

# Fiscal 2021

# Results Briefing Meeting

May 19, 2021

**Nisshin Seifun Group Inc.**



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# I. Fiscal 2021 Results and Fiscal 2022 Forecasts

# 1. Fiscal 2021 Results

- ▶ **Net sales decreased** due to several factors. These included a decline in sales in the flour milling business, largely reflecting lower wheat flour prices due to price revisions for wheat and decreased demand caused by the pandemic, coupled with a temporary decrease in facility construction completion and effects from the transfer of the pet food business. These factors outweighed beneficial effects from the new consolidation of Tokatsu Foods Co., Ltd. in the first quarter.
- ▶ **Operating profit was lower for the year** despite a recovery in performance in the U.S. flour milling business, robust shipments in Japan of household-use processed foods and raw materials for pharmaceuticals, along with a reduction in various expenses. This decline mainly reflected reduced profit in the flour milling business (Japan, Australia, etc.) from lower demand and other issues caused by the pandemic, coupled with a decline in sales in the prepared dishes and other prepared foods business, and a temporary decrease in facility construction completion.
- ▶ On the other hand, **business forecasts were met** thanks to improved production efficiency in the prepared dishes and other prepared foods business and beneficial effects from cost reductions across all businesses.

\* Figures rounded down to nearest million yen

(Millions of yen)	Fiscal 2021 Results	Forecasts		Fiscal 2020 Results	
			Change		Change
Net sales	<b>679,495</b>	<b>700,000</b>	<b>(2.9)%</b>	<b>712,180</b>	<b>(4.6)%</b>
Overseas sales ratio	<b>22.9%</b>	<b>22.5%</b>	<b>—</b>	<b>23.3%</b>	<b>—</b>
Operating profit	<b>27,197</b>	<b>26,000</b>	<b>+4.6%</b>	<b>28,852</b>	<b>(5.7)%</b>
Ordinary profit	<b>29,886</b>	<b>27,000</b>	<b>+10.7%</b>	<b>31,434</b>	<b>(4.9)%</b>
Profit attributable to owners of parent	<b>19,011</b>	<b>17,000</b>	<b>+11.8%</b>	<b>22,407</b>	<b>(15.2)%</b>

- The fiscal year ended March 31, 2021 witnessed major disruption in people's lifestyle patterns, as repeated growth and contraction in the spread of the novel coronavirus pandemic throughout the year led to the declaration of two states of emergency in Japan, among other concerns. Amid these changes, the business environment **impacted** each of the Group's companies **in positive and negative ways, culminating in lower sales and profits for the year.**

## Fiscal 2021 Review of Performance by Segment

### ■ Flour Milling Segment (Japan)

- Demand for pasta, instant noodles and similar household-use products rose, lifted by a shift toward at-home dining demand; **demand for commercial-use products used in bread, sweets and other products for specialty stores and restaurants declined.**
- **The Company's commercial-use wheat flour shipments declined by 2.3%.** In contrast, the overall market was widely expected to decline by around 3%.
- Operating profit declined year on year, mainly due to lower shipments and deterioration in the product mix.

### ■ Processed Food Segment (Japan)

- **In household-use processed foods, shipments were firm atop growth in at-home dining demand.** Shipment growth was significant particularly in the first quarter, when the first state of emergency was declared. **The Company launched high-value-added products tailored to changing consumer needs, and responded to growth in at-home dining demand.**
- **In commercial-use processed foods, shipments fell due to weak restaurant demand.**
- In the yeast and biotechnology business, sales declined mainly on lower shipments of breadmaking ingredients.
- In the healthcare foods business, shipments of consumer products were firm.
- **Operating profit for the segment rose year on year, reflecting robust shipments of household-use processed foods and control of sales expansion costs, coupled with reductions in various expenses, particularly travel and meeting-related costs.**

### ■ Prepared Dishes and Other Prepared Foods Segment

- Due to growth in the rate of people working from home and fewer opportunities for outings, **demand for prepared dishes declined in urban areas and tourist resorts.** Sales, however, were higher year on year due to effects in the first quarter from the new consolidation of Tokatsu Foods Co., Ltd., which became a subsidiary in July 2019.
- **Operating profit was lower year on year, as the impact of weak sales outweighed improved production efficiency and sales growth for seasonal New Year's dishes in step with expanded demand.**

### ■ Flour Milling Segment (Overseas)

- **In the U.S., business performance recovered.** Similarly, sales of wheat flour for household-use processed food manufacturers was firm.
- **In Australia, business performance worsened,** the result of a downturn in shipments of prepared mix and bakery-related ingredients, coupled with deterioration in productivity.
- **Operating profit was lower year on year, primarily due to worsening business performance in Australia, despite the recovery in U.S. performance.**

### ■ Processed Food Segment (Overseas)

- **The prepared mix business in Southeast Asia and China was impacted by weak demand, especially in Southeast Asia,** due to the novel coronavirus pandemic.
- **For our yeast plant under construction in India, a date for the start of operations remains undetermined** due to the impact of the novel coronavirus pandemic.
- **Shipments of EPA-E, a raw material for pharmaceuticals, were strong.** However, 2020 sales for Amarin were below initial forecasts, as prescriptions for VASCEPA® struggled to grow due to fewer medical facility visits by U.S. patients in response to the novel coronavirus pandemic.
- **Operating profit was higher year on year atop robust shipments of EPA-E.**

### ■ Others Segment

- **In the engineering business, sales were lower, as expected, due to a temporary decline in facility construction.**
- In the mesh cloth business, performance was hit by weak production in the automotive industry in the first half of the year.
- **In the pet food business,** the Company carried out production only as an outsourcer. **This production was terminated as of March 31, 2021.**
- **While operating profit was lower, primarily due to a temporary decrease in facility construction, the degree of decline in profit was far better than initially expected.**

# 3. Assumptions for Fiscal 2022 Forecasts

- Temporary growth and contraction in the novel coronavirus pandemic are expected to remain present in the fiscal year ending March 31, 2022. Accordingly, **the business environment for all Group companies will continue to be impacted.**
- In each business, **the Company is aiming to achieve actual growth in sales and profits through measures that place highest priority on realizing a rebound in sales and swift return to a growth trajectory** by adapting to changes in the business environment.

## Assumptions for Fiscal 2022 Forecasts by Segment

### ■ Flour Milling Segment (Japan)

- The market environment remains extremely clouded in the current term due to the novel coronavirus pandemic. Nevertheless, **we will strengthen sales capabilities with an eye to spurring a year-on-year rebound in shipments of around 1%, while working toward a recovery in performance.** However, due to the impact of the novel coronavirus pandemic on the market environment, and in light of subsequent changes in the market environment, **we will pursue measures for achieving a full-scale recovery in performance over roughly 2 to 3 years, including the current term.**  
⇒ See p. 14 for details

### ■ Processed Food Segment (Japan)

- Demand for at-home dining will remain fundamentally strong during the current term, as well. However, due to the absence of substantial growth in shipments reported in the first quarter of the previous year, **we project lower shipments of household-use processed foods compared to the previous year.** During the current term, **we also intend to develop and launch high-value-added products tailored to consumers' changing needs.**  
⇒ See p. 19 for details
- In commercial-use processed foods, while a modicum of recovery is expected from initiatives taken to spur a recovery in shipments, levels for the current term are not projected to return to those reported in fiscal 2020 prior to the novel coronavirus pandemic.
- Operating profit is expected to decline, largely reflecting lower shipments for processed foods overall, coupled with an increase in sales expansion costs and other expenses successfully controlled in the previous year.

### ■ Prepared Dishes and Other Prepared Foods Segment

- With rate of working from home as part of countermeasures for the novel coronavirus pandemic expected to remain high, **demand for prepared dishes is not expected to return to fiscal 2020 pre-pandemic levels** during the current term particularly in urban areas. Nevertheless, **operating profit is anticipated to grow year on year, as we strengthen initiatives designed to improve production efficiency and target profit growth.**  
⇒ See p. 20 for details

### ■ Flour Milling Segment (Overseas)

- **In the U.S., while price revision measures and other efforts will continue, due mainly to the plant closure of a major client, profits at this time are expected to be slightly lower year on year.**  
⇒ See p. 16 for details
- **In Australia,** while market uncertainty due to the novel coronavirus pandemic remains strong in the current term, **we will enact a range of measures targeting sales, production and cost in order to spur a modicum of recovery.**  
⇒ See p. 17 for details

### ■ Processed Food Segment (Overseas)

- The prepared mix business in Southeast Asia and China is projected to see a recovery in demand in China, along with some degree of recovery in Southeast Asia.
- **The schedule for the start of operations at a yeast plant in India remains undetermined due to the impact of the novel coronavirus pandemic locally.**  
⇒ See p. 18 for details
- **Shipments in the current term of EPA-E, a raw material for pharmaceuticals, are projected to decline temporarily, as we carefully monitor uncertainty surrounding sales of VASCEPA® by Amarin and growth in Amarin's product inventory, among other factors.**  
⇒ See p. 21 for details
- **Operating profit is expected to decline year on year, mainly on a temporary decrease in EPA-E shipments.**

### ■ Others Segment

- **In the engineering business, we project some degree of recovery in facility construction completion in the current term.**
- In the mesh cloth business, we anticipate sales growth in chemical products in step with a recovery in the automotive industry, and will aim for further growth through more robust sales to growth markets.
- **In the pet food business, sales will decline year on year due to termination of the Company's pet food production on an outsourcing basis.**  
⇒ See p. 22 for details

# 4. Fiscal 2022 Forecasts

- ▶ **Net sales are likely to be lower**, the result of decreased shipments of household-use processed foods in Japan, the end of pet food production by the Group on an outsourced basis, and the significant impact of application of an accounting standard regarding revenue recognition. These factors overshadow a modicum of recovery in demand in the flour milling and prepared dishes and other prepared foods businesses, a recovery in facility construction completion, and higher prices for wheat flour following price revisions for wheat.
- ▶ **Operating profit is projected to be higher**, as a certain level of recovery in performance in the flour milling and prepared dishes and other prepared foods businesses offset a temporary reduction in shipments of raw materials for pharmaceuticals and the absence of cuts to various expenses enacted last year.

