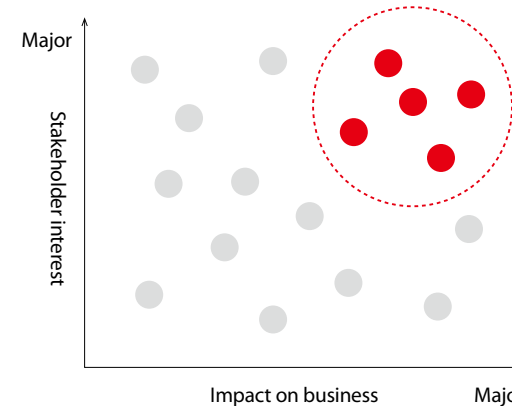
We have identified CSR priorities for the Nisshin Seifun Group with the aim of focusing our initiatives toward the social issues that most concern our stakeholders. The CSR priorities will be reviewed regularly based on changes in the social environment.

**Process for identifying priority issues**

With the assistance of experts, we have identified approximately 60 issues using the procedures outlined below. These have been condensed into five CSR priorities.



**Materiality matrix**
















**CSR Priorities (materiality)**

- Provide safe and healthy food and responsible consumer communication
- Enable secure and sustainable raw material procurement
- Efficiently handle product and packaging waste
- Address climate change and water resource issues
- Provide working environments that are healthy and fulfilling



CSR Priorities (Materiality)

Five CSR priorities	Priority themes	Approaches and targets	Risks	Opportunities	Progress in FY2022	Areas contributing to the SDGs
Provide safe and healthy food and responsible consumer communication	Ensuring food safety	<b>Implement quality assurance from the viewpoint of consumers and continually strengthen the quality assurance system</b> <ul style="list-style-type: none"> <li>Acquire and maintain certification for food safety management systems</li> </ul>	<ul style="list-style-type: none"> <li>Loss of social reputation and stakeholder confidence due to quality-related incidents or other issues</li> <li>Loss of growth opportunities due to delays in responding to the health needs of consumers</li> </ul>	<ul style="list-style-type: none"> <li>Gaining the trust of consumers through the supply of safe, reliable products</li> <li>Creation of opportunities through the enhancement or development of products based on consumer feedback</li> <li>Expansion of business opportunities linked to rising health consciousness</li> </ul>	<ul style="list-style-type: none"> <li>Certification of food safety management systems: We completed certification at all related plants in Japan. Certification at overseas plants is currently in progress. <b>Note:</b> For information about certification progress → <a href="https://www.nisshin.com/english/safety/authentication.html">https://www.nisshin.com/english/safety/authentication.html</a></li> <li>Quality assurance training at business sites in Japan and overseas (scope: employees involved in R&amp;D, production, and sales across the entire Group; participants: approximately 3,500 people)</li> <li>In-house training about discriminatory language in advertising, etc. (scope: group employees involved in advertising and promotion)</li> <li>Educational visits (eight visits, 368 participants) to run seminars for people of all ages (from elementary and junior high school children to seniors)</li> <li>Product enhancement based on input gained through two-way communication with consumers (addition of the word "wheat" in Braille to Nisshin Cooking Flower® flour)</li> <li>Development of SF Bran using an original manufacturing process developed by the Nisshin Seifun Group under the leadership of Nisshin Flour Milling; launch of a total of four products by Nisshin Seifun Welna, including <i>NatuBran</i>, a home-use food with functional claims manufactured using SF Bran</li> </ul>	  
	Responsible consumer communication	<b>Provide fair and responsible consumer communication</b> <ul style="list-style-type: none"> <li>Conduct advertising activities that consider ethics, human rights, and the environment</li> <li>Promote measures to increase consumer engagement</li> </ul>				
	Contribution to healthy diets	<b>Research and develop health functions of food ingredients, primarily focused on wheat, such as its effectiveness in preventing metabolic syndrome and promoting brain functions and anti-aging</b>				
Enable secure and sustainable raw material procurement	Ensuring stable wheat procurement	<b>Establish sustainable procurement of wheat, our primary raw material</b> <ul style="list-style-type: none"> <li>Examine and respond to the climate change risk to wheat resources</li> </ul>	<ul style="list-style-type: none"> <li>Impact of climate change or other factors on our ability to procure wheat</li> <li>Procurement problems or impairment of corporate value due to environmental or human rights issues in our supply chains</li> <li>Slowdown or disruption of supplies of raw materials due to natural disasters, epidemics, or geopolitical risks, such as conflicts</li> </ul>	<ul style="list-style-type: none"> <li>Creation of structures to support stable supplies of safe, reliable products and services</li> </ul>	<ul style="list-style-type: none"> <li>Survey of literature relating to the impact of climate change on wheat → <a href="https://www.nisshin.com/english/csr/environment/pdf/climate_change02e.pdf">https://www.nisshin.com/english/csr/environment/pdf/climate_change02e.pdf</a></li> <li>Identification of human rights risks through human rights due diligence (scope: five companies in the flour milling, processed food, prepared dishes and other prepared foods segments)</li> <li>Responsible procurement training (scope: employees working in procurement, purchasing, and development, etc., in the flour milling, processed food, prepared dishes and other prepared foods segments)</li> <li>Dissemination of the Group's procurement policy to suppliers in Japan, risk assessment through a CSR procurement survey (five Group companies)</li> <li>Transition to FSC®-certified paper for product wrappers and packaging (e.g., The Ma-Ma Special Pasta Sauce Paste type series)</li> </ul>	  
	Sustainable raw material procurement	<b>Promote responsible procurement activities based on fair and ethical transactions</b> <ul style="list-style-type: none"> <li>Enforce the Responsible Procurement Policy</li> <li>Strengthen supply chain management</li> </ul>				
Efficiently handle product and packaging waste	Reducing food waste	<b>Reduce food waste and contribute to realizing sustainable food systems</b> <ul style="list-style-type: none"> <li>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 by 2030*1</li> <li>Work with our partners to reduce food waste at all supply chain stages</li> </ul> <b>Note:</b> Scope of reduction: Production and distribution by-products and waste that are not suitable for use as food and are processed through thermal recycling, volume reduction, landfill disposal, or incineration, etc.	<ul style="list-style-type: none"> <li>Higher compliance costs resulting from changes to or strengthening of laws and regulations relating to waste and resource recycling</li> <li>Loss of stakeholder confidence due to delays in actions to reduce waste and recycle resources</li> </ul>	<ul style="list-style-type: none"> <li>Efficiency improvements and cost reductions resulting from waste reduction initiatives</li> <li>Expansion of business opportunities through the development of environmentally responsible products</li> </ul>	<ul style="list-style-type: none"> <li>Food waste reduction in fiscal 2022: 1,244 tons (34% reduction compared with the base year)</li> <li>Transition from thermal recycling to material recycling (feed and fertilizer production, fermentation, reuse, etc.) through changes to disposal methods, installation of on-site feed production facilities, and other initiatives</li> <li>Extension of best-by dates for products and improvement of best-by date labeling</li> <li>Use of fossil fuel-derived plastics in fiscal 2022: 5,302 tons (4% reduction compared with the base year)</li> <li>Transition to thinner plastic bottles and use of biomass materials (for Nisshin Cooking Flower® flour and other products), use of FSC®-certified paper wrappers, simplification of packaging</li> </ul>	 
	Reducing packaging waste	<b>Promote the 3Rs (reduce, reuse, and recycle) + renewables with our partners at all supply chain stages</b> <ul style="list-style-type: none"> <li>Reduce the amount of fossil fuel-derived plastics used by at least 25% compared with the fiscal 2020 level by 2030*2</li> <li>Promote plastic recycling, such as by using environmentally friendly package designs</li> <li>Increase the use of sustainable packaging materials, such as biomass plastics, recycled plastics, recycled paper, and FSC®-certified paper</li> </ul>				
Address climate change and water resource issues	Climate change adaptation and mitigation	<b>Introduce energy-saving technology and promote the use of renewable energy, and contribute to realizing a decarbonized society</b> <ul style="list-style-type: none"> <li>Reduce CO<sub>2</sub> emissions from Group-owned facilities to net zero by 2050</li> <li>Reduce CO<sub>2</sub> emissions from Group-owned facilities by 50% compared with the fiscal 2014 level by 2030</li> <li>Reduce CO<sub>2</sub> emissions across our supply chains</li> </ul>	<ul style="list-style-type: none"> <li>Increased intensity and frequency of natural disasters, rising temperatures, and water shortages that could impact our ability to operate production sites and affect procurement of raw materials</li> <li>Increased costs relating to regulations, including carbon taxes</li> <li>Loss of stakeholder confidence due to a slow response to climate change and water problems</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of business opportunities through increased demand for sustainable, environmentally responsible products and services</li> </ul>	<ul style="list-style-type: none"> <li>Progress toward CO<sub>2</sub> emission reduction target: 381,000 tons in fiscal 2022 (18% reduction compared with the base year)</li> <li>Consideration of CO<sub>2</sub> reduction roadmap and internal carbon pricing (ICP, in force since fiscal 2023)</li> <li>Energy conservation initiatives, including waste heat utilization and the introduction of high-efficiency equipment</li> <li>Installation or expansion of solar panel generation systems at six Group plants, 100% transition to renewable electric power in head office buildings</li> <li>Water use per unit of production in fiscal 2022: 1.2m<sup>3</sup>/t</li> <li>Continuous assessment of water risk and stress in raw material procurement areas and at production sites</li> <li>Installation of zero liquid discharge (ZLD) system at the yeast plant of the newly established Oriental Yeast India Pvt. Ltd. (operational since August 2022)</li> </ul>	  
	Water resource conservation	<b>Work with our partners to ensure effective utilization of water at all stages of our supply chain</b> <ul style="list-style-type: none"> <li>Reduce the amount of water used in plants per unit of production by 30% compared with the fiscal 2022 level by 2040*3</li> </ul> <b>Note:</b> Halving of water use in regions where there is a high risk of water supply problems in the future				
Provide working environments that are healthy and fulfilling	Respect for diversity	<b>Respect humanity and diversity, and create workplaces that consider work-life balance</b> <ul style="list-style-type: none"> <li>Reach target for women to represent at least 15% of management positions at Nisshin Seifun Group Inc. in fiscal 2023</li> </ul>	<ul style="list-style-type: none"> <li>Labor shortages caused by reduced competitiveness in the recruitment market and the departure of existing employees</li> <li>Impact on business continuity due to increases in occupational accidents and heightened employee health risks</li> </ul>	<ul style="list-style-type: none"> <li>Employee retention through the improvement of work motivation and job satisfaction</li> <li>Innovation and corporate growth resulting from the activities of diverse human resources</li> </ul>	<ul style="list-style-type: none"> <li>Percentage of management positions held by women in Japan: 14.4% (scope: Nisshin Seifun Group Inc., as of March 31, 2022)</li> <li>Percentage of male employees taking childcare leave: 65.8% (26.3% year on year increase, scope: seven Group companies)</li> <li>Career seminars for female employees, childcare leave promotion seminars for male employees (scope: seven Group companies)</li> <li>Training programs for next-generation managers, including company-developed programs (N-Map I/II) and participation in external training programs (scope: seven Group companies)</li> <li>New training programs: e.g., DX training for officers and employees, training for new graduates in their second and third years with Nisshin Seifun (scope: seven Group companies)</li> <li>Training time per employee in fiscal 2022: 18.1 hours (year on year increase of 5.4 hours, scope: seven Group companies)</li> <li>Regular internal occupational health and safety audits at all Group business sites (implemented at 31 sites in fiscal 2022) and independent assessments at business sites in Japan</li> <li>Job-specific occupational health and safety training, safety training for older workers (scope: all Group companies in Japan)</li> <li>Working environment improvements, including office layout changes, and IT-based efficiency improvements</li> <li>Launch of initiatives to improve psychological safety: Training for officers and employees, discussion meetings at business sites (scope: seven Group companies)</li> <li>Implementation of 2nd engagement survey (scope: seven Group companies)</li> <li>Selection of Nisshin Seifun Group Inc., for inclusion in the "White 500" list of enterprises with outstanding health management systems, designation of two additional Group companies as companies with outstanding health management systems</li> </ul>	 
	Cultivation of human resources	<b>Cultivate human resources so each person can grow and fulfill their potential</b> <ul style="list-style-type: none"> <li>Cultivate next-generation business managers</li> <li>Develop the skills of technical personnel in specialized fields</li> <li>Cultivate human resources with global perspectives</li> </ul>				
	Employee working environments and health	<ul style="list-style-type: none"> <li>Continuously strengthen occupational health and safety management activities (zero occupational accidents)</li> <li>Promote workstyle reform</li> <li>Promote health management in the three pillars of the work environment, personal physical care, and mental healthcare</li> </ul>				

\*1 At Group companies in Japan. Initio Foods Inc., Joyous Foods Co., Ltd., and Tokatsu Foods Co., Ltd., compared to fiscal 2020

\*2 Group companies in Japan \*3 All Group companies in Japan and overseas





## Addressing Climate Change and Water Resource Issues

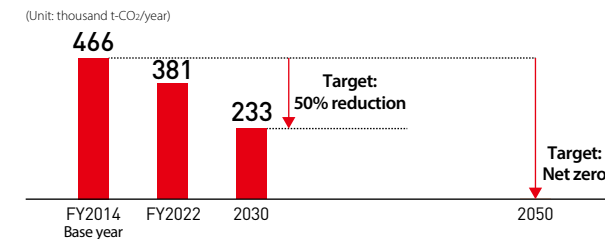
The Nisshin Seifun Group medium- to long-term targets for environmental issues include the achievement of carbon neutrality by reducing CO<sub>2</sub> emissions to net zero by 2050. In the medium term, we aim to reduce CO<sub>2</sub> emissions by 50% by 2030 (from the fiscal 2014 level), and to reduce water usage at production sites by 30% by 2040 (compared with the fiscal 2022 level). We will continue to pursue related initiatives across the entire Nisshin Seifun Group.

### Steps toward Carbon Neutrality by 2050—Adoption of CO<sub>2</sub> Reduction Roadmap and Introduction of Internal Carbon Pricing (ICP)

Electricity makes up the largest share of the energy utilized by the Nisshin Seifun Group. We are actively pursuing initiatives to improve production efficiency, reduce energy consumption, including the installation of high-efficiency equipment, and expand our use of renewable energy. In fiscal 2022, new solar power generation facilities came on line at multiple business sites in Japan and overseas. In Japan, we installed facilities not only through our own investment, but also through the on-site power purchase agreement (PPA) method.

We recognize the need for continual large-scale capital expenditure based on long-term perspectives in order to

### Reduction of CO<sub>2</sub> emissions based on medium- to long-term targets for environmental issues



### Efficient use of water

The Nisshin Seifun Group aims to ensure efficient utilization of water resources by monitoring water usage and the status of wastewater management systems at all of its production sites in Japan and overseas. We carry out regular water risk and water stress assessments at all production sites and raw material procurement areas in Japan and overseas, using the Aqueduct platform developed by the World Resources Institute (WRI).

We have established targets for the reduction of water usage at our production sites based on projected local water stress levels. Our goal is to halve the amount of water used per unit of production, particularly in areas where high water stress levels are expected.

Our efforts to find ways to reduce the amounts of water used in production processes include the identification of sites and processes where water usage can be reduced, and reviews of our water utilization methods. In addition, we are implementing various initiatives, such as cyclic use of water within plants, including the recycling of wastewater.

accelerate our response to climate change and achieve our Group targets. For that reason, we have started to formulate a roadmap for the reduction of CO<sub>2</sub> emissions by 2030. This roadmap will allow us to visualize the timing and scale of capital expenditure and the Group-wide benefits of these investments. We have also introduced internal carbon pricing (ICP) as a decision-making standard for capital expenditure plans relating to the Group's climate change responses.

We aim to achieve carbon neutrality and net zero emission status across the entire Nisshin Seifun Group by dynamically using ICP to monitor the economic value of reductions in CO<sub>2</sub> emissions, while also steadily implementing the measures stipulated in the roadmap.



Solar power generation equipment (on-site PPA method) Nagahama Plant (Oriental Yeast)



Solar power generation equipment Phrapradaeng Plant (Thailand, Nisshin-STC Flour Milling)

### Water stress assessments at production sites

	Group-wide	Areas with high water stress
Number of production sites	109 sites in 10 countries	5 sites in 3 countries
Water resource input (FY2022)	6,577 thousand m <sup>3</sup>	37,000 m <sup>3</sup>

Note 1: Countries with Nisshin Seifun Group production sites: Australia, Canada, China, Indonesia, Japan, New Zealand, Thailand, Turkey, the United States, Vietnam

Note 2: Countries with high water stress levels: Australia, China, the United States

Note 3: Areas with high water stress are defined as locations in which the water stress is listed as "Extremely High" in Aqueduct (WRI).



Oriental Yeast India commenced production at its new yeast plant in August. The plant is equipped with a zero liquid discharge (ZLD) system that allows wastewater to be reused on-site with zero external discharges.

## Initiatives Based on the TCFD Recommendations

In August 2021, the Nisshin Seifun Group expressed its support for the TCFD recommendations, and announced its participation in the TCFD Consortium. We have conducted a scenario analysis based on the TCFD framework concerning the implications of climate change for the Nisshin Seifun Group, and we aim to initiate dialogue with stakeholders by disclosing this information.



Information based on the TCFD recommendations is available on the Group's website.

**Website** Information disclosure based on the TCFD recommendations (PDF)  
[https://www.nisshin.com/english/csr/environment/pdf/climate\\_change01e.pdf](https://www.nisshin.com/english/csr/environment/pdf/climate_change01e.pdf)

Disclosure items recommended by the TCFD	Activities by the Nisshin Seifun Group
<b>Governance</b>	<p>The Nisshin Seifun Group recognizes protection of the global environment, including action on climate change, as its most critical management issue. The person responsible for all action on these risks under our management system is the Director and President of Nisshin Seifun Group Inc., the Group holding company, as the top management executive.</p> <p>We have established an Environmental Protection Committee as a subsidiary organization of the Group Management Meeting, which is attended mainly by executive officers from group companies. The Committee, which is chaired by the Director and Division Executive of the Technology and Engineering Division, is responsible for the management of environmental issues, the setting of medium- to long-term targets for environmental issues, and regular reviews and assessments of progress toward the targets. It also submits reports on important matters to the Group Management Meeting.</p> <p>These matters, together with any other significant situations that could have a major impact on management policies or business activities, are reviewed and discussed at meetings of the Board of Directors. In fiscal 2022, the Board of Directors passed resolutions setting a Group CO<sub>2</sub> reduction target for 2050 and a CO<sub>2</sub> reduction target for 2030.</p>
<b>Strategy</b>	<p>We carefully discussed the impact of climate change under the 1.5°C and 4°C scenarios, and climate strategy. It is possible that business could be impacted significantly, both under the 1.5°C scenario due to regulatory measures, such as an increase in the carbon price, and under the 4°C scenario due to the increased frequency and intensity of extreme weather events and increasing risks relating to the sourcing of raw materials and water.</p> <p>In relation to short- and medium-term risks arising from the increased frequency and intensity of extreme weather events, we are implementing disaster prevention measures and improving facilities to withstand storm surges and other events, based on hazard analyses and safety timelines (Disaster Prevention Action Plans) for each operation site.</p> <p>Medium- to long-term risks affecting the sourcing of raw materials were already reflected in business strategies as factors that could have a serious impact on our business operations. Going forward, we aim to make further progress on efforts to address climate change through collaboration with producers, research organizations, and government agencies.</p> <p>In 2021, we responded to transition risks, such as increases in the carbon price, and physical risks affecting the sourcing of raw materials and water, by setting medium- to long-term targets for environmental issues, such as the reduction of CO<sub>2</sub> emissions, water use, food waste, and packaging waste based on the 1.5°C and 4°C scenarios. We will continue to work proactively to strengthen the adaptive capacity and resilience of our business operations.</p>
<b>Risk management</b>	<p>As an organization committed to the appropriate management of environmental issues relating to our business operations, we have established an Environmental Protection Committee, while individual group companies have appointed environmental management coordinators and established environmental management committees in response to inherent environmental issues relating to their activities.</p> <p>The Risk Management Committee, which is made up of the presidents of group companies under the chairmanship of the Director and President of Nisshin Seifun Group Inc., examines the business impact of various risk factors, including climate change. Its role is to identify risks, assess impacts, and review risk management plans. It also regularly reviews the management of risks and opportunities identified and assessed by the Risk Management Committees of group companies as part of the overall coordination of the Nisshin Seifun Group's risk management system.</p> <p>In fiscal 2022, we analyzed the impact of climate change on our business activities with the assistance of external experts. The analyses, which were based on scenarios in which global temperatures rise by 1.5°C and 4°C, were carried out to identify risks and opportunities in our supply chains and assess the scale of likely impacts on our business activities.</p>
<b>Metrics and targets</b>	<p>The indicators used for climate change mitigation efforts by the Nisshin Seifun Group are Scope 1 and 2 CO<sub>2</sub> emissions. We have set targets calling for the reduction of these emissions by 50% by 2030 (compared with the fiscal 2014 level), and to net zero by 2050. We aim to achieve our targets through increased efforts to reduce energy consumption, the installation of solar power generation facilities, a transition to electric power produced using renewable energy, and other initiatives.</p> <p>We will calculate Scope 3 CO<sub>2</sub> emissions for the entire Nisshin Seifun Group and work with our partners at each supply chain stage to reduce CO<sub>2</sub> emissions, through such measures as joint logistics with food manufacturers in Japan.</p>



## Reduction of Food Waste and Container and Packaging Waste, Effective Resource Utilization

The Nisshin Seifun Group is contributing to the creation of a recycling-oriented society through its initiatives to utilize resources more efficiently and has emitted zero production waste since fiscal 2014. We will continue working to reduce food waste throughout the supply chain, decrease the amount of packaging materials used for our products, and reduce our environmental impact by promoting the effective use of resources throughout the Group in line with our medium- to long-term environmental targets.

### Contributing to food waste reduction and the creation of a sustainable food system

The Nisshin Seifun Group defines food waste as production and distribution by-products and waste that cannot be used in food and are processed and disposed of through thermal recycling, landfill disposal, incineration, and other means. By reducing the amount of food waste generated and expanding our recycling efforts, we aim to reduce food waste at all stages from raw material procurement through to delivery to customers by 50% by 2030 compared with the fiscal 2017 level (the fiscal 2020 level in the prepared dishes and other prepared foods segment). We will also work to reduce food waste by contributing to the creation of sustainable food systems in cooperation with our business partners across all stages of the supply chain.

