First Six Months of Fiscal 2027 Results Briefing Meeting: Summary of Q&A

Time and Date: 13:00 – 14:00 on Friday, October 30, 2026
Attendees: Nisshin Seifun Group Inc.
Yu Nagaki, Representative Director and President
Kazuhiro Imai, Managing Executive Officer Division Executive, Finance and Accounting Division
Tetsuya Shishikura, General Manager, Investor & Shareholder Relations Office

Q: What topics are being discussed within the company to achieve a breakthrough and transform the earning model? What changes have resulted from these discussions? How long will it take to achieve a breakthrough?

A: Active discussions are taking place at Executive Meetings. The Company is steadily changing. Our main theme is "autonomy and alliances." We aim to maximize the value of the Group as a whole by enabling each business to grow autonomously and strengthening the alliances between them. The North American prepared mixes business has decided to introduce a new line of prepared mixes. In addition to the *tempura* mixes, where we have a strong presence, the business is developing fried chicken and other prepared mixes that meet the strong local demand. We are considering an alliance between the North American prepared mixes business and the North American flour milling business to enhance our procurement of raw materials, sales networks, logistics, factory operations, and human resources. Local entities are currently discussing these potential alliances. We expect that it will take two to four years to transform our earning model. We aim to achieve results more quickly. We will communicate externally as needed as our initiatives progress.

Q: You forecast a decline in profits in the second half of FY2027. What factors have contributed to this forecast? Which businesses do you expect will drive the growth of profit in the next fiscal year? What factors will increase profits?

A: We have considered the uncertainty regarding demand trends after price revisions and the promotional costs needed to address this uncertainty in our forecasts for the second half. We are significantly revising prices in the domestic flour milling business and domestic processed food business. The negotiations are progressing largely as planned. We need to carefully evaluate the impact of these price revisions on sales volumes. We will evaluate our outlook for the next year. In the domestic business, we expect sales to drive an increase in profits if we can overcome the impact the price revisions will have on demand. In the overseas business, we anticipate that using our enhanced production capacity in North America to increase sales will result in the growth of profit.

Q: The North American flour milling business is performing very well. What is the background behind its competitive advantage?

A: In the North American flour milling business, profits will increase for the seventh consecutive year if the forecast growth of profit is achieved this fiscal year. To strengthen our earnings base, we are engaged in sales activities that focus on customer relationships, the positive effects of increased production capacity, and the acquisition of earnings opportunities amid the fluctuation of the grain market, which affects the procurement of raw materials. Earnings opportunities in raw materials procurement are somewhat influenced by market fluctuations, and we need to monitor them carefully. Nonetheless, we believe that the fundamental profitability of this business has been steadily increasing.

Q: What are the medium- to long-term growth strategies for the Australia flour milling business? What initiatives are being implemented to improve profitability?

A: In the Australia flour milling business, we are focused on restoring performance to the previous profit levels despite the challenging business environment caused by inflation and other factors. We are also considering structural reforms, including selection and concentration, with the goal of enhancing profitability, rather than merely achieving a simple recovery.

Q: What initiatives are you implementing in the Processed Food Business while inflation continues? What is the business structure that you aim to establish?

A: As inflation increases, we expect the cost competitiveness gaps between companies to widen further. In this environment, we will enhance collaboration between the processed food business, which has strong sales channels and brand power, and the Prepared Dishes and Other Prepared Foods Segment, which leverages its manufacturing technologies supporting high-mix production. In this way, we will focus on optimizing our value chain. We cannot disclose specific strategies at this time. We are engaged in in-depth discussions within the company to review our business structure and investment strategies aimed at achieving sustainable growth.

Q: What are your thoughts on controlling capital expenditures and invested capital moving forward?

A: We aim to achieve continued growth both domestically and internationally. Our policy is to focus on projects we anticipate will yield high returns on investment. In our investment decisions, we emphasize the preservation of options when making investment decisions. This approach enhances the value of investments by facilitating the comparison of multiple options. We comprehensively consider risk and return when evaluating investment projects.

Q: What changes do you anticipate in the business environment in the domestic flour milling business and the domestic processed food business? What management and investment strategies will you implement domestically and internationally in the changing environment?

A: We anticipate that the gaps in competitiveness between companies will widen in the future due to the effects of inflation and rising interest rates. In Japan, we will strengthen our competitive advantage and increase our market share by investing in innovation and the enhancement of value. There are strong capital-intensive aspects of our ingredients business, and innovation significantly impacts it. In the Processed Food Business, we will integrate processed food, prepared dishes, and other prepared foods to enhance value. In the domestic flour milling business, we are utilizing AI and automation technologies to enhance productivity. We will work to similarly strengthen competitiveness throughout our domestic business. In the overseas business, we aim to grow by capitalizing on the growth of the market to increase the scale of our business. In the India yeast business, we aim to quickly establish an earnings base and capitalize on the growth of this vast market. We will also consider new mergers and acquisitions and a review of our business portfolio.

Q: You have announced that you will acquire a maximum of ¥20.0 billion of treasury shares, which matches the amount of the treasury shares you announced you would acquire in October 2025. What are your thoughts on this acquisition, particularly regarding the sustainability of shareholder returns?

A: Our basic shareholder return policy is to aim for a dividend payout ratio of around 50%, excluding non-recurring gains and losses. We will implement a comprehensive capital policy to enhance corporate value by adopting a holistic approach that strengthens the foundation of our business, returns profits to shareholders, and manages our balance sheet while prioritizing growth investments.