\* Figures rounded down to nearest million yen

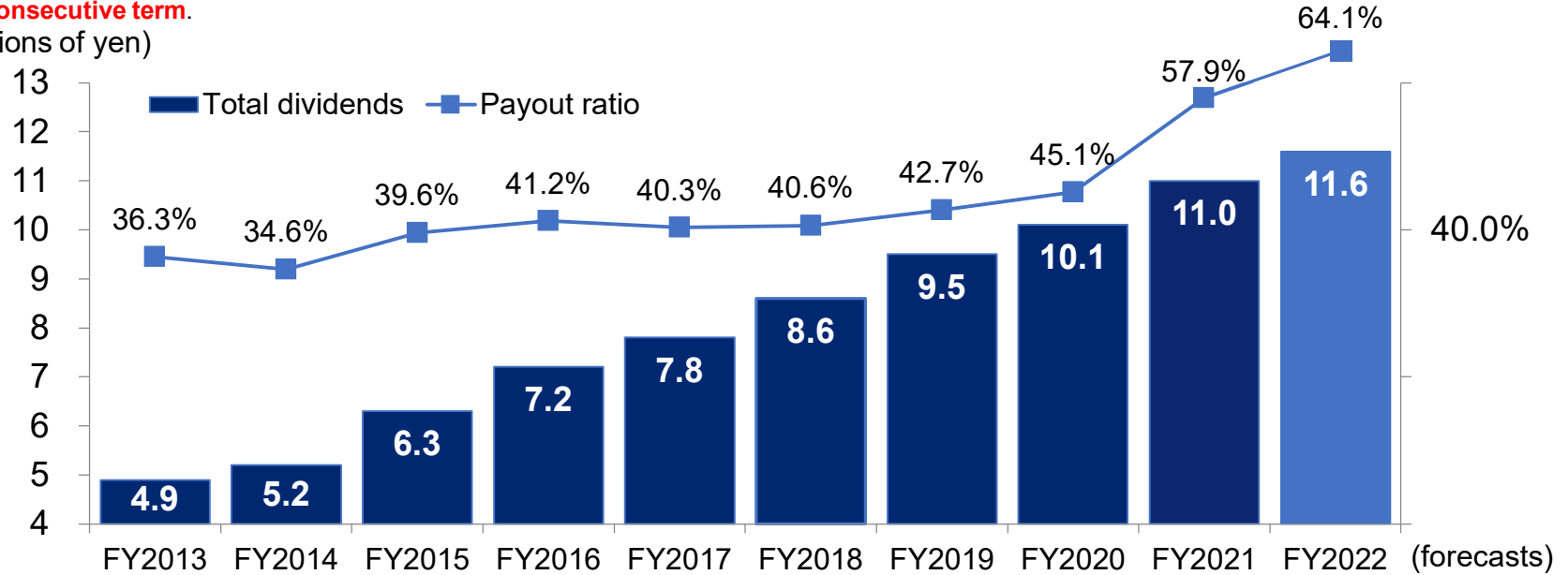
(Millions of yen)	Fiscal 2022 Forecasts	Fiscal 2021 Results	YoY difference	YoY change
Net sales	<b>660,000</b>	<b>679,495</b>	<b>(19,495)</b>	<b>(2.9)%</b>
Overseas sales ratio	<b>25.0%</b>	<b>22.9%</b>	<b>—</b>	<b>—</b>
Operating profit	<b>28,200</b>	<b>27,197</b>	<b>+1,002</b>	<b>+3.7%</b>
Ordinary profit	<b>30,000</b>	<b>29,886</b>	<b>+113</b>	<b>+0.4%</b>
Profit attributable to owners of parent	<b>18,100</b>	<b>19,011</b>	<b>(911)</b>	<b>(4.8)%</b>

\* Application of the accounting standard regarding revenue recognition will have an impact on net sales of -¥60.0 billion. Actual net sales will rise ¥40.5 billion (up 6.0%).

## Trends in Total Dividends and Payout Ratio

- Set baseline payout ratio to **40% or more**
- For the fiscal year ended March 31, 2021, the dividend per share is scheduled to increase by **¥3**, including a dividend commemorating the Company's 120th anniversary.  
The dividend for the fiscal year ending March 31, 2022 is scheduled to increase by **¥2**, for an actual **dividend increase** scheduled to occur **for 9th consecutive term**.

(Billions of yen)



Dividend per share

¥20    ¥20    ¥22    ¥24    ¥26    ¥29    ¥32    ¥34    ¥37    ¥39

Actual dividend increase scheduled to occur for 9th consecutive term (\*1)

1.1-for-1 stock split, actual dividend increase for 2nd consecutive term (\*2)

(\*2) 1.1-for-1 stock splits conducted on October 1 of 2013 and 2014, respectively. Dividend per share payment was not adjusted and subsequently increased.

(\*1)

For the fiscal year ended March 31, 2021, the year-end dividend per share is scheduled to increase by ¥3 (including a dividend of ¥2 commemorating the Company's 120th anniversary).

For the fiscal year ending March 31, 2022, the dividend per share is scheduled to increase by ¥2.

¥10.0 billion in treasury stock purchased in fiscal year ended March 31, 2018



- The highest priority is to realize a recovery in earnings by adapting to changes in the business environment caused by the novel coronavirus pandemic. **There is no change in the direction of the Company's growth strategy in line with its Long-term Vision.**

## Growth strategy for core and growth driver businesses

### 1. Core businesses

Continue to situate “wheat flour-related ingredients business” and “household-use foods business,” both of which possess overwhelming competitive strength in Japan, as the Group's earnings base well into the future.

#### ■ Wheat flour-related ingredients business (Japan)

- Beginning with wheat flour, where the Group possesses significant management resources, **we are working** in the Japan market **to raise our sales share** in a wide range of food ingredient businesses that include prepared mix and yeast, **with the aim of capturing stable earnings even in a business environment where a decline in population is anticipated.** To do this, we will bring forward synergies from the comprehensive capabilities that exist between businesses, prefaced on a thoroughly customer-oriented policy.
- For the domestic flour milling business, which sits at the heart of this broader operation, while earnings capacity has fallen briefly due to market changes triggered by the novel coronavirus pandemic, we will reinforce sales capabilities and our capacity to address market environment changes to spark a recovery in earnings capacity over the next 2 to 3 years, which includes the current term.

#### ■ Household-use foods business (Japan)

- Even taking factors such as high demand for at-home dining and other market changes due to the novel coronavirus pandemic into account, **we will put into motion a strategy for higher added value built around the concepts of “easy-to-prepare and convenient,” “authentic” and “healthy,” with environmental sustainability in mind.**
- In frozen foods as well, we will enhance product development driven by the same concepts, with plans to expand business through cost reductions and more robust production and distribution systems.
- Through these initiatives, **we will realize profit growth despite social conditions characterized by population decline, low birthrates and societal aging.**

### 2. Growth driver businesses

We will prioritize the investment of management resources specifically in our overseas business and the prepared dishes and other prepared foods business, both of which lead the Group's growth, have prospects for additional market growth, and take advantage of the Group's technological base.

#### ■ Overseas Business

- **In the flour milling business,** which accounts for the bulk of overseas business sales, we are developing operations across the Pacific Rim, including in the U.S. and Australia. **We intend to expand this development area even further.** In each area being developed, populations are growing – a point we intend to address in implementing our growth strategy.
- **In the Australia flour milling business,** the Group's top priorities are spurring a recovery in business performance and establishing a growth base to **turn this into a growth business as quickly as possible.**
- **In the U.S. flour milling business,** we will deepen collaboration with the Canada flour milling business across a range of flour milling sales efforts, working as one **to raise our profile in the North America west coast market.**
- **In the India yeast business,** a plant is currently under construction. The schedule for the start of operations remains undetermined due to the spread of the novel coronavirus pandemic. That said, the business environment for the bakery market, the target for this operation, remains unchanged in light of the novel coronavirus pandemic.

#### ■ Prepared dishes and other prepared foods business

- Demand for prepared dishes for convenience stores and other sectors has faltered temporarily due to the novel coronavirus pandemic. Nevertheless, **due to changes in social structure,** including the movement of women into the working world and societal aging, **the need for faster meals is expected to rise higher, positioning this as a growth market.**
- Through production automation and promotion of labor saving by leveraging the Group's technological capabilities and other assets, we plan to **switch this business structure over to one that is much less labor intensive.**
- **We will showcase the Group's R&D capabilities, one of its strengths,** in the development of distinctive, high-value-added products and frozen prepared dishes.
- Through these actions, **we will turn to a more sophisticated business model in the prepared dishes and other prepared foods business, raising profitability accordingly.**
- We will take steps to improve productivity, with an eye to improving profitability.

### 3. Sustainable cyclical growth

The Nissin Seifun Group is working to realize sustainable growth by leveraging its strengths to transform risks into business opportunities, accurately identifying both opportunities and threats that emerge from non-continuous changes in the environment caused by social issues and technological innovation.

## II. Overview of the “NNI-120 II” Medium-term Management Plan

# 1. Overview of the “NNI-120 II” Medium-term Management Plan

- The previous medium-term management plan, “NNI-120,” expanded business foundations through new investment in Japan and overseas. From this base, “NNI-120 II” (FY2016-2021) targeted **earnings base restructuring, profit growth and more robust shareholder returns.**

	FY2015 Results	FY2020 Results		FY2021 Results		Plan Targets (FY2021)	
	Starting point for “NNI-120 II”		Growth rate (annual)		Growth rate (annual)		Growth rate (annual)
Net sales (Billions of yen)	526.1	712.1	6.2%	679.4	4.4%	750.0	6%
Operating profit (Billions of yen)	20.4	28.8	7.1%	27.1	4.8%	30.0	7%
EPS (Yen)	53.3	75.4	7.2%	64.0	3.1%	80	8%
ROE	4.6%	5.6%	–	4.6%	–	6% or more	–

- Progress through fiscal 2020 saw steady growth in net sales, operating profit and EPS largely in line with the annual rate of growth targeted for the final year of the medium-term management plan.
- In fiscal 2021, the plan’s final year, while the impact of the novel coronavirus pandemic sparked firm performance for the processed food business in Japan, the flour milling (Japan, Australia, etc.) and prepared dishes and other prepared foods businesses struggled. Furthermore, there was a temporary decline in facility construction completion, as well as the transfer of the pet food business. These and other factors culminated in missed targets for the year.
- Although the business environment for all Group companies was significantly affected by the novel coronavirus pandemic, we reinforced our capacity to respond to changes in the market environment (a recognized issue from before the pandemic) and positioned a swift recovery in sales capabilities and earnings capacity as the highest priority issues to address.
- As we give precedence to gaining the clearest view of the current business environment, we have opted to delay formulation of a new medium-term management plan at this time.