#### Examples of initiatives

##### R&D and quality control

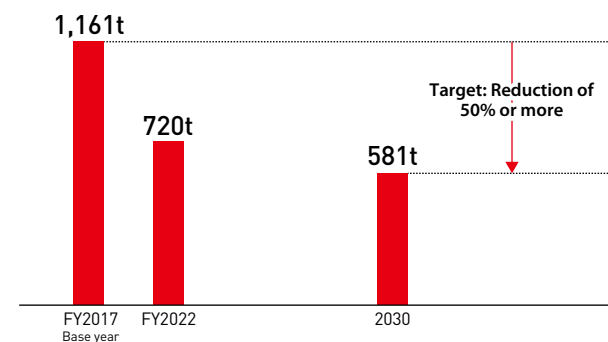
- Research and development focusing on cooking process technology that contributes to the maintenance and improvement of product quality
- Extension of best-by dates and improvement of best-by date labeling

##### Production

- Reduction of waste in the production process
- Material recycling into feed, fertilizers, etc.

### Food waste reduction (Group companies in Japan)\*

\* Excluding the prepared dishes and other prepared foods segment



Note 1: Food waste reduction efforts target: Food waste that is processed and disposed of through thermal recycling, volume reduction, landfill disposal, incineration, etc.

Note 2: Fiscal 2020 was selected as the base year for the prepared dishes and other prepared foods segment due to the acquisition of Tokatsu Foods as a consolidated subsidiary in that year.



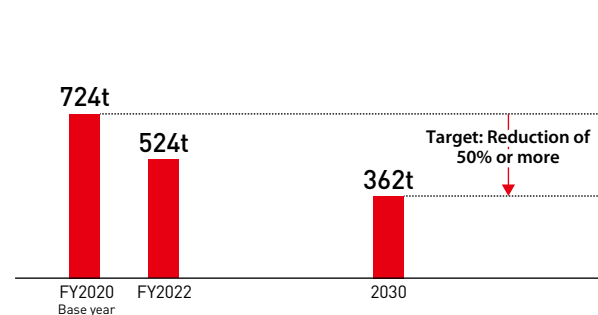
Equipment for processing food waste into fertilizer raw materials (Kodama Plant of Joyous Foods)

##### Supply chain

- Reduction of product bag breakage and damage during distribution
- Use of food banks, etc.

### Food waste reduction (prepared dishes and other prepared foods segment)\*

\* Initio Foods Inc., Joyous Foods Co., Ltd., Tokatsu Foods Co., Ltd.



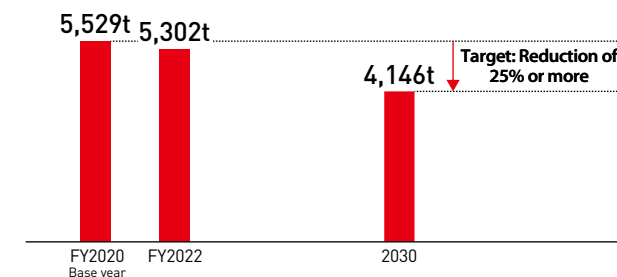
### Reducing container and packaging waste

The Nisshin Seifun Group delivers its products in a variety of containers and packaging. While containers and packaging materials are essential for maintaining the quality of the food products, they become waste products as soon as the food has been consumed. We are working to reduce our environmental impact through initiatives starting from the packaging design and R&D stage. As part of our efforts to reduce the container and packaging waste produced by the Nisshin Seifun Group, we aim to decrease our use of fossil fuel-derived plastics by at least 25% by 2030 (compared with the level in fiscal 2020).

Without compromising our commitment to product safety, we will reduce the amount of fossil fuel-derived plastics used, adopt sustainable packaging materials, and design containers and packaging that are easy to recycle. By doing so, in addition to the conventional 3Rs (reduce, reuse, recycle) for containers and packaging, we will promote the replacement of plastics with renewable resources. This approach is known as "3R + Renewable" promotion in Japan.

### Reduction of packaging materials

Scope: Quantity of fossil fuel-derived plastic used by Group companies in Japan



Testing packaging materials  
Nisshin Seifun Group Inc. Research Center for Production and Technology

#### Examples of initiatives

- Use of thinner, lighter, smaller plastic packaging and containers to reduce the amounts of materials used
- Transition to monomaterial plastic packaging and containers
- Assessment of scope for use of biomass and biodegradable plastics and paper
- Reducing the amounts of packaging materials and PP strapping used through the improvement of outer box durability and fillability



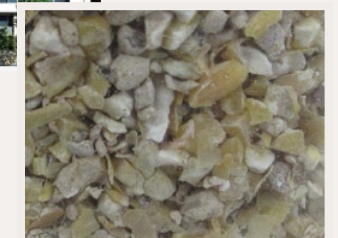
Containers made from biomass plastic

### Sustainability initiatives in headquarter buildings

We have launched an initiative to turn organic waste from employee cafeterias in the Nisshin Seifun Group's headquarter buildings in Kanda-Nishiki-cho and Koami-cho into animal feed ingredients. The waste is dried and converted into feed ingredients at a feed processing center in Tokyo and sold to feed manufacturers. The conversion of organic waste into feed ingredients, known as "eco-feed," is an important step in the transition into a circular economy. In addition, all electric power used in our headquarter buildings in Kanda-Nishiki-cho and Koami-cho has been generated using 100% renewable energy, such as solar power and biomass, since September 2021. As the hubs for all business operations of the Nisshin Seifun Group, our headquarter buildings are the starting point for our sustainability initiatives.



Nisshin Seifun Group, Inc. headquarter in Kanda-Nishiki-cho, Tokyo



Compound feed





## Corporate Management Based on Respect for Human Rights

The Nisshin Seifun Group regards respect for human rights as the foundation for its business activities and manages its operations on the basis of respect for the human rights of all stakeholders, both within and outside of the Group.

### — Commitments relating to human rights

The Nisshin Seifun Group Corporate Code of Conduct and Employee Action Guidelines contain specific provisions relating to human rights. In 2018, we brought in outside advisors to assist with the formulation of a Human Rights Policy based on the United Nations Guiding Principles on Business and Human Rights. That policy, which was put into effect after its approval by the Board of Directors, applies to Nisshin Seifun Group Inc. and its consolidated subsidiaries, as well as to our business partners and all other parties involved in our business operations.

Every December we run a “Human Rights Week” program, during which the President of Nisshin Seifun Group Inc. issues messages emphasizing the importance of respect for human rights. We also work to improve understanding about human rights through seminars attended by all employees. We have also formulated the “Responsible Procurement Policy” and our “Request to Our Valued Suppliers” (supplier Guidelines), under which we work to ensure that our Group policies are understood and put into practice by suppliers as our business partners.

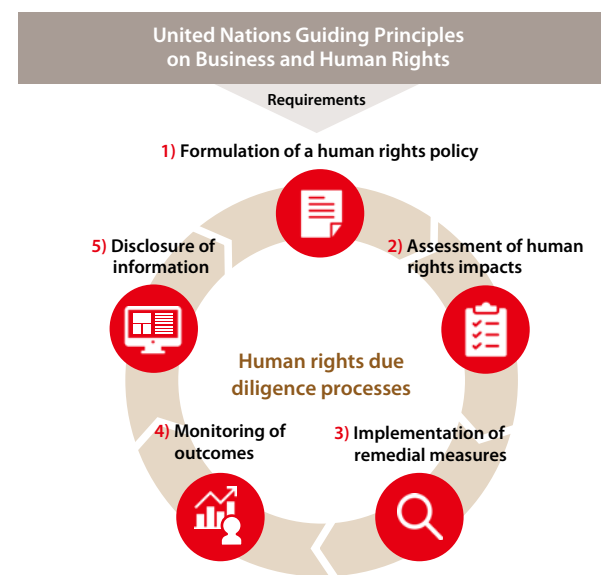
### — Human rights promotion structure

Our human rights promotion structure includes the Human Rights Awareness Promotion Committee, which is made up of directors in charge of the HR and Labor Planning in operating companies and chaired by the Director in charge of the General Administration Division of Nisshin Seifun Group Inc. We have also established a Human Rights Promotion Office within the Personnel Division of Nisshin Seifun Group Inc. to ensure appropriate action in response to various human rights issues. In addition, Human Rights Awareness Promotion Committees have been established within Group companies. These committees monitor progress on initiatives and share views. Important matters relating to human rights are also put forward for discussion at the Group Management Meeting or Board of Directors meetings.

### — Human rights due diligence

Since June 2021, we have carried out human rights due diligence in accordance with the United Nations Guiding Principles on Business and Human Rights in order to identify and assess human rights risks that could be impacted by our business activities, and identify important issues requiring prioritized action. This process covers the flour milling, processed food, and prepared dishes and other prepared foods segments, which account for large shares of our sales in Japan.

### Human rights due diligence processes



- 1) Formulation of a human rights policy**  
**Commitment and communication on human rights actions**  
 - Formulation and release of the “Human Rights Policy” and “Appendix: Priority Issues on Human Rights”  
 - Implementation of internal training programs relating to the policy, and dissemination of the policy to key suppliers and business partners
- 2) Assessment of human rights impacts**  
**Identification and assessment of actual and potential negative impacts on human rights**  
 - Identification of human rights risks in operating companies
- 3) Implementation of remedial measures**  
**Actions to mitigate issues based on the assessment of impacts on human rights**  
 - Consideration and implementation of measures to mitigate and prevent issues, especially in relation to high-risk items
- 4) Monitoring of outcomes**  
**Monitoring of progress on remedial measures**  
 - Internal checking of progress on initiatives
- 5) Disclosure of information**  
**Disclosure of information about human rights impacts and initiatives**  
 - Disclosure in the Integrated Report and on the website

### — Human rights impact assessment process

#### Step 1

With the cooperation of outside experts, we conduct hearings for related units in such areas as production, development, procurement, logistics, and administration in each business segment. We identify human rights risks in each of our operating companies and its supply chain, taking business characteristics into consideration.

#### Step 2

We identify high-risk items by creating risk maps with the seriousness of each human rights risk on one axis and the potential for occurrence on the other. Worker health and safety and the human rights of foreign workers (skill trainees, foreign students, etc.) are regarded as priority risk items.

#### Step 3

We consider and implement specific countermeasures to lower the risk level of any high-risk items identified.

**Examples of high-risk items identified** Hazardous tasks/occupational accidents, COVID-19 infections, violation of rights of foreign workers, occupational safety and health management for logistics company workers, long/extended working hours or continuous work without days off by employees (including employees of suppliers), bribery or other corrupt practices, risks that our products and services could harm the health of consumers, harassment of workers, discriminatory language in advertising, leakage of personal information, impact of plant closures or relocations on employment, inadequate human rights education for non-regular workers.

### — Key issues relating to human rights risks

#### 1) Worker safety and health

**Main reason for prioritization:** Because the Nisshin Seifun Group operates manufacturing plants, there is a risk that health and safety could be directly impacted by hazardous tasks or occupational accidents, etc.

#### 2) Human rights of foreign workers

**Main reason for prioritization:** We need to take prioritized action in relation to the human rights of foreign workers in our own plants (especially in the prepared dishes and other prepared foods segment) and those of subcontracting plants and suppliers, because of the high social importance of this issue.

### — Actions on key issues

🍷 Flour Milling Business 
 🍷 Processed Food Business 
 🍷 Prepared Dishes and Other Prepared Foods Business 
 🍷 All three businesses

Key issue	Activities of the Nisshin Seifun Group	
<b>1) Worker safety and health</b>	<b>Occupational accidents</b>	<ul style="list-style-type: none"> <li><span style="color: #4F81BD;">🍷</span> Implementation of PDCA cycles based on the Health and Safety Management Policy</li> <li><span style="color: #4F81BD;">🍷</span> Audits by Nisshin Seifun Group Inc. and third-party analyses of operating companies in Japan and overseas</li> <li><span style="color: #4F81BD;">🍷</span> Provision of safety and health training</li> </ul>
	<b>COVID-19 infections</b>	<ul style="list-style-type: none"> <li><span style="color: #4F81BD;">🍷</span> Continuous implementation of COVID-19 infection prevention measures based on Group policies</li> </ul>
	<b>Supplier management</b>	<ul style="list-style-type: none"> <li><span style="color: #4F81BD;">🍷</span> Actions to correct excessive working hours through regular dialogue with logistics companies</li> <li><span style="color: #4F81BD;">🍷</span> <span style="color: #4F81BD;">🍷</span> Compliance surveys to identify excessive loading or other issues at logistics companies</li> <li><span style="color: #4F81BD;">🍷</span> Dissemination of the Responsible Procurement Policy and Supplier Guidelines to key suppliers, implementation of CSR procurement surveys (employment formats, human rights, labor, the environment, etc.)</li> </ul>
<b>2) Human rights of foreign workers</b>	<b>Working environment</b>	<ul style="list-style-type: none"> <li><span style="color: #4F81BD;">🍷</span> Use of foreign-language signs and pictures to warn workers about hazardous locations and equipment</li> <li><span style="color: #4F81BD;">🍷</span> Creation of multi-language manuals and notices, provision of interpreters (for key languages)</li> </ul>
	<b>Monitoring and assistance</b>	<ul style="list-style-type: none"> <li><span style="color: #4F81BD;">🍷</span> Implementation of third-party CSR audits (in some plants producing prepared dishes and other prepared foods)</li> <li><span style="color: #4F81BD;">🍷</span> Creation and administration of an assistance channel in the form of a structure capable of conveying issues to corporate management while protecting the confidentiality of people seeking assistance (e.g., an improvement suggestion box)</li> </ul>



## Development of Organizations and Human Resources to Support Sustainable Growth

The Nisshin Seifun Group is committed to the creation of organizations and operational structures that enable employees to work with a sense of motivation and fulfillment. We are working to develop self-directed human resources who can take up new challenges and lead change and innovation.

We aim to achieve sustainable growth while adapting to change by realizing the individual potential of our diverse human resources and providing continual challenges.

### 1) Enhancing personal potential

#### — Human resource development in the Nisshin Seifun Group

We have developed a variety of training systems, including training based on employee positions with the focus on the skills and attitudes needed at each level of seniority, and a self-development support program to encourage independent learning and career-building by employees.

(Based on results for fiscal 2022)

Investment in education and training	Training time per person
Approximately ¥240 million (approximately ¥80,000 per person)	Approximately 18.1 hours

**Note:** In addition to training for all Group employees, this figure also includes training programs implemented by individual Nisshin Seifun Group companies. Scope: Nisshin Seifun Group Inc., Nisshin Flour Milling Inc., Nisshin Seifun Welna Inc., Nisshin Pharma Inc., Nisshin Engineering Inc., Oriental Yeast Co., Ltd., NBC Meshtec Inc., Nisshin Associates Inc., Nisshin Grain Silo Inc., Nisshin Seifun Premix Inc.

#### — Developing managers

The Nisshin Seifun Group is implementing the Business Manager Development Program to accelerate the development of the next generation of managers. In fiscal 2019, we introduced the Nisshin-Manager's advanced program (N-Map) as part of this development program. Through N-Map training, trainees develop business skills, the ability to implement problem-solving processes, and a management mindset. The trainees propose new businesses for the Group and give vision speeches. In fiscal 2022, a total of 51 people participated in the Business Director Development Program.

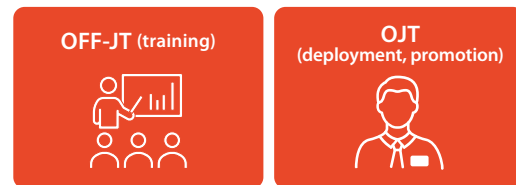
#### — Digital talent development training

We are working to raise digital literacy among employees through initiatives such as providing online seminars on basic data use for all employees and expanding the digital learning content available through the N-College self-development support program, as well as by adding a digital-related program to new employee training. We will continue to enhance these programs as needed, going forward with a focus on developing human resources who can become the driving force behind the Group's digitalization.

## Sustainable growth

### 1) Enhancing personal potential

Development of self-directed people capable of adapting to change, taking up new challenges, and leading change and innovation



### 2) Enhancing organizational potential

**Workstyle reforms** Emphasis on planning, proposal, and execution of competition strategies based on the improvement of operational efficiency and the enhancement of working environments

**Health management** Emphasis on health promotion in order to maximize the results achieved by organizations and individuals



### 3) Promoting diversity

Realizing the full potential of the Nisshin Seifun Group by fostering a corporate culture in which people accept diversity and respect each other

### 3) Promoting diversity

#### — Diversity and inclusion

In this era of change, there is also continual evolution and diversification of the mindsets of the people who work for the Nisshin Seifun Group. Diversity and inclusion are becoming increasingly important in this context because of the need to create structures to support workstyle diversification.

#### — Career development for women

Career development for women is a vital topic, since the extent to which female employees can play an active role is a litmus test for our efforts to promote diversity and inclusion. Under the Co-ALIVE plan—a joint diversity and inclusion initiative established by companies in the food industry—the Nisshin Seifun Group continually provides career training for women who aspire to future roles as managers. In fiscal 2022, we also ran seminars on health issues specific to women, as well as events designed to encourage male employees to take childcare leave.

These seminars and events were attended by large numbers of male and female employees at all levels of seniority. We remain committed to the development of a corporate culture in which individuals can realize their full potential while working together in the spirit of mutual respect, regardless of ethnicity, nationality, sexual orientation, gender identity, age, and disability status.

#### Action plan based on the Act on Promotion of Women's Active Engagement in Professional Life

(Target figures for Nisshin Seifun Group Inc. as of March 31, 2023)

Percentage of annual leave taken: 75%	Percentage of management positions held by women: 15.0%
71.2% (as of March 31, 2022)	14.4% (as of March 31, 2022)

### 2) Enhancing organizational potential

#### — Workstyle reforms

The Nisshin Seifun Group has been implementing workstyle reforms since fiscal 2018 as part of our efforts to create working environments and a corporate culture in which employees can realize their full potential and gain a sense of growth and fulfillment from their work. In addition to efficiency improvements achieved through changes to systems and office layouts and the introduction of IT systems, in fiscal 2022, we took steps to improve psychological safety as priority measures targeting all Group officers and employees, in response to issues identified through the previous engagement survey. Specific measures include video-based training programs and discussion sessions in individual workplaces, as well as training for business site leaders and other executives. We plan to continue these initiatives, in line with our belief that the best way to develop self-directed people capable of taking up new challenges and leading change is to foster an organizational culture with a high level of psychological safety, in which people can work productively while exchanging views freely and constructively, regardless of their positions and roles.

#### — Using the engagement survey

We carried out an Engagement Survey (N-Voice) in fiscal 2022. Compared with the results of the previous survey three years earlier, there was a higher percentage of positive responses to questions relating to a "motivating environment for employees." This reflects our efforts to provide educational opportunities for employees and modify in-house systems to create better working environments. However, there was no change in the percentage of positive responses concerning "employee engagement," which focus on employees' self-driven motivation to contribute to the company. We will continue to analyze the survey results and consider and implement measures.

#### — Health management initiatives

Our approach to health management is guided by our philosophy of working in partnership with our employees to deliver the value of health to the world. Under a structure headed by the President, we implement group-wide health management policies centering on the three pillars—the work environment, personal physical care, and mental healthcare. KPIs have been established for each of the areas and reflected in our business plans.



## Enhancing the Group's corporate value

Motoo Nagai, Outside Director, answered questions from Yu Nagaki, Executive Officer and Division Executive of the Corporate Planning Division, about the Group's efforts to improve corporate value and the key points of the medium-term management plan.



### Yu Nagaki

Executive Officer  
Division Executive, Corporate Planning Division

#### The source of our corporate value is the trust and corporate power we have built up over our 120-year history

**Nagaki** The Nisshin Seifun Group operates seven core businesses centered on flour and other ingredients and processed foods. What do you see as the source of the Nisshin Seifun Group's corporate value?

### Motoo Nagai

Outside Director

**Nagai** Since our founding over 120 years ago, we have had a very clear guiding philosophy of "the basis of business is built on trust," which we understand as meaning that the trust of our stakeholders is of highest importance. We always conduct our business with integrity and the interests of our stakeholders in mind. That spirit has become deeply ingrained in the

Company over the many years and serves as a guideline for all we do. When I came in as outside director, my first impression was that this is a very serious company, not in the strict sense of the word but in the sincerity with which it conducts its business. I believe that comes from the guiding philosophy. It shows mainly in the Company's actions but is also apparent in the reasoning behind various project proposals. That spirit is behind our constant efforts to refine our technology and our mission to ensure food safety and supply stability. It is the trust we have earned with our actions that has enabled us to maintain top market shares for our core flour, pasta, and other product brands for so many years in Japan. Without a doubt, that trust is the source of our corporate value.

Our other guiding philosophy of "being in tune with the changing business climate" is behind the Group's active measures to adjust to the changes in the business environment, including the active steps to reorganize production bases, expand our overseas businesses, and restructure our business portfolio. Having a core business that boasts a high market share is a huge strength, but simply maintaining the status quo will not mean that our success will continue in the future, or even that we will survive. Our challenge is how to apply what we have accumulated from our core businesses to developing our next businesses, and we have been diversifying our businesses centered around core businesses. Another strength we have is our research and development, which I will talk more about later. These unique strengths we have accumulated through our long history give us the corporate power that is the source of our corporate value.

#### Creating action plans for a changing business environment in the short, medium, and long term

**Nagaki** I also feel that the Company's officers and employees are deeply committed as a company and personally to the guiding philosophies and sense of mission to "provide stable food supply." At the same

time, I think the dramatic changes in the operating environment around the world is testing our resilience as a company. Mr. Nagai, what is your main focus in the current business environment and the Company's new Medium-Term Management Plan 2026?

**Nagai** I believe the new medium-term plan covers all the points we need to address from all perspectives and lays out what we need to do to continue extending our success. Near-term issues in the business environment will likely be addressing food price inflation and supply chain instability caused by the COVID-19 pandemic and the situation in Ukraine. While risks like these may arise unexpectedly, management must have a risk map ready with specific countermeasures and take quick action when a risk materializes. Risks like these are always present, but business opportunities are also always emerging. Looking ahead to changes in the business environment over the medium- and long-term, new technologies like digital transformation (DX) and food tech are rapidly advancing, and how they are incorporated into business will change the axis of competition in the food industry. These developments will create a challenging business environment in the short term, and I hope we will not forget our spirit of taking on challenges as we adapt to the changes. In addition, it is becoming a prerequisite for corporate activities to actively address other issues as well, such as climate change, human rights, and food loss. The new medium-term management plan is an action plan geared to the anticipated short-, medium-, and long-term changes in the business environment. The plan's three basic policies will guide us toward greater corporate value in the future.

