



To Shareholders

Business Report 2023

(April 1, 2022 to March 31, 2023)



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Kenji Takihara
Representative Director and President

Please discuss business performance in the year ended March 31, 2023

Net sales were higher for the year due in large part to price revisions for flour enacted in step with increased prices for wheat in the flour milling business in Japan, coupled with rising wheat market prices and foreign currency translation effects in the overseas flour milling business.

In terms of profits, operating profit was higher for the year despite lower earnings from the processed food segment. Growth came mainly atop strong prices for bran in the flour milling business in Japan, along with favorable performance in the overseas flour milling business and a decline in the burden of depreciation and amortization from an impairment loss in the Australia flour milling business.

Profit attributable to owners of parent ended in a net loss for the

Allow me to begin by thanking all of our shareholders for their kind cooperation and support.

In October 2022, the Nisshin Seifun Group formulated “Medium-Term Management Plan 2026,” scheduled to conclude in the fiscal year ending March 31, 2027, and is now rolling out initiatives toward its successful completion. Under the new plan, “the basis of business is built on trust” and “be in tune with the changing business climate” are our guiding philosophies underpinning our corporate principle to “contribute to a healthy and fruitful life for all,” as we strive to continue making social contributions through business and to realize sustained growth as a core corporate group in the food industry. In pursuing three basic policies – “stimulate the Group’s ability to grow by restructuring the business portfolio,” “enhance management by clarifying our business’ relationships toward stakeholders” and “integrate ESG into management strategy, implement by adapting to social trends,” we will move with speed to put our management strategies into practice.

As we look ahead, we are as committed as ever to maximizing corporate value and remaining a corporate group that continues to earn the support of our stakeholders. We kindly request your understanding and support as we work to achieve our goals.

June 2023

year. This was largely a result of an impairment loss reported for the Australia flour milling business in the second quarter, which outweighed extraordinary income posted from the sale of shares held for cross-shareholding purposes. As president, I take this outcome seriously, and am determined to steer the Group through this difficult place by taking the lead in striving to improve performance and achieve the goals of the Medium-Term Management Plan 2026.

What is your business outlook for the year ending March 31, 2024?

With regard to net sales, we are projecting sales growth due to several factors, among them the enactment of price revisions for flour associated with wheat price revisions in the flour milling business in Japan, beneficial

effects from the new consolidation of Kumamoto Flour Milling Co., Ltd., and the pursuit of sales expansion measures in the processed food business.

Where operating profit is concerned, we are anticipating profit growth lifted by a number of positive developments. Along with price revisions in each business in response to higher costs and benefits from the new consolidation of Kumamoto Flour Milling, profit is expected to rise from a recovery in performance and a lower burden for depreciation and amortization in the Australia flour milling business, sales expansion measures in the processed food business, and an increase in shipments in the India yeast business.

Can you say a few words about initiatives regarding capital policies?

The Group is taking steps to shrink down shares held for cross-shareholding purposes (investment securities), contracting this level down by ¥29.4 billion in the fiscal year ended March 31, 2023. In doing so, we effectively achieved in fiscal 2023 the goal formulated in-house for the entire duration of the Medium-Term Management Plan (FY2023-FY2027). Our policy going forward is to set this reduction pace as our cruising speed for continuing to pare down shares held for cross-shareholding purposes. By using cash from the reduction of these shares for growth investments and to enhance business competitiveness, we aim to meet our targets for earnings per share (EPS) for the final year of the Medium-Term Management Plan (FY2027).

