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To Shareholders

Business Report 2022

(April 1, 2021 to March 31, 2022)



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Kenji Takihara
Representative Director and President

Allow me to begin with an introduction. My name is Kenji Takihara, newly appointed as Representative Director and President this past June.

Since its founding back in 1900, the Group has worked through business to contribute to society with a corporate philosophy of “contributing to a healthy and fruitful life for all,” and anchored by two corporate principles – “the basis of business is built on trust” and a commitment to “be in tune with the changing business climate.” In this way, we have built a rock-solid position in Japan’s food product industry spanning more than 120 years.

Under the leadership of holding company Nisshin Seifun Group Inc., in addition to seven operations – flour milling, processed foods, healthcare foods, yeast and biotechnology, prepared dishes and other prepared foods, engineering and mesh cloths – each bringing comprehensive capabilities to bear to have top shares in a range of businesses and domains, these same operations are taking aggressive steps to develop business on a global scale.

At the same time, as uncertainty in the market environment stemming from the COVID-19 pandemic and high market prices for grain and natural resources triggered by the situation in Ukraine make clear, the business environment in which the Group finds itself continues to change dramatically. For the fiscal year ending March 31, 2023, the Group is giving highest priority to addressing sharp rises particularly in the cost of raw materials brought about by historic price inflation for food staples. In tandem, we intend to take decisive measures to make our long-term vision a reality. These actions include preparations to launch a new plant in the Mizushima district of the city of Kurashiki (Okayama Prefecture, Japan) in the flour milling business, an extensive review of business plans in the Australia flour milling business in light of progress made in achieving business recovery, improving and embedding the name recognition of processed food company Nisshin Seifun Welna Inc. following a corporate name change, and the launch of a new yeast plant in India in the yeast and biotechnology business.

For its part, the Group will remain dedicated to its corporate mission of ensuring the stable supply of foods involving wheat flour and the delivery of safe and reliable products in each business area. And by weaving a commitment to ESG (environment, society and governance) into our management policies, we will also contribute to making a truly sustainable society possible.

Going forward, we are determined to maximize corporate value, as we aim to be a corporate group that continues to gain the support of our stakeholders. We kindly request your ongoing support and understanding as we work to achieve our goals.

June 2022

What are your thoughts and impressions since being appointed as President?

While there is certainly an enormous amount of pressure, I’m determined to squarely shoulder this weight and move forward with a positive attitude. Given the problems happening in Ukraine and other emerging issues that are shaking things up globally, this year will be a tumultuous one for the Group as well. With that said, I intend to work tirelessly to transform the Nisshin Seifun Group that so many who came before me have helped build into an even better corporate group.

Could you talk about the direction or some specific policies you hope to take with respect to Group management going forward?

I intend to manage based on three basic policies. First, in business domains where the Group has high technological capabilities, productivity and a solid sales infrastructure, and where these strengths can be leveraged, we will continue business portfolio restructuring and enhance competitiveness for both the Group as a whole and individual businesses. Second, we will strive to remain an enterprise that earns society’s trust by valuing relationships with our shareholders, customers, employees, business partners and stakeholders across society, and making our approach with regard to each crystal clear. Third, in the push to realize both a sustainable society and the Group’s own sustainable growth, we will integrate ESG into our management policies and take action in step with society’s own movements in these areas. With these three as basic management policies, I hope to achieve real improvements in corporate value.

Basic Management Policies

- (1) Further promotion of group growth capability by rebuilding the business portfolio
- (2) Promotion of business management with clarified thinking of relationships with stakeholders
- (3) Implementation in line with society’s move with ESG incorporated in management policy

You mentioned “rebuilding the business portfolio” What exactly do you have in mind here?