#### Investing management resources to leverage core business and Group strengths in growth fields

**Nagai** The plan's three basic policies are deeply connected to the "source of corporate value." What is your view on the first policy to stimulate the Group's ability to

grow by restructuring the business portfolio?

**Nagai** We have been changing our business portfolio in recent years to keep pace with the changes in the business environment. We sold compound feed, drug development, ham and sausage, pet food, and other businesses. We also increased investment in our core prepared dishes and other prepared foods segment in Japan as well as our flour milling, premixes, and yeast businesses overseas.

Our focus in the changing conditions is now shifting to R&D, which I mentioned earlier. Our development activities are wide-ranging and include advancing DX and automation where I want us to aim for massive labor-saving that is unrivaled by other companies. Whether it is an equipment-centered operation such as flour milling business, or a manpower-driven operation such as processed foods and prepared foods businesses, advancing labor-saving and automation to reduce overhead costs promises to enable more stable and efficient production and reduce human error while also leading to our most important objective—to enable the stable supply of safe food products.

Internally, we are also giving much thought to M&A and overseas expansion. Our M&A pursuits in Japan will be guided by our guiding philosophies and by considering if the move is beneficial both for ourselves and the acquired company, as well as if the move would be beneficial for the local market and consumers. I truly believe that the project discussions at the Board of Directors meetings incorporate a wide range of perspectives. In our overseas operations, we have been actively applying strategies for 10 years, but I feel that we are not generating as much value as we had expected. Of course, there are various reasons for this, including the external environment, but increasing the number of overseas subsidiaries takes ingenuity in management and operations. Each country has its own culture, and we entrust operations to local people who are familiar with the local market environment and food preferences, but the companies we acquire must properly incorporate the Nisshin Seifun Group philosophy, culture, and

technologies. I believe that how the parent company in Japan instills our corporate culture and spirit into the subsidiaries will be key to creating a strong base for future management overseas.

**Nagaki** That's certainly important. Could its success depend on each person's style of leadership? I think the local management team members, including Japanese secondees who are familiar with our Company and spirit, will need to work with local CEOs to form management platforms built on mutual trust.

### Remain positive and always be eager to take on change

**Nagai** We need to carefully monitor how the overseas operations are doing, but there are few cases where businesses do well in every region during global expansion. I think we have a solid strategy for our overseas business, which includes increasing our flour milling capacity in the Pacific Rim and our processed food base in Turkey. I am also really looking forward to expanding the yeast business into India. I think our extensive preliminary research found a good location for our business. I hope that everyone in the Group will always be positive and eager to take on change.

Next is the new business strategy. For example, I would expect advances in food tech to lead to further diversification of food, which will require a greater variety of approaches, and having the technology for those approaches will be essential to ensure the Group continues to be successful in the future. We will likely need to collaborate with other companies, but we should recognize that start-up companies are on different time schedules and have different business models. The Group needs to sustain perpetual growth, and it is important to keep this in mind and ensure that we continue to reap the fruits of our efforts. We should actively take on the challenges that will come with the changes because, as I said earlier, we don't want to just survive, we want to be successful. A company that doesn't take risks will decline eventually, but I believe

ours is a company that has much to look forward to in the future.

### Incorporating ESG into our growth strategy to establish cyclical growth

**Nagai** Thank you for the valuable advice. Next, I would like to ask about the foundation of the growth strategy. The medium-term management plan sets the goals of enhancing management by clarifying our business' relationships toward our stakeholders and integrating ESG into management strategy while adapting to social trends. What are the main points of the basic policies and the initiatives to put them into action?

**Nagai** Of course, we all know that even with the COVID-19 pandemic and the situation in Ukraine as well as amid climate change and during natural disasters, our Company cannot stop operating and wait them out. The reason we exist is to provide a stable supply of food, which means that people's lives depend on our business. Risk management often means mapping risk frequency and degree of impact in a risk map, but that in itself does not reduce risk. Managing risk by always asking what we can do and what we can't do and creating a Plan B is essential for sustainable management.

The ESG issues are all important, but the environment encompasses a particularly large range of global issues, including climate change and shortages of water and food resources. Because our Group is primarily in the food industry, we do not emit as much CO<sub>2</sub> as the materials or energy industries, and the main issues we face are the need to reduce food loss and the use of plastic packaging and containers. As a globally expanding company, we also need to respond quickly to human rights and governance issues. Our efforts to address these social issues should contribute to building stakeholder trust, fortify our business competitiveness, and enhance our corporate value over the medium and long term. We call this feeding into each other "cyclical growth," and it will be important to draw a roadmap toward our goals and manage our progress so we can



continue doing our part to create a sustainable society.

As an outside director, there are three things that I make it a point to do. The first is to provide opinions and advice from an external and macro perspective, which can be difficult for internal executives to see. Next is to build a relationship of trust with the execution side. Although we may have different positions and perspectives, we share the common goal of improving corporate value. True governance works when we can discuss different perspectives based on such a relationship of trust. The third is to remember that trust and performance go hand in hand, and having just one is not enough. Outside directors, because they represent the interests of stakeholders, are expected to increase corporate value, which is just what the company executives are seeking to do as well. With these three things in mind, I will work with the executive side to contribute to enhancing the Group's corporate value.

**Nagaki** That is a very inspiring approach. In that sense, outside directors and executives, and even shareholders, all have the same objective. We will continue to steadily implement the medium-term management plan and do our utmost to achieve our goals so that we can continue to live up to the trust of our stakeholders. Thank you for your time today.



# At a Glance

Forecasts for the fiscal year ending March 31, 2023 are as of October 26, 2022. Net sales and operating profit figures are rounded down to the nearest ¥100 million.

## Segment Overviews

### Flour Milling Segment

▶ See pages 48–49



#### Main operations

- Manufacture and sale of commercial wheat flour, wheat bran, other processed products and related products
- Providing a stable supply of grain, consolidating grain distribution

### Be the leading domestic company providing a stable supply of wheat flour

We command the largest share of the Japanese flour milling industry. We are raising our profile in overseas markets by adapting technology developed in Japan to local needs and broadening our earnings base. In 2019, we acquired Allied Pinnacle Pty Ltd., which has built a robust business base in Australia and controls the largest share of the Australian wheat flour market (other than starch and other industrial-use products). With the addition of Allied Pinnacle, our overseas flour production capacity is now 40% greater than our production capacity in Japan.

We are determined to achieve the highest standard of customer satisfaction in the flour industry by reliably supplying commercial wheat flour to support local food cultures, by developing new products to meet consumer needs, and by actively creating new food culture.

### Processed Food Segment



#### Main operations

#### Processed Food Business ▶ See pages 50–51

- Manufacture and sale of processed foods, such as pasta, pasta sauces, premixes, wheat flour for household use, pre-cooked foods, dried noodles, and frozen foods

#### Yeast and Biotechnology Business ▶ See pages 52–53

- Manufacture and sale of yeast and baking and confectionery ingredients
- Manufacture and sale of raw materials for diagnostic reagents, research reagents, and animal feed
- Contracted testing services

#### Healthcare Foods Business ▶ See page 56

- Manufacture and sale of health foods and active pharmaceutical ingredients

### Present food and health products from our flour and flour-based product line-up

**Processed Food Business:** The main products are premix, pasta, and pasta sauces for home and commercial use. We supply a wide variety of frozen and room-temperature products under brands including Nisshin, Ma-Ma, Ao-No-Dokutsu, and De Cecco.

**Yeast and Biotechnology Business:** We develop and supply high-quality food ingredients for the bakery industry and other areas, including bakery and cooking fillings as well as yeast, where we command top market share. We also supply useful proteins for diagnostic and research reagents produced using our proprietary biotechnology.

**Healthcare Foods Business:** We develop and sell safe and reliable food supplements, foods with function claims, healthcare foods, and active pharmaceutical ingredients.

### Prepared Dishes and Other Prepared Foods Segment

▶ See pages 54–55



#### Main operations

- Manufacture and sale of cooked foods, including *bento* boxed lunches and prepared foods
- Manufacture and sale of bread and rice products and other processed foods
- Manufacture and sale of pre-cooked noodles

### Offer a full lineup of products to meet changing social needs

Nisshin Seifun Delica Frontier Inc. is a core Group company encompassing three companies using a variety of channels to supply a full lineup of delicious products covering every category of prepared foods. Initio Foods Inc. specializes mainly in prepared Japanese dishes for sale in supermarkets and department stores. Joyous Foods Co., Ltd. is an industry leader in the area of pre-cooked noodles for sale in convenience stores. Tokatsu Foods Co., Ltd. supplies *onigiri* rice balls, *bento* boxed lunches, sandwiches, and other products primarily through convenience stores. These companies provide delicious and quick-preparation meal offerings for Japan's growing number of dual-income, single-person, and single-parent households to help offset the burden of housework and provide a balanced diet.

### Others Segment



#### Main operations

#### Engineering Business ▶ See page 57

- Design, supervision, and construction contracting of production and processing equipment for grain, food products, and chemical products; powder processing; and equipment sales

#### Mesh Cloth Business ▶ See page 58

- Manufacture and sale of screen printing materials, industrial materials, and plastic molding products

### Apply our flour milling technologies to develop production facilities and new businesses

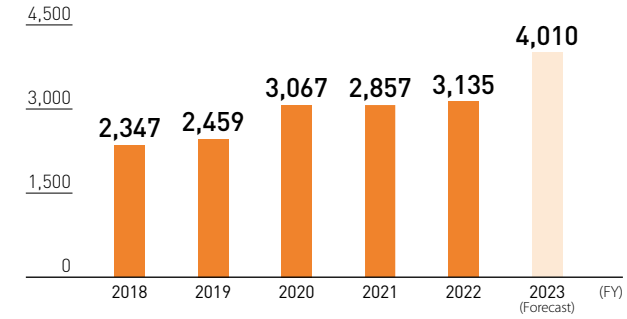
**Engineering Business:** We combine our extensive experience in food plant construction and our world-class powder processing technology developed over many years. We expand our business by applying our user-focused expertise in our core field of plant and factory construction as well as by developing and selling sophisticated powder processing equipment and providing powder processing services using our leading technology.

**Mesh Cloth Business:** We combine advanced product development systems and manufacturing technologies to create a diverse range of high-performance mesh cloth products. The mesh cloth business is the foundation for our continuing efforts to expand our sales of high-tech industrial materials while developing new high-performance products with enhanced functions. In addition to mesh products for use in growth areas like 5G telecommunications and water treatment, we also create business in new fields with the potential to generate demand in the future, such as the environment, healthcare, sanitation, and telecommunications areas. Examples include printed electrodes for the rapidly expanding solar panel industry and products using our Cufitec® antiviral technology.

## Five-year performance and fiscal 2023 forecast by business segment (FY2018–FY2022 results, FY2023 forecast)

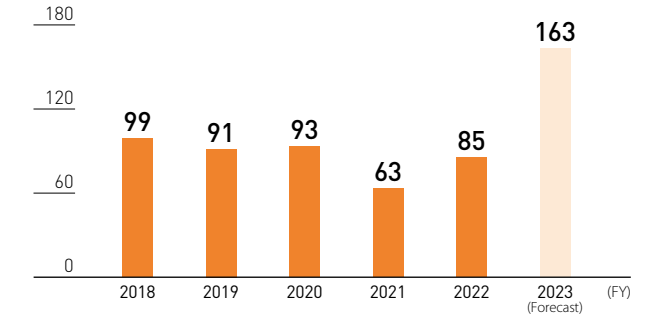
### Net sales

(¥100 million)



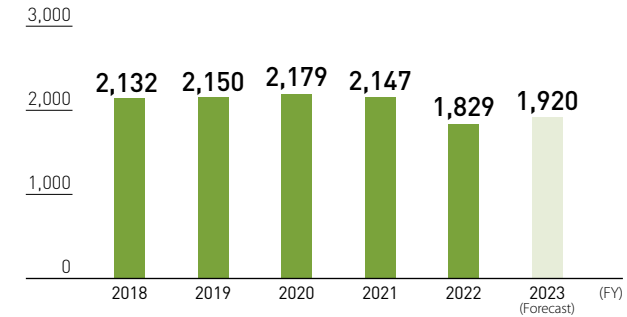
### Operating profit

(¥100 million)



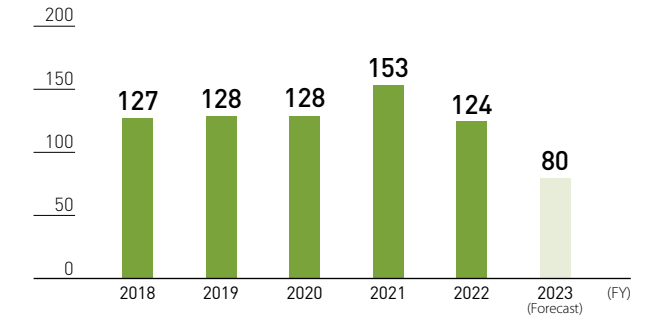
### Net sales

(¥100 million)



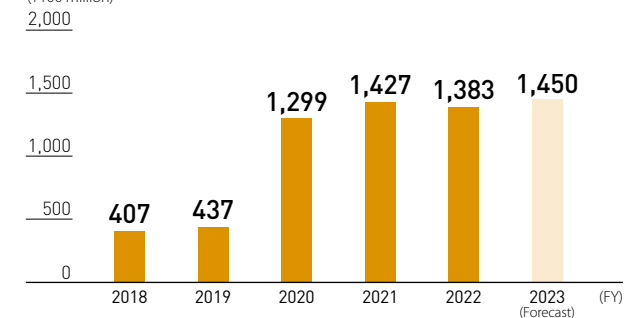
### Operating profit

(¥100 million)



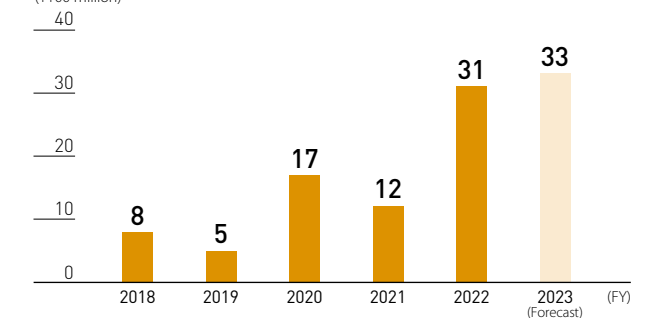
### Net sales

(¥100 million)



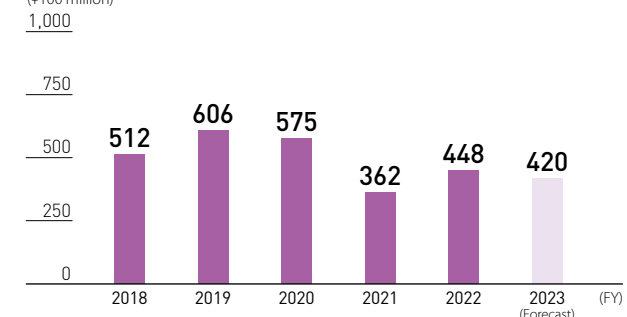
### Operating profit

(¥100 million)



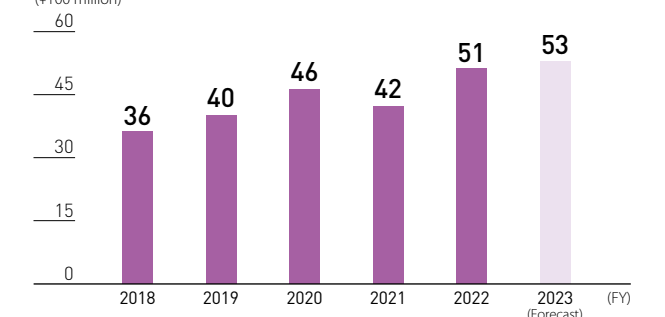
### Net sales

(¥100 million)



### Operating profit

(¥100 million)



Flour Milling Segment

# Flour Milling Business

**Takao Yamada**  
 Director and President  
 Nisshin Flour Milling Inc.



## Rising to the challenge of creating a new food culture while fulfilling our responsibility to provide a stable flour supply

We seek to differentiate our company in Japan through various measures including developing advanced flour milling technology and reducing costs by improving productivity using optimized production systems and low-cost operations. We are also consolidating our strong position in the domestic market by increasing our market share and creating new food markets. The domestic business environment is presenting various challenges from the country's decreasing population as well as the accelerating market changes triggered by the COVID-19 pandemic, which are making it difficult to maintain past profit levels. We are responding

by developing new businesses, such as horizontally expanding into other grain flours, to secure a stable earnings flow.

Overseas, we aim to expand earnings by enhancing our presence in each region and laterally improving production efficiency, which is one of the strengths of our domestic flour milling business. The Australian flour milling business will work to improve its performance by placing the highest priority on rebuilding its profit structure. The flour milling business in the United States will invest in business growth and cost reductions, and expand into new business areas to bolster our resilience to sudden fluctuations in profit levels.

### Strengths

- Advanced milling technology and expertise
- A leading company with high market share and a wide-ranging product line
- Highly refined product and process development capabilities derived from our wheat research
- Ability to offer customers a comprehensive lineup of products
- Technology designed to meet the needs of local overseas markets

### Opportunities

- Diversifying food preferences, growing preferences for health-oriented products, need for more refined products
- Increasing demand for flour due to growing populations and rising incomes, particularly in developing countries

### Risks

- A shrinking domestic flour market due to international trade agreements and the dwindling population
- The changing market environment from the COVID-19 pandemic and geopolitical risks

### Business strategy in the medium-term management plan

## “The world’s leading flour milling company creating the future of food” —Dynamic global company with innovative technology

### Japan

- Reconfigure the domestic 9-plant structure to an 8-plant network capable of competing globally (with 92% of plants being major plants located in coastal regions)
- Secure market share, maintain sales revenue, and strengthen sales of high-value-added products and new materials
- Introduce digital technology to production plants, establish automation technology, and achieve further labor savings
- Acquire Kumamoto Flour Milling, implement post-merger integration, and generate synergies

### Overseas

- Improve performance under the new business plan for the Australian flour milling business
- Sustain and strengthen the high profitability of the flour milling business in the United States
- Search for investment opportunities in new areas

### Key measures to achieve the medium-term plan targets

#### Japan: High fiber wheat flour

In September 2020, we entered an agreement with Arista Cereal Technologies Pty Ltd of Australia to be the exclusive importer and seller of their high fiber (high-amylose) wheat, which contains 5 to 10 times more dietary fiber than standard wheat flour. We are currently developing products for commercialization.

Arista's high fiber wheat contains a very large amount of resistant starch, a general term for a type of starch and starch degradation product that does not get digested in the small intestine of a healthy person. Products using this wheat can provide an easy and delicious way to counter inadequate fiber intake. We plan to use this high fiber wheat to create high value-added products and establish and grow new markets. Following the Group's corporate principle to “contribute to a healthy and fruitful life for all,” we will continue to focus on developing new products that contribute to the health of consumers and to pursue innovative directions that will provide new value.



Arista's high-fiber wheat

#### Overseas: Expanding the Los Angeles Plant

We are expanding the capacity of Miller Milling Company, LLC's plant in Los Angeles in anticipation of continued demand growth in the region. We plan to further strengthen our business base by increasing production capacity and meeting the growing demand from our existing customer base.

At present, we rely on support from the Fresno, Saginaw, and other plants to meet volume demand that is beyond the plant's current capacity. We expect the expanded capacity to enable the Los Angeles Plant to fully meet demand while also reducing costs. Along with the expansion, we are also replacing aging equipment and increasing automation.



The Los Angeles Plant of Miller Milling Company

## Materiality initiatives

### Construction of the Mizushima Plant

We have decided to close the Okayama and Sakaide Plants and construct a new flour plant in the Mizushima district of Kurashiki City, Okayama Prefecture in 2025.

We have been closing our smaller inland plants in Japan and consolidating our operations into large coastal facilities. We acquired a site in Mizushima located near a grain silo company capable of accommodating bulk grain ships, which will facilitate the procurement of raw wheat. We plan to build an environmentally friendly plant that is resilient to natural

disasters and combines our in-house technologies with the latest automation and digital technologies. The new plant will strengthen our business continuity capabilities in the event of a major earthquake or other events and enable us to better ensure a stable supply of wheat flour, which is a staple food. The modern plant will also lower our CO<sub>2</sub> emissions and contribute to achieving our target of cutting Group CO<sub>2</sub> emissions by 50% in 2030 (compared to fiscal 2014).



Processed Food Segment

# Processed Food Business

**Yuji Koike**  
 Director and President  
 Nisshin Seifun Welna Inc.



## Now as Nisshin Seifun Welna, our evolution continues toward “Prime Meal Investigator,” a pioneer of new foods

We made a fresh start on January 1, 2022, by changing the name of Nisshin Foods, the core company in our processed food business, to Nisshin Seifun Welna. With the vision of becoming a pioneer of new foods, or what we call “Prime Meal Investigator,” we are pursuing the three strategies of transforming our business structure, creating value, and deeply cultivating business overseas.

Consumers are now choosing between home-cooked meals, pre-cooked meals, and restaurant meals as best suits their individual lifestyles and the pandemic conditions. As a leading company providing processed foods, we are staying in tune with the diversifying and increasingly complex consumer needs and trends and are developing products incorporating an SDG perspective based on our concepts of simple & convenient, authentic, and healthy. We are also taking early action to develop products to appeal to the next-generation of consumers—the digital native

Generation Z. Overseas, we plan to develop local production and sales activities especially in emerging countries where economic development is being accompanied by growing demand for processed foods offering the added value of convenience and deliciousness. At the same time, the cost of raw food materials, logistics, and manufacturing is rising due to global population growth, economic development in emerging countries, and increasing demand on companies to reduce CO<sub>2</sub> emissions. We are meeting these challenges with measures to offer attractively priced new products for household budgets, meet the new needs of the changing conditions, propose value-added products to enrich dining choices, pursue new directions in the growing frozen food market, and propose solutions to the challenges that our commercial customers are facing.

