

First Six Months of Fiscal 2026 Results Briefing Meeting: Summary of Q&A

Time and Date: 13:00 – 14:00 on Friday, October 31, 2025

Attendees: Nisshin Seifun Group Inc.

Kenji Takihara, Representative Director and President

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

Tetsuya Shishikura, General Manager, Investor & Shareholder Relations Office

Q: The US flour milling business and the Australia flour milling business posted profit declines in the first half of FY2026. What specific initiatives are you implementing for business growth from the second half onwards?

A: While the US flour milling business reported a decline in profits in the first half, progress was mostly in line with the plan. Early in the first half, conditions remained somewhat challenging for shipments but entered a recovery phase in September. Increased shipments are expected in the second half and thereafter, bolstered by the effect of expansion in production capacity. We plan to expand profit by maintaining and expanding our sales margin through our carefully tailored proposal-based sales activities and by focusing on improving productivity through new technology. In the Australia flour milling business, we are looking toward the second half and pressing ahead with various measures even though they did not pay off sufficiently in the first half. On the sales front, we are strengthening collaboration with in-store bakeries, who are our main customers, and reviewing our lineup, including renewing existing products. With a view to further expanding sales of products under the “Wise Wheat brand”, a brand of high dietary fiber wheat flour products, we are enhancing the lineup and conducting large-scale promotional activities. Additionally, price revisions in response to cost increases and structural reform plans are also progressing steadily, and we expect the effects of these to materialize in the second half.

Q: In the domestic flour milling business, has product price pass-through been completed, including for increases in personnel expenses and other costs? Personnel expenses and other costs are expected to continue rising going forward. Will you keep implementing product price pass-through in the coming fiscal years?

A: With the understanding of our customers, we successfully passed through increases in personnel expenses and other costs to product prices in our July 2025 wheat flour price revisions. We intend to implement product price pass-through as necessary including for cost increases in the coming fiscal years. The increase in depreciation associated with the start of operations at Mizushima Plant has not been passed through to product prices because these are costs attributable to us.

Q: In the processed food business, the price revisions did not really have the effect of increasing profit in the second quarter of FY2026. Why was that? What led to you downwardly revising your full-year plan?

A: In the processed food business, we implemented price revisions in July and August 2025; however, the effect of the price revisions in the second quarter was limited because the revisions were made partway through the second quarter. Price revisions have been made as initially planned, and we believe that their positive impact on profit will become evident from the second half onwards. The downward revision of the full-year plan was made in view of slow progress versus the initial plan. Although shipment volume remained steady in the first half, we made the revision based on verification of progress against the plan. We have succeeded in steadily implementing price revisions relating to costs but made the downward revision on the assumption of changes, including recent foreign exchange rates and rising raw material costs.

Q: In the India yeast business, the impairment losses will less the burden of depreciation. How will you bring about improvement in performance in real terms, excluding this decrease in depreciation?

A: In the India yeast business, the reduction in the burden of depreciation as a result of recognition of impairment losses is expected to be around ¥0.7 billion annually, with an expected reduction this fiscal year of around ¥0.3 billion. As regards improvement of performance in the future, firstly, we will pursue sales expansion of the new products with high fermentation power that we launched in July. The new products are highly rated by the market and their effect of improving productivity is beneficial for both our customers and us. In view of the effect of these products, we would also like to raise our selling prices. We will also seek sales expansion of yeast for ethanol through collaboration with local distributors and the development of a product supply chain that meets the needs of users.

Q: With the recognition of impairment losses in the India yeast business following on from those in the Australia flour milling business, you keep recognizing impairment losses in the overseas business. Was everything okay in the way the business was run?

A: The main factors behind the recognition of impairment losses in the Australia flour milling business and the India yeast business were unexpected changes in the external environment such as market decline amid the COVID pandemic and cost inflation caused by the Ukraine conflict. We do not believe there was anything wrong with our investment decisions to date. Going forward, we need to assess investment risks more cautiously and we will learn from past experiences and hold plenty of discussions in management meetings and board meetings.

Q: Do you need to review your management strategies given the slump in the consumption environment for food products in Japan and overseas?

A: In Japan and Australia, the consumption environment has become extremely challenging due to inflation. To adapt to changing consumer needs in such an environment, we are developing high value added products. For example, in the processed food business, we are launching new products that will tap into the fresh pasta market. Turning to the US, although consumers are becoming increasingly cost conscious here as well, demand for high-priced products is firm compared with Japan and Australia. Accordingly, in the US, we think it is important to properly work with customers to achieve growth together. In this way, we will take the different market environments in each region into consideration when developing our future management strategies.

Q: You are currently accelerating investment. Can you provide details of future investments and M&A strategies?

A: Our basic approach is to invest in growth businesses in our current portfolio and M&A has not been factored into our plans; however, when putting our plan into practice, we will also consider M&A. More specifically in regard to investment, we will focus on overseas investment in the flour milling business and processed food business, investment to strengthen the foundations in the domestic business, and investment in automation and labor-saving in the prepared dishes and other prepared foods businesses. Also within the overseas business, the North American market is attractive. In the US flour milling business, we have so far pressed on with production line expansion and capacity expansion at existing plants but there is also the option of building new plants. In the domestic business, we would also like to invest in properly strengthening the business foundations, as with the construction of Mizushima Plant. Meanwhile, in the prepared dishes and other prepared foods businesses, we announced the construction of a frozen food factory at Nomura Foods. Automation and labor-saving technologies are something that can set us apart from other companies, and we intend to actively make investments to implement these technologies.

Q: What is your rationale for targeting a net D/E ratio of 0.3x?

A: We have set a target net D/E ratio of 0.3x, which we consider an upper limit, as the level we believe ensures financial health within a range that allows us to maintain our current rating (AA).