Taking the need for business portfolio restructuring into account by asking which business domains should be the focus for management resources, the Group aimed for greater portfolio selectivity and focus, with the key metric being “Advance selection and concentration based on the criteria of whether a business is or can reach the top of a certain business domain” For core operations like the flour milling, processed foods, and yeast businesses, we are working to establish stable earnings bases in Japan that will remain in place going forward. As growth fields, meanwhile, we have the overseas development of these operations, and seek to grow the prepared dishes and other prepared foods business by leveraging advantages in traditional Japanese cuisine and refrigerated distribution to enable the business to compete against imported products in Japan. What’s more, in two businesses where market growth is anticipated, healthcare foods and biotechnology, but also in the engineering and mesh cloths businesses, where the Group holds proprietary technologies, we want to make the direction of our measures clear in managing these businesses. Going forward, we will continue to emphasize the Group’s strengths when restructuring our business portfolio, as we seek to enhance the competitiveness of the Group as a whole and its individual businesses.

What sort of measures are you considering for integrating ESG into management policies?

When thinking of the role that companies today are asked to play, the world is no longer forgiving of firms that only benefit their own stakeholders. Where ESG (environment, society and governance) is concerned, we intend to act in step with society's own movements in these areas. Environment, or E, in particular is an area we have set as one of management's highest priorities. In 2021, along with establishing a new long-term target of aiming for effectively zero CO₂ emissions throughout our base network by 2050, the Group revised its medium-term target, aiming now by 2030 to cut carbon emissions by 50 percent compared to fiscal 2014. Achieving this will not only mean shifting over to renewable energy to power our facilities, but getting access to cutting-edge information about technological innovations in this field that we can then hopefully incorporate companywide.

Group's CO₂ Emissions



Can you discuss business performance for the fiscal year ended March 31, 2022, and the performance outlook for next term?

In the fiscal year ended March 31, 2022, net sales ended largely unchanged year on year. This outcome mostly reflected effects from the application of an accounting standard regarding revenue recognition, coupled with the termination of our role as an outsourced producer for the former pet food business. These factors offset benefits gained from wheat flour price revisions we instituted in line with revised prices for wheat in the flour milling business in Japan, higher market prices for wheat and effects from foreign currency translation in the overseas flour milling business, and higher revenue from progress on plant construction projects in the engineering business. If we exclude the impact of application of the accounting standard, sales actually rose for the year. Operating profit, meanwhile, ended the year higher, lifted by good U.S. flour milling business performance, robust growth in sales prices for bran, a byproduct of the flour milling business in Japan, steady recovery in the prepared dishes and other prepared foods business, and progress made on large-scale construction projects in the engineering business. Profit attributable to owners of parent, however, was lower year on year, mainly from impairment losses posted due to worsening performance in the New Zealand flour milling business.

While the Group also moved to respond to higher costs for raw materials and others during the fiscal year ended March 31, 2022, the cost of raw materials and other items is likely to rise dramatically in the fiscal year ending March 31, 2023, tracking sharp price jumps in the grain and natural resources markets triggered by the situation in Ukraine, along with the yen's depreciation. We view adapting to this significant growth particularly in the cost of raw materials as the Group's highest priority in the current term, with all businesses taking decisive action to respond.

As for the business outlook, for net sales, we are projecting sales growth as each business enacts price revisions in step with higher prices for raw materials, together with higher wheat market prices and effects

from foreign currency translation in the overseas flour milling business. Where operating profit is concerned, performance is likely to be flat year on year despite actions in each business to pass along cost increases to product prices, mainly reflecting uncertainty caused by cost inflation and lower earnings expected in the engineering business. In addition, we intend to conduct an extensive review of business plans for the Australia flour milling business, with an eye to accurately assessing market changes in the Oceania region. Taking both the response to cost inflation and the situation in the Australia flour milling business into account, we are drafting a new medium-term management plan that we hope to announce in late October 2022.

What are your thoughts with respect to capital policies?