## 2. Overview of the “NNI-120 II” Medium-term Management Plan

– Enhance Strategic Investment and the Business Portfolio

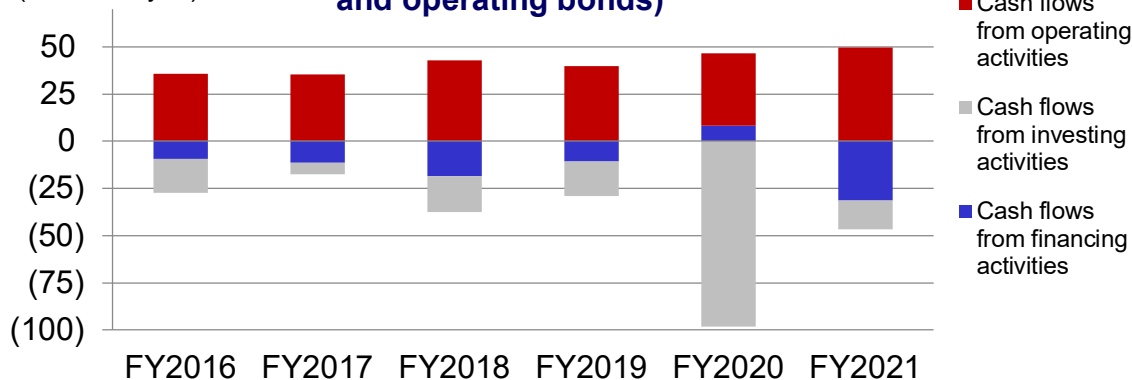
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- We made **strategic investments of roughly ¥90.0 billion** primarily in **growth driver businesses**. These included the purchase of Allied Pinnacle Pty Ltd. in Australia and construction of a new yeast plant in India in the overseas business, as well as the new consolidation of Tokatsu Foods Co., Ltd. in the prepared dishes and other prepared foods business.
- We transferred the pet food business **to enhance the business portfolio**

### Six-year cash flow figures from start of the “NNI-120 II” medium-term management plan

(Billions of yen) (C/F excl. deposits exceeding 3 months and operating bonds)



**Cash flow from operating activities** ¥240.0 billion  
**Total shareholder returns** ¥(60.0) billion  
 (Dividends ¥(50.0) billion)  
 (Purchase of treasury stock ¥(10.0) billion)  
**Facility and business investment** ¥(180.0) billion

### Major strategic investments decided during the “NNI-120 II” medium-term management plan

Estimated investment amount (Billions of yen)

Flour milling	Saginaw Plant expansion, Miller Milling Company, LLC	6.8	Processed foods	New plant (prepared mix), Vietnam Nisshin Technomic Co., Ltd.	1.7
Flour milling	Chilliwack Plant expansion, Rogers Foods Ltd.	3.4	Yeast and biotechnology	New plant, Oriental Yeast India Pvt. Ltd.	15.7
Flour milling	Purchase of Sriracha Plant, Nisshin-STC Flour Milling Co., Ltd.	1.7	Prepared dishes and other prepared foods	Consolidation of Tokatsu Foods Co., Ltd.	15.1
Flour milling	Purchase of Allied Pinnacle Pty Ltd.	46.8	Prepared dishes and other prepared foods	Purchase of Joyous Foods Co., Ltd.	3.2

### 3. Overview of the “NNI-120 II” Medium-term Management Plan

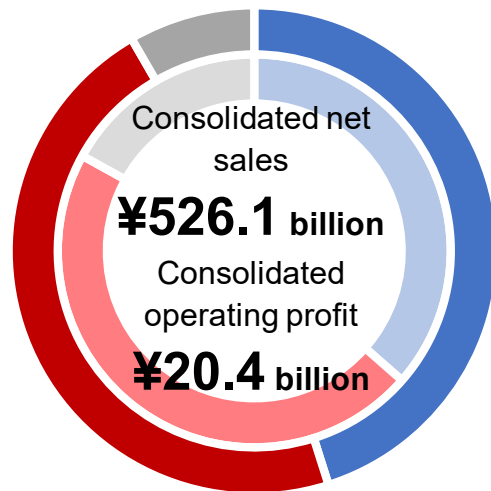
– Group Growth

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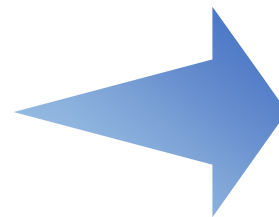


- Built mechanisms for showcasing Group-wide capabilities, while strengthening business competitiveness via a thorough recommitment to customer-oriented policy, coupled with **model change in existing businesses** and **business portfolio enhancement**.
- Steadily **enacted model changes** to realize the Long-term Vision. The size and configuration of the Group also changed dramatically.

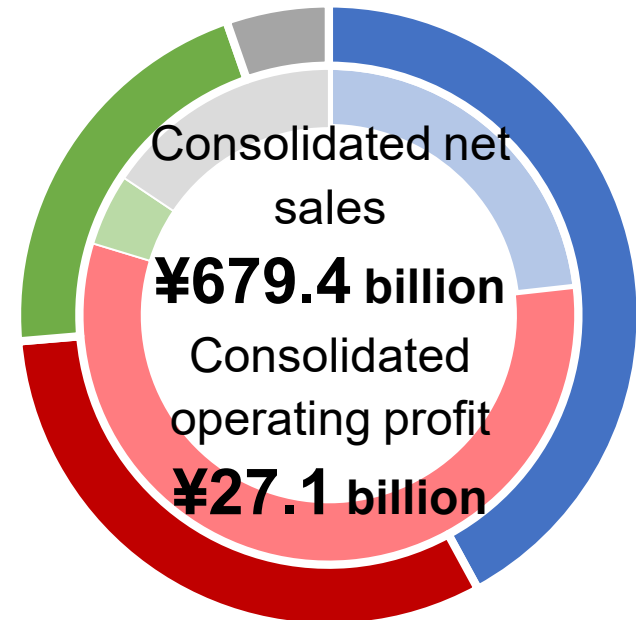
FY2015 Results (Start of plan)



Amortization of goodwill, etc.: ¥1.8 billion



FY2021 Results



Amortization of goodwill, etc.: ¥8.1 billion

	Flour Milling Segment	Processed Food Segment	Others Segment
Percentage of net sales	45%	47%	8%
Percentage of operating profit	36%	47%	17%

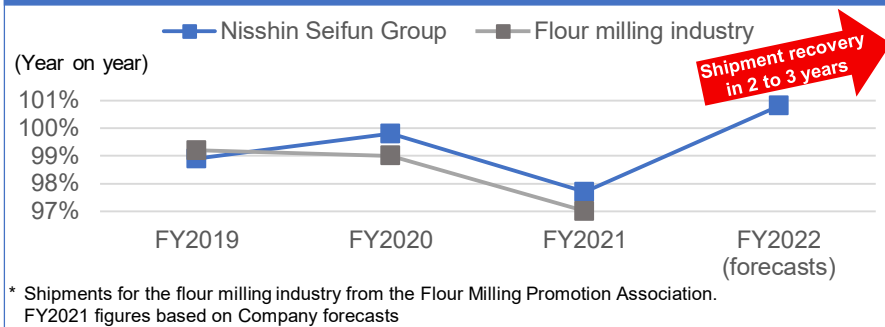
	Flour Milling Segment	Processed Food Segment	Prepared Dishes and Other Prepared Foods Segment	Others Segment
Percentage of net sales	42%	32%	21%	5%
Percentage of operating profit	23%	56%	5%	16%

### **III. Individual Group Business Responses to the Novel Coronavirus Pandemic and Long-term Vision “NNI ‘Compass for the Future’” Initiatives**

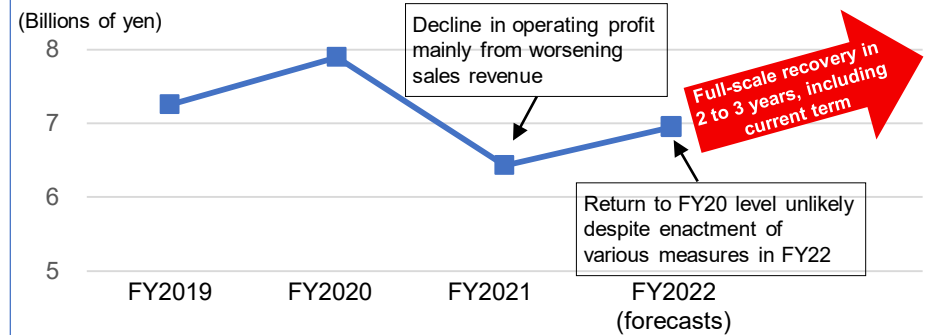
# 1. Outlook for the Domestic Flour Milling Business and Performance Recovery Initiatives

- The impact of the novel coronavirus pandemic caused the scale of Japan's wheat flour market to shrink in fiscal 2021. The Company also saw shipment volume **decline 2.3% year on year**. **Sales revenue also deteriorated**, causing performance to struggle.
- While the market environment remains shrouded in uncertainty in the current term due to the pandemic, we are taking steps **to boost** shipment volume **by around 1% year on year** and spur performance recovery. However, due to the impact of the pandemic on the market environment, and in light of subsequent changes in the market environment, we will pursue measures for achieving a full-scale recovery in performance **over roughly 2 to 3 years, including the current term**.

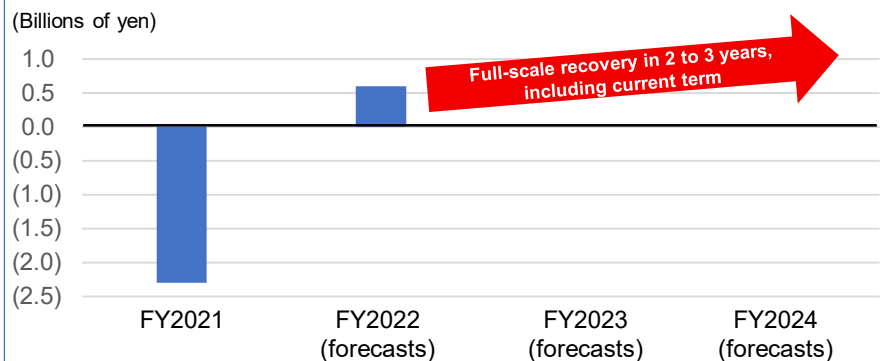
Comparison of Nisshin Seifun Group shipments and overall shipments for the flour milling industry (year on year)



Operating profit outlook— domestic flour milling business



Outlook for sales revenue (shipment volume + sales expansion costs) (year-on-year change)



Major initiatives for performance recovery

- (1) More robust sales capabilities through sales structure enhancement**
  - Assign technology sales staff to Sales Division in an effort to further strengthen Group-wide capabilities in sales.
  - Conduct further market segmentation, and identify and respond more meticulously to growth markets in order to accurately grasp the changing market and implement alert, agile responses.
- (2) Reinforce product-related measures**
  - Strengthen the backup system for sales expansion by enhancing measures for the creation of demand and the development of new products tailored to high health consciousness as a specific market need.
- (3) Strengthen cultivation of latent markets**
  - Extend nationwide measures enacted in the Tokyo metropolitan area to develop latent markets.

