

Fiscal 2021 Results Briefing Meeting

May 19, 2021

Nisshin Seifun Group Inc.

My name is Nobuki Kemmoku, Representative Director and President of Nisshin Seifun Group Inc.

Thank you for taking time from your busy schedules to attend today's results briefing for fiscal 2021, the year ended March 31, 2021.

It's been more than a year since Japan first reported cases of infection from the novel coronavirus pandemic. Today, while the rollout of a vaccine has also begun, there is still no outlook for when the pandemic might come to end worldwide. In fact, from April this year Japan issued its third declaration of emergency with respect to the virus. As this and similar challenges suggest, the situation facing the Group's businesses remains one marked by an uncertain future. Nevertheless, we intend to position having an accurate grasp of our immediate business environment to spur a recovery in sales and earnings capacity as quickly as possible as our top priority.

While the current business term will also see emphasis on responding to the novel coronavirus, we hope to move in parallel to steadily enact growth strategies in line with our Long-term Vision.

Today, along with a discussion of results from last term and our view of results for the current term, I want to offer an overview of the NNI-120 II medium-term management plan, which we enacted through its final year fiscal 2021, as well as touch briefly on what the Group is doing amid all the changes happening around us.



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I. Fiscal 2021 Results and Fiscal 2022 Forecasts

1. Fiscal 2021 Results

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- ▶ **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	679,495	700,000	(2.9)%	712,180	(4.6)%
Overseas sales ratio	22.9%	22.5%	—	23.3%	—
Operating profit	27,197	26,000	+4.6%	28,852	(5.7)%
Ordinary profit	29,886	27,000	+10.7%	31,434	(4.9)%
Profit attributable to owners of parent	19,011	17,000	+11.8%	22,407	(15.2)%

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Let's begin with results for the fiscal year ended March 31, 2021. Net sales decreased compared to the previous year, reflecting lower prices for wheat flour in line with price revisions for wheat, along with lower sales in the flour milling business due to decreased demand and other impacts caused by the novel coronavirus pandemic. Sales also declined from a temporary decrease in facility construction completion. These factors outweighed beneficial effects from the new consolidation of Tokatsu Foods in the first quarter.

Operating profit was lower year on year despite several positives, including a performance recovery in the U.S. flour milling business, firm shipments of household-use processed foods in Japan and raw materials for pharmaceuticals, and cuts made to various expenses across all businesses. These factors were offset by worsening earnings in the flour milling and prepared dishes and other prepared foods businesses due to the pandemic, coupled with a temporary decline in facility construction completion.

On the other hand, operating profit outperformed business forecasts, mainly thanks to improved production efficiency in the prepared dishes and other prepared foods business and effects stemming from cost reductions across all businesses.

2. Fiscal 2021 Performance in Review

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- 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.

■ 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 (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.

■ 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 Amann 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.

■ 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.

■ 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.

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Page four is our review of results for each business for the fiscal year ended March 31, 2021.

3. Assumptions for Fiscal 2022 Forecasts

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- 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

■ 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 (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.

■ 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.

■ 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

■ 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

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Page five is initiatives and outlooks for each business, the basis of the assumptions used for business forecasts.

As in the previous term, the Group businesses are expected to face impacts from the pandemic in the current term. Nevertheless, we are treating a rebound in earnings and the rapid return to a growth trajectory, by adapting to changes in our business environment, as our highest priorities, as we take steps with the aim of realizing actual sales and earnings growth.

4. Fiscal 2022 Forecasts

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- ▶ **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	660,000	679,495	(19,495)	(2.9)%
Overseas sales ratio	25.0%	22.9%	—	—
Operating profit	28,200	27,197	+1,002	+3.7%
Ordinary profit	30,000	29,886	+113	+0.4%
Profit attributable to owners of parent	18,100	19,011	(911)	(4.8)%

* 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%).