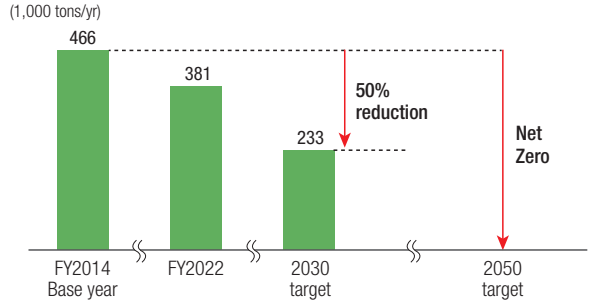
In terms of the return of profit to shareholders, we have set a payout ratio of 40% or higher on a consolidated basis as our baseline, and are always aggressively exploring options with respect to the timing of any increase in dividends, even as we aim for EPS growth. In light of financial condition, we set a full-year dividend of ¥40 per share, up ¥1 from the previous term, for the fiscal year ended March 31, 2023. We plan to increase dividends by ¥1 again in the fiscal year, ending March 31, 2024, for a dividend of ¥41 per share. This is expected to result in actual

dividend growth for an eleventh consecutive term.

What approaches do you have in mind with respect to environmental policies?

The Group views policies related to the environment (or E), especially with respect to global sustainability, as vital matters for management, and proactively considers these a responsibility for the senior management team. As a step to cope with climate change, we have as medium- to long-term targets for environmental issues a reduction of 50% in CO₂ emissions (compared to fiscal 2014) by 2030. To achieve this goal, we will draft a roadmap for the entire Group in fiscal 2024, and will pursue initiatives to decisively reduce CO₂ emissions levels. We also adopted internal carbon pricing (ICP) as part of decision-making criteria for capital investment plans within countermeasures for tackling climate change. Rather than delay action to address climate change, we must systematically conduct capital investments and allocate management resources if we hope to reach our 2030 target. In that sense, our initiatives for the current term will be extremely important. Furthermore, where the adoption of renewable energy equipment is concerned, we are exploring measures to take in collaboration with enterprises with expertise in this field.

CO₂ Reductions Based on Medium- to long-term targets for environmental issues (Scope 1, 2)



Progress on Medium-Term Management Plan 2026

Medium-Term Management Plan 2026 Numerical Targets and Progress

(¥ billion)

	Medium-Term Management Plan Reference Year (FY2022 Results)	FY2023 Results	FY2024 Business Forecasts	Final Year Targets for Medium-Term Management Plan (FY2027)
Net sales	679.7	798.7	820.0	900.0
Operating profit	29.4	32.8	39.0	48.0
Earnings per share (¥)	59	(35)	87	110
Return on Equity	4.0%	(2.4%)	6.0%	7.0%

Note: Figures shown are rounded to the nearest hundred million yen (nearest yen for per share figures).

Key Measures for Successful Medium-Term Management Plan Completion

(1) Stimulate the Group’s Ability to Grow by Restructuring the Business Portfolio

Strategies for Strengthening Business Competitiveness in the Medium-Term Management Plan

- In core businesses (Domestic flour milling, processed food, and yeast businesses), demonstrate the strengths we have cultivated in each business, **increase our market share by providing new value**, and maintain fair prices. In addition, the businesses will continue to play a central role in the Group’s efforts to **secure a high level of profit by implementing cost reductions on a different dimension**.
- Growth businesses (overseas, prepared dishes and other prepared foods businesses) will be the drivers of profit growth and earnings expansion.
- Achieve growth in the healthcare foods and biotechnology businesses, engineering business, mesh cloth business, and new businesses

Key themes for FY2024

- **Execute the necessary investments to** achieve profitable growth in core businesses and **restructure the business portfolio**.

Creation of synergies from purchase of Kumamoto Flour Milling Co., Ltd. by the Flour Milling Segment, construction of the new Mizushima Plant and others

➡ See “News” on page 5 for details.
- In growth businesses, examine whether there is any deviation from business plans, make necessary changes in measures, and **accelerate investment in markets with growth potential**.

(2) Addressing Food Inflation


- Amid a 5.8% increase in government prices for imported wheat in April 2023 and the likely continuation of rising costs for power, logistics and other areas, we will enact appropriate price revisions, while businesses unable to revise prices in step with higher costs in fiscal 2023 will make further progress in closing this gap.
- Along with price revisions in response to higher costs, we will strengthen new product development strategies and link these to sales expansion.