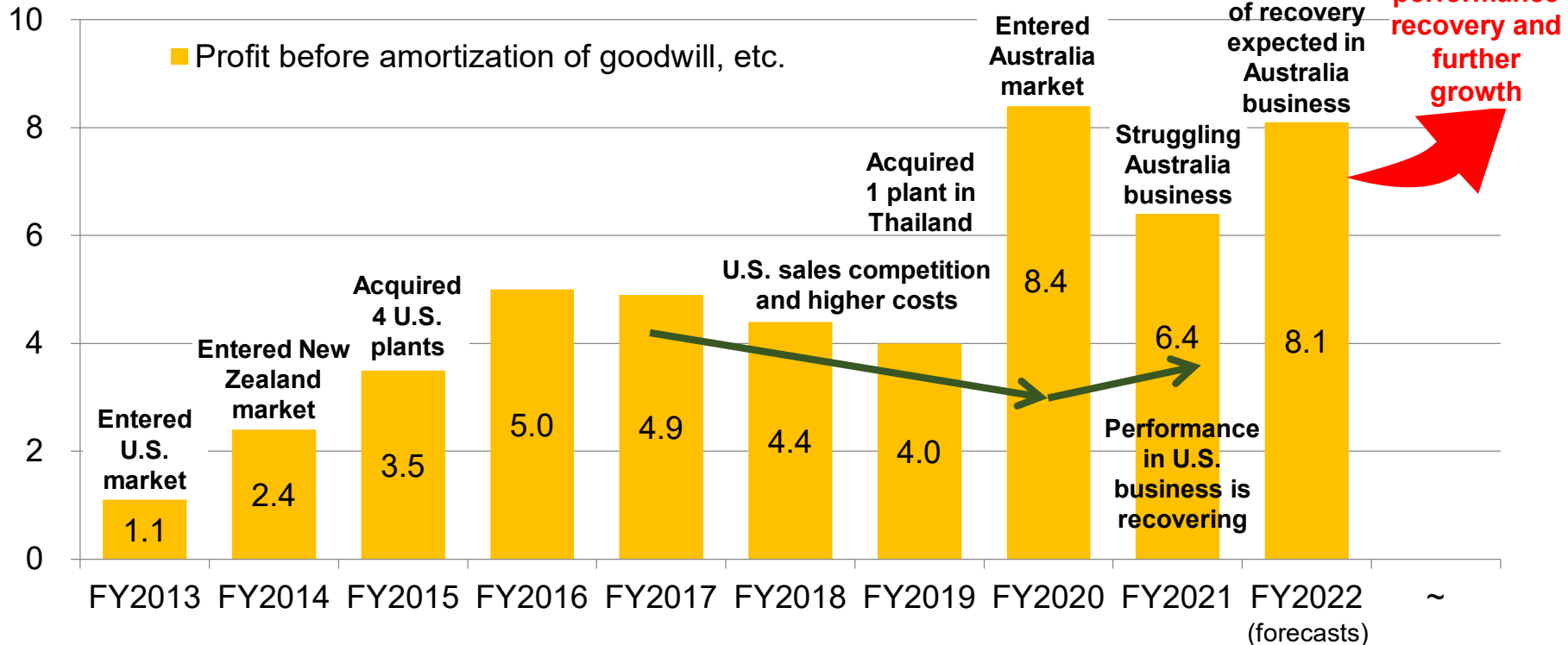
## 2. Overseas Flour Milling Business Growth Strategies (1)

### – Outlook for the Overseas Flour Milling Business

- In the U.S. flour milling business, after intense sales competition caused performance to falter in FY2020, a **V-shaped recovery emerged in FY2021**. We plan to solidify this performance recovery over the next 1 to 2 years, with sights on further growth.
- In the Australia flour milling business, benefits are already emerging from **measures targeting a host of issues** ahead of a recovery in performance. While the market environment remains unclear due to the novel coronavirus, we will take steps to spur a performance recovery and build a growth base **over 2 to 3 years**
- We will take steps to create global synergies, **strengthening global ties** centered on our headquarters in Tokyo

Overseas Flour Milling Business - Operating Profit (Before Amortization of Goodwill, etc.)

(Billions of yen)





# 2. Overseas Flour Milling Business Growth Strategies (2)

## – U.S. Flour Milling Business

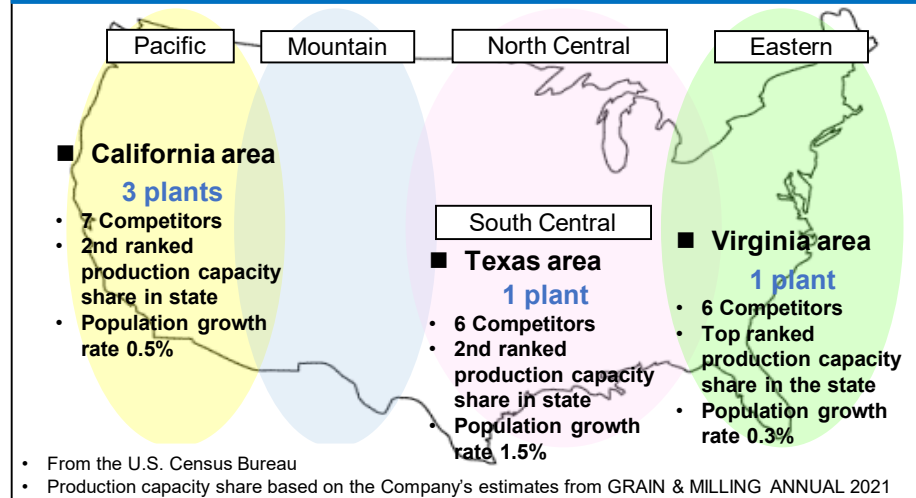
### Performance recovery and outlook for the U.S. flour milling business (Miller Milling Company, LLC)

#### About the FY2021 Recovery in Business Performance

- **Continued sales price revisions**
  - **Steadily implemented sales margin improvements** based on in-depth, cumulative sales activities and relationships of trust with clients
- **Production efficiency improvement**
  - New Prague Plant in Minnesota closed in December 2019, leading to **more efficient production structure**. Concentration of management resources in growth regions.
  - Production engineers from Japan are sent to sites abroad to strengthen **sharing of Japanese production expertise**. This is raising the quality of manufacturing operations, leading to **improved productivity**.
- **Cost reductions for raw materials realized**
  - Raw material costs successfully reduced in 1Q of FY2021

**Realized V-shaped recovery in performance**

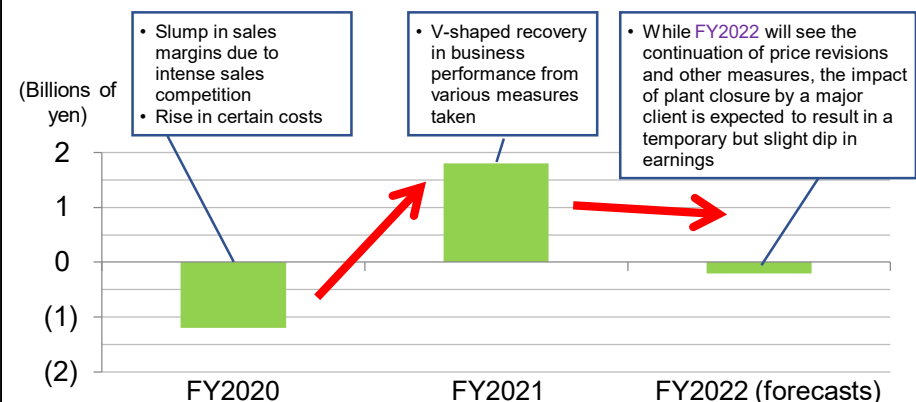
#### U.S. flour milling business plant locations (5 plants) and competitive environment by area



#### Business outlook for FY2022

- (1) **Ongoing sales price revisions and productivity improvements**
    - Continue efforts to improve sales margins and productivity
  - (2) **Impact of plant closure by major client**
    - A major client shuttered one of its plants at the end of March 2021
- While the closure of a plant by a major client is expected at this time to cause **a slight year-on-year decrease in earnings** in the current term, we will work toward a recovery in shipments in the U.S. business overall to make the decrease temporary
- **Solidify the recovery in performance over 1 to 2 years, including the current term**

#### U.S. Flour Milling Business Operating Profit (YoY Change)



\* Includes decline in amortization of goodwill, etc. accompanying impairment of ¥0.4 billion in FY2020 and FY2021, respectively

## 2. Overseas Flour Milling Business Growth Strategies (3)

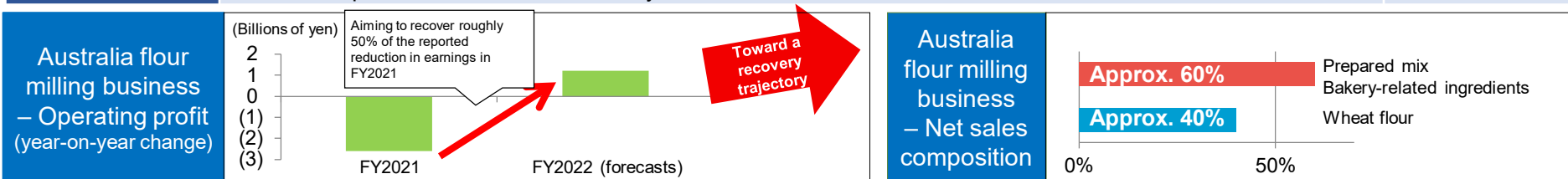
– Performance Recovery Initiatives for the Australia Flour Milling Business

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- Measures to spur a recovery in performance in the Australia flour milling business are the Group's **highest priority**
- While the sales environment remains obscured due to the pandemic, **we continue** in the current term **to enact various sales-, production- and cost-side measures** to spark some degree of recovery in performance
- Initiatives over 2 to 3 years, including the current term, to promote **recovery in business performance** and establish a **growth base**

Performance Recovery Measures	Specifics	Projected contribution to earnings growth in current term
(1) Sales-side initiatives	<ul style="list-style-type: none"> <li>■ <b>Sales expansion in Australia</b> <ul style="list-style-type: none"> <li>• Completion of reinforcement of backup system to promote sales expansion by bolstering product development personnel</li> <li>• Strengthen proposals to existing prepared mix and bakery-related ingredient customers, and expand sales to new customers</li> </ul> </li> <li>■ <b>Export expansion</b> <ul style="list-style-type: none"> <li>• Leverage the Group's sales channels and other assets to increase exports to New Zealand, Southeast Asia and other markets</li> </ul> </li> </ul> <p>* While the competitive environment in Australia has not changed drastically compared to before the novel coronavirus, a portion of shipments of prepared mix to a major client was lost in the fourth quarter of the previous year; this is likely to have a modest impact on the speed of performance recovery this term</p>	Approx. 40%
(2) Production-side initiatives	<ul style="list-style-type: none"> <li>■ <b>Productivity improvement measures enacted in the previous term</b> <ul style="list-style-type: none"> <li>• Review of personnel, consolidation of low productivity lines, establishment of new organization to reduce waste loss, etc.</li> </ul> </li> <li>■ <b>New productivity improvement measures scheduled for the current term</b> <ul style="list-style-type: none"> <li>• Promotion of production line automation, higher productivity through lower personnel costs, etc.</li> </ul> </li> </ul>	Approx. 40%
(3) Cost-reduction measures	<ul style="list-style-type: none"> <li>■ <b>Distribution and storage cost reductions</b> <ul style="list-style-type: none"> <li>• Realize additional benefits via distribution improvement project</li> </ul> </li> <li>■ <b>Procurement cost reduction</b> <ul style="list-style-type: none"> <li>• Lower procurement costs for auxiliary materials, etc.</li> </ul> </li> </ul>	Approx. 20%



# 3. Overseas Processed Food Business Growth Strategies

## – India Yeast Business

- Aim for business expansion by **supplying high-quality products to the local market**
- While preparations for launch of the India yeast business are moving forward, **the scheduled start of operations at the new plant remains undetermined at this time** due to spread of the novel coronavirus pandemic locally.