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Let's turn now to business forecasts for the current term. Net sales are projected to fall year on year despite the likelihood of some 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 due to price revisions for wheat. In addition to various issues, among them lower shipments of household-use processed foods and the termination of production as an outsourcer in the pet food business, net sales will likely be severely affected by the application of an accounting standard regarding revenue recognition, a factor that is expected to lower sales by ¥60.0 billion.

Correcting for lower sales due to application of the accounting standard regarding revenue recognition, net sales are forecast to increase by ¥40.5 billion year on year.

Operating profit, meanwhile, is projected to increase year on year. While a temporary decline in shipments of raw materials for pharmaceuticals and an increase in various expenses that had been controlled and reduced in the previous fiscal year are likely to affect profits, growth is expected atop some degree of recovery in performance in the flour milling and prepared dishes and other prepared foods businesses.

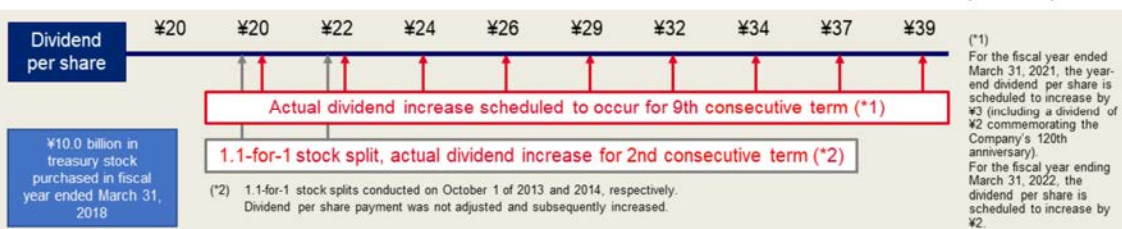
5. Shareholder Returns

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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**.



Page seven is information regarding shareholder returns.

Based on a commitment to strengthening the stable return of profits from a long-term stance, the Company is continuously increasing the amount of its dividends, with a dividend payout ratio of 40% or more on a consolidated basis as a basic policy.

While circumstances with respect to business performance in the previous term were challenging, we maintained our fundamental stance, offering a scheduled dividend payment of ¥37 per share. This represents an increase of ¥3 per share, and includes a dividend commemorating the Company's 120th anniversary. In the current term, too, we plan to raise the dividend payment by ¥2 from the previous fiscal year, which should result in dividend growth for a ninth consecutive term.

6. Future Growth Strategies

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- 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.

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Page eight is future growth strategies.

While our highest priority is to achieve a recovery in earnings by adapting to changes in the business environment, there is no change in direction for growth strategies in line with our long-term vision going forward. As you can see here, together with enhancing the earnings foundations in our core businesses, specifically wheat flour-related ingredients and household-use foods businesses, we plan to concentrate the investment of management resources in growth driver businesses, namely the overseas business and the prepared dishes and other prepared foods business.

Furthermore, to usher in sustainable, cyclical growth, as well as society's sustainable development and improvement in the Group's long-term corporate value, we want to accelerate our efforts to address social issues.

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

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

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- 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.

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Pages 10 through 12 are an overview of the NNI-120 II medium-term management plan, which we launched in fiscal 2016 and enacted through its conclusion in fiscal 2021.

Under this plan, we targeted the restructuring of our earnings base, profit growth and enhancement of shareholder returns, taking steps to achieve net sales of ¥750.0 billion, operating profit of ¥30.0 billion and EPS of ¥80 by fiscal 2021, the plan’s final year.