Strengths	Opportunities and Risks
<ul style="list-style-type: none"> <li>Strong brand power and several products with top market share in Japan</li> <li>Consumer trust in the high quality, safety, and reliability of our products</li> <li>Product development and technical services geared to domestic and overseas markets</li> <li>Abundant proprietary technology and expertise accumulated through research and technology development</li> </ul>	<ul style="list-style-type: none"> <li>Shrinking market from population decline in Japan</li> <li>Increasing trends for simple, convenient, quicker, and one-person meals and health consciousness</li> <li>Persistent rises in labor costs, logistics costs, and raw material prices</li> <li>Growing global population and economic growth in developing countries in Asia</li> <li>Changes in international trade conditions</li> </ul>

Business strategy in the medium-term management plan

1. Implement new corporate brand strategies and create brand synergies among family brands
2. Advance and extend the business strategies

**Transforming the business structure**

We aim to expand our business in the ambient temperature household-use products, where we have the top share in all categories, as well as in markets where we anticipate further growth. Our main focus will be on the household-use frozen food category, where we will develop new genre products beyond our frozen pasta offerings, and on commercial-use food products, where we will develop products under our own brand name geared to market needs in Japan and overseas.

**Creating value (becoming a true R&D-driven company)**

Based on the fundamental premise of safe and reliable, we will deliver more value to our customers by focusing on products with simple and convenient, authentic, and healthy features. We will advance R&D in

products that appeal to health preferences, such as foods with function claims, in new products that meet new needs and provide new added value, and in areas to meet the needs of SDGs and Generation Z.

**Deeply cultivating overseas expansion**

Our overseas operations have primarily consisted of manufacturing products overseas for import to Japan. We are now consolidating under the globally unified Nisshin Seifun Welna corporate brand and will focus on exporting products with the new brand worldwide. We will also focus on locally producing and selling products to create self-sustaining local business models. We aim to develop Nisshin Seifun Welna into a global company by offering products that meet local needs.

Key measures to achieve the medium-term plan targets

**Implement new corporate brand strategies and create brand synergies among family brands**

We are currently engaging in a major promotional campaign to increase consumer and customer awareness of the new Welna corporate brand. We also plan to further enhance our corporate value by improving our ability to effectively communicate our unique corporate brand value, such as with the safety and reliability and the quality assurance of our products. For our strong family brands of Nisshin, Ma•Ma, and Ao-No-Dokutsu, we are formulating marketing initiatives tailored to their target markets and developing synergies between the corporate brand and each family brand.

Our advertising strategy will be to develop “static” appeal that is unchanging and enduring over the long term along with “dynamic” appeal targeting younger generations and anticipating changes in the near future. Our static strategies will include corporate image songs and the Konyara anime character. Our dynamic strategies include co-sponsoring as a platinum partner the SDG awareness project Make the Earth Smile Week 2022 held by Tokyo Broadcasting System and sponsoring e-sports, D-League dance competitions, and other events that are popular with the younger generations.



Nisshin, Ma•Ma, and Ao-No-Dokutsu household-use products

**Create and develop local markets overseas**

Our overseas business is a growth engine for our business development, and we will continue developing our overseas operations with a focus on ASEAN where economic development is driving growing demand for processed foods. Thai Nisshin Technomic Co., Ltd. has enhanced its sales engineers and strengthened its ability to approach local companies. Vietnam Nisshin Technomic Co., Ltd. is establishing a solid position in commercial-use premix products by expanding local sales and making full use of the premix plant that started operations in 2020. In the ASEAN region, we are also developing the markets for household-use products in Thailand and Vietnam while seeking deep penetration and positioning for the Welna brand. We are also focusing on expanding sales in the North American market.



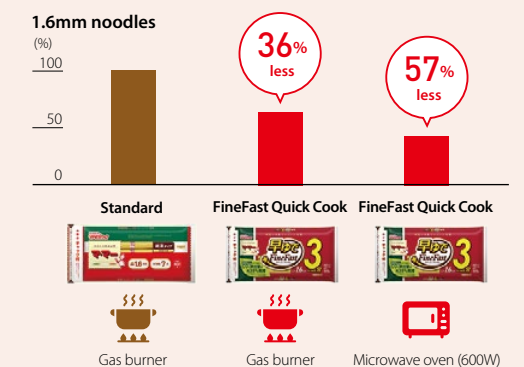
Vietnam Nisshin Technomic Co., Ltd.

The Medallion Plant

## Materiality initiatives

**Reducing household CO<sub>2</sub> emissions with Quick Cook Spaghetti**

Reducing CO<sub>2</sub> emissions in our supply chain is one of our medium- to long-term targets for environmental issues. The FineFast Ma•Ma Quick Cook Spaghetti series reduces household CO<sub>2</sub> emissions. Compared to our standard Ma•Ma Spaghetti prepared on a gas stove, our FineFast Ma•Ma Quick Cook Spaghetti produce 36% less CO<sub>2</sub> emissions when prepared on a gas stove and 57% less when prepared in a microwave oven. We will continue to develop environmentally friendly products to contribute to realizing a sustainable society.



Processed Food Segment

# Yeast and Biotechnology Business

**Masashi Nakagawa**  
Director and President  
Oriental Yeast Co., Ltd.



## Wide range of food products and high value-added biotechnology

The food business develops and supplies yeast, fillings, mayonnaise, and other ingredients to customers ranging from bread and confectionery companies to prepared dish makers and restaurant operators. We will maintain our solid position in the bread market while focusing on developing sales channels and further cultivating markets outside the bread market. We will also actively expand sales of products using yeast functions to the liquid food and beverage industries. Overseas, construction of the new yeast plant of subsidiary Oriental Yeast India Pvt. Ltd. was completed and operations commenced in August 2022. The bread market in India is experiencing remarkable growth in tandem with the country's economic development, and we will work to expand sales of yeast and dough improvers.

The bioindustry business develops high value-added businesses in Japan and overseas for raw materials for diagnostic

reagents, culture media, reagents, and contracted testing services using our proprietary biotechnology. We will continue expanding the business by meeting the increasing needs in the preventive medicine field accompanying the growing world population and the aging society in Japan. We are also focusing on broadening our support business in the regenerative medicine field.

We will promote ESG management and reduce CO<sub>2</sub> emissions by using solar power generation. We will also advance our digital transformation by using IT to digitalize our processes. In addition, we are incorporating new ways of thinking and the latest technologies to improve business efficiency, effectively use human resources, and innovate our operating processes and businesses. Through these initiatives, we will enhance our corporate value and become a more appealing company for our employees while also boosting the corporate value of our business partners.

Strengths	Opportunities and Risks
<p><b>Food</b></p> <ul style="list-style-type: none"> <li>Wide-ranging lineup of food ingredients</li> <li>Strong R&amp;D capabilities</li> <li>Strong proposal capabilities based on our ingredients and technologies</li> <li>Vast archive of yeast strains</li> </ul> <p><b>Bioindustry</b></p> <ul style="list-style-type: none"> <li>Strong global brand power in the diagnostic reagent and medical industries and in academia</li> <li>Highly refined R&amp;D and manufacturing capabilities</li> <li>Vibrant customer bases in Japan and overseas</li> </ul>	<p><b>Food</b></p> <ul style="list-style-type: none"> <li>Shrinking market from population decline in Japan</li> <li>Growing world population, changing logistics conditions and diversifying food preferences in Asia</li> <li>Growing bread market in India (growing population, westernization of food preferences)</li> </ul> <p><b>Bioindustry</b></p> <ul style="list-style-type: none"> <li>Expanding markets from world population growth</li> <li>Increasing need for preventive medicines accompanying the aging population in Japan</li> <li>Advances in polymer and regenerative medicines</li> </ul>

## Key measures to achieve the medium-term plan targets

### Launch of operations at the India yeast plant

The construction of the yeast plant of our subsidiary Oriental Yeast India was completed and operations commenced in August 2022. In tandem with the country's economic development, the bread market in India has been growing at an exceptional pace in recent years and along with it so has demand for bread yeast. India also produces a large volume of molasses, which is a raw material for bread yeast, making the location suitable for yeast production also in terms of raw material procurement. The Indian market offers compelling potential for growth, which is why we constructed the plant to enter the local yeast business. We plan to make maximum use of the manufacturing and quality control expertise we have cultivated over many years in Japan to supply high-quality products to the India market.

The plant was also engineered in accordance with the Indian government's tightening of wastewater regulations and includes a Zero Liquid Discharge (ZLD) system that does not discharge water outside the plant premises. The system efficiently uses water resources by concentrating and incinerating wastewater for use in in-house electric power generation and by purifying and reusing distilled water in the plant. The plant's environment-friendly features also include a cogeneration system that reuses steam from the electric power generation in the production process.

The addition of the plant will further strengthen our business foundation in India and accelerate our business development overseas.



Entry gate of Oriental Yeast India Pvt. Ltd.



Overview of the corporate campus



Raw yeast manufactured and sold by Oriental Yeast India

## Business strategy in the medium-term management plan

### A company contributing to human health

**Food** Increase profitability by expanding our yeast and wide range of processed food businesses in Japan and overseas

1. Establish stable operations at the Indian yeast plant and expand bread-making and confectionery ingredient sales
2. Deepen our presence in the domestic markets for bread, prepared dishes and restaurant meals, confectionery, noodles, and beverages
3. Continue to develop overseas markets

**Bioindustry** Expand the high-value-added biotechnology business, including raw materials for diagnostic reagent, culture media, reagents, and contract testing

1. Step up development of the in vitro business<sup>\*1</sup>
2. Build a contract manufacturing business based on good manufacturing practices (GMP)<sup>\*2</sup>
3. Increase sales channels for culture media and other culture substrate products
4. Use overseas subsidiaries to strengthen our sales network

<sup>\*1</sup> In vitro testing is reproducing the environment of a living body in a test tube and examining drug effects

<sup>\*2</sup> GMP standards for manufacturing management and quality control of pharmaceutical products

## Materiality initiatives

### Creating the plant-based food series

Our project team created the plant-based food (PF) series with the aim of developing healthy products following the concepts of planning health and eating habits, proposing products for overall health, and offering healthy and delicious meals. The PF series meets our in-house vegan standards using no animal-derived raw materials. The *Goku-uma Plus* seasoning used in the PF series is a fermented seasoning created from our extensive knowledge of fermentation methods. The seasoning masks the odor of the soybeans, which are a main ingredient of the PF products, while also compensating for the flavor lost from the reduced use of sodium, thereby supporting the preparation of low-salt meals. By introducing these products to food manufacturers and the prepared dish and restaurant industries, we will use the power of fermentation to deliver deliciousness and health.

Dried daikon strips with *Goku-uma Plus*



PF Keema Curry



Prepared Dishes and Other Prepared Foods Segment

# Prepared Dishes and Other Prepared Foods Business

**Koichi Iwasaki**  
 Director and President  
 Nisshin Seifun Delica Frontier Inc.



## A pioneer presenting new value to the prepared dishes and prepared foods market —A business model pursuing delicious foods and high manufacturing efficiency

The Group has positioned the Prepared Dishes and Other Prepared Foods Business as one of its growth areas and has built a complete lineup structure capable of supplying products in all categories, including *bento* boxed lunches, *onigiri* rice balls, sandwiches, and pasta. In addition, in July 2022, we established the intermediate holding company, Nisshin Seifun Delica Frontier Inc. under which we brought in all of the operations of the Prepared Dishes and Other Prepared Foods Business in order to better execute flexible strategic decisions and strengthen operational management for overall optimization. Under the new structure, we will respond to issues and risks, such as raw material cost inflation and labor shortages, by strengthening our raw material procurement

capabilities and formulating the optimal production system. We will also use digital technologies to establish leaner business operations. The domestic market for prepared dishes and other prepared foods contracted during the COVID-19 pandemic but has recently begun showing signs of recovery, and we expect the market to continue growing. The pandemic has also caused major changes in lifestyles and work styles. As we respond to these changes, we are also refining our developmental and technological capabilities to address social issues, including reducing food loss and respecting human rights. In this way, we will create new value and create "a business model pursuing delicious foods and high manufacturing efficiency."

### Strengths

- Nationwide manufacturing and distribution structure and top-class manufacturing plants and workforce in Japan
- A complete lineup structure providing products in every prepared food category
- A product development structure encompassing the Group's R&D and technology development activities
- The ability to use the Group's raw material procurement
- Governance by the intermediate holding company

### Opportunities

- Change in wage-earner demographics with more women workers, people working at home, and single-person households
- Lifestyle changes accompanying the declining birthrate and aging population in Japan
- Rapid technological innovation in automation, robotics, and AI

### Risk

- Shrinking markets and increasing labor shortage due to population decline

### Business strategy in the medium-term management plan

## Become an essential company in the prepared dishes and other prepared foods market

- Separate the management control and business execution functions under an intermediate holding company structure
- Strengthen the frozen food business, including improving the production system
- Continue creating lean business operations by reconstructing the optimal production system
- Improve operating efficiency by digitalizing operations and stabilize the production systems by automating production processes
- Conduct R&D and develop technology to reduce food loss and decrease our environmental impact
- Develop technology to reduce the impact on food quality from additives (bacteriostatic agents, pH adjusters) in order to maintain deliciousness

### Key measures to achieve the medium-term plan targets

#### Activation of our full comprehensive strength with Nisshin Seifun Delica Frontier

Establishing Nisshin Seifun Delica Frontier clarifies the authority and business responsibilities of the Group companies Tokatsu Foods Co., Ltd., Joyous Foods Co., Ltd., and Initio Foods Inc. The intermediate holding company will also enable quicker management decision-making from the perspective of the overall optimization of our prepared dishes and prepared foods business.

The company will lead our efforts to strengthen governance, including quality assurance and risk management, and to effectively use our management resources through exchanges of personnel and technologies. By effectively applying a complete lineup structure, including the Group's frozen and other products, as well as our R&D and menu development capabilities, we will aim to generate innovation in the prepared dishes and prepared foods market.



The brand statement of Delica Frontier

#### Fulfilling our vision through technological development and R&D

The prepared dishes and prepared foods business is characterized by labor-intensive production systems and daily deliveries of products with short expiration dates. At the same time, we are responding to emerging social issues, such as labor shortages and food loss, by increasing automation in our production processes to ensure we can continue reliably and efficiently deliver products of consistent quality. Automating the food arrangement processes for fried food, side pickles, or other element is challenging because of the variability in food shapes, and we are working to develop individual technologies for each product type. We are also focusing on addressing the limitations that come from expiration dates and are advancing R&D in various directions, including developing technology to extend shelf life and to use freezing technology.

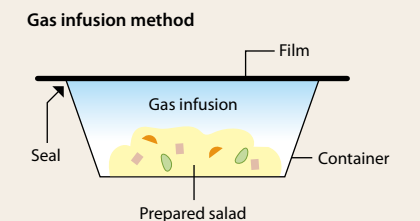


An inari-zushi production machine

## Materiality initiatives

### Stepping up efforts to reduce food loss and lower our environmental impact

The Group has set reducing food waste as a CSR priority (materiality), and extending expiration dates is one of our main focuses. We are applying Nisshin Seifun Group technology to our core prepared dishes and prepared food products because of the short expiration dates on daily food items. One of our innovations is packing technology that infuses prepared salad containers with a gas that maintains freshness and seals the containers. This technology reduces food loss by preserving the deliciousness while extending the expiration date by about one day. As another example, prepared foods are often maintained in chilled temperatures during delivery. Raising the quality of our frozen prepared foods and offering them to customers as alternatives to chilled products will reduce food loss both in our plants through better production planning and at customer stores by providing longer expiration dates.



**Note:** This gas infusion technology was realized through research and development by the Prepared Dishes and Other Prepared Foods Segment and the Nisshin Seifun Group Inc. research laboratory.

Processed Food Segment

# Healthcare Foods Business

**Hidekuni Tanaka**  
Director and President  
Nisshin Pharma Inc.

## Meeting the growing need for healthcare food products and fine chemicals and becoming our customers' partner in physical and mental health

As the healthcare food market continues expanding with the increasing health awareness, we are focusing on strengthening our brand and meeting customer needs by developing nutritional supplements, foods with function claims, and healthcare foods. While maximizing the strength of our direct to consumer (DtoC) sales channels, we are working to develop a new mail-order business with our healthcare foods that leverages the Group's overall capabilities. The new mail-order operation will contribute to

further broadening the Group's efforts in the healthcare field.

In the fine chemicals business, we will continue to strengthen our business base and work to expand our sales areas. We anticipate growing competition in both the healthcare and fine chemicals markets and are seeking to differentiate our company by harnessing the Group's overall technologies and materials and by developing materials for new fields.

Strengths	Opportunities and Risks
<ul style="list-style-type: none"> <li>Own DtoC mail-order channel</li> <li>Product development capabilities using our technologies</li> <li>Sophisticated quality assurance system developed in the pharmaceuticals business</li> </ul>	<ul style="list-style-type: none"> <li>Increasing use of self-medication</li> <li>Growing e-commerce</li> <li>Increasing awareness of healthy diets and daily lifestyles</li> <li>Diversifying consumer needs and demand for high value-added products</li> <li>Expanding demand for raw materials for pharmaceutical products "EPA-E"</li> </ul>
Challenges	
<ul style="list-style-type: none"> <li>Establish multiple leading products in mail order</li> <li>Maintain and expand sales channels for the fine chemicals business</li> </ul>	

### Business strategy in the medium-term management plan

- Grow the mail-order business centered on healthcare foods. Build the business by following the trend of growing health awareness in food and lifestyles by deepening customer understanding, applying the Group's strengths of technological and quality assurance capabilities. Add products beyond Bificolon to establish the mail-order business as an earnings driver.
- Expand the domain of the healthcare foods business. Develop personal nutrition and other areas as new healthcare food businesses built around health management within the overall healthcare domain.
- Strengthen the foundation of the fine chemicals business. Strengthen the business foundation by continuing to lower EPA-E costs, establishing stable raw materials procurement sources, and securing multiple sales destinations.

### Key measures to achieve the medium-term plan targets

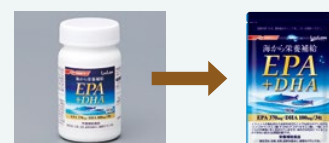
#### Devise new earnings pillars and strengthen business foundations

- Healthcare foods**
- Develop products and acquire original evidence using our own technology and open innovation in the focus areas of intestinal environment and lifestyle-related diseases
  - Acquire new customers and repeat orders, and facilitate cross-selling to establish more pillar products in addition to Bificolon
  - Leverage the DtoC business model to develop and sell personal nutrition and Nisshin Pharma original healthcare foods
- Fine chemicals**
- Expand the sales area of EPA-E. Revise and improve process efficiency to construct a stable production system using the current equipment

### Materiality initiatives

#### Reduce packaging materials, actively incorporate materials with low environmental impact

We will reduce the volume of packaging materials and containers used in our mail-order operations and switch to materials with low environmental impact. We will specifically reduce plastic containers and bottles and adopt FSC®-certified paper.



Others Segment

# Engineering Business

**Hiroshi Murata**  
President  
Nisshin Engineering Inc.

## Establishing DX engineering and developing expert teams in powder technology and plant construction

We are aiming to further strengthen the powder technologies and plant construction engineering technologies that differentiate our operations while establishing "DX engineering" to construct a management foundation for continuous change and growth. DX engineering means constructing an efficient management system by thoroughly digitalizing all of our operations so we can transform our business processes and fully visualize our plant and supply chain operations. We will also

focus on improving our consulting capabilities and developing digital human resources to establish a corporate brand where each employee is an expert in their field and takes pride in their work. Together, these efforts will enable us to further cultivate our existing areas and broaden into non-food and other new fields in the plant engineering business while also expanding our equipment sales and powder processing businesses.

Strengths	Opportunities
<ul style="list-style-type: none"> <li>Abundant experience in plant engineering and powder handling</li> <li>System of the same manager remaining in charge of all customer support from sales to maintenance</li> <li>The Nisshin Seifun Group's world-class powder technologies and R&amp;D structure for plant automation</li> <li>Customer perspective approach to R&amp;D</li> </ul>	<ul style="list-style-type: none"> <li>Growing demand for plant automation and IoT integration as new technologies emerge</li> <li>Growing demand for leading electronic materials</li> </ul>
	Risks
	<ul style="list-style-type: none"> <li>Increasing competition for food manufacturing plant construction due to a shrinking market for food products as Japan's population declines</li> <li>Maturing of the powder market</li> </ul>

### Business strategy in the medium-term management plan

- Establish DX engineering (thorough digitalization of all business processes)
- Improve proposal skills, develop digital human resources, and accumulate and share proprietary technologies and expertise
- Cultivate existing areas and expand into other areas, including non-food factories, in the plant business
- Use our world-class powder technology to expand sales in the equipment and powder processing businesses

### Key measures to achieve the medium-term plan targets

#### Comprehensive digitalization of all business processes

We have set digitalization of the three areas of design, estimates and procurement, and knowledge as the priority measures for strengthening our competitiveness. In design, for example, we will use a system to create computerized 3D drawings, which will enhance and differentiate our design work. In addition, incorporating digital tools to other business processes will improve the accuracy and speed of our operations and enable us to continue advancing the visualization and application of our accumulated knowledge and insight.

### Materiality initiatives

#### Office renovation to support new work styles

We extensively renovated our offices in March 2022 following the concept of creating a space that nurtures people and technology. The main feature is an open area equipped with a full-wall whiteboard, a large monitor, and movable individual desks for employees to easily share their know-how. We also added a free address system with booths dedicated to online meetings, individual work concentration areas, and spaces to accommodate virtual reality activities. We created an office environment where employees can choose the best work environment for their task and can carry out their work in the most efficient manner.



Others Segment

# Mesh Cloth Business

**Tetsuya Kaji**  
President  
NBC Meshtec Inc.



## Use our unique, high-value-added, differentiated technologies to become a world-leading material company helping to create prosperous lifestyles and improve the global environment

In the global movement to realize a sustainable society, environmental measures are being stepped up to reduce CO<sub>2</sub> emissions and decarbonize. In the environmental field, we anticipate technological developments for a society that uses natural energy, renewable energy, and hydrogen to lead to expanding related markets. In the medical and hygiene fields, we expect worldwide demand for antiviral functional materials and medical and hygiene products to increase in the post-pandemic

society. In the automotive industry, we anticipate CASE innovation to open new business opportunities for high-performance product groups; and in the electronic components industry, we expect steady advances and increasing use of 5G and 6G communications. With this outlook, we will seek to maximize our corporate value over the medium term by improving our customer and social value and using our manufacturing expertise to contribute to the Group and society and to help improve the Earth's environment.