### Status of preparations for launch of the India yeast business

#### Status of plant construction

- Construction of plant buildings and delivery of the bulk of machinery completed
- Presently, **the schedule for the start of operations remains undetermined** due to the impact of the novel coronavirus pandemic **(Expected to begin within six months following redeployment of personnel from Japan)**

#### Sales

- Sales launch of bread improvers, others
- Striving to develop routes ahead of yeast sales through sale of bread improvers, cake gelatin and cake mixes
- Launch of online technology sales together with product line introductions

#### Personnel-related

- Implement a sequence of broad-based training. Aim for smooth business launch

Aim for **profitability one year from start of operations**

New plant under construction



### India's bakery market

- Due to the effect of the novel coronavirus pandemic, small and medium-sized bakeries have seen sales decline, against a backdrop of labor shortages. Nevertheless, sales remain firm among major bakeries that primarily use fresh yeast. Further growth can be expected going forward
- There is no change in supply capacity for yeast in India, with supplies of fresh yeast still insufficient; dry yeast is being imported

### Oriental Yeast India Pvt. Ltd. (subsidiary of Oriental Yeast Co., Ltd.)

#### India market growth potential

High growth anticipated for yeast business in India's enormous bread market

#### Outstanding technology from Japan

Supply cost-competitive, high-quality products

#### Prime location

Build plant in outskirts of Pune, a location rich in molasses (key ingredient) and water resources

#### Comprehensive environmental countermeasures

Zero Liquid Discharge System for plant

Oriental Yeast India Pvt. Ltd.  
(sales office)

India

New yeast plant

[Overview of new plant]

Location:

Maharashtra, India

Production capacity:

100 t/day (fresh yeast basis)

Investment:

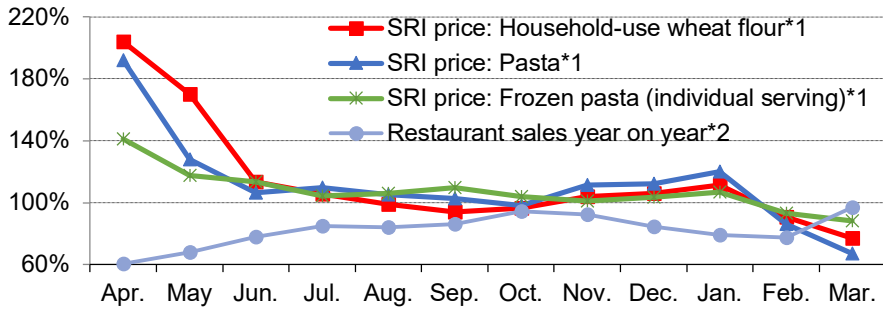
Approx. ¥15.7 billion

# 4. Processed Food Business Growth Strategies

Taking market changes into account, promote a strategy for higher added value built around the concepts of “Easy-to-prepare and convenient,” “authentic” and “healthy” in household-use processed foods, with environmental sustainability in mind.

## Market trends in Japan related to processed food (FY2021)

- Restaurant demand is declining while demand for at-home dining is up, largely due to orders to refrain from unnecessary outings



\*1 Source: Intage SRI; SRI price is a year-on-year comparison of the overall market price each month/four weeks  
\*2 Source: Japan Food Service Association – JF Restaurant Industry Market Trend Research

## New products to meet rising at-home dining demand

- With cooking at home on the rise, launched in the spring new and revamped products under the “Smart Dining at Home” theme of making cooking fun, including 36 room-temperature and 13 frozen food products, based on the concepts of “easy-to-prepare and convenient,” “Restaurant dining at home” and “Parent and child homemade cooking”

### Pursuit of simplicity



### Bolster menu variation



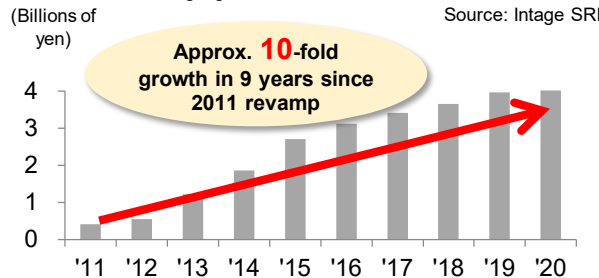
## Ma-Ma Hayayude Spaghetti FineFast

- Fast-cooking Hayayude Spaghetti continues to consistently perform briskly
- Release of a new high-protein type product



New (high-protein type)

### Hayayude Series Sales



## Measures for frozen food business expansion

- Strive for business expansion by continuing development of value-added products centered on “easy-to-prepare and convenient,” “authentic” and “healthy,” cost reductions, and strengthening production and distribution systems.

Measures	Details
Bolster frozen pasta	<ul style="list-style-type: none"> <li>Hold both sides of the market through value-added product measures and cost reductions for regular products, in a bid to maximize sales and earnings.</li> </ul>
Strengthen lineup of non-pasta products	<ul style="list-style-type: none"> <li>Launch new sales of pho, well-known from Vietnamese cuisine, and other products</li> </ul>
Strengthen production and distribution systems	<ul style="list-style-type: none"> <li>Strengthen production sites to build a robust supply system</li> <li>Boost distribution efficiency through a review of delivery routes</li> </ul>

# 5. Prepared Dishes and Other Prepared Foods Business Growth Strategies

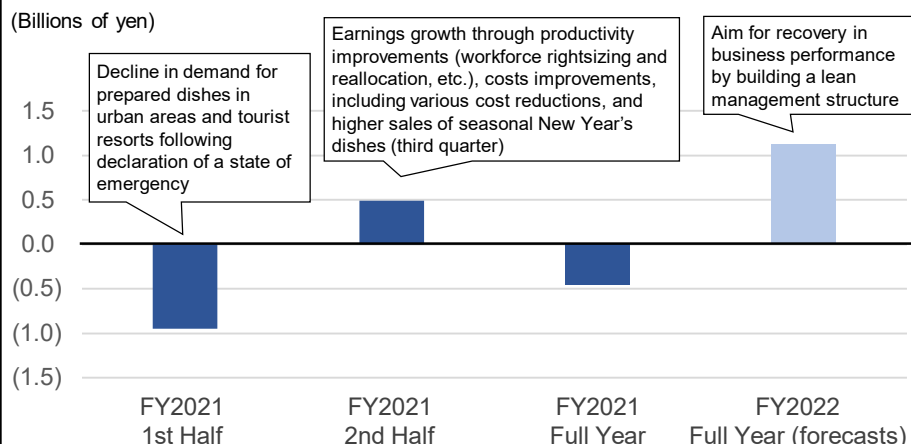
– Becoming a Comprehensive Producer of Prepared Dishes and Other Prepared Foods

Delivering Good Health and Reliability

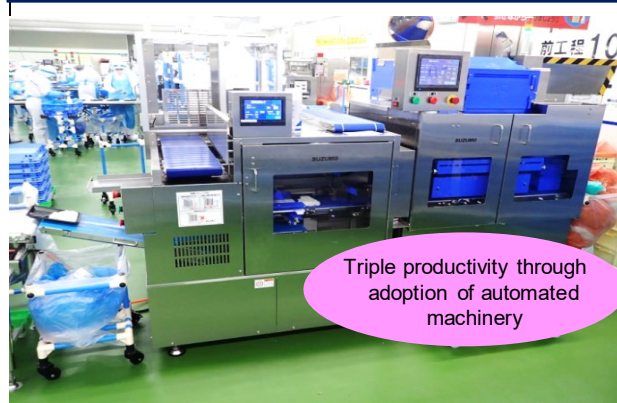


- While **earnings fell by ¥0.5 billion year on year** in FY2021 due to the impact of the novel coronavirus pandemic, stronger initiatives targeting productivity improvements, various cost reductions and other areas **secured earnings growth** in the second half of the year
- There is no change in direction in our growth strategy – plans for FY2022 **call for achieving a recovery in business performance as soon as possible** through a rebound in sales and promoting greater production system efficiency

## Prepared dishes and other prepared foods business – Operating profit (year-on-year change)



## Promote practical realization of automation technology at prepared dish plants



Triple productivity through adoption of automated machinery

In pursuit of an **ideal model** for future prepared dish plants, we made strides in examining ways to put automation technology into practice

Aim to establish technology in phases over roughly 3 to 5 years, and smoothly roll out automation technologies

Example of automation adoption: "Self-measuring rice serving machine" Automatically measures and serves up rice based on tray shape

## Initiatives for recovery in business performance and further profit growth

### ■ Toward a more efficient production system

- (1) Review production sites for each product, switch out and replace product categories between plants  
⇒ Boost production line operating efficiency at each plant
- (2) Promote reduced labor requirements and greater efficiency through ongoing investments in automation  
⇒ Boost production line productivity
- (3) Review number of manufacturing SKUs  
⇒ Reduce switchover time for production lines

### ■ Toward further profit growth

- (1) Develop and cultivate premium priced and high-added-value products to meet demand for filling meals and health conscious eating
- (2) Strengthen product development built on improved deliciousness and longer shelf life  
⇒ Improve profitability through lower production and sales loss
- (3) Expand sales of frozen prepared dishes
- (4) Reinforce e-commerce sales of seasonal New Year's dishes

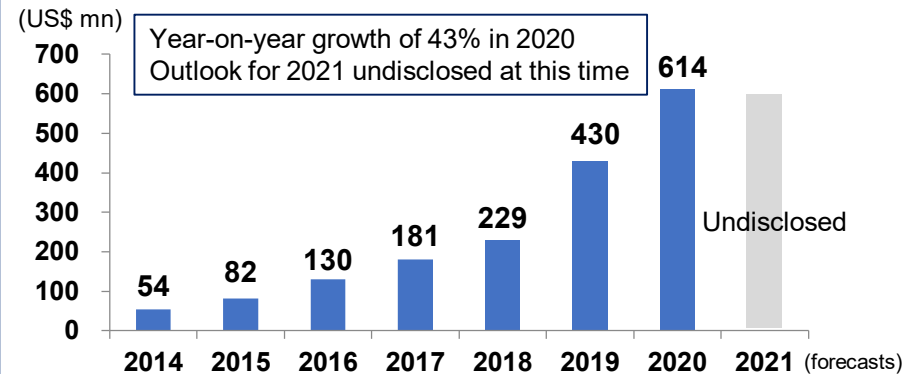
# 6. Demand Trends for Raw Material for Pharmaceuticals “EPA-E” from Nisshin Pharma

