



NISSHIN SEIFUN GROUP

Nisshin Seifun Group Integrated Report 2021

Integrated
Report
2021

Growing Value from Wheat

Nisshin Seifun Group Integrated Report 2021

Publisher

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Origin

1900

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

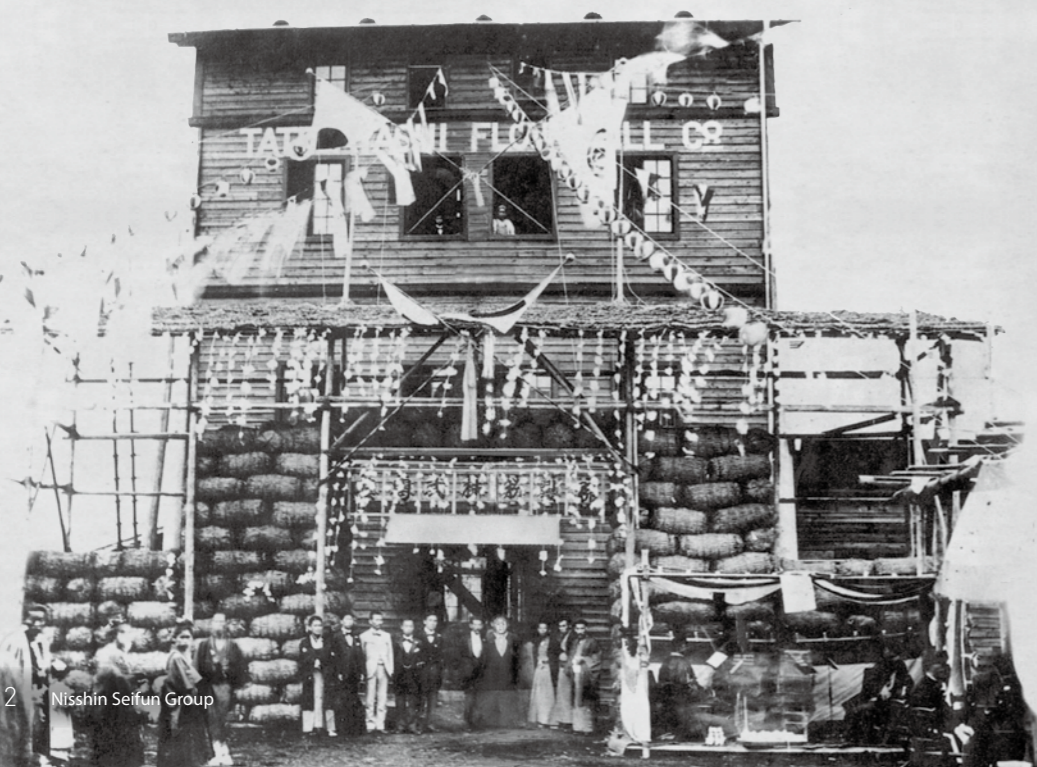
Nisshin Flour Milling founder Teiichiro Shoda said, "We must always remember that a business is connected to society. A company that works solely for its own benefit will not survive for very long. Trust is the foundation of all business."

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



Opening Ceremony of
the Tatebayashi Flour Milling Co., Ltd.

Present

2021

Dealing with uncertain conditions and pursuing sustainability for our Company and society

Following our founding spirit, the Nisshin Seifun Group has built a solid business foundation over more than 120 years of constantly facing social issues.

The world is currently undergoing major changes, including demographic changes, deepening issues related to the environment and food resources, diversifying food preferences, growing awareness about health and safety, and advances in technology.

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

As we develop our consumer goods business for the global market, we will remain 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."

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>



> And into the future

Meeting new lifestyle needs in a new age. Promoting sustainability management.

The worldwide COVID-19 pandemic has transformed society and new lifestyles are taking shape. As we fulfill our mission to provide safe and reliable wheat flour and other “shoku” (food) and pursue our long-term vision, the Group is seeking to enter a new growth stage as a sustainable global business entity.



Value chain



New normal



Group capabilities



Sustainability



Global operations



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Editorial Policy

This report was prepared to communicate the Nisshin Seifun Group's corporate value and strengths to stakeholders in an easy-to-understand format. The report also presents the Group's long-term vision and the initiatives and other activities the Group is engaged in to realize its vision. The report was prepared following principles presented in the Guidance for Collaborative Value Creation of the Ministry of Economy, Trade and Industry and the International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC).

[Period Represented]

The primary period covered in this Integrated Report is the Company's fiscal year 2021, beginning April 1, 2020 and ending March 31, 2021. When considered helpful to understanding, some content also covers periods before and after fiscal year 2021.

[Scope of the Report]

This report covers the 82 companies of the Nisshin Seifun Group as of the end of March 2021, 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

Group initiatives and providing value to society

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., Inc." 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** Full-scale manufacturing and sales began 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 Co., Ltd. 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.
- 1999** Entered the prepared dish and chilled foods business.

Offering a variety of food choices for the world

Harnessing Group-wide capabilities to provide even more value

- 2000** Celebrated our 100th anniversary.
- 2001** Nisshin Flour Milling Co., Ltd. split into a holding company and operating companies.
- 2004** Initio Foods Inc. established with the aim of developing it into the Group's core company for prepared dishes and foods business.
- 2008** International ISO 14001 certification received for the Group's environmental management systems.
- 2009** Consumer Relations Office established.
- 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.
- 2013** Flour milling operation acquired in New Zealand, and Champion Flour Milling Ltd. established.
- 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.
- 2018** Launch of the long-term vision "NNI 'Compass for the Future.'"
- 2019** Comprehensive prepared dish and delicatessen food manufacturer Tokatsu Foods Co., Ltd. made a subsidiary.
- 2019** Allied Pinnacle Pty Ltd. acquired, making Nisshin Seifun the largest flour maker in Oceania.

Net Sales
(¥100 million)
8,000

* Net sales since 1950



Nobuki Kemmoku
Representative Director and President

We will maximize corporate value by advancing growth strategies and sustainability management geared to medium- and long-term changes in society and consumer preferences

More than a year has passed since the start of the COVID-19 pandemic and vaccinations are progressing in countries around the world. Nevertheless, there is still no clear vision for the end of the pandemic, and the number of infections could very likely continue to rise and fall in Japan this year. From a business perspective, the outlook for a normalization of economic activity remains uncertain.

As a corporation involved in “shoku” (food), the 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 foods that are staples in Japan. We believe that fulfilling these responsibilities will contribute to sustaining business growth and rising corporate value through the medium and long term. To live up to these responsibilities, our top priority is ensuring the safety of our employees.

The pandemic conditions have altered the business landscape as the changes in consumer lifestyles have increased demand for home food preparation and reduced demand at restaurants and for prepared dishes, although demand in these areas improved marginally from the previous year. The market also continues to evolve, such as the increasing use of take-out and delivery services and online purchasing frequency. I want to lead our Group through these unprecedented circumstances by remaining firmly 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.”

Even in the pandemic conditions, the Group is advancing New Nissin Innovation Activities as we work to realize the long-term “NNI Compass for the Future” vision to be a globally-operating company that assists healthy lifestyles and plays a critical role in building the food infrastructure of the future. We are constructing the framework to leverage our Group-wide capabilities and reinforcing our intensive “customer-oriented” policy. We are also promoting growth strategies and strengthening our management functions centered on overhauling the business models of our existing businesses and enhancing the Group business portfolio. In addition, measures to realize a sustainable society are also becoming increasingly important.

This year, we announced our support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and our participation in the TCFD Consortium. In accordance with the recommendations, we set concrete medium- and long-term targets and are stepping up our efforts for our CSR priorities to “address climate change and water resource issues” and “efficiently handle product and packaging waste.”

We look forward to your ongoing support as we continue our efforts to maximize our corporate value and earn the support of stakeholders.

Review of the medium-term management plan and fiscal 2021 results

The NNI-120 II medium-term management plan launched in fiscal 2016 was designed to reconstruct the revenue base, generate profit growth, and boost shareholder return. We implemented various measures to attain the plan's final year fiscal 2021 performance targets of net sales of ¥750 billion, operating profit of ¥30 billion, and earnings per share of ¥80.

Business strategies included strengthening the business foundation of the core businesses of wheat flour-related ingredients and home food preparation and aggressively investing to advance the growth driver businesses of overseas operations and prepared dishes and other prepared foods.

During the medium-term management plan, we executed a total of roughly ¥90 billion in strategic investments. In the overseas business, we acquired Allied Pinnacle Pty Ltd. in Australia and constructed a new premix plant at Vietnam Nisshin Technomic Co., Ltd., and yeast plant at Oriental Yeast India Pvt. Ltd. In the prepared dishes and other prepared foods business, we elevated Tokatsu Foods Co., Ltd., to a consolidated subsidiary.

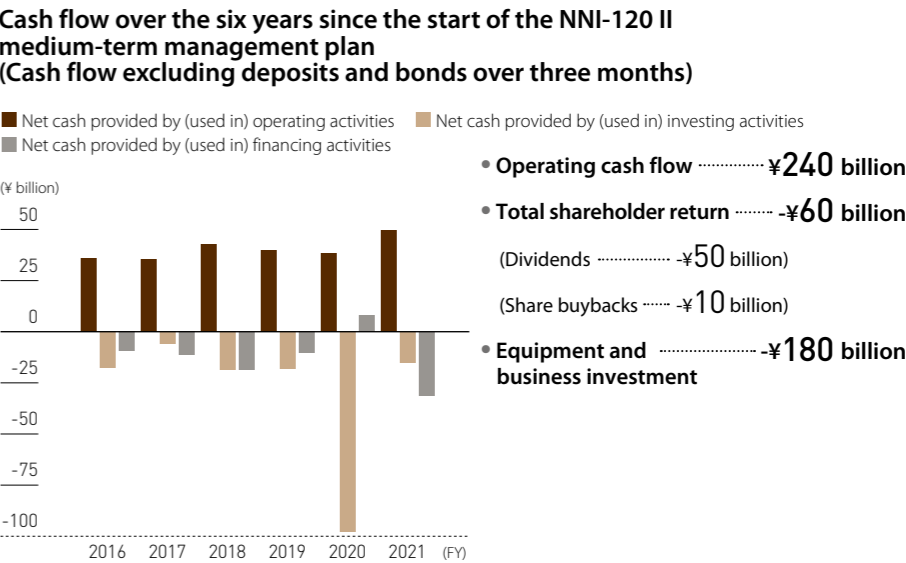
During the plan, we also strengthened our business portfolio by transferring the manufacture and sale of processed meat products to a subsidiary company in 2016 and selling the pet food business in 2020.

These bold measures to raise our corporate value were generating annual growth rates in net sales, operating profit, and EPS that until fiscal 2020 were steadily tracking toward the fiscal 2021 targets of the medium-term management plan.

However, our business performance suffered during the COVID-19 pandemic in the plan's final year. While increased demand in Japan for home food preparation boosted our business, reduced demand for commercial-use products and for prepared dishes in urban areas strongly impacted sales. At the same time, the experience of operating in such a severe business environment led us to take steps to further improve productivity and efficiency and to control costs; and these efforts are already starting to produce positive effects in all of our businesses. For example, the improvement measures that the prepared dishes and other

prepared foods business implemented when it was struggling in the first half led to a year-on-year rise in operating profit in the second half even on lower net sales than the previous fiscal year. The performance suggests that the business has significantly streamlined its management system. We also expect the various changes that other businesses have implemented to deal with the harsh business conditions during the pandemic to turn into a driving force for recovering earnings performance in fiscal 2022 and beyond.

Overseas, the flour milling business in the United States turned around its deteriorating earnings amid intense sales competition by revising product prices and improving productivity to ultimately generate a V-shaped performance recovery in fiscal 2021. The Australian flour milling business acquired in fiscal 2020 posted a sharp drop in sales in fiscal 2021 as the pandemic led to a temporary lockdown of the local markets. The business implemented various measures that improved productivity and reduced costs, but



NNI-120 II medium-term management plan

	FY2015 results		FY2020 results		FY2021 results		Medium-term management plan target (FY2021)
	At the NNI-120 II start			Annual growth rate		Annual growth rate	
Net sales (¥ billion)	526.1		712.1	6.2%	679.4	4.4%	750.0 6%
Operating profit (¥ billion)	20.4		28.8	7.1%	27.1	4.8%	30.0 7%
EPS (¥)	53.3		75.4	7.2%	64.0	3.1%	80 8%
ROE	4.6%		5.6%	—	4.6%	—	6%+ —

Main strategic investment decisions under the NNI-120 II medium-term management plan			Approximate investment amount (¥ billion)
Flour Milling	Expansion of the Saginaw plant of Miller Milling Company, LLC		6.8
	Expansion of the Chilliwack plant of Rogers Foods Ltd.		3.4
	Purchase of the Sriracha plant of Nisshin-STC Flour Milling Co., Ltd.		1.7
	Purchase of Allied Pinnacle Pty Ltd.		46.8
Processed Food Products	Construction of a premix plant at Vietnam Nisshin Technomic Co., Ltd.		1.7
Yeast and Biotechnology	Construction of a yeast plant at Oriental Yeast India Pvt. Ltd.		15.7
Prepared Dishes and Other Prepared Foods	Consolidation of Tokatsu Foods Co., Ltd.		15.1
	Acquisition of Joyous Foods Co., Ltd.		3.2

► Yeast and Biotechnology Business (Page 45)
Initiatives for the Long-Term Vision

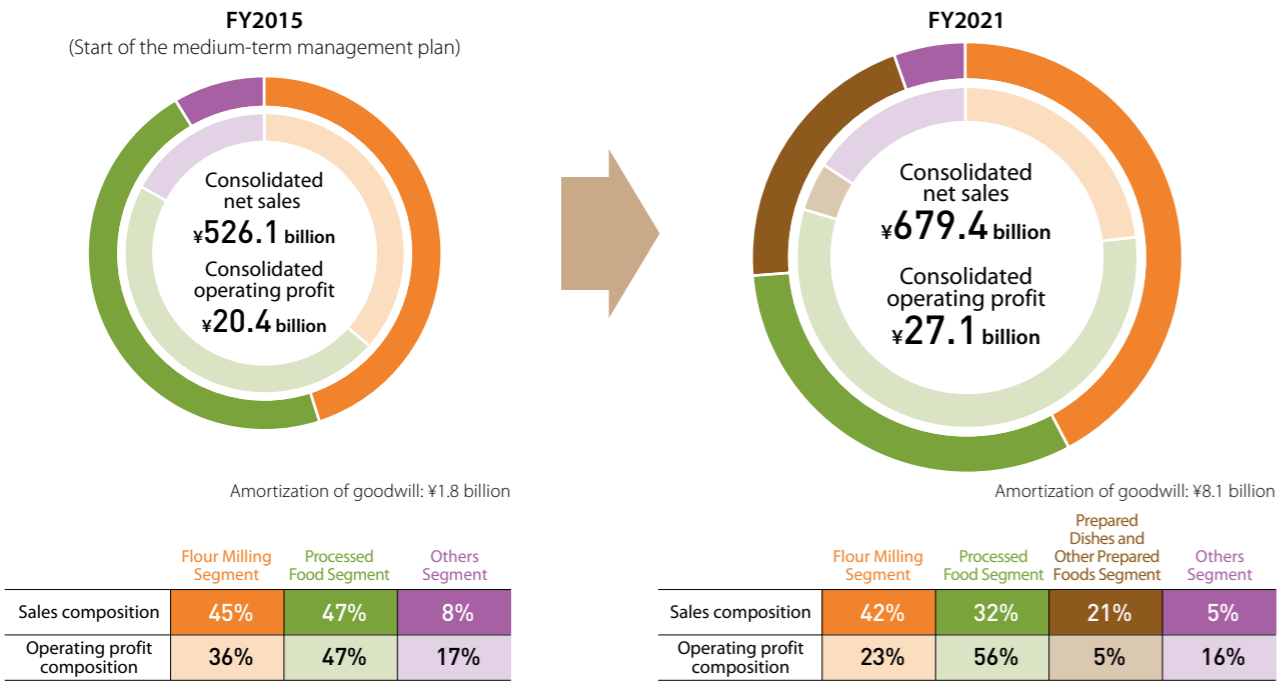
the impact from the sales results led to a substantial decline in earnings. The business relies heavily on sales to in-store bakeries, and the low demand in that segment means the business' earnings will likely need some time to fully recover. Nevertheless, the ongoing efforts to improve the sales, production, and costs structures are expected to support a quick recovery and regaining of the earnings growth track. In India, the yeast factory construction has progressed to the completion of the factory building and installation of most of the factory equipment. At this point, however, no schedule has been set for the start of operations.

The overall outcome was a decline in operating profit both in Japan and overseas in fiscal 2021, which left us short of the final-year targets in all categories of the medium-term management plan. Although the final year result disappointed, the Group transformed itself during the plan as its aggressive efforts to increase corporate value raised net sales by ¥153.3 billion and lifted operating profit by ¥6.7 billion, even with a ¥6.3 billion increase in amortization of goodwill.

► Message from the Chief Financial Officer
Shareholder Return (Page 29)

The plan also included the goal of strengthening shareholder return, and during the five years of the plan from fiscal 2016 through fiscal 2021, we raised the dividend payout ratio baseline from 30% to 40%. We also set a basic policy of providing continuous increases in dividend distributions and in fiscal 2021, despite the struggling earnings, extended the number of consecutive years of dividend increases to eight by raising the dividend per share by ¥3, including a special ¥2 commemorative dividend for the Company's 120th anniversary. We plan to raise the dividend by ¥2 per share again in fiscal 2022, which would mark the ninth consecutive year of dividend increases.

Group transformation under the medium-term management plan



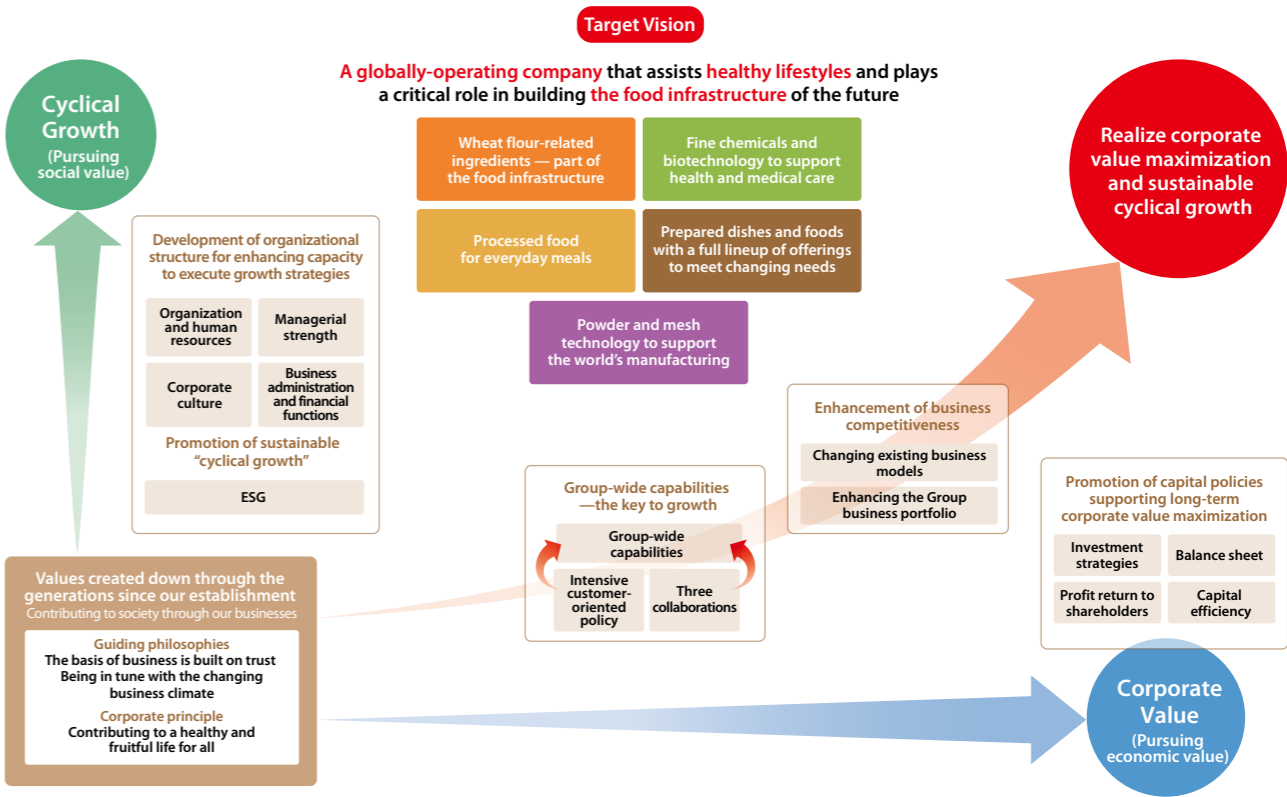
The COVID-19 pandemic makes it extremely difficult to forecast the fiscal 2022 earnings performances for any of our businesses. Our first priority is to reestablish our sales and earnings capabilities as quickly as possible. We are also steadily implementing growth strategies geared to our long-term vision. The pandemic has also made it very difficult to predict the business environment. In these circumstances, we are focusing all of our efforts on evaluating the current business environment and have temporarily postponed our plans to formulate a new medium-term management plan.

Growth strategies

Our long-term vision is to be a globally-operating company that assists healthy lifestyles and plays a critical role in building the food infrastructure of the future. To fulfill this vision, we are strengthening our business competitiveness through ongoing growth strategies centered on overhauling the business models of our existing businesses and enhancing the Group business portfolio.

Our core wheat flour-related ingredients and home food preparation businesses hold commanding competitive positions in their markets, and we will use them to strengthen the Group's earnings foundation. In the wheat flour-related ingredients business, we will maximize the synergies of our wide range of food ingredients including

Long-Term Vision "NNI 'Compass for the Future'"



► **Processed Food Business**
(Page 44)
Initiatives for the Long-Term Vision

the wheat flour of Nisshin Flour Milling, premixes of Nisshin Foods, and the quality improvers, fillings, and yeast of Oriental Yeast. In the home food preparation business, we will pursue a value-adding strategy of developing environmentally friendly products with simple & convenient, authentic, and healthy features. In the growth driver businesses of overseas operations and prepared dishes and other prepared foods, we will focus resources and expand our business bases and production capacity.