Strengths	Opportunities
<ul style="list-style-type: none"> <li>Development and manufacturing technologies for high-definition, high-quality synthetic and metal fiber mesh</li> <li>Catalyst, bio-, and nanotechnologies enabling us to develop products with dust proofing, antifouling, water repelling, antibacterial/antiviral, and deodorizing functions</li> <li>Integrated mesh and plastic molding technologies, high-performance filter development and production technology capabilities</li> </ul>	<ul style="list-style-type: none"> <li>Growing demand in new areas, such as the environmental, decarbonization, medical, health hygiene, and communications fields</li> <li>Increasing demand for high-performance mesh for electronic devices and circuit formation created with new technologies</li> </ul>
	Risks
	<ul style="list-style-type: none"> <li>Changes in supply chains or demand triggered by trade friction or geopolitical risk</li> <li>Fluctuations in raw material prices</li> </ul>

### Business strategy in the medium-term management plan

- Raise sales by developing and expanding sales of differentiated high-performance products in each growth market segment
- Strengthen cost competitiveness and optimize domestic and overseas production systems
- Contribute to resource recycling, environmental protection, and Group sustainability by advancing decarbonization, including installing more solar panels at our plants and converting to hydroelectric power generation as a company power source

### Key measures to achieve the medium-term plan targets

#### Raise sales by developing and expanding sales of differentiated high-performance products in each growth market segment

- Advance development and sales of high-definition metal mesh for solar cells in the environmental market, high-performance material mesh using our unique technology for hydrogen-related markets, and high-performance molded filters for EVs and FCVs in the automotive market
- Develop and expand sales of environmental products, such as ion-exchange membrane mesh, high-performance filtration cloth and filters, and deodorizing equipment with catalyst technology for the water-related market
- Develop and expand sales of high-performance mesh for electronic components for more sophisticated and faster communication technology

### Materiality initiatives

#### Using our products and technologies to help customers and society attain carbon neutrality

The mesh technology that we have developed from the sieves used in our founding milling business is now widely used as a technology in many fields to help realize a sustainable society. In photovoltaic power generation, for example, screen printing mesh technology improves solar panel efficiency. High-performance mesh material technology is also used in equipment that produces hydrogen, which is attracting attention as a next-generation energy source. We plan to step up our environmental efforts and have placed the environment as a priority management issue in the Group's medium-term management plan.

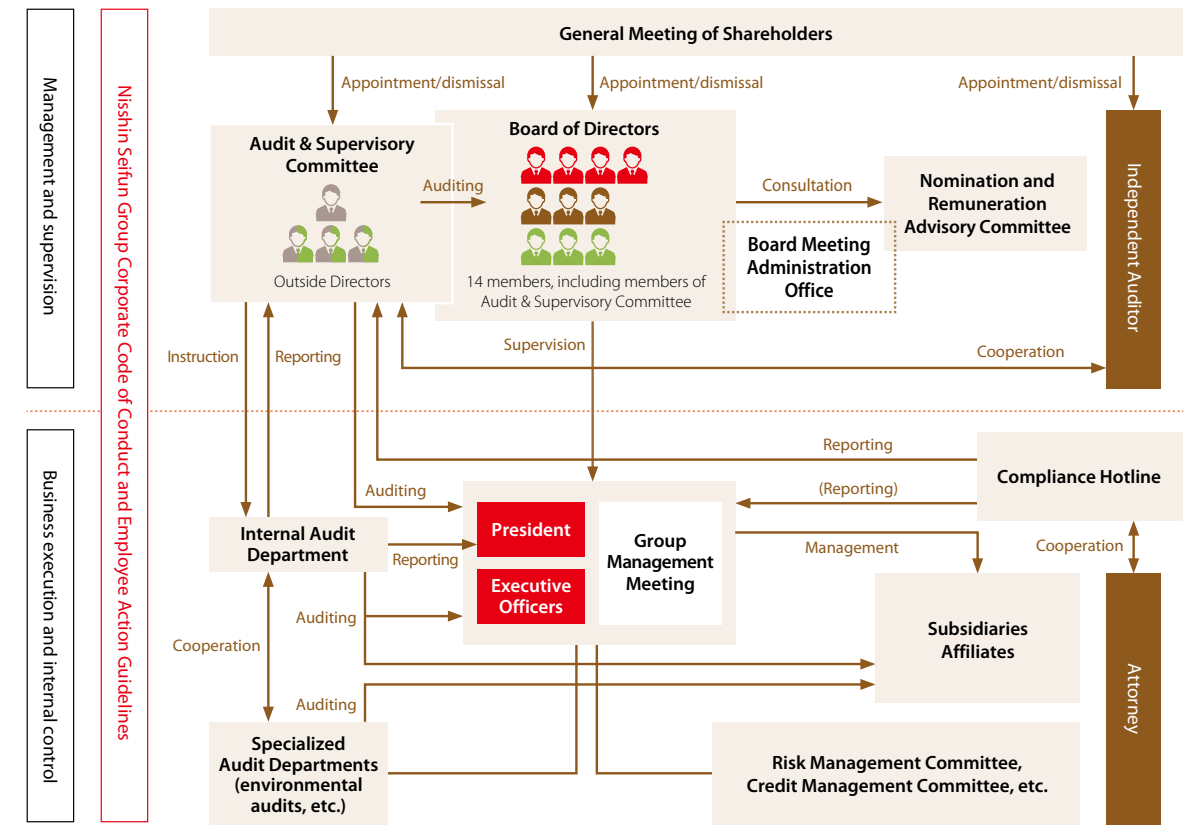
### Corporate governance structure

#### Basic approach to corporate governance

The mission of the Group (the Company and its subsidiaries and affiliates) is to stably provide safe and reliable "shoku" (food), including flour, in line with our corporate principle of "contributing to a healthy and fruitful life for all," which is founded on our guiding philosophies of "the basis of business is built on trust" and "being in tune with the changing business climate." In keeping with this basic principle and the aim of realizing sustainable corporate growth and maximizing long-term corporate value, the Company's basic approach to corporate governance is:

(i) to develop an efficient management system and clarify management responsibility; and (ii) to promote management based on respect for the status of each stakeholder, beginning with our shareholders, and to achieve transparent, timely and appropriate decision-making. Following this approach, we seek to fulfill our obligations to all of our stakeholders, including our responsibility to manage the Company effectively on behalf of stakeholders. We have also established the Corporate Governance Policy to ensure effective governance that will support sustainable growth and the creation of corporate value in the medium and long term.

### Diagram of Corporate Governance Structure



- Directors who belong exclusively to the holding company and evaluate and oversee the actions of operating companies
- Directors who oversee major businesses, and who are familiar with the market environment and management of those businesses
- Outside Directors who are in a position to oversee the management of the Company from independent and third-party viewpoints
- Directors who are Audit & Supervisory Committee Members responsible for auditing the legality and appropriateness of business execution
- Outside Directors who are Audit & Supervisory Committee Members auditing the legality and appropriateness of business operations, and who are in a position to oversee the management of the Company from independent and third-party viewpoints

## Nisshin Seifun Group Governance System

### 1. Holding company structure

The holding company structure has been adopted to allow the holding company, Nisshin Seifun Group Inc., to evaluate and supervise its operating subsidiary companies from the shareholders' perspective to ensure the strategic use of management resources and effective corporate governance in Group operations. The structure clarifies management responsibilities and enables timely and appropriate decision-making to support the execution of our business operations.

### 2. Management structure

**Board of Directors:** The Board of Directors is the supervisory body for decision-making on important matters of management policy and business execution. To ensure Board diversity in terms of gender, age, and other attributes, male and female directors with differing backgrounds have been appointed, including some with overseas business experience. The Board of Directors is chaired by President Kenji Takihara.

**Appointment of Outside Directors:** Six highly independent Outside Directors have been appointed to provide opinions from a third-party perspective on the management of the Company. (Please see the List of Directors on pages 68-71 for profiles of members of the Board of Directors)

**Executive officer system:** To accelerate business execution, we transitioned from the executive officer system adopted in 2001 to a new system in 2019. With the transition to a Company with an Audit & Supervisory Committee in June 2019, we revised the previous executive officer system to clarify the role of Executive Officers. Under the new system, Executive Directors also serve as Executive Officers.

**Group Management Meeting:** As a general rule, Group Management Meetings are convened twice monthly or as needed to discuss and exchange information on important matters related to the execution of the business operations of the Group and group companies. The meeting comprises primarily executive officers and is chaired by President Kenji Takihara.

### 3. Audit structure

The Company has set up an Audit & Supervisory Committee comprising a total of four Directors—three Outside Directors and one Inside Director. The Audit & Supervisory Committee Members attend important meetings, including those of the Board of Directors, hold regular meetings with the Representative Directors, and audit the execution of duties by Directors, in accordance with the Board's auditing standards and audit plans. One Inside Director serving as a full-time Audit & Supervisory Committee member and as an Audit & Supervisory Board member at major subsidiaries conducts audits of the Group companies.

The Company regularly holds the Nisshin Seifun

Group Audit & Supervisory Liaison Committee Meeting as a forum in which auditors of business subsidiaries can share audit and risk information. In addition, an Audit & Supervisory Committee Administration Office has been established to support the work of the Audit & Supervisory Committee, so as to further enhance the audit system.

The Internal Audit Department is under the direct control of the Audit & Supervisory Committee and performs audits as instructed. It also carries out internal control assessments.

The Company and its major subsidiaries have entered into audit contracts with audit corporations and commission audits based on the Companies Act and the Financial Instruments and Exchange Act.

### 4. Committee system for corporate governance

#### Nomination and Remuneration Advisory Committee:

The Nomination and Remuneration Advisory Committee, composed of all the Independent Directors, facilitates information sharing among the Outside Directors. Furthermore, in response to requests for consultation from the Board of Directors, the Nomination and Remuneration Advisory Committee discusses and advises on the appointment of Representative Directors and Outside Directors, the composition of the Board of Directors (including the skill matrix), the senior management remuneration framework and other related matters. It also carries out functions similar to those performed by optional nomination and remuneration committees.

**Corporate Value Committee:** We have established a Corporate Value Committee consisting solely of independent Outside Directors. The committee carefully deliberates on acquisition proposals submitted to the Company from the perspective of whether the acquisition proposal would secure and improve the Company's corporate value and the common interests of the shareholders. The Corporate Value Committee meets once a year, regardless of whether or not there have been acquisition proposals, to discuss policies and other measures designed to secure corporate value and protect and enhance the interests of shareholders.

### 5. Reasons for selection of the corporate governance structure

The "Company with an Audit & Supervisory Committee" structure was selected in 2019 for the following reasons:

- 1) A Company with an Audit & Supervisory Committee structure strengthens the supervisory functions of the Board of Directors over business execution by increasing the ratio of Outside Directors and providing Directors who are Audit & Supervisory Committee members with voting rights at meetings of the Board of Directors.
- 2) An Audit & Supervisory Committee, which is composed of a majority of Outside Directors, improves management transparency by taking responsibility for auditing the legality and appropriateness of business execution. It

also enhances auditing functions by directly controlling the Internal Audit Department.

- 3) The structure enables a review of the authority vested in the Executive Directors with the objective of accelerating management decision-making and improving the agility of business execution.

We intend to use the new structure to achieve sustainable growth and continue raising our corporate value in the medium and long term.

In addition, to maximize the functions of the holding company system adopted by the Company, as stated in Section 1 above, the Board of Directors shall include: (i) directors who are dedicated to the holding company and are responsible for the functions of the entire Group; (ii) directors who are familiar with the market environment and management of major businesses and who concurrently hold the position of manager of a primary business subsidiary; (iii) Outside Directors with an independent, third-party perspective; and (iv) directors with voting rights at the Board of Directors meeting and who are members of the Audit & Supervisory Committee responsible for auditing the legality and appropriateness of business execution. We respect the perspectives of shareholders and all stakeholders and believe that the system is suitable for supporting management that is both highly transparent and capable of making timely and appropriate decisions. Outside Directors are expected to express their opinions at the Board of Directors meetings based on their abundant experience and broad expertise. Management considers the opinions of Outside Directors to be extremely valuable, as they reflect the perspectives of shareholders and the general public.

### In-depth specialized audits

From the perspective of ensuring legal compliance and preventing accidents, Nisshin Seifun Group considers four categories of safety (the safety of people, products, equipment and the environment) as being the precondition to sound production activities. Accordingly, the Group's audit structure consists not only of audits of Directors' work carried out by Audit & Supervisory Committee Members, and audits by the Internal Audit Department, but also various specialized audits performed by sections or departments with specialist viewpoints. Specialized audits include equipment/safety audits and environmental audits to ensure sound company operations, as well as quality assurance audits aimed at ensuring product safety based on quality assurance from the consumer's perspective. The specialized audits provide necessary guidance and improvements, which are extended horizontally across the Group to maintain and enhance the overall level of the Group. The results of audits are also reported to the Audit & Supervisory Committee.

## Operation of the Board of Directors

### Director training

The Company provides its Directors with opportunities to acquire the necessary knowledge appropriate to their role in a governance body that is a critical part of a listed company. For example, the Company plans and holds workshops presented by lawyers and other experts about the Companies Act, corporate governance, and other issues.

The Company also provides and arranges training opportunities, including the subsidization of costs, so that Directors can update the professional expertise required to lead the industry. Directors use these opportunities to deepen their understanding of their roles and responsibilities and endeavor to acquire and enhance the necessary knowledge and skills.

### Follow-up system for Outside Directors

Contact with the Outside Directors is made through the Board Meeting Administration Office, which distributes materials for meetings in advance and provides Outside Directors with an overview of the proposals to be presented to the Board of Directors. When necessary, the relevant corporate units also brief Outside Directors in advance about proposals. Outside Directors who are Audit & Supervisory Committee Members also view documents drafted by the Audit & Supervisory Committee Administration Office. If necessary, they can also receive briefings by the full-time Audit & Supervisory Committee Member or the Audit & Supervisory Committee Administration Office.

### Evaluation of the effectiveness of the Board of Directors

The Company initiated Board of Directors analysis and evaluations in fiscal 2016 with the objective of improving the effectiveness of the Board.

In fiscal 2022, we conducted a survey of all directors. The results were discussed by the Nomination and Remuneration Advisory Committee and other committees and were further analyzed and assessed by the Board of Directors itself. Concerning the overall operations of the Board of Directors, the survey found that proceedings by the Chair, agenda item selection, deliberation time, discussion quality, meeting frequency, and other aspects were appropriate, and that the composition of the Board, including its size and diversity, enabled it to perform its roles effectively. We believe the survey results indicate that the Board of Directors is operating effectively.

The survey also uncovered new issues, including the need for expanded deliberations on important matters relating to management plans and sustainability as well as strengthening of group governance. We will take action on these matters and continue using appropriate methods to



examine and evaluate the effectiveness of the Company's Board of Directors.

**Website** Corporate Governance Policy  
Corporate Governance Report  
Independence Standards for Outside Directors  
<https://www.nisshin.com/english/shareholders/governance.html>

**Expertise and other characteristics of Directors (skills matrix)**

The Company selects Outside Directors after taking into consideration each candidate's advanced specialized know-how, extensive experience and broad insights as corporate executives, as well as their knowledge of the world situation, perspectives on risk management and compliance, and various other attributes. We also strive to ensure a healthy balance in terms of the diversity, knowledge, experience, and abilities of our Outside Directors.

In addition, we have established a skills matrix that outlines the expertise and other characteristics of each Director.

**Appointment and compensation of Directors**

**Appointment, dismissal and nomination**

The appointment and dismissal of Senior Management is subject to deliberation and resolution by the Board

**Expertise and other characteristics of Directors (skills matrix)**

Name	Corporate management and Management strategy	Global	Finance and Accounting	Legal and Risk management	Human resources management and Human resource development	Environment and Society	Sales and Marketing (including E-commerce, etc.)	Procurement and Production	Technology, Digital, and R&D
Kenji Takihara	✓	✓		✓		✓		✓	✓
Akira Mori	✓	✓	✓	✓		✓			✓
Naoto Masujima		✓		✓	✓	✓		✓	
Koichi Iwasaki	✓				✓		✓	✓	✓
Satoshi Odaka				✓		✓		✓	✓
Takao Yamada	✓				✓		✓	✓	✓
Yuji Koike	✓				✓		✓	✓	✓
Kazuhiko Fushiya		✓	✓	✓		✓			
Motoo Nagai	✓	✓	✓				✓		
Nobuhiro Endo	✓	✓			✓		✓	✓	✓
Shoh Ohuchi			✓						
Satoshi Ito			✓						
Mieko Tomita				✓	✓				
Takaharu Ando		✓		✓	✓	✓			

of Directors, in which Outside Directors also participate. Additionally, the Board of Directors proactively engages in the establishment and implementation of a development plan for Senior Management, and appropriately oversees the systematic development of a succession plan. The appointment and dismissal of the Company's Representative Directors is discussed by the Nomination and Remuneration Advisory Committee, which is composed of all Outside Directors, in addition to the Board of Directors.

The Company appoints six Independent Outside Directors to further enhance the fairness and transparency of corporate governance.

**Remuneration**

The Company determines Senior Management remuneration from the perspectives of: (i) retaining outstanding human resources; (ii) setting an appropriate level of remuneration corresponding to the Company's scale and business categories; and (iii) providing healthy incentives for increasing the medium- to long-term corporate value of the Company. Management remuneration includes a variable performance-based portion, which reflects the degree of contribution to the Group and the medium- to long-term basic strategy of the Group.

Based on the above approach of providing an appropriate mix of remuneration in line with the nature of the business, remuneration comprises a combination

of the following: (i) a monthly fixed basic payment corresponding to each individual's role; (ii) a variable portion (bonus) payment provided, in principle, at preset times during the year, reflecting the individual's past performance contributions; and (iii) a stock-based remuneration payment provided once per year with the aim of orienting management toward shareholder value by linking remuneration to future performance. Because of our involvement in the food industry, our mission—which at the same time is the source and foundation of our corporate value—is to maintain high standards of product safety and quality and continue to supply flour and other staple foods to the people reliably. The nature of our business is reflected in our basic philosophy on the appropriate remuneration mix for a company, which is that the ratio should start at 70:15:15, and that the ratios for the second and third elements, which are based on performance, should be variable. To ensure the objectivity and validity of the remuneration amounts, the standard total amounts of remuneration for each rank are determined in consideration of a variety of factors, including the results of surveys conducted by external organizations, the professional responsibilities of each rank, and their importance in relation to Group management.

While Outside Directors are basically only required to perform a management supervisory role, we consider it important to provide them with an appropriate incentive for the enhancement of corporate value over the medium to long term. Remuneration of Outside Directors (excluding Outside Directors who are Audit & Supervisory Committee Members) primarily consists of fixed remuneration (basic payment), together with stock-based remuneration up to a specified upper limit.

The Company ensures the appropriateness and objectivity of the remuneration determination process by setting policies concerning the methods used to

decide the content of remuneration, etc., for individual Directors (excluding Directors who are Audit and Supervisory Committee members) after prior deliberation by Nomination and Remuneration Advisory Committee, which consists of all Outside Directors.

**Strategically held shares**

We are committed to the food industry imperative to ensure safe and reliable products, and our primary mission is to provide a stable supply of wheat flour and other products through our core flour milling operation. Fulfilling this mission requires forming and strengthening long-term, stable relationships with business partners in our manufacturing, sales, and other processes.

Strategically held shares will be retained to build relations of trust while we continue to conduct transactions with trading partners, and will be maintained if it is believed that holding such shares will contribute to improving the corporate value of the Group in the medium to long term. Specifically, it is deemed reasonable to retain strategically held shares from the perspective of facilitating and strengthening business alliances and joint ventures and from the perspective of building and strengthening long-term and stable business relationships.

The Company reviews the purpose for the strategic holdings, our business transactions with the companies, and the companies' profit positions and financial statuses, shareholder returns, creditworthiness, and other items. The Company also weighs the benefits and capital cost of holding the shares to verify the suitability of retaining them from a medium- and long-term perspective. Shareholdings that the Company determines to have no rational reason to be retained will be reduced.

**Total remuneration by type for each director category (FY2022 actual)**

Director category		Director (non A&S Committee member, non-Outside Director)	Director (A&S Committee member, non-Outside Director)	Outside Directors (including A&S Committee members)
<b>Total remuneration (millions of yen)</b>		239	16	60
<b>Total remuneration by type (millions of yen)</b>	<b>Fixed remuneration (basic portion)</b>	160	16	57
	<b>Variable remuneration (bonus)</b>	46	-	-
	<b>Stock-based remuneration</b>	32	-	3
<b>Number of eligible directors</b>		8	1	6

Compliance

Basic approach

Our basic stance as a corporate group and the standards of business conduct expected from the officers and employees of the Nisshin Seifun Group are defined in the Nisshin Seifun Group Corporate Code of Conduct and Employee Action Guidelines (Code & Guidelines), which were established in October 2002.

The presidents and directors of Group companies, including Nisshin Seifun Group Inc., are aware of their responsibility to uphold the Code & Guidelines and provide leadership in ensuring that all concerned are familiar with these requirements and maintain consistently high standards of business ethics. In the event of a situation that contravenes the Code & Guidelines, the president of the company concerned will issue internal and public statements concerning efforts to resolve the issue, investigate the causes, and prevent recurrences. Accountability will be ensured through the timely disclosure of accurate information, and firm disciplinary actions will be taken (including against the president of the company concerned where necessary), after clarification of the authority and responsibility of those concerned.

Compliance Hotline System

If anyone becomes aware of conduct in violation of regulatory requirements or the Code & Guidelines within the Nisshin Seifun Group, or the risk of such conduct, it is vital to report the matter to their manager or other appropriate person and seek advice, so that staff, including those in other concerned units, can take organized action to address the problem. It is also necessary to provide an alternative whistleblowing channel to ensure that issues are not ignored, and that prompt action can be taken to resolve or prevent problems.

We created the Compliance Hotline for this purpose in 2003. In addition to an internal helpdesk, we have also established an external contact point at a legal firm for those wishing to use the Compliance Hotline. We have taken steps to make the system more accessible for employees, including provision for reporting matters anonymously. Reports are promptly investigated by teams composed of staff from the relevant departments, according to the type of incident, and appropriate actions are taken. Care is taken to protect whistleblowers and ensure that they are not disadvantaged.

Prevention of corruption

The Nisshin Seifun Group Code & Guidelines clearly promote fair corporate activities, and we are implementing initiatives to ensure that this commitment is put into practice. In March 2019, we responded to the worldwide tightening of anti-bribery regulations by adopting the

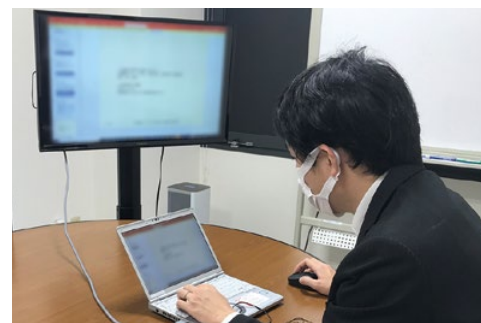
Nisshin Seifun Group Anti-Bribery & Anti-Corruption Policy to ensure Group compliance with anti-bribery legislation in various countries, including the Unfair Competition Prevention Act in Japan, the Foreign Corrupt Practices Act in the US, and The Bribery Act in the UK.