- VASCEPA® from Amarin Corporation plc (“Amarin”) saw **sluggish growth in prescriptions, as fewer patients in the U.S. visited medical facilities** due to the novel coronavirus pandemic
- In the current term, EPA-E shipments are likely to **decline briefly**, as we carefully monitor uncertainty surrounding sales of VASCEPA® and growth in Amarin’s product inventory, among other factors
- Over the medium term, Amarin sales are projected to increase as the novel coronavirus contracts and **sales approval in Europe and other markets** is granted

## Amarin Recent Topics

- Growth in prescriptions for VASCEPA® were sluggish, as fewer patients visited medical facilities due to the novel coronavirus pandemic
- Following the start of sales of generic versions in the U.S. (Nov. 2020), Amarin sued generic drug manufacturer and insurers for patent infringement of its additional indications, with the outcome of litigation still pending
- Due mainly to uncertainty stemming from the novel coronavirus, Amarin did not disclose sales projections for 2021
- As of March 31, 2021, Amarin’s product inventory had increased, which is expected to affect our EPA-E shipments in the current term
- Sales approval granted in Europe as of March 31, 2021

## Amarin Net Sales



## Regarding Business Development by Amarin in the European Market

- Development in Europe is under the drug name VAZKEPA, with sales starting in Germany. Sales expected to begin in Germany by September 2021
- Amarin will handle sales in the European market. Sales efforts in Germany will start with a 150-person structure
- In Europe, sales approval must be granted by each country; procedures to seek approval in countries outside of Germany are currently underway
- After sales approval is granted, Amarin will receive exclusive rights to sell in Europe for 10 years
- Estimates suggest that the number of patients in the European market, at 44 million, is greater than that of the U.S. Accordingly, demand for raw materials for pharmaceuticals is expected to expand

## Business Opportunities and Risk Recognition

### Opportunities

- Demand growth in the U.S. (Effect of additional indication)
- New development in other countries/regions (Europe, China)
- Increase in number of patients suffering from cardiovascular disease worldwide

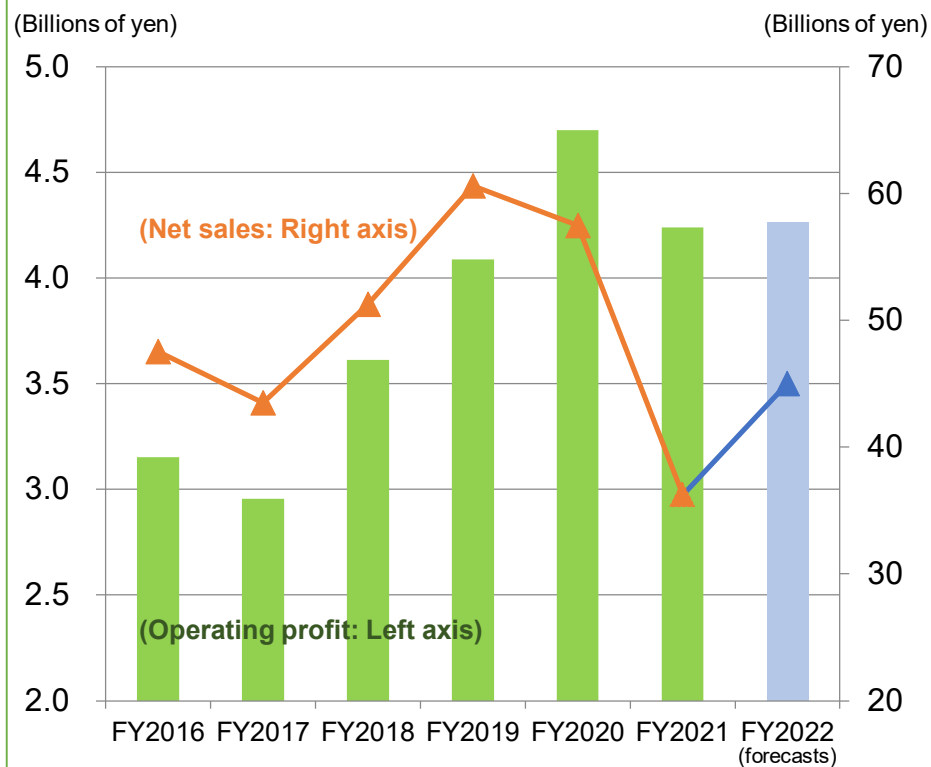
### Risks

- Fewer patient visits to medical facilities due to the novel coronavirus
- Increase in sale of generic medication
- Intensifying competition in the EPA-E pharmaceutical raw material market from new entrants

# 7. Others Segment Status

- The engineering business saw a decline in completion of projects in FY2021, reflecting a temporary decrease in facility construction. However, **facility construction completion is likely to rebound to some degree in the current term.**
- In the mesh cloth business, while sales of chemical products and others to automotive component manufacturers fell in FY2021 due to the effect of the novel coronavirus pandemic, we are aiming for further business growth **this term by bolstering sales to growth markets**
- For the pet food business, we transferred the business on March 31, 2020, continuing to produce pet food as an outsourcer since that time. However, **this outsourced production was terminated on March 31, 2021. This business is now completely concluded.**

## Others Segment Net Sales, Operating Profit



### Engineering business

- Receive orders for various production plants, including for food, cosmetics, metal and electronic materials, leveraging user-oriented plant design and world-class powder and granular material technology as strengths
- The effect of the novel coronavirus pandemic on plant demand over the medium term differs depending on the client industry. However, taken as a whole, the impact on the engineering business' target market is not expected to be significant.

### Mesh cloth business

- Sales of chemical products and others for automotive component manufacturers are expected to recover in the current term
- Promote the development, production and sale of high-performance products for growth markets, specifically related to 5G communications, electrode printing for solar panels, environmental components and hygiene-related products.
- Pursue business expansion by strengthening the planning and development of infection-fighting products and materials using proprietary "Cufitec®" anti-viral technology

### Pet food business

- Due to conclusion of the business, lower revenue this term since no sales will occur
- Employees from the production and management divisions of the pet food business will be reassigned to other operating companies. This is projected to lead to a temporary increase in personnel costs at other operating companies

# 8. Initiatives for Sustainability (1)

- The Nisshin Seifun Group **has identified five high-priority issues** to address in the effort to realize both **sustainable social development** and **long-term improvement in corporate value**.
- **The aim is to generate social value for cyclical growth** through business by viewing social issues as new business opportunities.

## Process for identifying priority issues

The process below was used to select roughly 60 key issues, culminating in identification of five focus areas.

### STEP1

Examine issues based on international norms and surveys of SRI evaluation organizations

### STEP2

Organize the issues by analyzing their value chains

### STEP3

Assess stakeholder interest

### STEP4

Assess the potential impact on our business

## Five Priorities

Fields contributing to SDGs

### ■ Provide safe and healthy food and responsible consumer information

- Maintenance of food product safety
- Responsible communication with consumers
- Contribution to healthy diets



### ■ Enable secure and sustainable raw material procurement

- Promotion of responsible procurement policies, etc.



### ■ Efficiently handle product and packaging waste

- Reduction of food product waste
- Reduction in use of fossil fuel-derived plastics for product packaging, etc.



### ■ Prepare for climate change and water resource issues

- Improvements in energy efficiency, reductions in CO2 emissions, development of energy-saving technologies, phased abolishment of HFC-based refrigerants
- Respond to water-related risks; reduction in water usage, etc.



### ■ Provide work environments that are healthy and fulfilling

- Promotion of working style reforms
- Diversity promotion, appropriate worktime management, prohibition of harassment
- Prevention of corruption and bribery, etc.





# 8. Initiatives for Sustainability (2)

- We are promoting specific initiatives targeting high-priority issues. Regarding “Efficiently handle product and packaging waste,” “Prepare for climate change and water resource issues” and others in particular, **we will formulate long-term objectives during the current term** to accelerate the roll out of initiatives.
- Ahead of support for TCFD recommendations, we are currently analyzing the impact of climate change on the Group and our response.

## ■ Provide safe and healthy food and responsible consumer communication

- Initiatives for the stable supply of safe and reliable products, the Group’s mission, are positioned first and foremost
- Extensively ensure quality from the consumer’s perspective. Confirm presence of this mechanism through quality assurance audit
- Obtain and maintain international standard for “food management system” certification (ISO22000, FSSC22000)

## ■ Enable secure and sustainable raw material procurement

- Promote stable procurement of wheat and sustainable procurement of raw ingredients and materials
- Based on a responsible procurement policy, and working together with suppliers, conduct responsible procurement activities guided by fair and ethical transactions

## ■ Efficiently handle product and packaging waste

- Achieved zero emissions for food waste from Company sites in FY2014 and maintained status since
- In the current term, **establish targets for food waste, including in the supply chain**, taking steps to achieve further reductions while working in cooperation with suppliers
- Move to develop refillable products and adopt plant-derived materials in order to reduce the environmental burden posed by packaging waste. Furthermore, **set targets during this term to reduce the usage of fossil fuel-derived plastics in product packaging**

## ■ Prepare for climate change and water resource issues

- **As a response to climate change**, during the current term **review medium-term objectives for 2030** and **formulate long-term objectives of achieving carbon neutrality in 2050**
- In the current term, **formulate long-term targets in response to water resource issues** and promote reduction in water usage

