



NISSHIN SEIFUN GROUP

Nisshin Seifun Group Integrated Report 2023

Growing Value from Wheat

Nisshin Seifun Group Integrated Report 2023

Publisher

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信為萬事本

Origin

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

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

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

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

Teiichiro Shoda
Founder, Nisshin Seifun Group



Present

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

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

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

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

Corporate Principle

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>

Enriching the Japanese diet with wheat

Creating value through dynamic corporate management ahead of its time

1900-1930s

Modernizing and industrializing the manufacturing structure

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



Beginning of modern domestic mechanical flour milling operations

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

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

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

Groundbreaking construction of a major seaside plant

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

Domestic production of yeast and mesh sieves for flour milling

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

1940-1960s

Post-War reconstruction period / Rapid economic growth

Contributed to improving diets and a flourishing food culture



Contribution to post-War reconstruction

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

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

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

Responding to the shift in consumer needs from volume to quality

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

1970-1990s

Globalization of the Japanese economy

Responding to diversifying lifestyles



Continuously diversifying business with a priority on dialogue with customers

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

Developing business in overseas markets to be an international competitor

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

2000-2020s

Declining birthrate and aging population, and borderless world economy

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



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

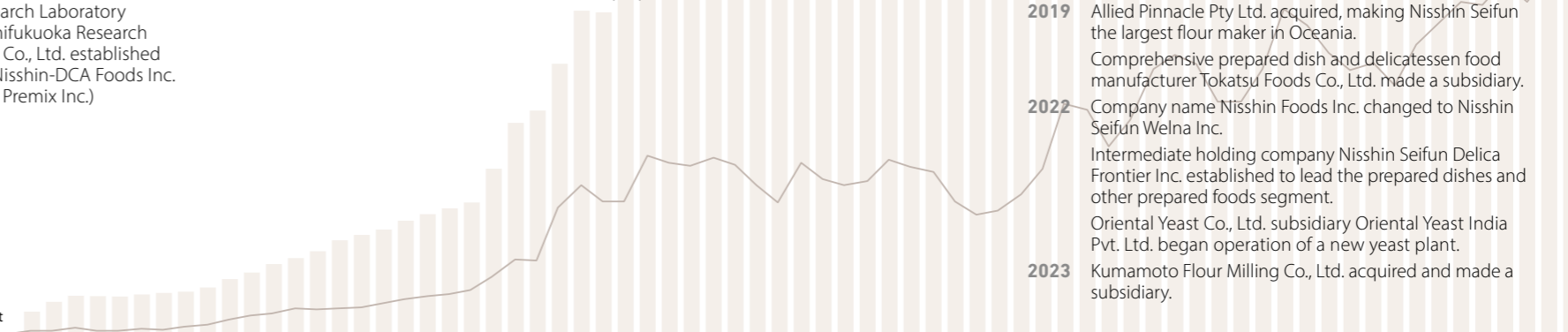
- 2000** Celebrated our 100th anniversary.
- 2001** Nisshin Flour Milling Co., Ltd. split into a holding company and operating companies.
- 2002** Qingdao Nisshin Seifun Foods Co., Ltd. established in China.
- 2004** Initio Foods Inc. established in the prepared dishes and foods business.
- 2005** Shin Nisshin Seifun Foods (Qingdao) Co., Ltd. established (merged with Qingdao Nisshin Seifun Foods Co., Ltd. in 2007).
- 2008** International ISO 14001 certification received for the Group's environmental management systems.
- 2010** Hokkaido Wheat Center established in Kitami, Hokkaido to raise the quality of Hokkaido-grown wheat and advance domestic wheat production. Oriental Yeast Co., Ltd. and NBC Meshtec Inc. became wholly owned subsidiaries.
- 2012** Oriental Yeast India Pvt. Ltd. established to expand operations in biotechnology (diagnostics reagents), Miller Milling Company, LLC of the United States acquired.
- 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.
- 2019** Allied Pinnacle Pty Ltd. acquired, making Nisshin Seifun the largest flour maker in Oceania. Comprehensive prepared dish and delicatessen food manufacturer Tokatsu Foods Co., Ltd. made a subsidiary.
- 2022** Company name Nisshin Foods Inc. changed to Nisshin Seifun Welna Inc. Intermediate holding company Nisshin Seifun Delica Frontier Inc. established to lead the prepared dishes and other prepared foods segment. Oriental Yeast Co., Ltd. subsidiary Oriental Yeast India Pvt. Ltd. began operation of a new yeast plant.
- 2023** Kumamoto Flour Milling Co., Ltd. acquired and made a subsidiary.

Net sales and operating profit

FY2023
Net sales
¥798.7 billion

FY2023
Operating profit
¥32.8 billion

* Graph shows sales and operating profit since 1950.
— Operating profit



A solid presence in a range of markets

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

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

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

Flour Milling Segment

Flour Milling Business

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

Market rank of wheat flour sales in Japan (weight basis)
No.1
 (40.0% market share)
 Source: Nikkan Keizai Tsushin Co., Ltd. (fiscal 2022)



Group wheat flour production capacity rank by country
 Source: Company research (as of January 2023)

Country	Rank
Japan	No.1
Canada	No.4
United States	No.5
Thailand	No.4
Australia	No.1
New Zealand	No.1

Overseas production capacity ratio approx. **60%**

Prepared Dishes and Other Prepared Foods Segment

Prepared Dishes and Other Prepared Foods Business

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



Number of manufacturing sites in Japan
 (as of March 2023)
25

Processed Food Segment

Processed Food Business

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

Market rank of the domestic household-use products

No.1 in the following categories
 Source: Intage SRI+ research (cumulative sales)

Product	Market Rank
Wheat flour	65.6%
Pasta sauce	32.4%
Frozen pasta (frozen pre-cooked pasta and sauce)	37.2%
Pasta (spaghetti)	46.0%
Tempura mix	60.0%
Okonomiyaki pancake flour	42.9%
Karaage deep-fry mix	59.5%

Percentages represent shares of total market sales. The data periods for the No. 1 market shares for flour, pasta (spaghetti), pasta sauce, and frozen pasta (frozen pre-cooked pasta and sauce) are April 2022- March 2023, for okonomiyaki pancake flour and tempura mix are April 2021- March 2023, and for karaage deep-fry mix April 2020- March 2023.

Yeast and Biotechnology Business

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

Domestic ranking of yeast production volume
 Source: Company research
No.1 (approximately 50% market share)



Healthcare Foods Business

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

Number of patent applications in Japan
 Source: Company research
 Japanese health food makers (single companies)
No.3




Others Segment

Engineering Business

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


Number of projects
Over 3,000



Mesh Cloth Business

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

Metal mesh cloth for solar panels global market share
40%



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Editorial Policy

The Nisshin Seifun Group Integrated Report aims to convey to investors and other stakeholders in an easy-to-understand manner an overall picture of the Group, its unique values and strengths, and its medium- and long-term strategies and initiatives. The Integrated Report is also intended to facilitate dialogue with stakeholders and contribute to enhancing corporate value.

Integrated Report 2023 provides information about our priority measures for fulfilling the Medium-Term Management Plan 2026, an extensive presentation of the plan's ESG initiatives, which are part of the plan's basic policies, and a report on the measures we are implementing to "use our business to contribute to society and continue growing as a core corporate group in the food industry."

In compiling this report, we referred to the "Guidance for Collaborative Value Creation" of the Japanese Ministry of Economy, Trade and Industry and the "Integrated Reporting Framework" issued by the IFRS Foundation (formerly Value Reporting Foundation (VRF)).

Period Represented

The primary period covered in this Integrated Report is the Company's fiscal year 2023, beginning April 1, 2022 and ending March 31, 2023. When considered helpful to understanding, some content also covers periods before and after fiscal year 2023.

Scope of the Report

This report covers the 68 companies of the Nisshin Seifun Group as of the end of March 2023, including Nisshin Seifun Group Inc., and its consolidated subsidiaries. Information that does not apply to all companies of the Group is duly indicated and the pertinent organizations are provided.

Forward-Looking Statements

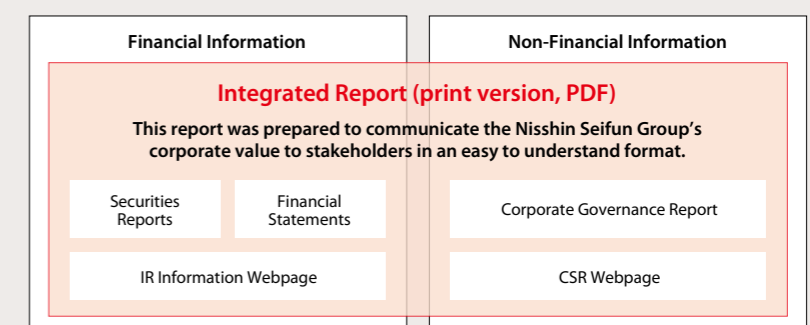
The content of this report was prepared based on various assumptions. The report does not represent a guarantee for the presented future target figures or management strategy objectives.

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/>



Message from the President



Kenji Takihara
 Representative Director and President
 Nisshin Seifun Group Inc.

Fiscal 2023 review

Amid rising food prices and overall difficult business conditions, we launched the medium-term management plan in fiscal 2022, my first year as president. Our earnings performance progressed as planned in fiscal 2023.

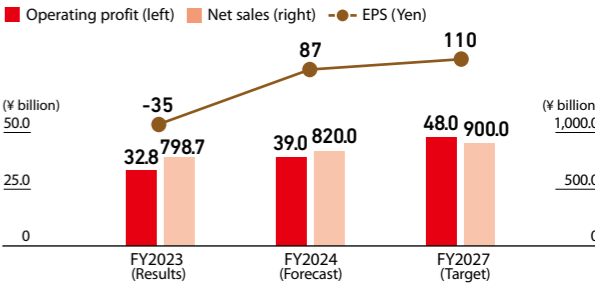
The biggest impacts on the Group's business environment in fiscal 2023 were the worldwide inflation of food prices and costs triggered by the conflict between Ukraine and Russia. Those were the prevailing business conditions when I was appointed president in June 2022. In those conditions, I remained committed to our social mission to ensure that we maintain a stable supply of wheat flour and other food items and that our business provide safe and reliable products. My focus has been on creating the medium-term management plan with our priorities being responding to the rising food prices and improving the earnings performance of the Australia flour milling business.

We have set fiscal 2027 as the final year of our medium-term management plan and presented stakeholders with our medium-term vision for the Group. We use our business to contribute to society and continue growing as a core corporate group in the food industry following our guiding philosophies of "the basis of business is built on trust" and to "be in tune with the changing business climate" along with our corporate principle to "contribute to a healthy and fruitful life for all." We are urgently advancing management strategies to fulfill our vision following our three basic policies of stimulating the Group's ability to grow by restructuring the business portfolio, enhancing management by clarifying our business relationships toward our stakeholders, and integrating ESG into management strategy and implementing

by adapting to social trends.

As I reflect on my first year as president, I can see that there were numerous themes that are critical to the Group's sustainable growth into the future. In recognizing these, I redoubled my determination to lead the Group in the right direction and as part of that I made several trips overseas to visit subsidiaries and meet directly with local CEOs and senior managers. I visited Group companies in Australia where we are trying to get business back on track, India where we constructed a new plant, and North America where business has grown into a key driver of our earnings growth. I also held regular discussions with management at each of our subsidiaries in Japan. I believe these meetings have increased the Group's sense of unity and motivation to fulfill the goals of the medium-term management plan.

Even in the challenging business environment, we came close to achieving our operating profit target for fiscal 2023 and got off to a good start toward achieving the targets for the final year of the medium-term plan.



https://www.nisshin.com/english/company/management_plan/

	Medium-term management plan base year (FY2022 results)	FY2023 results	FY2024 Forecast	Medium-term management plan final year (FY2027)
Net sales (¥ billion)	679.7	798.7	820.0	900.0
Operating profit (¥ billion)	29.4	32.8	39.0	48.0
Earnings per share (EPS) (¥)	59	(35)	87	110
ROE (%)	4.0	(2.4)	6.0	7.0

Fiscal 2024 priority measures for fulfilling the medium-term management plan

Priority measures are to stimulate the Group’s ability to grow by restructuring the business portfolio, respond to the rising food prices, improve the performance of the Australia flour milling business, implement our environmental initiatives, and advance the digital strategy.

My top priority this year is strengthening our foundation for fulfilling the objectives of the medium-term management plan. We will do this five ways: by stimulating the Group’s ability to grow by restructuring the business portfolio, responding to the rising food prices, improving the performance of the Australia flour milling business, implementing our environmental initiatives, and advancing the digital strategy.

After three-and-a-half years, we are finally moving beyond the coronavirus, which has been downgraded to a Class 5 disease (the same level as the flu), and the sharp rise in food prices appears to be reaching a peak. We expect the harsh environment for the food industry to come to an end in the second half of fiscal 2024 and business conditions to begin brightening again. In this environment, we will advance our priority policies and continue to carry out our mission to provide a stable supply of food.

1 Stimulate the Group’s ability to grow by restructuring the business portfolio

This fiscal year, we will continue restructuring our business portfolio with a clear vision for how to grow as a group, how to secure profits in the core businesses, and how we will invest in each of our businesses and growth business areas.

Under the medium-term management plan, we intend to actively invest in growth to ensure our EPS continues rising; however, we will also be sure that the investments will enable us to leverage the Group’s strengths. In the core domestic flour milling, processed food, and yeast and biotechnology businesses, we have already completed the key investments in the flour milling business. The investments to construct the new Mizushima Plant and acquire Kumamoto Flour Milling Co., Ltd. are primed to become key earnings drivers for the Group.

In addition, while carefully examining potential investment risks, we plan to aggressively expand in our growth areas of the overseas business and the prepared

dishes and other prepared foods business. One way we will do that is by aggressively increasing our flour milling production capacity in the United States, where we expect to generate growing profits. In the U.S., the specific areas we are focusing on have promising outlooks for our business growth, and I believe we can make even greater use of our strengths in those areas. With this outlook in mind, we have been expanding the capacity of the Los Angeles Plant in California and also decided to build a large-scale expansion at the Saginaw Plant in Texas. We intend to harness the growth potential of the U.S. market to boost Group earnings. When I visited the Saginaw Plant in February 2023, the CEO and other executives were all very positive about the growth strategy.

The launch of the yeast business in India and the new yeast plant that commenced operations in August 2022 is another area for our overseas growth. At the end of fiscal 2023, we had already garnered about 10% of the market in India, and we are working to expand our share to 20% by the end of this fiscal year on the way to fulfilling the target in our medium-term management plan of commanding 30% share. We are aiming for the India operation to begin providing a positive profit contribution by the end of fiscal 2027. I visited the company in December 2022 and met with executives and local consumers using the company’s yeast. India has the largest population in the world, and I believe the market has significant growth potential.

 **Feature: Overseas Business Strategy (India Yeast Business) (Pages 30-31)**



Opening ceremony of Oriental Yeast India Pvt. Ltd.

Medium-term management plan strategy to enhance business competitiveness

- **Continue and expand the core domestic flour milling, processed food, and yeast businesses**
Use strengths cultivated in each of our businesses, provide new value to expand our market share, and maintain appropriate pricing for our products. Lower costs in various areas to maintain our high profit levels and ensure the domestic flour milling, processed food, and yeast businesses continue to play a central role in Group business
- **Grow the revenue of the overseas and prepared dishes and other prepared foods businesses into profit growth drivers**
- **Grow the healthcare foods and biotechnology, engineering, mesh cloth, and new businesses**

Implement investment projects after confirming that the Group’s strengths can be leveraged.

1 Make the investments needed to achieve profit growth in the core businesses, restructure the business portfolio

- Integrate Kumamoto Flour Milling to generate synergy effects
- Begin construction of the new Mizushima Plant

2 For the growth businesses, examine for any discrepancies with our business plans, make any necessary policy changes, and accelerate investment in markets where growth is expected

- Increase production capacity of flour milling businesses in the United States

Priority themes for the current fiscal year

2 Respond to rising food prices

All of the Group companies made it a top priority in fiscal 2023 to respond to the steep increases in food prices by continuously raising their product prices. While the foreign exchange rates also played a role, these efforts led to growth in full-year fiscal 2023 sales of over ¥100 billion. However, the higher prices affected the flour milling business results, which saw reduced flour consumption by its main customers of secondary manufacturers and by consumers who became increasingly conservative about spending in the current economic conditions. Demand was down not just for flour, but for all processed foods, particularly for in-home use. Each business raised product prices during the year, but many were unable to revise their prices fast enough to keep pace with the rising costs. This year, we will implement strategies to expand sales in the processed food business to rebuild our delivery volume, and the businesses that were unable to pass on all of the increased costs will continue revising prices to restabilize the revenue base. The government raised the selling price of imported wheat by 5.8% in April 2023, and we will continue our efforts to respond to the rising food prices. I believe that once we cover the rise in prices, the impact from the higher prices will start to peak followed by recovery in demand.

3 Improve the Australian flour milling business performance

In the medium-term management plan, we stated that after incurring the impairment loss associated with the Australian flour milling operation in the first half of fiscal 2023, we will make it a top priority to reestablish its business performance. We are making every effort to get the business back on track and have set targets for fiscal 2024 and fiscal 2027 for improving earnings from the fiscal 2022 base year of the medium-term management plan. I believe those targets are attainable with a full-fledged concerted effort in Australia and Japan. During my visit with the company’s CEO and top executives in May 2023, we all agreed that our first step to recovery is to ensure that we fulfill the targets for fiscal 2024. Although the business conditions continue to be very challenging, I believe the efforts to revise prices and improve productivity have laid the groundwork for a recovery in business performance. This year, I want to improve business in line with our plan and start seeing the beginning of tangible results.

 **Feature: Overseas Business Strategy (Australia Flour Milling Business) (Pages 28-29)**


4 Implement the environmental initiatives

I believe that an environmental policy is absolutely essential, and companies that do not take direct action on environmental issues, no matter how much profit they generate, will be viewed harshly for not fulfilling their social responsibility.

We are continuing to follow the roadmap for reducing Group CO₂ emissions by 50% compared to 2013 levels by 2030, which we publicly announced with our climate change response initiatives. Our targets for 2030 will not be achievable if we delay implementing the initiatives or do not immediately start systematically investing and applying management resources. In other words, the initiatives we implement in fiscal 2024 will be crucial. To make this systematic investment possible and stay the course of our roadmap, the medium-term management plan set a budget of ¥15 billion for environmental investment, which is the first such plan in the Company's history.

We also continue to make progress installing renewable energy equipment, and the recent installation of solar power

generation equipment will raise the Group's overall power production capacity to approximately 6 megawatts at the end of fiscal 2024. We are also working with companies outside the Group to use their knowledge in the environmental field to potentially source a relatively large volume of electric power generated off-site from renewable energy.

 **Feature: Environmental Initiatives**
(Pages 34-35)

5 Advance the digital strategy

The quality of a company's digital strategy has the potential to completely alter its competitive status in its industry. At the same time, incorporating digital technology can also increase the differentiation between companies. In the current fiscal year, I want our digital strategy to produce tangible improvements in the efficiency across our entire value chain, including production and sales.

 **Feature: Digital Strategy**
(Pages 32-33)

ESG Initiatives

Integrating ESG into management strategy and implementing by adapting to social trends.

We are incorporating environmental, social, and governance (ESG) factors into our business activities and adapting to social trends because we recognize that it is no longer acceptable for a company to operate solely for the benefit of itself and its stakeholders. As mentioned earlier, we have made addressing environmental issues a management priority and have set "integrating ESG into management strategy and implementing by adapting to social trends" as a basic policy of the medium-term management plan.

Achieving sustainable growth and increasing the Group's corporate value also requires that we address issues related to human rights, human resource, and other areas.

We instituted a Human Rights Policy in December 2018 and began conducting full-scale human rights due diligence in fiscal 2023. Responding to human rights issues is a priority management issue, and the medium-term management plan stipulates proactive human rights measures as part of addressing ESG issues. The measures include human rights due diligence to identify issues and reduce risk throughout the Group and supply chain. We are planning to increase the scope of businesses conducting human rights due diligence this year.


Aligning our human resource and management strategies is essential. Our objective is to simultaneously enhance our human resources and our organizational

capabilities. To enhance human resources, we are strengthening our recruitment capabilities to secure diverse and dynamic personnel, strengthening the development of next-generation personnel who will lead future business operations, and implementing educational programs to support the independent growth of our employees.

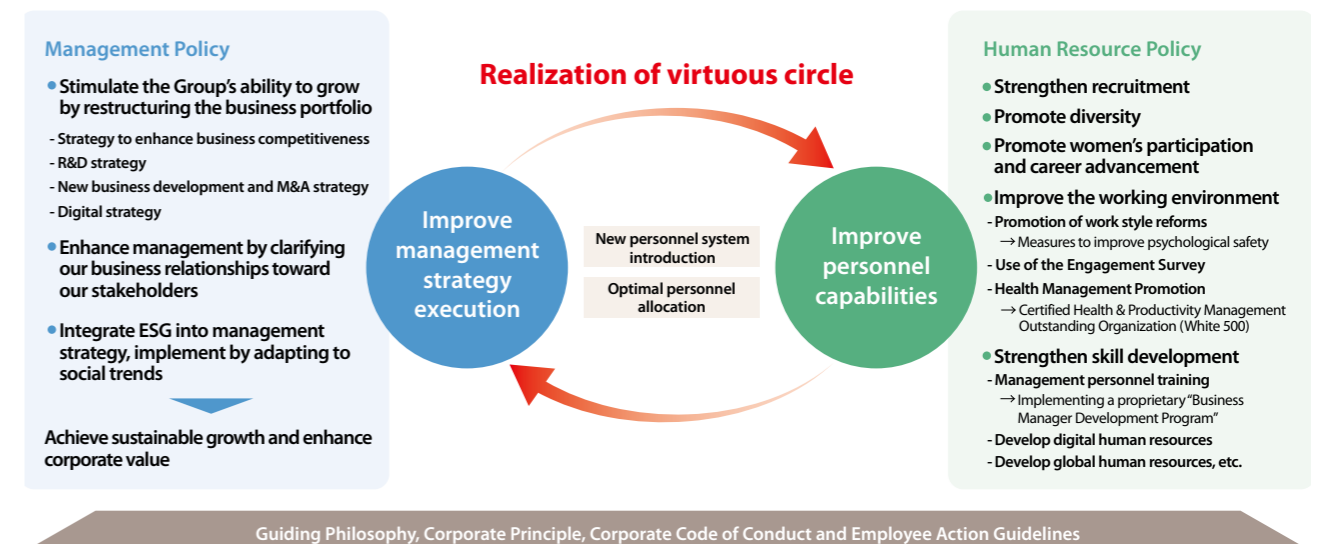
To improve our organizational capabilities, we are facilitating personnel exchanges so we can place the best person in the best position and bring out the full potential of the Group's overall strength. We are improving employee engagement to retain and maximize the potential of each employee. We are also creating a psychologically safe work environment that encourages open communication and creates a lively workplace culture.

To further bolster these initiatives, in June 2023, we created the Human Resources & Labor Relations Division. Human resources is an area where it takes time to produce visible results. I intend to set specific medium- and long-term targets and to ensure we make steady progress toward our goals.

 **Sustainability Strategy (Human Rights)**
(Pages 58-59)

 **Sustainability Strategy (Human Resources)**
(Pages 60-61)

Human Resource Strategy



Medium-Term Management Plan 2026 Capital Policy

We intend to actively use the operating cash flow and other funds generated during the medium-term management plan for growth investments with the objectives of further increasing earnings per share and raising return on equity.

Eiichi Suzuki
 Director, Managing Executive Officer
 Division Executive, Finance and Accounting Division



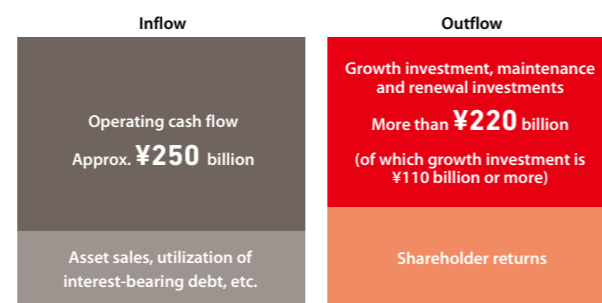
Medium-Term Plan Basic Policy 1

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

Growth investment

The foundation of the Group's capital policy is to appropriately control the capital structure while maintaining a balance between improving capital efficiency and financial stability, fully taking into account our social responsibility of providing a stable supply of wheat flour and other staple foods. Management is following this capital policy as it advances the medium-term management plan's basic policy of stimulating the Group's ability to grow by restructuring the business portfolio. Our specific objectives are to further increase earnings per share (EPS) and raising return on equity (ROE) by actively using funds from operating cash flow, the sale of strategically held shares, and, if necessary, interest-bearing debt to finance aggressive investment for growth through capital investment, M&A, R&D, digital technology, and human resource development. Through these activities, we will continue to earn the trust of our shareholders by maintaining a consistent share price and providing an appropriate level of shareholder return.