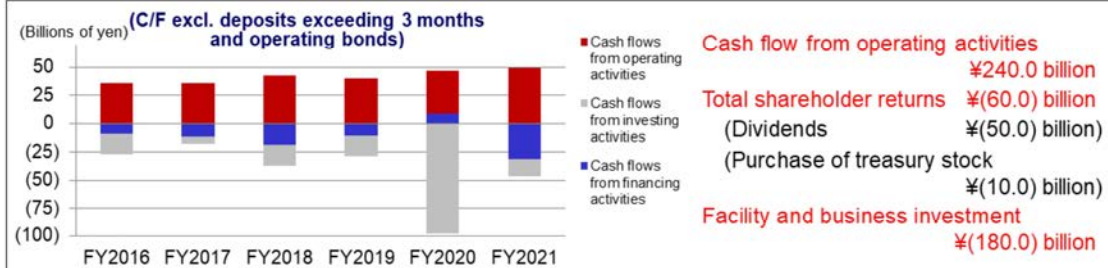
As seen on page 10, until fiscal 2020, we marked steady growth in net sales, operating profit and EPS, largely in step with the medium-term management plan. Unfortunately, due to the effects of the pandemic and other issues, we were unable to meet our targets for the plan’s final year, fiscal 2021.

At present, we are bolstering our responsiveness to changes in the market environment, setting a recovery in sales and earnings capacity as quickly as possible as our top priority. We are also making it a priority to accurately read the business environment at hand and, as such, have opted to delay the 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

- 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



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

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Page 11 details key strategic investments we decided and enacted during the medium-term management plan.

We made roughly ¥90.0 billion in strategic investments centered on growth driver businesses. These investments included the purchase of Allied Pinnacle in Australia and the construction of a yeast plant in India in the overseas business, and the conversion of Tokatsu Foods into a consolidated subsidiary in the prepared dishes and other prepared foods business. We also instituted roughly ¥60.0 billion in shareholder returns. Together with these investments, we transferred the pet food business in a bid to strengthen our business portfolio.

3. Overview of the “NNI-120 II” Medium-term Management Plan – Group Growth

- 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

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

FY2021 Results



Amortization of goodwill, etc.: ¥8.1 billion

	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%

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On page 12, you will find graphs comparing consolidated net sales and operating profit at the start and conclusion of the medium-term management plan.

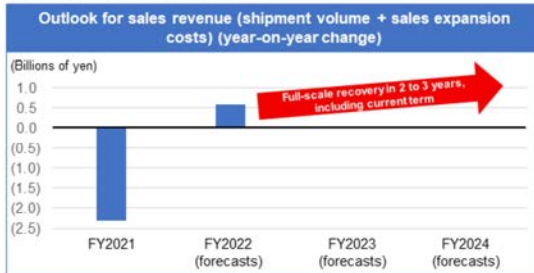
Thanks mainly to aggressive strategic investment, net sales rose ¥153.3 billion during the medium-term plan, with operating profit rising ¥6.7 billion amid growth in amortization of goodwill, others of ¥6.3 billion for the same period. The Group’s profile also changed dramatically.

As in previous years, our growth strategy of striving to bolster business competitiveness through two key elements of our Long-term Vision – “model change in existing businesses” and “business portfolio enhancement” – is unchanged, as we take steps to achieve sustainable growth and maximize medium- to long-term corporate value.

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**.



- ### 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.

Page 14 explains our outlook and initiatives to stimulate performance recovery for the domestic flour milling business.

For the domestic flour milling business, while the overall market shrank by roughly 3% last fiscal year due to the impact of the pandemic, as the chart in the upper left shows, our shipment volume declined by 2.3%. Furthermore, as shown in the lower-left chart, the effect of people voluntarily refraining from outings and a subsequent halt in economic activity caused shipment composition to change, which caused deterioration in the product mix. This, in turn, caused sales revenue to worsen.

In the current term as well, the uncertainty in the market environment continues to build, as seen by the declaration of a state of emergency in the first week of April and the official announcement of priority steps to prevent the pandemic's spread. Furthermore, the path to a return to normal in the market environment is expected to be a modest one because of the pandemic. Nonetheless, as outlined in the lower right, by strengthening our sales capabilities, we are working on a recovery in business performance that will see shipment volume rebound by roughly 1% compared to the previous year.