■ New Spring Products for 2023

Home use products

Evolving into eco-friendly products

Adoption of eco-friendly and eco-packaging



Packaging partially made from plant-derived plastic

Ma Ma THE PASTA
Zeitaku Yasai

Proposing high-value-added products

Packaging materials capable of microwave cooking



Ma Ma Kaniku Tappuri Pasta
Sauce Single Serving

Ao No Dokutsu
Piccolino

Challenging new genres

Proposals for the oatmeal market



Smart Table
Specialty oatmeal sauce

Responding to needs for economization and affordability

Proposals for economization needs for further economization and affordable products as cost inflation continues



Can be fried with 2cm of oil

Nisshin Kotsu No Iranai Tempura
Flour 450g

Commercial products

New solution-driven products

Labor shortages, rising raw material costs



Ma Ma THE PRO
IQF Series

(3) Recovery in the Australia Flour Milling Business

In fiscal 2024, **we aim to achieve the profit increase target for fiscal 2024 disclosed in the Medium-Term Management Plan** by promoting the “4 measures,” price revision, productivity improvement, and the easing of supply chain disruptions, etc.

* FY2024 target for profit increase (difference from FY2022): +¥7.6 billion (incl. +¥6.0 billion from decrease in burden from amortization of goodwill)

Four measures

- Continual cost reductions
- Sales growth in core products that leverage our strengths
- Selection of profitable markets
- Branding

(4) Environmental Policy

As a response to climate change, **we will formulate a roadmap for the entire Group** to realize a 50% reduction in CO₂ emissions at the Group’s own sites in 2030 (compared to fiscal 2014), which was set as a medium-to long-term targets for environmental issues, **and work systematically and faithfully to reduce CO₂ emissions**.

➡ See “Interview with the President” on page 2 for details.

(5) Digital Strategy

DX is being promoted based on the pillars of **automation and boosting efficiency, standardization, enhancement of customer proposal capabilities, and expansion of sales channels**.

We aim to **increase productivity** and **create value** by optimizing the value chain, and achieve tangible results.

Consolidation of Kumamoto Flour Milling Co., Ltd.

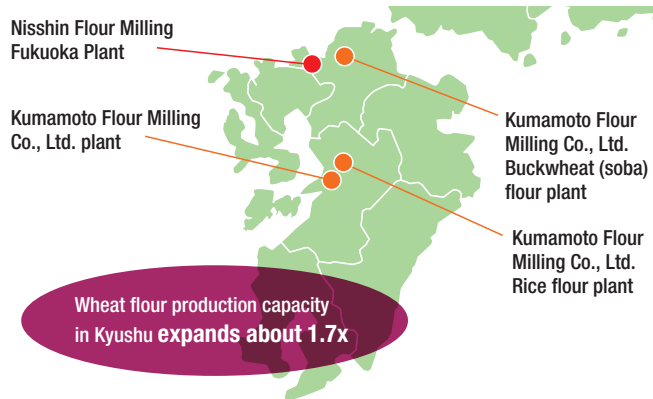
In January 2023, Nisshin Flour Milling Inc. acquired 85% of the issued and outstanding shares of Kumamoto Flour Milling Co., Ltd. In line with this acquisition, Kumamoto Flour Milling and its subsidiaries become consolidated subsidiaries of Nisshin Flour Milling.

Overview of Kumamoto Flour Milling Co., Ltd.