Achieving cyclical growth

While advancing our growth strategies, we will also be approaching social issues, such as environment issues, as new opportunities for business where we can create a “cyclical growth” by using our business to address social issues and raise our corporate value.

For example, wheat is a raw material in our core flour milling business and for many products, such as pasta and premixes, in the processed food segment. Wheat is therefore a source from which the Group creates corporate value. Fundamental to achieving sustainable growth for all of the Group’s businesses is our ability to continue fulfilling our mission to deliver a stable supply of flour and all of our products. This means that to continue fulfilling our mission, it is essential that we can continue to consistently procure high-quality wheat at a stable price.

► **Survey of literature relating to the impact of climate change on wheat** (Page 36)

► **Information disclosure based on TCFD recommendations** (Page 34)

► **CSR Priorities** (Page 31)

One of the reasons we are so adamant about climate change initiatives is that achieving carbon neutrality, virtually zero carbon dioxide emissions, by mid-century will be a major factor in keeping the procurement risk low for wheat in the future. We fully recognize that helping create a sustainable society is connected to creating sustained cyclical growth for the Group, and that is why we supported the TCFD recommendations and joined the TCFD Consortium. We have accordingly set medium- and long-term targets and are stepping up our efforts for our CSR priorities to “address climate change and water resource issues” and “efficiently handle product and packaging waste.”

Foundation for the long-term vision

► **Health management** (Page 39)

The Nisshin Seifun Group’s corporate principle is to “contribute to a healthy and fruitful life for all.” Since it is our employees who convey our message of the value of “health” to the world, we believe that helping employees enjoy “healthy” and “active” lives is an essential part of realizing our long-term vision. “Providing work environments that are healthy and fulfilling” is therefore one of our CSR priorities for realizing sustained cyclical growth. Our health management activities to support the health of our employees were recognized by the Ministry of Economy, Trade and Industry in its March 2021 Survey on Health and Productivity Management, and Nisshin Seifun Group Inc. was as one of the “White 500” outstanding enterprises displaying health and productivity management (large enterprise category). We will continue supporting the health of our employees and seeking to create work environments where they can demonstrate their full potential.



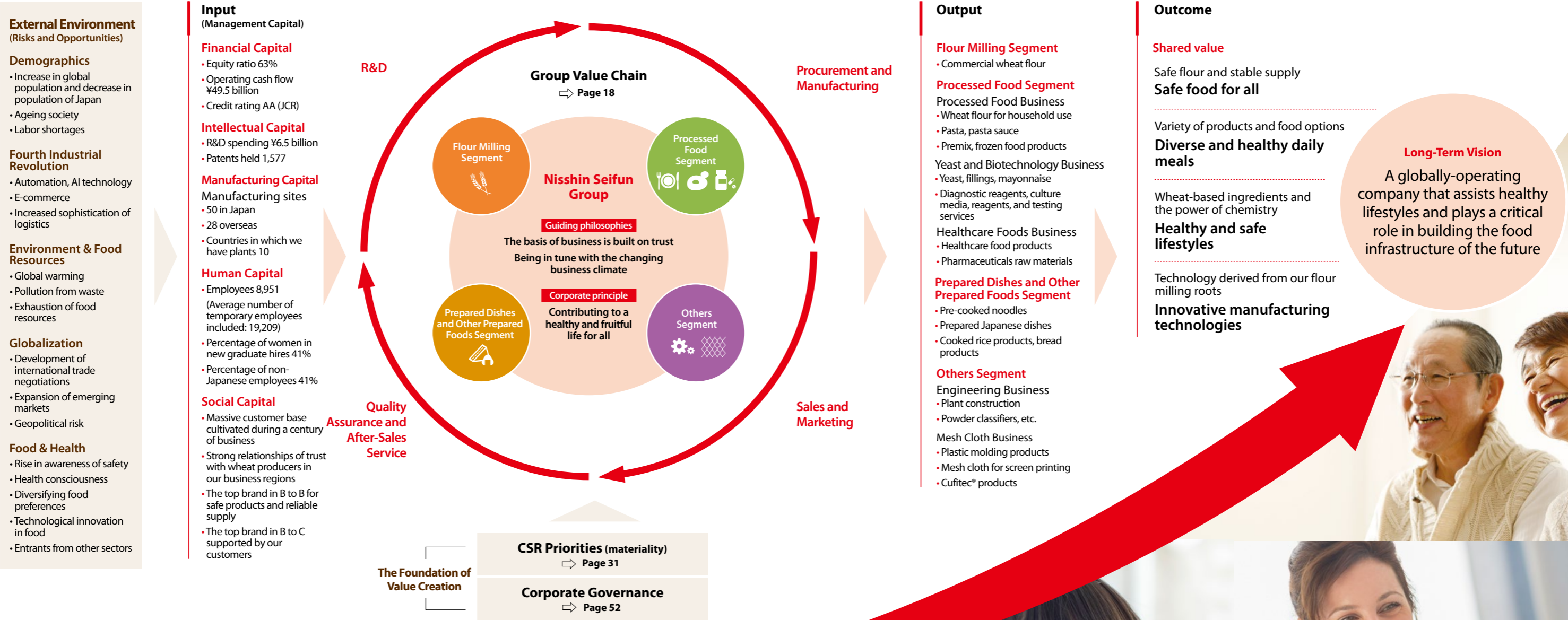
Part 1
Group Value Creation

“Contributing to a healthy and fruitful life for all” around the world

We are using the strengths we have accumulated since our founding as the foundation for creating new value.

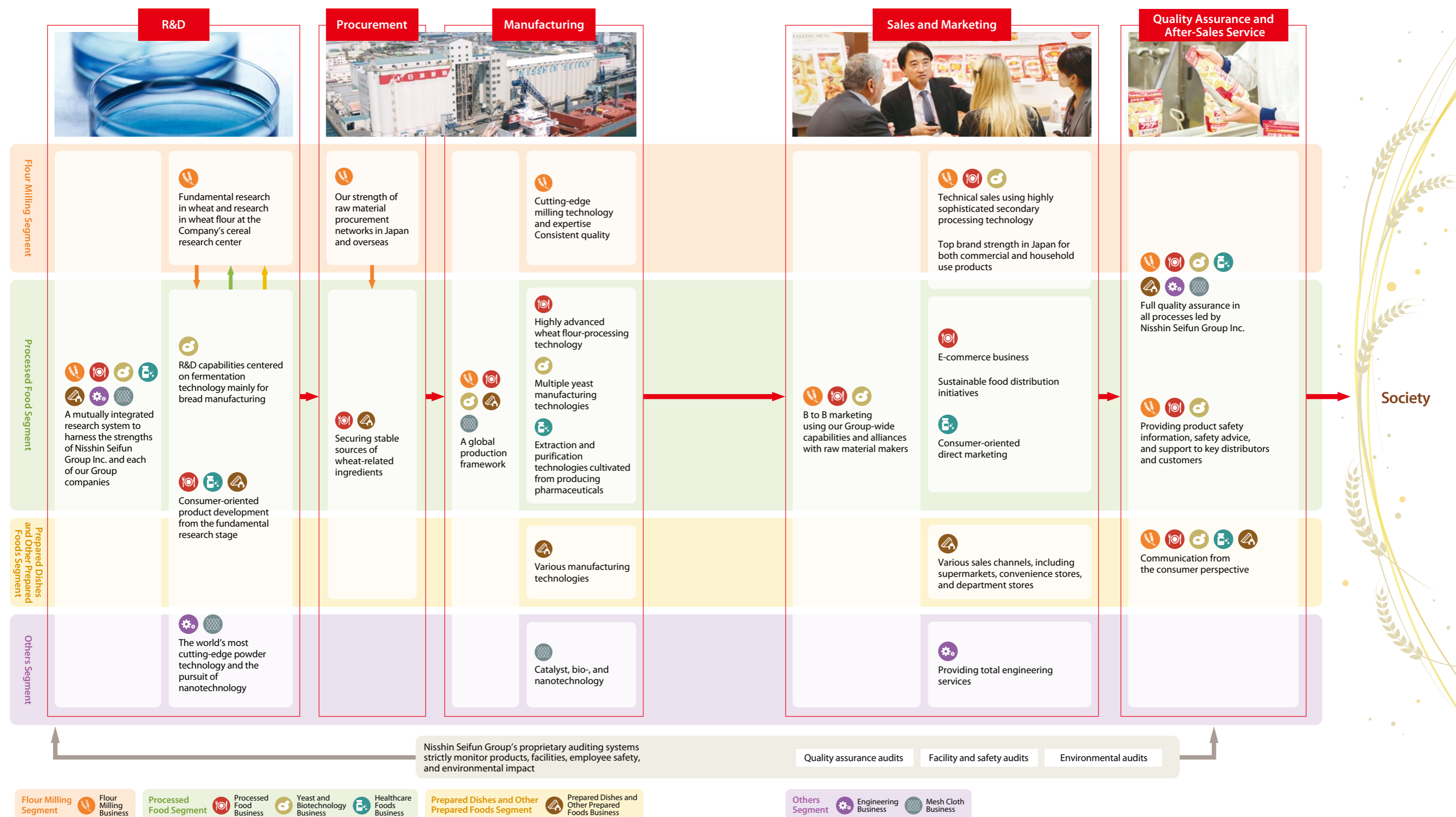
Using the comprehensive strength of our diversified wheat businesses to provide safe, reliable, and healthy products for any occasion or lifestyle

We are pursuing a variety of businesses to leverage the technology and networks we have developed as the leading flour milling corporate group supporting the food infrastructure in Japan. With safety and reliability as our highest priority, our mission is to create and offer a wide range of value by providing products and services that “contribute to a healthy and fruitful life for all.”



We create diversified added value through a unique value chain combining each company's strengths and our overall capabilities

We have a unique value chain that creates diversified added value for society by linking the strengths of Nisshin Seifun Group companies in each area of R&D, procurement, manufacturing, sales and marketing, quality assurance, and after-sales service.



1 R&D

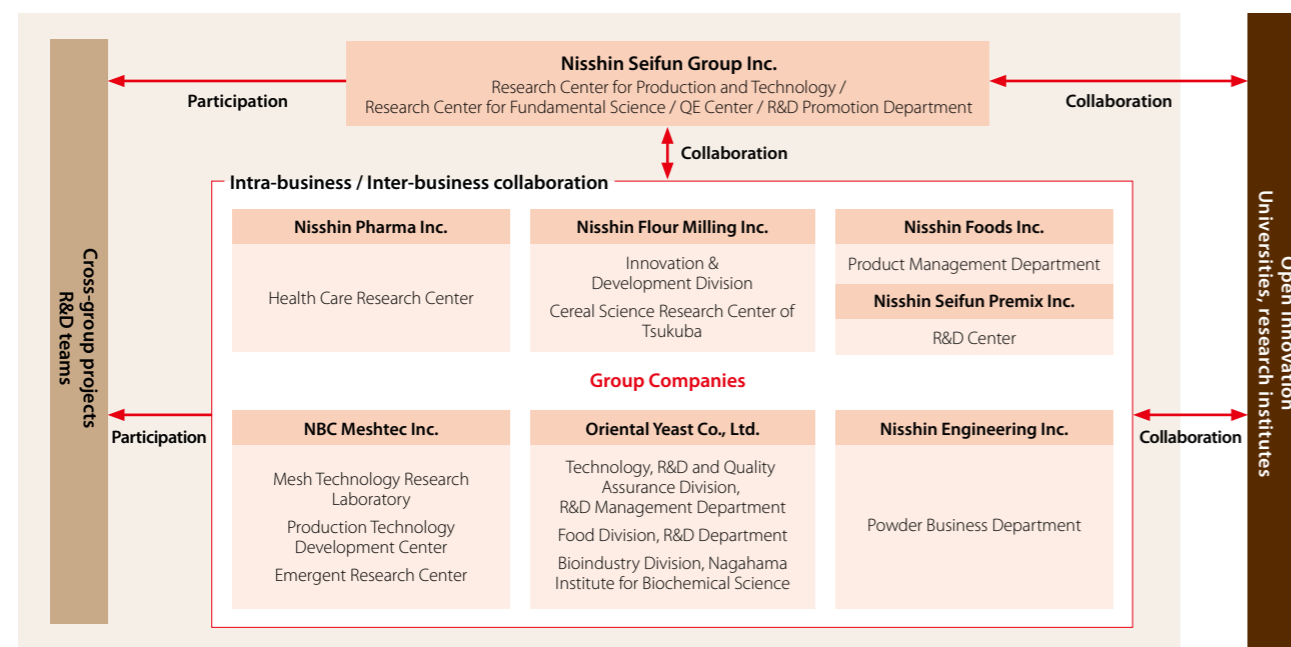
Diverse R&D capabilities creating new value

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

The Nisshin Seifun Group has a mutually integrated research 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 developing secondary processing technologies to align with the customer's perspective. By quickly acquiring the patent rights to 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.

► Please see page 40 for Group Research & Development Strategy



Fundamental research contributing to consumers' lives

Nisshin Foods Nisshin Cooking Flower® flour has received numerous awards, including the Excellent Product Award 2015 from The Japan Food Journal and the Good Design Award 2016 from Japan Institute of Design Promotion. Packaged in a specially designed container, Nisshin Cooking Flower® flour is the result of fundamental research in powder processing and other techniques. The Nisshin Seifun Group continues to advance fundamental research aimed at creating new consumer products.



Nisshin Cooking Flower® flour

The world's most sophisticated powder technology

The Engineering Business uses the world's most advanced technology refined over many years with the ability to manufacture ultrafine powder with granules smaller than 1 micron. The business is engineering powder grinding, classification, and nanoparticle processing technologies for the full range from small-lot trial production to mass manufacturing.



A powder classifier

2 Procurement and Manufacturing

A global network supporting stable supply of wheat flour and optimal food production

Optimized procurement for stable supply

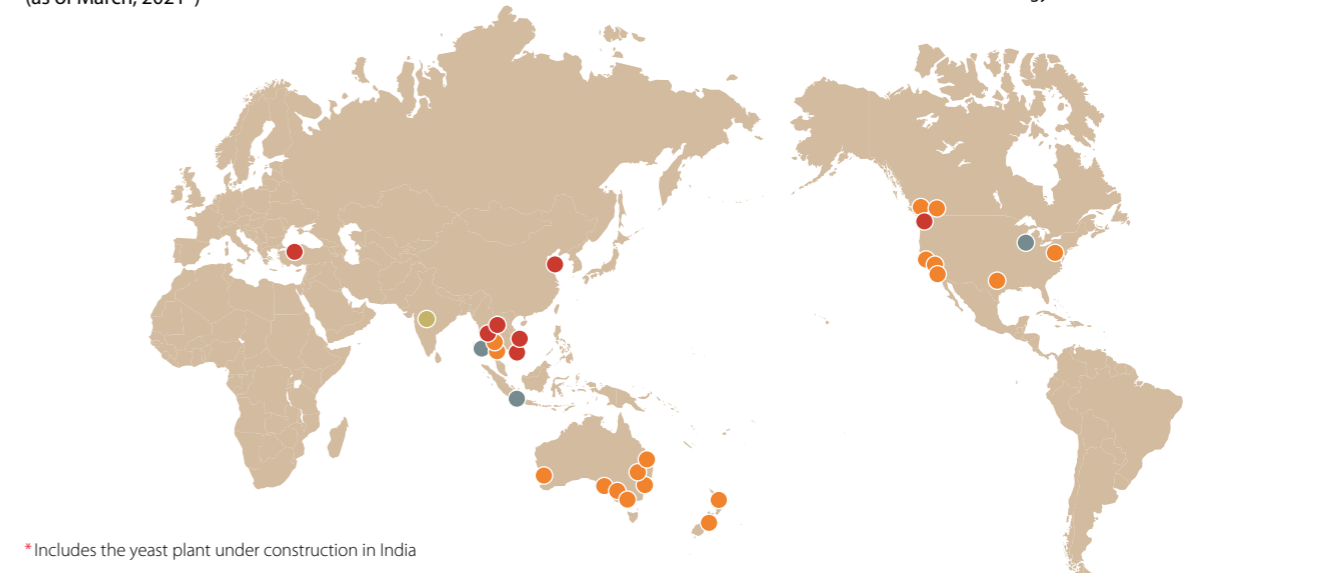
Cereal procurement for flour milling involves close communications with growers, including verifying the wheat growing conditions in the production area. We have a strong presence in wheat producing regions overseas, including five plants in the United States, two in Canada, and seven in Australia, including the addition of Australia's largest flour milling company in April 2019. These are the three main countries from which wheat is exported to Japan, and maintaining production sites in each country increases our

competitive advantage by enabling us to stay on top of the latest wheat information and build knowledge.

In addition to vastly increasing our production capacity overseas, we are enhancing the efficiency of our wheat procurement in Japan, where roughly 90% of wheat is imported, and strengthening our production structure by consolidating our manufacturing operations at our major plants located on the coast of Japan.

Main Nisshin Seifun Group production bases worldwide (as of March, 2021*)

● Flour Milling Business ● Processed Food Business
● Yeast and Biotechnology Business ● Mesh Cloth Business



* Includes the yeast plant under construction in India

Global production structure

Our Flour Milling Business and Yeast and Biotechnology Business operate on a basic assumption that their products will be consumed in the country of manufacture. Both businesses utilize manufacturing technology and quality control expertise accumulated through efforts to meet specific customer demands in Japan, and are applying that expertise to expand business in various regions overseas ranging from North America's mature market to Australia, Thailand, and India where we expect continuing growth.

The Processed Food Business has manufacturing sites

for pasta sauce in Thailand and Vietnam where it sources the high quality materials available in the region; for pasta in the United States and Turkey where it procures high quality durum wheat; and for B to B premixes in China, Thailand, and Vietnam where there are large numbers of frozen food producers. The Mesh Cloth Business has production bases in Indonesia and Thailand and is aggressively developing its overseas operations. We are formulating global production networks optimized for each type of product based on the availability of quality ingredients and the needs of our customers.



The Strengths of the Value Chain

Sales and Marketing

Dominant brand power and consumer-oriented marketing

Japan's leading brand in commercial and household wheat flour products

The Flour Milling Business' commercial wheat flour boasts a commanding 40% share of the domestic market. The Processed Food Business has numerous products holding top market share, including the Nisshin Series of powder products

featuring Nisshin Cooking Flower® flour in a convenient bottle package, Nisshin *Kotsunoiranai* (easy-made) *Tempura* Mix, the Ma•Ma series of dry pasta, and *Ao-No-Dokutsu* Spaghetti Sauce for pasta lovers.



* The data periods for the No. 1 market shares for flour, pasta (spaghetti), pasta sauce, and frozen pasta (frozen cooked spaghetti and sauce) are fiscal 2021 (April 2020 to March 2021), *okonomiyaki* pancake flour and *tempura* mix fiscal 2020–2021 (April 2019–March 2021), and *karaage* deep-fry mix fiscal 2019–2021 (April 2018–March 2021)
Source: Intage SRI+ research

The ability to make proposals according to market changes

We are seeking to create new food cultures to meet the increasing variety of consumer needs for our commercial-use products. One way we do this is by working with food ingredient makers through the So-Shoku Club website created to communicate with makers of products for commercial use and share information about new products and menus. Led by the Flour Milling Business and linked with the Processed Food Business and Yeast and Biotechnology Business, we work with our customers to resolve issues and explore business opportunities.

We always approach the development of products for household use from the consumer's perspective as we seek to propose products and open new markets with offerings for home preparation that are truly delicious, enjoyable, simple, convenient, healthy, and matched to the needs of the times.

In the Healthcare Foods Business, we are responding to the health needs of society by using the sophisticated technology cultivated in our pharmaceuticals business to develop new healthcare foods while focusing on direct marketing to consumers.

The Engineering Business emphasizes close communication with customers and offers total engineering services with plant construction managers remaining in charge of projects through post-construction maintenance.



The So-Shoku Club website



The Nisshin Pharma official online store



Quality Assurance and After-Sales Service

Safety and security backed by rigorous quality assurance in all processes

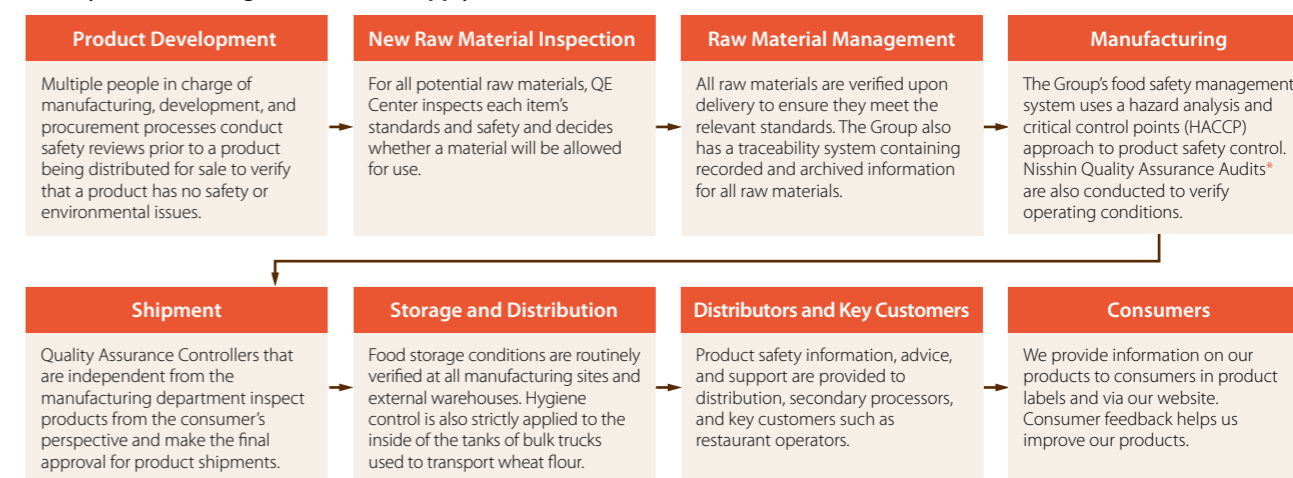
Full quality assurance in all processes

Food safety management system and Quality Assurance Controllers ensure the safety of all processes from product development and raw material procurement through 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 continues monitoring the safety of existing products.