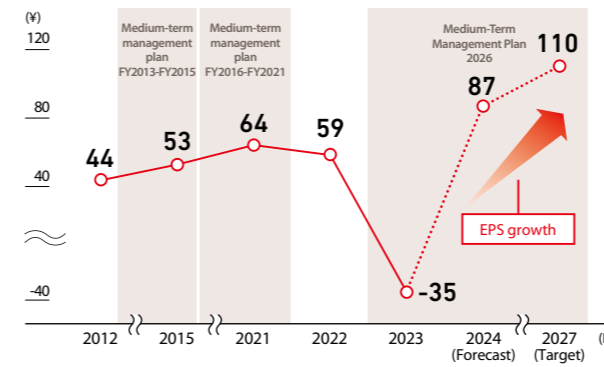
Five-year cumulative cash-flow plan (Medium-Term Management Plan 2026 from FY2023 to FY2027)



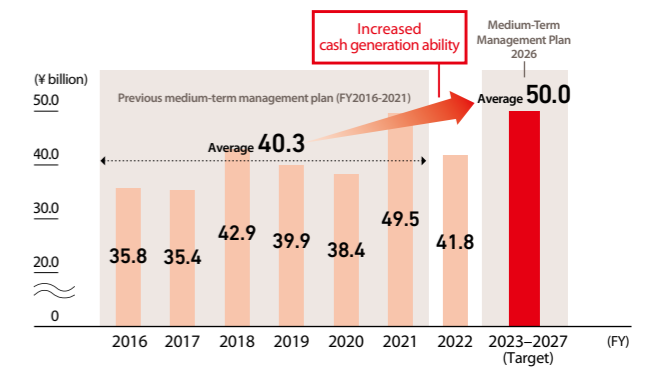
Major current and planned growth investments

- Flour Milling Business**
 - Mizushima Plant construction (operation start planned for May 2025) **¥15.5 billion**
 - Saginaw Plant expansion (U.S., operation start planned for winter 2024) **¥6.2 billion**
 - Los Angeles Plant expansion (U.S., operation start planned for December 2023) **¥900 million**
 - Kumamoto Flour Milling Co., Ltd. consolidation as subsidiary (January 2023) **¥13.9 billion**

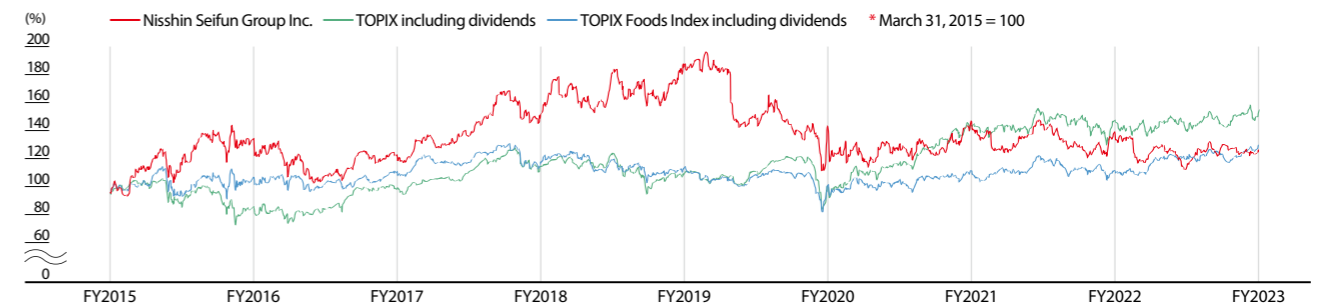
EPS and targets



Group operating cash flow and targets



Total shareholder return comparison to TOPIX and TOPIX Foods Index



	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Share price at fiscal year end (¥)	1,789	1,661	2,109	2,540	1,802	1,850	1,706	1,551

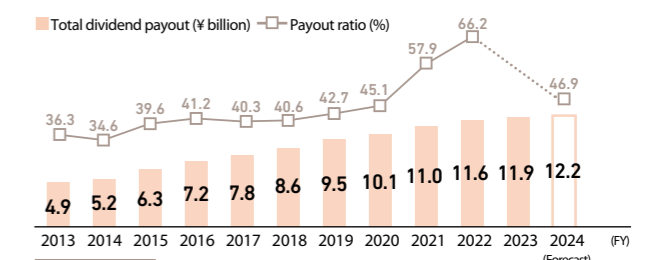
Medium-Term Plan Basic Policy 2

Enhance management by clarifying our business relationships toward our stakeholders

Shareholder return

Nisshin Seifun Group Inc. believes that a long-term perspective to providing stable return on profits is the most appropriate stance for meeting the expectations of our shareholders. Our specific target is to provide shareholder returns via dividends with a baseline consolidated dividend payout ratio of 40%. While seeking to increase EPS, we also actively monitor for advantageous conditions to distribute dividends. We currently plan to raise the dividend payout for the fiscal year ending in March 2024, which would mark the 11th consecutive year of dividend increases.

Total dividend and dividend payout ratio



Fiscal Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 (Forecast)
Dividend per share (¥)	20	20*	22*	24	26	29	32	34	37*	39	40	41

*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 for fiscal 2014.
 *2 Fiscal 2021 included a ¥2 dividend per share to commemorate the 120th anniversary of the Company's founding.

Reduction of strategically held shares

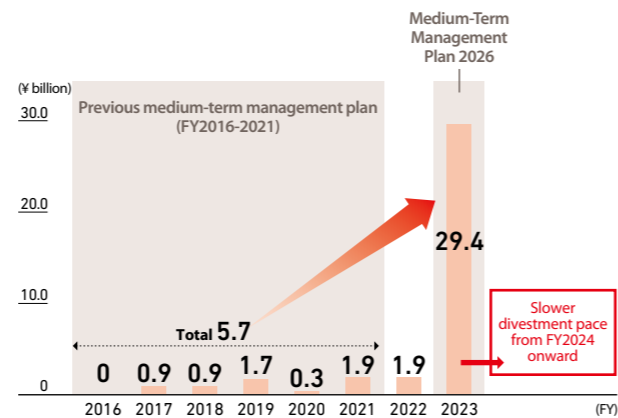
The Nisshin Seifun Group's most important mission is to reliably deliver wheat flour and other staple foods to consumers. To fulfill this mission, it is essential that we construct and cultivate long-term stable relationships with manufacturers, sales firms, and other business partners in the supply chain. The strong relationship of trust that we enjoy with our partners has been built over many years, and maintaining and strengthening these relationships is essential for us to continue enhancing our corporate value in the future.

The Company annually examines the suitability of its shareholdings from a medium- and long-term perspective and shareholdings deemed to have no rational reason to be retained will be reduced.

The reduction target stipulated in the medium-term management plan was achieved in fiscal 2023, the plan's first year. The policy to reduce strategically held shares remains unchanged, although we intend to maintain a steady pace of divestiture from fiscal 2024 onward.

Income from the sale of strategically held shares will be used for growth investments and to fortify our business competitiveness as we aim to achieve our EPS target of ¥110 in fiscal 2027, the final year of the medium-term management plan. When surplus investment funds are available, while taking into account future funding needs, we will consider share buybacks and other forms of providing shareholder returns.

Balance of strategically held shares



Medium-Term Plan Basic Policy 3

Integrate ESG into management strategy and implement by adapting to social trends

Environmental, digital, human resource investment

The medium-term management plan sets a framework for ¥15 billion in environmental investment and ¥15 billion in digital investment, both of which we will aggressively implement as investment for growth. We will aggressively invest in these areas for the economic effects as well as for the contributions they will make to enhancing future assessments of the Group's corporate value by society and the capital markets.

Our environmental activities will follow our CO₂ reduction roadmap and include systematic spending every year to progress toward achieving our medium- to long-term targets for environmental issues. We plan to increase environmental investment by ¥1.0 billion from the previous fiscal year to ¥2.2 billion in fiscal 2024 to further improve our energy efficiency and install solar power generation facilities

in Japan and overseas. We will also examine the feasibility of procuring renewable energy power from off-site sources.

The basic policy of our digital strategy is to advance digital transformation (DX) initiatives catered to management issues at each Group company. We plan to increase digital investment by ¥0.9 billion from the previous fiscal year to ¥2.1 billion in fiscal 2024, which will include investing in automation and labor saving, developing digital talent, and strengthening our cyber security.

Our human resources strategy is to provide a foundation for enhancing our ability to execute management strategies and to be a corporate group that values all stakeholders and is trusted all around the world. We plan to hire personnel, including mid-career professionals, to carry out our business in the environmental, digital, new business, and R&D areas, while also increasing investment to develop management, global, and digital technology human resources.

Management with an Awareness of Capital Efficiency

The Group aims to improve capital efficiency by appropriately managing our capital investments and ensuring financial stability.

Management with a capital efficiency mindset

(1) Growth investment

During the five years of the medium-term management plan, we are planning over ¥110 billion in growth investment in areas including in automation and new ways to reduce costs, DX, and overseas. Growth investment decisions for individual projects will be conducted upon consideration of the net present value (NPV), EBITDA multiple, and projected investment return period.

(2) Capital efficiency indicators

Management has been primarily using ROE as an indicator of capital efficiency, but we will now use ROIC in conjunction with ROE.

(3) Group company capital management

ROIC will be regularly monitored for each business. Issues will be tracked over time and suggestions for improvement provided.

Each business will be managed with an awareness of capital cost, and steps will be implemented to raise ROIC.

- Conduct investment when return is projected to exceed the capital costs of each business (= Increase ROIC by investing for positive NPV)
- Increase profits
- Dispose of idle, low-use, low-profit, non-business assets
- Liquidate unprofitable and low-profit businesses

Using the integrated strength of our diversified wheat businesses to support rich and diverse food preferences and healthy lifestyles with safe and reliable products for any occasion

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.”

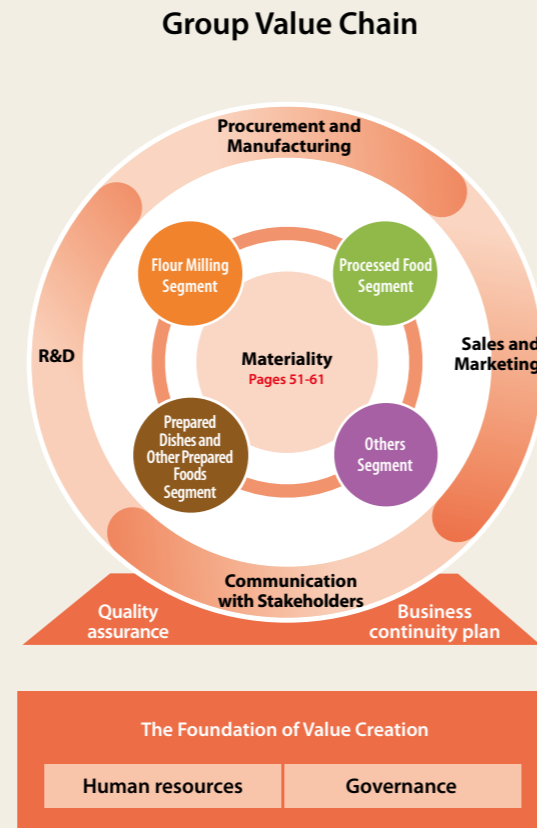
Reinvesting to maximize corporate value and shareholder return

Input

- Financial Capital**
- Equity ratio **59%**
 - Operating cash flow **¥23.4 billion**
 - Credit rating **AA (JCR)**
- Intellectual Capital**
- R&D spending **¥7.3 billion**
 - Patents held **1,757**
(1,020 in Japan / 737 overseas)
- Manufacturing Capital**
- Manufacturing sites **55 in Japan / 28 overseas**
 - Countries in which we have plants **11**
- Human Capital**
- Employees **9,420**
 - Percentage of women in new graduate hires **34%**
 - Percentage of non-Japanese employees **40%**
- Social Capital**
- Massive customer base cultivated during a century of business
 - Strong relationships of trust with wheat producers in our business regions
 - The top brand in BtoB supported by safe products and reliable supply, and development and proposal capabilities
 - The brand in BtoC supported by our customers

Guiding philosophies
The basis of business is built on trust
Being in tune with the changing business climate

Corporate principle
Contributing to a healthy and fruitful life for all



Output

- See “Group Overview” on pages 6-7 for information about products
- Supply of high-quality foods made possible by R&D focused toward market needs**
 - Products that shape the food infrastructure, such as wheat flour
 - Products that support a wide range of eating options
 - Diverse products that contribute to healthy lifestyles**
 - Food supplements, foods with function claims, healthcare foods, active pharmaceutical ingredients, etc.
 - Wide-ranging products and services to address environmental issues**
 - Mesh technology to facilitate the use of renewable energy, etc.
 - Manufacturing technologies for functional nanoparticles, etc.
 - Provision of information about health and food culture**
 - Providing health-related information
 - Promoting food culture
 - Providing opportunities to learn about wheat and flour

Medium- to long-term targets for achieving outcomes

Outcome

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

Financial targets

Medium-Term Management Plan 2026
Targets for fiscal 2027

Net sales	¥900.0 billion
Operating profit	¥48.0 billion
EPS	¥110
ROE	7.0%

Non-financial targets

Medium/Long-Term Targets for Environmental Issues

Climate change adaptation and mitigation
Reduce CO₂ emissions from Group-owned facilities to **net zero** by 2050
Reduce CO₂ emissions from Group-owned facilities by **50%** compared with the fiscal 2014 level by 2030
Reduce CO₂ emissions across our supply chains

Water resource conservation
Reduce the amount of water used in plants per unit of production by **30%** compared with the fiscal 2022 level by 2040^{*1}

Reducing food waste
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^{*2}

Reducing packaging waste
Reduce the amount of fossil fuel-derived plastics used by at least **25%** compared with the fiscal 2020 level by 2030^{*3}

- Producing safe, reliable, sustainable foods and food infrastructure
- Ensuring food abundance and diversity
- Driving innovation in fields that support food and health
- Helping to build a healthy society
- Contributing to a decarbonized, recycling-oriented society
- Become a corporate group where all employees can find fulfillment in their work

External Environment (Risks and Opportunities)

- | | | | | |
|---|--|---|---|--|
| <p>Demographics</p> <ul style="list-style-type: none"> Increase in global population and decrease in population of Japan Ageing society Labor shortages | <p>Technological Innovation</p> <ul style="list-style-type: none"> Automation AI technology Increased sophistication of logistics Food tech | <p>Environment & Food Resources</p> <ul style="list-style-type: none"> Global warming Pollution from waste Exhaustion of food resources | <p>Global Economy</p> <ul style="list-style-type: none"> Expansion of emerging markets Geopolitical risk Worldwide cost inflation | <p>Food & Health</p> <ul style="list-style-type: none"> Rise in awareness of safety Health consciousness Diversifying food preferences |
|---|--|---|---|--|

^{*1} All Group companies in Japan and overseas
^{*2} At Group companies in Japan. Initio Foods Inc., Joyous Foods Co., Ltd., and Tokatsu Foods Co., Ltd., compared to fiscal 2020
^{*3} Group companies in Japan



Group Strengths

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

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

Things that change

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

Things that never change

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

Working in good faith with all stakeholders

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

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

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

Part 1
Introducing the Nisshin Seifun Group

Part 2
Value Creation Strategy

Part 3
The Foundation of Value Creation

We provide diverse value to society by creating unique value chains through the integration of strengths within the resilient business portfolio of the Nisshin Seifun Group, including R&D, procurement and manufacturing, sales and marketing, communication with stakeholders, quality assurance, and business continuity planning (BCP).

Strength 1

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

Strength 2

Innovation driven by basic research

Strength 3

Safe and reliable products backed by comprehensive quality management

Strength 4

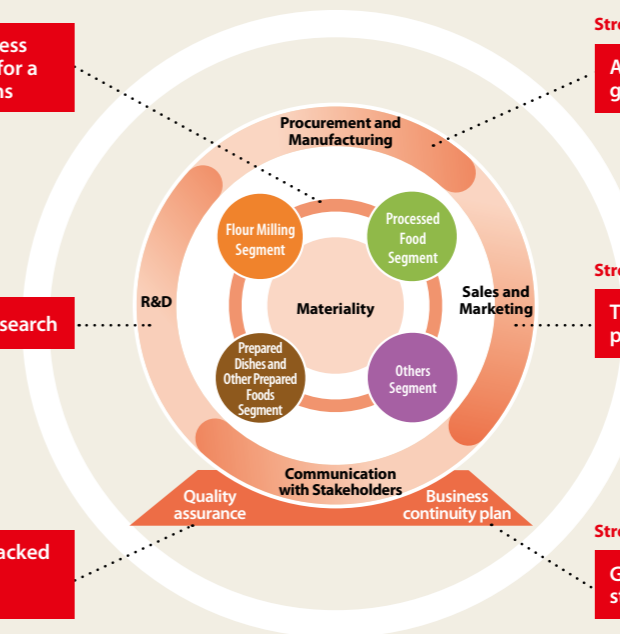
Advanced manufacturing technology geared toward customer needs

Strength 5

The ability to propose and market products that reflect market changes

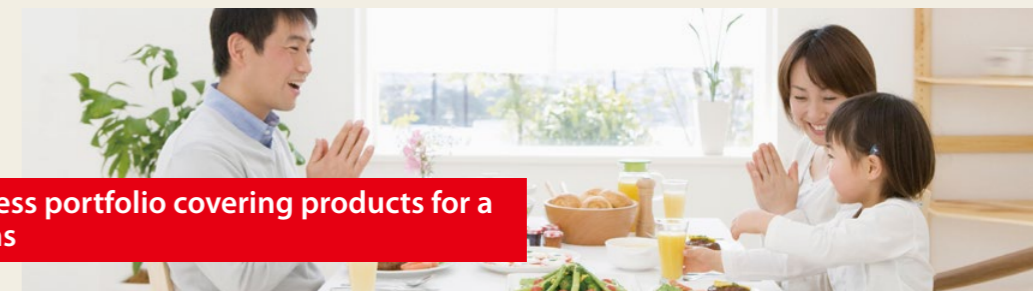
Strength 6

Global networks capable of supporting stable supplies of food



Strength 1

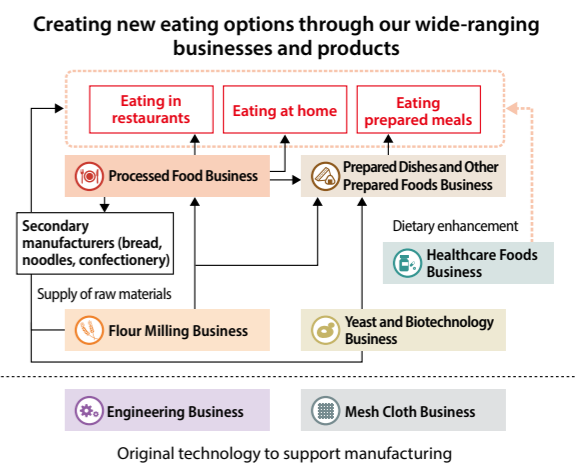
A flexible and resilient business portfolio covering products for a wide variety of eating options



Creating richly diverse food options to meet changing needs

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

In this way, we create diverse value through collaboration among our Group businesses.



Strength 2

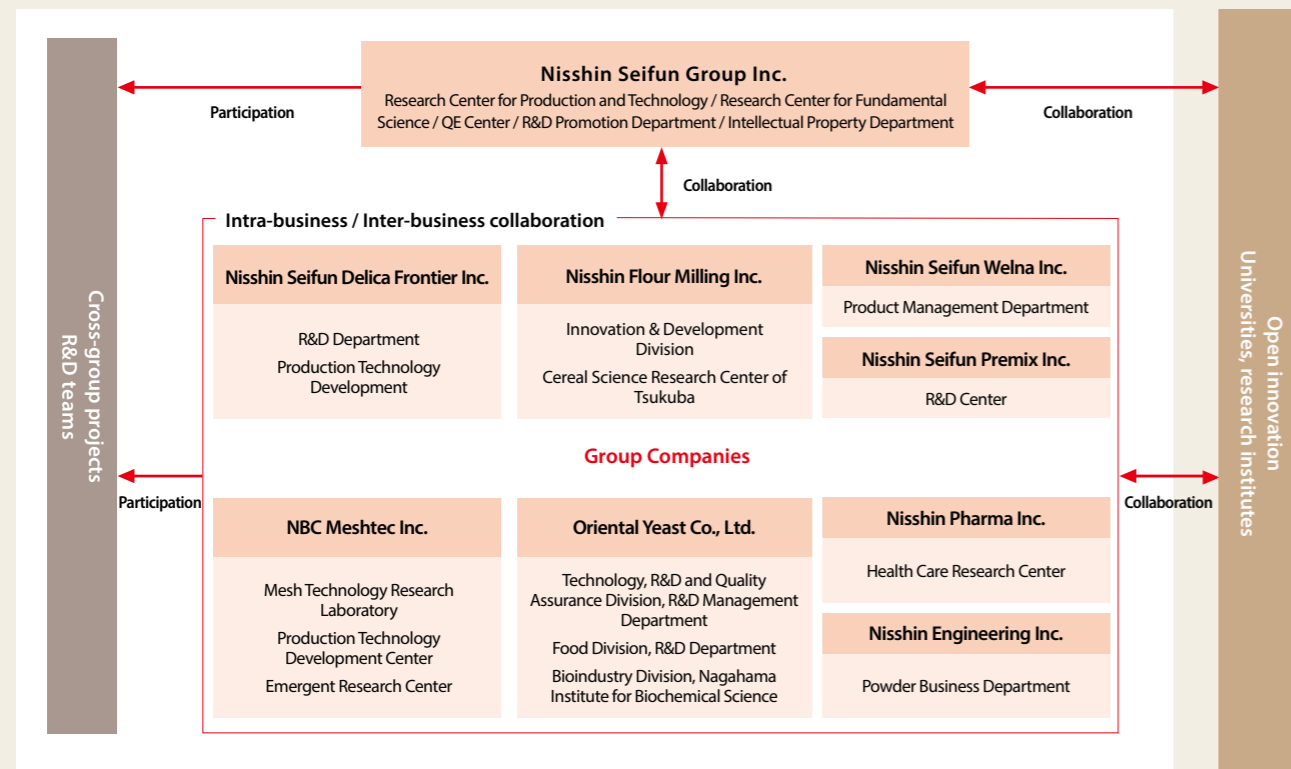
Innovation driven by basic research



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

Nisshin Seifun Group Inc. and other Group companies each have their own highly effective R&D organizations. These are organically integrated into a group-wide structure encompassing all stages of R&D, from fundamental research to developing products that are delicious, simple, and convenient, through to the development of secondary processing

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



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

As a leading company in wheat-related industries, the Nisshin Seifun Group continues to discover new possibilities for wheat. We explore the health benefits of whole wheat flour and bran and prioritize the creation of new products and services that contribute to the health of consumers. Bran, the outer layer that makes up about 15% of wheat grains, is rich in dietary fiber. Bran products sold by the Nisshin Seifun Group include SF Bran, which is manufactured using an original production method developed under the leadership of Nisshin Flour Milling. Nisshin Seifun

Welna uses SF Bran to manufacture various products, including NatuBran, a household-use bran product marketed as a food with functional claims.

We have also started to develop health-enhancing products made from high-fiber wheat. This work has led to the launch of *Amuleia* high-fiber wheat flour. Modern diets tend to be deficient in dietary fiber, and we are helping people to enjoy healthier lifestyles by enabling them to consume dietary fiber through a variety of foods made using wheat flour.

The Nisshin Seifun Group remains committed to fundamental and basic research leading to the creation of new products that benefit consumers.

Strength 3

Safe and reliable products backed by comprehensive quality management



Quality assurance from a consumer's perspective

Since its founding in 1900, the Nisshin Seifun Group has worked to earn the trust of society by following our guiding philosophies of "the basis of business is built on trust" and to "be in tune with the changing business climate," along with our corporate principle to "contribute to a healthy and fruitful life for all." As part of this commitment, individual employees practice quality assurance from a consumer's perspective by constantly asking themselves whether they could clearly explain the work that they are doing to a consumer.

The Quality Assurance Policy of the Nisshin Seifun Group
<https://www.nisshin.com/english/safety/>

Full quality assurance in all processes

Our internationally certified management systems and our team of Quality Assurance Controllers ensure the safety of all processes from product development and raw material procurement through to manufacturing and distribution. In addition, all of our manufacturing plants and storage facilities undergo Nisshin Quality Assurance Audits (NQ Audits) based on our unique checklists. These audits not only highlight emerging issues but also identify potential problems, enabling us to maintain and enhance our quality assurance performance through the early detection of and response to risk factors. We have further strengthened product safety by formulating food defense guidelines designed to prevent deliberate contamination of our products.

The management system certifications obtained by the Nisshin Seifun Group
<https://www.nisshin.com/english/safety/authentication.html>

Quality control throughout the Group's food supply chain

Product development	Before going on sale, new products undergo safety reviews by personnel with specialized knowledge. These reviews are based on extensive checklists covering product safety, environmental impacts, and other factors.
New raw material inspection	All new raw materials are assessed by the Quality Exam Center, which carries out safety checks based on scientific evidence. Final decisions about whether raw materials are suitable for use are made after wide-ranging analyses using advanced equipment designed to detect the presence of residual agricultural chemicals, food additives, food poisoning bacteria, allergens, genetic material, radioactive substances, and foreign matter.
Raw material management	We use traceability systems to record and store data about the raw materials that we use.
Manufacturing	We have introduced a food safety management system based on the hazard analysis and critical control points (HACCP) approach to product safety control.
Shipment	Our Quality Assurance Controllers work independently from manufacturing units. They inspect products from the consumer's perspective and make final decisions on whether items can be shipped.
Storage and distribution	Storage conditions in plants and external storage facilities are regularly checked.
Distributors and key customers	Product safety support and advice are provided to distributors and key customers.
Consumers	Product information is provided through various media, including labelling and websites. Consumer feedback is used to improve our products.

Strength 4

Advanced manufacturing technology geared toward customer needs



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

The Nisshin Seifun Group offers a lineup of several hundred types of wheat flour to meet user needs and product characteristics. The wheat that we use as a raw material is an agricultural crop, which means that wheat harvested in different locations or carried on different ships can show quality differences even within the same variety grown in the same year. However, wheat flour used in secondary processed flour products, such as bread, noodles, and confectionary, must consistently meet quality standards that reflect customer requirements and the characteristics of secondary products, since variations in the quality of the wheat flour used can result in lower yields and food waste.

We ensure that our customers can use Nisshin Seifun Group products with confidence by blending and adjusting multiple types of wheat to stabilize quality and prevent issues that could impact the quality of our customers' secondary processed flour products. That is why customers trust the Nisshin Seifun Group.



Commercial wheat flour

Production structures designed to maximize competitiveness

Food prices are expected to continue rising for some time due to the soaring prices of grain and other raw materials and resources on world markets, combined with the weakening of the yen. In May 2023, we commenced construction of a new plant at Mizushima for the Flour Milling Business as part of our efforts to develop low-cost production operations that will allow us to overcome international competition. The new plant will be an environment-friendly smart facility equipped with the latest automation systems and digital technology. In the Prepared Dishes and Other Prepared Foods Business, we are exploring and implementing various initiatives to optimize the efficiency of our production processes, including the automation of the sophisticated manual processes required to arrange irregularly shaped ingredients attractively.

We are using the technology development capabilities of Nisshin Seifun Group Inc. and expertise accumulated by our various group companies to maximize competitiveness across the entire Nisshin Seifun Group.

Using packaging technology to create environmental value

Containers and packaging used on our products become waste as soon as the food is consumed. That is why we always consider the environmental impact when developing new products. For example, we reduced the amount of plastic used in the packaging for the FineFast Ma-Ma Quick Cook Spaghetti 2/3 Size by introducing a paper-plastic composite material. We have also started to use biomass materials and inks for some of the packaging for the Nisshin Cooking Flower® flour series. We will continue these efforts to reduce the environmental impacts of our products, starting from the packaging design and R&D stages.



FineFast Ma-Ma Quick Cook Spaghetti 2/3 Size

Nisshin Cooking Flower® flour

Deep pool of engineering talent

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

Strength 5

The ability to propose and market products that reflect market changes



Applying Group-wide capabilities to BtoB marketing

In the commercial products category, we are responding to the diversification of consumer needs by rising to the challenge of creating a new food culture. For example, we use a vast database of knowledge to provide information to help users create new products and menus through the *So-Shoku* ("food creation") Club, an online support site for users of our commercial products. On this site, customers can find information for use in creating new products and menus, as well as support and solutions to help them overcome problems. Our Flour Milling Business, together with our Processed Food, and Yeast and Biotechnology Businesses, work collaboratively alongside customers to solve problems and explore business opportunities. In the Engineering Business, our plant engineering staff prioritize communication with customers as they provide comprehensive services ranging from sales to maintenance.