- Established in 1947
- Has earned high name recognition and customer trust, particularly in the Kyushu region
- Business lines include not only wheat flour but soba flour, rice flour and other grain flour operations, along with related businesses

Purpose of Consolidation

- Enhance business competitiveness in the Kyushu area through merger synergies
- Provision of high-quality services and more efficient business operations from combination of expertise and resources of both companies



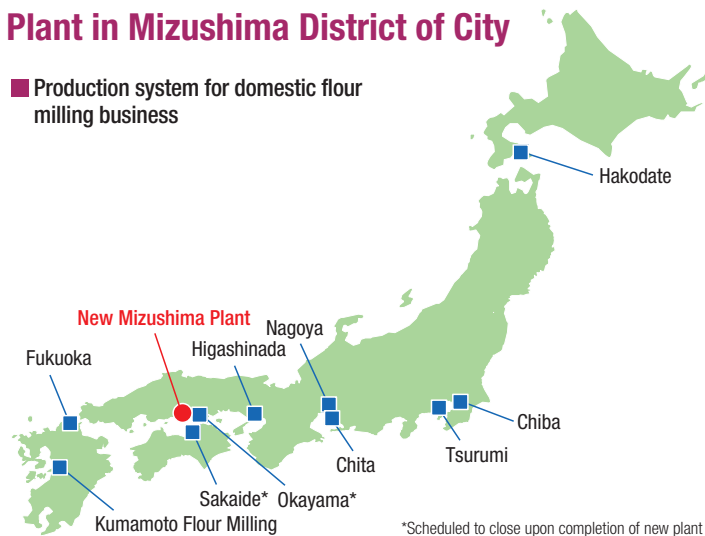
Start of Construction of New Flour Milling Plant in Mizushima District of City of Kurashiki (Okayama Pref.)

Nisshin Flour Milling Inc. has opted to build its new Mizushima Plant in the Mizushima district of the city of Kurashiki, in Japan's Okayama Prefecture, launching construction on the site in May 2023. Site operations are scheduled to begin in May 2025. In line with the start of operations at the new Mizushima Plant, plans call for the closure of the Okayama Plant and the Sakaide Plant.

KEY POINTS

- Advantages in the procurement of raw wheat; location also has close proximity to the Seto Bridge, facilitating the transport of products to the Shikoku area
- New plant with eco-conscious features, including adoption of state-of-the-art automation and digital technology

Production system for domestic flour milling business



Recognized for Third consecutive year of inclusion in outstanding corporations with respect to health and productivity management (White 500)

In March 2023, Nisshin Seifun Group Inc. was recognized for a third consecutive year for inclusion in the 2023 list of Japan's outstanding corporations with respect to health and productivity management (large-scale corporate division: White 500), with companies selected by Japan's Ministry of Economy, Trade and Industry (METI) and the Japan Kenko Kaigi (Japan Health Council). "White 500" refers only to companies selected for inclusion among the top 500 of those corporations in the large-scale corporation division with outstanding health and productivity management based on the results of health and productivity management surveys.



2023
健康経営優良法人
Health and productivity
ホワイト500

Employees and their company working together to ensure that the people who continue to spread the value of health worldwide are themselves working in good health and vitality. This is the essence of health and productivity management at the Nisshin Seifun Group. At the same time, the Group is striving to deliver good health to customers through Group company products.

Donations to Second Harvest Japan

Food support through food banks

Nisshin Seifun Welna Inc. has begun donations to Second Harvest Japan, the country's first food bank organization. Nisshin Seifun Welna made donations in August and November of 2022 and again in February 2023, providing a total of 11,000 meals worth of dried pasta and pasta sauce. Through Second Harvest Japan, the donated items are supplied to individuals, facilities and organizations in need of food. Going forward, Nisshin Seifun Welna will continue to regularly donate products as part of its CSR activities.

Food Bank

These programs collect donated food items and ingredients with no quality issues but often difficult to sell due to packaging misprints, close expiration dates or other issues, providing them free of charge to individuals and facilities in need.

See More about Nisshin Seifun Welna and SDGs on the Website (Japanese only)



Nisshin Seifun Welna SDGs

search

New Products

Nisshin Seifun Welna Inc.

Ma Ma Quick boil 3 minutes spaghetti
“Fine Fast” banded 1.6mm 400g with zip fastener

- At 2/3 the length of typical pasta, this spaghetti can be cooked in a small pot while keeping a satisfying texture
- Short cooking times and authentic al dente texture possible thanks to our proprietary “Fine Fast” method
- Revamped packaging combining eco-friendly paper and plastic to reduce volume of plastic used



Nisshin Seifun Welna Inc.