Each company also has Quality Assurance Controllers that are independent from the manufacturing department to provide a third-party approach to verifying quality and approving products for final shipment, for which they have the same power 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



International management system

We are preparing for global business expansion by continually strengthening our quality assurance structures following international management systems. We are also continually improving our product safety systems and have acquired and are maintaining International Organization for Standardization (ISO) 9001 for quality management systems, the ISO 22000, FSSC 22000 and JFS-C for food safety management systems, and the ISO13485 quality management system for medical devices.

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

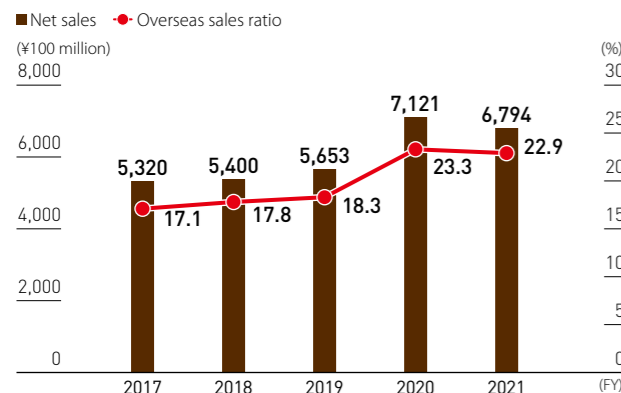
* Nisshin Quality Assurance Audit

Nisshin Quality Assurance Audits (NQ Audits) are conducted at all manufacturing plants and warehouses. Auditors appointed by the Quality Assurance Director conduct quality assurance audits of all manufacturing and storage facilities using the NQ Audit checklist developed by the Nisshin Seifun Group. The checklist covers requirements under food safety management standards, and laws and regulations, case studies of problems at group facilities in Japan and overseas, and the viewpoint of consumers. The purpose of the audits is to identify existing problems as well as potential causes of future problems to enable the early discovery and rectification of risk factors. We will continue applying the strictest standards to maintain and improve our quality assurance.

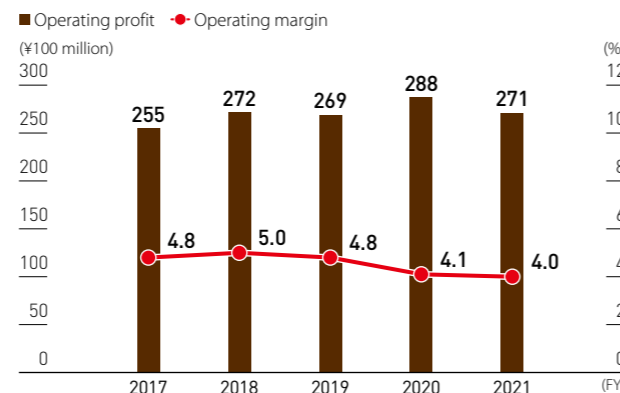


Financial Highlights

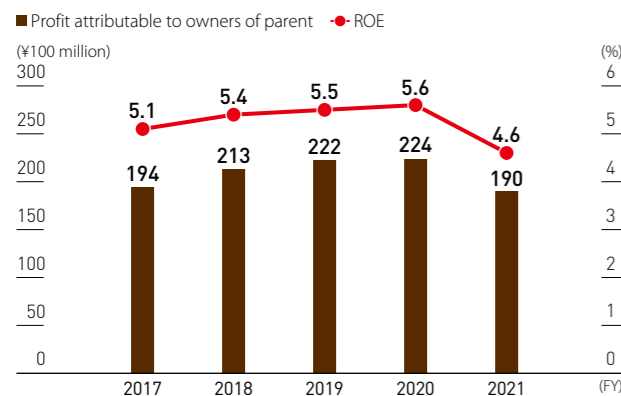
Net sales*1



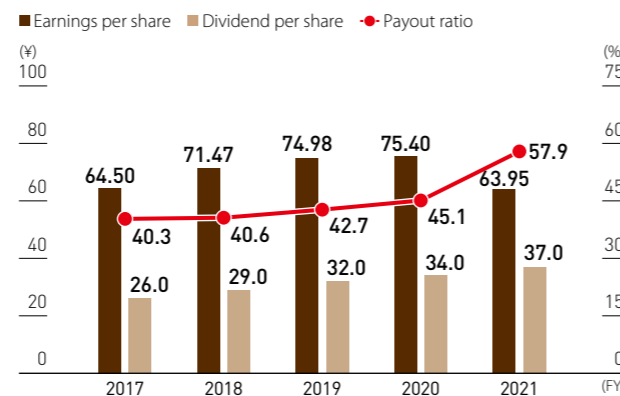
Operating profit*1



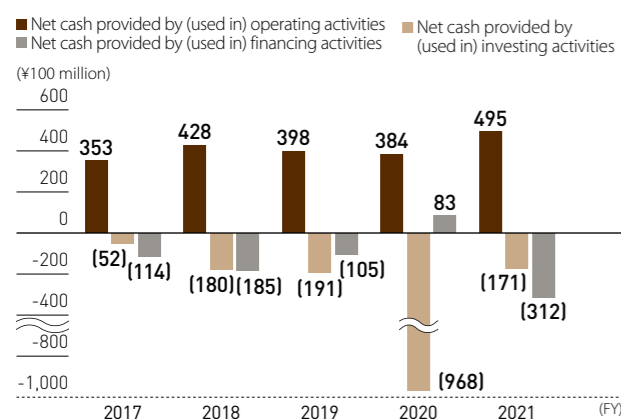
Profit attributable to owners of parent*1 / ROE



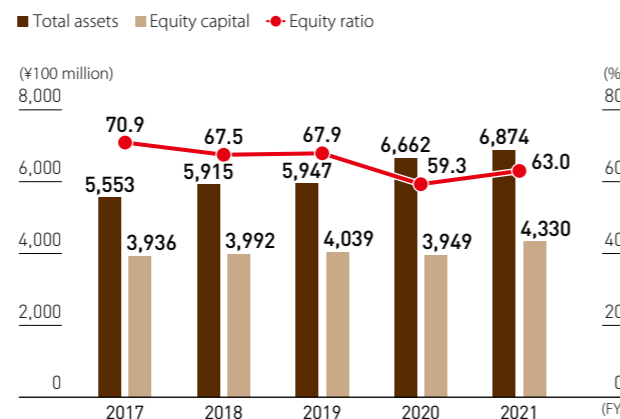
Earnings per share / Dividend per share / Payout ratio



Cash flows*1



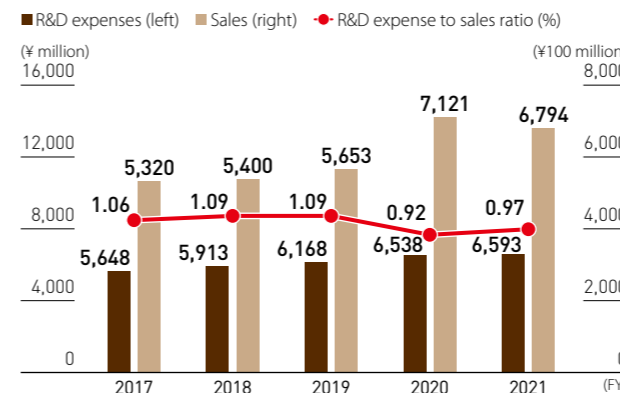
Total assets*1 / Equity capital*1 / Equity ratio



*1 Amounts rounded down to nearest hundred million, R&D expenses are rounded down to the nearest million yen. *2 Scope of calculation: Nisshin Seifun Group Inc., Nisshin Flour Milling Inc., Nisshin Foods Inc., Nisshin Pharma Inc., Nisshin Petfood Inc., Nisshin Engineering Inc., Oriental Yeast Co., Ltd., NBC Meshtec Inc. *3 Percentage of non-Japanese employees does not include temporary employees. *4 Incidence rate of accidents that resulted in missed work applies to the manufacturing and research departments of Nisshin Seifun Group Inc., Nisshin Flour Milling Inc., Nisshin Foods Inc., Nisshin Pharma Inc., Nisshin Petfood Inc., Nisshin Engineering Inc., Oriental Yeast Co., Ltd., and NBC Meshtec Inc. 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 2020 was 1.21.

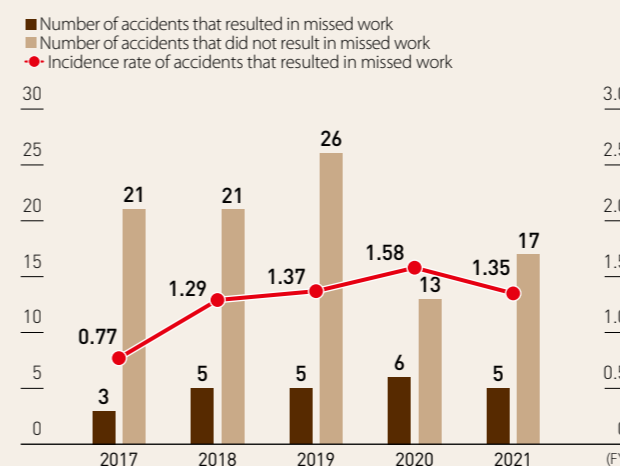
Financial Highlights

R&D expenses*1



The Group's R&D is organized on individual R&D operations at Nisshin Seifun Group Inc. and each operating company, with each conducting R&D focused on their specific business areas. This organizational structure enables each R&D operation to actively engage in close collaboration with research institutions and other entities inside and outside the Group, which increases R&D efficiency and accelerates commercialization of R&D outcomes. The ratio of R&D expenses to sales lowered in fiscal 2020 due to the substantial boost in sales from the conversion of Allied Pinnacle Pty Ltd. and Tokatsu Foods Co., Ltd., into consolidated subsidiaries.

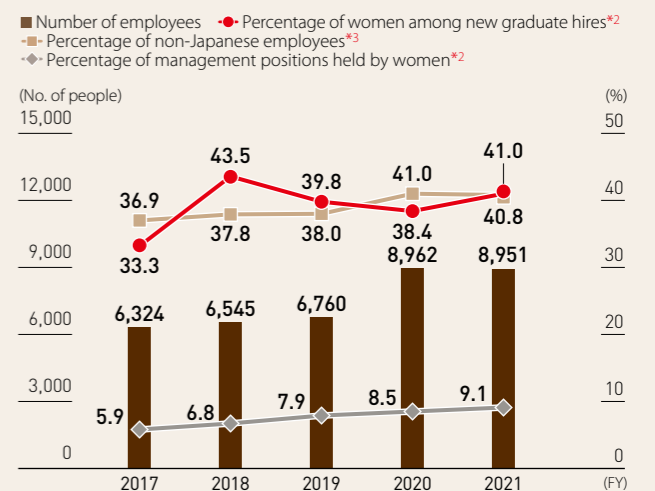
Occupational accidents*4



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.

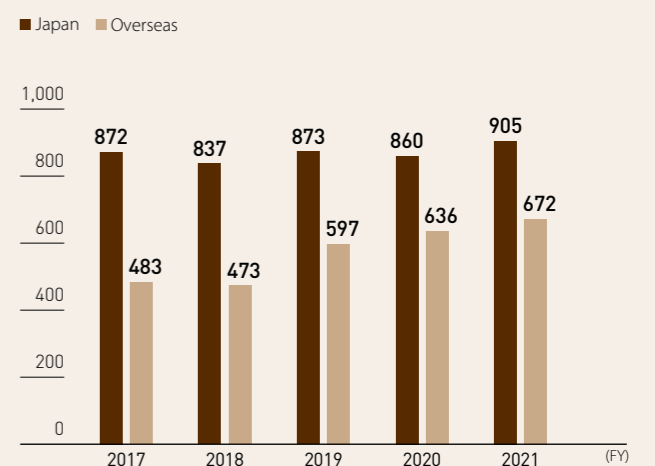
Non-Financial Highlights

Promoting diversity



The Group has made promoting women in the workplace a priority management strategy. The strategy includes a percentage target for women when hiring new college graduates and actively supporting career advancement for women. The percentage of non-Japanese personnel in our workforce is growing as we develop our global operations, and the Group is accordingly forming work environments that respect different values and local cultures, traditions, and customs.

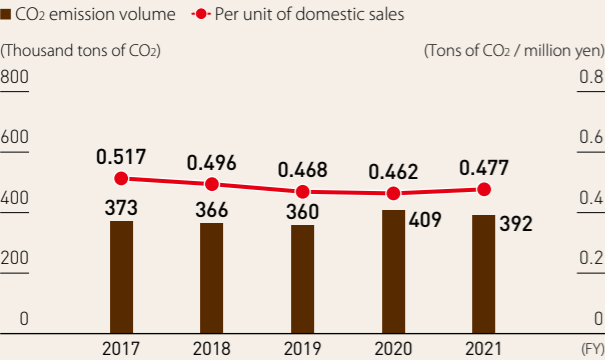
Number of patents held



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.

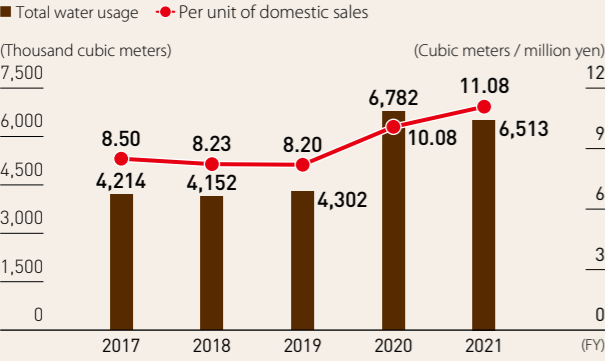
Non-Financial Highlights

CO₂ emission volume*5, 6



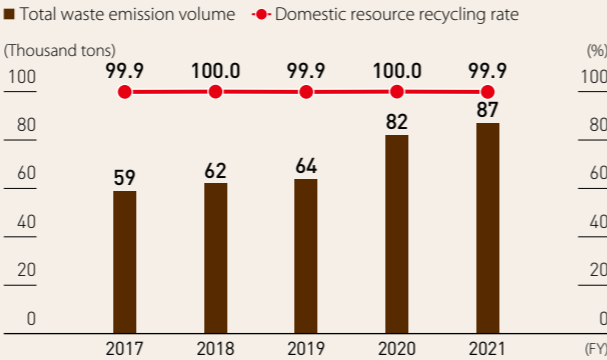
The Group has set new medium- to long-term targets^{*7} for reducing CO₂ emissions from our operating sites in all areas from manufacturing to the provision of products and services. The scope of calculation has been revised, and the amounts now include the Tokatsu Group from fiscal 2017 and the Allied Pinnacle Group from fiscal 2020. These revisions increased the total emission volume amounts for fiscal 2019 and 2020.

Water consumption*5



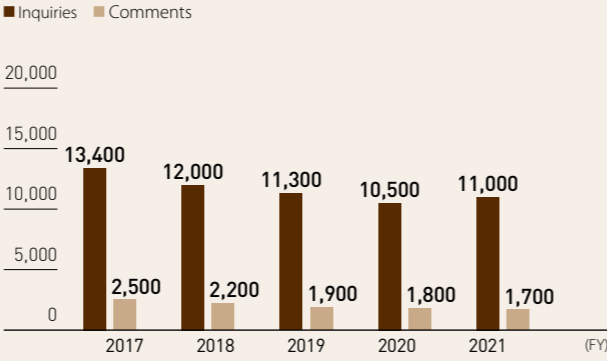
The Nisshin Seifun Group recognizes the close relation between its business activities and water resources. We implement initiatives to reduce water usage through stringent daily management and by consolidating manufacturing into highly efficient production lines, revising our product composition, and 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^{*10} for our manufacturing sites and will take steps to improve the efficiency with which we use water resources.

Total waste emission volume*5, 8 / Resource recycling rate*5, 9



The Group has implemented effective measures to reduce waste emissions from its manufacturing processes and has achieved zero production waste going to landfill from our operating sites in Japan. 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 emission volume amounts for fiscal 2019 and 2020.

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.

*5 Nisshin Seifun Group Inc. and 72 domestic and overseas consolidated subsidiaries *6 The domestic emissions factor is calculated from the average electricity of the nine general power transmission and distribution companies. OECD emissions factor are used to calculate the emission volume based on electricity usage at overseas business sites. *7 Nisshin Seifun Group medium-to-long-term environmental targets: Reduce CO₂ emissions at our operating bases to 50% by 2030 and to virtually zero by 2050 compared to the fiscal 2014 level *8 Industrial waste volume + municipal waste volume + valuable material volume *9 (Material recycling volume + thermal recycling volume) / total waste emissions *10 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



Part 2
Value Creation Strategy
Fulfilling our
long-term vision

We are pursuing innovation to maximize our corporate value and establish sustained cyclical growth as we seek to fulfill our long-term vision.

Message from the Chief Financial Officer

Remaining a company with value for society

Investment strategy

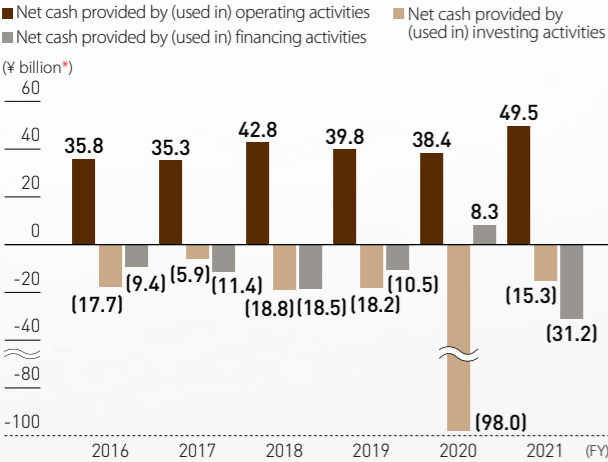
Investing to maximize corporate value in the medium to long term

The Nisshin Seifun Group's fundamental investment policy is to allocate cash earned from its business to investments aimed at increasing its corporate value, which is in the spirit of our founding philosophy that sustained cyclical growth of the company itself contributes to realizing a sustainable society. Since the previous fiscal year when new investment opportunities dwindled during the COVID-19 pandemic, we have been focusing on fortifying the foundations of our core businesses by investing in strengthening our human resources, which carry strong "non-financial value," and in the automation of production processes and digital transformation of our businesses.

Our business portfolio generates consistent annual operating cash flow and has generated a total of roughly ¥240 billion in the six years from fiscal 2016. Of this amount, we allocated ¥180 billion to capital and business investment and returned ¥60 billion to shareholders. We intend to continue generating stable operating cash flow and distributing funds in this way.

Cash flow over the six years since the start of the NNI-120 II medium-term management plan

(Cash flow excluding deposits and bonds over three months)



* Amounts rounded down to nearest hundred million

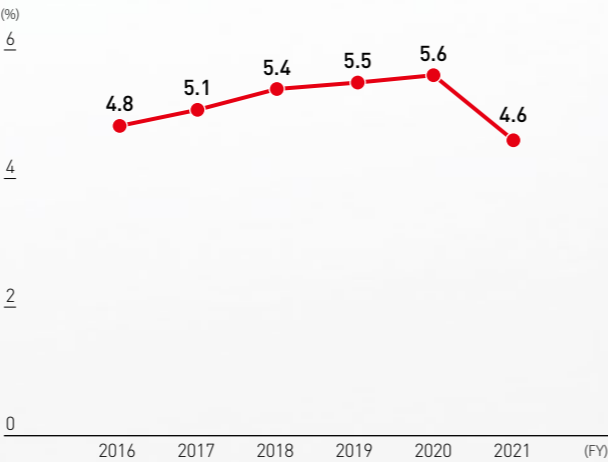
Improving capital efficiency

Sustainable profit growth

Our fundamental approach to our balance sheet (capital structure) continues to be to maintain a balance between improving capital efficiency and preserving our financial stability. The Group exists to provide a stable supply of major foods, and we must have a well-balanced capital structure that enables us to continue to fulfill this responsibility. Due to the substantial uncertainty that has accompanied the COVID-19 pandemic that started last year, we decided to maintain a relatively large amount of cash on hand. Although the pandemic conditions have not yet required us to utilize these funds, we intend to continue to be prepared for unforeseen circumstances.

The performance indicator of capital efficiency that we are currently focusing on with stakeholders inside and outside the Company is return on equity (ROE), which we endeavor to maintain above the cost of shareholders' equity. In other words, we intend to maintain and increase the equity spread. ROE declined to 4.6% in the previous fiscal year due to the severe conditions caused by the pandemic. We believe that the primary step to raising ROE is to increase profits, which is the

ROE



numerator for ROE, while maintaining a certain level of assets to ensure financial stability.

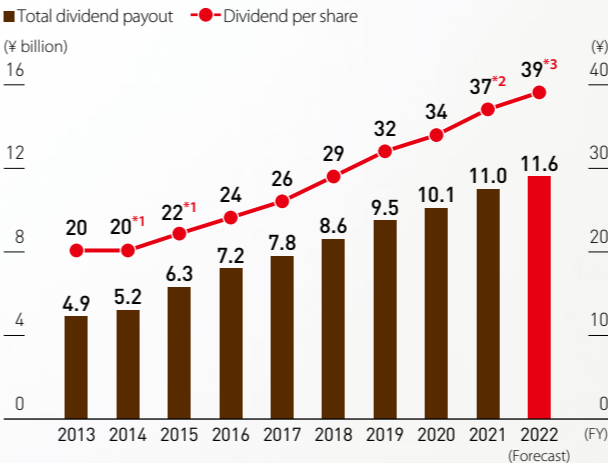
Most of our businesses have strengthened their operating structures during the pandemic, and I believe that constantly fortifying our business foundation in that way will be important in the future.

Shareholder return

Stable dividend distribution

We believe we have an obligation to respond to shareholder expectations to provide steady shareholder returns from a long-term perspective. Specifically, we intend to continue raising the dividend payments based on a benchmark consolidated payout ratio of a minimum of 40%. We will also flexibly consider repurchasing Company shares, while taking into account our operating cash flow and liquidity needs for strategic investments.

Total dividend payout and dividend per share (In fiscal 2022, management plans to increase the dividend per share by ¥2 from the previous fiscal year, which will extend the dividend increases to nine consecutive years.)



*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 The fiscal 2021 included a ¥2 dividend per share to commemorate the 120th anniversary of the Company's founding.
*3 In fiscal 2022, management plans to raise the midterm dividend per share distribution by ¥2.