Consumer-focused product proposal and direct marketing activities

Communication with consumers is a vital part of our efforts to achieve customer satisfaction by offering products and services that match changing needs. For example, consumers have become increasingly cost-conscious because of cost inflation. We have responded to that need by modifying Nisshin *Kotsunoirani Tempura Batter Mix Agejazu* to reduce the amount of oil used during cooking, and by introducing single serving versions of the *Ma-Ma Tappuri* series of retort-style pasta sauce products that can be microwaved in the bag to meet growing demand for easy-to-prepare foods for eating alone. In addition, we are helping consumers to enjoy healthier lifestyles by providing information about Nisshin Seifun Group products and other topics, such as nutritional and health data relating to flour, through our Well-Navi service.

Well-Navi webpage (in Japanese only)
<https://www.nisshin.com/welnavi/>

Strength 6

Global networks capable of supporting stable supplies of food



Global production and procurement networks

We are determined to procure the best raw materials and create products that will meet customer expectations by optimizing our production structures for each Nisshin Seifun Group product on a global basis. In the Flour Milling Business, we own flour mills in the United States, Canada, and Australia, which are all major sources of wheat imported into Japan. This presence allows us to obtain information and knowledge about wheat by communicating with local growers about growing conditions and other factors. In the Processed Food Business, we have established pasta production facilities in the United States and Turkey, which produce excellent durum wheat. We operate pasta sauce facilities in Thailand and Vietnam, which are expected to achieve rapid economic growth. We have also established commercial premix operations in countries with large numbers of frozen food manufacturers, especially China, Thailand, and Vietnam. In the Yeast and Biotechnology Business, we opened a yeast plant in India, the world's biggest country in terms of population, in 2022. We are also developing overseas production facilities for the Mesh Cloth Business, including plants in Indonesia and Thailand.

Ensuring supply chain resilience through business continuity planning

The Nisshin Seifun Group has a responsibility to maintain reliable supplies of food, especially staple items like wheat flour. This task has become increasingly important in recent years because of the rising severity and frequency of natural disasters, food problems caused by pandemic countermeasures and the Ukraine situation, and the impact of climate change on crop cultivation. We formulate business continuity plans (BCPs) to ensure our continuing ability to supply safe, reliable foods. Actions based on these plans include disaster prevention measures, such as work to prevent ground liquefaction, and the installation of seismic isolation systems to protect the unloaders used to convey wheat from ships at the Tsurumi Plant, which is Japan's largest flour mill. In addition, Nisshin Seifun Welna's plants in Japan and overseas are coordinating to develop systems that will allow production to be transferred to other facilities if unforeseen situations arise.



Feature Priority Measures for Fulfilling the Medium-Term Management Plan

Overseas Business Strategy: Australia Flour Milling Business

Enhance business competitiveness and generate earnings recovery



Aiming for full-scale entry into the Australian market

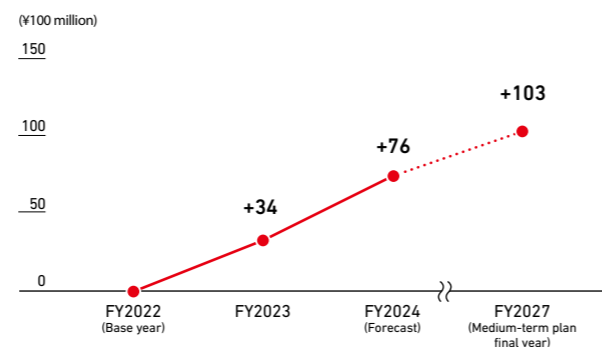
Leveraging Group strengths to grow the overseas flour milling business

Nisshin Seifun Group Inc. acquired the Australian company Allied Pinnacle Pty Ltd. in 2019. Allied Pinnacle is the leader in the overall Australian market for consumer wheat flour and holds competitive shares of the markets for wheat-flour based premixes, frozen dough, and other products and ingredients for bakeries and confectioners. Allied Pinnacle's strength is its comprehensive ability to develop products to meet its customers' specific needs and serves a broad customer base of major bakeries, confectioners, and in-store bakeries. Bringing Allied Pinnacle into the Group has raised our overseas production of flour to roughly 60% of our total output and has further substantiated the Nisshin Seifun Group's global presence centered on the Pacific Rim.

Premixes and bakery-related raw materials account for roughly 60% of Allied Pinnacle's sales. The vast majority of these sales are to the core customer segment of bakeries inside supermarkets (in-store bakeries). Demand from this segment has plummeted and the market has changed dramatically from Australia's tight restrictions on outdoor activity during the COVID-19 pandemic and the price inflation triggered by the situation in Ukraine. The impact on Allied Pinnacle in 2022 was reduced earnings and the booking of an impairment loss.

Allied Pinnacle is currently advancing a new business plan with measures to reestablish its business performance. The new plan, which is also reflected in the Nisshin Seifun Group's medium-term management plan to fiscal 2027, aims for fiscal 2027 profits to be ¥10.3 billion higher than the fiscal 2022 level (including reducing ¥6.0 billion in depreciation and amortization expenses by booking an impairment loss). This is an ambitious target, but our companies in Australia and Japan are combining all of their strengths, and profit is currently regaining momentum in line with the medium-term management plan's goals.

Operating profit results and target



* Decreases in amortization expenses (compared to FY2022): ¥2.6 billion in FY2023, ¥6.0 billion in FY2024 and FY2027

Plan and progress of performance recovery

Steadily implement measures to rebuild earnings while adapting to the changes in the business environment

Allied Pinnacle started a series of product price revisions in fiscal 2023 and has successfully offset the impact from the rising costs for raw materials, energy, labor, and logistics. The company will continue responding to cost increases to maintain and fortify its three primary earnings bases of wheat

flour, premixes, and bakery ingredients. Four initiatives will be implemented to reestablish its business performance: 1) continuous cost reduction, 2) expansion of sales of core products that can leverage our strengths, 3) selection of highly profitable markets, and 4) branding.

Key initiatives to fortify competitiveness in FY2023 and FY2024

Measures to increase sales

Baker training programs

In 2022, Allied Pinnacle introduced a baker training program for its customers to help solve the labor shortage at in-store bakeries. The program has a dual purpose of training new bakers that can be hired at in-store bakeries and promoting sales of its premix and other products.



A class in the baker training program

Measures to develop markets

Introducing high-amylose wheat products

Allied Pinnacle signed an agreement with Arista for exclusive sales rights in Australia of Arista's high-fiber (high amylose) wheat, which contains 5 to 10 times more dietary fiber than regular wheat. The company has begun approaching its clients with new products as it prepares to commence commercial operations. The high-amylose wheat ingredient will enable new high value-added products and an opportunity to establish and expand a new market.



Measures to reduce costs

Improving productivity **Introducing automation**

Allied Pinnacle's factories for bakery ingredients have more labor-intensive processes than flour manufacturing plants, and the reduction in labor supply caused by the COVID-19 pandemic inevitably caused a decline in production efficiency. The company is installing equipment to increase the automation of its operations, particularly for the labor-intensive manual processes at its plants for bakery ingredients. Installing automation equipment will both improve production efficiency and reduce production loss.

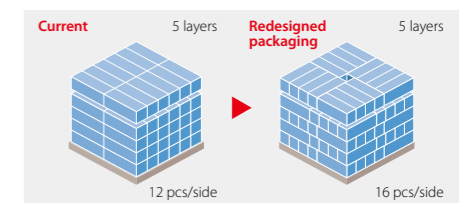


Automation equipment has been installed for various processes

Improving logistics efficiency

Redesigning product packaging and packaging methods to improve pallet loading efficiency

The company is currently redesigning its product packaging and packaging methods without affecting package capacity as a way to improve pallet loading and logistics efficiency. Improving package designs and packaging methods can enable more volume to be placed on each pallet, which can lower delivery costs as well as storage costs for the company as well as its customers.



Improved pallet load efficiency



Feature Priority Measures for Fulfilling the Medium-Term Management Plan

Overseas Business Strategy: India Yeast Business

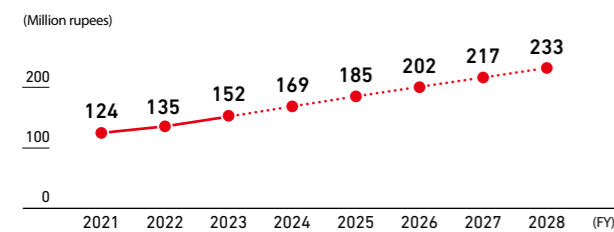
Applying technology and know-how cultivated in Japan to supply fresh yeast to the growing Indian bread market

Entering the Indian yeast market

Capturing market share with high-quality fresh yeast

India's total population exceeds 1.4 billion people and its economy is expected to continue expanding. In addition, the growing popularity of western foods supported by the large demographic of younger generations is expected to contribute to further growth of the Indian yeast market. Oriental Yeast Co., Ltd. is applying manufacturing and quality control expertise cultivated over many years in Japan to offer high-quality yeast to the bread market in India and further stimulate the growing market. In August 2022, the company made a full-fledged entry to the market with the construction of the yeast plant at Oriental Yeast India Pvt. Ltd.

Bread market growth in India



Source: Euromonitor
* Figures are estimates for FY2024 and beyond

Two types of yeast are used to make bread rise—fresh yeast and dry yeast. Imported dry yeast is the most common in India because of limited supply of fresh yeast, but demand is strong for high-quality fresh yeast. Oriental Yeast has over 30,000 yeast strains and the extensive breeding technology to commercialize them. The company is also backed by the abundant experience and achievements we have in yeast manufacturing culture and production technology and that have garnered us roughly 50% of the yeast market in Japan. We are turning that knowledge and expertise into a strength in India to offer high-quality fresh yeast that meets local needs.

We have formulated a production system that meets the highest hygiene management technology and environmental regulations. Being a competitive yeast manufacturer in India requires meeting the country's increasingly strict environmental and wastewater regulations. Oriental Yeast India's new plant uses environment-friendly equipment, such as a zero wastewater system and a Japanese state-of-the-art hygiene management system, which gives us the competitive advantage of being able to offer consistently high quality and safely produced yeast.



Measures to boost sales and results

Steadily expanding sales through high-quality products and meticulous technical support

Launching the business in India requires more than constructing a plant, we also need to create a logistics network and build a customer base. Oriental Yeast is presently formulating a refrigerated logistics network that will cover all of India—an area about nine times larger than Japan. The India market divides into four regions—East, West, North, and South—and each regional office has sales managers, technical sales managers, and sales staff.

Oriental Yeast manufactures and markets its proprietary KOBO Yeast brand created exclusively for the Indian market. KOBO Yeast products feature yeast strains that are the result of our R&D and which are selected specifically for the type of flour used and bread production methods in India. The company's marketing activities include introducing bread recipes specifically catered to the Indian climate and to each region in the country. Although there are several foreign and local yeast manufacturers competing in the market, KOBO Yeast's superior fermentation performance and preservability are garnering a growing number of clients among major modern bakeries that

use mechanized bread production methods.

The market for yeast in India is huge, with not only the major bakeries but also some 40,000 retail bakeries. Oriental Yeast is currently advancing a grassroots marketing effort of cooperating with leading retail bakers to send bakery technicians across the country and introducing the rich variety of Japan's bread making culture and techniques and the high quality of the KOBO Yeast brand. These sales activities are meticulously designed to steadily build sales.



Future vision and longer-term challenges

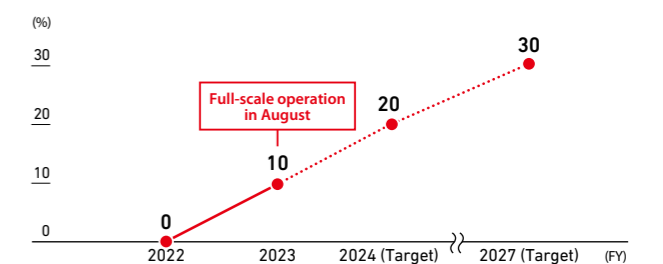
Promoting our product value in India's growing bread market

Oriental Yeast's proactive efforts to visit customers and provide technical support is creating strong bonds with customers and in just the six months since it began full-scale operations, the company has vastly increased sales and captured about 10% of the Indian yeast market. The yeast plant at Oriental Yeast India has an annual production capacity of 33,000 tons, which is greater than Oriental Yeast's total yeast capacity in Japan. We are aiming for the Indian yeast business to begin contributing profits to the Group during the current medium-term management plan. We will achieve this by continuing to boost sales until we capture 30% market share and bring the plant up to full operating capacity.

Earnings are currently being weighed down by the historic rises in the prices for fuel and key raw materials caused by the situation in Ukraine, weather conditions, and other factors impacting the growing regions. The fuel and other prices are currently easing back down, but it is expected to

take several years before they will return to previous levels. The Group plans to adjust product prices to account for the higher costs, but since we are just now entering the India market, we will need to pay close attention to competitor pricing changes as we work to expand our market share. We will also pay close attention to competitor efforts to increase market share while seeking to expand our share by focusing on the value of our products over the price.

Market share of sales and targets



Digital Strategy

Integrating DX to boost overall Group competitiveness

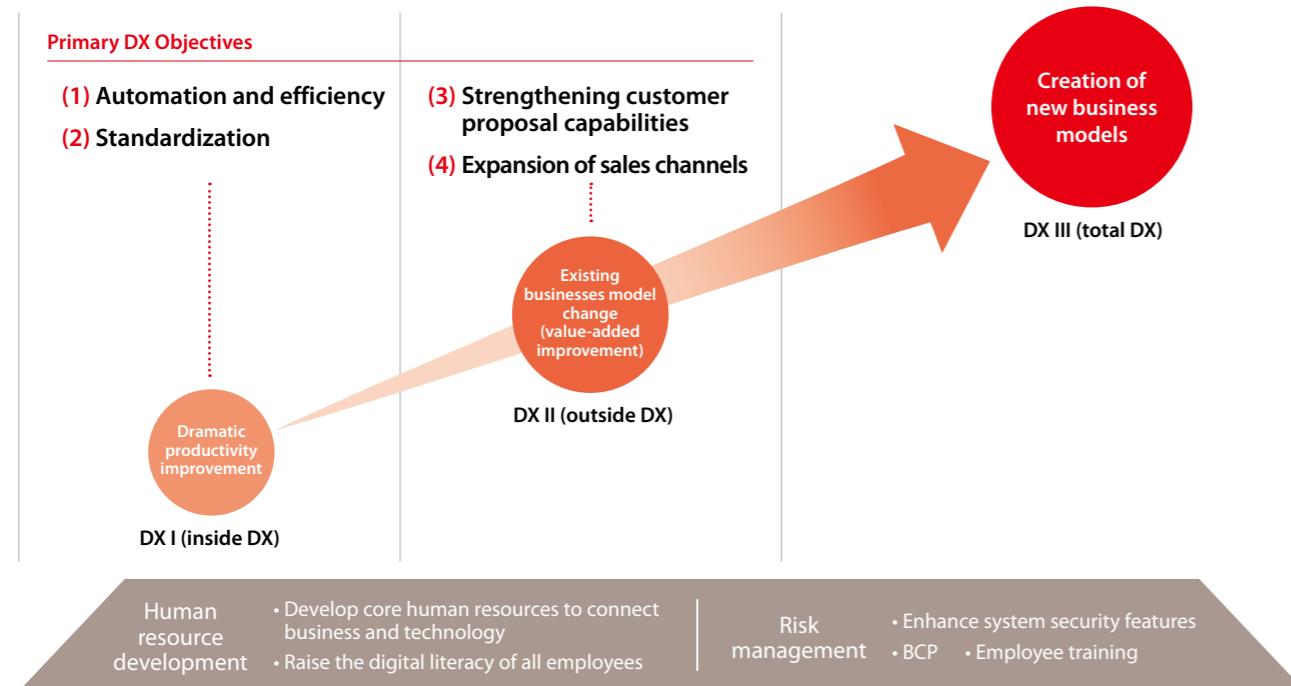
The Group advanced to full-scale digital transformation (DX) in fiscal 2022.

The first step in the transformation was to establish a basic policy for the Group and to identify the priority objectives to address with DX of the value chain based on each group company's key management issues. Each Group company is engaged in activities specific to its own business in the four areas of 1) automation and efficiency, 2) standardization, 3) strengthening customer proposal capabilities, and 4) expansion of sales channels.

To harness each company's solutions and results to maximum effect across the Group, we hold group meetings and individual sessions to share case studies and exchange information. The Group is also advancing a concerted effort to cultivate DX human resources and develop cybersecurity measures, both of which are fundamental to a successful transformation.

Basic Policy

1. Continuously strengthen our competitiveness by aggressively incorporating digital technology to dramatically improve productivity, change the model of existing businesses (improve added value), and create new business models, as well as by generating value for all stakeholders through these activities.
2. Ensure our ability to adapt to business environment changes and technological advancements by envisioning a future beyond the reach of current technology and identifying and applying technologies that can be used to bring us forward.
3. Broaden the Group's implementation of DX by hiring, allocating, and training DX human resources.

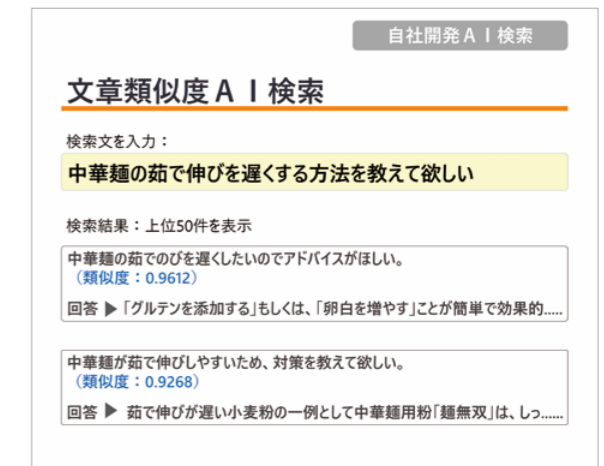


Digitalizing technical knowledge and sales expertise, and strengthening of customer proposals

Nisshin Flour Milling Inc. installed a DX Team in the Corporate Planning Department in June 2022 to be in charge of leading the Group's digital transformation measures. One of the measures is to strengthen our ability to make proposals to customers by combining the latest digital technologies with the abundant textual information related to flour accumulated by the sales and technical development divisions.

Throughout its history, Nisshin Flour Milling has been accumulating knowledge and expertise in wheat, wheat flour, and wheat secondary-process technology. The company continues to gather the latest information and technology through its daily research and development activities and the solutions it proposes to customers. The DX Team created a database of the vast store of knowledge from each department and developed a program using natural language processing AI to engage in deep learning and provide high-speed, high-accuracy data retrieval. The AI program has the flexibility to recognize that different product names or words like "I want to bake a soft loaf of bread" and "I want to make a fluffy pain de mie" are describing similar things and can instantly search for the information the customer wants.

Bringing this advanced AI search function to Nisshin Flour Milling's abundant expertise enables us to quickly provide more accurate solutions for our customers.



In-house developed AI search engine (Japanese language)
AI-driven searches of sales methods and creation of detailed customer solution proposals

Using our HR structure to cultivate DX human resources

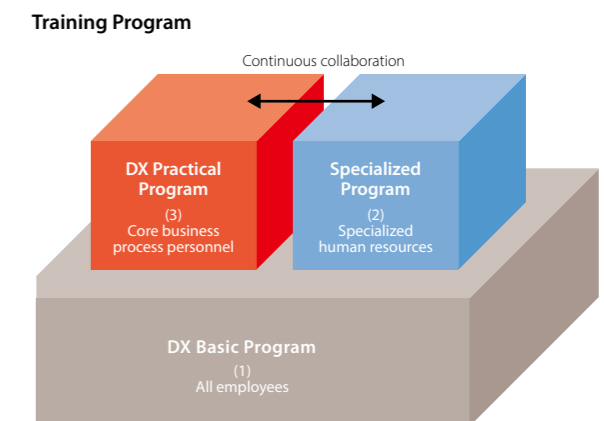
The Group has formulated and provides training using a three-tier structure for cultivating DX human resources of 1) all employees, 2) specialized human resources, and 3) core business process personnel

The DX training for the first tier of all employees is designed to enhance the basic capabilities of the entire Group. Activities include training videos to learn the fundamentals of DX, such as data usage, AI, IoT, and cloud systems as well as DX training programs geared to each employee level, such as for first-year and third-year employees. The Group also subsidizes education and testing costs for the national IT Passport examination to certify fundamental IT knowledge.

For specialized human resources, the Technology and Engineering Division and Information Technology Department are leading the development of structured programs to provide training in each area of specialty.

Core business process personnel encompasses any employee who is or might play a role in advancing the Group's

DX. These employees participated in online group training under a program we introduced in fiscal 2023 on the theme of combining project management and system development, which we consider integral to the Group's DX.



Environmental Initiatives

Steadily implement initiatives to address climate change and contribute to realizing a sustainable society.

Seiichirou Takahashi
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. The Medium-Term Management Plan 2026 we formulated in fiscal 2023 places our environmental initiatives as a management priority.

To address the urgent issue of climate change, we have set a medium-term target of reducing our CO₂ emissions by 50% by 2030 (from the fiscal 2014 level) and a long-term target of being carbon neutral with net zero CO₂ emissions by 2050.

We have developed a roadmap for reducing Group CO₂ emissions in Japan and overseas by fiscal 2031 and are considering steps we can take to ensure we continue making steady progress. To ensure capital investment progresses smoothly in line with the roadmap, we created the Company's first framework for environmental investment, which is part of the medium-term plan, and introduced internal carbon pricing (ICP) and other systems to facilitate capital investment related to the Group's climate change response. Our operation sites in Japan and overseas have already introduced solar power and other renewable energy. Group companies also acquire their own

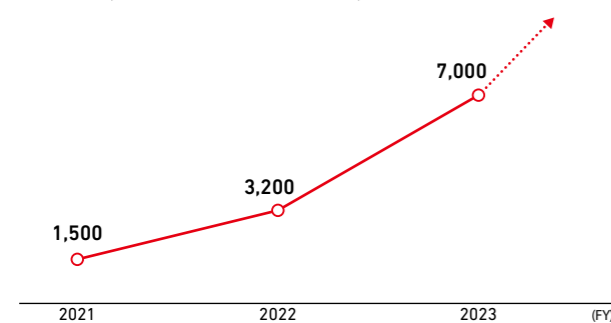
equipment and enter on-site power purchase agreements (PPAs). At the end of March 2023, 14 of our sites in Japan and overseas were operating their own solar power generation equipment.

We are also increasing usage of electricity derived from renewable energy sources, and the Group headquarters building in Kanda Nishikicho and two other sites use electricity generated using methods that produce no carbon emissions. The Group has also been actively working to reduce energy consumption at all of its sites by installing highly efficient facilities and improving the overall energy efficiency of its manufacturing operations. In addition, we are looking to go one step further by actively pursuing low environmental impact options when procuring electricity and other types of energy. Our initiatives are not limited efforts at our own site; we work with companies outside the Group with expertise in renewable energy to actively procure electricity generated from external renewable energy sources.

The Group's initiatives are still in the early stages of the roadmap to achieving net-zero CO₂ emissions by 2050. We also must consider the larger picture of our environmental initiatives. For example, spraying a large amount of water on equipment to cool and reduce energy consumed by the equipment may lower CO₂ emissions, but it also places a heavy burden on water resources. Environmental impact must be viewed from many angles, which is very complicated, and decisions must be made with great care. As we implement our environmental initiatives, we constantly ask ourselves if a decision meets the objective of reducing our environmental impact and how can our business drive positive outcomes for the global environment.

We will continue working to fulfill our goal to be a corporate group helping to create a sustainable society.

Electricity from renewable energy sources (MWh)



Renewable energy initiatives



Miller Milling Company, Fresno Plant

Miller Milling Company will increase the capacity of the solar power generation facility at its Fresno Plant and the plant is enrolled in the ENERGY STAR Challenge for Industry*. This challenge will promote efforts to achieve further energy reduction by 2024.

* A program of the U.S. Environmental Protection Agency (EPA) to promote energy reduction through efficiency and renewable energy sources.



Tokatsu Foods Yamakita Plant

Solar power generation equipment installed using an on-site PPA



NBC Meshtec Yamanashi Tsuru Factory

The factory, which emits approximately 2,900 tons of CO₂ per year, achieved net zero CO₂ emissions by switching to an electric power provider plan provided by the local government using hydropower.

Technologies and products accelerating our customers and society toward achieving carbon neutrality

The powder handling technology we have cultivated from manufacturing flour and the mesh technology that we developed from sieves are used in products and manufacturing processes in various industries, including electronic components and equipment. Our products and manufacturing processes play key roles in decarbonizing technological fields that are indispensable to using renewable energy and improving energy efficiency worldwide. The mesh technology of NBC Meshtec, for example, is essential for integrating new energy resources, such as renewable and hydrogen energy, and its technologies are used in electric and fuel cell vehicles, the production of

solar panels, and in equipment that runs on hydrogen. Nisshin Engineering's advanced powder processing technology, particularly its high-precision classification technology and its functional nanoparticle production using a high-frequency thermal plasma process, enhance the functionality of secondary batteries and electronic components and open the door for the technological innovation that will enable the transition to a decarbonized society. We provide technology to the fields that are creating the next generation of electric vehicles, smart devices, and other technologies that will enable society to become carbon neutral.

NBC Meshtec Inc.

Manufacture of screen printing materials for high-precision electrode printing used to manufacture solar cells

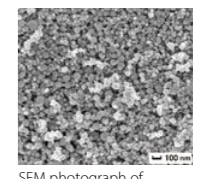
Mesh Cloth Business (Page 47)



Nisshin Engineering Inc.

Services meeting customer needs with world-class powder processing technology

Engineering Business (Page 46)



SEM photograph of silver nanoparticles

At a Glance

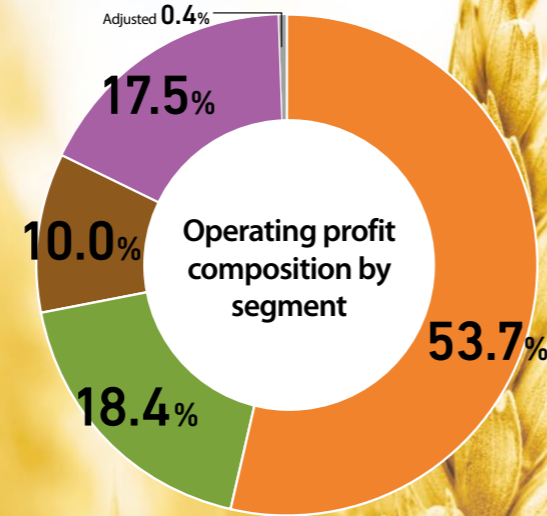
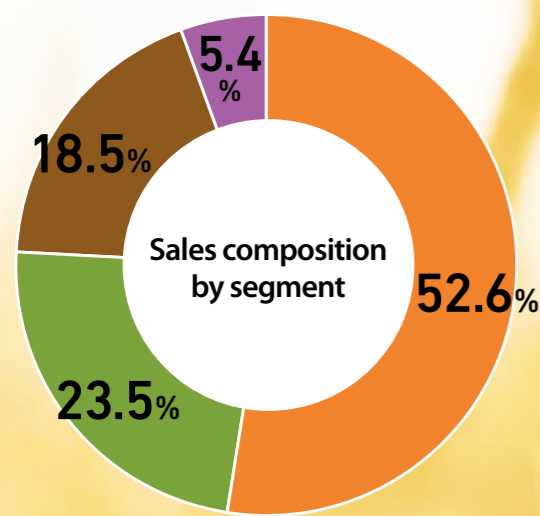
The Nisshin Seifun Group originated as a flour milling business and has grown to encompass processed foods, yeast and biotechnology, healthcare foods, prepared dishes and other prepared foods, engineering, and mesh cloth businesses.