Nisshin Hotcake Mix Gokumochi
Made Using 100% Domestic Wheat Flour

- Popular hotcake mix with a distinctive its texture made using 100% domestically produced wheat flour
- 25% Yumechikara* flour used for a fluffier texture

* Wheat flour made using Yumechikara, a wheat variety grown in Hokkaido, Japan



Nisshin Seifun Welna Inc.

Smart Table Le Vietnamese

- Pho can now easily be enjoyed using the microwave! Product format includes a convenient tray that makes preparation and cleanup a snap
- For the “Chicken and rice porridge,” rice is cooked using the juices from boiling the vegetables and the meat, for a robust taste filled with umami flavor
- For the “Chicken curry,” white wine is the accenting flavor. The result is a taste that’s sweet and rich, with a spicy aroma



Nisshin Pharma Inc.

Power Supply NMN+ (Plus)

- Alongside the product currently on the market containing 125mg of NMN*, gaining attention for its connection to genes involved in longevity, this new entry boosts the level to 250mg
- In addition to NMN of over 99% purity from yeast-derived ingredients produced in Japan, this product provides a well-balanced supply of resveratrol, water-soluble Q10 and 13 different vitamins

* Nicotinamide Mononucleotide (NMN) is a component required for producing energy in the body and essential to biological activity



Nisshin Pharma
Official E-Commerce
Website
(Japanese only)

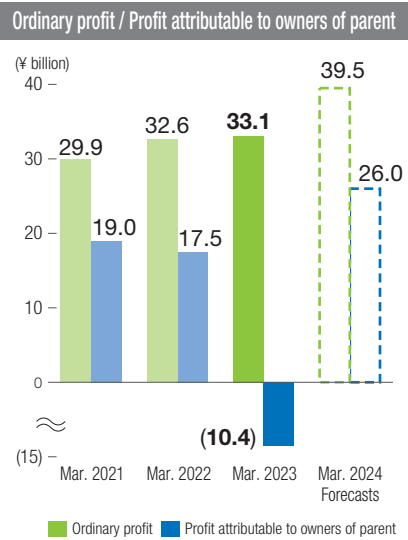
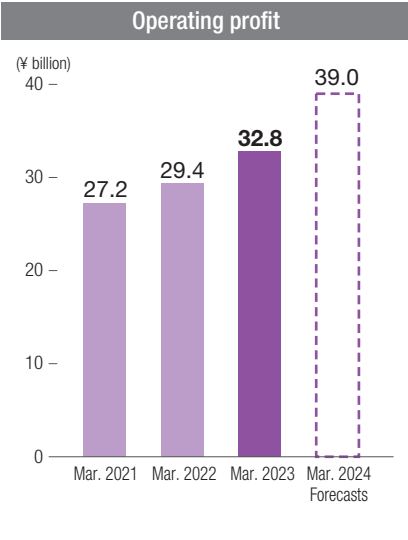
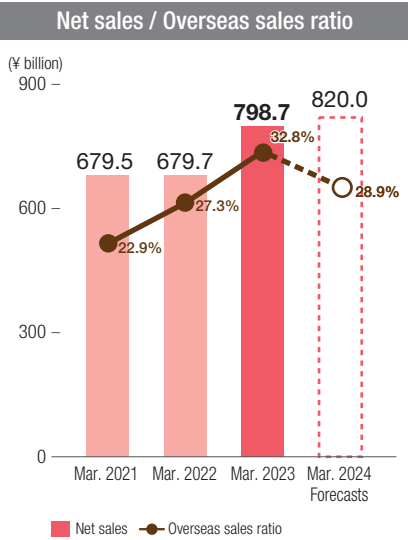


Financial Highlights

Consolidated Financial Summary

	Mar. 2021	Mar. 2022	Mar. 2023
Net sales	679.5	679.7	798.7
Overseas sales	155.6	185.9	261.7
Overseas sales ratio (%)	22.9%	27.3%	32.8%
Operating profit	27.2	29.4	32.8
Ordinary profit	29.9	32.6	33.1
Profit attributable to owners of parent	19.0	17.5	(10.4)
Earnings per share (¥)	64	59	(35)
Total assets	687.4	723.1	713.9
Net assets	444.8	460.6	438.5
Net assets per share (¥)	1,456	1,510	1,425
Dividend per share (¥)	37	39	40

(Note) Figures shown are rounded to the nearest hundred million yen (nearest yen for per share figures).