Reduction of strategically held shares

Increasing asset efficiency

As stated previously, 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 all of our supply chain processes. Built on trust established during our long history, our current partner relationships will continue to be a vital element of our business in the future. The Board of Directors annually verifies the suitability of retaining the shares from a long-term perspective. Shareholdings that the Board of Directors determine to have no rational reason to be retained will be methodically reduced.



Akira Mori

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

We are helping realize a sustainable society and generating business growth by using our business to address social issues in our changing society

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



Providing a stable supply of safe and reliable products is one of our most important obligations. The worldwide impact of the COVID-19 pandemic has reminded us of the importance of our social mission to provide a secure and stable supply of wheat flour, which is a staple food around the world, and to provide safe products. Employees are often not aware of the continuous challenges involved in providing a stable supply of safe and reliable products, but I believe every one of our employees deeply understood the importance of our mission during the pandemic.

As we fulfill our mission, we give top priority to ensuring the safety of employees making it happen. During the pandemic, we sought to maintain communications among employees and created a flexible work structure by using IT to improve work efficiency, which enabled the smooth execution of business. The new awareness that has arisen in the Company for improving our activities based on the present situation and without being bound to past practices is a positive development for the future. We will continue to create an environment where employees can be active and feel job satisfaction with the aim of further strengthening our corporate competitiveness.

We have identified five CSR priorities based on what society expects from us and their impacts on our businesses. Our CSR priority to “address climate change and water resource issues” in particular is becoming an increasingly critical social issue. The recently released Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) reiterated the serious impacts of rising global temperatures and called for urgent local and international action. The Group has responded by setting a new long-term target to reach net zero CO₂ emissions in 2050. At the same time, we revised our target for 2030 and are implementing step up measures to reach our targets.

We are also expanding our information disclosure with the aim of promoting collective engagement with stakeholders about business risks and opportunities related to climate change. In August 2021, we announced our support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and our membership in the TCFD Consortium. The impact of climate change goes well beyond our manufacturing sites, as it has both direct and indirect repercussions on every aspect of the supply chain for our core wheat materials from the geographic regions where we source our wheat to the quality of the crops and the distribution of our products. We are closely monitoring and studying the impacts of climate changes to ensure we continue to respond effectively.

Human rights are another important theme in our society. Many countries are strengthening legislation in response to the United Nations Guiding Principles on Business and Human Rights, and it is increasingly important for companies to also take action. Following the UN principles, in 2018, the Group formulated a Human Rights Policy and, in June 2021, introduced human rights due diligence procedures in our main business. We plan to enlist the cooperation of our business partners to implement measures to eliminate any environmental and human rights issues in our supply chain.

The issues that the Group can address through its business are changing day by day. We are actively using our business to fulfill our social responsibility to address the five CSR Priorities and create new social value. We will continue to faithfully practice our corporate principle to “contribute to a healthy and fruitful life for all” as we do our part to build a sustainable society and generate sustained growth for the Group.

CSR Promotion Structure

The Social Committee, which serves under the Board of Directors, promotes the Group’s CSR initiatives. The specialized committees and departments associated with specific CSR initiatives also work with the Group companies to advance our priorities.

CSR Priorities

Five CSR priorities	Priority themes	Approaches and targets	Areas contributing to the SDGs
Provide safe and healthy food and responsible consumer communication	Ensuring food safety	Implement quality assurance from the viewpoint of consumers and continually strengthen the quality assurance system <ul style="list-style-type: none">Acquire and maintain certification for food safety management systems	
	Responsible consumer communication	Provide fair and responsible consumer communication <ul style="list-style-type: none">Conduct advertising activities that consider ethics, human rights, and the environmentPromote measures to increase consumer engagement	
	Contribution to healthy diets	Research and develop health functions of food ingredients, primarily focused on wheat, such as its effects to prevent metabolic syndrome and to promote brain functions and anti-aging	
Enable secure and sustainable raw material procurement	Ensuring stable wheat procurement	Establish sustainable procurement of wheat, our primary raw material <ul style="list-style-type: none">Examine and respond to the climate change risk to wheat resources	
	Sustainable raw material procurement	Promote responsible procurement activities based on fair and ethical transactions <ul style="list-style-type: none">Enforce the Responsible Procurement PolicyStrengthen supply chain management	
Efficiently handle product and packaging waste	Reducing food waste	Reduce food waste and contribute to realizing sustainable food systems <ul style="list-style-type: none">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}Work with our partners to reduce food waste at all supply chain stages	
	Reducing packaging waste	Promote the 3Rs (reduce, reuse, and recycle) + renewables with our partners at all supply chain stages <ul style="list-style-type: none">Reduce the amount of fossil fuel-derived plastics used by at least 25% compared with the fiscal 2020 level by 2030^{*2}Promote plastic recycling, such as by using environmentally-friendly package designsIncrease the use of sustainable packaging materials, such as biomass plastics, recycled plastics, recycled paper, and FSC-certified paper	
Address climate change and water resource issues	Climate change adaptation and mitigation	Introduce energy-saving technology and promote the use of renewable energy, and contribute to realizing a decarbonized society <ul style="list-style-type: none">Reduce CO₂ emissions from Group-owned facilities to net zero by 2050Reduce CO₂ emissions from Group-owned facilities by 50% compared with the fiscal 2014 level by 2030Reduce CO₂ emissions across our supply chains	
	Water resource conservation	Work with our partners to ensure effective utilization of water at all stages of our supply chain <ul style="list-style-type: none">Reduce the amount of water used in plants per unit of production by 30% compared with the fiscal 2022 level by 2040^{*3}	
Provide working environments that are healthy and fulfilling	Respect for diversity	Respect humanity and diversity, and create workplaces that consider work-life balance <ul style="list-style-type: none">Reach target for women to represent at least 15% of management positions at Nissin Seifun Group Inc. in fiscal 2023	
	Cultivation of human resources	Cultivate human resources so each person can grow and fulfill their potential <ul style="list-style-type: none">Cultivate next-generation business managersDevelop the skills of technical personnel in specialized fieldsCultivate global human resources	
	Employee working environments and health	<ul style="list-style-type: none">Continuously strengthen occupational health and safety management activities (zero occupational accidents)Promote workstyle reformPromote health management in the three pillars of the work environment, personal physical care, and mental healthcare	

^{*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



We aim to be a corporate group working to reduce our environmental impact, pursuing specific medium- and long-term environmental targets, and contributing to realizing a sustainable society

Satoshi Odaka

Director, Managing Executive Officer
Division Executive,
Technology and Engineering Division

Global environmental protection is an important issue for the whole of society toward human existence and prosperity, and the most critical management issue for the Nisshin Seifun Group doing business as a member of society.

Global warming is having serious effects on the environment, and the impact of rising temperatures is already manifesting in extreme weather. Changing weather conditions impact not only our primary wheat resources, they also can adversely affect every step of the supply chain from the procurement of the agricultural materials we use as raw materials to the distribution of our products. To reduce the impact of climate change, a worldwide movement is underway to achieve net zero CO₂ emissions (carbon neutral) by the middle of this century. The Japanese Government has declared that it is aiming for net zero CO₂ emissions in 2050, and has significantly increased its interim reduction target for 2030.

The Group has set a new long-term target to achieve net zero CO₂ emissions at its own bases by 2050. At the same time, we revised our medium-term target, and now aim to reduce our CO₂ emissions by 50% (compared to fiscal 2014) by 2030.

In addition, the powder handling and mesh technologies that we have developed and cultivated in our wheat flour production are integral to operations that are indispensable for energy conservation and renewable energy usage. These technologies are used in products and in the manufacturing of products needed to realize a decarbonized society.

We will accelerate our measures to conserve energy, achieve high production efficiency, and shift to renewable energy sources at our operating bases, and will contribute to realizing a decarbonized society by reducing CO₂ emissions in our supply chain.

We are also advancing initiatives to address various

other environmental issues, including food waste, packaging waste, and the efficient use of water resources. We believe that food companies have a responsibility to aggressively work to resolve issues related to resource recycling, such as food waste and marine plastic waste, which have been attracting attention in recent years.

The Group has been actively reducing production waste and recycling resources for many years, and we have maintained virtually zero production waste with a total waste recycling rate surpassing 99% since fiscal 2013. We are also seeking to continue reducing our environmental impact, and have set medium-term targets to reduce food waste and packaging waste.

Water resources are also a focus area for the Company. We have conducted water risk assessments in the regions where we procure our resource materials and at our production sites. We will continue to improve our production processes and promote the recycling of wastewater to reduce the amount of water used in our plants. We will also work with our business partners throughout the supply chain to promote the effective use of water resources.

Companies are being increasingly called upon to take greater steps against climate change and other environmental issues. The Group has an environmental management system in Japan and overseas that complies with the international standard ISO14001. We have fully integrated the environmental management system into our business operations and in Japan have acquired certification not only for our production sites, but also for our corporate offices, sales offices, and research laboratories.

As we seek to achieve our new medium- and long-term targets for environmental issues, we will be open to new ideas and perspectives as the Group makes a unified effort to reduce the environmental impact across the supply chain and to contribute to realizing a sustainable society.

Action on Climate Change

Efforts toward the achievement of carbon neutrality by 2050

The Nisshin Seifun Group is actively working to reduce CO₂ emissions by introducing energy-saving systems and implementing comprehensive efficiency improvement measures.

In addition to these actions, we are also switching to the use of renewable energy sources. At our manufacturing sites, for example, solar power generation facilities are already in operation at the Nisshin Seifun Higashinada and Tsurumi Plants, and the Tatebayashi Plant of Nisshin Foods in Japan. At the Fresno Plant of Miller Milling Company LLC in the United States, solar power provides around 15% of total electric power used. We are also introducing renewable energy in our office buildings. In September 2021, we shifted electric power to solar and biomass sources for 100% of the needs of our Group headquarter buildings in Kanda-Nishiki-cho and Koami-cho,

Tokyo. We are moving forward proactively toward the achievement of net zero CO₂ emissions resulting from the use of energy at our business sites.



Solar power facilities at the Tatebayashi Plant of Nisshin Foods



Renewable energy now provides 100% of electric power used in Nisshin Seifun Group Inc.'s Head Office in Kanda-Nishiki-cho.

Accelerating progress toward carbon neutrality for our customers and society through our products and technologies

The reduction of food heating times is helping to reduce CO₂ emissions at the cooking stage. Since the 1986 launch of *Pronto* quick-cook spaghetti made possible by innovative technology, we have continually sought to enhance the taste of our delicious spaghetti products while further reducing boiling times. We will continue to develop innovative fast-cook solutions that help consumers shift to carbon neutrality.

Our technologies are also contributing to the improvement of products and manufacturing methods in a wide range of industries. For example, powder handling technology developed for our flour manufacturing operations and mesh technology that originated in the development of sieve mesh are being used in the production of electronic

parts and devices and many other products. Our mesh technology is now playing an essential role in the manufacture of electric and fuel cell vehicles and solar panels, and in the utilization of renewable energy and new energy resources, such as hydrogen. Our advanced powder processing technology is also making important contributions to the acceleration of technological progress toward a carbon-neutral society. Examples include the high-performance classification technology and the high-frequency thermal plasma process used to produce functional nano-particles. These technologies are contributing to miniaturization of electronic components and the enhancement of their functions.

Reducing CO₂ emissions through fast cooking Nisshin Foods

Manufactured using the "FineFast" method, 1.6mm Ma-Ma Quick Cook Spaghetti can be boiled to the *al dente* texture in just three minutes, while IQF (individual quick frozen) Macaroni, a short pasta for commercial use, can be boiled to the perfect firmness in 30 seconds. Shorter boiling times help to reduce CO₂ emissions.



Developing mesh technology for the future NBC Meshtec

NBC Meshtec is helping to enhance the efficiency of solar power generation and increase its use through the supply of screen printing materials used to print the high-precision electrodes needed for the manufacture of solar cells. Potential uses for mesh technology also include ion exchange membranes and catalyst supports for the production and utilization of hydrogen and other new energy resources.



World-class powder processing technology Nisshin Engineering

High-precision classification of nano-scale particles is an essential technology for the manufacture of laminated ceramic capacitors and other electronic components. Functional nano-particles produced by a high-frequency thermal plasma process improve the performance of precision electronic equipment while reducing its size. These technologies are essential to further improvements of electric vehicles and telecommunications equipment.



Action on Climate Change

Information disclosure based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

Climate change is causing increasingly serious consequences on a global scale with each passing year. This problem has serious implications for society, the environment, and business activities for current and future generations. The Nisshin Seifun Group recognizes climate change as a factor that could have a direct and indirect impact across all stages of its supply chains, including the increased risk of natural disasters affecting its operating sites and wheat-growing regions. We focus on the identification of themes for initiatives against climate change as an urgent priority.

We will conduct scenario analysis on climate-related risks and opportunities for our Group businesses based on the TCFD framework and use the findings as the basis for collective engagement with our stakeholders through disclosure. In August 2021, we expressed our support for the TCFD Recommendations and announced our participation in the TCFD Consortium.

Disclosure items recommended by the TCFD	Activities by the Nisshin Seifun Group
Governance	<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 Chief Executive Officer.</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, approval of medium- to long-term environmental targets, 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 2021, the Board of Directors passed resolutions setting a Group CO₂ reduction target for 2050 and a new CO₂ reduction target for 2030.</p>
Strategy	<p>We carefully discussed the impact of climate change under 1.5°C and 4°C scenarios and climate strategy (see Page 35). 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 intensification 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 intensification of extreme weather events, we are implementing disaster prevention measures and the improvement of 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 the reduction of CO₂ 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>
Risk management	<p>As an organization committed to 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 of 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 2021, 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>
Indicators and targets	<p>The indicators used for climate change mitigation efforts by the Nisshin Seifun Group are Scope 1 and 2 CO₂ 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 will work with our supply chain partners to reduce Scope 3 CO₂ emissions.</p> <p>In fiscal 2021, our Scope 1 and 2 CO₂ emissions increased compared with the base year (fiscal 2014) as a result of the growth of our overseas business activities. However, we aim to achieve our targets by stepping up our energy-saving initiatives, by installing on-site solar power generation equipment, and by shifting to renewable energy sources. In addition, we will work with food manufacturers in Japan to reduce Scope 3 emissions through the use of cooperative logistics and other strategies.</p>

Climate change scenario analyses

Because wheat is the foundation for the diverse business activities of the Nisshin Seifun Group, those activities could be impacted by climate change in many ways. We therefore carried out scenario analyses based on the TCFD recommendations to ascertain the scale and nature of potential impacts on our flour milling segment, processed food segment, and prepared dishes and other prepared foods segment, under scenarios in which global temperatures rise by 1.5°C and 4°C in the period to 2050. The purpose of these analyses, which were implemented with the assistance of external experts, was to identify particularly serious risks, as well as opportunities, and to consider our responses.

Going forward, we will expand the scope of these analyses to cover risks and opportunities across the entire Nisshin Seifun Group. By incorporating our responses to the analysis results into our business strategies, we will further strengthen our business continuity while contributing to the realization of a sustainable society.

Risks and opportunities for the Nisshin Seifun Group, strategy

Risks, opportunities			Business impacts (examples)	Details
Item	Category	Sub-category		
Transition risks	Policies/regulations	Increase in the carbon price	A rising carbon price would increase costs across a wide range of areas, including sourcing raw materials, manufacturing, and logistics.	<ul style="list-style-type: none">• We will aim for net zero CO₂ emissions by 2050.• We will work toward that goal through measures that will include the accelerated introduction of solar power systems, a shift to renewable energy, and the development and introduction of energy-saving technologies.• We will work with our suppliers to reduce CO₂ emissions.
		Restrictions on plastic use	Shifting to sustainable packaging and containers designed to allow recycling of plastics would result in cost increases.	<ul style="list-style-type: none">• We aim to reduce the use of containers made from fossil fuel-derived plastics by 25% by 2030 (compared with the level in fiscal 2020).• We will transition to environment-friendly container designs.• We will increase the use of sustainable packaging materials, such as biomass plastics.
Physical risks	Acute	Intensification of extreme weather events	Intensification of extreme weather events, such as rainstorms and storm surges, would result in increased damage to growing regions and production and storage sites.	<ul style="list-style-type: none">• We will reflect climate change in enhanced business continuity planning based on hazard analyses at individual business sites.• We will strengthen buildings and facilities, etc., against storm surges.• We will enhance our preparedness for major power outages and demands for long-term power saving, including fuel stockpiling and the use of emergency generators.
		More frequent droughts	More frequent droughts in crop growing regions would make it difficult to secure reliable supplies of raw materials.	<ul style="list-style-type: none">• We will secure multiple suppliers to provide alternative sources of raw materials.• We will work to reduce procurement and production costs on a continuing basis.• We will investigate the impact of climate change and natural disasters on raw material crops.• We will work with producers and research organizations to develop wheat strains with enhanced resistance to high temperatures and drought.• We will reduce food waste by 50% by 2030 (compared with the level in fiscal 2017).
	Chronic	Rising mean temperatures, changes in precipitation patterns	Rising temperatures and changing precipitation patterns would lead to lower crop yields and quality deterioration, resulting in higher raw material prices.	
		Spread of insect pests, insect-borne diseases, and infectious diseases	Insect pests and disease-carrying insects would reduce crop yields and quality and spread diseases. These factors, together with the resulting impacts on producer countries, would lead to higher raw material prices.	
		Rising sea levels	More frequent storm surges would result in increased flood damage at production site.	
		Increased water sourcing risks at production sites	Sourcing of water at production sites would become difficult due to water shortages, hindering operations in the affected river basins.	<ul style="list-style-type: none">• We will reduce water use per unit of production in our plants by 30% by 2040 (compared with the fiscal 2022 level).• We will recycle and conserve water in our plants and work with suppliers to reduce water usage.• We will conduct evaluations of water availability when building new plants.
Opportunities	Markets	Changing customer requirements	There would be increased demand for sustainable, environmentally responsible products.	<ul style="list-style-type: none">• We will develop products that reduce environmental loads, such as fast-cook foods and sustainable packaging.• We will develop products that reduce food losses and waste in our supply chains.

Action on Climate Change

Survey of literature relating to the impact of climate change on wheat

As part of our climate change scenario analyses, we conducted a survey of literature concerning the impact of climate change on the cultivation of wheat, which is a key raw material for the Nisshin Seifun Group. The survey was based on a scenario in which temperatures rise by 3.2°C by the end of this century (the RCP 6.0 scenario in the IPCC's Fifth Assessment Report, the SSP2 "middle-of-the-road" scenario).

Environmental change in wheat-growing regions due to climate change

Forecasts of weather pattern changes under a 3.2°C scenario indicate that the world's average temperature would rise by around 2°C between 2010 and 2050, but that there would be regional variation in the extent of temperature increases and rainfall changes. For example, the forecasts suggest that temperatures in the high latitudes of the Northern Hemisphere would increase by over 3°C, while higher temperatures would be accompanied by lower rainfall in some areas in the middle to lower latitudes.^{*1} (Figures 1, 2)

The potential effects of climate change in wheat-growing regions include a transition to a climate amenable to wheat production in the higher latitudes of the Northern Hemisphere, and reduced suitability for wheat and a heightened risk of droughts in some areas in the middle and lower latitudes.

Fig. 1 Changes in Average Temperature Distribution (2010-2050)

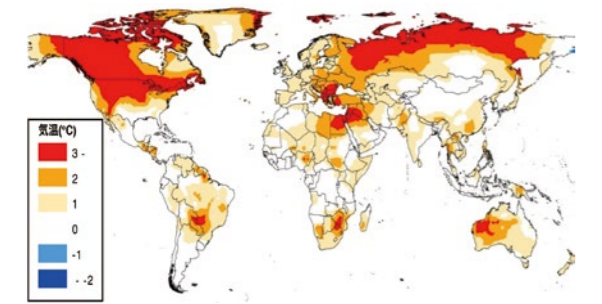
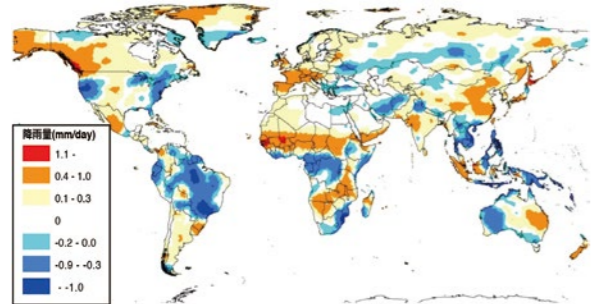


Fig. 2 Changes in Rainfall Distribution (2010-2050)



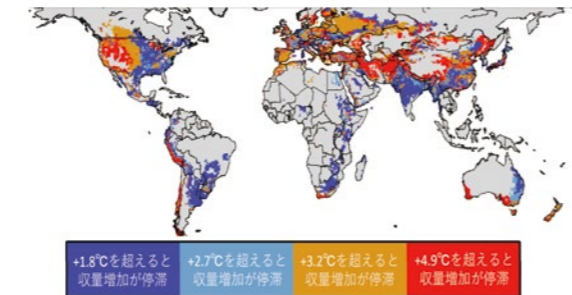
^{*1} Source: Food Security Office, Policy Planning Division, Minister's Secretariat, Ministry of Agriculture, Forestry and Fisheries, 2050 nen ni okeru sekai no shokuryo jukyu mitoshi [Outlook for World Food Supply and Demand in 2050] (September 2019) (based on the climate model used in the RCP 6.0 scenario in the IPCC's Fifth Assessment Report)
^{*2} Source: National Agriculture and Food Research Organization press release concerning the slowdown of growth in world cereal production due to climate change (https://www.naro.go.jp/project/results/4th_laboratory/niaes/2017/niaes17_s06.html)

Outlook for wheat production

The National Agriculture and Food Research Organization, a Japanese government research and development agency, has produced the following forecast about future trends in spring wheat yields. The forecast takes into account not only climate change, but also the effects of technical measures that can be implemented easily, such as the diffusion of existing yield improvement technologies, and changes to sowing times.