Fiscal 2023 (Net sales and operating profit figures are rounded to the nearest ¥100 million)

Flour Milling Segment Processed Food Segment Prepared Dishes and Other Prepared Foods Segment Others Segment

Consolidated net sales
¥798.7 billion

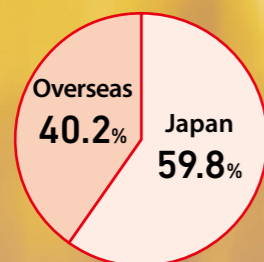
Operating profit
¥32.8 billion



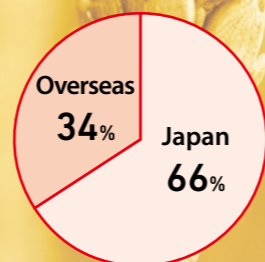
Overseas sales ratio
32.8%

Consolidated subsidiaries (as of March 2023)
68

Employees (as of March 2023)
9,420



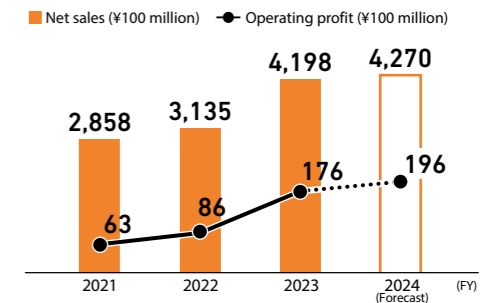
Manufacturing sites (as of March 2023)
83



Flour Milling Segment

Flour Milling Business

We command the largest share of the Japanese flour milling industry. We are raising our profile in overseas markets by adapting technology developed in Japan to local needs and broadening our earnings base.



Processed Food Segment

Processed Food Business

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



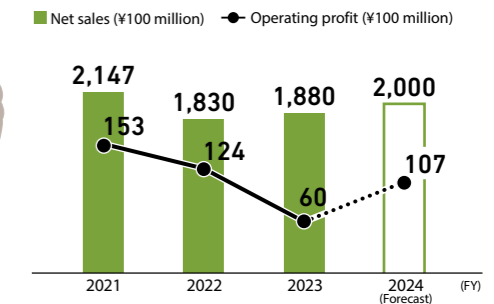
Yeast and Biotechnology Business

We develop and supply high-quality food ingredients such as yeast, which has top market share in Japan, flour paste, and cooking fillings for bakery use. We also supply useful proteins for diagnostic and research reagents produced using our proprietary biotechnology.



Healthcare Foods Business

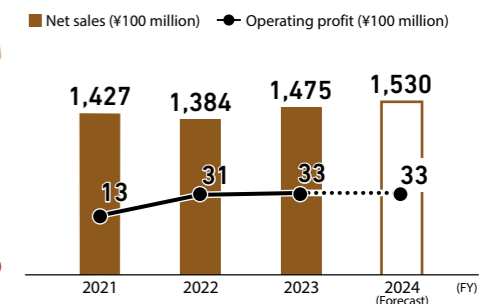
We develop and sell safe and reliable food supplements, foods with function claims, healthcare foods, and active pharmaceutical ingredients.



Prepared Dishes and Other Prepared Foods Segment

Prepared Dishes and Other Prepared Foods Business

In the prepared food market, which is expanding due to the increases in dual-income, single-person, and elderly households, we use our various channels to develop business nationwide for *onigiri* rice balls, *bento* boxed lunches, sandwiches, prepared Japanese dishes, pre-cooked noodles, and other prepared foods.



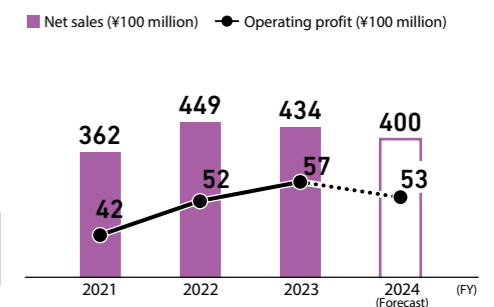
Others Segment

Engineering Business

We combine our extensive experience in food plant construction and our world-class powder processing technology developed over many years. Focusing on plant and factory construction that utilizes user-oriented know-how, we develop and sell unique powder processing equipment and provide powder processing services using cutting-edge technology.

Mesh Cloth Business

We have developed the sieves used in our original flour milling business into high-performance mesh cloth technology used worldwide by the environmental, electronics, and other industries for screen printing applications.



Flour Milling Segment

Flour Milling Business

Takao Yamada
Director and President
Nisshin Flour Milling Inc.



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

Japan's business environment is characterized by a decreasing population and accelerating market changes including yen depreciation and soaring grain prices caused by the pandemic and the Ukraine conflict. In these conditions, we are working to fortify our earnings structure and maintain and grow our sales and market share to solidify our domestic business foundation while fulfilling our social responsibility to provide a stable supply of wheat flour.

We are continuously seeking to improve our cost structure by optimizing the production system and establishing low-cost operations. Specific measures have included creating a dedicated DX team, integrating digitalization and AI to optimize manufacturing and supply-and-demand management, and automating and standardizing our production processes.

To maintain and grow sales, we are stepping up development and sales of high value-added products, such as our *Amuleia* high-fiber wheat flour, and seeking to create a new food culture by strengthening our value-proposition sales activities to meet diversifying and segmenting customer needs.

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

Strengths

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

Opportunities and risks

- Diversifying food preferences, growing preferences for health-oriented products, need for more refined products
- Increasing demand for flour due to growing populations and rising incomes, particularly in developing countries
- A shrinking domestic flour market due to international trade agreements and the dwindling population
- The changing market environment due to pandemics and geopolitical risks

Materiality initiatives * See pages 52-53 for further details about materiality

Development of *Amuleia*, Japan's first high-fiber wheat flour

Following our corporate principle to "contribute to a healthy and fruitful life for all," we developed the high-fiber flour *Amuleia*. The innovative flour is being introduced to a wide variety of wheat flour products to provide an abundant source of dietary fiber, which is often deficient in standard diets.

Amuleia is made of 100% high-fiber wheat, for which we have exclusive import and sales rights in Japan, and 100 grams contains about 17 grams of dietary fiber, which is five times the amount in strong flour and 1.3 times the amount in whole wheat flour. The dietary fiber in *Amuleia* is contained not just in the bran (outer layer), which is where most of the fiber is in standard flour, but also in the endosperm (middle layer). This quality makes it easy to use for everything from bread to noodles and confectionery while providing an appealing taste and texture.

Materiality

Daily dietary fiber intake

	Recommended amount ^{*1} (Ages 18-69)	Actual amount ^{*2} (20 years and older)
Men	Minimum 21 grams	15.3 grams Over 6 grams short
Women	Minimum 18 grams	14.7 grams Over 3 grams short

^{*1} Dietary Reference Intakes for Japanese 2020 (Ministry of Health, Labour and Welfare)
^{*2} National Health and Nutrition Survey 2018 (Ministry of Health, Labour and Welfare)

Business strategy in the medium-term management plan

"The world's leading flour milling company creating the future of food" —Dynamic global company with innovative technology

Japan

- Establish a low-cost production system capable of competing globally (increase coastal major plants from 83% to 92%)
- Secure market share, maintain sales revenue, and strengthen sales of high-value-added products and new materials
- Introduce digital technology to production plants, establish automation technology, and achieve further labor savings
- Implement post-merger integration and generate synergies with Kumamoto Flour Milling

Overseas

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

Key measures to achieve the medium-term plan targets

Japan: Generate synergies with Kumamoto Flour Milling

After many years of collaborating with Kumamoto Flour Milling for product supply and wheat procurement, we brought the company in as a consolidated subsidiary to further bolster our core domestic flour milling business. We will provide the company with Nisshin Flour Milling's manufacturing expertise to improve productivity, lower raw material and packaging procurement costs, and optimize the local supply system in Kyushu. We will also apply our development capabilities and use our sales channels to enhance Kumamoto Flour Milling's product development and sales capabilities for its buckwheat and rice flour as well as its stone milled, roasted, and other specialty flours.



Bears Technical Center of Kumamoto Flour Milling

Overseas: Expanding the Saginaw Plant

We have positioned our overseas flour milling business as a lead driver of our business growth. We acquired Miller Milling Company LLC in the United States in 2012 and have expanded its business by developing proposal-based marketing and providing a stable supply of quality flour. We are constructing a new production line at Miller Milling's Saginaw Plant in Texas that will add approximately 40% production capacity, to a daily output of 2,040 tons.

The population is growing rapidly in Texas, which already has the second largest state population in the United States. The Saginaw Plant added a new production line in 2019, and the new line will enable it to maintain and further improve its high level of profitability as it meets growing demand.



The Saginaw Plant of Miller Milling Company LLC

Processed Food Segment

Processed Food Business

Takahiko Iwahashi
Director and President
Nisshin Seifun Welna Inc.



Responding to the changing environment by accelerating the transformation of the business structure and expanding the processed foods business

The Processed Food Business's operating environment in Japan is characterized by a declining population, low birthrate and aging society, trade liberalization, increasingly serious labor shortages, and the advance of digital transformation. We also must prepare for potentially significant changes in the future caused by cyber terrorism, infectious diseases, or major natural disasters.

We are responding to these conditions by adopting a new management policy of strengthening our sustainability, growth potential, and competitiveness. We are also taking steps to make the Processed Food Business more robust by transforming the business structure, expanding our localized (locally produced and sold) businesses overseas, and developing new products based on the four axes of simple & convenient, authentic, healthy, and eco-friendly.

Our growth strategy for the segment is to further enhance the added value in our core ambient temperature household-use products, position the frozen food, commercial, and overseas

operations as growth businesses, and transform the business structure. In the frozen food business, we will further solidify the one-dish pasta category while continuing to launch and nurture innovative products other than pasta. In the commercial business, we will focus primarily on proposing solutions to the challenges facing our commercial customers, such as from the worsening labor shortage. The overseas business will aim to generate substantial business growth by leveraging the unified domestic and international Nisshin Seifun Welna corporate brand to export products from Japan and by applying the business model of local production and sales.

We add value to our products based on the concepts of simple & convenient, authentic, and healthy. We also add value by integrating eco-friendly measures, such as reduced CO₂ emissions and plastic usage, as we develop new products and advance the evolution of existing 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
- Supply chain impacts from geopolitical risks and major natural disasters

Materiality initiatives * See pages 52-53 for further details about materiality

Introducing environmentally friendly packaging materials

We changed the packaging for the FineFast Ma•Ma Quick Cook Spaghetti 2/3 Size series, which reduces household CO₂ emissions when cooked at home, to an environmentally friendly paper-plastic composite package. We reduced the plastic used in the Ma•Ma Special Pasta Sauce Paste series by changing to all-paper packaging, and minimized the use of petroleum-derived materials used for the Ma•Ma The Pasta *Zeitaku Yasai* series by switching to plant-based plastic for part of the outer bag and reducing the tray thickness. In accordance with our CSR Priorities (Materiality), we will continue selling environmentally friendly products that contribute to a sustainable society.

Materiality



Business strategy in the medium-term management plan

Strengthening our sustainability, growth potential, and competitiveness, and steadily implementing the three core business strategies

Transforming the business structure

The ambient temperature household-use products category commands top share in all segments and is growing into a core earnings source. We are continuing to boost the added value in our products as we seek to expand our business in the markets where we anticipate further growth. Our main focus will be on the household-use frozen food category, where we will develop new genre products beyond our frozen pasta offerings, and on commercial-use food products, where we will develop products under our own brand name geared to market needs in Japan and overseas.

Expanding the localized overseas businesses

In our overseas operations, while continuing to import products that leverage local advantages overseas, we will

also vastly increase exports of Nisshin Seifun Welna brand products, and intensify our focus on local production and sales under our localized business model. We aim to develop Nisshin Seifun Welna into a global company by offering products that meet local needs.

Developing new simple & convenient, authentic, healthy, and eco-friendly products

Based on the fundamental premise of safe and reliable, we will increase the value we provide to customers by focusing on products with simple & convenient, authentic, healthy, and eco-friendly features. We will advance R&D in products with health features, such as foods with function claims, in new products that meet new needs, and in value-added products.

Key measures to achieve the medium-term plan targets

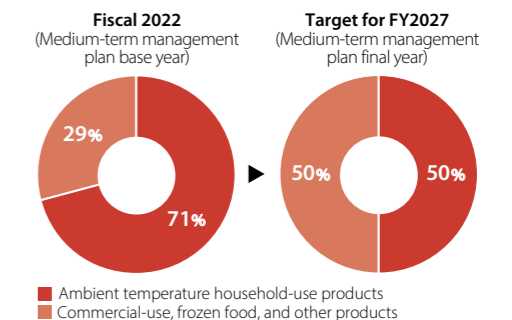
Transforming the business structure by expanding the growth businesses and localized overseas businesses

Household-use frozen food products is one of our growth businesses, and we are actively developing a new genre of product offerings. In our other growth business of commercial-use food products, we will actively develop products under our own brand name geared to market needs, such as for the chronic labor shortage situation.

For our localized overseas businesses, we will actively bolster sales by maximizing the inherent strength from our local manufacturing plants, particularly in the fast-growing ASEAN markets. Vietnam Nisshin Technomic Co., Ltd. commenced operations at its second plant in May of this year. The company will continue producing products for the Japan market while actively introducing products to the household-use market in Vietnam.

Maintaining and strengthening the earnings base for the ambient temperature household-use products, strengthening commercial-use and frozen food products

Operating profit composition



Improving the product mix by developing high value-added products with simple & convenient, authentic, healthy, and eco-friendly features

While the market environment is changing dramatically, we will continue to increase the overall sales percentage of our value-added products in the household-use and commercial-use product categories. In household products, last year's focus on simple & convenient and authentic led to the highly successful launch of the *Ao-No-Dokutsu Piccolino* series of pasta sauces with self-venting pouches that can be heated in a microwave oven.

In commercial-use products, we introduced a frozen, microwavable pasta with a tray and fork designed for freezer vending machines. We will continue developing products for the rapidly growing freezer vending machine sales channel and products to offset the serious labor shortage in the food industry in other channels.



Microwavable pasta sauces



Illustration of a freezer vending machine

Prepared Dishes and Other Prepared Foods Segment

Prepared Dishes and Other Prepared Foods Business

Koichi Iwasaki
Director and President
Nisshin Seifun Delica Frontier Inc.



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

The market for prepared dishes and prepared foods has recently begun growing again after contracting during the pandemic. We expect this trend to continue into the near future as it is being fueled primarily by the growing numbers of dual-income, single-person, and elderly households.

The Group has positioned the Prepared Dishes and Other Prepared Foods Business as a growth driver and is developing products for every category of prepared foods, including *onigiri* rice balls, *bento* boxed lunches, sandwiches, Japanese prepared dishes, and pre-cooked noodles, which it markets through various channels nationwide.

In addition, in July 2022, we established the intermediate holding company Nisshin Seifun Delica Frontier Inc. to oversee the Group's Prepared Dishes and Other Prepared Foods Business

and guide its growth. The company is currently focusing on bolstering the ability to respond to issues and risks, such as rising raw material and energy costs and the labor shortage, by strengthening raw material procurement capabilities and optimizing the production system. It is also integrating digital technology to become a leaner business operation.

As we respond to the changing conditions, we are seeking to create new value and refine our development and technological capabilities to enhance the profitability of our business model pursuing delicious foods and high manufacturing efficiency. We will also continue responding to changing lifestyles and workstyles, working to reduce food loss, and respecting human rights as we apply our business to addressing social issues.

Strengths

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

Opportunities and risks

- Increases in female workers, people working from home, and single-person households and changes in the workforce
- Lifestyle changes accompanying the declining birthrate and aging population in Japan
- Rapid technological innovation in automation, robotics, and AI
- Shrinking markets and increasing labor shortage due to population decline

Materiality initiatives * See pages 52-53 for further details about materiality

Creating comfortable working conditions

The Prepared Dishes and Other Prepared Foods Business in Japan employs a large percentage of foreign and elderly workers. As such, providing comfortable working conditions not only respects human rights, but also helps retain personnel to reduce the impact of the shortage of labor, and ultimately improves productivity. We are working to create a more comfortable working environment at each of our plants.

Initiatives

- ✓ Digital signage and videos to teach work methods and safety
- ✓ Multilingual manuals and notices, interpretation assistance
- ✓ Multilingual notices and illustrations for labeling of dangerous areas and equipment
- ✓ Full welfare facilities (cafeterias, rest areas, etc.)

Materiality

Business strategy in the medium-term management plan

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

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

Key measures to achieve the medium-term plan targets

Automating production and labor-saving

The Prepared Dishes and Other Prepared Foods Business engages some 10,000 employees in daily production at 25 sites nationwide. We are introducing automation and labor-saving equipment to increase the efficiency of our production systems and to respond to the labor shortage and other emerging social issues. We are currently focusing on automating production processes, such as food preparation and arrangement, as well as the filling of shipping containers.



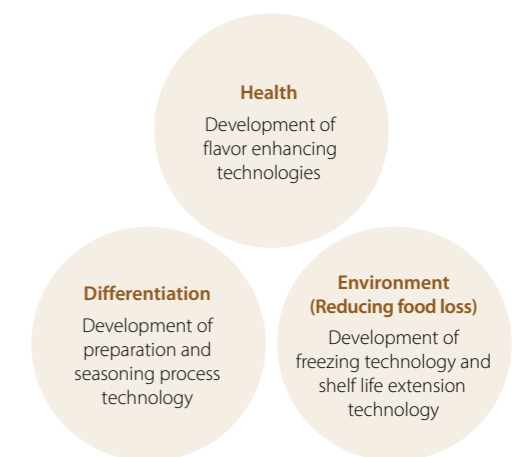
Automated filling machine for *onigiri* rice ball containers

Fortifying R&D capabilities

Expanding our business requires that we respond to the changing lifestyles of consumers and address social issues, such as reducing food loss. Fortifying our R&D capabilities is essential to increase our lineup of products that meet the needs of our customers and society and to improve the shelf life of our products.

The new research center established in the Nisshin Seifun Group's Kamifukuoka Laboratories in April 2023 strengthens our R&D capabilities. The new research center will lead R&D in the three themes of health, differentiation, and environmental performance as we continue to differentiate and add value to our products.

R&D focus themes



Processed Food Segment

Yeast and Biotechnology Business

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



Wide range of food products and high value-added biotechnology

The food business develops and supplies yeast, fillings, mayonnaise, and other ingredients to customers ranging from bread and confectionery companies to prepared dish makers and restaurant operators. Overseas, subsidiary Oriental Yeast India Pvt. Ltd., which commenced operations of a new plant last year, is expanding its business in India's rapidly growing bread market.

The bioindustry business uses proprietary technology to develop high value-added businesses for raw materials for diagnostic reagents, culture media, reagents, and contracted testing services used in the field of preventive medicine. The

business is also focusing on broadening our support business in the regenerative medicine field.

Our ESG management activities include using solar power generation to reduce CO₂ emissions, advancing our digital transformation by using IT to digitalize our processes, and incorporating the latest technologies to make our business processes more efficient and the use of human resources more effective. The objective of these initiatives is to enhance our corporate value and continue to earn the support of our business partners and stakeholders.

Strengths

- In the food business, a wide-ranging lineup of food ingredients created with our advanced R&D capabilities; products carefully selected, developed, and commercialized from our 30,000 yeast strains
- In the bioindustry business, global brand power based on highly advanced R&D and manufacturing technologies in the diagnostics, pharmaceuticals, and academia fields, and large customer bases in Japan and overseas

Opportunities and risks

- In the food business, risk of a shrinking market from population decline in Japan. Opportunities from the growing world population, improving logistics and diversifying food preferences in Asia, notably the growing bread market in India
- In the bioindustry business, opportunities from expanding markets accompanying population growth worldwide, increasing need for preventive medicines from the aging population in Japan, advances in polymer and regenerative medicines

Business strategy in the medium-term management plan

In the food business, we will improve profitability and expand our yeast and food businesses by deepening our presence in the Japan and overseas markets for bread, prepared dishes, and restaurant meals, and develop the India and other overseas markets.

In the bioindustry business, we will build new businesses in the preventive medicine field, including biomarker discovery and measurement technologies for substances that indicate aging, such as advanced glycation end-products (AGEs). We will also strengthen our high-value-added businesses of diagnostic reagents, culture media, reagents, and contracted testing services.

Key measures to achieve the medium-term plan targets

Further develop the domestic prepared dish & restaurant and beverages markets

We develop, manufacture, and supply high-value-added products for restaurant chains, and prepared dish and frozen food manufacturers. Our products include *Gokuuma* Plus fermented flavor liquid created with our fermentation technology and the Mineral Yeast Series of products made by culturing baker's yeast using special technology to dramatically improve mineral content. We are aiming to expand our sales channels into new markets while providing solutions for various customer needs. With the rise in health awareness, for example, we are seeking to meet the growing demand for good tasting, low-sodium foods and foods that are convenient sources of supplemental nutrition.

Materiality initiatives

* See pages 52-53 for further details about materiality

Installation of wastewater recycling facilities

We are preparing to install a wastewater recycling facility at Oriental Yeast's Tokyo Plant, which uses roughly 800 tons of water a day for its yeast production operations. The facility is planned to begin operating in March 2024.

The new facility will recycle treated water from the existing wastewater treatment facilities. The water cleaned by the new system will be equivalent in quality to tap water, and this water will be recycled for use in our production processes. The new system is expected to reduce water consumption by approximately 60%. We will continue implementing measures like this to help realize a sustainable society.

Processed Food Segment

Healthcare Foods Business

Hidekuni Tanaka
Director and President
Nisshin Pharma Inc.



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

As the healthcare food market continues expanding with the increasing health awareness, we are focusing on strengthening our brand and meeting customer needs by developing foods with nutrient function claims, foods with function claims, foods for specified health uses, and other healthcare foods. While maximizing the strength of our direct to consumer (DtoC) sales channels, we are working to develop a new mail-order business with our healthcare foods that leverages the

Group's overall capabilities. The new mail-order operation will contribute to further broadening the Group's efforts in the healthcare field.

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

Strengths

- Own DtoC mail-order channel
- Product development capabilities using our technologies
- Sophisticated quality assurance system developed in the pharmaceuticals business

Challenges

- Establish multiple leading products in mail order
- Maintain and expand sales channels for the fine chemicals business

Opportunities and risks

- Diversifying and individualizing consumer needs
- Growing e-commerce
- Increasing awareness of healthy foods and lifestyles
- Increasing use of self-medication
- Expanding demand for raw materials for pharmaceutical products "EPA-E"

Business strategy in the medium-term management plan

Business strategy based on strengthening the business portfolio

- Independent growth of the mail-order business centered on healthcare foods: Establish multiple earning drivers, including Bificolon and Power Supply NMN, by deepening customer understanding and applying the Group's strengths of technological and quality assurance capabilities, and independently grow the mail-order business.
- Pursue new businesses: Develop new business relating to personal nutrition and other emerging areas in the healthcare food business built around health management within the overall healthcare domain.
- Strengthen the long-term sustainability of the fine chemicals business: Reconstruct the business foundation by continuing to lower EPA-E costs, establishing stable raw materials procurement sources, and securing multiple sales destinations.

Key measures to achieve the medium-term plan targets

Healthcare foods

- Develop products and acquire original evidence using our own technology and open innovation in the focus areas of intestinal environment and lifestyle-related diseases
- Leverage the DtoC business model to prepare to extend into the personal nutrition and other emerging areas in the health food business
- Acquire customers through sales strategies tailored to product features and by creating new customer services

Fine chemicals

- Expand the sales area of EPA-E, and improve process efficiency and labor saving to continuously reduce costs

Materiality initiatives

* See pages 52-53 for further details about materiality

Contributing to healthy diets

We used our technological prowess to bring to market several products offering new value. Bificolon Triple Assist delivers three beneficial probiotics (bifidobacteria, lactic acid bacteria,

and butyric acid bacteria) directly to the large intestine, Power Supply NMN Plus contains 250 milligrams of NMN (nicotinamide mononucleotide), which has been attracting increasing attention, and Men's Amino, which uses our proprietary technology to provide S amino acid extracted from onions.



Engineering Business

Hiroshi Murata
President
Nisshin Engineering Inc.



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

We are aiming to further strengthen the powder technologies and plant construction engineering technologies that differentiate our operations while establishing "DX engineering" to construct a management foundation for continuous change and growth. The priority of the DX engineering will be to construct an efficient management system by fully digitalizing the engineering processes in the three areas of design, procuring quotations, and knowledge, which are the core sources of value creation. We will also focus

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

Strengths

- 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

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

Business strategy in the medium-term management plan

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

Key measures to achieve the medium-term plan targets

Use DX engineering to enhance customer value

We are applying DX engineering to completely digitalize all of our business processes with a focus on improving the efficiency of our current operations and enhancing the value we provide to our customers. For example, we are introducing smartglasses that will enable us to provide remote technical support to customers in Japan and overseas. The smartglasses allow us to see images of the local site so we can understand customer issues and needs in real time and provide accurate instructions and solutions. In the future, we plan to use smartglasses to widen our marketing range and boost sales.

Materiality initiatives

* See pages 52-53 for further details about materiality

Introducing new work styles by consolidating on-site operations at the head office

We are introducing various formats of cloud-based and digital management tools for operations that require response at the

construction site, such as construction management for plant engineering. Consolidating the standard on-site desk work at the head office also improves productivity and reduces working hours. We are also incorporating other technologies, such as electronic whiteboards, to facilitate smoother communications between work sites and the head office and continuing to introduce workstyle reforms that will help speed up decision-making.

Mesh Cloth Business

Tetsuya Kaji
President
NBC Meshtec Inc.



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

In the global movement to realize a sustainable society, environmental measures are being stepped up to reduce CO₂ emissions and decarbonize. In the environmental field, we anticipate technological developments for a society that uses natural energy, renewable energy, and hydrogen to lead to expanding related markets. In the medical and hygiene fields, we expect worldwide demand for antiviral functional materials and medical and hygiene products to increase in the post-pandemic

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

Strengths

- 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, antibacterial/antiviral, and deodorizing functions
- Integrated mesh and plastic molding technologies, high-performance filter development and production technology capabilities

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
- Fluctuations in raw material prices

Business strategy in the medium-term management plan

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

Key measures to achieve the medium-term plan targets

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

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

Materiality initiatives

* See pages 52-53 for further details about materiality

Using advanced mesh technology to improve the Earth's environment and help achieve carbon neutrality

The mesh technology that we have developed from the sieves used in our milling business is now widely used as a technology in

many fields to help realize a sustainable society. To help the users of our technology and society achieve carbon neutrality, we will provide materials and products for decarbonization businesses, such as mesh for hydrogen production equipment, mesh for printing solar power cells, and plant-derived mesh products made with biomass resin. We plan to step up our environmental efforts and have placed the environment as a priority management issue in the Group's medium-term management plan.