Corporate Data

Corporate Data

Corporate name: Nisshin Seifun Group Inc.
Head office: 25, Kanda-Nishiki-cho 1-chome, Chiyoda-ku, Tokyo
Foundation: October 1900
Paid-in capital: ¥17,117,856,746 (As of March 31, 2023)
Board of Directors: (As of June 28, 2023)

Representative Director and President	Kenji Takihara
Representative Director	Naoto Masujima
Director	Yasuo Ito
Director	Eiichi Suzuki
Director	Takao Yamada
Director	Koichi Iwasaki
Director	Takahiko Iwahashi
Director *	Kazuhiko Fushiya
Director *	Motoo Nagai
Director *	Nobuhiro Endo

Director /Member of Audit & Supervisory Committee	Shoh Ohuchi
Director */Member of Audit & Supervisory Committee	Mieko Tomita
Director */Member of Audit & Supervisory Committee	Takaharu Ando
Director */Member of Audit & Supervisory Committee	Hiroto Kaneko

*Outside Director

Stock Information (As of March 31, 2023)

- Total number of issuable shares: 932,856,000 shares
- Total number of shares issued and outstanding: 304,357,891 shares
- Number of shareholders: 39,797 (an increase of 7,820 shareholders from the end of the previous fiscal year)
- Composition of shareholders (Shareholders by type)



Investor Information

Fiscal year: April 1 to March 31 of the following year	Share trading unit: 100 shares
Date of record for year-end dividends (profit dividends) on retained earnings: March 31	Custodian of shareholder register and account management institution for special accounts: Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan
Date of record for interim dividends: September 30	Contact information: Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Department 8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-0063, Japan Tel: 0120-782-031 (toll-free) * Available within Japan only. Operator hours: 9 am-5 pm on weekday in Japan.
Ordinary general meeting of shareholders: June	
Method of public notice: The Company posts notices via electronic notification on its website at https://www.nisshin.com	
However, if electronic notification is not possible due to an accident or other unavoidable circumstances, notices will be published in the Nikkei newspaper.	

Special Privileges for Shareholders

Special privileges
Choose between a gift set of assorted products from Group companies Nisshin Seifun Welna, a product of Nisshin Pharma, a product of NBC Meshtech, or a donation to World Wide Fund for Nature (WWF) Japan.

Eligible Shareholders
Shareholders with shareholdings of 500 or more of the Company's shares as of March 31 each year.

A guide to special privileges for shareholders and application for this year were mailed out on June 6, 2023 (Tuesday) with the notice of invitation to the general meeting of shareholders. The application deadline is July 31, 2023 (Monday). Valid applications must be postmarked by this date.

Notice

- Application for various share-related procedures**
Please file applications for various share-related procedures such as change of address, designation of a method to receive dividends, request to purchase shares in less than the allotted trading unit and sale of such additional shares at the following places.
1. Shareholders with an account at a securities company → Please contact your securities company.
Note: To apply to receive dividends after the period for dividend distribution, as well as request to purchase shares in less than the allotted trading unit registered at the special account and sale of additional less-than-a-unit shares to those registered at the special account, please contact Sumitomo Mitsui Trust Bank, Limited.
- 2. Shareholders registered at the special accounts → Please contact Sumitomo Mitsui Trust Bank, Limited.**

NISSHIN SEIFUN GROUP INC.

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URL <https://www.nisshin.com>



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