This policy forbids and seeks to prevent corrupt practices involving the abuse of authority or status to gain personal or organizational benefit, including bribery and corruption, embezzlement, breach of trust, the obstruction of justice, money laundering and insider trading.

Compliance training

The Nisshin Seifun Group provides seniority-based compliance training for new employees, young employees, and newly appointed management personnel on a yearly basis (Number of participants in fiscal 2022: 58 new employees, 44 young employees, 74 newly appointed management personnel—excluding overseas subsidiaries).

New employees are taught about the Code & Guidelines. They also learn about applicable laws, including antitrust and subcontracting laws, as well as internal Group rules, such as the legal norms surrounding our business activities, and our rules relating to the Compliance Hotline system. Training for young employees includes both group training sessions and preparatory e-learning programs covering laws and regulations governing business operations, and issues relating to insider trading and compliance. Training for newly appointed management personnel is designed to improve understanding of the significance and importance of compliance by focusing on business-related laws and regulations concerning insider trading and other compliance issues, as well as recent case studies.



All employees participate in annual online compliance training

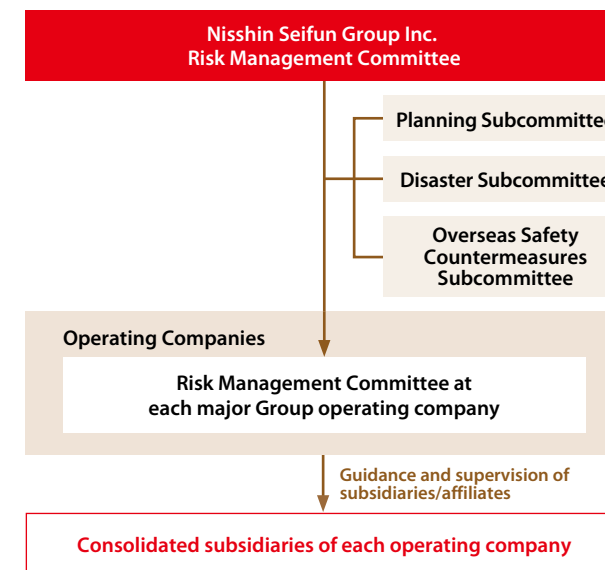
Risk management and crisis control

Risk management structure

We established the Nisshin Seifun Group Risk Management Rules and the Nisshin Seifun Group Crisis Control Rules in 2008. We are strengthening day-to-day risk management to ensure appropriate risk prevention, control, and response.

We have established a Risk Management Committee made up of the presidents of our operating companies under the chairmanship of the President of Nisshin Seifun Group Inc., with the Director in charge of the General Administration Division as vice-chair. This committee oversees risk management across the entire Group and reports to the Group Management Meeting about its activities. Additionally, the Planning Subcommittee, Disaster Subcommittee and Overseas Safety Countermeasures Subcommittee of the Risk Management Committee consider and propose specific measures relating to issues in their respective areas of responsibility. Based on this structure, we strive to implement risk management in Group operations so that we can effectively execute measures, such as quickly setting up a task force in the event of a major crisis, and safeguard business continuity and the stability of product supply.

Risk Management Structure



Emergency response

In the event of a contingency that has or could have a serious impact on the Company's business, such as a fire, natural disaster, incident, or accident, Group employees are required to report the matter to the Company's call center, in addition to reports submitted via the usual office organizational structure and chain of command. The information received is immediately reported to

senior management, which will take appropriate initial actions to minimize the impact.

Efforts to prevent the spread of COVID-19

At present, the Group's highest priority is to address the risk from the global COVID-19 pandemic, which continues to significantly impact economic activity in Japan and overseas. To protect the safety of employees and ensure we can continue to provide reliable food supplies, in January 2020 we established the COVID-19 Task Force, led by the Company president. The task force meets as necessary to examine and implement measures to ensure thorough prevention measures, assess the impact on Group businesses, and take prompt and effective action against infection risk.

Risk management at overseas operations

One of the rules defined in the Group's Corporate Code of Conduct calls for the promotion of locally-rooted overseas operations.

When establishing overseas businesses, we take all due care to ensure that they are in tune with local customs and practices, including rigorous compliance with laws and regulations in each country, based on advice from local attorneys and other experts. We also formulate and apply our own risk management checklists to avoid risks when launching new businesses. Representatives of local subsidiaries use these checklists (startup kits) to verify compliance with local rules, including requirements relating to business licenses and approvals, compliance with minimum wages and other labor-related rules, environmental regulations, health and safety requirements, and the payment of taxes.

Impact of the situation in Ukraine

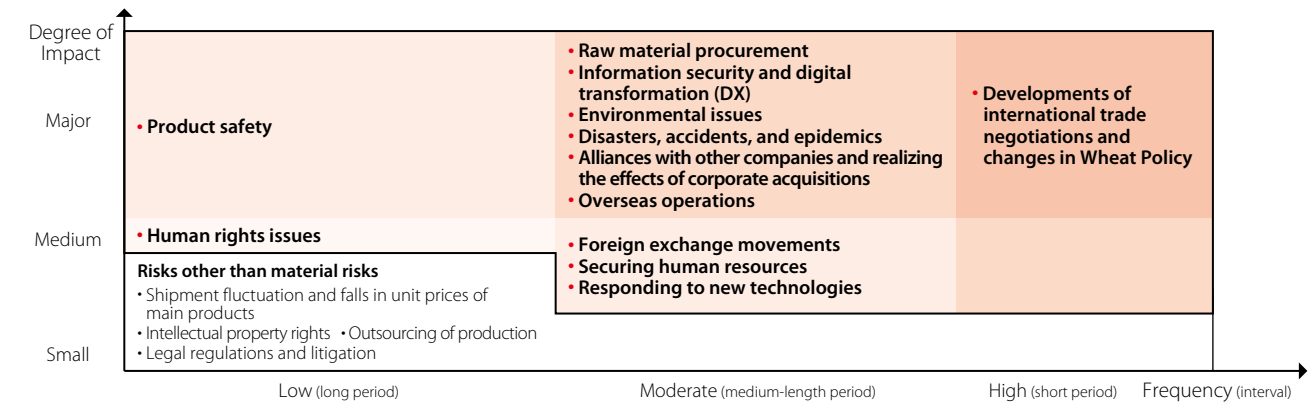
On February 24, 2022, Russia launched a large-scale military operation in Ukraine. Since both countries are among the world's leading exporters of wheat, this situation has led to the emergence of a new risk that wheat production and export volumes could decline. While the Nisshin Seifun Group does not import wheat from Russia or Ukraine, we are carefully monitoring the impact of this situation on our business and initiating countermeasures. We will continue to take timely and appropriate action in response to the situation in Ukraine.



**Primary material business risks**

The Nisshin Seifun Group Inc. Risk Management Committee assessed Group risks in fiscal 2022. Risks determined as presenting a potentially significant impact on management based on the estimated degree and frequency (interval) of the impact are on the right (Page 67).

The major material risks, potential impact on business management, and the Company's countermeasures are outlined below.



Risk	Impact on business management	Nisshin Seifun Group measures
Developments of international trade negotiations and changes in Wheat Policy	<ul style="list-style-type: none"> <li>Demand fluctuation and intensifying competition associated with lower border tariffs for wheat-related products in the domestic business</li> <li>Changes to national trade policies and wheat management methods (procurement, inventory, sales methods)</li> <li>Instability in domestic wheat flour and flour-related secondary processing markets, reorganization of related sectors</li> </ul>	<ul style="list-style-type: none"> <li>Prepare a global production network</li> <li>Realize low-cost operation using new technologies</li> <li>Further accelerate overseas business expansion</li> <li>Close small-scale production sites in Japan and consolidate production into large coastal plants</li> <li>Adapt to changing customer requirements</li> </ul>
Product safety	<ul style="list-style-type: none"> <li>Rising social concern about food safety and reliability</li> <li>Requests for compliance to stricter safety management standards</li> <li>Product recalls and/or defective items resulting from unforeseen events</li> </ul>	<ul style="list-style-type: none"> <li>Educate and instruct employees involved in all operations from development to manufacturing, distribution, and sales based on "quality assurance from the consumer's perspective"</li> <li>Comprehensively assess the safety of new raw materials and products (safety reviews), strengthen food defense measures</li> <li>Acquire and maintain ISO, FSSC, and other certifications representing international standards for food safety management systems</li> <li>Comprehensively manage outsourced production to the same standards as in-house plants</li> </ul>
Disasters, accidents, and epidemics	<ul style="list-style-type: none"> <li>Large-scale natural disasters, such as earthquakes and storm and flood damage</li> <li>Fires or explosion</li> <li>Outbreak of a new infectious disease epidemic</li> </ul>	<ul style="list-style-type: none"> <li>Implement seismic retrofitting of major plants, flood countermeasures</li> <li>Strengthen the accident prevention systems for fires and explosions (including conducting equipment and safety audits, establishing equipment safety regulations)</li> <li>Prepare major earthquake business continuity plans (BCPs)</li> <li>Systematically review government projections based on recent increases in the severity of disasters and review our countermeasures</li> <li>Prepare infection prevention measures and a BCP for new infectious diseases (e.g., establishment of the COVID-19 Task Force)</li> <li>Prepare timelines, etc., in readiness for storm and flood damage</li> </ul>
Alliances with other companies and realizing the effects of corporate acquisitions	<ul style="list-style-type: none"> <li>Unfulfilled anticipated outcomes due to an alliance or post-acquisition business not proceeding as originally expected</li> <li>Booking of substantial impairment losses on intangible assets, such as goodwill associated with corporate acquisitions, owing to a drop in profitability preventing recovery of the investment amount</li> </ul>	<ul style="list-style-type: none"> <li>Conduct thorough feasibility studies based on corporate guidelines prior to project proposals</li> <li>Build an effective M&amp;A team structure</li> <li>Ensure comprehensive post-merger integration (PMI) activities</li> <li>Steadily continue or relaunch businesses immediately after forming an alliance or making an acquisition</li> </ul>
Raw material procurement	<ul style="list-style-type: none"> <li>Fluctuation in raw material market conditions, and rising prices due to increase in wages, distribution costs, or packaging material costs</li> <li>Negative impact if wheat flour and product sales prices are not adequately revised to reflect rises in procurement costs for raw materials or commercial products, such as a sharp increase in the price of imported wheat</li> <li>Decline in corporate brand value and competitiveness due to inadequate response to social issues, such as environmental or human rights issues related to raw material procurement</li> </ul>	<ul style="list-style-type: none"> <li>Promote continuous, low-cost procurement and production operations</li> <li>Maintain a stable supply of products by monitoring conditions in raw material production regions in Japan and overseas, by working to diversify procurement options, and by finding potential alternative sources of raw materials</li> <li>Maintain the appropriate product value by developing new products geared to market changes and advancing high value-adding strategies</li> <li>Conduct fair and ethical trade transactions based on Responsible Procurement Policy in our business and, with the cooperation of suppliers, throughout the supply chain</li> </ul>
Information security and digital transformation (DX)	<ul style="list-style-type: none"> <li>Impaired customer service due to a system operation problem, an unanticipated virus infection or cyber terrorism, or unauthorized data access</li> <li>Costs and damage to social credibility caused by an external leak of trade secrets or private information</li> <li>Decline in business competitiveness due to changes in the market environment and hindered ability to execute business continuity in an unexpected and unusual situation</li> </ul>	<ul style="list-style-type: none"> <li>Conduct proactive information security activities (including training and drills) based on the Basic Rules on Information Security</li> <li>Gather security-related information</li> <li>Construct an effective IT management system, including security analyses by third-party organizations and backups of mainframe servers</li> <li>Revise the business model by advancing digitalization and digital marketing in priority business operations throughout the Group</li> <li>Implement more advanced computer antivirus measures</li> </ul>
Environmental issues	<ul style="list-style-type: none"> <li>Increased costs to bring the Group into compliance due to greater-than-anticipated changes in environmental legal regulations</li> <li>Negative impact on global resources and environmental conservation and diminished Group corporate brand value caused by Group inability to adequately respond to global environmental issues, such as climate change and food and plastic wastes</li> </ul>	<ul style="list-style-type: none"> <li>Attain ISO 14001 certification for the Group in accordance with the Nisshin Seifun Group Environmental Basic Policy</li> <li>Set medium- to long-term targets in relation to four environmental issues: climate change, food waste, packaging waste, and water resources</li> <li>Support the TCFD (Task Force on Climate-related Financial Disclosures) recommendations and participate in the TCFD Consortium</li> <li>"Efficiently handle product and packaging waste" by controlling and reusing food waste and promoting environmentally friendly design</li> <li>"Prepare for climate change and water resource issues" by reducing CO<sub>2</sub> emissions in our business operations</li> </ul>
Overseas operations	<ul style="list-style-type: none"> <li>Restricted or halted business activities resulting in diminished business performance and obstacles to business continuity caused by unexpected changes in political or economic situation, changes in laws and regulations, legal proceedings, terrorism or conflicts, or new infectious diseases</li> </ul>	<ul style="list-style-type: none"> <li>Provide appropriate management and support for business operations based on local business conditions through the Overseas Safety Countermeasures Subcommittee, under the Nisshin Seifun Group Inc. Risk Management Committee, and assistance from external experts</li> <li>Create a training system for employees dispatched to the local sites</li> </ul>
Foreign exchange movements	<ul style="list-style-type: none"> <li>Rise in procurement costs for raw materials and products procured overseas</li> <li>Impact from overseas businesses on profit or financial condition due to fluctuation in yen conversion</li> <li>Impact of fluctuation in imported wheat bran prices on domestic wheat bran market</li> </ul>	<ul style="list-style-type: none"> <li>Create a groupwide foreign exchange committee, establish rules for foreign exchange contracts, and share information and discuss measures related to foreign exchange</li> </ul>
Securing human resources	<ul style="list-style-type: none"> <li>Difficulty hiring and training human resources due to a shrinking labor force or changing employment conditions, and subsequent decline in Group competitiveness</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen recruitment activities</li> <li>Provide a healthy and fulfilling work environment and effective labor management so all employees with diverse values can fully demonstrate their abilities</li> <li>Introduce automation, robotization, AI, and other technologies to improve productivity</li> <li>Augment employee education and training</li> </ul>
Responding to new technologies	<ul style="list-style-type: none"> <li>Reduced ability to develop appropriate new products or production technologies due to inadequate response to dramatic market changes and technological advances or changes</li> <li>Negative impact on our business performance caused by core technology obsolescence that slows our product shipments and diminishes corporate brand value</li> </ul>	<ul style="list-style-type: none"> <li>Advance our technologies and train engineers for use in groupwide projects</li> <li>Use Group synergies to expand our technology domain</li> <li>Introduce external technology, such as from joint industry-government-academia research</li> </ul>
Human rights issues	<ul style="list-style-type: none"> <li>Negative impact on efforts to create a work environment that welcomes and respects diversity</li> <li>Expanding reputational damage to the Nisshin Seifun Group and brand</li> <li>Adverse effects on the ability of individual employees to achieve their full potential, negatively impacting our ability to recruit the high-quality human resources needed by the Group</li> <li>Decline in the Group's medium- to long-term competitiveness</li> </ul>	<ul style="list-style-type: none"> <li>Create a specialized unit to raise awareness about human rights issues, provide annual human rights awareness training activities for all officers and employees</li> <li>Establish the Nisshin Seifun Group Human Rights Policy based on the United Nations Guiding Principles on Business and Human Rights</li> <li>Commence human rights due diligence activities for major Group companies, including their supply chains</li> </ul>

We aim to maximize corporate value and achieve sustainable cyclical growth for the Group over the long term from four perspectives: the holding company, which has overall control of the Group; the operating companies, which are at the heart of the Group and drive growth; the outside directors, who bring fresh perspectives on management of the Company and the public interest; and the members of the Audit & Supervisory Committee, who perform audits on the legality and appropriateness of business execution.

Directors



**Kenji Takihara**  
Representative Director and President

Newly appointed

**Board of Directors attendance**  
--/-- meetings (---%)

**Reasons for appointment**  
The Company selected Mr. Kenji Takihara because he has a wealth of experience and an excellent track record in the flour milling business, along with a wide range of expertise in areas that include investor relations, corporate planning and technology development. He is considered to possess the skills and qualities needed by the Company as it pursues sustainable growth and medium- to long-term enhancement of corporate value.

**Career summary**  
Apr. 1988 Joined the Company  
Jun. 2006 General Manager (Investor Relations Office of Corporate Planning Division)  
Jun. 2009 Group Leader (Operations & Planning Group of Operations & Planning Division), Nisshin Flour Milling Inc.  
Jun. 2013 Director and Division Executive (Operations & Planning Division), Nisshin Flour Milling Inc.  
Jun. 2016 Executive Officer  
Jun. 2017 Director  
Jun. 2019 Managing Executive Officer  
Managing Director and Division Executive (Operations & Planning Division), Nisshin Flour Milling Inc.  
Jun. 2021 Senior Managing Director, Nisshin Flour Milling Inc.  
Jun. 2022 Director and President (to present)  
Director and Chairman, Nisshin Flour Milling Inc. (to present)



**Akira Mori**  
Representative Director

**Board of Directors attendance**  
13/13 meetings (100%)

**Reasons for appointment**  
The Company selected Mr. Akira Mori as Director because he has a wealth of experience and an excellent track record in areas of business management that include accounting, finance and corporate planning. He is considered to possess the skills and qualities needed by the Company as it pursues sustainable growth and medium- to long-term enhancement of corporate value.

**Career summary**  
Apr. 1979 Joined the Company  
Jun. 2010 General Manager (Finance Department of Finance and Accounting Division)  
Jun. 2012 Executive Officer and General Manager (Finance Department of Finance and Accounting Division)  
Jun. 2013 Director and Division Executive (Corporate Planning Division)  
Jun. 2015 Managing Director and Division Executive (Corporate Planning Division)  
Apr. 2017 Managing Director and Division Executive (Finance and Accounting Division)  
Jun. 2019 Director, Managing Executive Officer and Division Executive (Finance and Accounting Division)  
Jun. 2020 Director, Senior Managing Executive Officer (In charge of Corporate Planning Division and Finance and Accounting Division) (to present)



**Koichi Iwasaki**  
Director

**Board of Directors attendance**  
13/13 meetings (100%)

**Reasons for appointment**  
The Company selected Mr. Koichi Iwasaki as Director because he has a wealth of experience and an excellent track record in the management of the Prepared Dishes and Other Prepared Foods Business, as well as the Processed Food Business. He is considered to possess the skills and qualities needed by the Company as it pursues sustainable growth and medium- to long-term enhancement of corporate value.

**Career summary**  
Apr. 1980 Joined the Company  
Jun. 2012 Director  
Director and President, Nisshin Foods Inc.  
Jun. 2014 Managing Director  
Jun. 2015 Director, Tokatsu Foods Co., Ltd.  
Jun. 2017 Executive Officer  
Director and Vice Chairman, Tokatsu Foods Co., Ltd.  
Jun. 2019 Director, Managing Executive Officer and Division Executive (Business Development Division) \*  
Jul. 2019 Director and Chairman, Tokatsu Foods Co., Ltd. (to present)  
\* Director and president of Nisshin Seifun Delica Frontier Inc. since July 2022



**Satoshi Odaka**  
Director

**Board of Directors attendance**  
13/13 meetings (100%)

**Reasons for appointment**  
The Company selected Mr. Satoshi Odaka as Director because he has a wealth of experience and an excellent track record in areas that include production management and technology development. He is considered to possess the skills and qualities needed by the Company as it pursues sustainable growth and medium- to long-term enhancement of corporate value.

**Career summary**  
Apr. 1983 Joined the Company  
Jun. 2007 General Manager (Technology and Engineering Department of Technology and Engineering Division)  
Apr. 2012 Director and Division Executive (Production Division), Nisshin Flour Milling Inc.  
Jun. 2012 Executive Officer  
Jun. 2015 Director and Division Executive (Technology and Engineering Division)  
Jun. 2019 Managing Executive Officer and Division Executive (Technology and Engineering Division)  
Jun. 2020 Director, Managing Executive Officer and Division Executive (Technology and Engineering Division) (to present)



**Naoto Masujima**  
Director

**Board of Directors attendance\***  
9/10 meetings (90%)

**Reasons for appointment**  
The Company selected Mr. Naoto Masujima as Director because he has a wealth of experience and an excellent track record in areas that include general administration, human resources, corporate planning and overseas business. He is considered to possess the skills and qualities needed by the Company as it pursues sustainable growth and medium- to long-term enhancement of corporate value.

**Career summary**  
Apr. 1983 Joined the Company  
Jun. 2014 Executive Officer, GS (Globalization) of Corporate Planning Division and General Manager (China Business Development Office of Corporate Planning Division)  
Jun. 2015 Director, General Manager (Corporate Planning Department) and Division Executive (Overseas Business Division), Nisshin Flour Milling Inc.  
Jun. 2016 Managing Director, General Manager (Corporate Planning Department) and Division Executive (Overseas Business Division), Nisshin Flour Milling Inc.  
Jun. 2017 Director and Division Executive (General Administration Division)  
Jun. 2019 Managing Executive Officer and Division Executive (General Administration Division)  
Jun. 2021 Director, Managing Executive Officer and Division Executive (General Administration Division)  
Jun. 2022 Director, Senior Managing Executive Officer and Division Executive (General Administration Division) (to present)

\* Attendance for Mr. Naoto Masujima represents Board of Directors meetings after his appointment on June 25, 2021.



**Takao Yamada**  
Director

**Board of Directors attendance**  
13/13 meetings (100%)

**Reasons for appointment**  
The Company selected Mr. Takao Yamada as Director because he has a wealth of experience and an excellent track record in management of the Flour Milling Business. He is considered to possess the skills and qualities needed by the Company as it pursues sustainable growth and medium- to long-term enhancement of corporate value.

**Career summary**  
Apr. 1983 Joined the Company  
Jun. 2011 Director and General Manager (Tokyo Sales Department), Nisshin Flour Milling Inc.  
Jun. 2012 Executive Officer  
Jun. 2013 Director  
Managing Director and Division Executive (Sales Division), Nisshin Flour Milling Inc.  
Apr. 2015 Senior Managing Director and Division Executive (Sales Division), Nisshin Flour Milling Inc.  
Apr. 2017 Director and President, Nisshin Flour Milling Inc. (to present)  
Jun. 2019 Director, Managing Executive Officer  
Jun. 2022 Director, Senior Managing Executive Officer (to present)



**Yuji Koike**  
Director

**Board of Directors attendance**  
13/13 meetings (100%)

**Reasons for appointment**  
The Company selected Mr. Yuji Koike Director because he has a wealth of experience and an excellent track record as a business manager, along with extensive expertise in the area of sales operation in the Processed Food Business. He is considered to possess the skills and qualities needed by the Company as it pursues sustainable growth and medium- to long-term enhancement of corporate value.