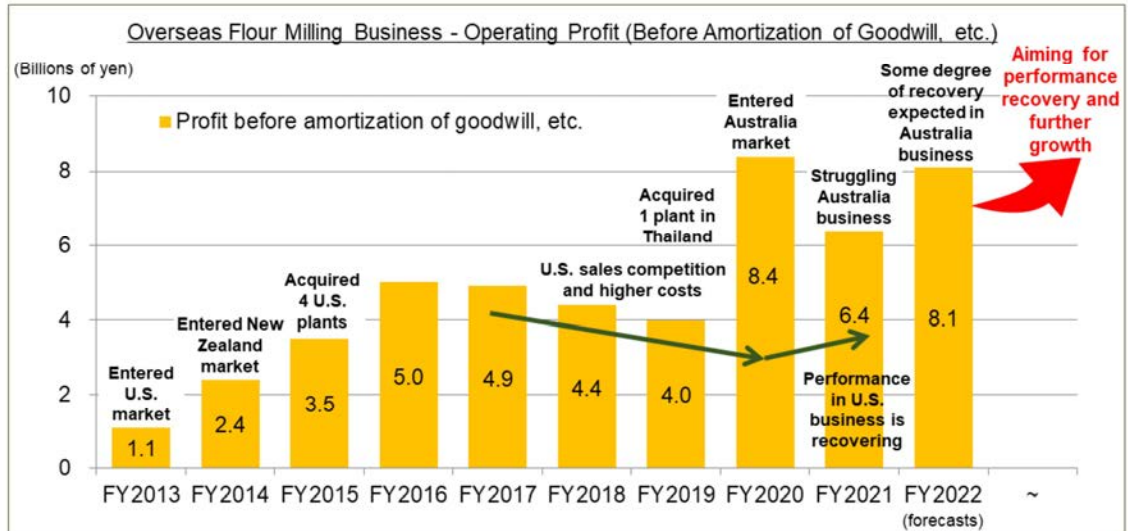
As of right now, in light of the impact of the pandemic on the market environment and the changes the pandemic has brought to the market environment itself, we intend to take decisive action to make a full-scale performance recovery happen over a span of 2 to 3 years, including the current term. This point is one we are absolutely committed to implementing.

2. Overseas Flour Milling Business Growth Strategies (1) – Outlook for the Overseas Flour Milling Business

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- 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



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Page 15 outlines the status of the overseas flour milling business.

Encompassing the Pacific region, this business had, until recently, marked dramatic growth. In fiscal 2020, earnings deterioration in the U.S. flour milling business became a major management concern. However, through steady enactment of a range of initiatives, this business saw a V-shaped recovery in performance in fiscal 2021.

In contrast, in the first half of fiscal 2021, the Australia flour milling business saw demand decline due to the pandemic, just as issues became visible through PMI following purchase of the business. This amplified the impact of these issues, causing business performance to worsen. We have already moved since last year to resolve a variety of issues. And while the impact of the pandemic on the market environment remains unclear, in the current term, too, we are solidly focused on solving any issues in a bid to spur some degree of recovery in performance. We seek to achieve both a performance recovery and build a growth base over the next 2 to 3 years.

2. Overseas Flour Milling Business Growth Strategies (2) – U.S. Flour Milling Business

Delivering Good Health and Reliability



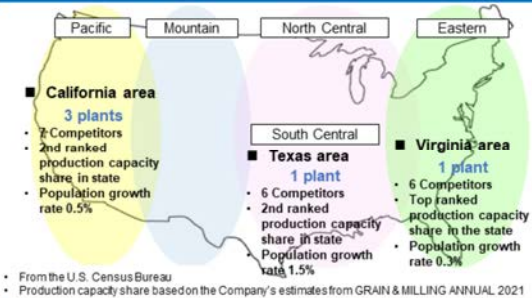
Performance recovery and outlook for the U.S. flour milling business (Miller Milling Company, LLC)

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

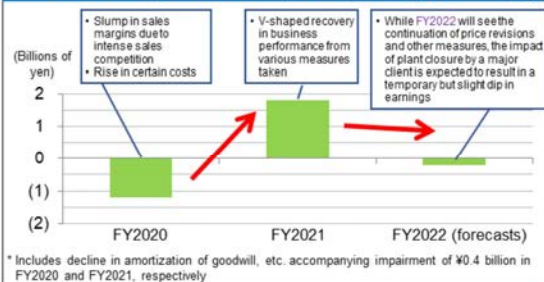
U.S. flour milling business plant locations (5 plants) and competitive environment by area



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)



16

Page 16 covers initiatives for performance recovery in the U.S. flour milling business in fiscal 2021, and fiscal 2022 business forecasts.