Naoto Masujima
Senior Managing Executive Officer

Takaharu Ando
Outside Director

ESG expectations and issues for the Nisshin Seifun Group

The Nisshin Seifun Group has set implementing ESG initiatives as a basic policy of its medium-term management plan. Senior Managing Executive Officer Naoto Masujima asked Outside Director Takaharu Ando for his perspective on the Group's current situation and future issues.

For our environmental initiatives to be effective, all employees must understand that they are essential to attaining sustainable growth

Masujima Since the Group's founding, based on our corporate principle to "contribute to a healthy and fruitful life for all," the Group has strived to remain integral to society through our businesses' contributing to create a sustainable society. A basic policy of Medium-term Management Plan 2026 launched in 2022 is "Integrate ESG into management strategy, and implement by adapting to social trends." Addressing the "E" environmental issues continues to be a management priority for us this fiscal year because it is vital for

the sustainability of the planet. I would like to start by asking for your views on the Group's environmental initiatives.

Ando When the medium-term management plan was being formulated, the Board of Directors discussed ESG topics as well as strategies for each business. The thorough explanations we receive about the ESG initiatives and the in-depth board discussions make it very clear that management is conscientiously implementing the basic ESG policy of Medium-term Management Plan 2026. For the reduction of CO₂ emissions to combat climate change, for example, a roadmap has been created and management is working on ways to visualize its progress, which will make it easier for the Board of Directors to monitor progress. Management appears strongly motivated to achieve its targets. An internal carbon pricing (ICP) has already been

initiated to promote emission reduction in line with the roadmap, and the medium-term plan set a budget of ¥15 billion for environmental investment. I think the Group will have to work hard to reach its targets, but I encourage the Group's proactive implementation of energy-saving measures and install on- and off-site solar power generation equipment, and if that's not enough then the Group will consider systematically procuring green power.

Assuming that the aggressive investment during the plan will be aimed at creating a growth phase for the Group, I would like to see Nisshin Seifun Group Inc. and the Group companies really work together and move forward with a balance of growth and environmental action. I also expect the Group to contribute to realizing a sustainable society by taking steps to reduce CO₂ emissions, including in its supply chain. I understand that President Takihara was adamant about making environmental issues a management priority, and I hope under his strong leadership that the Group will implement the measures needed to achieve its environmental targets.

I also believe that for the environmental initiatives to be truly effective, all employees must fully understand that the initiatives are absolutely essential to the Group's ability to achieve sustainable growth. This is true not just for the Nisshin Seifun Group as many companies in Japan are facing the same issue. The Group will have to put in effort and ingenuity to make sure the employees understand the environmental initiatives. I think the initiatives should take this perspective into account.

Masujima I appreciate your perspective. It reaffirms to me the importance of ensuring that each employee is committed to executing the environmental measures. Your points are all valid and we will keep them in mind as we proceed with efforts to achieve the target.

How to secure human capital will be an important topic

Masujima Human capital management has been attracting increasing interest in Japan. The Group is taking steps to form organizations and human resources so we can generate sustainable growth. What do you think about our initiatives?

Ando To achieve sustainable growth and enhance



corporate value, a human resources strategy that is linked to the management strategy will be essential. For example, the Group has positioned its overseas business as a driver of its business growth. To make that a reality, we will need human resources who connect the local subsidiaries and headquarters, and who can independently manage overseas businesses while ensuring effective group governance. Another key element to the continuing growth of the overseas business in the future will be how many personnel will be needed and how many candidates will be available. In addition to the overseas business, we are also focused on advancing a digital strategy and environmental initiatives. Also critical is how we plan to secure personnel in an increasingly competitive environment for human resources. Human resource development, whether its hiring or training, takes time to show results, so it's important to set medium- and long-term targets and approach them systematically.

Creating a long-term plan for human resources is usually not that difficult, however, actually implementing it is not easy. For example, a plan for hiring new employees may not work if we do not fully understand the extent to which the younger generation's view of work is changing and the Group doesn't fully incorporate the changes into its policies. Lately, a good workplace environment has been becoming an important element in how people evaluate a company. That means implementing measures for creating a good impression is also important for attracting the personnel we will need in the future.

The Human Resources & Labor Relations Division was established in June this year. I hope the division will respond to changes in society, work closely with management and each of the Group's operating companies, and pursue a strategy for human resources that facilitate the execution of management strategies. A diverse workforce is also essential for sustainable Group growth. An indicator for the Group's ability to promote diversity will be how well it can create an environment for female employees to play a more active role. We have various systems to support women to continue working while experiencing life events such as childbirth, childcare, and nursing care. I'd like to see it go further with stronger initiatives to increase the percentage of women in management positions and create an environment where more women are in positions closer to management. Finally, employee engagement is also an important part of human capital management, and I think it would be good if the Group reported its analysis of the engagement survey results and its measures for improvement.

Masujima Thank you for the valuable feedback. Securing human resources is a top priority for maintaining our business foundation and fulfilling our vision. The medium-term management plan also clearly states that we will "Provide appropriate compensation and working environments and support skills acquisition" for employees. You are correct that human resource issues is an area where it is difficult to see results in the short term. We will set medium- and long-term goals and will steadfastly execute measures to reach our goals.



The Board of Directors actively discusses every agenda item

Masujima Lastly, I'd like to ask for your view on the Group's governance.

Ando I feel the Group's governance puts a strong emphasis on risk management. The recent discussion we had with the Board of Directors about crisis management issues and the Group structure gave me the impression that it has a well-designed crisis management structure compared to other companies and the system operates very soundly. At the same time, the medium-term management plan's initiatives for aggressive strategic investment and accelerated efforts to enhance corporate value will make it important to have active governance that encourages reasonable risk-taking.

Prior to the Board of Directors meetings, we are provided materials summarizing the main points for each item on the discussion agenda and the secretariat carefully explains each one, which is very helpful for organizing my thoughts on the day of the meeting. Perhaps because of that preparation, the outside directors seem very eager to express their opinions at the meetings, and the president and other internal members also provide thorough explanations.

When I asked a question at a recent meeting about the use of human resources in the overseas business, I received an answer from not only the director in charge but also from President Takihara, who described the conditions he encountered when he visited the site. The outside directors gained a really good sense of what the actual conditions were. I will continue contributing my frank opinions and sharing my knowledge so we can fulfill the medium-term management plan.

Masujima The opinions and various perspectives that the outside directors bring to the discussions are very much appreciated. We will continue applying our sustainability management to fulfill the medium-term management plan's directive to "use our business to contribute to society and continue growing as a core corporate group in the food industry." Thank you for coming today.

Sustainability Initiatives

Activity Structures

The Nisshin Seifun Group has established the Social Committee as a subcommittee of the Board of Directors to monitor progress on the CSR priorities that we have identified, and to deliberate on new issues relating to sustainability. The Social Committee is chaired by the Director in charge of the General Administration Division.

We have also established the Sustainability Management Office to implement various measures in collaboration with related units and group companies. In addition, the Environmental Protection Committee, the Human Rights Awareness Promotion Committee, the Work Style Reform Implementation Committee, and other specialized committees coordinate Group-wide initiatives in specific areas, such as environmental protection, respect for human rights, and the enhancement of employees' working environments.



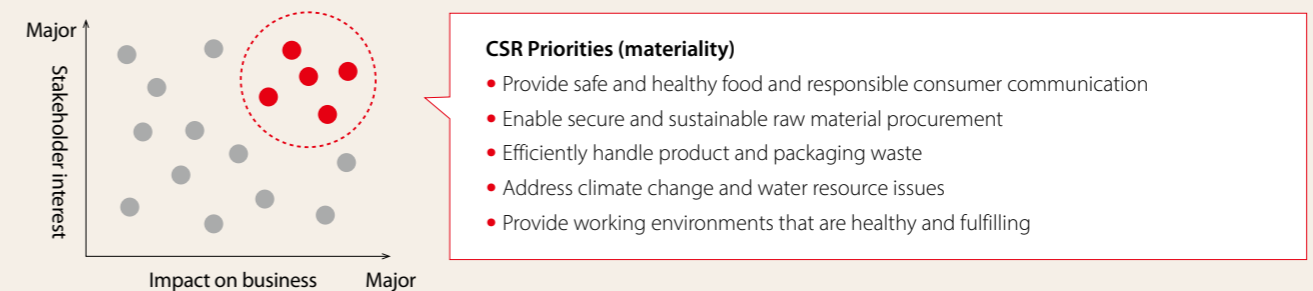
Identifying Our Materiality

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









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



Materiality matrix



CSR Priorities (Materiality)

Five CSR priorities	Priority themes	Approaches and targets	Risks	Opportunities	Progress in FY2023	Areas contributing to the SDGs		
Provide safe and healthy food and responsible consumer communication	Ensuring food safety	<p>Implement quality assurance from the viewpoint of consumers and continually strengthen the quality assurance system</p> <ul style="list-style-type: none"> Acquire and maintain certification for food safety management systems 	<ul style="list-style-type: none"> Loss of social reputation and stakeholder confidence due to quality-related incidents or other issues Loss of growth opportunities due to delays in responding to the health needs of consumers 	<ul style="list-style-type: none"> Gaining the trust of consumers through the supply of safe, reliable products Creation of opportunities through the enhancement or development of products based on consumer feedback Expansion of business opportunities linked to rising health consciousness 	<ul style="list-style-type: none"> Certification of food safety management systems: We completed certification at two more overseas plants, in addition to all related plants in Japan For information about certification progress https://www.nisshin.com/english/safety/authentication.html Confirmation of the effectiveness of our food defense structure (Flour Milling Business) based on a third-party review Provision of quality assurance training for around 4,000 employees involved in R&D, production, and sales at all group companies in Japan and overseas, provision of e-learning programs about quality assurance in eight languages for all employees 	  		
	Responsible consumer communication	<p>Provide fair and responsible consumer communication</p> <ul style="list-style-type: none"> Conduct advertising activities that consider ethics, human rights, and the environment Promote measures to increase consumer engagement 					<p>Research and develop health functions of food ingredients, primarily focused on wheat, such as its effectiveness in preventing metabolic syndrome and promoting brain functions and anti-aging</p>	<ul style="list-style-type: none"> In-house training about discriminatory language in advertising, etc. (scope: Group employees involved in advertising and promotion, participants: 72) Educational visits (29 visits, 904 participants) to enable people of all ages to learn more about wheat and wheat flour For information about educational visits (in Japanese only) https://www.nisshin.com/entertainment/food_education/ Use of customer feedback to enhance our products, such as the launch of a new version of Ma•Ma Spaghetti Banded with the amount per bundle reduced from 100g to 80g to meet the needs of people who prefer smaller servings
	Contribution to healthy diets	<p>Establish sustainable procurement of wheat, our primary raw material</p> <ul style="list-style-type: none"> Examine and respond to the climate change risk to wheat resources 						
Enable secure and sustainable raw material procurement	<p>Promote responsible procurement activities based on fair and ethical transactions</p> <ul style="list-style-type: none"> Enforce the Responsible Procurement Policy Strengthen supply chain management 	<ul style="list-style-type: none"> Creation of structures to support stable supplies of safe, reliable products and services 	<ul style="list-style-type: none"> Dissemination of the Group's procurement policy to suppliers in Japan, risk assessment through the continuing implementation of CSR procurement survey (five Group companies) Expansion of the scope of human rights due diligence to include Nisshin Pharma, Nisshin Engineering, Oriental Yeast, and NBC Meshtec The Human rights due diligence (Pages 58-59) Commencement of a survey of raw material usage (seven Group companies) 	  				
Efficiently handle product and packaging waste	<p>Reduce food waste and contribute to realizing sustainable food systems</p> <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 <p>Note: Scope of reduction: Production and distribution by-products and waste that are not suitable for use as food and are processed through thermal recycling, volume reduction, landfill disposal, or incineration, etc.</p>				<ul style="list-style-type: none"> Higher compliance costs resulting from changes to or strengthening of laws and regulations relating to waste and resource recycling Loss of stakeholder confidence due to delays in actions to reduce waste and recycle resources 	<ul style="list-style-type: none"> Efficiency improvements and cost reductions resulting from waste reduction initiatives Expansion of business opportunities through the development of environmentally responsible products 	<ul style="list-style-type: none"> Food waste reduction in fiscal 2023: 1,570 tons (41% reduction compared with the base year) Ongoing efforts to shift from thermal recycling to material recycling (feed and fertilizer production, fermentation, reuse, etc.) through changes to disposal methods, installation of on-site feed production facilities, and other initiatives Continuing studies of the extension of best-by dates and the changes to best-by date labeling method for products with the aim of reducing food losses and streamlining logistics management 	 
Reducing packaging waste	<p>Promote the 3Rs (reduce, reuse, and recycle) + renewables with our partners at all supply chain stages</p> <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 designs Increase 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	<p>Introduce energy-saving technology and promote the use of renewable energy, and contribute to realizing a decarbonized society</p> <ul style="list-style-type: none"> Reduce CO₂ emissions from Group-owned facilities to net zero by 2050 Reduce CO₂ emissions from Group-owned facilities by 50% compared with the fiscal 2014 level by 2030 Reduce CO₂ emissions across our supply chains <p>Strengthen resilience against increasingly severe natural disasters</p> <ul style="list-style-type: none"> Take steps to protect major domestic flour milling plants, including tidal surge protection and seismic strengthening 	<ul style="list-style-type: none"> Increased intensity and frequency of natural disasters, rising temperatures, and water shortages that could impact our ability to operate production sites and affect procurement of raw materials Increased costs relating to regulations, including carbon taxes Loss of stakeholder confidence due to a slow response to climate change and water problems 	<ul style="list-style-type: none"> Expansion of business opportunities through increased demand for sustainable, environmentally responsible products and services 	<ul style="list-style-type: none"> Progress toward CO₂ emission reduction target: 356,000 tons in fiscal 2023 (25% reduction compared with the base year) Creation of CO₂ reduction roadmap and introduction of internal carbon pricing (ICP) Energy conservation efforts, including waste heat utilization, the introduction of high-efficiency equipment, and the reduction of losses through pipe maintenance Solar power facilities were newly installed at seven plants and expanded at one plant through self-funding or PPAs, bringing the number of sites with solar power facilities in operation to 14 as of March 31, 2023 Introduction of CO₂-free electricity at production plants Measures to protect major domestic flour milling plants in coastal locations from surge tides, including the expansion of flood barriers 				
Water resource conservation	<p>Work with our partners to ensure effective utilization of water at all stages of our supply chain</p> <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 <p>Note: Halving of water use in regions where there is a high risk of water supply problems in the future</p>				<ul style="list-style-type: none"> Water use per unit of production in fiscal 2023: 1.09m³/t Continuous assessment of water risk and stress in raw material procurement areas and at production sites Installation of zero liquid discharge (ZLD) system at the yeast plant of Oriental Yeast India Pvt. Ltd. (operational since August 2022) 			
Provide working environments that are healthy and fulfilling	<p>Respect humanity and diversity, and create workplaces that consider work-life balance</p> <ul style="list-style-type: none"> Reach target for women to represent at least 18% of management positions at Nisshin Seifun Group Inc. in fiscal 2025 					<ul style="list-style-type: none"> Labor shortages caused by reduced competitiveness in the recruitment market and the departure of existing employees Impact on business continuity due to increases in occupational accidents and heightened employee health risks 	<ul style="list-style-type: none"> Employee retention through the improvement of work motivation and job satisfaction Innovation and corporate growth resulting from the activities of diverse human resources 	<ul style="list-style-type: none"> Percentage of management positions held by women in Japan: 15.6% (fiscal 2023 target: 15.0%, scope: Nisshin Seifun Group Inc.) Percentage of male employees taking childcare leave: 87.0% (21.2% year on year increase, scope: eight Group companies in Japan) Continuing provision of career seminars for female employees (scope: eight Group companies)
Cultivation of human resources	<p>Cultivate human resources so each person can grow and fulfill their potential</p> <ul style="list-style-type: none"> Cultivate next-generation business managers Develop the skills of technical personnel in specialized fields Cultivate human resources with global perspectives 	<ul style="list-style-type: none"> Regular internal occupational health and safety audits at all Group business sites (implemented at 33 sites in fiscal 2023) and independent assessments at business sites in Japan Provision of various occupational safety and health training programs for safety officers, safety supervisors, and newly recruited factory operators (206 participants) Initiatives to enhance working environments, including the improvement of office environments, the enhancement of remote working systems, and the expansion of the psychological safety training program for business site managers to more Group companies Continuing inclusion in the "White 500" list of enterprises with outstanding health management systems (Nisshin Seifun Group Inc.), designation as companies with outstanding health management systems (four Group companies) 						
Employee working environments and health	<ul style="list-style-type: none"> Continuously strengthen occupational health and safety management activities (zero occupational accidents) Promote workstyle reform Promote 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

Initiatives Based on the TCFD Recommendations

In August 2021, the Nisshin Seifun Group expressed its support for the TCFD recommendations, and announced its participation in the TCFD Consortium. In 2021, we performed qualitative scenario analyses of the Flour Milling Business, the Processed Food Business, and Prepared Dishes and Other Prepared Foods Business. We have since expanded the scope of these analyses to include the Yeast and Biotechnology Business, and we are working to extend the coverage to other food-related businesses. Responses to risks and opportunities considered to be especially significant are reflected in each company's business strategies as approaches to key CSR priorities, with the aim of enhancing business continuity and creating opportunities for dialogue with stakeholders through the disclosure of information.

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

 **Information disclosure based on the TCFD recommendations (PDF)**

https://www.nisshin.com/english/csr/environment/pdf/climate_change01e.pdf



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 actions on these risks under our management system is the Director and President of Nisshin Seifun Group Inc., the Group holding company, as the top management executive.</p> <p>We have established an Environmental Protection Committee as a subsidiary organization of the Group Management Meeting, which is attended by executive officers from group companies. The Committee, which is chaired by the Executive Officer and Division Executive of the Technology and Engineering Division, is responsible for the management of environmental issues, the setting of medium- to long-term targets, and regular reviews and assessments of progress toward those targets. It also submits reports on important matters to the Group Management Meeting.</p> <p>Matters that could have a significant impact on management policies or business activities are reviewed and discussed at meetings of the Board of Directors. In fiscal 2023, the Board of Directors passed resolutions concerning the development of a Group CO₂ reduction roadmap and the introduction of internal carbon pricing (ICP).</p>
Strategy	<p>We carefully discussed the impact of climate change under the 1.5°C and 4°C scenarios, and climate strategy. It is possible that business could be impacted significantly, both under the 1.5°C scenario due to regulatory measures, such as an increase in the carbon price, and under the 4°C scenario due to the increased frequency and intensity of extreme weather events and increasing risks relating to the sourcing of raw materials and water.</p> <p>In relation to short- and medium-term risks arising from the increased frequency and intensity of extreme weather events, we are implementing disaster prevention measures and improving facilities to withstand storm surges and other events, based on hazard analyses and safety timelines (Disaster Prevention Action Plans) for each operation site.</p> <p>Medium- to long-term risks affecting the sourcing of raw materials were already reflected in business strategies as factors that could have a serious impact on our business operations. We also aim to make further progress on efforts to address climate change through collaboration with producers, research organizations, and government agencies.</p> <p>In 2021, we responded to transition risks, such as increases in the carbon price, and physical risks affecting the sourcing of raw materials and water, by setting medium- to long-term targets for environmental issues, such as the reduction of CO₂ emissions, water use, food waste, and packaging waste based on the 1.5°C and 4°C scenarios. We are now working to achieve these targets. 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 the appropriate management of environmental issues relating to our business operations, we have established an Environmental Protection Committee, while individual Group companies have appointed environmental management coordinators and established environmental management committees in response to inherent environmental issues relating to their activities.</p> <p>The Risk Management Committee, which is made up of the presidents of Group companies under the chairmanship of the Director and President of Nisshin Seifun Group Inc., examines the business impact of various risk factors, including climate change. Its role is to identify risks, assess impacts, and review risk management plans. It also regularly reviews the management of risks and opportunities identified and assessed by the Risk Management Committees of Group companies as part of the overall coordination of the Nisshin Seifun Group's risk management system.</p> <p>In fiscal 2022, we analyzed the impact of climate change on our business activities with the assistance of external experts. The analyses, which were based on scenarios in which global temperatures rise by 1.5°C and 4°C by 2050, were carried out to identify risks and opportunities in our supply chains and assess the scale of likely impacts on our business activities.</p>
Metrics 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 have stepped up our efforts to achieve our target for the reduction of CO₂ emissions. Measures implemented in fiscal 2023 include the installation and expansion of solar power generation facilities at Group plants, a transition to electric power generated from renewable energy sources, and other initiatives to reduce energy consumption, such as efficiency improvements targeting production processes.</p> <p>We calculate Scope 3 CO₂ emissions for the entire Nisshin Seifun Group and work with our partners at each supply chain stage to reduce CO₂ emissions through such measures as joint logistics with food manufacturers in Japan.</p>

Monitoring and Mitigating Wheat Procurement Risks

There are concerns that access to supplies of raw materials will be affected by factors associated with rising global temperatures, extreme weather events and changing rainfall patterns due to climate change, including negative impacts on growth and quality of crop and reduced yields as well as increased damage caused by pests and diseases.

In the Flour Milling Business, the Nisshin Seifun Group has operation sites in the United States, Canada, and Australia, which are all major suppliers of wheat imported into Japan. This presence enables us to deepen our knowledge by gathering information directly from wheat growing areas to support our efforts to ensure reliable procurement and supply. We also communicate closely with growers, including checks on local wheat growing conditions. As part of our research and development activities, we are continually surveying and studying

the effects of temperature and rainfall levels on wheat growth and quality. We also support the development and breeding of wheat varieties to match changing consumer diets and an increased focus on health. At the same time, we are working with growers to explore land use methods that take soil and water quality and other environmental issues into account, as well as cultivation methods that lead to regenerative agriculture. In addition to our past initiatives, after committing to support the TCFD recommendations in 2021, we conducted a survey of literature relating to the effects of climate change on wheat growth as the basis for an analysis of scenarios under which temperatures rise by 3.2°C by the end of this century (RCP6.0 Scenario in the IPCC's Fifth Assessment Report, the SSP2 "middle-of-the-road" scenario).

 **Responsible Procurement** <https://www.nisshin.com/english/csr/social/partner.html>

Survey of literature relating to the impact of climate change on wheat https://www.nisshin.com/english/csr/environment/pdf/climate_change02e.pdf

R&D, papers presented, and a list of literature (in Japanese only) <https://www.nisshin.com/company/research/list/>

Preparing for Impacts on Supply Reliability

Climate change and its social impacts are reflected in growing concern about the effects of water risks on business activities. Water-related risks could also affect our Group business at every stage of our supply chains, from raw material procurement to logistics. These risks include damage to our business sites and production areas for wheat and other raw materials as a result of natural disasters.

In the past, our qualitative climate change scenario analyses have assumed that the growing frequency and severity of extreme weather events will result in increasing damage to our production and storage facilities. Our scenarios have also included flood damage at production facilities in coastal locations due to rising sea levels. To ensure our ability to maintain reliable supplies of wheat flour and other food products, we are further enhancing our disaster preparedness as part of our business continuity planning (BCP). This work includes checking of the latest hazard scenarios, including surge tides, floods, and tsunami. We are implementing surge tide countermeasures for buildings and facilities and installing generators and stockpiling fuel to provide power during major outages and when long-term power saving directives are in force.

We also comprehensively assess water risks when building new plants. Other measures include the establishment of multiple logistics methods and the appropriate allocation and distribution of product storage facilities, so that multiple production facilities can work together to maintain supplies of products in emergency situations.

We are also working to identify and mitigate water-related risks resulting from climate change by regularly assessing various water risks that could affect our manufacturing plants and raw material procurement operations in Japan and overseas. For this work, we use the Aqueduct by the World Resources Institute (WRI) to examine various water-related factors.



The Nisshin Flour Milling, Tsurumi Plant

This plant has wheat silos and its own dock capable of accommodating large-scale cargo vessels. It was designed to withstand tsunami and other disasters.

 **Water Resource Initiatives** <https://www.nisshin.com/english/csr/environment/water.html>

Action on Climate Change https://www.nisshin.com/english/csr/environment/climate_change.html

Risk Management https://www.nisshin.com/english/csr/governance/risk_management/



Addressing Climate Change and Water Resource Issues

The Nisshin Seifun Group medium- to long-term targets for environmental issues include the achievement of carbon neutrality by reducing CO₂ emissions to net zero by 2050. In the medium term, we aim to reduce CO₂ emissions by 50% by 2030 (from the fiscal 2014 level), and to reduce water usage at production sites by 30% by 2040 (compared with the fiscal 2022 level). We will continue to pursue related initiatives across the entire Nisshin Seifun Group.

Initiatives to reduce CO₂ emissions and energy use

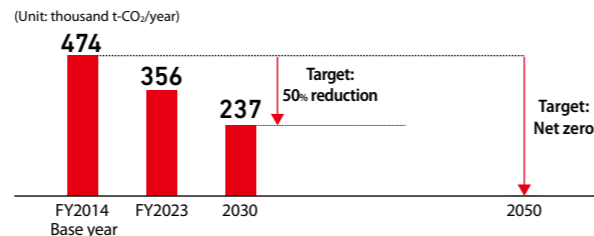
Measures to reduce energy consumption at the Group's business sites include production efficiency improvements, and the proactive installation of highly efficient equipment. We are also working to procure renewable energy. Another priority is the reduction of energy losses through the insulation of steam pipes and the recovery of waste heat in plants. Information about effective measures is actively shared and applied throughout the Group. In fiscal 2023, newly installed solar power facilities became operational at operation sites in Japan and overseas. NBC Meshtec has also achieved net zero CO₂ emissions for the Yamanashi Tsuru Factory by switching to an electric power provider plan provided by the local government using hydropower. We will continue these efforts to reduce CO₂ emissions through the use of electric power derived from renewable energy sources, while also maintaining economic performance and ensuring reliable supplies of our products.



A water tank for a steam boiler at the Higashi-Osaka Plant of Initio Foods

We have redesigned facilities at a prepared food plant to recover condensed water from steam drains. By returning the water, which has a temperature of around 100°C, to the water supply tank for the boiler, we can reduce the amount of water needed to replenish the tank, while also using the recovered waste heat to warm up the water in the tank. This reduces both gas consumption of the boiler and the amount of CO₂ emitted.