**Career summary**  
Apr. 1983 Joined the Company  
Jun. 2014 Executive Officer  
Director and President, Nisshin Petfood Inc.  
Jun. 2017 Director  
Director and President, Nisshin Foods Inc.  
Jun. 2019 Director, Managing Executive Officer (to present)  
Jan. 2022 Director and President, Nisshin Seifun Welna Inc. (to present)



**Kazuhiko Fushiya**  
Director

Outside Director

**Board of Directors attendance**  
13/13 meetings (100%)

**Reasons for appointment**  
The Company selected Mr. Kazuhiko Fushiya as Outside Director because he currently provides appropriate advice and supervision over the Company's business execution, based on a wealth of experience and high-level expertise gained through his career that includes important posts in the Ministry of Finance and other governmental organizations. He is considered to possess the skills and qualities needed by the Company as it pursues sustainable growth and medium- to long-term enhancement of corporate value.

**Career summary**  
Apr. 1967 Joined the Ministry of Finance  
Jul. 1999 Commissioner, National Tax Agency  
Jul. 2001 Deputy Governor, National Life Finance Corporation  
Jul. 2002 Assistant Chief Cabinet Secretary  
Jan. 2006 Commissioner, Board of Audit of Japan  
Feb. 2008 Commissioner (President), Board of Audit of Japan  
Jan. 2009 Retired  
Jun. 2009 Audit & Supervisory Board Member  
Jun. 2015 Director (to present)



Directors



**Motoo Nagai**  
Director  
Outside Director

**Board of Directors attendance**  
13/13 meetings (100%)

**Reasons for appointment**  
The Company selected Mr. Motoo Nagai as Outside Director because he currently provides appropriate advice and supervision over the Company's business execution, based on his wealth of experience and broad-based insight gained through management of financial institutions. He is considered to possess the skills and qualities needed by the Company as it pursues sustainable growth and medium- to long-term enhancement of corporate value.

**Career summary**  
Apr. 1977 Joined Industrial Bank of Japan, Limited  
Apr. 2005 Executive Officer, Mizuho Corporate Bank, Ltd.  
Apr. 2007 Managing Executive Officer, Mizuho Corporate Bank, Ltd.  
Apr. 2011 Deputy President - Executive Officer, Mizuho Trust & Banking Co., Ltd.  
Jun. 2011 Deputy President (Representative Director) and Deputy President - Executive Officer, Mizuho Trust & Banking Co., Ltd.  
Apr. 2014 Commissioner, Mizuho Trust & Banking Co., Ltd.  
Jun. 2014 Retired as Commissioner, Mizuho Trust & Banking Co., Ltd.  
Jun. 2015 Audit & Supervisory Board Member  
Jun. 2019 Director (to present)



**Nobuhiro Endo**  
Director  
Outside Director  
Newly appointed

**Board of Directors attendance**  
--/-- meetings (---%)

**Reasons for appointment**  
The Company selected Mr. Nobuhiro Endo as Outside Director because he has a wealth of experience and broad-based insight as corporate executive. We believe that he will draw upon his experience and knowledge to provide advice about the Company's business activities that will allow it to pursue sustainable growth and medium- to long-term enhancement of corporate value.

**Career summary**  
Apr. 1981 Joined NEC Corporation  
Apr. 2006 Senior Vice President and Executive General Manager (Mobile Network Operations Unit), NEC Corporation  
Apr. 2009 Executive Vice President, NEC Corporation  
Jun. 2009 Executive Vice President and Member of the Board, NEC Corporation  
Apr. 2010 President (Representative Director), NEC Corporation  
Apr. 2016 Chairman of the Board (Representative Director), NEC Corporation  
Jun. 2019 Chairman of the Board, NEC Corporation  
Jun. 2022 Corporate Special Advisor, NEC Corporation (to present)  
Director (to present)



**Shoh Ohuchi**  
Director  
Member of Audit & Supervisory Committee

**Board of Directors attendance**  
13/13 meetings (100%)

**Reasons for appointment**  
The Company selected Mr. Shoh Ohuchi as Director and a member of the Audit & Supervisory Committee because he has been diligently performing the audit and supervisory duties of the Company drawing on his wealth of experience and excellent track record in accounting, finance, and auditing. He is considered to qualify for the office of Audit & Supervisory Committee Member in charge of auditing and supervising the Company's operational execution from an objective standpoint.

**Career summary**  
Apr. 1983 Joined the Company  
Jun. 2014 General Manager (Finance Department of Finance and Accounting Division)  
Jun. 2015 Executive Officer and General Manager (Finance Department of Finance and Accounting Division)  
Jun. 2018 Audit & Supervisory Board Member  
Jun. 2019 Director (Full-time Member of Audit & Supervisory Committee) (to present)



**Satoshi Ito**  
Director  
Member of Audit & Supervisory Committee  
Outside Director

**Board of Directors attendance**  
12/13 meetings (92.3%)

**Reasons for appointment**  
The Company selected Mr. Satoshi Ito as Outside Director and member of the Audit & Supervisory Committee because he has been diligently performing the audit and supervisory duties of the Company, drawing on his extensive auditing experience as a Certified Public Accountant and high-level expertise in finance and accounting. He is considered to qualify for the office of Audit & Supervisory Committee Member in charge of auditing and supervising the Company's operational execution from an objective standpoint.

**Career summary**  
Jan. 1967 Joined Arthur Andersen & Co., Japan branch  
Dec. 1970 Qualified as a Certified Public Accountant  
Sep. 1978 Partner, Arthur Andersen & Co.  
Oct. 1993 Representative Partner, Asahi & Co. (Currently KPMG AZSA LLC)  
Aug. 2001 Proprietor, Ito Certified Public Accountant Offices (to present)  
Apr. 2002 Specially Appointed Professor, Institute of Accounting Research, Chuo University  
Mar. 2007 Retired as a Specially Appointed Professor, Institute of Accounting Research, Chuo University  
Jun. 2010 Audit & Supervisory Board Member  
Jun. 2019 Director (Member of Audit & Supervisory Committee) (to present)



**Mieko Tomita**  
Director  
Member of Audit & Supervisory Committee  
Outside Director

**Board of Directors attendance**  
12/13 meetings (92.3%)

**Reasons for appointment**  
The Company selected Ms. Mieko Tomita as Outside Director and member of the Audit & Supervisory Committee because she has been diligently performing the audit and supervisory duties of the Company primarily from a viewpoint of legal compliance, drawing on her high expertise and an abundance of experience in corporate legal practice as an attorney. She is considered to qualify for the office of Audit & Supervisory Committee Member in charge of auditing and supervising the Company's operational execution from an objective standpoint.

**Career summary**  
Apr. 1980 Qualified as an attorney, joined Nishi and Iseki Law Office (Currently Nishi & Partners Attorneys and Counselors at Law)  
Apr. 2001 Civil Conciliation Commissioner, Tokyo District Court (to present)  
Apr. 2017 Senior Partner, Nishi & Partners Attorneys and Counselors at Law (to present)  
Jun. 2019 Director (Member of Audit & Supervisory Committee) (to present)



**Takaharu Ando**  
Director  
Member of Audit & Supervisory Committee  
Outside Director  
Newly appointed

**Board of Directors attendance**  
--/-- meetings (---%)

**Reasons for appointment**  
The Company selected Mr. Nobuhiro Endo as Outside Director and member of the Audit & Supervisory Committee because he has extensive experience and wide-ranging knowledge gained through a career that includes important posts in the National Police Agency and other governmental organizations. He is considered to qualify for the office of Audit & Supervisory Committee Member in charge of auditing and supervising the Company's operations from an objective standpoint.

**Career summary**  
Apr. 1972 Joined National Police Agency  
Sep. 1994 Chief of Gunma Prefectural Police Headquarters  
Aug. 1999 Director of Public Security Bureau of Tokyo Metropolitan Police Department  
Aug. 2004 Director General of Commissioner General's Secretariat of National Police Agency  
Aug. 2007 Deputy Commissioner General of National Police Agency  
Jun. 2009 Commissioner General of National Police Agency  
Oct. 2011 Retired from National Police Agency  
Jun. 2022 Director (Member of Audit & Supervisory Committee) (to present)

Attendance figures for the Board of Directors meeting are for the period from April 2021 through March 2022. All Outside Directors meet the Company's "Independence Standards for Outside Directors," which are based on the independence criteria of the Tokyo Stock Exchange, and the Outside Directors have been designated and reported to the Tokyo Stock Exchange as independent directors.

Executive Officers

**Kenji Takihara**  
President

**Akira Mori**  
Senior Managing Executive Officer  
In charge of Corporate Planning Division and Finance and Accounting Division

**Naoto Masujima**  
Senior Managing Executive Officer  
Division Executive, General Administration Division

**Takao Yamada**  
Senior Managing Executive Officer  
Director and President, Nisshin Flour Milling Inc.

**Satoshi Odaka**  
Managing Executive Officer  
Division Executive, Technology and Engineering Division

**Koichi Iwasaki**  
Managing Executive Officer  
Division Executive, Business Development Division\*  
\* Director and president of Nisshin Seifun Delica Frontier Inc. since July 2022

**Yasuo Ito**  
Managing Executive Officer  
Division Executive, R&D and Quality Assurance Division

**Masashi Nakagawa**  
Managing Executive Officer  
Director and President, Oriental Yeast Co., Ltd.

**Yuji Koike**  
Managing Executive Officer  
Director and President, Nisshin Seifun Welna Inc.

**Takahiko Iwahashi**  
Managing Executive Officer  
Senior Managing Director, Nisshin Seifun Welna Inc.

**Eiichi Suzuki**  
Executive Officer  
Division Executive, Finance and Accounting Division

**Hironori Kurosu**  
Executive Officer  
General Manager, Human Resources and Labor Relations Planning Office of General Administration Division  
General Manager, Labor Relations Department of General Administration Division

**Tsuguhiko Yoshida**  
Executive Officer  
Deputy Division Executive, R&D and Quality Assurance Division  
General Manager, R&D Promotion Department of R&D and Quality Assurance Division

**Shigemitsu Fujita**  
Executive Officer  
General Manager, Legal Department of General Administration Division  
General Manager, Board Meeting Administration Office of General Administration Division

**Yu Nagaki**  
Executive Officer  
Division Executive, Corporate Planning Division

**Kazuhiro Imai**  
Executive Officer  
General Manager, Finance Department of Finance and Accounting Division

**Koji Shintani**  
Executive Officer  
Managing Director, Nisshin Seifun Welna Inc.

**Kazuyoshi Watanabe**  
Executive Officer  
Managing Director, Nisshin Flour Milling Inc.

**Satoshi Sekiguchi**  
Executive Officer  
Managing Director, Nisshin Flour Milling Inc.

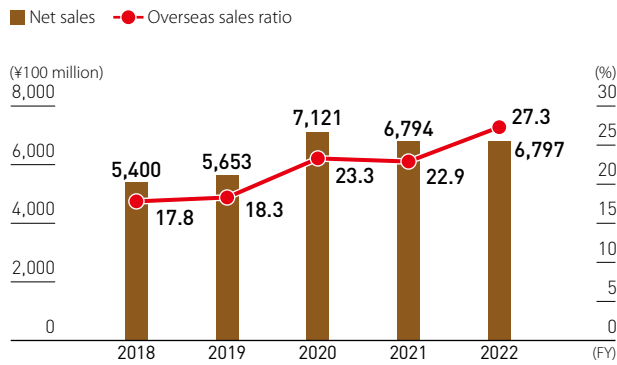
**Hidekuni Tanaka**  
Executive Officer  
Director and President, Nisshin Pharma Inc.

**Eiichiro Ise**  
Executive Officer  
Managing Director, Nisshin Flour Milling Inc.

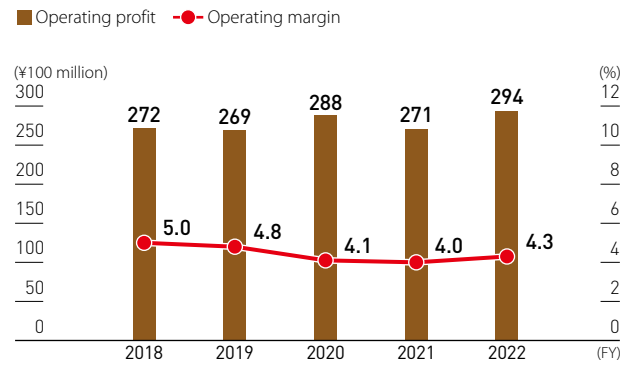
**Toshiaki Yokoyama**  
Executive Officer  
Director, Nisshin Flour Milling Inc.

Financial Highlights

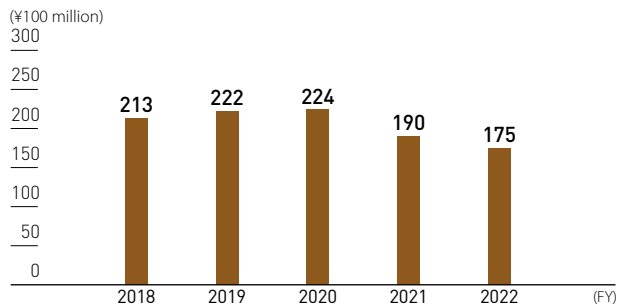
Net sales\*1\*2



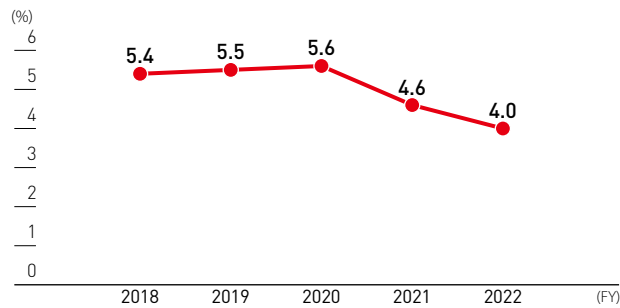
Operating profit\*1\*2



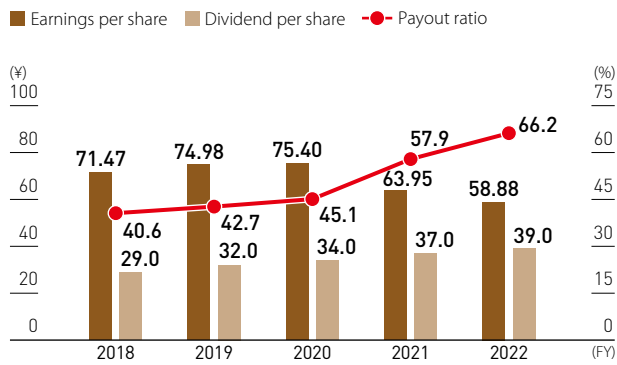
Profit attributable to owners of parent\*1\*2



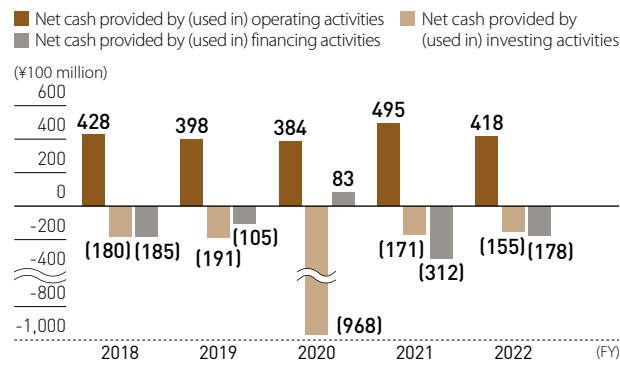
ROE



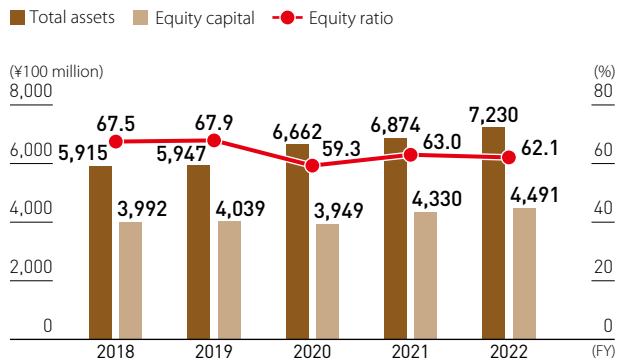
Earnings per share / Dividend per share / Payout ratio



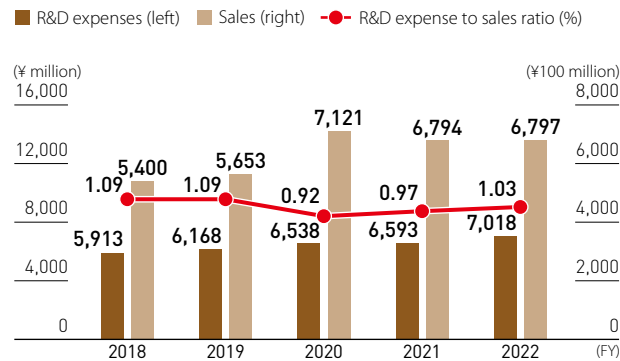
Cash flows\*1



Total assets\*1 / Equity capital\*1 / Equity ratio

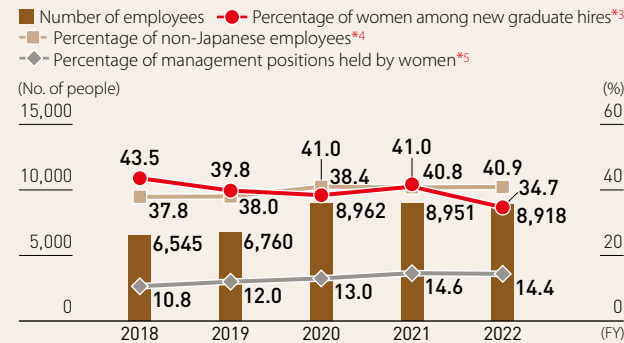


R&D Expenses\*1



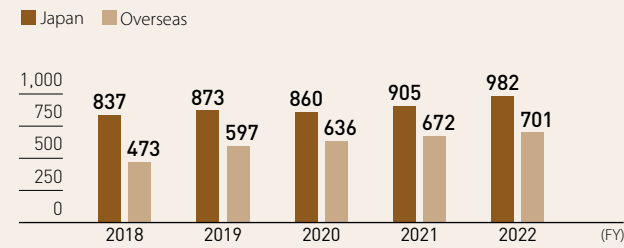
Non-Financial Highlights

Promoting diversity



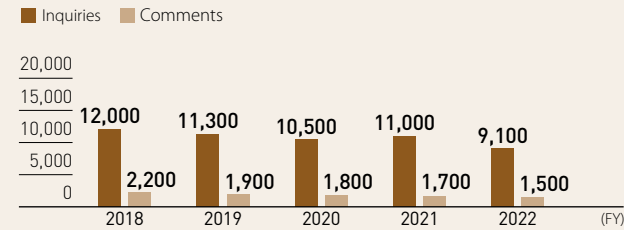
The Group has made promoting women in the workplace a priority management strategy. The strategy includes a percentage target for women in management positions and actively supporting career advancement for women. The Group is forming work environments that respect different values and local cultures, traditions, and customs.

Number of patents held



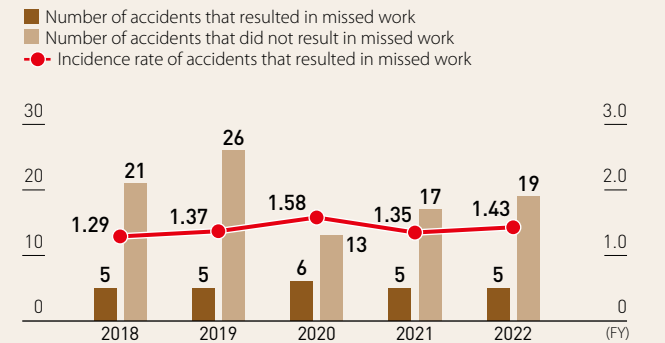
The Group considers the management of its intellectual property as a key source of its competitive advantages and integrates intellectual property management into its business and R&D strategies. We steadfastly reserve the rights of our management assets, such as our technologies and brands, and fully respect the rights of third parties. The Nisshin Seifun Group is a leader in the Japanese food industry in terms of the number of patents held.

Number of inquiries to the Customer Service Office



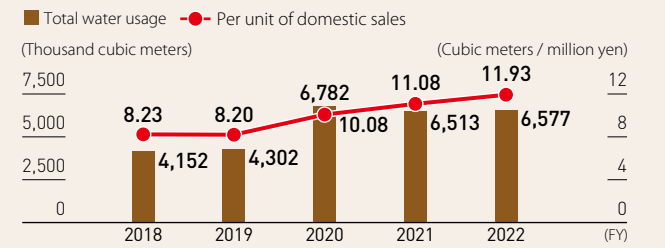
The Group seeks to accurately and promptly understand customer needs to improve its products and services and convenes a monthly Quality Improvement Meeting and a weekly Customer Feedback Review Meeting. The Group also continuously seeks to increase product safety at its manufacturing sites.

Occupational accidents\*6



The Nisshin Seifun Group seeks to create safe work environments at all of its Group companies from a unified approach to occupational health and safety. The Group continuously works to reduce work-related accidents and disasters by annually applying the PDCA cycle as mandated in its Health and Safety Management Policy. The Group has not had a fatality in its operations for over 30 years.

Water consumption\*7



The Nisshin Seifun Group recognizes the close relation between its business activities and water resources. We implement initiatives to reduce water usage through stringent daily management and by consolidating manufacturing into highly efficient production lines, revising our product composition, and carefully planning production operations to reduce water usage per unit of production. The scope of calculation has been revised, and the amounts now include the Tokatsu Group and the Allied Pinnacle Group from fiscal 2020. These revisions increased the total volume of water consumption for fiscal 2019 and 2020. We have set new medium- to long-term targets\*8 for our manufacturing sites and will take steps to improve the efficiency with which we use water resources.

▶ Please see the section on Sustainability Strategy (pages 35-37) for our medium- and long-term targets for environmental issues related to CO<sub>2</sub>, food waste, and container and packaging waste.