To reiterate what was just mentioned, performance in the U.S. rebounded in fiscal 2021 thanks to a host of straightforward sales- and production-side initiatives. Similarly, while we are continuing to correct pricing and take other actions in the current term, earnings are projected to dip slightly at this time, mainly due to the effect of the closure of a plant operated by a major client in the U.S. business at the end of March.

We will strive to cover this shortfall via the U.S. business as a whole, making the decline in earnings either temporary or something we cover going forward. We hope to solidify this performance recovery over the next 1 to 2 years, including the current term, as we aim for additional growth.

2. Overseas Flour Milling Business Growth Strategies (3) – Performance Recovery Initiatives for the Australia Flour Milling Business

Delivering Good Health and Reliability



- 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"> ■ Sales expansion in Australia <ul style="list-style-type: none"> • Completion of reinforcement of backup system to promote sales expansion by bolstering product development personnel • Strengthen proposals to existing prepared mix and bakery-related ingredient customers, and expand sales to new customers ■ Export expansion <ul style="list-style-type: none"> • Leverage the Group's sales channels and other assets to increase exports to New Zealand, Southeast Asia and other markets <p><small>* 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</small></p>	Approx. 40%
(2) Production-side initiatives	<ul style="list-style-type: none"> ■ Productivity improvement measures enacted in the previous term <ul style="list-style-type: none"> • Review of personnel, consolidation of low productivity lines, establishment of new organization to reduce waste loss, etc. ■ New productivity improvement measures scheduled for the current term <ul style="list-style-type: none"> • Promotion of production line automation, higher productivity through lower personnel costs, etc. 	Approx. 40%
(3) Cost-reduction measures	<ul style="list-style-type: none"> ■ Distribution and storage cost reductions <ul style="list-style-type: none"> • Realize additional benefits via distribution improvement project ■ Procurement cost reduction <ul style="list-style-type: none"> • Lower procurement costs for auxiliary materials, etc. 	Approx. 20%

Australia flour milling business – Operating profit (year-on-year change)

(Billions of yen)

Aiming to recover roughly 50% of the reported reduction in earnings in FY2021

FY2021 FY2022 (forecasts)

Australia flour milling business – Net sales composition

Approx. 60% Prepared mix (Bakery-related ingredients)

Approx. 40% Wheat flour

0% 50%

On page 17 are initiatives to stimulate performance recovery in Australia.

The Group has positioned initiatives to stimulate a performance recovery in the Australia business as its highest priority. While the sales environment in the current term remains uncertain due to the novel coronavirus, by enacting the range of sales-, production- and cost-side initiatives listed here, we hope to jumpstart recovery by cutting the extent of the earnings decline reported last term roughly in half in the current term.

On the sales side, plans call for making more robust proposals to existing customers, expanding sales to new customers, and expanding exports by leveraging the Group's business sites in New Zealand and Southeast Asia. On the production side, among other actions last fiscal year, we conducted a staffing review and consolidated unproductive lines. This term, we will push ahead with production line automation in a bid to boost productivity. In terms of cost reductions, we hope to see additional benefits from the distribution improvement project and other efforts. As elsewhere, in Australia, too, we are taking steps to stimulate performance recovery and build foundations for growth over the next 2 to 3 years, including the current term, by steadily putting a variety of measures into practice.



The competitive environment surrounding the Australian market has not changed radically compared to prior to the pandemic. Nevertheless, we experienced the partial loss of shipments to a major prepared mix client in January 2021. Consequently, we have incorporated the modest impact this will likely have on the speed of business performance recovery this term into our business forecasts.