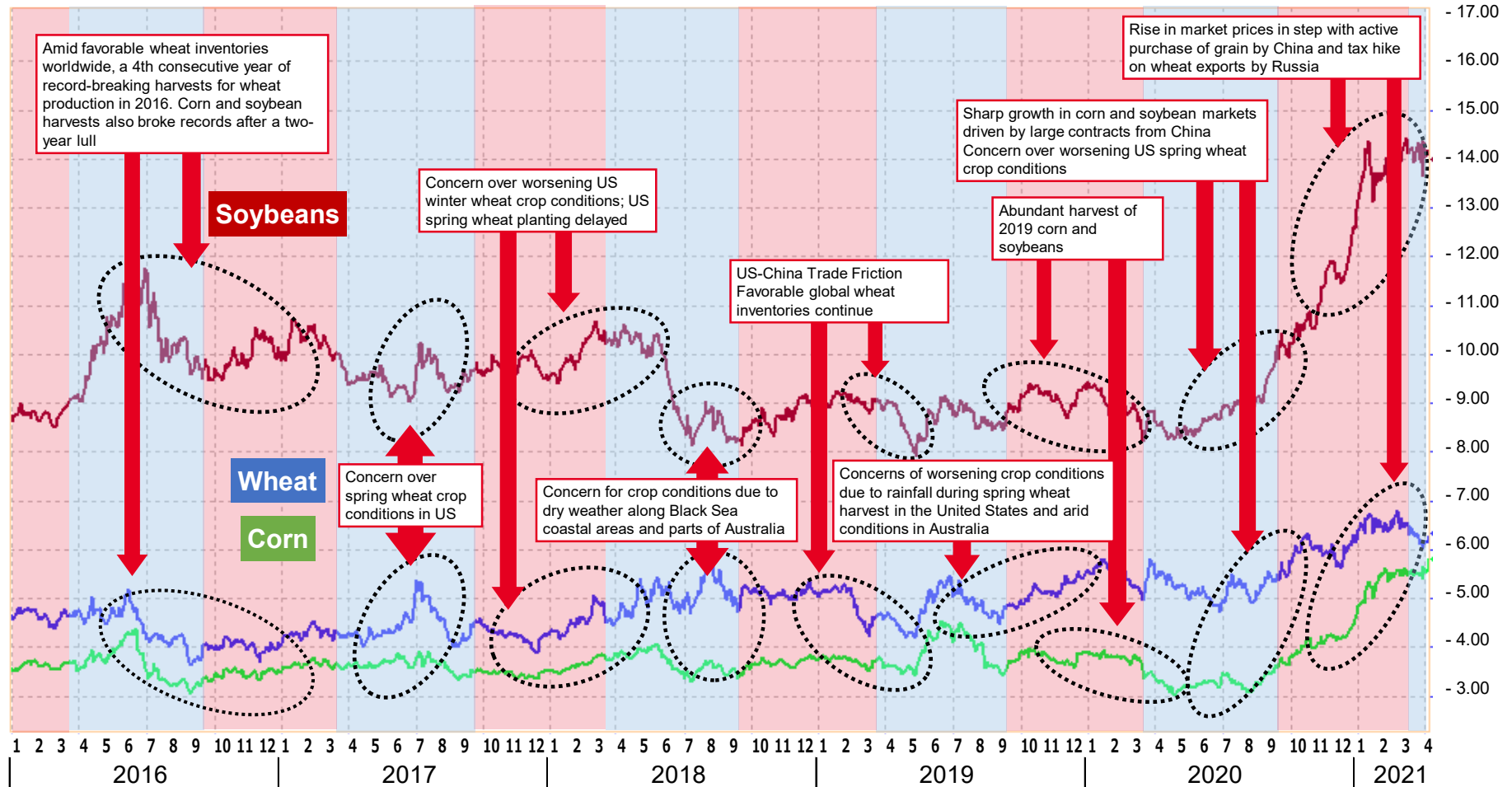
## ■ Provide work environments that are healthy and fulfilling

- Promote diversity. In particular, position the advancement of women in the workplace as part of management strategy and as a key pillar for the Group. Establish targets for the percentage of women in management, taking steps to accelerate the appointment of female employees to higher-level positions
- **In 2021, obtained certification by the White 500 list of good corporations displaying health and productivity management.** We are currently promoting health-supportive management, with the aim of being viewed as a healthy and worthwhile place to work by employees

# **(Ref.) The Wheat Market**

## [Grain Market Trends]

Chicago Futures Market (US\$/Bu)



Note: The background colors of the graph denote period for calculation of wheat sales price by Japan's Ministry of Agriculture, Forestry and Fisheries

## [Apr. 2021: Wheat price revisions]

(Period for price revision calculation: 2nd week of Sept. 2020 to 1st week of March 2021)

Market prices for wheat (Chicago) rose on several factors. Most prominent among these was the enormous purchase by China of wheat from the U.S. and Canada, two major wheat producers, and a tax hike on wheat exports by Russia, coupled with concerns over the impact on wheat growth of a cold snap that struck the central United States in mid-February. While the currency market saw a somewhat higher yen, the import price of wheat rose primarily atop higher maritime freight costs.



- April 1, 2021** – Japanese government's price for five classes of imported wheat rose by an average of 5.5%
- June 19, 2021** – Nisshin Flour Milling Inc. to raise prices for commercial-use wheat flour

## [Factors Driving Future Wheat Market Changes]

### Price-increasing Factors

- Enormous purchase of North American wheat and other grains, reflecting growth in grain demand from China
- Concerns of worsening harvest conditions for 2021 North America spring wheat in line with trending drier conditions

### Price-decreasing Factors

- Favorable harvest outlook for 2021 North America winter wheat
- Possible abolishment of export tax hike and other export control mechanisms by Russia

# Fiscal 2021 Results Briefing

## Results, Forecasts

May 19, 2021

**Nisshin Seifun Group Inc.**



# Contents



1. Fiscal 2021 Results
2. Analysis of Segment Results
3. Non-operating Income (Expenses) /  
Extraordinary Income (Losses) (Results)
4. Statements of Cash Flows (Results)
5. Fiscal 2022 Forecasts

# 1. Results for Fiscal Year Ended March 31, 2021 (1)

Delivering Good Health and Reliability

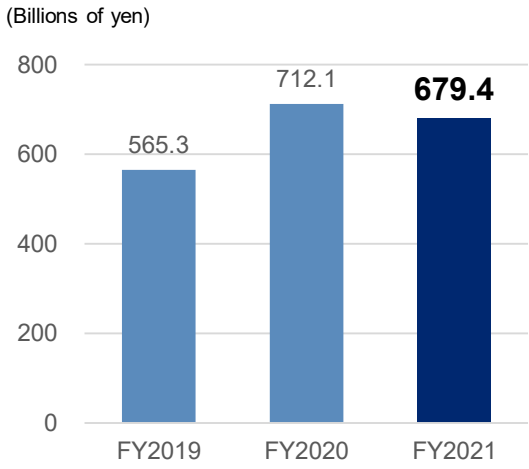


(Millions of yen)	Fiscal 2020 Results	Fiscal 2021 Results	* Figures rounded down to nearest million yen			
			YoY difference	YoY change	Forecasts difference	Forecasts change
Net sales	<b>712,180</b>	<b>679,495</b>	(32,685)	(4.6)%	(20,504)	(2.9)%
[Overseas sales]	<b>[166,188]</b>	<b>[155,626]</b>	[(10,562)]	[(6.4)%]	[(2,173)]	[(1.4)%]
Flour Milling	306,745	285,798	(20,947)	(6.8)%	(7,201)	(2.5)%
Processed Food	217,959	214,710	(3,249)	(1.5)%	(1,289)	(0.6)%
Prepared Dishes and Other Prepared Foods	129,967	142,747	+12,779	+9.8%	(3,252)	(2.2)%
Others	57,507	36,240	(21,267)	(37.0)%	(8,759)	(19.5)%
Operating profit	<b>28,852</b>	<b>27,197</b>	(1,655)	(5.7)%	+1,197	+4.6%
[Overseas operating profit]	<b>[3,878]</b>	<b>[2,959]</b>	[(918)]	[(23.7)%]	[(140)]	[(4.5)%]
Flour Milling	9,326	6,317	(3,008)	(32.3)%	+317	+5.3%
Processed Food	12,895	15,350	+2,455	+19.0%	(149)	(1.0)%
Prepared Dishes and Other Prepared Foods	1,736	1,278	(457)	(26.4)%	+678	+113.1%
Others	4,698	4,240	(458)	(9.8)%	+440	+11.6%
Adjustments*	194	9	(185)	—	(90)	—
Ordinary profit	<b>31,434</b>	<b>29,886</b>	(1,547)	(4.9)%	+2,886	+10.7%
Profit attributable to owners of parent	<b>22,407</b>	<b>19,011</b>	(3,395)	(15.2)%	+2,011	+11.8%
(Ref.)						
Operating profit before amortization of goodwill, etc.	37,241	35,394	(1,846)	(5.0)%	+1,194	+3.5%
ROE	5.6%	4.6%	(1.0)%	—	+0.3%	—

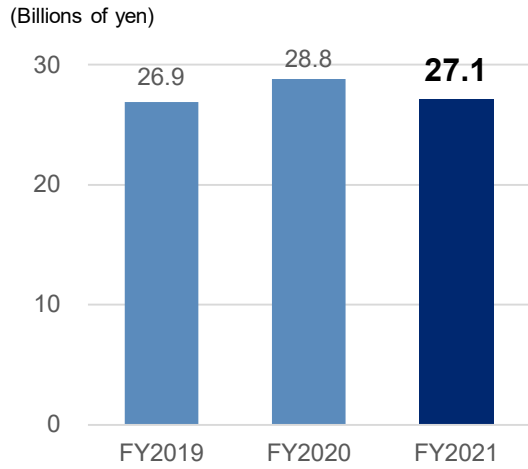
\* Intersegment transaction eliminations

# 1. Results for Fiscal Year Ended March 31, 2021 (2)

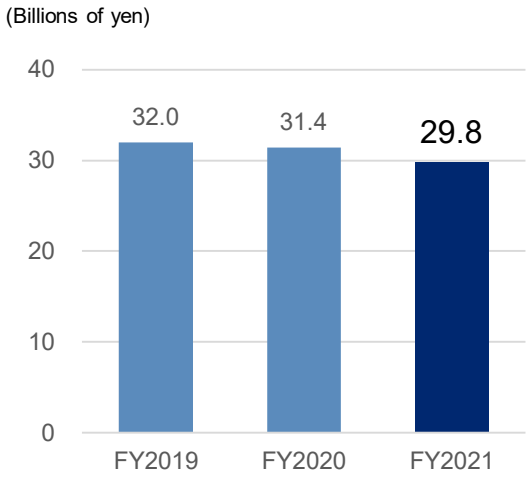
## Net sales



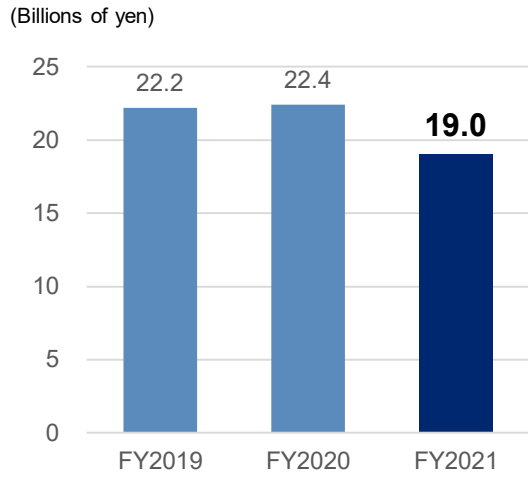
## Operating profit



## Ordinary profit



## Profit attributable to owners of parent



➤ **Net sales decreased** due to several factors. These included a decline in sales in the flour milling business, largely reflecting lower wheat flour prices due to price revisions for wheat and decreased demand caused by the pandemic, coupled with a temporary decrease in facility construction completion and effects from the transfer of the pet food business. These factors outweighed beneficial effects from the new consolidation of Tokatsu Foods Co., Ltd. in the first quarter.

➤ **Operating profit was lower for the year** despite a recovery in performance in the U.S. flour milling business, robust shipments in Japan of household-use processed foods and raw materials for pharmaceuticals, along with a reduction in various expenses. This decline mainly reflected reduced profit in the flour milling business (Japan, Australia, etc.) from lower demand and other issues caused by the pandemic, coupled with a decline in sales in the prepared dishes and other prepared foods business, and a temporary decrease in facility construction completion.