The COVID-19 pandemic was a stark reminder of how important having access to one's own capital is, even in the capital markets. In light of this, my personal task is to explain to our shareholders directly that the single most important reason the Group exists is to ensure the stable supply of food, including wheat flour as a staple and wheat flour-related products, and ensure they understand the distinct characteristics of each business.

In addition to this, we are spurring business growth through improved profitmaking and selling capabilities and encouraging aggressive strategic investments (including capital investment and M&As) designed to deliver selectivity and focus through business portfolio restructuring. At the same time, we continue to seek growth in earnings per share (EPS) from a long-term perspective. As a result, we hope to achieve both an appropriate total shareholder return (TSR) and improvements in return on equity (ROE).

In closing, please tell us a little more about yourself, what you value or your interests, for example.

In college, I was part of a mountain climbing club, where we climbed the Japanese Alps and other mountains across the country. Even after joining the Company, when I was young I continued to mountain climb even when I had job transfer to Japan's Shikoku and Kansai regions. At this point, I've successfully climbed about half of the famed 100 Mountains of Japan. And while I plan to put all of my energy into our business, I also hope to one day start climbing again. Since I now live about 10 minutes from the shore, my focus is going for walks for an hour or more on the weekends to refresh myself physically and mentally.



Kenji Takihara Brief Biography

(As of June 2022)

- Born February 3, 1966
- Mar. 1988 Graduated in Economics, School of Political Science and Economics, Waseda University
- Apr. 1988 Joined Nisshin Seifun Inc. (currently Nisshin Seifun Group Inc.)
- Jun. 2006 General Manager (Investor Relations Office of Corporate Planning Division), Nisshin Seifun Group Inc.
- Jun. 2009 Group Leader (Operations & Planning Group of Operations & Planning Division), Nisshin Flour Milling Inc. (established following business spinoff in 2001)
- Jun. 2013 Director and Division Executive, (Operations & Planning Division), Nisshin Flour Milling Inc.
- Jun. 2016 Executive Officer, Nisshin Seifun Group Inc.
- Jun. 2017 Director, Nisshin Seifun Group Inc.
- Jun. 2019 Managing Executive Officer, Nisshin Seifun Group Inc.
- Managing Director and Division Executive, (Operations & Planning Division), Nisshin Flour Milling Inc.
- Jun. 2021 Senior Managing Director, Nisshin Flour Milling Inc.
- Jun. 2022 Representative Director and President, Nisshin Seifun Group Inc.

Nisshin “Karada Ni Oishii Koto.”

NatuBran

- Silky smooth wheat bran developed from a proprietary refinement process
- Mix with wheat flour for use in breads, confections and other products
- Arabinoxylan*, a substance with reported functions that include improving the intestinal environment and/or mitigating blood sugar spikes after meals, has a positive effect on the body.

* A type of fermented plant-based fiber, and the main component of plant-based fiber from wheat



Ma-Ma Hayayude Spaghetti

FineFast Series



- 1.6-mm and 1.8-mm noodles in 400-gram packages join the lineup
- Noodles can now be prepared in the microwave!*
- Different noodle cut and revised production methods for a more authentic al dente texture



* Renewal of 1.8-mm and 2.0-mm products with revised production method making microwave preparation possible. Packaging renewal only for high-protein and angel hair noodles.

Smart Table Nosete Mee~na

- Add this chunky sauce to bread for more delightful toast every day
- Use just the right amount thanks to a segmented portion tray
- Chunky ingredients only a frozen food product can deliver



Nisshin O-Uchi Sweets

Cool-Un Series

- Long-selling dessert first launched in 1979, now with a trendy revamp
- Prepare the whole box or a single cup
- No heating required! Homemade dessert now easier than ever





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

In March 2022, Nisshin Seifun Group Inc. was recognized for a second consecutive year for inclusion in the list of Japan's outstanding corporations with respect to health and productivity management (large enterprise category: White 500), with companies certified by Japan's Ministry of Economy, Trade and Industry (METI) and the Nippon Kenko Kaigi (Japan Health Council). White 500 refers to only the top 500 companies as identified by a survey of health management from among those recognized as exceptional corporations in this area in the large enterprise category of evaluation.