World wheat yields have been increasing year by year since the 20th century. Under a 3.2°C scenario, yields would decline in low-latitude regions affected by higher temperatures, but those rising temperatures would result in increased yields in high-latitude regions, where low temperatures currently have a limiting effect. As a result, the average total world harvest would be likely to remain on a growth trend.^{*2} (Figure 3)

Fig. 3 Temperature Increase that would Start to Limit Wheat Yields in Different Locations (The end of this century: 2091-2100)



Based on our survey of multiple documents, including the forecast cited above, the Nisshin Seifun Group believes that there is little likelihood that climate change would result in major declines in wheat yields in key source countries in the medium-term future, since temperatures will not rise significantly under any of the climate change scenarios.

However, when analyzing wheat procurement risks relating to climate change, we need to consider not only yield fluctuations, but also other factors, such as the impact of droughts on trade volumes, and quality deterioration. There is also considerable uncertainty about the long-term outlook for supply and demand and procurement prices for food, including wheat. We therefore believe that we cannot afford to disregard procurement risks, especially when looking to the long-term future, such as 2050. The Nisshin Seifun Group will continue to monitor the latest findings from related research, while taking action to mitigate and adapt to the impact of climate change, including collaboration with producers and research institutes on the development of new varieties.

Work Environments That Are Healthy and Fulfilling

Human resource development in the Nisshin Seifun Group

Our basic philosophy and vision for human resource development

Since our founding, our guiding philosophy has been that "the basis of business is built on trust" and our basic policy on human resources is "respect for all people" and "mutual trust," with the concept of "the Company and its employees are partners sharing growth and development." These principles are the foundation for the following activities to develop our human resources.

- 1) Cultivate human resources who recognize new directions in times of change and will boldly and diligently forge ahead until they attain success.
- 2) Cultivate human resources who embody our guiding philosophy of "the basis of business is built on trust," and who can earn trust as employees of the Group and citizens in society.
- 3) Cultivate human resources with the broad international vision needed for management from a global perspective, in an environment of free international competition.

Human resource development through structured programs

We have developed a variety of training systems, including a business director development program for next-generation management candidates, 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 efforts of employees.

1) Developing next-generation managers

Management personnel are developed through the Business Director Development Program, which rotates individuals by age through a cycle of selection, education, training, and application. In fiscal 2019, we introduced the Nisshin-Manager's advanced program (N-Map). The purpose of these programs is to train next-generation managers with a renewed awareness of our founding values, heightened perspectives, and the capacity to handle management tasks. Future managers acquire these qualities through assignments based on the development of proposals to the management team, such as ideas for new businesses or changes to business models, based on their perceptions of the business environment and social issues. The programs also function as creative forums in which selected employees from Group companies participate in lively debates about future business concepts and their visions as future leaders.

2) Support for self-development

We have established the N-College program to support self-development and independent career formation by

individual employees. The program offers on-line learning tools for a wide range of purposes, including the improvement of English and IT skills, and the acquisition of qualifications. Participants can freely choose themes that match their personal career goals and priorities and study anywhere, anytime. Costs are subsidized by the Company according to attendance records. New courses are added each year in response to employee input, and the number of participants has also grown steadily. We will continue to support the independent learning efforts of employees through this program.



On-line learning

Building specialized skills

We maintain a group-wide approach to the development of people with advanced specialized skills, including global perceptions and technical knowledge.

1) Developing human resources with global perspectives

We aim to train people with global perspectives and the ability to produce results in any environment. By requiring employees to sit TOEIC exams every year, we give them opportunities to identify challenges and improve their language skills. We also provide a variety of English learning programs in Japan and overseas. Since fiscal 2020, we have also provided group learning courses designed to develop cross-cultural communication skills and global perceptions. After participating in the program, many employees successfully take up assignments at overseas business sites.

2) Group-wide training for technical personnel

The Career Development Program for technical personnel is aimed at developing and effectively allocating highly specialized engineers deeply versed in the Group's technology strategy.

Human resource committees for various work categories meet regularly to confirm the direction of employee training activities. As part of their education, employees are sent to undergo training outside of the Company and rotated within the Company. Training is a particular priority for young engineers in their first six years with the Company. They receive support for their early development as professional engineers through the "Get Up Program," which includes regular training and interviews.

Work Environments That Are Healthy and Fulfilling

Diversity and inclusion in workplaces

One of the principles enshrined in the Corporate Code of Conduct adopted in 2002 is respect for humanity. In relation to employees, the Code of Conduct stipulates the provision of opportunities for people to reach their full potential, respect for individuality in human resource development, the creation of working environments that are safe, healthy, and fulfilling, and fair treatment with respect for individual aptitudes and abilities under human resource management systems.

In line with these commitments, we endeavor to maintain a corporate culture in which there is reciprocal acceptance of and respect for differences in ethnicity, nationality, gender, sexual orientation, sexual identity, age, disability status, religion, and cultural background. We also aim to provide workplace environments in which people can work more effectively and enjoyably through initiatives that include system changes to allow flexible workstyles, the promotion of mutual understanding through training and other activities, and the analysis of data from the “N-Voice” employee engagement survey.

Career development for women

We regard career development for women as an important component of our management strategy. We are implementing an action program with the target of increasing the percentage of female employees in management positions in Nisshin Seifun Group Inc. to 15% by the end of fiscal 2023. Activities include the presentation of joint seminars with other food manufacturers to raise the awareness of young and mid-level female employees toward career development, and internal and external training programs for candidate business leaders.

As a result of these initiatives, there has been a gradual increase in the number of women promoted to the executive and management levels.

Support for employees balancing housework and child-raising with work

We have prioritized the development of an environment that helps employees to balance housework and child-raising with work through measures that include the introduction of a work-at-home system, shortened working hours for employees with small children, the elimination of core time from our flextime system, and the introduction of a system that allows employees to take paid leave in one-hour units. We also help employees on childcare leave to find daycare facilities by providing information and advice. In addition, employees on childcare leave have regular meetings with their supervisors to allay any concerns they may have and ensure a smooth return to work. Other support initiatives include the establishment of chat groups to encourage networking among employees who return from childcare leave.

Participation in diversity promotion initiatives in partnership with other food manufacturers

Co-Alive, a diversity promotion program jointly established by five major food manufacturers, implements a variety of events for employees. In 2021, many employees participated in online seminars and discussion sessions presented by experts on the theme of “psychological safety.” Definitions of environments that provide psychological safety include a situation in which anyone can confidently and constructively express their views, even among diverse people. We see psychological safety as a vital concept for the promotion of diversity.



Human rights initiatives

Our business activities are guided by respect for humanity, which is one of the principles defined in the Nisshin Seifun Group Corporate Code of Conduct and Employee Action Guidelines. In 2018, we adopted a Human Rights Policy based on the United Nations Guiding Principles on Business and Human Rights, which we are now disseminating within the Company. In June 2021, we began to carry out human rights due diligence with the aim of identifying human rights issues and reducing human rights risks in our business activities, including our supply chains. Going forward, we will consider actions to prevent, mitigate, or remedy specific human rights risks. Our main organizational structures for efforts to raise awareness of human rights among our employees are the

Human Rights Awareness Promotion Committee, which is made up of officers and other personnel from group companies, and the Human Rights Office. Every December we run a “Human Rights Week” program, including messages from top management about the importance of initiatives to ensure respect for human rights. We also provide human rights awareness training as opportunities for officers and employees of Group companies to think and learn about various human rights issues. In addition, we have established internal and external helpdesks and whistleblowing systems. We will continue to explore ways to enhance these systems and further facilitate their use.

Providing working environments that are healthy and fulfilling

The COVID-19 pandemic has led to a transformation in traditional workstyle concepts. The Nisshin Seifun Group is combining infection prevention with business continuity by flexibly adjusting its work systems in response to these environmental changes and further improving efficiency through the use of IT.

Work system reforms

As an emergency response to the COVID-19 pandemic, we took steps to protect employees from infection by minimizing office attendance ratios. We achieved this by partially modifying our existing work-at-home system and suspending limits on eligibility for the system and the frequency with which it can be used. Going forward, we will use knowledge and insights gained during the COVID-19 pandemic to create environments in which individual employees can achieve their full potential and develop workstyles that align with the new lifestyles that are emerging.

In April 2018 we modified our annual leave system to enable employees to take leave in one-hour units. This was

followed in April 2019 by the introduction of a scheduled annual leave system. Initiatives to create an environment in which employees can take leave more easily include the establishment of specific periods when the Company recommends that employees should take leave, including periods when employees are encouraged to take continuous leave.

IT-based efficiency improvements

We are continually exploring ways to improve efficiency through the use of IT. In addition to the replacement of our groupware, we are also using IT to improve work environments. Examples include the expansion of fully online workflows, including electronic approvals, for internal decision-making processes, the introduction of a digital settlement system for payments and expenses, and the increased use of online meetings.

Communication innovations

With more and more people working at home, communication in a remote environment is becoming the norm. We are prioritizing measures to enable employees to communicate easily and efficiently in this environment.

We have distributed video guidelines to all management-level employees concerning the conduct of one-on-one career planning interviews with subordinates. We are also working to create communication forums for various situations. For example, some group companies are also trialing informal online meetings across multiple units and divisions as opportunities for young employees to network across organizational boundaries.

Percentage of annual paid leave used

Fiscal 2019	Fiscal 2020	Fiscal 2021
71.4%	72.5%	72.5%

* The figures cover general employees of Nisshin Seifun Group Inc., Nisshin Flour Milling Inc., Nisshin Foods Inc., Oriental Yeast Co., Ltd., Nisshin Pharma Inc., Nisshin Petfood Inc., Nisshin Engineering Inc., and NBC Meshtec Inc.

Health management

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. We are pursuing group-wide initiatives focusing on these three pillars, and KPIs established for each of the areas are reflected in business plans as important priorities.

In fiscal 2021, we presented online health seminars under the prevention of COVID-19 infections. We also conducted a survey about people’s health during the COVID-19 pandemic and used findings from the survey in mental health care seminars.

Inclusion in the “White 500” list of outstanding health and productivity management organizations

In March 2021, Nisshin Seifun Group Inc. was selected by the Japanese Ministry of Economy Trade and Industry and the Nippon Kenko Kaigi for inclusion in the 2021 “White 500” list of Outstanding Health and Productivity Management Organizations (large corporation category).

We see this as recognition of our efforts to implement health management as part of our management planning under the leadership of the President. We will continue and expand our efforts to create health value.



Groupwide effort to create new value and realize the long-term vision

The Nisshin Seifun Group activates its comprehensive strength by having its R&D Department engage in intra-business, inter-business and external collaboration, what we call the “three collaborations,” to develop products that are novel, original, and have high added value.

► For information about the Group's R&D structure, please see The Strengths of the Value Chain (Page 20)



R&D with a medium- and long-term perspective led by Nisshin Seifun Group Inc.

Nisshin Seifun Group Inc. is advancing R&D in fundamental and applied technologies focusing on six key areas geared to the medium- and long-term view of the future business environment and designed to fuel sustained growth for the Group. Group companies develop products using the Nisshin Seifun Group Inc. R&D outcomes and by applying their own unique technologies and know-how.

We will anticipate future trends in society and advances in technology to develop products that help extend healthy life expectancy and protect the environment, which is becoming increasingly important.

As “a globally-operating company that assists healthy lifestyles and plays a critical role in building the food infrastructure of the future,” we will continue engaging in R&D that contributes to realizing a sustainable society.

R&D spending and patents

The R&D Department is highly focused in improving R&D efficiency, commercializing its outcomes, and securing competitive advantages in Japan and overseas. In fiscal 2021, the Group spent a total of ¥6,593 million on R&D. As of March 31, 2021, the Group held 905 patents in Japan and 672 patents overseas.

Topics

Identifying the health functionality of wheat —The Nisshin Seifun Group Health Project

Our research has found that wheat bran functions to suppress rises in blood glucose levels after meals and to inhibit the accumulation of visceral fat, and we are developing these benefits for new wheat bran products as foods with functional claims. The Group is advancing R&D in a wide variety of health functions of wheat and, as part of this, we recently added to our research the high fiber wheat developed by Arista Cereal Technologies of Australia, for which Nisshin Seifun has acquired the exclusive Japan import and sales rights.

Extending prepared food expiration dates

We applied Oriental Yeast formulation technology to a substance we discovered that inhibits the growth of lactic acid bacteria to successfully extend the shelf life and expiration period of prepared foods.



Freshlon shelf-life extender and quality improver

Automating manufacturing operations at prepared food factories

Anticipating a future shortage of workers in Japan, we are developing automated food portioning and topping equipment for practical application at prepared food factories.



Automated sesame seed topping equipment

New wheat flour processing technology

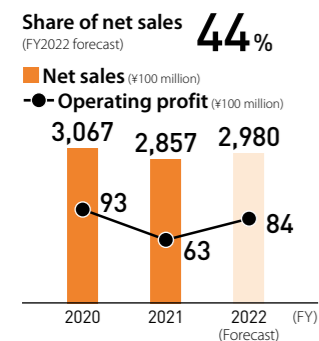
The Groupwide R&D Team's exploration of new wheat flour processing techniques led to the development of *Yugoneko*, a flour that produces moist and soft bread without requiring hot water when kneading the dough. Nisshin Seifun Premix is currently marketing *Yugoneko* in a commercial premix product for bakeries.

At a Glance

Forecasts for the fiscal year ending March 31, 2022 are as of July 27, 2021.
Net sales and operating profit figures are rounded down to the nearest ¥100 million.

Fiscal 2021 results and fiscal 2022 outlook by business segment

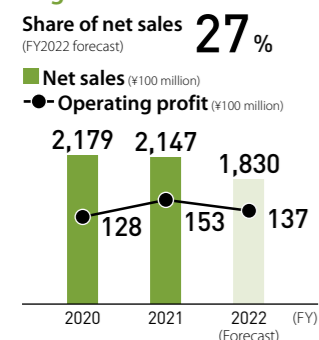
Flour Milling Segment



In fiscal 2021 in the domestic flour milling business, shipments of commercial wheat flour declined year on year as the COVID-19 pandemic reduced demand from specialty shops, including bread shops and confectioners, and from restaurants and other commercial operators. The pandemic also impacted the overseas flour milling business, with sales down year on year on sluggish sales of premixes and bakery-related raw materials in Australia. Although the flour milling business in the United States recovered during the year, the decline in overall sales and the associated drop in sales revenue in Japan and Australia led to a decrease in operating profit.

The fiscal 2022 market outlook for the domestic flour milling business remains highly uncertain due to the pandemic conditions, but we plan to strengthen our sales force to generate at least a moderate increase in sales revenue. We also forecast a moderate recovery in earnings in the overseas flour milling business as we implement various sales, production, and cost initiatives in Australia. We therefore forecast overall increases in both sales revenue and operating profit in fiscal 2022.

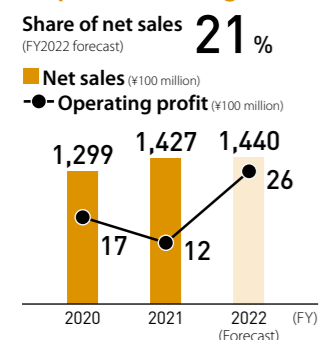
Processed Food Segment



In fiscal 2021 in the Processed Food Business, shipments of household-use products increased on solid demand for home food preparation during the pandemic, while shipments of commercial products decreased on the low demand from restaurants. As a result, sales in the Processed Food Business declined from the previous year. Sales in the Yeast and Biotechnology Business fell from the previous year on reduced shipments of breadmaking ingredients. In the Healthcare Foods Business, sales rose year on year on increased shipments of raw materials for pharmaceuticals and consumer products. As a result, sales decreased while operating profit increased on the higher shipments of household-use products and pharmaceutical raw materials and decreased sales promotion and other expenses.

In fiscal 2022, we forecast ongoing firm demand for home food preparation products, but also anticipate a year-on-year decline in shipments due to a fallback from the high level in fiscal 2021. In the Yeast and Biotechnology Business, we forecast a recovery in shipments of breadmaking ingredients and higher shipments in the biotechnology business. We expect the Healthcare Foods Business to see a temporary decline in shipments of raw materials for pharmaceuticals. Overall, we forecast a decline in sales and a decrease in operating profit owing to reduced shipments of household-use products and raw materials for pharmaceuticals along with rising costs following the constrained spending on sales promotions and miscellaneous expenses in the previous fiscal year.

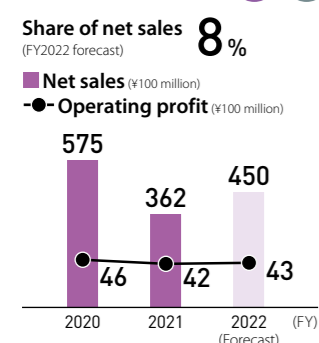
Prepared Dishes and Other Prepared Foods Segment



In fiscal 2021, sales volume declined in urban and resort areas due to the increased use of telecommuting and the fewer opportunities to leave the home during the pandemic. However, net sales increased due to the year-on-year increase in the first quarter from the addition of Tokatsu Foods Co., Ltd. as a consolidated subsidiary in July 2019. Although production efficiency improved and sales of New Year's dishes increased, the reduced sales in the pandemic conditions led to a decline in operating profit.

In fiscal 2022, we forecast an increase in overall sales on a gradual recovery in demand in urban areas even as telecommuting remains common along with a moderate rebound in demand for prepared dishes from the decline in the previous fiscal year. We forecast higher operating profit supported by the sales growth and stepped up efforts, such as to improve production efficiency, aimed at boosting profits.

Others Segment



In fiscal 2021, Engineering Business sales declined year on year due to a decrease in equipment installations. Mesh Cloth Business sales declined as sales were strong for antiviral products but the reduced vehicle production in the automobile industry worldwide due to the pandemic led to lower shipments of plastic molding products for automotive components. Pet Food Business sales fell from the previous fiscal year owing to the business conducting only contracted production operations after the sales business was sold in March 2020. As a result, the Others Segment posted declines in sales and operating profit.

In fiscal 2022, we forecast the Engineering Business to see a moderate increase in completed equipment installation projects. In the Mesh Cloth Business, we expect increased shipment volume on a rebound from last year in shipments of plastic molding products for automotive components along with stronger sales to growth markets. Pet Food Business sales are expected to decrease with the termination of contracted production at the end of March 2021. Overall, we forecast increases in both sales and operating profit in the Others Segment in fiscal 2022.

Flour Milling Segment



Flour Milling Business

Takao Yamada
Director and President
Nisshin Flour Milling Inc.



Commercial wheat flour

Fortifying our business base in Japan and reestablishing earnings overseas

In Japan, we plan to use our advanced milling technologies and low-cost operations to differentiate our brand. We also plan to fully apply our customer-oriented approach to boost our market share and generate steady revenue in business conditions that include a declining population. Although our earning ability has been temporarily weakened by the changes in the market environment during the COVID-19 pandemic, we are fortifying our sales capabilities and enhancing our ability to respond to changes in the market environment to reestablish our earning ability.

Overseas, we will fortify and expand our earnings

foundation by adapting the technology we have cultivated in Japan to the local markets and enhancing our presence in each region. In the Australian flour milling business, reestablishing the business performance and constructing a foundation for growth are our top priorities as we seek to regain the growth track for earnings as quickly as possible. In the United States flour milling business, we will deepen and broaden the sales and manufacturing integration with the Canadian flouring milling business to create a unified operation for increasing our presence in the North American market.

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 and Risks

- A contracting domestic flour market due to international trade agreements and the dwindling population
- Diversifying food preferences and growing shift to health-oriented and high value-added products
- Increasing demand for flour due to growing populations and rising incomes, particularly in developing countries
- Impact of market environment changes from the COVID-19 pandemic

Growth Strategies for the Long-Term Vision

- Establish low-cost operations by optimizing the production system and integrating new technologies to set our production cost base at a level that will give us a global competitive advantage
- Establish an overwhelming leading position in the domestic flour market by meeting customer needs
- Develop new businesses, including by applying our unique technologies to further expand business overseas

Initiatives for the Long-Term Vision

Start of import and sales of high fiber wheat

In September 2020, we began a joint operation to import and sell high fiber (high amylose) wheat developed by Arista Cereal Technologies Pty Ltd, which specializes in developing wheat and wheat products with health benefits. As Arista's exclusive partner in Japan, we are researching and developing the high fiber wheat with the aim of making products with health benefits.



Arista's high fiber wheat contains a very high level of resistant starch that delivers 5-10 times more fiber than standard wheat flour.

Dietary fiber is said to help suppress blood glucose elevation after meals, improve the intestinal environment, and improve lipid metabolism. We will continue to focus on developing new products that contribute to human health.

Alliance with the National Federation of Agricultural Cooperative Associations

In November 2020, the Nisshin Seifun Group Inc. and the National Federation of Agricultural Cooperative Associations (ZEN-NOH) signed a business alliance agreement regarding the stable supply of domestic agricultural and livestock products and the stable procurement of raw materials for commodities.

The Group and ZEN-NOH have long held an important business relationship centered on domestic wheat, and the new business alliance will expand the cooperation between the companies of both groups. The alliance will strengthen ability of a coordinated response to trends in the market environment from changes in dietary preference and from the impact of the COVID-19 pandemic and, as demand grows, it will help enable stable supply and reliable procurement of raw materials for wheat products as well as for agricultural and livestock products (including processed products).

Processed Food Business

Yuji Koike
Director and President
Nisshin Foods Inc.



Wheat flour for household use, frozen pasta, and dry pasta

Developing business with a firm antenna for changes in consumer lifestyles and food preferences

We operate our business with a firm antenna for changes in consumer lifestyles and food preferences. Following our vision to be a pioneer of new foods, or what we call a Prime Meal Investigator, our management is seeking to establish sustained growth by flexibly responding to changing trends in line with our three medium-term strategies: to transform the business structure, create value, and deeply cultivate overseas expansion.

In Japan, the market has been shrinking with the country's declining population and aging population, and the prolonged COVID-19 pandemic has made it more urgent to respond to changing market and consumer needs. We are responding with a high value-added strategy to develop products that are environmentally friendly and highlight simple & convenient, authentic, and healthy features. We have also started developing products catered to the growing e-commerce market and are stepping up our online marketing activities. As we strengthen our

activities on the sales side, we will also reduce costs and optimize our production and distribution operations to establish a strong earnings base. We will accelerate the SDG initiatives that are already under way to make our product development more environmentally sound, such as by revising the expiration date presentation on products and using lower-volume packaging material, as we seek to reduce CO₂ emissions and the use of plastic packaging materials derived from fossil fuels.