On the other hand, **business forecasts were met** thanks to improved production efficiency in the prepared dishes and other prepared foods business and beneficial effects from cost reductions across all businesses.

Net sales:	YoY changes (4.6)%
Operating profit:	YoY changes (5.7)%
Ordinary profit:	YoY changes (4.9)%
Profit attributable to owners of parent:	YoY changes (15.2)%

\* Figures rounded down to nearest 100 million yen



# 2. Analysis of Segment Results (1)

## Analysis of Net Sales (YoY Difference)

(Billions of yen)

### Flour Milling

¥(21.0) billion

Domestic wheat flour shipments (down 2.3% YoY)	(3.5)
Flour price revisions, others accompanying revised wheat prices	(6.5)
Bran prices	+0.2
Overseas sales, others	(11.2)

### Processed Food

¥(3.2) billion

Processed food sales	(2.3)
Household-use flour sales	+0.2
Prepared mix product sales	(1.5)
Pasta-related sales	+0.4
Frozen food sales	(0.7)
Overseas processed food sales	(0.9)
Other	+0.2
Oriental Yeast sales	(2.3)
Nisshin Pharma sales	+1.4

### Prepared Dishes and Other Prepared Foods

¥+12.8 billion

Effects from consolidation of Tokatsu Foods, others	+12.8
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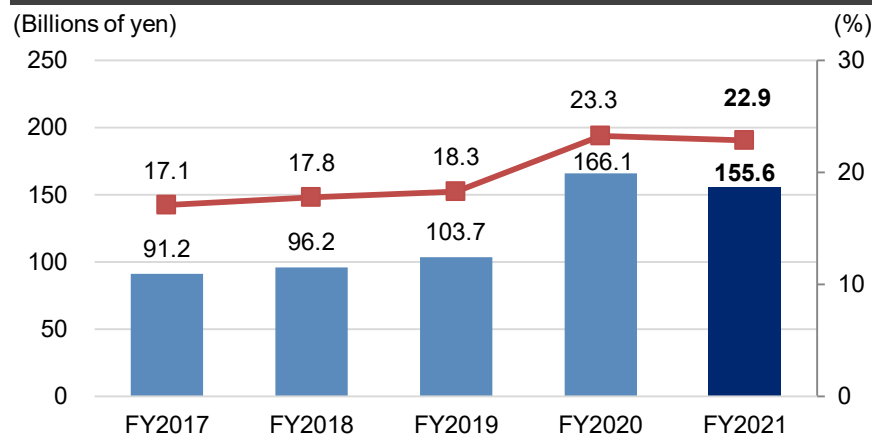
### Others

¥(21.3) billion

Nisshin Petfood sales	(5.7)
NBC Meshtec sales	(0.3)
Facility construction sales, others (Nisshin Engineering, others)	(15.3)

### [Ref.] Overseas sales

\* Line graph indicates overseas sales ratio



## 2. Analysis of Segment Results (2)

### Analysis of Operating Profit (YoY Difference)

(Billions of yen)

#### Flour Milling

¥(3.0) billion

Domestic wheat flour shipment volume	(0.8)
Sales expansion costs	(1.5)
Bran prices	+0.2
Cost related	+0.6
Overseas subsidiaries, others	(1.5)

#### Processed Food

¥+2.5 billion

Shipment volume	+0.1
Sales expansion costs	+1.0
Cost related	+0.8
Overseas subsidiaries, others (incl. Oriental Yeast, Nisshin Pharma exports)	+0.6

#### Prepared Dishes and Other Prepared Foods

¥(0.5) billion

Impact of the novel coronavirus, others	(0.5)
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#### Others

¥(0.5) billion

Sales	(2.2)
Cost related, others	+1.7

#### Adjustments

¥(0.2) billion

Intersegment transaction eliminations	(0.2)
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### 3. Non-operating Income (Expenses) / Extraordinary Income (Losses) (Results)

(Millions of yen)

	Fiscal 2020 Results	Fiscal 2021 Results	YoY difference	Comments
[Non-operating Income (Expenses)]				
Net financial income	199	188	(10)	
Share of profit of entities accounted for using equity method	1,789	1,794	+5	
Other	593	706	+112	
Total non-operating income (expenses)	2,582	2,689	+107	
[Extraordinary Income (Losses)]				
Gain on sales of investment securities	212	1,421	+1,209	Reduction of cross-shareholdings
Gain on step acquisitions	7,272	–	(7,272)	Previous year: Consolidation of Tokatsu Foods
Gain on sale of businesses	1,336	–	(1,336)	Previous year: Transfer of pet food business
Impairment loss	(5,224)	(977)	+4,246	Previous year: A drop in the results of the U.S. flour milling business, others
Business restructuring expenses	(1,028)	(388)	+640	
Other	(706)	(180)	+526	
Total extraordinary income (losses)	1,861	(124)	(1,985)	

\* Figures rounded down to nearest million yen

# 4. Statements of Cash Flows (Results)

Delivering Good Health and Reliability



(Billions of yen)

	Fiscal 2020 Results	Fiscal 2021 Results		YoY difference	
		Results	Highlights		
Cash and cash equivalents at beginning of period	107.3	56.5		(50.8)	Cash on hand* 57.2
Cash flows from operating activities	38.4	49.5	Profit before income taxes +29.7 Depreciation and amortization +22.2 Decrease in working capital +5.2 Income taxes paid (11.3)	+11.0	
Cash flows from investing activities	(96.8)	(17.1)	Capital expenditures (payment basis)(17.3)	+79.7	
Cash flows from financing activities	8.3	(31.2)	Decrease in loans payable (13.7) Cash dividends paid (10.1)	(39.6)	
Effect of exchange rate change on cash and cash equivalents	(1.4)	1.4		+2.9	
Increase (decrease) in cash and cash equivalents resulting from change of fiscal year-end of subsidiaries	0.7	-		(0.7)	
Cash and cash equivalents at end of period	56.5	59.1		+2.6	Cash on hand* 61.7

\* Cash on hand includes deposits exceeding 3 months and operating bonds

	Fiscal 2020 Results	Fiscal 2021 Results	YoY difference	Highlights
Capital expenditures (construction basis)	21.8	16.4	(5.4)	Impact of the novel coronavirus
Depreciation and amortization	21.2	22.2	+1.0	

\* Figures rounded down to nearest 100 million yen

# 5. Fiscal 2022 Forecasts (1)

- ▶ **Net sales are likely to be lower**, the result of decreased shipments of household-use processed foods in Japan, the end of pet food production by the Group on an outsourced basis, and the significant impact of application of an accounting standard regarding revenue recognition. These factors overshadow a modicum of recovery in demand in the flour milling and prepared dishes and other prepared foods businesses, a recovery in facility construction completion, and higher prices for wheat flour following price revisions for wheat.
- ▶ **Operating profit is projected to be higher**, as a certain level of recovery in performance in the flour milling and prepared dishes and other prepared foods businesses offset a temporary reduction in shipments of raw materials for pharmaceuticals and the absence of cuts to various expenses enacted last year.

\* Figures rounded down to nearest million yen

(Millions of yen)	Fiscal 2021 Results	Fiscal 2022 Forecasts	YoY difference	YoY change
Net sales	<b>679,495</b>	<b>660,000</b>	<b>(19,495)</b>	<b>(2.9)%</b>
Overseas sales [Overseas sales ratio]	155,626 [22.9%]	165,200 [25.0%]	+9,573	+6.2%
Operating profit	<b>27,197</b>	<b>28,200</b>	<b>+1,002</b>	<b>+3.7%</b>
Overseas operating profit [Overseas operating profit ratio]	2,959 [10.9%]	3,200 [11.3%]	+240	+8.1%
Ordinary profit	<b>29,886</b>	<b>30,000</b>	<b>+113</b>	<b>+0.4%</b>
Profit attributable to owners of parent	<b>19,011</b>	<b>18,100</b>	<b>(911)</b>	<b>(4.8)%</b>

\* **Application of the accounting standard regarding revenue recognition will have an impact on net sales of -¥60.0 billion. Actual net sales will rise ¥40.5 billion (up 6.0%).**

# 5. Fiscal 2022 Forecasts (2)

## Net Sales by Segment

(Billions of yen)

	Forecasts	YoY difference
Flour Milling	<b>289.0</b>	<b>+3.2</b>
Processed Food	<b>182.0</b>	<b>(32.7)</b>
Prepared Dishes and Other Prepared Foods	<b>144.0</b>	<b>+1.2</b>
Others	<b>45.0</b>	<b>+8.8</b>
<b>Total</b>	<b>660.0</b>	<b>(19.5)</b>

### Flour Milling

¥+3.2 billion

(Billions of yen)	
Domestic wheat flour shipments (up 0.8% YoY)	+1.2
Flour price revisions, others accompanying revised wheat prices	+3.2
Bran prices	+0.8
Overseas sales, others	+15.0
Effect of application of new accounting standard (revenue recognition)	(17.0)

### Processed Food

¥(32.7) billion

Domestic processed food sales*	(5.6)
Overseas processed food sales	+0.9
Oriental Yeast sales*	+3.1
Nisshin Pharma sales*	(1.1)
Effect of application of new accounting standard (revenue recognition)	(30.0)

### Prepared Dishes and Other Prepared Foods

¥+1.2 billion

Prepared dishes and other prepared foods sales*	+14.2
Effect of application of new accounting standard (revenue recognition)	(13.0)

### Others

¥+8.8 billion

Nisshin Petfood sales	(7.6)
NBC Meshtec sales	+0.9
Facility construction sales, others (Nisshin Engineering, others)	+15.5

\* Excluding effect of application of new accounting standard (revenue recognition)

# 5. Fiscal 2022 Forecasts (3)

## Operating Profit by Segment

(Billions of yen)

	Forecasts	YoY difference
Flour Milling	7.8	+1.5
Processed Food	13.5	(1.9)
Prepared Dishes and Other Prepared Foods	2.4	+1.1
Others	4.3	+0.1
Adjustments*	0.2	+0.2
<b>Total</b>	<b>28.2</b>	<b>+1.0</b>

\* Intersegment transaction eliminations

### Flour Milling

¥+1.5 billion

	(Billions of yen)
Domestic wheat flour shipment volume	+0.2
Sales expansion costs	+0.4
Bran prices	+0.5
Cost related	(0.6)
Overseas subsidiaries, others	+1.0

### Processed Food

¥(1.9) billion

Shipment volume	+0.2
Sales expansion costs	(0.5)
Cost related	(0.6)
Overseas subsidiaries, others (incl. Oriental Yeast, Nisshin Pharma exports)	(1.0)

### Prepared Dishes and Other Prepared Foods

¥+1.1 billion

Net sales growth, others	+1.1
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### Others

¥+0.1 billion

Sales	+2.2
Cost related, others	(2.1)

## Caution Regarding Results Briefing Content

The content of this briefing is based on various assumptions, and thus does not represent any promise or guarantee that numerical targets and initiatives projected for the future will be realized.