Basic approach to health management within the Nisshin Seifun Group

Group employees and companies are united in action to ensure that employees themselves, who are communicating the value of health worldwide, are in situations enabling them to work in healthy and energetic ways.

Key Activities in FY 2022

●January 2022 - Certified as a "Sports Yell Company 2022"

An enterprise taking proactive steps to utilize sports as part of workforce health promotion is certified as a "Sports Yell Company" by the Japan Sports Agency.

●Exercise Initiatives

"Body Health Chart" health program, pelvic floor adjustment, chair yoga, muscle strength loss prevention

●Enactment of "Smoke Free Month"

Announcement of Cancellation of the Individual Shareholders' Tour

Normally, the Group holds individual shareholders' tours each year in March and September. However, with the health and safety of tour participants foremost in mind, we have regrettably chosen to cancel the individual shareholders' tour scheduled for September 2022.

We offer our sincerest apologies to all who were looking forward to the tour.

Your understanding and cooperation as shareholders is greatly appreciated.

"Nisshin Cooking Flower®" series Product renewal from an eco-conscious perspective

Since its launch in 2015, the "Nisshin Cooking Flower®" series has brought a new value proposition to wheat flour. And while refill products were available from day one, which helps reduce the use of plastic, this series will join its sister line of products, the "Nisshin Mizutoki Irazu No Toromi Jouzu" series, in a product package renewal designed to reduce environmental impact even further.

For "Nisshin Cooking Flower®," we've added the words "wheat flour" in Braille to the lid of the bottle. Biomass-based ink is used for some parts of the packaging for the refill products, as well as for the 300- and 500-gram resealable package products.

"Wheat flour" added in Braille to the lid

*Nisshin Cooking Flower® only



Nearly 30% reduction in use of petroleum-derived resources for packaging

*Based on weight of packaging used for product



Nisshin Cooking Flower®



Nisshin Mizutoki Irazu No Toromi Jouzu

Package Renewal for Refill Products Too!



Biomass-based ink used for some parts of packaging

Financial Highlights

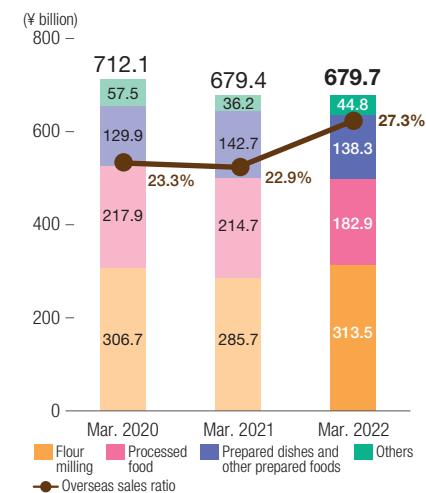
Consolidated Financial Summary

(¥ billion)

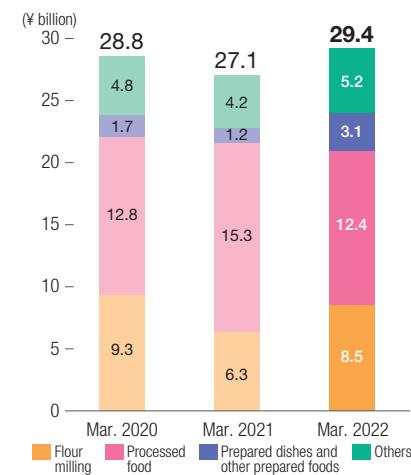
	Mar. 2020	Mar. 2021	Mar. 2022
Net sales	712.1	679.4	679.7
Overseas sales	166.1	155.6	185.8
Overseas sales ratio (%)	23.3%	22.9%	27.3%
Operating profit	28.8	27.1	29.4
Ordinary profit	31.4	29.8	32.6
Profit attributable to owners of parent	22.4	19.0	17.5
Earnings per share (¥)	75	63	58
Total assets	666.2	687.4	723.0
Net assets	409.0	444.7	460.6
Net assets per share (¥)	1,328	1,456	1,510
Dividend per share (¥)	34	37	39