Overseas, in anticipation of population growth and accelerating maturation of emerging markets, we will continue expanding into China, ASEAN, and other markets. We will strengthen our relationships with customers and develop ties with bakeries and restaurant chains overseas while also seeking to partner with Japan-affiliated companies overseas by collaborating with the sales departments in Japan for commercial-use products.

Strengths

- Strong brand power and several products with top market share in Japan
- Consumer trust in the high quality, safety, and reliability of our products
- Product development and technical services geared to domestic and overseas markets
- Abundant proprietary technology and expertise accumulated through research and technology development

Opportunities and Risks

- Shrinking market from population decline in Japan
- Increasing trends for simple, convenient, quicker, and one-person meals and health consciousness
- Persistent rises in labor costs, logistics costs, and raw material prices
- Growing global population and economic growth in developing countries in Asia
- Changes in international trade conditions

Growth Strategies for the Long-Term Vision

- Maintain and strengthen the earnings base of ambient temperature household-use products while converting the business structure to B to B premix business and frozen foods business
- Expand our high value-added products with simple & convenient, authentic, and healthy features to create value and become a true R&D-driven company
- Advance and accelerate the deep cultivation of overseas markets

Initiatives for the Long-Term Vision

High value-added products responding to market and consumer changes

We are actively developing new genres of food products following our core themes of simple & convenient, authentic, and healthy. While responding to the growing demand for home food preparation, we are developing products in alignment with the SDGs, products that are compelling to the digital native Generation Z who will be the next consumer leaders, and products designed for the e-commerce market. New genre items we have introduced are an *Ao-No-Dokutsu* brand Italian cooking sauce for a "dining in" atmosphere in our line of ambient temperature household-use products, and a soy-based meat product offering an alternative of protein that aligns with the SDGs in our line of frozen household-use products. In our

commercial product lines, we have introduced Frozen IQF Macaroni, a simple & convenient product enabling quick preparation in restaurants. We have also strengthened our lineup of online offerings with the new *Nisshin Wheat & Bake* brand series of wheat flour and bread mixes for homemade breadmaking.



Ao-No-Dokutsu
Italian Cooking
Sauce Beef Sauté



Smart Table Soy
Meat Soy-based
Dry Noodle



Frozen IQF Penne
Rigate



Wheat & Bake Low
Carbohydrate
Bread Mix

Yeast and Biotechnology Business

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



Yeast products

Wide range of food ingredients and high value-added biotechnology

The yeast 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 work to expand sales of liquid diet featuring yeast functions and sales to the beverage industry. Overseas, the construction of the new yeast plant of subsidiary Oriental Yeast India Pvt. Ltd. has been delayed by the COVID-19 pandemic, but

we have already begun selling bread-making improvers in the India market and are developing sales channels for yeast products.

The biotechnology business develops high value-added businesses in Japan and overseas for diagnostic reagents, culture media, reagents, and 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 expanding our support business in the field of regenerative medicine.

Strengths

Processed Food

- Wide-ranging lineup of food ingredients
- Strong R&D capabilities
- Strong proposal capabilities based on our ingredients and technologies
- Vast archive of yeast strains

Biotechnology

- Strong global brand power in the diagnostic reagent and medical industries and in academia
- Highly refined R&D and manufacturing capabilities
- Vibrant customer bases in Japan and overseas

Opportunities and Risks

Processed Food

- Shrinking market from population decline in Japan
- Growing world population, changing logistics conditions and diversifying food preferences in Asia

Biotechnology

- Expanding markets from world population growth
- Increasing need for preventive medicines accompanying the aging population in Japan
- Advances in polymer and regenerative medicines

Growth Strategies for the Long-Term Vision

Processed Food

- Enhance earning capability by expanding business for our yeast and other ingredients in Japan and overseas

Biotechnology

- Grow the biotechnology business by developing high value-added diagnostic reagents, culture media, reagents, and testing services in Japan and overseas

Initiatives for the Long-Term Vision

High quality yeast for the bread market in India

In India, which has the second largest population in the world, the economic growth is leading to an increasing number of nuclear families and a growing number of women entering the workforce. Demand for bread is growing because it can be prepared more quickly than chapati and naan, and the supply of yeast has not been able to keep up with demand.

In this growing market for bread, Oriental Yeast Co., Ltd. is constructing a new factory to expand its yeast business. The factory construction and equipment installations are mostly complete, but the schedule for starting operations has not yet been set.

Oriental Yeast has more than 30,000 yeast strains and breeding technology for commercialization. Along with extensive expertise in yeast cultivation, the company also has abundant experience and achievements with yeast production technology. The company is applying this knowledge to provide high-quality raw yeast catered to local needs.

Bread-making improvers and other products for bakeries and confectioneries are already being marketed, and the company is developing new sales channels in preparation for the new factory's start of operations.

In the future, we plan to expand into neighboring countries and use India as a base for supplying raw materials to bakeries and confectioneries overseas. Information and expertise gained through the endeavor will be brought into the Group to help further build the Group's overall strength.



The yeast factory under construction in India

Processed Food Segment

Healthcare Foods Business

Kiyoshi Sato
Director and President
Nisshin Pharma Inc.



Healthcare food products

Meeting the growing need for healthcare food products and fine chemicals

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. In 2021, we launched Power Supply NMN, Joint Active, and a variety of promising new products.

We are using our unique technologies to develop and market high quality raw materials for pharmaceuticals and expect business to continue growing as the market regions for selling pharmaceuticals expand. At the same time, we anticipate

significant changes in the market landscape from the impact of the COVID-19 pandemic and from the entry of new competitors. We plan to continue operating our current production and shipping activities, but we are also continuing to examine new production structures suited to anticipated future market conditions.

Anticipating intensifying competition in both the healthcare food and fine chemicals markets, we will differentiate our company by utilizing not just our existing materials but also by activating all of the Group's technologies and materials to develop materials for new fields.

Strengths

- Dual sales channels of B to B for pharmaceutical raw materials and B to C for mail order sales
- Fully integrated structure from raw material R&D through manufacture and sale of consumer products
- Advanced pharmaceutical business technologies and quality assurance structure based on good manufacturing practices (GMP)

Opportunities and Risks

- The aging society, increasing use of self-medication, and growing e-commerce
- Increasing awareness of healthy diets and daily lifestyles, and the food with function claims system
- Diversifying consumer needs and demand for high value-added products
- Expanding demand for raw materials for pharmaceutical products "EPA-E"
- Application of our technologies to materials for new fields
- Impact from the COVID-19 pandemic

Growth Strategies for the Long-Term Vision

- Expand the Healthcare Foods Business by developing products centered on differentiating technologies and in-house materials, and by strengthening and raising awareness of the *LivLon* health brand
- Broaden the development of materials beyond our current businesses and into new fields and generate Group synergies to cultivate growth drivers for the future

Initiatives for the Long-Term Vision

Developing products to meet increasing health awareness needs

The COVID-19 pandemic has further increased health awareness among customers and boosted mail order sales. Focusing on foods with functional claims with easy-to-understand attributes, we are seeking to develop and sell new products backed by our research capabilities in unique materials, technologies, and formulations. We are also strengthening our ability to connect with our mail-order business customers, which is indispensable due to the nature of its business.

In January 2021, amid increasing demand for products for people living active lifestyles while living to age 100 and beyond, we launched Power Supply NMN containing nicotinamide mononucleotide (NMN), which has attracted attention for its relation with genes associated with longevity. In September, we launched Joint Active, a food with functional claims for people concerned about knee joint discomfort. We also relaunched our core Power Supply Series reformulated to

provide the same volume of nutritional components but with fewer granules for easier ingestion.

We will continue to strengthen and increase awareness of these and other *LivLon* brand products to meet customer needs and to provide the brands that our customers look to for reliable quality in their healthcare needs.



Prepared Dishes and Other Prepared Foods Segment

Prepared Dishes and Other Prepared Foods Business

Koichi Iwasaki
Director, Managing Executive Officer and
Division Executive Business Development Division
Nisshin Seifun Group Inc.



Pre-cooked noodles



A prepared Japanese dish

A business model pursuing delicious foods and high manufacturing efficiency

The COVID-19 pandemic caused the domestic prepared dishes and foods market to contract for the first time in 11 years in fiscal 2021. Nevertheless, we expect the increasing numbers of dual-income and elderly households to support a general trend of market growth going forward.

The Group has designated the prepared dishes and foods market as a growth field and established a complete lineup structure in 2019 by bringing in as a full subsidiary Tokatsu Foods Co., Ltd., which offers *bento* lunch boxes, *onigiri* rice balls, sandwiches, and products in all categories. In fiscal 2021, the pandemic and stay-at-home conditions led to reduced demand from convenience stores, and we responded by optimizing our production systems to the appropriate output volume.

In fiscal 2022, we expect the pandemic to continue affecting the markets and will implement various measures to solidify our businesses. We will formulate optimal production systems for each region in Japan and fortify our product lineups to meet the needs of customers and society. We will also conduct R&D to develop products that are both delicious and have longer shelf life. In addition, we will use the Group's R&D, technology development, and raw material procurement capabilities to accelerate the practical application of production automation. We will convert to a highly innovative business model for commercialized products developing delicious food offerings and running highly efficient manufacturing operations.

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

Opportunities and Risks

- 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
- Shrinking markets and increasing labor shortage due to population decline
- Accelerating technological innovation, such as in automation, robotics, and AI
- Consumer behavior change due to the COVID-19 pandemic

Growth Strategies for the Long-Term Vision

- Formulate a potent business model driven by developing delicious food offerings and highly efficient manufacturing operations (including using automation) to establish a self-sustaining profit structure

Initiatives for the Long-Term Vision

Using automation technology to create the ideal model for the prepared dish factory in the future

The Prepared Dishes and Other Prepared Foods Business has 25 production sites and some 10,000 employees, including part-time workers. Factories producing sandwiches, *bento* lunch boxes, *onigiri* rice balls, and other products for convenience stores operate 24 hours a day, 365 days a year.

We are continuously investing in automation systems to make our production operations even more efficient. One recent innovation was the addition of automatic rice weighing machines that measures rice to the proper weight for the specific shape of a *bento* lunch box container. These machines tripled our productivity.

In anticipation of a decreasing working-age population in Japan, the Nisshin Seifun Group Inc. (research laboratory) and Nisshin Engineering Inc. are working with operating companies in

the prepared dishes and other prepared foods domain to accelerate the practical application of production automation technology and further improve production efficiency.



These machines tripled our productivity

An automatic rice weighing machine



Engineering Business

Hiroshi Murata
President
Nisshin Engineering Inc.



Food manufacturing plant



Powder classifier

Using our powder technologies and plant construction expertise to expand our engineering services

The plant engineering business is steadily growing by meeting needs for plant automation and integration of IoT for food manufacturing plants while also expanding into other fields. We are using our world-class powder technologies to increase sales of our unique equipment and expand our powder processing business.

Although fiscal 2021 marked a temporary lull in orders between

completed and new projects, we expect demand for installations to rise again in fiscal 2022 and continue steadily into the long term. We plan to improve our profitability by further incorporating IT and strengthening our risk management. We will also fortify our sales capabilities in the fields of food plant and factory construction and advanced electronic materials related to information technology.

Strengths

- Abundant experience in plant engineering and powder handling
- System of the same manager remaining in charge of all customer support from sales to maintenance
- The Nisshin Seifun Group's world-class powder technologies and R&D structure for plant automation
- Customer perspective approach to R&D

Opportunities and Risks

- Increasing competition for food manufacturing plant construction due to a shrinking market for food products as Japan's population declines
- Growing demand for plant automation and IoT integration as new technologies emerge
- Maturing of the powder market
- Growing demand for leading electronic materials

Growth Strategies for the Long-Term Vision

- Develop the plant engineering business for food manufacturing plants needing automation and new technologies, and leverage our specialized powder technologies to sell original equipment and expand the powder processing business



Mesh Cloth Business

Tetsuya Kaji
President
NBC Meshtec Inc.



Solar panels



Cufitec® products

Providing high value-added products using our state-of-the-art mesh technology

We are using our strong product development and manufacturing technology capabilities to create a wide variety of high-performance mesh cloth offerings.

Demand was impacted by the COVID-19 pandemic in fiscal 2021, but we expect sales to recover in fiscal 2022. We are fortifying our development, production, and sales structures and reforming our cost structure in the growth fields of 5G

communications and mesh products for the water treatment industry as well as for high-performance products, such as electrode printing for solar panels and the Cufitec anti-viral technology. We are also developing new businesses to expand into new areas like the environmental, medical, hygiene, and communications fields, where we anticipate growing demand for mesh cloth technologies.

Strengths

- Development and manufacturing technologies for high-definition, high-quality synthetic and metal fiber mesh
- Catalyst, bio-, and nanotechnologies enabling us to develop products with dust proofing, antifouling, water repelling, and deodorizing functions
- Integrated mesh and molding technologies

Opportunities and Risks

- Growing demand in new areas, such as the environmental, decarbonization, medical, health hygiene, and communications fields
- Increasing demand for high-performance mesh for electronic devices and circuit formation created with new technologies
- Changes in supply chains or demand triggered by trade friction or geopolitical risk

Growth Strategies for the Long-Term Vision

- Construct a dual business and manufacturing structure using our proprietary technologies for high performance advanced industrial materials and general-purpose mesh materials, and establish NBC Meshtec Inc. as the world's leading company for mesh materials

Part 3

The Foundation of Value Creation

Establishing sustained growth

We are closely following social changes and developing the corporate governance needed to grow as a global company.

We are enhancing the Group’s audit structure and audit content to further strengthen our governance while paying close attention to financial and non-financial risks.

Audit & Supervisory Committee members Outside Director Satoshi Ito and Director Shoh Ohuchi talked about the understanding and evaluation of the corporate governance system since the transition to a Company with an Audit & Supervisory Committee, the strengths and features of the Nisshin Seifun Group’s audits, and future issues and expectations for more effective corporate governance.

Interviewer: Mr. Ohuchi
Interviewee: Mt. Ito

On the outcome of the transition to a Company with an Audit & Supervisory Committee

Q In June 2019, Nisshin Seifun Group Inc. changed its organization structure from a Company with an Audit & Supervisory Board to a Company with an Audit & Supervisory Committee with the aims of strengthening the Board of Directors supervisory function, enhancing the audit function, and improving the agility of our business execution. How do you view the current state of the Company’s governance system today, two years after the transition?

A The first result from the transition was the increase in the number of outside directors to six. The percentage of outside directors on the Board of Directors rose to 42%, and three of the outside directors are members of the Audit & Supervisory Committee. This has strengthened the Board’s oversight function and has also increased management transparency. Our audit functions are also more comprehensive and efficient

because we strengthened the administrative structure and put the Internal Audit Department under the direct control of the Audit & Supervisory Committee. This gives the committee more time to focus on its duties and enables close cooperation with the Internal Audit Department.

The Board of Directors function was improved by revising the criteria for selecting matters to be discussed by the Board to enable the Board to better focus on the key items. I also think the Board is now more flexible to discuss topics because it also has the discretion to take up important topics that do not meet the criteria, which it has done recently, as well as to address topics over multiple discussions.

On the Nisshin Seifun Group auditing functions

Q What do you think are the strengths of the Nisshin Seifun Group’s auditing functions?

A The Group has diligently developed solidly functioning

business auditing processes and conducts systematic audits using its internal control structure. I think one of the Group’s strengths is its specialized auditing. The Group considers four categories of safety (the safety of people, products, equipment and the environment) as being fundamental for sound production activities from the perspectives of ensuring legal compliance and preventing accidents. Based on this, we apply our specialized knowledge to conduct specialized audits of our operating companies from the perspectives of shareholders and third parties. Equipment and safety audits and environmental performance audits are conducted to maintain sound operations, and quality assurance audits are the cornerstone for the quality assurance that enables customers to trust the safety of our products. The robustness of the audit system was apparent during the COVID-19 pandemic. While the conditions prevented on-site inspections at some operations, we were still able to perform strict audits by using electronic data for prior confirmation of evidenced documents and online audit meeting system. From this point, I think the next step is how to further improve the level of audits on a Group-wide basis.

On key audit matters

Q One recent topic in corporate auditing is the declaration of key audit matters (KAMs). In its “Opinion on the Revision of the Audit Standards” published in July 2018, the Business Accounting Council of the Japanese Financial Services Agency recommended that the KAMs, items independent auditors consider particularly important among matters from discussions with corporate auditors during the audit process, be declared in the auditor reports prepared by independent auditors beginning with the securities reports starting in fiscal 2021. What are your thoughts about the Company’s KAMs?

A I think that publishing the KAM will improve transparency related to the audits. Investors and other stakeholders have had very little opportunity to learn about the auditing practices of listed companies. Now they can see details about the auditing process and what the companies consider to be important matters. We held discussions with the independent auditors about the key audit matters in the fiscal year ended March 2021 to determine which items to select as KAMs, how to appropriately measure the audit status and results for those items, and how to appropriately and coherently disclose the information. Our Group has a solid foundation for developing business based on the flour milling operations, but as we



consider the viable options to grow through corporate acquisitions, we must thoroughly examine all risks that could arise after an acquisition in both the financial and non-financial areas, such as environmental risks. I intend to work closely with the departments related to auditing and hold thorough discussions about improving the effectiveness of our governance, which will ultimately play an important role in establishing sustained growth for the Group.

On future expectations

Q What expectations do you have for the Group’s audits in the future?

A Much attention has been given recently to non-financial risks. One example is the growing risk associated with information security. The Group considers this to be a critical risk, and we must reconfirm that we have sufficient mechanisms in place to limit that risk. We have set information security as a priority audit category that warrants careful auditing.

Our long-term vision is to be a globally-operating company that assists healthy lifestyles and plays a critical role in building the food infrastructure of the future, and we are actively expanding overseas and increasing our overseas subsidiary and affiliate companies. Strengthening the governance systems of our overseas operations will be essential.

We follow the same auditing standards for our domestic and overseas subsidiaries during regularly scheduled on-site audits. However, some inspections and audits can be significantly more complicated than they are in Japan, and I think it will be necessary to construct a system for better data collection, particularly negative data, and to enable the exchange of viewpoints.

From that perspective, the auditing methods and know-how we gained from not being able to directly visit sites during the pandemic will be useful. We are examining a system where we can use IT and other technologies to conduct audits in real time in addition to conducting scheduled on-site audit inspections. Improving the efficiency of our audits and expanding the audit content can lead to an auditing structure that will further strengthen our governance.



Shoh Ohuchi
Director



Satoshi Ito
Outside Director

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, following the 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 that respects the status of each stakeholder, beginning with our shareholders, and achieve transparent, timely and appropriate decision-making. Following this approach, we seek to fulfill our obligations to all of our stakeholders, including the responsibility to

our shareholders to effectively manage the Company. 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.

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 in our business execution.

2. Management structure

Board of Directors: The Board of Directors is the supervisory body for decision-making on important



Website

Corporate Governance Policy
Corporate Governance Report
Independence Standards for Outside Directors

<https://www.nisshin.com/english/shareholders/governance.html>

matters of management policy and business execution. To ensure Board diversity, male and female directors with differing backgrounds have been appointed, including some with overseas business experience. The Board of Directors is chaired by President Nobuki Kemmoku.

Appointment of Outside Directors: Six highly independent Outside Directors have been appointed to provide a wide range of opinions and advice from a third-party perspective on the management of the Company. (Please see the List of Directors on page 60 for introductions to the members of the Board of Directors)

Transition to the new executive officer system: To accelerate business execution, we transitioned from the executive officer system adopted in 2001 to the new system in 2019. With the transition to a Company with an Audit & Supervisory Committee in June 2019, the previous executive officer system was revised and, to clarify the role of an “Executive” Officer, the system was adopted wherein an Executive Director also serves as an Executive Officer.

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

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, 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 also appoints auditors for the main business subsidiaries, who regularly hold a “Nisshin Seifun Group Audit & Supervisory Liaison Committee Meeting” to 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

Advisory Committee of outside directors: The Advisory Committee, composed of outside directors, facilitates information exchange among the Outside Directors and, in response to requests from the Board of Directors, discusses and advises on the appointment of Representative Directors and Outside Directors, and remuneration for Senior Management (such as Executive Directors, Executive Officers, and presidents of major operating companies).

Corporate Value Committee: We have established a Corporate Value Committee, which consists solely of independent Outside Directors. The committee deliberates on acquisition proposals submitted to the Company from the perspective of whether the acquisition proposal secures and improves the Company’s corporate value and the common interests of the shareholders. The results of deliberation of the Corporate Value Committee have binding force on the Board of Directors, provided that there are no circumstances that clearly run counter to the duty of care of the Board of Directors, thereby ensuring neutrality of management decisions concerning acquisitions.