3. Overseas Processed Food Business Growth Strategies – India Yeast Business

Delivering Good Health and Reliability



- 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	India's bakery market				
<p>Status of plant construction</p> <ul style="list-style-type: none"> • 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) <p>Sales</p> <ul style="list-style-type: none"> • 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 <p>Personnel-related</p> <ul style="list-style-type: none"> • Implement a sequence of broad-based training. Aim for smooth business launch <p>Aim for profitability one year from start of operations</p> 	<p>India's bakery market</p> <ul style="list-style-type: none"> • 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 <p>Oriental Yeast India Pvt. Ltd. (subsidiary of Oriental Yeast Co., Ltd.)</p> <table border="1"> <tr> <td data-bbox="805 604 1077 694"> <p>India market growth potential</p> <p>High growth anticipated for yeast business in India's enormous bread market</p> </td> <td data-bbox="1077 604 1351 694"> <p>Outstanding technology from Japan</p> <p>Supply cost-competitive, high-quality products</p> </td> </tr> <tr> <td data-bbox="805 705 1077 795"> <p>Prime location</p> <p>Build plant in outskirts of Pune, a location rich in molasses (key ingredient) and water resources</p> </td> <td data-bbox="1077 705 1351 795"> <p>Comprehensive environmental countermeasures</p> <p>Zero Liquid Discharge System for plant</p> </td> </tr> </table>  <p>[Overview of new plant]</p> <p>Location: Maharashtra, India</p> <p>Production capacity: 100 t/day (fresh yeast basis)</p> <p>Investment: Approx. ¥15.7 billion</p>	<p>India market growth potential</p> <p>High growth anticipated for yeast business in India's enormous bread market</p>	<p>Outstanding technology from Japan</p> <p>Supply cost-competitive, high-quality products</p>	<p>Prime location</p> <p>Build plant in outskirts of Pune, a location rich in molasses (key ingredient) and water resources</p>	<p>Comprehensive environmental countermeasures</p> <p>Zero Liquid Discharge System for plant</p>
<p>India market growth potential</p> <p>High growth anticipated for yeast business in India's enormous bread market</p>	<p>Outstanding technology from Japan</p> <p>Supply cost-competitive, high-quality products</p>				
<p>Prime location</p> <p>Build plant in outskirts of Pune, a location rich in molasses (key ingredient) and water resources</p>	<p>Comprehensive environmental countermeasures</p> <p>Zero Liquid Discharge System for plant</p>				

Page 18 details the growth strategy for our overseas processed food business.

Turning to our new yeast plant in India, while construction of the plant building and delivery of the bulk of the machinery and equipment is complete, key construction personnel from Japan were forced to return home temporarily as part of countermeasures to fight the pandemic. As of right now, the schedule for the start of operations is undetermined, but things have progressed far enough that once staff from Japan are redeployed, operations should be able to start within six months. At present, the environment surrounding the bakery market we are targeting appears to be unchanged, irrespective of the novel coronavirus pandemic.

4. Processed Food Business Growth Strategies

Delivering Good Health and Reliability



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 for 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

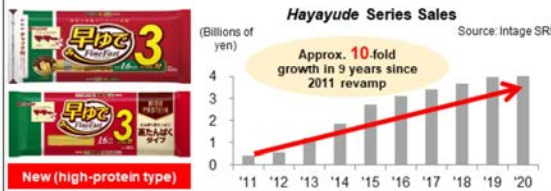


Bolster menu variation



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)

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"> 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.
Strengthen lineup of non-pasta products	<ul style="list-style-type: none"> Launch new sales of pho, well-known from Vietnamese cuisine, and other products
Strengthen production and distribution systems	<ul style="list-style-type: none"> Strengthen production sites to build a robust supply system Boost distribution efficiency through a review of delivery routes

19

Page 19 outlines initiatives for the processed food business.