Reduction of CO₂ emissions based on medium- to long-term environmental targets

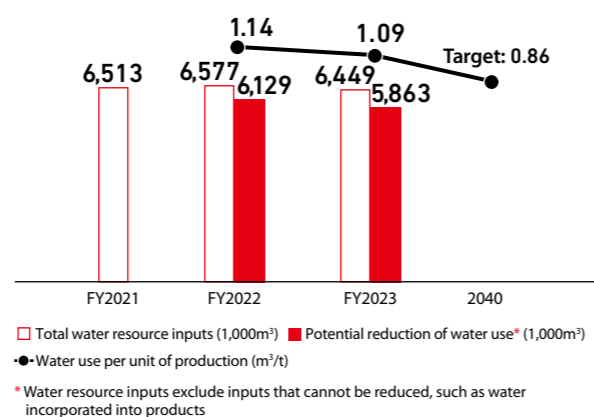


Efficient use of water

The Nisshin Seifun Group aims to ensure efficient utilization of water resources by monitoring water usage and the status of wastewater management systems at all of its production sites. We are working to reduce water usage per unit of production. In addition to stringent day-to-day management and a systematic approach to production, we are also improving the efficiency of production lines through the consolidation of manufacturing operations and the modification of our product mix, as well as by reviewing the ways in which water is used in equipment washing and defrosting processes.

We conduct water risk assessments at all of our manufacturing plants in Japan and overseas, using the Aqueduct by the World Resources Institute (WRI). We aim to halve the amount of water used in production operations in regions where forecasts indicate a high risk of water stress in the future. Efforts to reduce water use in fiscal 2023 included the Group-wide identification of locations and processes where reductions can be achieved. We examine various measures, including water recycling and reuse in plants, in order to achieve further reductions in the quantities of water used.

Water resource inputs and water use per unit of production based on medium/long-term environmental targets



Medium/Long-term Targets for Environmental Issues
<https://www.nisshin.com/english/csr/environment/target.html>

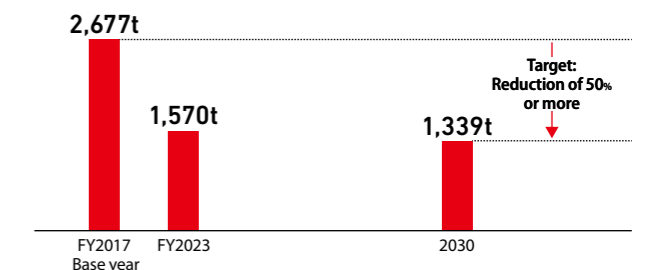
Reduction of Food Waste and Container and Packaging Waste, Effective Resource Utilization

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

The Nisshin Seifun Group defines food waste as production and distribution by-products and waste that cannot be used in food and are processed and disposed of through thermal recycling, volume reduction, landfill disposal, incineration, and other means. In addition to our efforts to reduce the amount of waste generated by production processes, we are also reviewing our disposal methods and proactively adopting material recycling systems.

We also deliver our products in a variety of containers and packaging. While containers and packaging materials are essential for maintaining the quality of the food products, they become waste products as soon as the food has been consumed. We have worked to reduce our environmental impact through initiatives including plastic used starting from the packaging design and R&D stage. We will continue our efforts to reduce the use of fossil fuel-derived plastic, including the introduction of biomass plastic and paper packaging materials, and the simplification of packaging, while also promoting the circulation of plastic resources. Through our ongoing commitment to initiatives such as these, we aim to ensure that our packaging is environmentally responsible, while also maintaining the safety of our products.

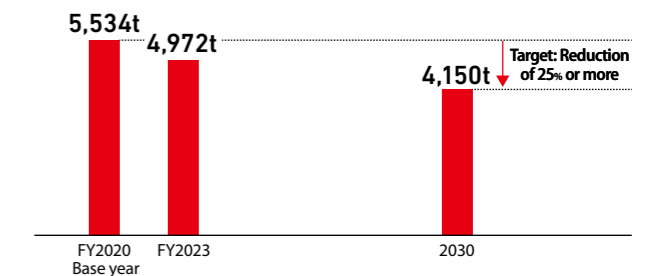
Food waste reduction (Group companies in Japan)



Note 1: Food waste reduction efforts target: Food waste that is processed and disposed of through thermal recycling, volume reduction, landfill disposal, incineration, etc.
 Note 2: Fiscal 2020 was selected as the base year for the prepared dishes and other prepared foods segment.

Reduction of packaging materials

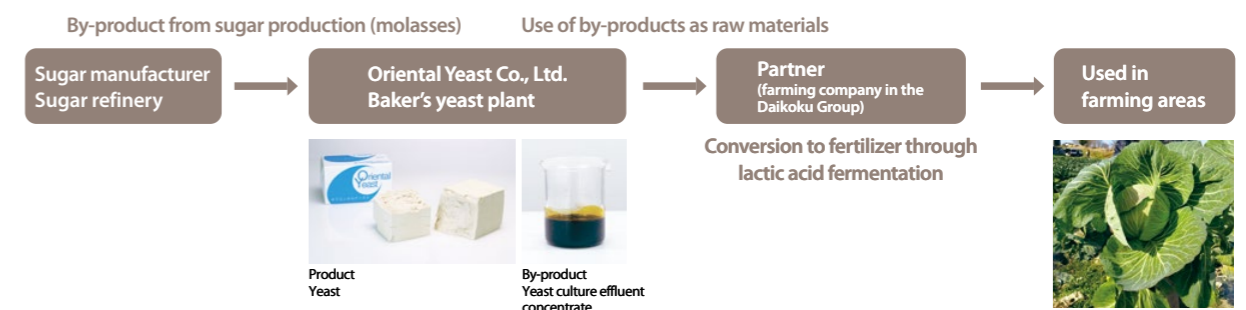
Scope: Quantity of fossil fuel-derived plastic used by Group companies in Japan



Use of manufacturing by-products as a cultivation medium for crops

Oriental Yeast uses molasses during yeast production. Molasses is a by-product of the sugar industry and is produced after the extraction of sugarcane. As an initiative to utilize the by-product produced after yeast production called as yeast culture effluent concentrate, it has partnered with a farming company to apply this yeast culture effluent concentrate for a crop growing medium. Reports indicate that this method helps to restore the soil composition

and encourages strong root growth, resulting in higher yields and crops with enhanced flavors, compared to conventional growing methods based on chemical fertilizers. In addition to the potential for regenerative agriculture without the use of chemical fertilizers, this approach can also be used to create a recycling loop for food waste and residues generated from the food industry.





Corporate Management Based on Respect for Human Rights

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

Commitments relating to human rights

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

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

Human rights promotion structure

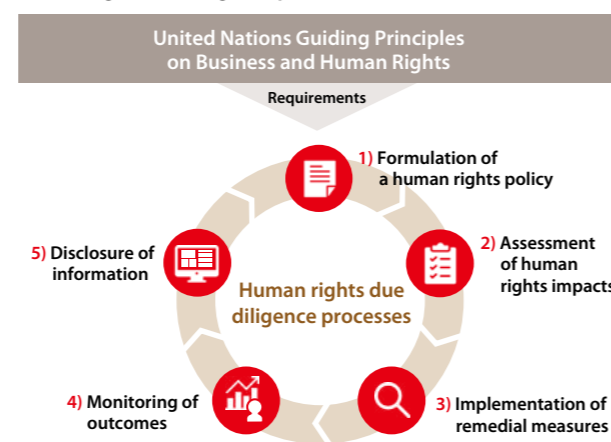
Our human rights promotion structure includes the Human Rights Awareness Promotion Committee, which is made up of directors in charge of the HR and Labor Planning in operating companies and chaired by the Executive Officer in charge of the Human Resources & Labor Relations Division of Nisshin Seifun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

Human rights due diligence

Since June 2021, we have carried out human rights due diligence in order to identify and assess human rights risks that could be impacted by our business activities, and to identify important issues requiring prioritized action. This process covers the flour milling, processed food, and prepared dishes and other prepared foods businesses, which account for large shares of our sales in Japan. In June 2022, Nisshin Seifun Group, Inc. monitored activities in three business areas. We confirmed that all three

business areas are progressively taking steps to address the high-risk items identified. We will continue to take action on significant risks and important issues. In November 2022, we commenced human rights due diligence for the Healthcare Foods Business, Engineering Business, Yeast and Biotechnology Business, and Mesh Cloth Business.

Human rights due diligence processes



https://www.nisshin.com/english/csr/social/human_rights.html

Human rights impact assessment process

Step 1

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

Step 2

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

Step 3

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

Examples of high-risk items identified (Flour Milling Business, Processed Food Business, Prepared Dishes and Other Prepared Foods Business)

Existing and potential risk items identified through the human rights impact assessment process (Step 2), outlined on the left (P58).

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

Key issues relating to human rights risks

1) Worker safety and health

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

2) Human rights of foreign workers

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

Actions on key issues

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

Key issue	Actions
1) Worker safety and health	<p>Occupational accidents</p> <ul style="list-style-type: none"> Implementation of PDCA cycles based on the Health and Safety Management Policy Audits by Nisshin Seifun Group Inc. and third-party analyses of operating companies in Japan and overseas (at 24 sites operated by three business areas in fiscal 2023) Provision of safety and health training (attended by 164 people from three business areas in fiscal 2023) <p>Occupational Health and Safety https://www.nisshin.com/english/csr/social/employee/safety.html</p> <p>Supplier management</p> <ul style="list-style-type: none"> Actions to correct excessive working hours through regular dialogue with logistics companies Compliance surveys to identify excessive loading or other issues at logistics companies Dissemination of the Responsible Procurement Policy and Supplier Guidelines to key suppliers, implementation of CSR procurement surveys (employment formats, human rights, labor, the environment, etc.)
	<p>Working environment</p> <ul style="list-style-type: none"> Use of multilingual signage and illustrations to help foreign workers to understand about hazardous locations and equipment Creation of multi-language manuals and notices, provision of interpreters (for key languages) Training program presented by outside experts on the management of foreign workers, including human rights protection (attended by 156 people from three business areas in fiscal 2023) <p>Monitoring and assistance</p> <ul style="list-style-type: none"> Implementation of third-party CSR audits (in some plants producing prepared dishes and other prepared foods) Creation and administration of an assistance channel in the form of a structure capable of conveying issues to corporate management while protecting the privacy of people seeking assistance (e.g., an improvement suggestion box) <p>Raising human rights awareness of foreign workers</p> <ul style="list-style-type: none"> Production of Chinese, Vietnamese, Indonesian, Thai, and Turkish language versions of our human rights policy, distribution of copies to our overseas flour-milling and processed food business sites to promote awareness and assimilation of the human rights policy
2) Human rights of foreign workers	<p>Working environment</p> <ul style="list-style-type: none"> Use of multilingual signage and illustrations to help foreign workers to understand about hazardous locations and equipment Creation of multi-language manuals and notices, provision of interpreters (for key languages) Training program presented by outside experts on the management of foreign workers, including human rights protection (attended by 156 people from three business areas in fiscal 2023) <p>Monitoring and assistance</p> <ul style="list-style-type: none"> Implementation of third-party CSR audits (in some plants producing prepared dishes and other prepared foods) Creation and administration of an assistance channel in the form of a structure capable of conveying issues to corporate management while protecting the privacy of people seeking assistance (e.g., an improvement suggestion box) <p>Raising human rights awareness of foreign workers</p> <ul style="list-style-type: none"> Production of Chinese, Vietnamese, Indonesian, Thai, and Turkish language versions of our human rights policy, distribution of copies to our overseas flour-milling and processed food business sites to promote awareness and assimilation of the human rights policy



Development of Organizations and Human Resources to Support Sustainable Growth

The Nisshin Seifun Group is committed to the creation of organizations and operational structures that enable employees to work with a sense of motivation and fulfillment. We are working to recruit and develop human resources who can take up new challenges and lead change and innovation. We aim to achieve sustainable growth while adapting to change by realizing the individual potential of our diverse human resources and providing continual challenges.

1) Enhancing personal potential

Human resource development in the Nisshin Seifun Group

We have provided training programs designed for each level of seniority and a self-development support program for general skills. In addition to them, we prioritize the training of next-generation managers, people with the digital technology skills needed to transform business models (P33), and people with global perspectives who can become growth drivers for our overseas businesses. We will continue to expand our investment in education and training across the entire Group in order to enhance our training programs (Table 1).

Developing managers

We provide management training programs as part of early development training for future management personnel (Table 2). One of the programs that we have provided continuously is our unique Nisshin-Manager's advanced program (N-Map), the purpose of which is the acquisition of problem-solving skills and a management mindset. Participants sum up what they have learned through the program by making new business proposals and presenting a vision speech to the management team. In this speech they talk about their vision, including the roles that they aim to play. In fiscal 2023, we introduced a new scheme to send employees who nominate themselves to attend external management schools and single-subject MBA courses in Japan.

Training human resources with global perspectives

We run a group training program with the aim of developing people with global perspectives and the ability to produce results in any environment. The content is designed to strengthen cross-cultural communication skills, and leadership and presentation skills in a global environment. After completing this program, many participants are assigned to overseas businesses or play

key roles in international business operations (Table 3). Under our support program for independent learning, employees improve their English skills by preparing for TOEIC exams and using conversational English training tools.

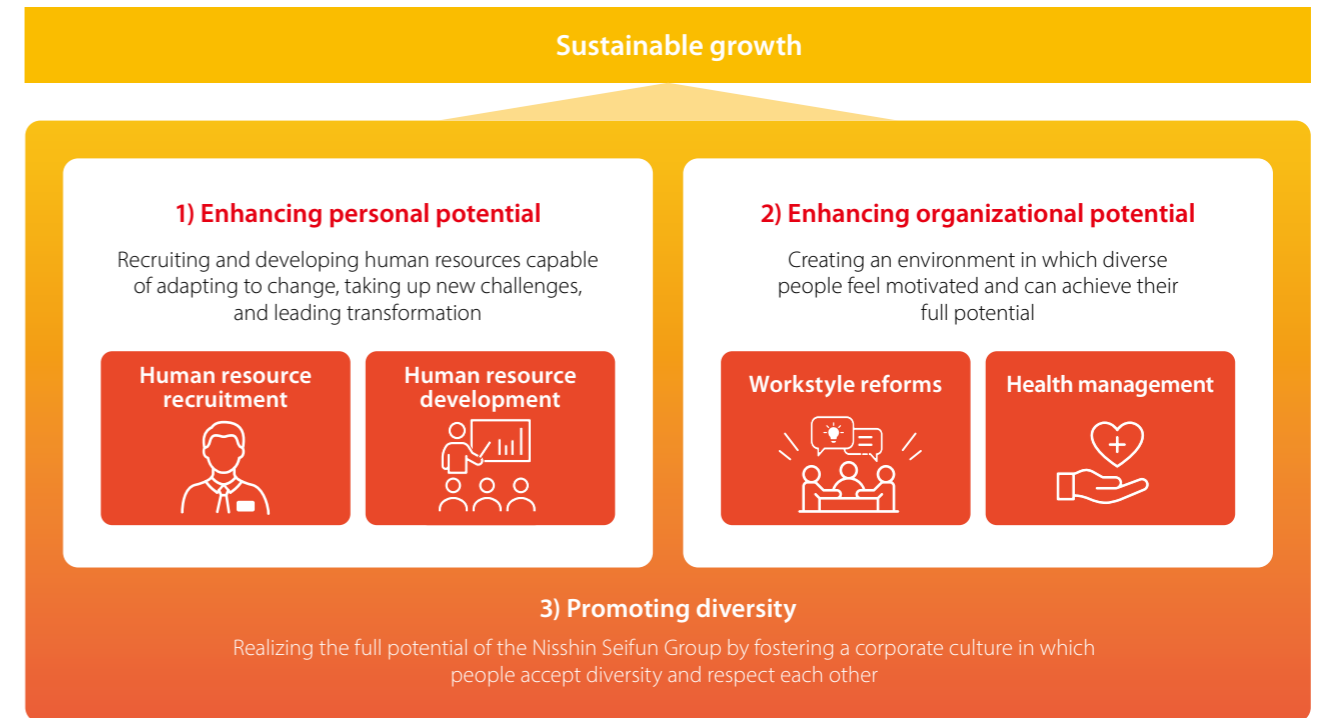
2) Enhancing organizational potential

Workstyle reforms

The Nisshin Seifun Group is implementing workstyle reforms with the aim of creating working environments and a corporate culture in which employees can achieve their full potential and experience a sense of personal growth and fulfillment from their work. A priority focus in recent years has been the enhancement of psychological safety. In fiscal 2023, we provided psychological safety training for business site leaders and other senior staff members. We also held workplace discussion sessions as a way of building awareness within the Group. We plan to continue these efforts, in line with our belief that by fostering an organizational culture that provides a high level of psychological safety, we will be able to develop self-directed people capable of taking up new challenges and leading change. In addition to our efforts to improve the efficiency of our business processes through changes to office layouts and the introduction of IT systems, we are also working continually to improve working environments and create pleasant working conditions by reducing total actual working hours and making it easier for employees to take leave (Table 4). By continuing these initiatives, we will further enhance our potential as an organization.

Using the engagement survey

The Nisshin Seifun Group periodically carries out the N-Voice Engagement Survey. A comparison of results from the previous two surveys shows an increase in percentage of positive responses to questions relating to a "motivating environment for employees." This improvement appears to be result of the enhancement of our training



programs and changes to human resource systems. However, there was no change in the percentage of positive responses concerning "employee engagement" as an indicator of employees' self-driven motivation to contribute to the company. We aim to achieve further improvement through workstyle reforms and other initiatives, and through changes to our human resource systems.

Health management initiatives

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

3) Promoting diversity

Diversity and inclusion

We recognize diversity and inclusion as an essential foundation for

human resource development and organizational development within the Nisshin Seifun Group. We are using various methods, including seminars and in-house messaging, to foster a corporate culture in which there is respect for diverse views and mindsets, regardless of gender, age, nationality, or other attributes.

Career development for women

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

Table 1: Investment in education and training*1
(Based on results for fiscal 2023)

Total training costs	Training time per person
Approximately ¥360 million (approximately ¥90,000 per person)	Approximately 23.3 hours

Table 2: Participation in business manager development programs*2

Number of participants
Fiscal 2023: 106

Table 3: Results of global human resource training*2

Number of participants
Fiscal 2023: 17
Cumulative total: 74

Since the start of the program in 2019, a total of 20 alumni have been assigned to overseas positions (as of August 2023).

Table 4: Total actual working hours and percentage of annual paid leave taken*2
(Based on results for fiscal 2023)

Total actual working hours (general employees)	Days of annual paid leave taken	Percentage of annual paid leave taken
1,945 hours	15	77.6%

Table 5: Targets and results for the percentage of management positions held by women (Nisshin Seifun Group Inc.)

Target: 15.0% or more of management positions to be held by women (two-year plan covering fiscal 2022-23)
Actual: 14.4% as of the end of fiscal 2022 15.6% as of the end of fiscal 2023
18.0% or more of management positions to be held by women (two-year plan covering fiscal 2024-25)

*1 Scope: Nisshin Seifun Group Inc., Nisshin Flour Milling Inc., Nisshin Seifun Welna Inc., Nisshin Seifun Premix Inc., Oriental Yeast Co., Ltd., Nisshin Pharma Inc., Nisshin Seifun Delica Frontier Inc., Tokatsu Foods Co., Ltd., Joyous Foods Co., Ltd., Initio Foods Inc., Nisshin Engineering Inc., NBC Meshtec Inc., Nisshin Grain Silo Inc., Nisshin Associates Inc.

*2 Scope: As for *1 but excluding Tokatsu Foods Co., Ltd., Joyous Foods Co., Ltd., and Initio Foods Inc.

Extract from the Act on Promotion of Women's Active Engagement in Professional Life

Governance

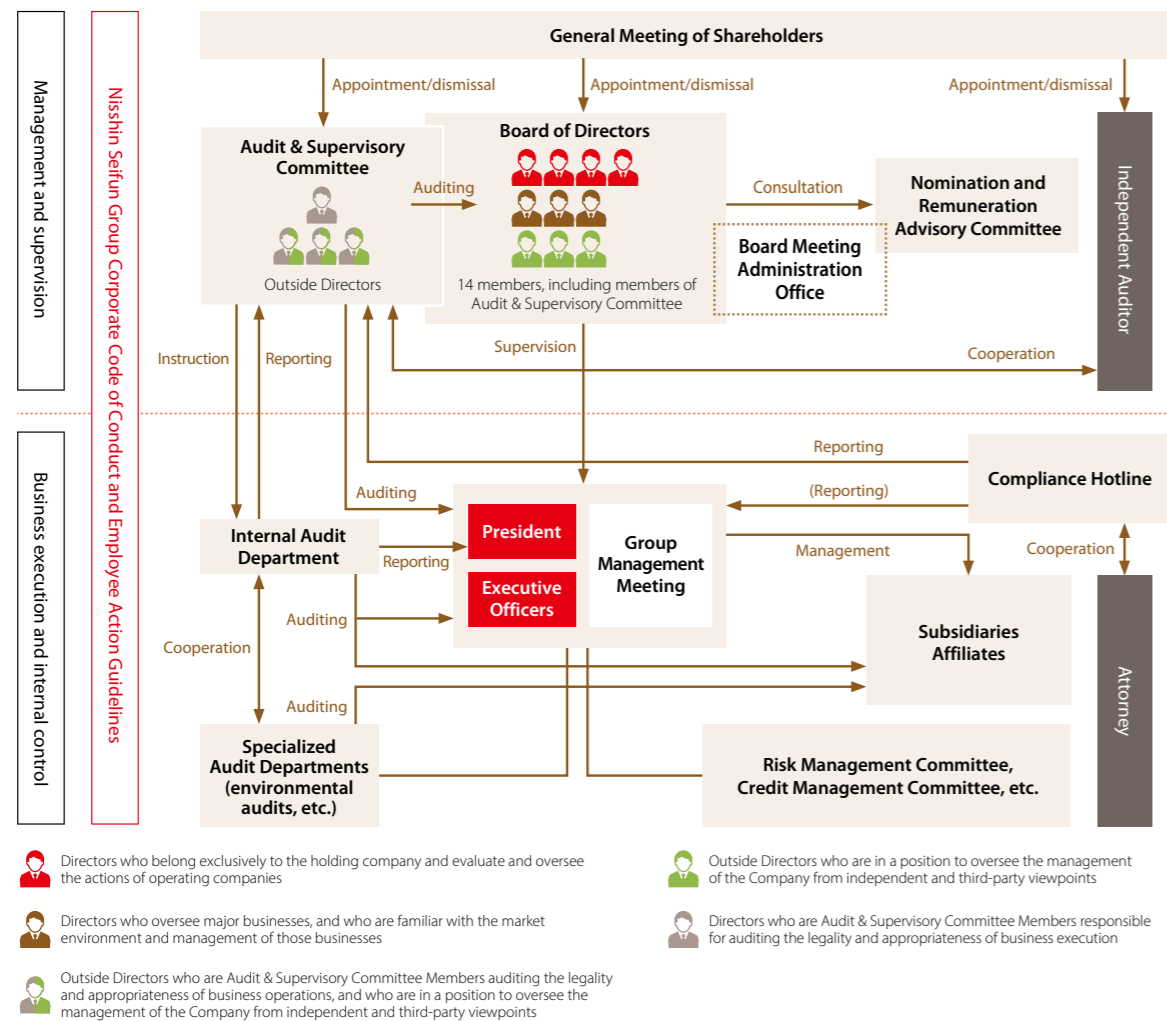
Corporate governance structure

Basic approach to corporate governance

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

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

Diagram of corporate governance structure



Nisshin Seifun Group governance system

1. Holding company structure

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

2. Management structure

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

Appointment of Outside Directors: Six highly independent Outside Directors have been appointed to provide opinions from a third-party perspective on the management of the Company. (Please see the List of Directors on pages 72-75 for profiles of members of the Board of Directors)

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

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

3. Audit structure

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

The Company regularly holds the Nisshin Seifun Group Audit & Supervisory Liaison Committee Meeting

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

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

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

4. Committee system for corporate governance

Nomination and Remuneration Advisory Committee: The Nomination and Remuneration Advisory Committee, composed of all the Independent Directors, facilitates information sharing among the Outside Directors.

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

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

5. Reasons for selection of the corporate governance structure

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

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

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

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

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

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

In-depth specialized audits

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

Operation of the Board of Directors

Director training

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

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

Follow-up system for Outside Directors

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

 [Corporate Governance Policy
Corporate Governance Report
Independence Standards for Outside Directors](https://www.nisshin.com/english/shareholders/governance.html)

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

Evaluation of the effectiveness of the Board of Directors

Initiatives in fiscal 2023 based on findings from the fiscal 2022 evaluation

The fiscal 2022 evaluation of the effectiveness of the Board of Directors identified the need for further deliberations on important matters, such as management planning, and for increased discussion about sustainability and the reinforcement of group governance. Since fiscal 2023, we have pursued the following initiatives based on these findings.

1) Deliberations on management planning and other important matters

We increased the frequency and duration of deliberations concerning Medium-Term Management Plan 2026, which was announced in October 2022. The results of these deliberations were reflected in the plan.

2) Deliberations concerning sustainability

We are actively and purposefully pursuing initiatives relating to sustainability, including environmental and human rights issues. We have established clear indicators and timelines for the measurement of progress on these issues and conducted deliberations on action structures, roadmaps, and other aspects. We have created structures to allow discussions based on progress management.

3) Enhancement of group governance

We increased the frequency of situation reports to the Board of Directors, especially with regard to overseas business operations. We also ensured that the time available and the number of meetings were sufficient for these deliberations.

Fiscal 2023 assessment

In fiscal 2023, we conducted a survey of all directors. The results were discussed by the Nomination and Remuneration Advisory Committee and other committees and were further analyzed and assessed by the Board of Directors itself. Concerning the overall operations of the Board of Directors, the survey found that proceedings by the Chair, agenda item selection,

deliberation time, discussion quality, meeting frequency, and other aspects were appropriate, and that the composition of the Board, including its size and diversity, enabled it to perform its roles effectively. We believe the survey results indicate that the Board of Directors is operating effectively.

However, the evaluation also identified the need for continuing discussions about 1) group governance, 2) business portfolio strategies, 3) sustainability issues, 4) digital technology and intellectual property strategies, and 5) human capital management. We will further deepen our discussions on these matters.

Priorities based on the results of the fiscal 2023 evaluation

While the evaluation of the effectiveness of the Board of Directors of Nisshin Seifun Group Inc. was generally satisfactory, the following matters were identified as priorities going forward.

1) Deliberations on medium- to long-term themes

One of our priorities is to conduct regular deliberations about the role of R&D and digital technology strategies in accelerating our growth potential through portfolio restructuring. We also need to deliberate on the outcomes of sustainability initiatives. We will continue our efforts to energize discussions on related themes, while also working to expand Board deliberations about medium- to long-term matters, such as environment-related issues. In the past, the Board of Directors has received reports on these matters, but going forward, we will carry out a review to identify themes that require regular reporting, and those for which reports should be submitted according to progress made.

2) Use of digital documentation

Various views have been put forward concerning the methods used to provide documentation. We will consider the use of digital documentation, depending on the content of resolutions and the format of documents.

Expertise and other characteristics of Directors (skills matrix)

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

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

Appointment and compensation of Directors

Appointment, dismissal and nomination

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

Advisory Committee, which is composed of all Outside Directors, in addition to the Board of Directors.