5. Reasons for selection of the corporate governance structure

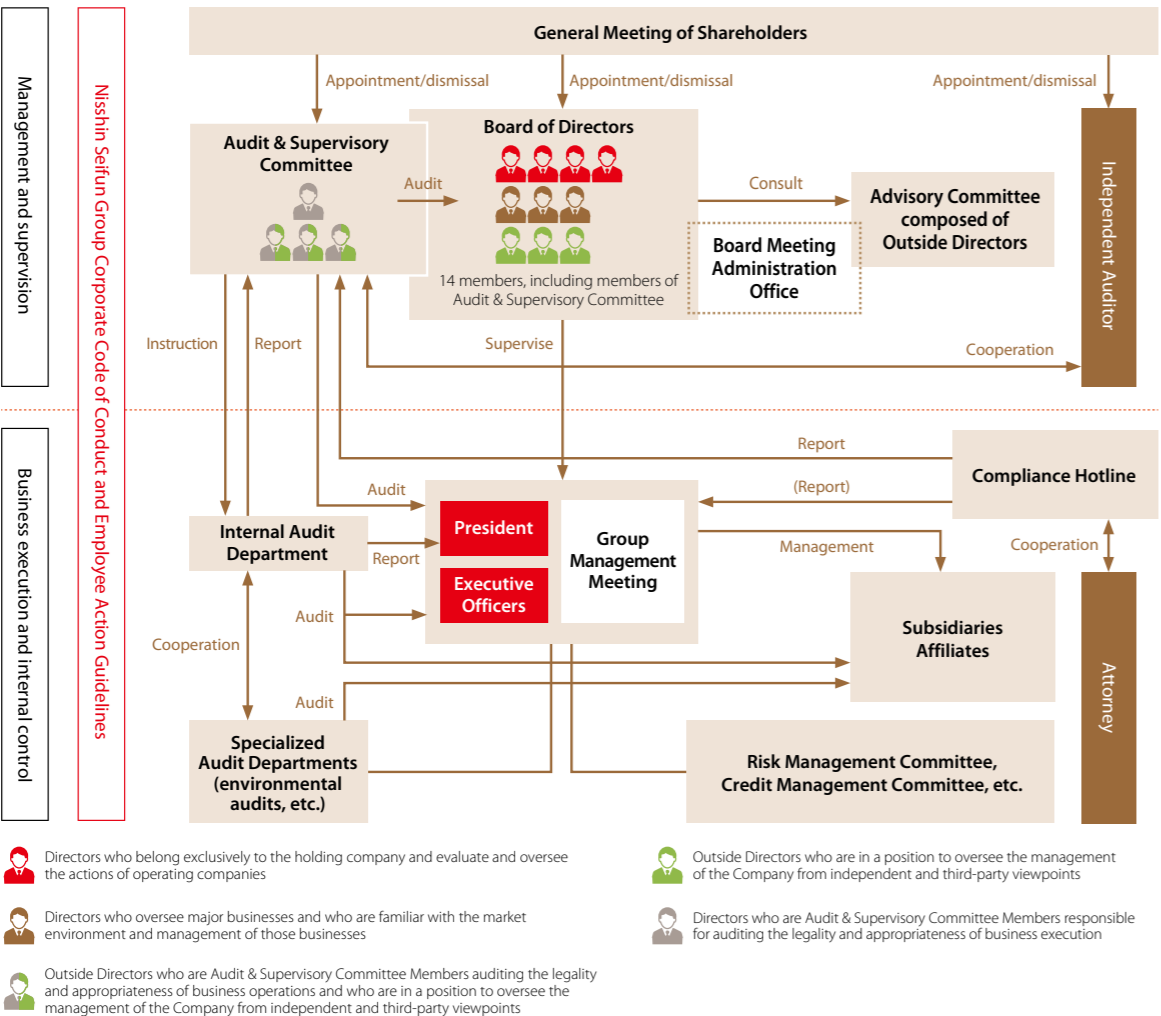
The Company with an Audit & Supervisory Committee structure was selected in 2019 for the following reasons.

- 1) A Company with an Audit & Supervisory Committee structure strengthens the supervisory function 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 because it is responsible for auditing the legality and appropriateness of business execution, and enhances the auditing function because it directly controls the Internal Audit Department.
- 3) The structure will enable 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 establish 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 (1) directors who are dedicated to the holding company and are responsible for the functions of the entire Group, (2) 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, (3) Outside Directors with an independent, third-party

Diagram of Corporate Governance Structure



perspective, and (4) 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 highly transparent and makes swift 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

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, from the perspective of ensuring legal compliance and preventing accidents. 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.

The Global Forum

The Group convenes an annual Global Forum attended by representatives from all of the Group's overseas subsidiaries. Since fiscal 2015, the Global Forum has provided an opportunity for the Group to share its management policies and the subsidiaries to share important issues as a way to develop and strengthen the management infrastructure of overseas subsidiaries for stronger global governance. The Global Forum was conducted online for the first time in fiscal 2021. The forum opened with the president of Nisshin Seifun Group Inc. verifying the COVID-19 conditions at the Group companies along with the confirmation that the fortified ESG is contributing to sustainable cyclical growth toward the long-term vision. After a discussion of the expectations for overseas businesses, the topic moved to the development of the Group's overall strength with presentations on initiatives in various regions and future business concepts. The forum closed with a lively discussion and question and answer session with executives from each region.

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 about the Companies Act, corporate governance and other issues, given by lawyers and other experts. The Company also provides and arranges training opportunities in order for Directors to acquire and update the professional expertise required to lead the industry. Making use of these opportunities, Directors 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 the materials for the meeting in advance and provides Outside Directors with an overview of the proposals to be presented to the Board of Directors. In addition, the Company's applicable sections or departments explain the proposals to be presented to Outside Directors in advance, as necessary. For Outside Directors who are Audit & Supervisory Committee Members, the Audit & Supervisory Committee Administration Office drafts documents for the Audit & Supervisory Committee, and a full-time Audit & Supervisory Committee Member or the Audit & Supervisory Committee Administration Office provides explanations of the agenda as necessary.

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. Analysis and evaluations in fiscal 2021 consisted of a survey of all directors and individual interviews with some of the directors. The results of these were discussed by the Advisory Committee of Outside Directors and other committees and were further analyzed and assessed by the Board of Directors itself. The survey found that the Board of Directors was functioning adequately in areas including the proceedings by the Chair, agenda item selection, deliberation time, discussion quality, and meeting frequency. The survey also found that the Board of Directors structure allowed it to function efficiently and effectively, with adequate diversity from the variety of specialties and experiences of the members and from the adequate size with the number of Board members. We believe the survey results indicate that the Board of Directors is operating effectively. The survey also uncovered new issues, including concerning sustainability and items in the DX strategy

requiring further examination. We will continue using appropriate methods to examine and evaluate the effectiveness of the Company's Board of Directors.

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 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 Advisory Committee, which is composed of all the 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 perspective of: (i) retaining outstanding human resources; (ii) setting an appropriate level of remuneration corresponding to the Company's scale and business category; and (iii) providing healthy incentives for increasing the medium-to-long-term corporate value of the Company. Management remuneration will include a variable performance-based portion, considering 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 a mix of appropriate remuneration in line with the nature of the business, remuneration comprises a combination of the following: (i) a monthly fixed basic payment corresponding to role; (ii) a variable portion (bonus) payment provided, in principle, at a preset time during the year, reflecting the individual's past performance contributions; and (iii) stock-based remuneration payment provided once per year reflecting future performance aimed at promoting

shareholder-value-oriented management. To ensure the objectivity and validity of the remuneration amounts, the standard amounts of total remuneration for each role are determined in consideration of the results of surveys conducted by external organizations, the responsibility of the role and the magnitude of the contribution to Group management, as well as other considerations. While Outside Directors are required to perform a management supervisory role, we also consider it important to provide them with an appropriate incentive aimed at enhancing corporate value over the medium to long term. Remuneration of Outside Directors (excluding Directors who are Audit & Supervisory Committee Members) primarily comprises fixed remuneration (basic payment); and stock-based remuneration is granted within a specified upper limit. To strengthen the independence and objectivity of the remuneration determination process, the Board of Directors decides Company policy concerning the content and other elements of individual remuneration for Directors (excluding Directors who are Audit and Supervisory Committee members) after prior discussion by the Advisory Committee of Outside Directors, 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

Total remuneration by type for each director category (FY2021 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)
Total remuneration (millions of yen)		246	16	60
Total remuneration by type (millions of yen)	Fixed remuneration (basic portion)	176	16	57
	Variable remuneration (bonus)	35	-	-
	Stock-based remuneration	34	-	3
Number of eligible directors		8	1	6

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 position and financial status, 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.

Compliance

Basic approach

In October 2002, Nisshin Seifun Group enacted the Nisshin Seifun Group Corporate Code of Conduct and Employee Action Guidelines (Code & Guidelines), which set out our basic stance as a company and the basic attitude and code of behavior of our Directors and employees in their business activities.

We recognize that it is the role of the Presidents and Directors of Nisshin Seifun Group Inc., as well as of each Group company, to uphold the Code and Guidelines, to lead by example, and to ensure its thorough familiarization among related parties, so as to enforce corporate ethics. Should a situation arise that contravenes the Code and Guidelines, the president of the relevant company will work to resolve the issue, demonstrate that they are doing this, both internally and externally, investigate the causes and work to prevent recurrence. In addition, they will disclose information quickly and accurately to society, fulfill their accountability, and take firm disciplinary action (including against him- or herself where necessary) after first clarifying their authority and responsibility.

Compliance Hotline System

In the event that a case of misconduct, in contravention of laws or regulations, the Code & Guidelines, or an act that contravenes corporate ethics, occurs within the Group, or there is the possibility of such misconduct or act occurring, it is important that the person who learned of the matter reports this to and consults with their manager or others to resolve the matter in a systematic way, including liaising with their workplace and/or related departments. At the same time, measures to identify and deal with the issue via a different route are also necessary, so as to achieve a quick resolution without ignoring the problem and also prevent its occurrence in future.

The Group set up a Compliance Hotline System in 2003 and also provides an internal reporting service along with an external reporting service located at an independent law office. These systems allow reports to be

made anonymously, and have been designed to be easy to use for our employees. Received reports are investigated by a team composed of staff from related departments, according to the type of incident, while protecting the person who made the report so that they are not disadvantaged. In this way, investigations are conducted swiftly and the appropriate measures are taken.

Prevention of corruption

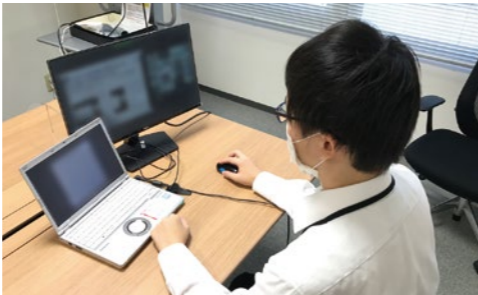
The Nisshin Seifun Group Code & Guidelines clearly promote fair corporate activities, and we are implementing initiatives to ensure that this is put into practice. Amid the tightening of anti-bribery regulations worldwide, in March 2019, we enacted the Nisshin Seifun Group Bribery & Corruption Prevention 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

Nisshin Seifun Group, in principle, carries out compliance training once a year for three categories of employee: new hires, young employees and new managers.

The training for new hires includes an explanation of the Code & Guidelines as well as the laws and regulations pertaining to corporate activities, such as the Antitrust Law and Subcontract Act, and internal rules, including those concerning the Compliance Hotline. The training for young employees includes group training and e-learning, an explanation of the laws and regulations affecting the Company, including insider trading and compliance. The training for new managers includes an explanation of the laws and regulations affecting the Company, including insider trading, and compliance, as well as recent case studies in order to promote an understanding of the significance and importance of compliance.



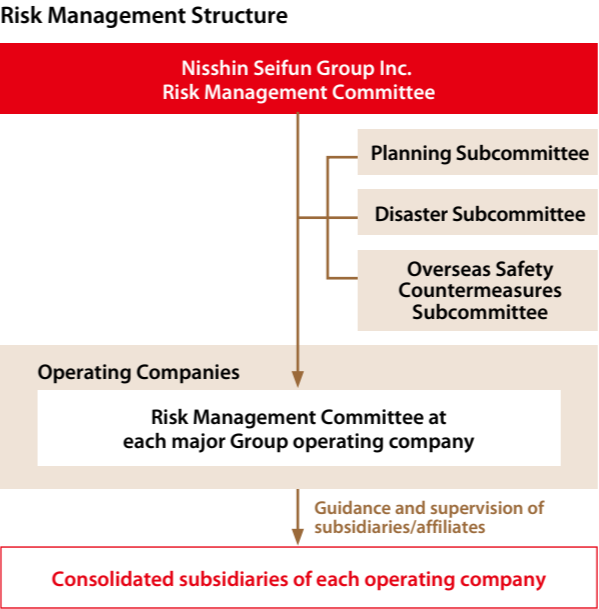
All employees participate in annual online compliance training

Risk management and crisis control

Risk management structure

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

In addition, we have established a Risk Management Committee in which the president of Nisshin Seifun Group Inc. is Chair, the director in charge of the General Administration Division is Vice Chair, and the committee members are the presidents of the operating companies. This committee oversees risk management at the Group-wide level, and the activities of the committee are reported to the Group Management Meeting. Additionally, the Planning Subcommittee, Disaster Subcommittee and Overseas Safety Countermeasures Subcommittee are established as sub-bodies of the Risk Management Committee, which consider and propose specific measures for each issue. 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.



Response in case of extraordinary event

When an extraordinary event occurs that has or could have a serious impact on the Company’s business, such as a fire, natural disaster, incident or accident, the Group’s employees are obligated to contact the Company’s call center to make a report, in addition to a report via the usual office organizational structure and chain of command. The received information is immediately reported to senior management and the appropriate first response measures are taken 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 continue to provide a stable supply of food items, in January 2020, we established the COVID-19 Task Force, led by the Company president. The task force meets monthly 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.

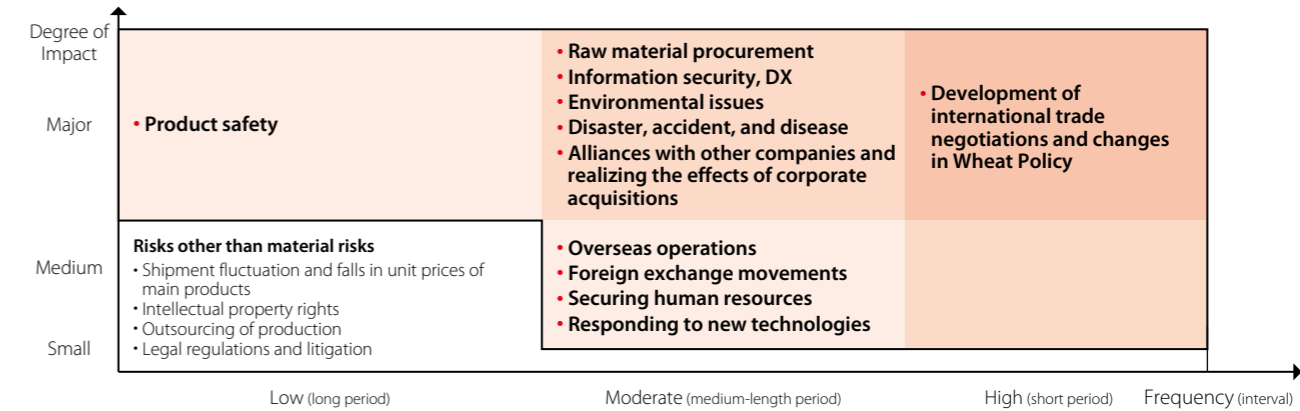
Risk management at overseas operations

The Group’s Corporate Code of Conduct includes the item, “promotion of locally-rooted overseas operations.”

When launching an overseas business, we diligently ensure that we comply with the laws and regulations of the country, based on advice from local lawyers and other experts. We also maintain a risk management checklist, called the “Startup Kit,” to prevent risk when starting a new business. The Startup Kit requires the representative of the local subsidiary to verify that it is in compliance with local rules, including matters related to business licenses and approvals, labor terms such as compliance with minimum wages, the environment, health and safety, and payment of taxes.

Primary material business risks

The Nisshin Seifun Group Inc. Risk Management Committee assessed Group risks in fiscal 2021. 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 59). 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
Development of international trade negotiations and changes in Wheat Policy	<ul style="list-style-type: none">Demand fluctuation and intensifying competition associated with lower border tariffs for wheat-related products in the domestic businessChanges to the national trade policy and wheat management methods (procurement, inventory, sales methods)Instability in domestic wheat flour and flour-related secondary processing markets, reorganization of related sectors	<ul style="list-style-type: none">Prepare a global production networkAdapt to changing customer requirementsRealize low-cost operation using new technologiesFurther accelerate overseas business expansion
Product safety	<ul style="list-style-type: none">Rising social concern about food safety and reliabilityRequests for compliance to stricter safety management standardsProduct recalls and/or defective items resulting from unforeseen events	<ul style="list-style-type: none">Educate and instruct employees involved in all operations from development to manufacturing, distribution, and sales based on “quality assurance from the consumer’s perspective”Comprehensively assess the safety of new raw materials and products (safety reviews), strengthen food defense measuresAcquire and maintain ISO, FSSC, and other certifications representing international standards for food safety management systemsComprehensively manage outsourced production to the same standards as in-house plants
Disaster, accidents, and disease	<ul style="list-style-type: none">Large-scale natural disasters, such as earthquakes and storm and flood damageFires or explosionOutbreak of a new infectious disease epidemic	<ul style="list-style-type: none">Seismic retrofitting of major plants, flood countermeasuresStrengthen the accident prevention systems for fires and explosions (including conducting equipment and safety audits, establishing equipment safety regulations)Prepare major earthquake business continuity plans (BCP)Prepare timelines for storm and flood damageSystematically review the national disaster assumptions in light of the increasing magnitude of disasters and review our countermeasuresPrepare infection prevention measures and a BCP for new infectious diseases
Alliances with other companies and realizing the effects of corporate acquisitions	<ul style="list-style-type: none">Unfulfilled anticipated outcome due to an alliance or post-acquisition business not proceeding as originally expectedBooking of substantial impairment loss on intangible assets, such as goodwill associated with corporate acquisitions, owing to a drop in profitability preventing recovery of the investment amount	<ul style="list-style-type: none">Conduct thorough feasibility studies based on corporate guidelines prior to project proposalsBuild an effective M&A team structureSteadily continue or relaunch businesses immediately after forming an alliance or an acquisitionEnsure comprehensive post-merger integration (PMI) activities
Raw material procurement	<ul style="list-style-type: none">Fluctuation in raw material market conditions, and rising prices due to increase in wages, distribution costs, or packaging material costsNegative 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 wheatDecline 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	<ul style="list-style-type: none">Promote continuous, low-cost procurement and production operationsMaintain the appropriate product value by developing new products geared to market changes and advancing high value-adding strategiesConduct fair and ethical trade transactions based on Responsible Procurement Policy in our business and, with the cooperation of suppliers, throughout the supply chain
Information security and digital transformation (DX)	<ul style="list-style-type: none">Impaired customer service due to a system operation problem, an unanticipated virus or cyber terrorism, or unauthorized data accessCosts and damage to social credibility caused by an external leak of trade secrets or private informationDecline in business competitiveness due to changes in the market environment and hindered ability to execute business continuity in an unexpected and unusual situation	<ul style="list-style-type: none">Conduct proactive information security activities (including training and drills) based on the Basic Rules on Information SecurityGather security-related informationImplement more advanced computer antivirus measuresConstruct an effective IT management system, including backing up mainframe serversRevise the business model by advancing digitalization and digital marketing in priority business operations throughout the Group
Environmental issues	<ul style="list-style-type: none">Increased costs to bring the Group into compliance due to greater-than-anticipated changes in environmental legal regulationsNegative 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 food waste, waste plastic, and climate change	<ul style="list-style-type: none">Following the Nisshin Seifun Group Basic Environmental Policy, attain ISO 14001 certification for the Group and enhance the Group’s environmental management systemsAchieve our medium-term environmental targets by 2030 and form and achieve long-term targets following the government’s advocated targets of “46% reduction in greenhouse gas emissions in 2030 compared to fiscal 2014, and virtually zero greenhouse gas emissions in 2050”“Efficiently handle product and packaging waste” by controlling and reusing food waste and promoting environmentally friendly design“Prepare for climate change and water resource issues” by reducing CO₂ emissions in our business operations
Overseas operations	<ul style="list-style-type: none">Restricted or halted business activities resulting in diminished business performance and obstacles to business continuity caused by unexpected changes in political or economic changes, changes in laws and regulations, legal proceedings, terrorism or conflicts, or new infectious diseases	<ul style="list-style-type: none">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 expertsCreate a training system for employees dispatched to the local sites
Foreign exchange movements	<ul style="list-style-type: none">Rise in procurement costs for raw materials and products procured overseasImpact from overseas businesses on profit or financial condition due to fluctuation in yen conversionImpact of fluctuation in imported wheat bran prices on domestic wheat bran market	<ul style="list-style-type: none">Create a groupwide foreign exchange committee, establish rules for foreign exchange contract, and share information and discuss measures related to foreign exchange
Securing human resources	<ul style="list-style-type: none">Difficulty hiring and training human resources due to a shrinking labor force or changing employment conditions, and subsequent decline in Group competitiveness	<ul style="list-style-type: none">Strengthen recruitment activitiesAugment employee education and trainingProvide a healthy and fulfilling work environment and effective labor management so all employees with diverse values can fully demonstrate their abilitiesIntroduce automation, robotization, AI, and other technologies to improve production efficiency
Responding to new technologies	<ul style="list-style-type: none">Reduced ability to develop appropriate new products or production technologies due to inadequate response to dramatic market changes and technological advances or changesNegative impact on our business performance caused by core technology obsolescence that slows our product shipments and diminishes corporate brand value	<ul style="list-style-type: none">Advance our technologies and train engineers for use in groupwide projectsUse Group synergies to expand our technology domainIntroduce external technology, such as from joint industry-government-academia research

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 a fresh perspective 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



Nobuki Kemmoku
Representative Director and President

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

Reasons for appointment
The Company selected Mr. Nobuki Kemmoku as Director as he has a wealth of experience and excellent track record in management of the Flour Milling Business and also has been leading the holding company's management as President of the Company. He is considered to possess the requisite skills and qualities for the Company to pursue sustainable growth and medium-to-long-term enhancement of corporate value.

Career summary
Apr. 1984 Joined the Company
Sep. 2011 Managing Director, Nisshin Flour Milling Inc.
Jun. 2012 Executive Officer
Jun. 2013 Director
Senior Managing Director, Nisshin Flour Milling Inc.
Apr. 2015 Director and President, Nisshin Flour Milling Inc.
Jun. 2015 Managing Director
Apr. 2017 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 as he has a wealth of experience and excellent track record in areas including accounting, finance and corporate planning. He is considered to possess the requisite skills and qualities for the Company to pursue 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 as he has a wealth of experience and excellent track record in management of the Prepared Dishes and Other Prepared Foods Business, as well as Processed Food Business. He is considered to possess the requisite skills and qualities for the Company to pursue sustainable growth and medium-to-long-term enhancement of corporate value.

Career summary
Apr. 1980 Joined the Company
Jun. 2007 Director and Division Executive (Sales Division), Nisshin Foods Inc.
Jun. 2010 Executive Officer
Managing Director and Division Executive (Sales Division), Nisshin Foods Inc.
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) (to present)
Jul. 2019 Director and Chairman, Tokatsu Foods Co., Ltd. (to present)



Satoshi Odaka
Director

Board of Directors attendance*
10/10 meetings (100%)

Reasons for appointment
The Company selected Mr. Satoshi Odaka as Director as he has a wealth of experience and excellent track record in areas including production management and technology development. He is considered to possess the requisite skills and qualities for the Company to pursue 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)

* Attendance for Mr. Satoshi Odaka represents Board of Directors meetings after his appointment on June 25, 2020.