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

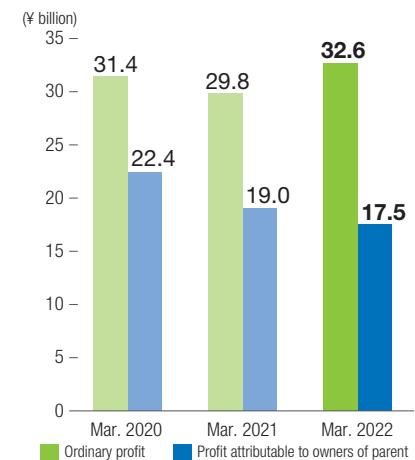
Net sales / Overseas sales ratio



Operating profit



Ordinary profit / Profit attributable to owners of parent



(Note) Intersegment transaction eliminations are included in "Others segment" of operating profit.

Corporate Data

Corporate Data

Corporate name: Nisshin Seifun Group Inc.
Head office: 25, Kanda-Nishiki-cho 1-chome, Chiyoda-ku, Tokyo
Foundation: October 1900
Paid-in capital: ¥17,117,856,746 (As of March 31, 2022)
Board of Directors: (As of June 28, 2022)
Representative Director and President Kenji Takihara
Representative Director Akira Mori
Director Koichi Iwasaki
Director Satoshi Odaka
Director Naoto Masujima
Director Takao Yamada
Director Yuji Koike
Director * Kazuhiko Fushiya
Director * Motoo Nagai
Director * Nobuhiro Endo

Director /Member of Audit & Supervisory Committee Shoh Ohuchi
Director */Member of Audit & Supervisory Committee Satoshi Ito
Director */Member of Audit & Supervisory Committee Mieko Tomita
Director */Member of Audit & Supervisory Committee Takaharu Ando

*Outside Director

Stock Information (As of March 31, 2022)

- Total number of issuable shares: 932,856,000 shares
- Total number of shares issued and outstanding: 304,357,891 shares
- Number of shareholders: 31,977 (an increase of 3,656 shareholders from the end of the previous fiscal year)
- Composition of shareholders (Shareholders by type)



Investor Information

Fiscal year: April 1 to March 31 of the following year
Date of record for year-end dividends (profit dividends) on retained earnings: 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.

Share trading unit: 100 shares
Custodian of shareholder register and account management institution for special accounts: Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan
Contact information: Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Department 8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-0063, Japan
 Tel: 0120-782-031 (toll-free)
 * Available within Japan only.
 Operator hours: 9 am-5 pm on weekday in Japan.

Special Privileges for Shareholders

Special privileges

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

Eligible Shareholders

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

A guide to special privileges for shareholders and application for this year were mailed out on June 6, 2022 (Monday) with the notice of invitation to the general meeting of shareholders. The application deadline is August 1, 2022 (Monday). Valid applications must be postmarked by this date.

Notice

Application for various share-related procedures

Please file applications for various share-related procedures such as change of address, designation of a method to receive dividends, request to purchase shares in less than the allotted trading unit and sale of such additional shares at the following places.

- Shareholders with an account at a securities company → Please contact your securities company.
 Note: To apply to receive dividends after the period for dividend distribution, as well as request to purchase shares in less than the allotted trading unit registered at the special account and sale of additional less-than-a-unit shares to those registered at the special account, please contact Sumitomo Mitsui Trust Bank, Limited.
- Shareholders registered at the special accounts → Please contact Sumitomo Mitsui Trust Bank, Limited.

NISSHIN SEIFUN GROUP INC.

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



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