As the graph in the upper left indicates, the market for household-use processed foods, where the Company is highly engaged, was brisk last fiscal year, with demand for at-home dining increasing in April and May when the first state of emergency was declared, and again in December and January, following the second declaration.

Demand for at-home dining is expected to remain firm in the current term, as well. With that said, the Company’s household-use processed foods will likely see shipments somewhat lower year on year, reflecting the absence of the extremely favorable shipments reported last year.

As seen in the upper right, with trends in at-home cooking expected to remain strong, in addition to the concepts of “easy-to-prepare and convenient,” “authentic” and “healthy” touted to date, from February through March, we launched new products under the theme of “Smart Dining at Home” for making cooking fun. “Restaurant dining at home” and “Parent and child homemade cooking” are additional concepts anchoring these products. Our differentiation strategy is also gaining ground. As you can see in the lower left, our fast-cooking Hayayude Spaghetti continues to perform well. And as seen in the lower right, we are also currently bolstering initiatives designed to expand the frozen food business.

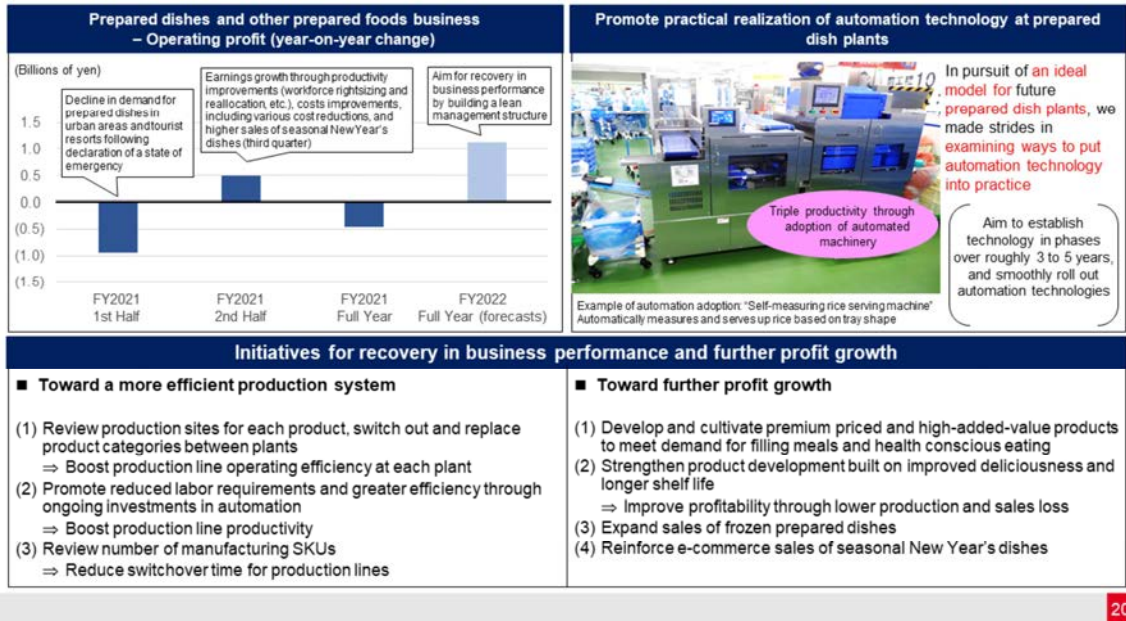
5. Prepared Dishes and Other Prepared Foods Business Growth Strategies

– 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



20

Page 20 outlines the prepared dishes and other prepared foods business.

Due to the impact of the pandemic, earnings fell dramatically in the first half of the previous term as demand for prepared dishes declined in urban areas and at tourist resorts. However, thanks to a push to reinforce productivity improvements, cost reductions and other measures in the second half, earnings growth was maintained even as sales fell lower compared to the previous year.

In the current term, we anticipate some degree of recovery in demand. By continuing to pursue production efficiency improvements and enacting initiatives for profit growth, we are looking to grow earnings beyond the size of the decline in earnings reported last term.