Directors



Naoto Masujima
Director
Newly appointed

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

Reasons for appointment
The Company selected Mr. Naoto Masujima as Director as he has a wide range of experience and excellent track record in areas including general administration, investor relations, corporate planning and overseas business, and thus is considered to possess the requisite skills and qualities for the Company to pursue sustainable growth and medium-to-long-term enhancement of corporate value.

Career summary
Apr. 1983 Joined the Company
Jun. 2009 General Manager (Investor Relations Office of Corporate Planning Division)
Dec. 2012 General Manager (GS (Overseas Business Development) of Corporate Planning Division)
Jul. 2013 General Manager (GS (Globalization) of Corporate Planning Division)
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) (to present)



Takao Yamada
Director

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

Reasons for appointment
The Company selected Mr. Takao Yamada as Director as he has a wealth of experience and excellent track record in management of the Flour Milling Business. He is considered to possess the requisite skills and qualities for the Company to pursue 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 (to present)



Yuji Koike
Director

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

Reasons for appointment
The Company selected Mr. Yuji Koike Director as he has a wealth of experience and 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 requisite skills and qualities for the Company to pursue 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. (to present)
Jun. 2019 Director, Managing Executive Officer (to present)



Akio Mimura
Director
Outside Director

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

Reasons for appointment
The Company selected Mr. Akio Mimura as Outside Director as he currently provides appropriate advice and supervision over the Company's business execution, based on his wealth of experience and broad-based insight as a corporate executive. He is considered to possess the requisite skills and qualities for the Company to pursue sustainable growth and medium-to-long-term enhancement of corporate value.

Career summary
Apr. 1963 Joined Fuji Iron & Steel Co., Ltd.
Jun. 1993 Director, Nippon Steel Corporation (NSC)
Apr. 1997 Managing Director, NSC
Apr. 2000 Representative Director and Executive Vice President, NSC
Apr. 2003 Representative Director and President, NSC
Jun. 2006 Audit & Supervisory Board Member
Apr. 2008 Representative Director and Chairman, NSC
Jun. 2009 Director (to present)
Oct. 2012 Director and Senior Advisor, Nippon Steel & Sumitomo Metal Corporation (NSSMC)
Jun. 2013 Senior Advisor, NSSMC
Nov. 2013 Senior Advisor, Honorary Chairman, NSSMC
Jun. 2018 Senior Advisor, Honorary Chairman, NSSMC
Apr. 2019 Senior Advisor, Honorary Chairman, Nippon Steel Corporation (to present)

Directors



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 as 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 in the Ministry of Finance and other governmental organizations where he held important positions. He is considered to possess the requisite skills and qualities for the Company to pursue 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)



Motoo Nagai
Director
Outside Director

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

Reasons for appointment
The Company selected Mr. Motoo Nagai as Outside Director as 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 requisite skills and qualities for the Company to pursue 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)

Directors



Satoshi Ito
Director
Member of Audit & Supervisory Committee
Outside Director

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

Reasons for appointment
The Company selected Mr. Satoshi Ito as Outside Director and member of the Audit & Supervisory Committee, as 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
13/13 meetings (100%)

Reasons for appointment
The Company selected Ms. Mieko Tomita as Outside Director and member of the Audit & Supervisory Committee, as 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)

Attendance figures for the Board of Directors meeting are for the period from April 2020 through March 2021. All Outside Directors meet the Company's "Independence Standards for Outside Directors," which are based on independence criteria of the Tokyo Stock Exchange, and the Outside Directors have been designated and reported to the Tokyo Stock Exchange as independent directors.



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, as 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)



Tetsuo Kawawa
Director
Member of Audit & Supervisory Committee
Outside Director

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

Reasons for appointment
The Company selected Mr. Tetsuo Kawawa as Outside Director and member of the Audit & Supervisory Committee as he has been diligently performing the audit and supervisory duties of the Company primarily from a viewpoint of legal compliance, drawing on his high expertise and deep insight to the Companies Act and governance as an attorney. 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. 1975 Qualified as an attorney
Apr. 1996 Proprietor, Kawawa Law Offices (to present)
Aug. 2002 Member, the Corporation Law (Modernization) Subcommittee, Legislative Council of the Ministry of Justice
Sep. 2002 Member, the Special Commission of the Judicial Advisory Committee of the Japan Federation of Bar Associations
Jun. 2007 Audit & Supervisory Board Member
Jun. 2019 Director (Member of Audit & Supervisory Committee) (to present)

Executive Officers

Nobuki Kemmoku
President

Michinori Takizawa
Vice President & Executive Officer

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

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

Naoto Masujima
Managing Executive Officer
Division Executive, General Administration Division

Koichi Iwasaki
Managing Executive Officer
Division Executive, Business Development Division

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

Masashi Nakagawa
Managing Executive Officer
Director and President (Representative Director), Oriental Yeast Co., Ltd.

Takao Yamada
Managing Executive Officer
Director and President (Representative Director), Nisshin Flour Milling Inc.

Kiyoshi Sato
Managing Executive Officer
Director and President (Representative Director), Nisshin Pharma Inc.

Yuji Koike
Managing Executive Officer
Director and President (Representative Director), Nisshin Foods Inc.

Kenji Takihara
Managing Executive Officer
Senior Managing Director, Nisshin Flour Milling Inc.

Takahiko Iwahashi
Managing Executive Officer
Senior Managing Director, Nisshin Foods Inc.

Eiichi Suzuki
Executive Officer
Division Executive, Finance and Accounting Division

Hironori Kurosu
Executive Officer
General Manager, Human Resource & Labor 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

Shigeru Kotani
Executive Officer
Managing Director, Nisshin Flour Milling Inc.

Koji Shintani
Executive Officer
Managing Director, Nisshin Foods Inc.

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

Satoshi Sekiguchi
Executive Officer
Director, Nisshin Flour Milling Inc.

(FY)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Profit & Loss Statement											
Net sales	424,156	441,963	455,566	495,930	526,144	556,701	532,040	540,094	565,343	712,180	679,495
Cost of sales	285,700	306,649	316,141	348,619	377,729	402,218	374,028	378,742	401,584	512,356	490,410
Gross profit	138,455	135,313	139,424	147,311	148,414	154,483	158,012	161,352	163,759	199,824	189,084
Selling, general and administrative expenses	113,120	112,200	117,684	125,036	127,937	130,713	132,500	134,152	136,842	170,971	161,887
Operating profit	25,335	23,113	21,740	22,274	20,476	23,769	25,511	27,200	26,916	28,852	27,197
Amortization of goodwill, others	0	24	649	1,208	1,862	2,270	2,181	2,239	2,256	8,388	8,197
o/w amortization of goodwill	0	24	330	637	990	1,157	1,195	1,224	1,324	5,672	5,436
Operating profit before amortization of goodwill, others	25,335	23,137	22,389	23,483	22,338	26,040	27,693	29,440	29,172	37,241	35,394
Non-operating income	2,866	3,394	3,291	3,622	5,388	4,615	5,119	5,084	5,751	6,294	5,797
Non-operating expenses	362	375	289	317	320	285	301	485	605	3,711	3,107
Ordinary profit	27,839	26,132	24,742	25,579	25,544	28,099	30,329	31,800	32,062	31,434	29,886
Extraordinary income	4,117	889	289	1,140	1,223	121	2,669	1,365	1,581	8,925	1,849
Extraordinary losses	6,142	2,660	2,592	1,518	1,340	757	1,809	734	529	7,064	1,974
Profit before income taxes	25,815	24,361	22,438	25,201	25,427	27,462	31,189	32,430	33,113	33,296	29,762
Total income taxes	10,448	10,297	8,030	9,183	8,555	9,031	10,426	9,760	9,526	9,625	9,807
Profit attributable to owners of parent	14,187	13,326	13,688	15,098	16,036	17,561	19,466	21,339	22,268	22,407	19,011
Capital expenditure	13,605	14,608	17,203	18,290	19,895	14,970	12,689	21,484	18,719	21,843	16,405
Depreciation and amortization	13,681	13,636	13,749	13,669	14,747	16,816	16,132	15,509	14,951	21,235	22,271
R&D expenses	5,866	5,980	6,008	5,769	5,467	5,580	5,648	5,913	6,168	6,538	6,593
Balance Sheet (Period end) <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>											
Assets											
Current assets	195,213	213,431	218,468	216,409	224,529	228,271	234,172	260,751	268,170	238,980	238,674
Cash and deposits	57,938	59,020	56,722	49,104	42,584	61,665	85,458	91,635	101,974	49,710	61,282
Non-current assets	194,204	218,525	243,382	254,630	322,566	319,849	321,164	330,761	326,583	427,234	448,740
Property, plant and equipment	110,456	115,370	120,975	128,939	148,702	151,339	144,840	150,942	156,317	208,487	215,428
Intangible assets	3,756	12,798	12,746	12,998	21,629	18,489	15,089	12,409	10,462	68,716	73,376
Goodwill	—	9,044	4,373	5,008	10,355	8,610	7,050	5,623	5,016	42,743	45,551
Investments and other assets	79,991	90,355	109,660	112,692	152,234	150,019	161,234	167,408	159,802	150,030	159,935
Investment securities	69,597	80,378	100,643	105,975	143,288	140,347	151,963	158,211	149,659	135,739	147,168
Total assets	389,418	431,956	461,851	471,039	547,096	548,120	555,337	591,512	594,754	666,215	687,415
Liabilities											
Current liabilities	74,429	92,287	99,474	90,433	112,237	106,799	89,526	114,189	114,806	131,058	108,740
Short-term loans payable	2,866	5,813	5,260	6,607	17,175	15,219	9,745	7,892	9,535	18,078	5,547
Non-current liabilities	29,739	40,869	44,940	46,514	56,144	54,835	59,005	63,528	61,098	126,114	133,900
Long-term loans payable	145	2,117	3,207	3,367	3,874	4,386	4,967	7,194	6,771	15,226	14,729
Total liabilities	104,168	133,157	144,414	136,947	168,381	161,635	148,532	177,718	175,905	257,172	242,640
Total net assets	285,249	298,798	317,436	334,092	378,715	386,485	406,805	413,794	418,848	409,042	444,774
Total liabilities and net assets	389,418	431,956	461,851	471,039	547,096	548,120	555,337	591,512	594,754	666,215	687,415
Statements of Cash Flows											
I Net cash provided by (used in) operating activities	34,856	26,078	34,479	25,058	25,107	35,839	35,361	42,869	39,873	38,420	49,506
II Net cash provided by (used in) investing activities	(16,067)	(15,244)	(23,854)	(1,797)	(43,636)	(12,201)	(5,240)	(18,067)	(19,184)	(96,844)	(17,105)
III Net cash provided by (used in) financing activities	(6,373)	(6,134)	(4,587)	(5,072)	4,331	(9,446)	(11,470)	(18,593)	(10,567)	8,337	(31,264)
IV Effect of exchange rate changes on cash and cash equivalents	(302)	(400)	823	1,247	1,409	(1,128)	(246)	1,415	(202)	(1,451)	1,466
V Net increase (decrease) in cash and cash equivalents	12,112	4,299	6,862	19,435	(12,788)	13,062	18,404	7,624	9,920	(51,537)	2,602
VI Cash and cash equivalents at beginning of period	29,975	42,087	46,387	53,249	72,685	59,897	72,960	90,837	98,461	107,374	56,550
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	42,087	46,387	53,249	72,685	59,897	72,960	90,837	98,461	107,374	56,550	59,152
Free cash flow (I–II)	18,789	10,834	10,625	23,261	(18,529)	23,638	30,121	24,802	20,689	(58,424)	32,400

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

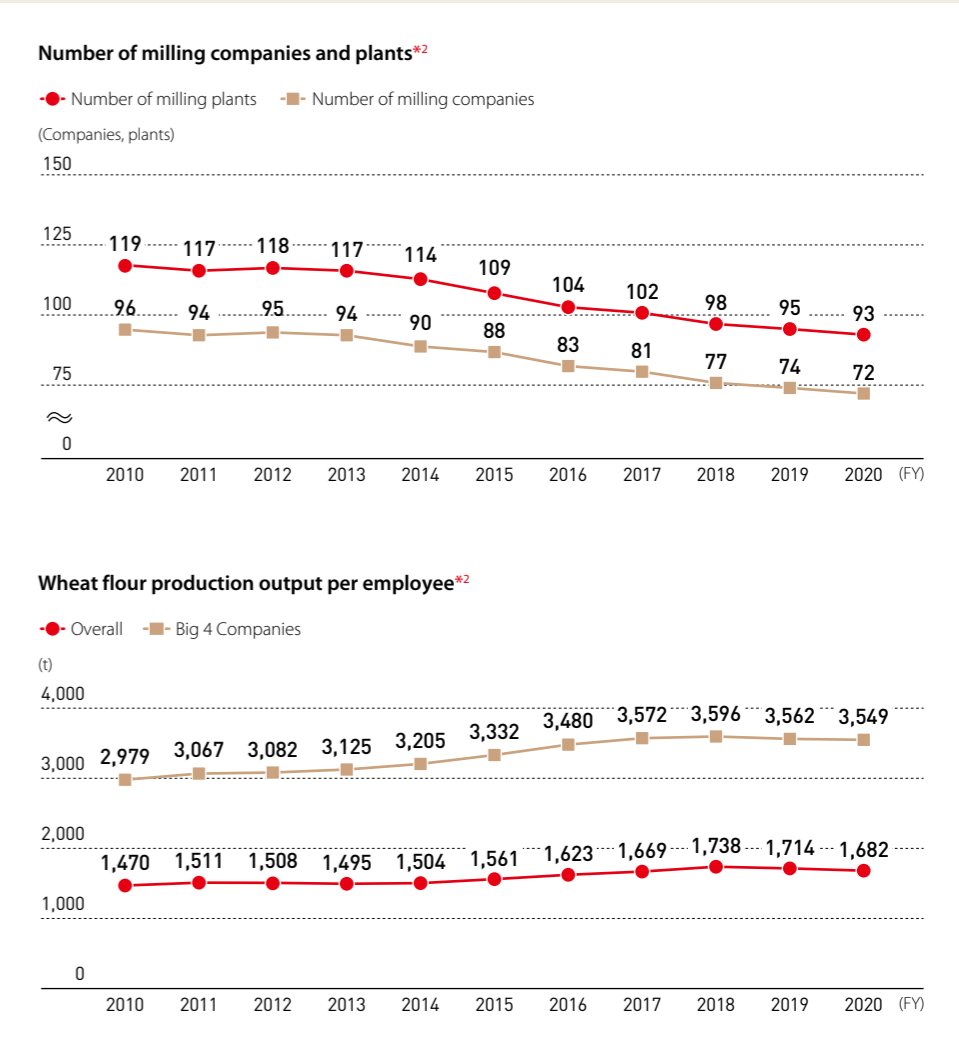
The Standard Selling Price System, whereby the selling price of imported wheat was fixed for the year, was abolished from April 2007, and a new Market-Linked System was introduced. Under this system, movements on the global wheat market, etc. are reflected quickly and appropriately in the domestic prices 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, and the effects of the global wheat and foreign exchange markets, etc. are reflected automatically in the wheat selling price.

Price fluctuation factors



Milling company conditions

The number of milling companies has fallen by 24 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: 4,877,000 t in fiscal 2018, 4,834,000 t in fiscal 2019, 4,795,000 t in fiscal 2020^{*1}). 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.



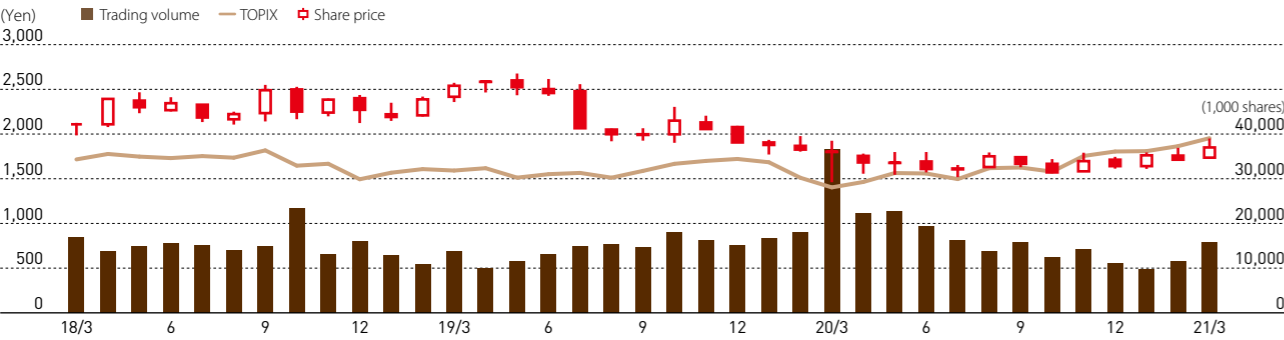
^{*1} Survey by Nikkan Keizai Tsushin Co., Ltd.
^{*2} Compiled by Nisshin Seifun Group Inc. based on "Wheat supply and demand projections" (February 2021), Ministry of Agriculture, Forestry and Fisheries

Company information (as of March 31, 2021)

Corporate name Nisshin Seifun Group Inc.	Number of shareholders 28,321	Ordinary general meeting of shareholders June
Head office 1-25, Kanda-Nishiki-cho, Chiyoda-ku, Tokyo	Listing market First Section of the Tokyo Stock Exchange	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.
Foundation October 1900	Securities code 2002	Custodian of shareholder register Sumitomo Mitsui Trust Bank, Limited
Paid-in capital ¥17,117,856,746	Fiscal year closing date and record date for year-end dividends from surplus (profit distribution) March 31	
Number of employees (consolidated) 8,951	Date of record for interim dividends September 30	
Total number of shares issued and outstanding 304,357,891 shares		

Stock information (as of March 31, 2021)

Share price and trading volume



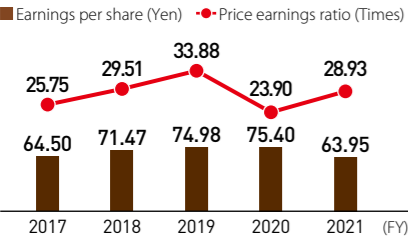
Total shareholder return (TSR)^{*1}

	FY2017	FY2018	FY2019	FY2020	FY2021
Nisshin Seifun Group Inc.	94.3%	121.0%	146.8%	107.5%	112.2%
TOPIX	114.7%	132.9%	126.2%	114.2%	162.3%

^{*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^{*2} / Price earnings ratio (PER)^{*3}

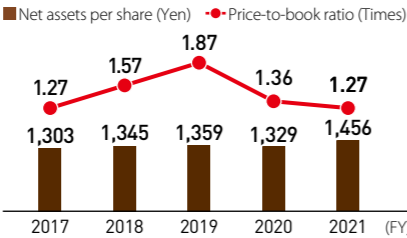


^{*2} From the fiscal year ended March 31, 2018, in the calculation of earnings per share or net assets per share, the shares of the Company held by The Master Trust Bank of Japan, Ltd. as trust assets for the stock remuneration system, which are recorded as treasury stock in shareholders' equity, are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

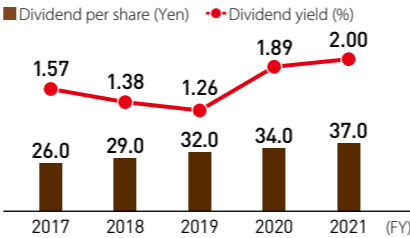
^{*5} Dividend per share (yen) divided by period-end share price (yen)

Net assets per share^{*2} / Price-to-book ratio (PBR)^{*4}



^{*4} Period-end share price (yen) divided by net assets per share (yen)

Dividend per share / Dividend yield^{*5}

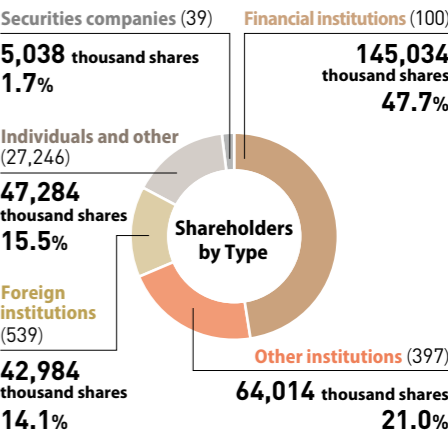


Major shareholders (Top 10) (as of March 31, 2021) ^{*6}

Name	Number of shares held (Thousands)	Shareholding ratio
The Master Trust Bank of Japan, Ltd. (Trust Account)	36,568	12.29
Nippon Life Insurance Company	19,387	6.51
Yamazaki Baking Co., Ltd.	16,988	5.71
Custody Bank of Japan, Ltd. (Trust Account)	14,434	4.85
Mizuho Bank, Ltd.	10,447	3.51
The Norinchukin Bank	6,932	2.33
Marubeni Corporation	6,284	2.11
Sumitomo Mitsui Banking Corporation	5,026	1.68
Mitsubishi Corporation	4,224	1.42
Nisshin Seifun Group Employee Stock Ownership Association	3,602	1.21

^{*6} The Company is not included in the list of major shareholders. The Company holds 6,877 thousand shares of treasury stock.
Treasury stock is not included in the calculation of shareholding ratios.

Composition of shareholders (as of March 31, 2021)



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, S&P/JPX Carbon Efficient Index, and SOMPO Sustainability Index. In 2021, Nisshin Seifun Group was certified as a White 500 (large enterprise category) company with

exceptional management initiatives to promote health and productivity. (Please see page 39 for information about our initiatives in health and productivity management activities)

The Carbon Disclosure Project^{*7}, based on a questionnaire distributed in 2020, gave the Nisshin Seifun Group a score of B (management level) for climate change and A- (leadership level) for 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, 2021)



FTSE4Good



FTSE Blossom Japan



Sompo Sustainability Index



健康経営優良法人
Health and productivity
ホワイト500

^{*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 the 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+, B-, C+, C-, D+, and D-. With the support of 515 international institutional investors, its total assets under management have reached US\$106 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/>

Financial Information

Non-Financial Information

Integrated Report (print version, PDF)

This report was prepared to communicate the Nisshin Seifun Group's corporate value based on its long-term vision to stakeholders in an easy to understand format.

Securities Reports

Financial Statements

Corporate Governance Report

IR Information Webpage

CSR Webpage