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

Remuneration

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

Based on the above approach of providing an appropriate mix of remuneration in line with the nature of the business, remuneration comprises a combination of the following: (i) a monthly fixed basic payment corresponding to each individual's role; (ii) a variable portion (bonus) payment provided, in principle, at preset times during the year, reflecting the individual's past performance contributions; and (iii) a stock-based remuneration payment provided once per year with the aim of orienting management

toward shareholder value by linking remuneration to future performance. Because of our involvement in the food industry, our mission—which at the same time is the source and foundation of our corporate value—is to maintain high standards of product safety and quality and continue to supply flour and other staple foods to the people reliably. The nature of our business is reflected in our basic philosophy on the appropriate remuneration mix for a company, which is that the ratio should start at 70:15:15, and that the ratios for the second and third elements, which are based on performance, should be variable. To ensure the objectivity and validity of the remuneration amounts, the standard total amounts of remuneration for each rank are determined in consideration of a variety of factors, including the results of surveys conducted by external organizations, the professional responsibilities of each rank, and their importance in relation to Group management.

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

The Company ensures the appropriateness and objectivity of the remuneration determination process by setting policies concerning the methods used to decide the content of remuneration, etc., for individual Directors (excluding Directors who are Audit and Supervisory Committee members) after prior deliberation by Nomination

and Remuneration Advisory Committee, which consists of all Outside Directors.

Strategically held shares

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

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

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

Expertise and other characteristics of Directors (skills matrix)

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

Total remuneration by type for each director category (FY2023 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)		202	16	60
Total remuneration by type (millions of yen)	Fixed remuneration (basic portion)	138	16	57
	Variable remuneration (bonus)	31	-	-
	Stock-based remuneration	33	-	3
Number of eligible directors		8	1	8

Compliance

Basic approach

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

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

Compliance Hotline System

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

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

Prevention of corruption

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

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

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

Compliance training

The Nisshin Seifun Group provides seniority-based compliance training for new employees, young employees, and newly appointed management personnel on a yearly basis (number of participants in fiscal 2023: 67 new employees, 53 young employees, 70 newly appointed management personnel—excluding overseas subsidiaries).

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



All employees participate in annual online compliance training

Risk management and crisis control

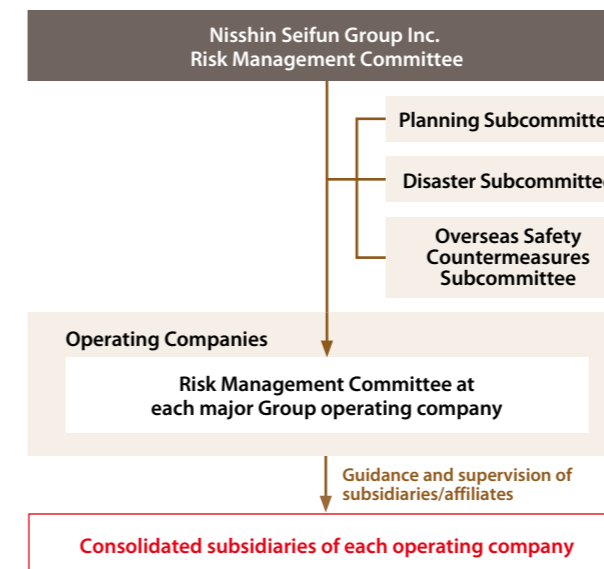
Risk management structure

We established the Nisshin Seifun Group Risk Management Rules and the Nisshin Seifun Group Crisis Control Rules in 2008. We are strengthening day-to-day risk management to

ensure appropriate risk prevention, control, and response.

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

Risk management structure



Emergency response

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

Efforts to prevent the spread of COVID-19

Social and economic activities have started to return to normal. For example, on May 8, 2023, the government

downgraded COVID-19 from a Category 2 to a Category 5 infectious disease, putting it on the same level as seasonal influenza. However, the Nisshin Seifun Group will continue to regard COVID-19 as a risk factor requiring appropriate precautions because of our responsibility to maintain reliable supplies of flour and other foods.

To protect the safety of employees and ensure we can continue to provide reliable food supplies, in January 2020 we established the COVID-19 Task Force, led by the Company president. The task force meets as necessary to examine and implement measures to ensure thorough prevention measures, assess the impact on Group businesses, and to consider and direct prompt and effective action against infection risk. Following the downgrading of COVID-19 to Category 5, we dissolved the COVID-19 Task Force on May 8, 2023. We will maintain a structure that allows the COVID-19 Action Council (provisional name) to be reconvened if necessary to ensure a timely and appropriate response to any change in the status of the disease or the emergence of new variants.

Risk management at overseas operations

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

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

Impact of the situation in Ukraine

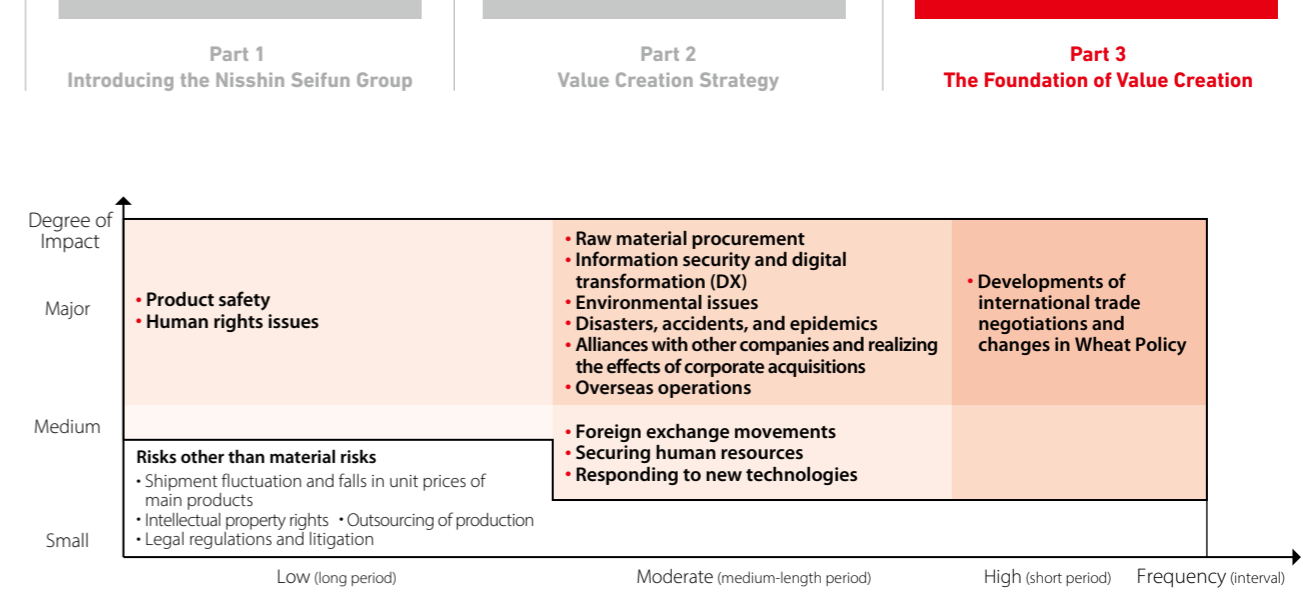
On February 24, 2022, Russia launched a large-scale military operation in Ukraine. Since both countries are among the world's leading exporters of wheat, this situation has led to the emergence of new risks, such as a surge in wheat and energy prices on international markets. While the Nisshin Seifun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



Primary material business risks

The Nisshin Seifun Group Inc. Risk Management Committee assessed Group risks in fiscal 2023. 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 71).

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



Risk	Impact on business management	Nisshin Seifun Group measures
Developments of international trade negotiations and changes in Wheat Policy	<ul style="list-style-type: none"> Demand fluctuation and intensifying competition associated with lower border tariffs for wheat-related products in the domestic business Changes to national trade policies 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 network Close small-scale production sites in Japan and consolidate production into large coastal plants Realize low-cost operation using new technologies Adapt to changing customer requirements Further accelerate overseas business expansion
Product safety	<ul style="list-style-type: none"> Rising social concerns about food safety and reliability and demands for compliance with stricter safety management standards Product 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 measures Acquire and maintain ISO, FSSC, and other certifications representing international standards for food safety management systems Comprehensively manage outsourced production to the same standards as in-house plants
Disasters, accidents, and epidemics	<ul style="list-style-type: none"> Damage or supply disruptions caused by major natural disasters (such as an earthquake, storm, or flood), accidents (such as a fire or explosion), or an outbreak of an infectious disease 	<ul style="list-style-type: none"> Implement seismic retrofitting of major plants, flood countermeasures Commence preparations for countermeasures in the event of a volcanic eruption Strengthen the accident prevention systems for fires and explosions (including conducting equipment and safety audits, establishing equipment safety regulations) Prepare major earthquake business continuity plans (BCPs) and timelines, etc., in readiness for storm and flood damage Systematically review government projections based on recent increases in the severity of disasters and review our countermeasures Prepare infection prevention measures and a BCP for new infectious diseases (e.g., establishment of an epidemic response task force)
Alliances with other companies and realizing the effects of corporate acquisitions	<ul style="list-style-type: none"> Unfulfilled anticipated outcomes due to an alliance or post-acquisition business not proceeding as originally expected Booking of substantial impairment losses on intangible assets, such as goodwill associated with corporate acquisitions, owing to a drop in profitability preventing recovery of the investment amount 	<ul style="list-style-type: none"> Conduct thorough feasibility studies based on corporate guidelines prior to project proposals Build an effective M&A team structure Steadily continue or relaunch businesses immediately after forming an alliance or making an acquisition Ensure comprehensive post-merger integration (PMI) activities
Raw material procurement	<ul style="list-style-type: none"> Higher procurement costs due to sharply higher prices for key raw materials and rising labor, transportation and logistics costs Inability to manufacture existing products due to raw material shortages Negative impact on Group profit if the selling prices of wheat flour and processed foods, etc., are not adequately revised to reflect rises in procurement costs for raw materials or commodities, such as a sharp increase in the price of imported wheat Decline in corporate brand value and competitiveness due to inadequate response to social issues, such as environmental or human rights issues related to raw material procurement 	<ul style="list-style-type: none"> Promote continuous, low-cost procurement and production operations Maintain a stable supply of products by monitoring conditions in raw material production regions in Japan and overseas, by working to diversify procurement options, and by finding potential alternative sources of raw materials Maintain the appropriate product value by developing new products geared to market changes and advancing high value-adding strategies Conduct fair and ethical trade transactions based on Responsible Procurement Policy in our business and, with the cooperation of suppliers, throughout the supply chain Continue steadily revising prices in businesses that have not fully passed on the higher costs
Information security and digital transformation (DX)	<ul style="list-style-type: none"> Risk that customer services will be impaired due to a system failure caused by system administration problems, an unanticipated virus infection or cyber terrorism, unauthorized data access, or other issues Costs and damage to social credibility caused by an external leak of trade secrets or private information Decline 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 Security Gather security-related information Implement more advanced computer antivirus measures Construct an effective IT management system and security measures including backups of mainframe servers and security analyses by third-party organizations Revise the business model by advancing digitalization and digital marketing in priority business operations throughout the Group, develop human resources to drive these efforts
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 regulations Negative impact on global resources and environmental conservation and diminished Group corporate brand value caused by Group inability to adequately respond to global environmental issues, such as climate change, water shortages, and food and plastic waste 	<ul style="list-style-type: none"> Formulate a Nisshin Seifun Group Environmental Basic Policy Attain ISO 14001 certification for the Group Set medium- to long-term targets in relation to four environmental issues: climate change, food waste, packaging waste, and water resources Support the TCFD (Task Force on Climate-related Financial Disclosures) recommendations and participate in the TCFD Consortium "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 Create a roadmap to visualize the initiatives needed to achieve a phased reduction in CO₂ emissions by the target year Introduce internal carbon pricing (ICP) in order to visualize the financial impact of CO₂ emissions and facilitate capital expenditure and other initiatives that contribute to the reduction of emissions
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 situation, 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 experts Create a training system for employees dispatched to the local sites, ensuring the safety of local employees
Foreign exchange movements	<ul style="list-style-type: none"> Rise in procurement costs for raw materials and products procured overseas Impact from overseas businesses on profit or financial condition due to fluctuation in yen conversion Impact 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 contracts, 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 activities Augment employee education and training Provide a healthy and fulfilling work environment and effective labor management so all employees with diverse values can fully demonstrate their abilities Introduce automation, robotization, AI, and other technologies to improve productivity
Human rights issues	<ul style="list-style-type: none"> The risk that failure to provide a working environment characterized by mutual respect and consideration for diversity will lead to expanding reputational damage to the Nisshin Seifun Group and its brands, prevent individual employees from achieving their full potential, negatively impact the Group's ability to recruit talented people, and cause a decline in medium- to long-term competitiveness 	<ul style="list-style-type: none"> Create a specialized unit to raise awareness about human rights issues, provide annual human rights awareness training activities for all officers and employees Establish the Nisshin Seifun Group Human Rights Policy based on the United Nations Guiding Principles on Business and Human Rights Commence human rights due diligence activities for major Group companies, including their supply chains
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 changes Negative impact on our business performance from core technology obsolescence that causes our product development to fall behind customer needs, leading to declining shipments and diminishing corporate brand value 	<ul style="list-style-type: none"> Advance our technologies and train engineers for use in groupwide projects Use Group synergies to expand our technology domain Introduce external technology, such as from joint industry-government-academia research Expand programs to train people capable of leading the Group's digital transformation

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

Directors



Kenji Takihara
Representative Director and President

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

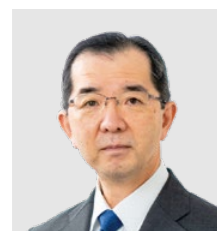
Reasons for appointment

The Company selected Mr. Kenji Takihara as Director because he has a wealth of experience and an excellent track record in the flour milling business has also led the management of the holding company as President of Nisshin Seifun Group Inc. He is considered to possess the skills and qualities needed by the Company as it pursues sustainable growth and medium- to long-term enhancement of corporate value.

Career summary

Apr. 1988 Joined the Company
Jun. 2013 Director, Nisshin Flour Milling Inc.
Jun. 2016 Executive Officer
Jun. 2017 Director
Jun. 2019 Managing Executive Officer
Managing Director, Nisshin Flour Milling Inc.
Jun. 2021 Senior Managing Director, Nisshin Flour Milling Inc.
Jun. 2022 Director and President
Apr. 2023 Director and Chairman, Nisshin Flour Milling Inc. (to present)
Director, President, and Division Executive (Corporate Planning Division) (to present)

* Attendance for Mr. Kenji Takihara represents Board of Directors meetings after his appointment on June 28, 2022.



Naoto Masujima
Representative Director

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

Reasons for appointment

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

Career summary

Apr. 1983 Joined the Company
Jun. 2014 Executive Officer, GS (Globalization) of Corporate Planning Division and General Manager (China Business Development Office of Corporate Planning Division)
Jun. 2015 Director, General Manager (Corporate Planning Department) and Division Executive (Overseas Business Division), Nisshin Flour Milling Inc.
Jun. 2016 Managing Director, General Manager (Corporate Planning Department) and Division Executive (Overseas Business Division), Nisshin Flour Milling Inc.
Jun. 2017 Director and Division Executive (General Administration Division)
Jun. 2019 Managing Executive Officer and Division Executive (General Administration Division)
Jun. 2021 Director, Managing Executive Officer and Division Executive (General Administration Division)
Jun. 2022 Director, Senior Managing Executive Officer and Division Executive (General Administration Division)
Jun. 2023 Director, Senior Managing Executive Officer (in charge of General Administration Division and Human Resources & Labor Relations Division) (to present)



Yasuo Ito
Director
Newly appointed

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

Reasons for appointment

The Company selected Mr. Yasuo Ito as Director because he has a wealth of experience and an excellent track record in areas that include research and development and quality assurance. He is considered to possess the skills and qualities needed by the Company as it pursues sustainable growth and medium- to long-term enhancement of corporate value.

Career summary

Apr. 1982 Joined the Company
Jun. 2010 Director and General Manager (Quality Assurance Department), Nisshin Flour Milling Inc.
Apr. 2012 Executive Officer and Assistant Division Executive (R&D and Quality Assurance Division)
Jun. 2012 Executive Officer and General Manager (Quality Assurance Department of R&D and Quality Assurance Division)
Jun. 2013 Director, Nisshin Foods Inc.
Jun. 2016 Executive Officer, Deputy Division Executive (R&D and Quality Assurance Division) and General Manager (Quality Assurance Department of R&D and Quality Assurance Division)
Jun. 2017 Managing Director, Nisshin Foods Inc.
Jun. 2017 Executive Officer and Deputy Division Executive (R&D and Quality Assurance Division)
Jun. 2020 Managing Executive Officer and Division Executive (R&D and Quality Assurance Division)
Jun. 2023 Director, Managing Executive Officer, and Division Executive (Research & Development, and Quality Assurance Division) (to present)



Eiichi Suzuki
Director
Newly appointed

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

Reasons for appointment

The Company selected Mr. Eiichi Suzuki as Director because he has a wealth of experience and an excellent track record in areas that include finance and accounting. He is considered to possess the skills and qualities needed by the Company as it pursues sustainable growth and medium- to long-term enhancement of corporate value.

Career summary

Apr. 1987 Joined the Company
Jun. 2013 General Manager (Accounting Department of Finance and Accounting Division)
Jun. 2019 Executive Officer and General Manager (Accounting Department of Finance and Accounting Division)
Jun. 2020 Executive Officer and Division Executive (Finance and Accounting Division)
Jun. 2023 Director, Managing Executive Officer, and Division Executive (Finance and Accounting 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 because he has a wealth of experience and an excellent track record in management of the Flour Milling Business. He is considered to possess the skills and qualities needed by the Company as it pursues sustainable growth and medium- to long-term enhancement of corporate value.

Career summary

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



Koichi Iwasaki
Director

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

Reasons for appointment

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

Career summary

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



Takahiko Iwahashi
Director
Newly appointed

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

Reasons for appointment

The Company selected Mr. Takahiko Iwahashi as Director because he has a wealth of experience and an excellent track record in the Processed Food Business. He is considered to possess the skills and qualities needed by the Company as it pursues sustainable growth and medium- to long-term enhancement of corporate value.

Career summary

Apr. 1987 Joined the Company
Jun. 2013 Director and General Manager (R&D Division), Nisshin Foods Inc.
Apr. 2014 Director and General Manager (Processed Foods Division), Nisshin Foods Inc.
Jun. 2015 Executive Officer
Jun. 2018 Managing Director and General Manager (Processed Foods Division), Nisshin Foods Inc.
Jun. 2019 Managing Executive Officer
Jun. 2020 Managing Director and General Manager (Product Management Division), Nisshin Foods Inc.
Jun. 2021 Senior Managing Director and General Manager (Product Management Division), Nisshin Foods Inc.
Jan. 2022 Senior Managing Director and General Manager (Product Management Division), Nisshin Seifun Welna Inc.
Jun. 2022 Senior Managing Director, Nisshin Seifun Welna Inc.
Apr. 2023 Director and President, Nisshin Seifun Welna Inc. (to present)
Jun. 2023 Director and Managing Executive Officer (to present)



Kazuhiko Fushiya
Director
Outside Director

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

Reasons for appointment

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

Career summary

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

Directors



Motoo Nagai

Director

Outside Director

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

Reasons for appointment

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

Career summary

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



Nobuhiro Endo

Director

Outside Director

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

Reasons for appointment

The Company selected Mr. Nobuhiro Endo as Outside Director because he currently provides appropriate advice and supervision over the Company's business execution, based on a wealth of experience and broad-based insight as a corporate executive. He is considered to possess the skills and qualities needed by the Company as it pursues sustainable growth and medium- to long-term enhancement of corporate value.

Career summary

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

* Attendance for Mr. Nobuhiro Endo represents Board of Directors meetings after his appointment on June 28, 2022.



Shoh Ohuchi

Director

Member of Audit & Supervisory Committee

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

Reasons for appointment

The Company selected Mr. Shoh Ohuchi as Director and a member of the Audit & Supervisory Committee because he has been diligently performing the audit and supervisory duties of the Company drawing on his wealth of experience and excellent track record in accounting, finance, and auditing. He is considered to be qualified 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)



Mieko Tomita

Director

Member of Audit & Supervisory Committee

Outside Director

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

Reasons for appointment

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

Career summary

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



Takaharu Ando

Director

Member of Audit & Supervisory Committee

Outside Director

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

Reasons for appointment

The Company selected Mr. Takaharu Ando as Outside Director and member of the Audit & Supervisory Committee because he has been diligently performing the audit and supervisory duties of the Company, drawing on his extensive experience and wide-ranging knowledge gained through a career that includes important posts in the National Police Agency and other governmental organizations. He is considered to be qualified 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. 1972 Joined National Police Agency
Sep. 1994 Chief of Gunma Prefectural Police Headquarters
Aug. 1999 Director of Public Security Bureau of Tokyo Metropolitan Police Department
Aug. 2004 Director General of Commissioner General's Secretariat of National Police Agency
Aug. 2007 Deputy Commissioner General of National Police Agency
Jun. 2009 Commissioner General of National Police Agency
Oct. 2011 Retired from National Police Agency
Jun. 2022 Director (Member of Audit & Supervisory Committee) (to present)

* Attendance for Mr. Takaharu Ando represents Board of Directors meetings after his appointment on June 28, 2022.



Hiroto Kaneko

Director

Member of Audit & Supervisory Committee

Outside Director

Newly appointed

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

Reasons for appointment

The Company selected Mr. Hiroto Kaneko as Outside Director and member of the Audit & Supervisory Committee because he has a wealth of auditing experience as a certified public accountant and high-level expertise in domestic and international finance and accounting. He is considered to be qualified 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 Joined Arthur Andersen Accounting, Tokyo office
Mar. 1983 Qualified as a Certified Public Accountant
Jun. 1988 Transferred to Arthur Andersen Germany, Duesseldorf office
Sep. 1999 Partner, Arthur Andersen (currently KPMG)
Jul. 2000 Representative Partner, Asahi & Co. (currently KPMG AZSA LLC)
Jun. 2005 Deputy General Manager, IFRS Division, KPMG AZSA LLC
Jul. 2015 Managing Director, KPMG AZSA LLC
Jul. 2021 Proprietor, Hiroto Kaneko CPA Office (to present)
Jun. 2023 Director (Member of Audit & Supervisory Committee) (to present)

Attendance figures for the Board of Directors meeting are for the period from April 2022 through March 2023. All Outside Directors meet the Company's "Independence Standards for Outside Directors," which are based on the independence criteria of the Tokyo Stock Exchange, and the Outside Directors have been designated and reported to the Tokyo Stock Exchange as independent directors.

Executive Officers

Kenji Takihara
President
Division Executive,
Corporate Planning Division

Naoto Masujima
Senior Managing Executive Officer
In charge of General Administration
Division and Human Resources &
Labor Relations Division

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

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

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

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

Koichi Iwasaki
Managing Executive Officer
Director and President,
Nisshin Seifun Delica Frontier Inc.
Director and Chairman,
Tokatsu Foods Co., Ltd.

Takahiko Iwahashi
Managing Executive Officer
Director and President,
Nisshin Seifun Welna Inc.

Kazuyoshi Watanabe
Executive Officer
GS (Overseas Business
Development) of Corporate
Planning Division
GS (Globalization) of Corporate
Planning 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
Division Executive,
General Administration
Division
General Manager, Board
Meeting Administration
Office of General
Administration Division

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

Kenji Sakamoto
Executive Officer
Division Executive,
Labor Relations Division
General Manager, Human
Resources Management
Department and Human Resources
& Labor Relations Planning Office
of Labor Relations Division

Reiko Adachi
Executive Officer
General Manager, Public
Relations Department of
General
Administration Division

Seiichiro Takahashi
Executive Officer
Division Executive, Technology
and Engineering Division

Hiroyuki Yamada
Executive Officer
Deputy Division Executive,
Corporate Planning Division

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

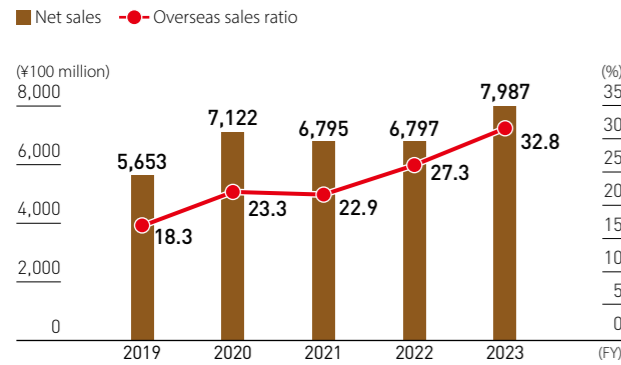
Satoshi Sekiguchi
Executive Officer
Senior Managing Director,
Nisshin Flour Milling Inc.

Yu Nagaki
Executive Officer
Managing Director,
Nisshin Flour Milling Inc.

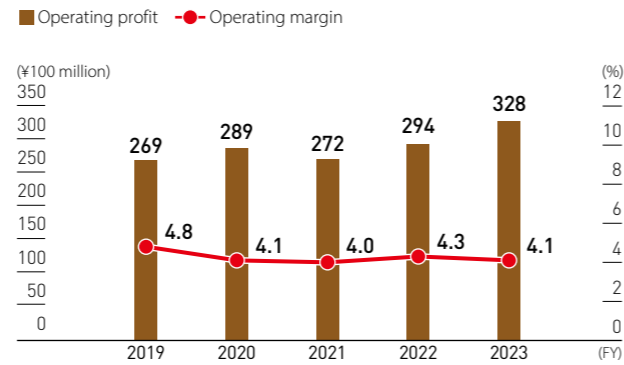
Hidekuni Tanaka
Executive Officer
Director and President,
Nisshin Pharma Inc.