Website **CSR**  
<https://www.nisshin.com/english/csr/>  
**CSR Factbook**  
<https://www.nisshin.com/csr/factbook.pdf>

\*1 Amounts rounded down to nearest hundred million, R&D expenses are rounded down to the nearest million yen. \*2 Beginning fiscal 2022, figures are based on the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan No. 29). \*3 Scope of calculation: Nisshin Seifun Group Inc., Nisshin Flour Milling Inc., Nisshin Seifun Welna Inc., Nisshin Pharma Inc., Nisshin Petfood Inc., Nisshin Engineering Inc., Oriental Yeast Co., Ltd., NBC Meshtec Inc. \*4 Percentage of non-Japanese employees does not include temporary employees. \*5 Calculation scope is Nisshin Seifun Group Inc. only. \*6 Incidence rate of accidents that resulted in missed work applies to Nisshin Seifun Group Inc., Nisshin Flour Milling Inc., Nisshin Seifun Welna Inc., Nisshin Pharma Inc., Nisshin Petfood Inc., Nisshin Engineering Inc., Oriental Yeast Co., Ltd., and NBC Meshtec Inc. (excluding their subsidiaries and overseas operations). The incidence rate of accidents that resulted in missed work represents the frequency of accidents and indicates the number of casualties due to occupational accidents during the equivalent of one million actual working hours. Reference: The incidence rate of accidents that resulted in missed work in manufacturing operations in fiscal 2022 was 1.31. \*7 Nisshin Seifun Group Inc. and 75 domestic and overseas consolidated subsidiaries. \*8 Nisshin Seifun Group medium- to long-term environmental targets: Reduce water consumption volume basic units at manufacturing bases by 30% compared to the fiscal 2022 level by 2040



(FY)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Profit &amp; Loss Statement</b> <small>Note: Beginning fiscal 2022, figures are based on the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan No. 29, March 31, 2020).</small>											
Net sales	441,963	455,566	495,930	526,144	556,701	532,040	540,094	565,343	712,180	679,495	679,736
Cost of sales	306,649	316,141	348,619	377,729	402,218	374,028	378,742	401,584	512,356	490,410	531,660
Gross profit	135,313	139,424	147,311	148,414	154,483	158,012	161,352	163,759	199,824	189,084	148,075
Selling, general and administrative expenses	112,200	117,684	125,036	127,937	130,713	132,500	134,152	136,842	170,971	161,887	118,645
Operating profit	23,113	21,740	22,274	20,476	23,769	25,511	27,200	26,916	28,852	27,197	29,430
Amortization of goodwill, others	24	649	1,208	1,862	2,270	2,181	2,239	2,256	8,388	8,197	8,828
o/w amortization of goodwill	24	330	637	990	1,157	1,195	1,224	1,324	5,672	5,436	5,864
Operating profit before amortization of goodwill, others	23,137	22,389	23,483	22,338	26,040	27,693	29,440	29,172	37,241	35,394	38,258
Non-operating income	3,394	3,291	3,622	5,388	4,615	5,119	5,084	5,751	6,294	5,797	6,558
Non-operating expenses	375	289	317	320	285	301	485	605	3,711	3,107	3,362
Ordinary profit	26,132	24,742	25,579	25,544	28,099	30,329	31,800	32,062	31,434	29,886	32,626
Extraordinary income	889	289	1,140	1,223	121	2,669	1,365	1,581	8,925	1,849	1,645
Extraordinary losses	2,660	2,592	1,518	1,340	757	1,809	734	529	7,064	1,974	3,499
Profit before income taxes	24,361	22,438	25,201	25,427	27,462	31,189	32,430	33,113	33,296	29,762	30,773
Total income taxes	10,297	8,030	9,183	8,555	9,031	10,426	9,760	9,526	9,625	9,807	12,011
Profit attributable to owners of parent	13,326	13,688	15,098	16,036	17,561	19,466	21,339	22,268	22,407	19,011	17,509
Capital expenditure	14,608	17,203	18,290	19,895	14,970	12,689	21,484	18,719	21,843	16,405	18,150
Depreciation and amortization	13,636	13,749	13,669	14,747	16,816	16,132	15,509	14,951	21,235	22,271	23,054
R&D expenses	5,980	6,008	5,769	5,467	5,580	5,648	5,913	6,168	6,538	6,593	7,018
<b>Balance Sheet (Period end)</b> <small>Note: Figures from fiscal 2015 onward reflect the application of "Partial Revision of Accounting Standards for Tax Effect Accounting" (Corporate Accounting Standards No. 28, February 16, 2018).</small>											
<b>Assets</b>											
Current assets	213,431	218,468	216,409	224,529	228,271	234,172	260,751	268,170	238,980	238,674	280,527
Cash and deposits	59,020	56,722	49,104	42,584	61,665	85,458	91,635	101,974	49,710	61,282	69,607
Non-current assets	218,525	243,382	254,630	322,566	319,849	321,164	330,761	326,583	427,234	448,740	442,546
Property, plant and equipment	115,370	120,975	128,939	148,702	151,339	144,840	150,942	156,317	208,487	215,428	219,379
Intangible assets	12,798	12,746	12,998	21,629	18,489	15,089	12,409	10,462	68,716	73,376	68,752
Goodwill	9,044	4,373	5,008	10,355	8,610	7,050	5,623	5,016	42,743	45,551	42,385
Investments and other assets	90,355	109,660	112,692	152,234	150,019	161,234	167,408	159,802	150,030	159,935	154,414
Investment securities	80,378	100,643	105,975	143,288	140,347	151,963	158,211	149,659	135,739	147,168	141,590
Total assets	431,956	461,851	471,039	547,096	548,120	555,337	591,512	594,754	666,215	687,415	723,073
<b>Liabilities</b>											
Current liabilities	92,287	99,474	90,433	112,237	106,799	89,526	114,189	114,806	131,058	108,740	129,158
Short-term loans payable	5,813	5,260	6,607	17,175	15,219	9,745	7,892	9,535	18,078	5,547	6,789
Non-current liabilities	40,869	44,940	46,514	56,144	54,835	59,005	63,528	61,098	126,114	133,900	133,272
Long-term loans payable	2,117	3,207	3,367	3,874	4,386	4,967	7,194	6,771	15,226	14,729	13,785
Total liabilities	133,157	144,414	136,947	168,381	161,635	148,532	177,718	175,905	257,172	242,640	262,430
Total net assets	298,798	317,436	334,092	378,715	386,485	406,805	413,794	418,848	409,042	444,774	460,643
Total liabilities and net assets	431,956	461,851	471,039	547,096	548,120	555,337	591,512	594,754	666,215	687,415	723,073
<b>Statements of Cash Flows</b>											
I Net cash provided by (used in) operating activities	26,078	34,479	25,058	25,107	35,839	35,361	42,869	39,873	38,420	49,506	41,833
II Net cash provided by (used in) investing activities	(15,244)	(23,854)	(1,797)	(43,636)	(12,201)	(5,240)	(18,067)	(19,184)	(96,844)	(17,105)	(15,517)
III Net cash provided by (used in) financing activities	(6,134)	(4,587)	(5,072)	4,331	(9,446)	(11,470)	(18,593)	(10,567)	8,337	(31,264)	(17,850)
IV Effect of exchange rate changes on cash and cash equivalents	(400)	823	1,247	1,409	(1,128)	(246)	1,415	(202)	(1,451)	1,466	1,110
V Net increase (decrease) in cash and cash equivalents	4,299	6,862	19,435	(12,788)	13,062	18,404	7,624	9,920	(51,537)	2,602	9,576
VI Cash and cash equivalents at beginning of period	42,087	46,387	53,249	72,685	59,897	72,960	90,837	98,461	107,374	56,550	59,152
VII Net increase in cash and cash equivalents associated with new consolidation	—	—	—	—	—	—	—	—	—	—	—
VIII Increase (decrease) in cash and cash equivalents resulting from change of fiscal year-end of subsidiaries	—	—	—	—	—	(527)	—	(1,006)	713	—	—
IX Cash and cash equivalents at end of period	46,387	53,249	72,685	59,897	72,960	90,837	98,461	107,374	56,550	59,152	68,728
Free cash flow (I-II)	10,834	10,625	23,261	(18,529)	23,638	30,121	24,802	20,689	(58,424)	32,400	26,316

### Wheat flour distribution channels

Around 90% of the wheat flour consumed in Japan is made from imported wheat. Imported wheat is purchased in a stable manner by the Japanese government, and sold to domestic milling companies. The wheat sold to milling companies is processed as wheat flour, and is then sold wholesale to food manufacturers to manufacture products that use wheat flour, including bread, noodles, and confectionery. The products made by these manufacturers are then delivered to the table via retailers such as supermarkets.



### Imported wheat price fluctuations

The Standard Selling Price System, whereby the selling price of imported wheat was fixed for the year, was abolished from April 2007, and a new Market-Linked System was introduced. Under this system, movements on the global wheat market, etc. are reflected quickly and appropriately in the domestic prices of imported wheat and wheat flour, and in the domestic prices of products that use wheat flour. With this system, a fixed annual mark-up is added to the average government purchase price that applied during a fixed period in the past. The selling price of wheat, which was previously fixed for the year, is revised twice a year\*1, and the effects of the global wheat and foreign exchange markets, etc. are reflected automatically in the wheat selling price.

#### Price fluctuation factors

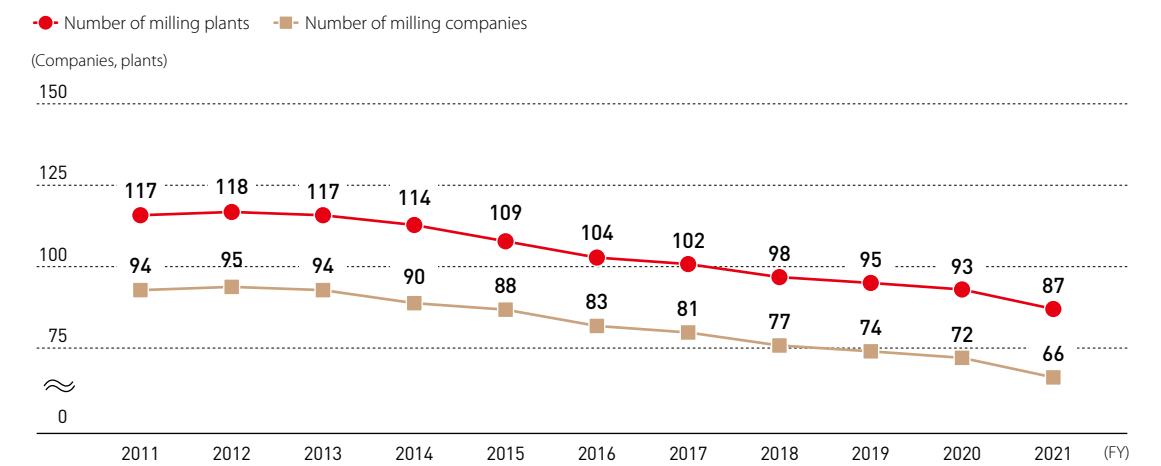


\*1 Due to the emergency measures enforced by the Japanese government, the period for calculation of the selling price of imported wheat for the six months from October 2022 has been extended from the usual six months to 12 months, and the government selling price for this period remains unchanged from the price for the previous six months (April 2022 to September 2022).

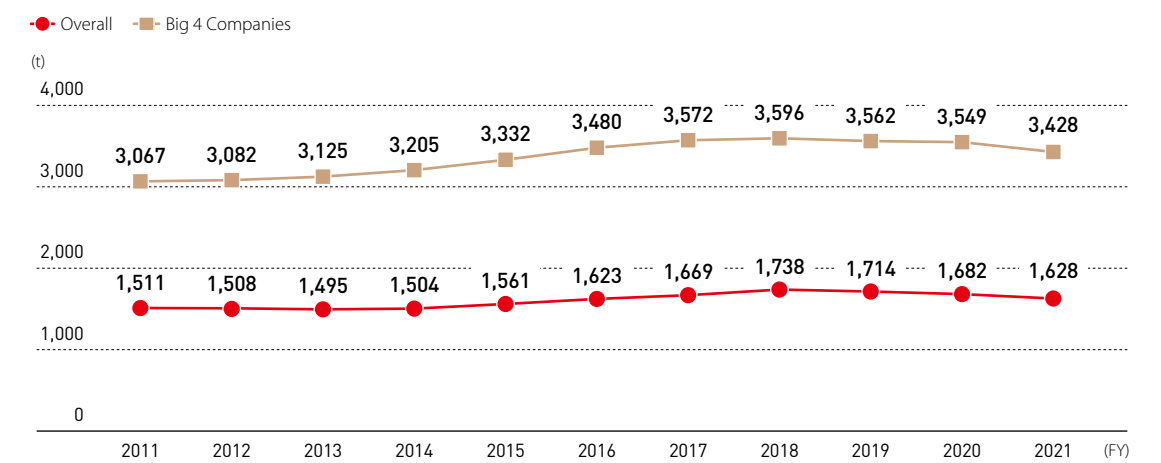
### Milling company conditions

The number of milling companies has fallen by 28 over the past 10 years due to factors including intensification of the competitive landscape. Demand for wheat flour has been flat or slightly lower (Japan wheat flour sales volume: 4,834,000 t in fiscal 2019, 4,795,000 t in fiscal 2020, 4,664,000 t in fiscal 2021\*2). However, as a result of structural improvements in the milling industry overall, including the consolidation of production bases particularly among the major milling companies, production output per employee has significantly increased.

#### Number of milling companies and plants\*3



#### Wheat flour production output per employee\*2



\*2 Survey by Nikkan Keizai Tsushin Co., Ltd.

\*3 Compiled by Nisshin Seifun Group Inc. based on "Wheat supply and demand projections" (March 2022), Ministry of Agriculture, Forestry and Fisheries



Company information (as of March 31, 2022)

**Corporate name**  
Nisshin Seifun Group Inc.

**Head office**  
1-25, Kanda-Nishiki-cho,  
Chiyoda-ku, Tokyo

**Foundation**  
October 1900

**Paid-in capital**  
¥17,117,856,746

**Number of employees (consolidated)**  
8,918

**Total number of shares issued and outstanding**  
304,357,891 shares

**Number of shareholders**  
31,977

**Listing market**  
Prime Market of the Tokyo Stock Exchange

**Securities code**  
2002

**Fiscal year closing date and record date for year-end dividends from surplus (profit distribution)**  
March 31

**Date of record for interim dividends**  
September 30

**Ordinary general meeting of shareholders**  
June

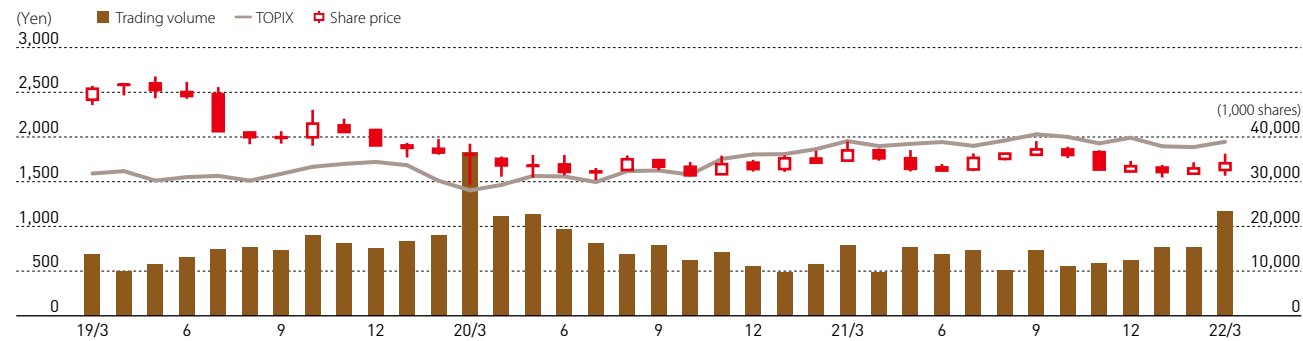
**Method of public notice**  
The Company posts notices via electronic notification on its website at <https://www.nisshin.com>

However, if electronic notification is not possible due to an accident or other unavoidable circumstances, notices will be published in the Nikkei newspaper.

**Custodian of shareholder register**  
Sumitomo Mitsui Trust Bank, Limited

Stock information (as of March 31, 2022)

Share price and trading volume



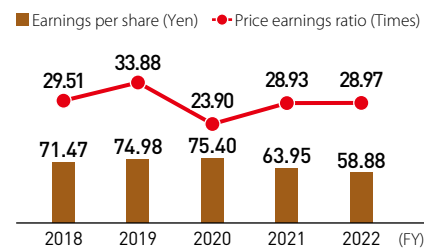
Total shareholder return (TSR)<sup>\*1</sup>

	FY2018	FY2019	FY2020	FY2021	FY2022
Nisshin Seifun Group Inc.	128.7%	156.6%	114.2%	119.3%	113.0%
TOPIX	115.8%	110.0%	99.6%	141.5%	144.3%

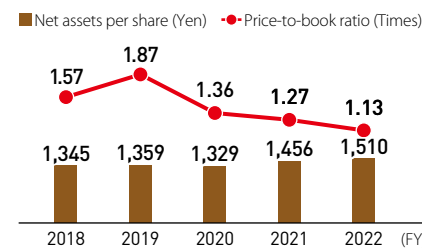
\*1 The income from stock investment (dividends and capital gains) divided by the investment value (share price), calculated based on a formula stipulated by Cabinet Office Ordinance.

Stock indicators

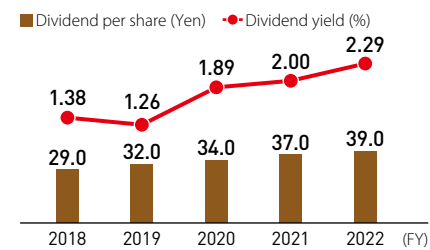
Earnings per share<sup>\*2</sup> / Price earnings ratio (PER)<sup>\*3</sup>



Net assets per share<sup>\*2</sup> / Price-to-book ratio (PBR)<sup>\*4</sup>



Dividend per share / Dividend yield<sup>\*5</sup>



\*2 From the fiscal year ended March 31, 2018, in the calculation of earnings per share or net assets per share, the shares of the Company held by The Master Trust Bank of Japan, Ltd. as trust assets for the stock remuneration system, which are recorded as treasury stock in shareholders' equity, are included in treasury stock which is deducted when calculating the number of shares.

\*3 Period-end share price (yen) divided by earnings per share (yen)

\*4 Period-end share price (yen) divided by net assets per share (yen)

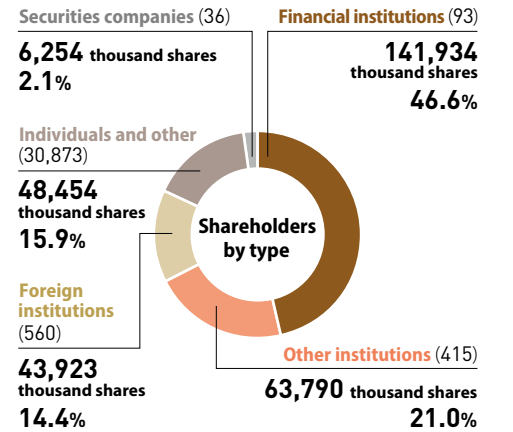
\*5 Dividend per share (yen) divided by period-end share price (yen)

Major shareholders (Top 10) (as of March 31, 2022)<sup>\*6</sup>

Name	Number of shares held (Thousands)	Shareholding ratio
The Master Trust Bank of Japan, Ltd. (Trust Account)	49,734	16.71
Nippon Life Insurance Company	19,387	6.51
Yamazaki Baking Co., Ltd.	16,988	5.71
Custody Bank of Japan, Ltd. (Trust Account)	15,185	5.10
Mizuho Bank, Ltd.	10,447	3.51
The Norinchukin Bank	6,932	2.33
Marubeni Corporation	6,284	2.11
Sumitomo Mitsui Banking Corporation	4,468	1.50
Nisshin Seifun Group Employee Shareholding Association	3,877	1.30
National Mutual Insurance Federation of Agricultural Cooperatives	3,530	1.18

\*6 The Company is not included in the list of major shareholders. The Company holds 6,837 thousand shares of treasury stock. Treasury stock is not included in the calculation of shareholding ratios.

Composition of shareholders (as of March 31, 2022)



External evaluation of the Group

Nisshin Seifun Group is actively engaged in PR, IR and SR activities, and provides accurate information about the business activities of the Group's companies widely to society in a timely and appropriate manner, on a continuous basis. In this way, we work to ensure that our stakeholders are able to correctly understand and evaluate the Group, and we strive to gain their trust. The Group has also received positive external evaluations of its CSR-focused management initiatives, and has been chosen for inclusion in Socially Responsible Investing (SRI) indices including FTSE4Good Index Series, FTSE Blossom Japan Index, FTSE Blossom Japan Sector Relative Index, S&P/JPX Carbon Efficient Index, and SOMPO Sustainability Index. In 2022, for a second straight year, Nisshin Seifun Group was certified for the White 500 (large enterprise category) list of Outstanding Health and Productivity Management Organizations. In addition, Nisshin Seifun Welna Inc. and Oriental Yeast Co., Ltd. were also approved for inclusion in the list of Outstanding Health and Productivity Management Organizations.

The Carbon Disclosure Project<sup>\*7</sup>, based on a questionnaire distributed in 2021, gave the Nisshin Seifun Group a score of B (management level) for climate change and water security.

The Group has also been selected for inclusion as one of the 225 constituents of the Nikkei Stock Average (Nikkei 225), one of the leading stock indices in Japan, and has been assigned an AA Long-term Issuer Rating by the Japan Credit Rating Agency, Ltd., the highest rating level for a domestic foods manufacturer (as of March 31, 2022).



\*7 Carbon Disclosure Project

The Carbon Disclosure Project (CDP) is an international non-governmental organization founded in 2000 and headquartered in the United Kingdom that collaborates with institutional investors around the world. CDP conducts the world's largest environment-related survey through which it collects information on environmental initiatives at major companies and local governments worldwide and publishes its analysis of the results. Every year, based on the questionnaire responses, the CDP scores the companies on an 8-tier system of A+, A-, B-, C-, D-, and D-. With the support of 680 international institutional investors, its total assets under management have reached US\$130 trillion.

Purpose of the integrated report

This report was prepared to present important information to support an understanding of the activities and objectives of the Nisshin Seifun Group. Additional details about the Group are available on the corporate website.

- Investor relations**  
<https://www.nisshin.com/english/shareholders/>
- Corporate social responsibility**  
<https://www.nisshin.com/english/csr/>