Financial Highlights

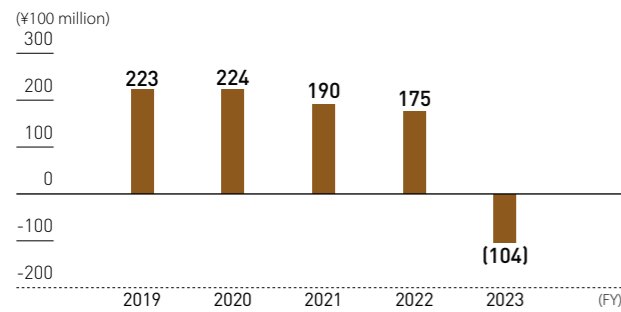
Net sales*1*2



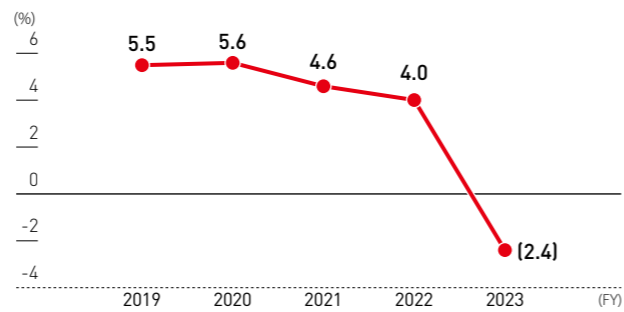
Operating profit*1*2



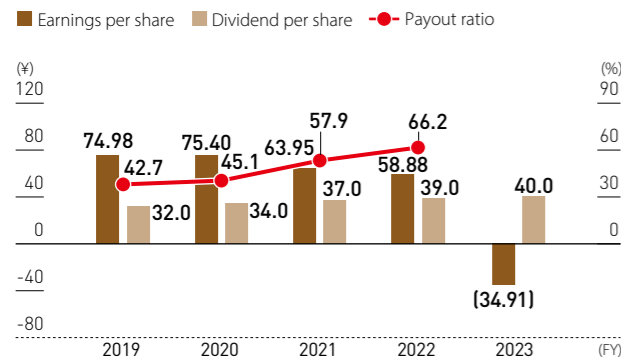
Profit attributable to owners of parent*1*2



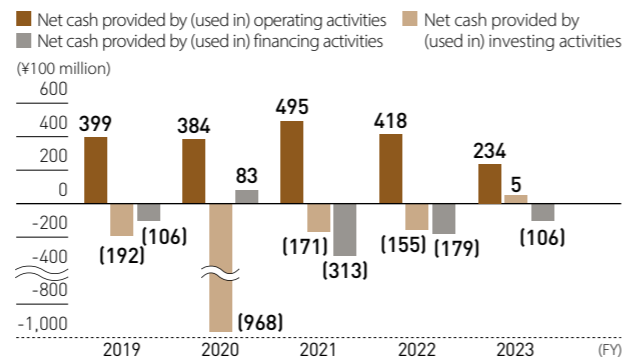
ROE



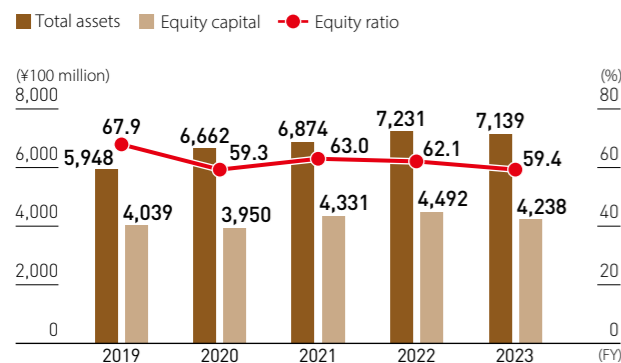
Earnings per share / Dividend per share / Payout ratio



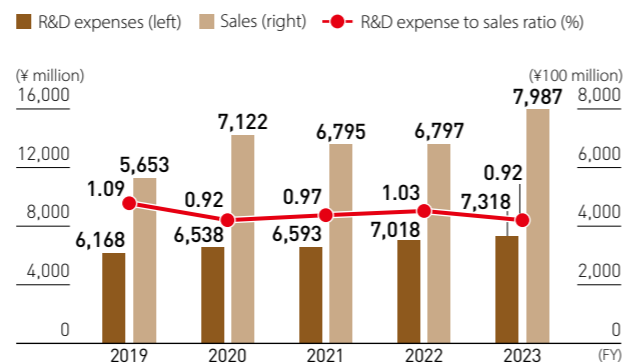
Cash flows*1



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

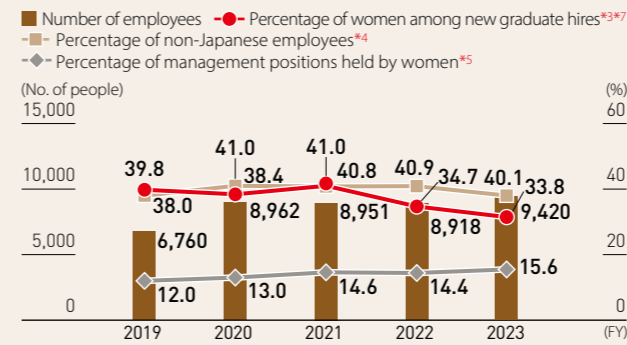


R&D Expenses*1



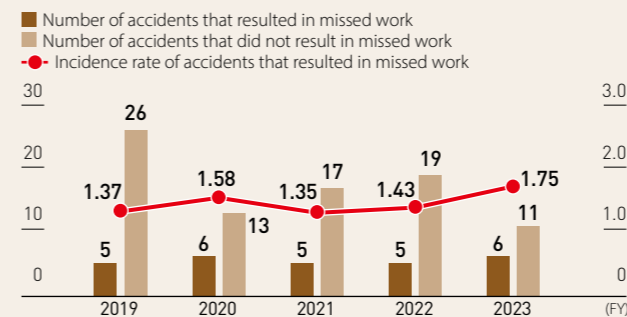
Non-Financial Highlights

Promoting diversity



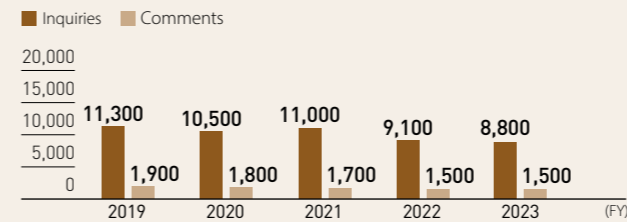
The Group has made promoting women in the workplace a priority management strategy. The strategy includes a percentage target for women in management positions and actively supporting career advancement for women. The Group is forming work environments that respect different values and local cultures,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

Occupational accidents*6*7



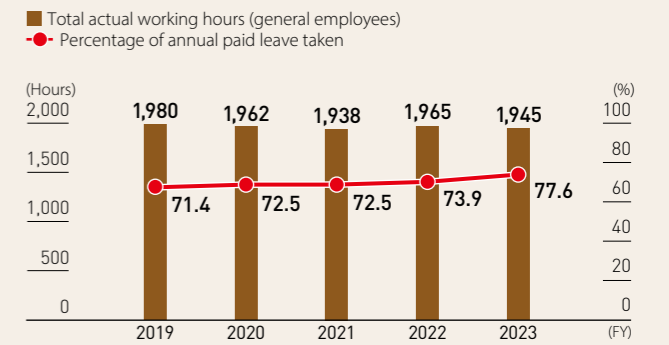
The Nisshin Seifun Group seeks to create safe work environments at all of its Group companies from a unified approach to occupational health and safety. The Group continuously works to reduce work-related accidents and disasters by annually applying the PDCA cycle as mandated in its Health and Safety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

Number of inquiries to the Customer Service Office



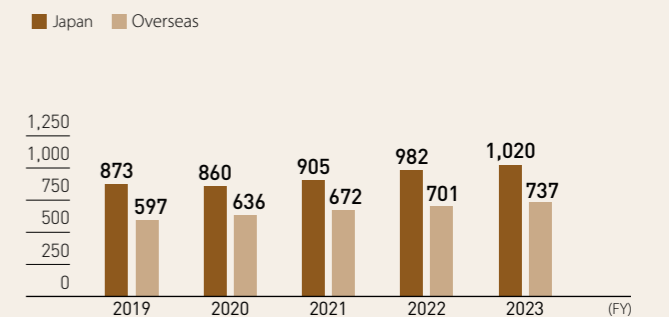
The Group seeks to accurately and promptly understand customer needs to improve its products and services and convenes a monthly Quality Improvement Meeting and a weekly Customer Feedback Review Meeting. The Group also continuously seeks to increase product safety at its manufacturing sites.

Total actual working hours and annual paid leave taken



Improving the Group's organizational capabilities is a priority management strategy. As part of that strategy, we are continually implementing measures to improve the work environment and create pleasant working conditions, including improving operating efficiency to reduce total actual working hours and making it easier to take vacation and leave time.

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.

For further details, please see the sections on pages 55-57 for CO₂, Food Waste, Container and Packaging Waste, Medium- and Long-term Environmental Targets for Water Consumption, and Sustainability Strategies.

CSR webpage
<https://www.nisshin.com/english/csr/>

CSR Fact Book
<https://www.nisshin.com/csr/factbook.pdf>

*1 Amounts rounded to nearest hundred million, R&D expenses are rounded down to the nearest million yen. *2 Beginning fiscal 2022, figures are based on the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan No. 29). *3 Scope of calculation: Nisshin Seifun Group Inc., Nisshin Flour Milling Inc., Nisshin Seifun Welna Inc., Nisshin Pharma Inc., Nisshin Petfood Inc., Nisshin Engineering Inc., Oriental Yeast Co., Ltd., NBC Meshtec Inc. *4 Percentage of non-Japanese employees does not include temporary employees. *5 Calculation scope is Nisshin Seifun Group Inc. only. *6 Incidence rate of accidents that resulted in missed work applies to Nisshin Seifun Group Inc., Nisshin Flour Milling Inc., Nisshin Seifun Welna Inc., Nisshin Pharma Inc., Nisshin Petfood Inc., Nisshin Engineering Inc., Oriental Yeast Co., Ltd., and NBC Meshtec Inc. (excluding their subsidiaries and overseas operations). The incidence rate of accidents that resulted in missed work represents the frequency of accidents and indicates the number of casualties due to occupational accidents during the equivalent of one million actual working hours. Reference: The incidence rate of accidents that resulted in missed work in manufacturing operations in fiscal 2023 was 1.25. *7 Nisshin Petfood Inc. is not included from fiscal 2023.

(FY)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Profit & Loss Statement <small>Note: Beginning fiscal 2022, figures are based on the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan No. 29, March 31, 2020).</small>											
Net sales	455,566	495,930	526,144	556,701	532,040	540,094	565,343	712,180	679,495	679,736	798,681
Cost of sales	316,141	348,619	377,729	402,218	374,028	378,742	401,584	512,356	490,410	531,660	638,062
Gross profit	139,424	147,311	148,414	154,483	158,012	161,352	163,759	199,824	189,084	148,075	160,618
Selling, general and administrative expenses	117,684	125,036	127,937	130,713	132,500	134,152	136,842	170,971	161,887	118,645	127,786
Operating profit	21,740	22,274	20,476	23,769	25,511	27,200	26,916	28,852	27,197	29,430	32,831
Amortization of goodwill, others	649	1,208	1,862	2,270	2,181	2,239	2,256	8,388	8,197	8,828	6,159
o/w amortization of goodwill	330	637	990	1,157	1,195	1,224	1,324	5,672	5,436	5,864	3,908
Operating profit before amortization of goodwill, others	22,389	23,483	22,338	26,040	27,693	29,440	29,172	37,241	35,394	38,258	38,990
Non-operating income	3,291	3,622	5,388	4,615	5,119	5,084	5,751	6,294	5,797	6,558	4,591
Non-operating expenses	289	317	320	285	301	485	605	3,711	3,107	3,362	4,371
Ordinary profit	24,742	25,579	25,544	28,099	30,329	31,800	32,062	31,434	29,886	32,626	33,051
Extraordinary income	289	1,140	1,223	121	2,669	1,365	1,581	8,925	1,849	1,645	24,393
Extraordinary losses	2,592	1,518	1,340	757	1,809	734	529	7,064	1,974	3,499	56,565
Profit before income taxes	22,438	25,201	25,427	27,462	31,189	32,430	33,113	33,296	29,762	30,773	879
Total income taxes	8,030	9,183	8,555	9,031	10,426	9,760	9,526	9,625	9,807	12,011	10,343
Profit attributable to owners of parent	13,688	15,098	16,036	17,561	19,466	21,339	22,268	22,407	19,011	17,509	(10,381)
Capital expenditure	17,203	18,290	19,895	14,970	12,689	21,484	18,719	21,843	16,405	18,150	19,871
Depreciation and amortization	13,749	13,669	14,747	16,816	16,132	15,509	14,951	21,235	22,271	23,054	22,805
R&D expenses	6,008	5,769	5,467	5,580	5,648	5,913	6,168	6,538	6,593	7,018	7,318
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>											
Current assets	218,468	216,409	224,529	228,271	234,172	260,751	268,170	238,980	238,674	280,527	330,069
Non-current assets	243,382	254,630	322,566	319,849	321,164	330,761	326,583	427,234	448,740	442,546	383,805
Property, plant and equipment	120,975	128,939	148,702	151,339	144,840	150,942	156,317	208,487	215,428	219,379	217,494
Intangible assets	12,746	12,998	21,629	18,489	15,089	12,409	10,462	68,716	73,376	68,752	23,677
Goodwill	4,373	5,008	10,355	8,610	7,050	5,623	5,016	42,743	45,551	42,385	7,496
Investments and other assets	109,660	112,692	152,234	150,019	161,234	167,408	159,802	150,030	159,935	154,414	142,633
Investment securities	100,643	105,975	143,288	140,347	151,963	158,211	149,659	135,739	147,168	141,590	124,653
Total assets	461,851	471,039	547,096	548,120	555,337	591,512	594,754	666,215	687,415	723,073	713,874
Current liabilities	99,474	90,433	112,237	106,799	89,526	114,189	114,806	131,058	108,740	129,158	150,262
Non-current liabilities	44,940	46,514	56,144	54,835	59,005	63,528	61,098	126,114	133,900	133,272	125,112
Total liabilities	144,414	136,947	168,381	161,635	148,532	177,718	175,905	257,172	242,640	262,430	275,375
Total net assets	317,436	334,092	378,715	386,485	406,805	413,794	418,848	409,042	444,774	460,643	438,499
Total liabilities and net assets	461,851	471,039	547,096	548,120	555,337	591,512	594,754	666,215	687,415	723,073	713,874
Statements of Cash Flows											
Net cash provided by (used in) operating activities	34,479	25,058	25,107	35,839	35,361	42,869	39,873	38,420	49,506	41,833	23,422
Net cash provided by (used in) investing activities	(23,854)	(1,797)	(43,636)	(12,201)	(5,240)	(18,067)	(19,184)	(96,844)	(17,105)	(15,517)	487
Net cash provided by (used in) financing activities	(4,587)	(5,072)	4,331	(9,446)	(11,470)	(18,593)	(10,567)	8,337	(31,264)	(17,850)	(10,625)
Cash and cash equivalents at end of period	53,249	72,685	59,897	72,960	90,837	98,461	107,374	56,550	59,152	68,728	82,971
Free cash flow	10,625	23,261	(18,529)	23,638	30,121	24,802	20,689	(58,424)	32,400	26,316	23,909
Primary Management Indicators											
Operating margin (%)	4.8	4.5	3.9	4.3	4.8	5.0	4.8	4.1	4.0	4.3	4.1
Earnings per share (Yen)	45.53	50.21	53.28	58.25	64.50	71.47	74.98	75.40	63.95	58.88	(34.91)
ROE (%)	4.6	4.8	4.6	4.8	5.1	5.4	5.5	5.6	4.6	4.0	(2.4)
Payout ratio (%)	36.3	34.6	39.6	41.2	40.3	40.6	42.7	45.1	57.9	66.2	-
Equity ratio (%)	66.9	68.9	66.8	67.8	70.6	67.5	67.9	59.3	63.0	62.1	59.4

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 was applied during a fixed period in the past. The selling price of wheat, which was previously fixed for the year, is revised twice a year^{*1}, and the effects of the global wheat and foreign exchange markets, etc. are reflected automatically in the wheat selling price.

Price fluctuation factors

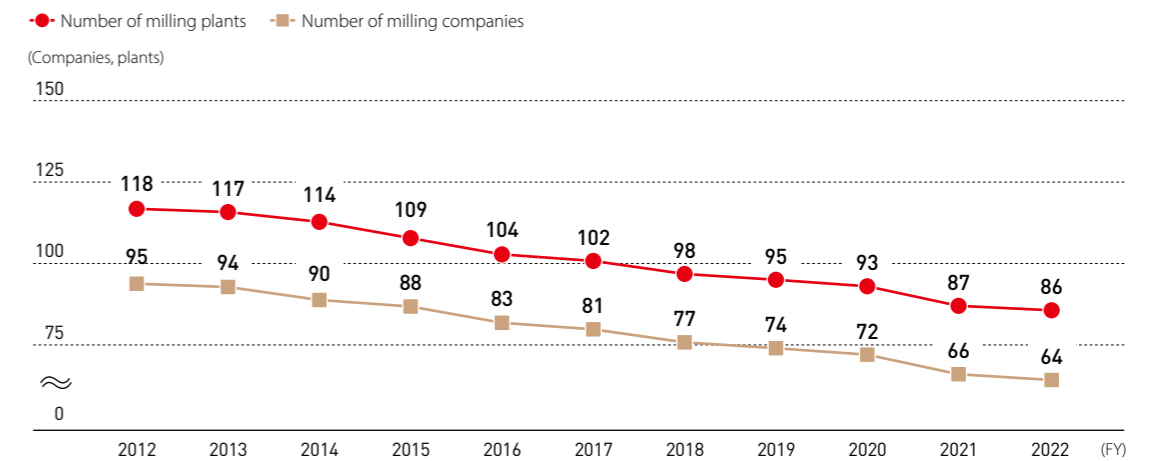


^{*1} The Japanese government enforced an emergency measure to alleviate the impact from the wide fluctuations in wheat import prices by extending the selling price of imported wheat, which is calculated based on the import purchase price, for the six months beginning in April 2022 to the period beginning in October 2022. Due to the severity of the selling price increase for the subsequent term, the government implemented a measure alleviating the rate of increase for the period beginning in April 2023.

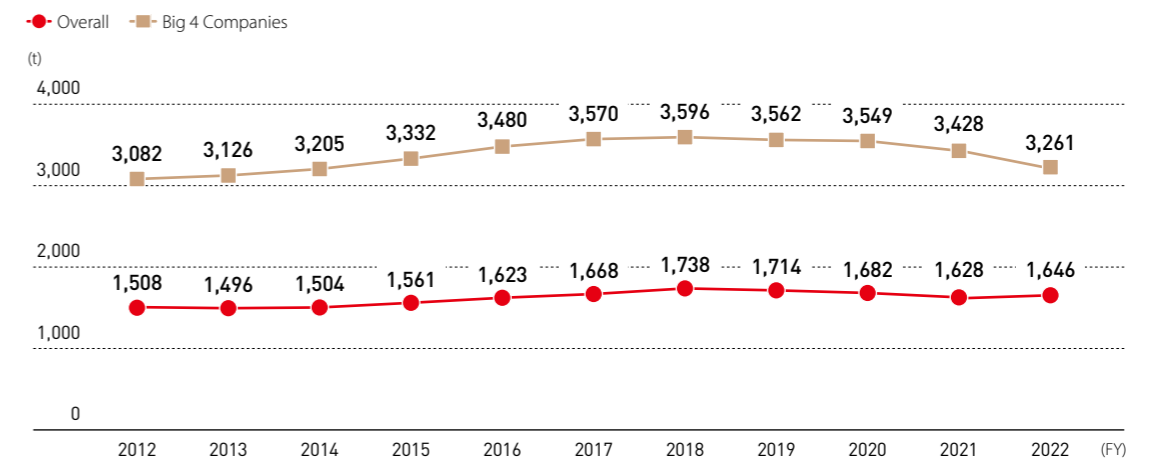
Milling company conditions

The number of milling companies has fallen by 31 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: 4,795,000 tons in fiscal 2020, 4,664,000 tons in fiscal 2021, 4,620,000 tons in fiscal 2022^{*2}). Major flour milling operations in particular are continuing to concentrate production facilities at coastal plants while expanding and rationalizing plant operations.

Number of milling companies and plants^{*3}



Wheat flour production output per employee^{*3}



^{*2} Survey by Nikkan Keizai Tsushin Co., Ltd.

^{*3} Compiled by Nisshin Seifun Group Inc. based on "Wheat supply and demand projections" (March 2023), Ministry of Agriculture, Forestry and Fisheries.

Company information (as of March 31, 2023)

Corporate name
Nisshin Seifun Group Inc.

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

Foundation
October 1900

Paid-in capital
¥17,117,856,746

Number of employees (consolidated)
9,420

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

Number of shareholders
39,797

Listing market
Prime Market of the Tokyo Stock Exchange

Securities code
2002

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

Date of record for interim dividends
September 30

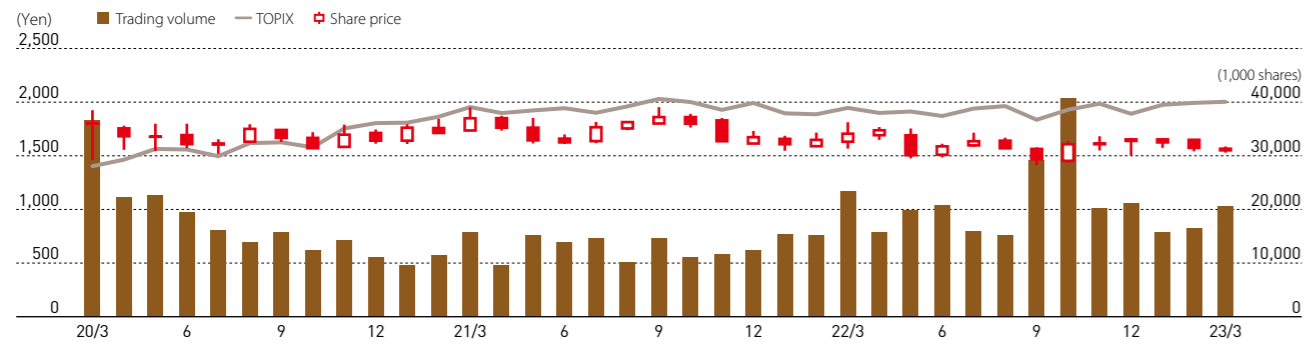
Ordinary general meeting of shareholders
June

Method of public notice
The Company posts notices via electronic notification on its website at <https://www.nisshin.com>. However, if electronic notification is not possible due to an accident or other unavoidable circumstances, notices will be published in the Nikkei newspaper.

Custodian of shareholder register
Sumitomo Mitsui Trust Bank, Limited

Stock information (as of March 31, 2023)

Share price and trading volume



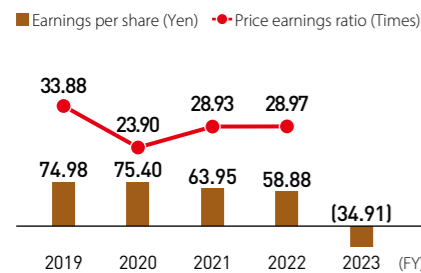
Total shareholder return (TSR)*1

	FY2019	FY2020	FY2021	FY2022	FY2023
Nisshin Seifun Group Inc.	122.0%	88.6%	92.6%	87.6%	82.2%
TOPIX	95.0%	86.0%	122.2%	124.6%	131.8%

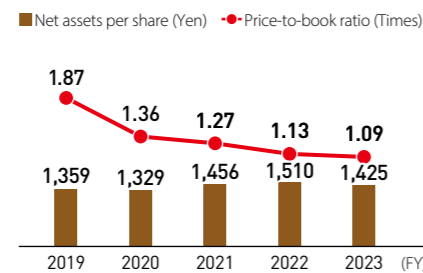
*1 The income from stock investment (dividends and capital gains) divided by the investment value (share price), calculated based on a formula stipulated by Cabinet Office Ordinance.

Stock indicators

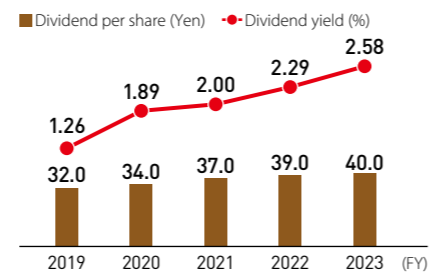
Earnings per share*2 / Price earnings ratio (PER)*3



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



Dividend per share / Dividend yield*5



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

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

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

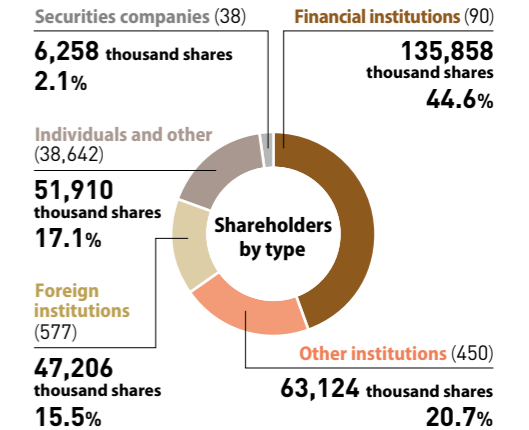
*5 Dividend per share (yen) divided by period-end share price (yen)

Major shareholders (Top 10) (as of March 31, 2023)*6

Name	Number of shares held (Thousands)	Shareholding ratio
The Master Trust Bank of Japan, Ltd. (Trust Account)	44,554	14.9
Nippon Life Insurance Company	19,387	6.5
Yamazaki Baking Co., Ltd.	16,988	5.7
Custody Bank of Japan, Ltd. (Trust Account)	16,290	5.4
Mizuho Bank, Ltd.	10,447	3.5
The Norinchukin Bank	6,932	2.3
Marubeni Corporation	6,284	2.1
National Mutual Insurance Federation of Agricultural Cooperatives	4,455	1.4
Nisshin Seifun Group Employee Shareholding Association	4,009	1.3
Sumitomo Mitsui Banking Corporation	3,909	1.3

*6 The Company is not included in the list of major shareholders. The Company holds 6,834 thousand shares of treasury stock. Treasury stock is not included in the calculation of shareholding ratios.

Composition of shareholders (as of March 31, 2023)



External evaluation of the Group

Nisshin Seifun Group is actively engaged in PR, IR and SR activities, and provides accurate information about the business activities of the Group's companies widely to society in a timely and appropriate manner, on a continuous basis. In this way, we work to ensure that our stakeholders are able to correctly understand and evaluate the Group, and we strive to gain their trust. The Group has also received positive external evaluations of its CSR-focused management initiatives, and has been chosen for inclusion in Socially Responsible Investing (SRI) indices including FTSE4Good Index Series, FTSE Blossom Japan Index, FTSE Blossom Japan Sector Relative Index, S&P/JPX Carbon Efficient Index, and SOMPO Sustainability Index. In 2023, for a third straight year, Nisshin Seifun Group was certified for the White 500 (large enterprise category) list of Outstanding Health and Productivity Management Organizations. In

addition, for a second straight year, Nisshin Seifun Welna Inc. and Oriental Yeast Co., Ltd., and for the first time, Nisshin Flour Milling Inc. and NBC Meshtec Inc. were certified in the large enterprise category as 2023 Outstanding Health and Productivity Management Organizations.

The Carbon Disclosure Project*7, based on a questionnaire distributed in 2022, gave the Nisshin Seifun Group a score of B (management level) for climate change and water security.

The Group has also been selected for inclusion as one of the 225 constituents of the Nikkei Stock Average (Nikkei 225), one of the leading stock indices in Japan, and has been assigned an AA Long-term Issuer Rating by the Japan Credit Rating Agency, Ltd., the highest rating level for a domestic foods manufacturer (as of March 31, 2023).

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