There is no change in direction in our growth strategy for the prepared dishes and other prepared foods business, and we intend to push ahead firmly with initiatives to support production line automation and other innovations.

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

Delivering Good Health and Reliability

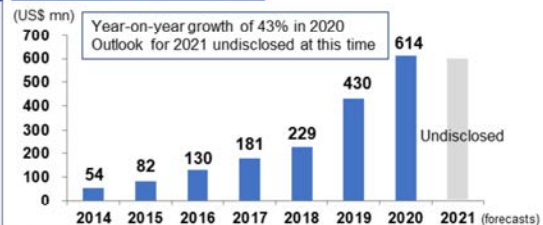


- VASCEPA® from Amarin Corporation plc (“Amarin”) saw **sluggish growth in prescriptions, as fewer patients in the U.S. visited medical facilities** due to the novel coronavirus pandemic
- In the current term, EPA-E shipments are likely to **decline briefly**, as we carefully monitor uncertainty surrounding 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 VASKEPA, 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

21

Page 21 discusses raw materials for pharmaceuticals from Nisshin Pharma.

In examining the sales of key client Amarin Corporation, growth in the number of prescriptions was somewhat sluggish as patient visits to medical facilities in the U.S. declined due to the novel coronavirus pandemic. Furthermore, given that sales by manufacturers of generics also launched last year, Amarin has not disclosed business forecasts for the current term. In addition to all of this, Amarin’s product inventories are increasing. As we closely monitor these issues, we are projecting a temporary decline in our EPA-E shipments for the current term.

However, as of March 31 of this year, approval was granted for sales in the EU. The current outlook is for sales to start from Germany sometime around September of this year. What’s more, the number of patients in the EU market is estimated to exceed that of the U.S., suggesting that sales from Amarin Corporation are likely to increase over the medium term.

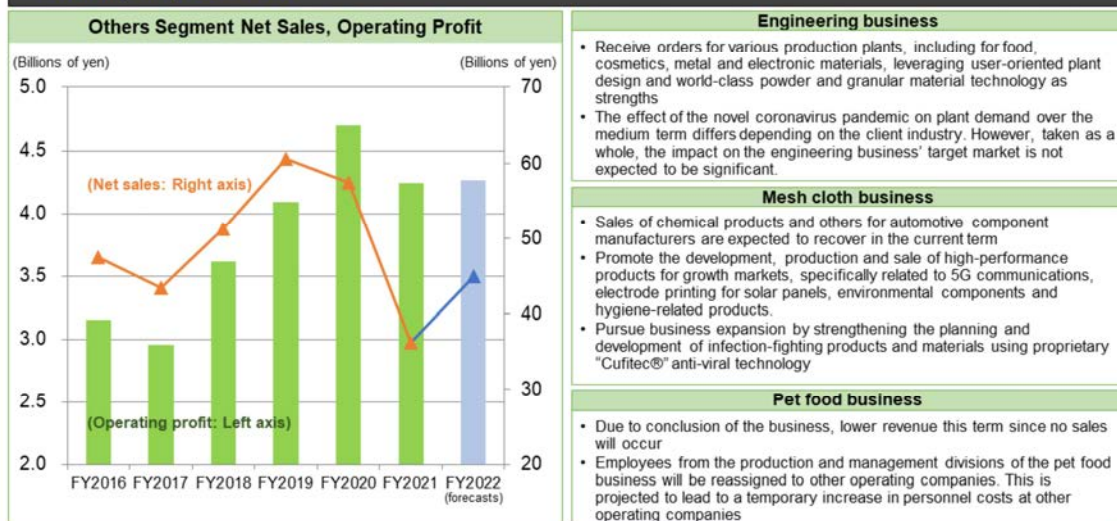
As written in the lower right of the materials, for the Company, our approach is to enact measures after calmly assessing both business opportunities and risks.

7. Others Segment Status

Delivering Good Health and Reliability



- 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.**



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

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Page 22 details the status of the Others Segment.

The Others Segment ended with lower sales and earnings last fiscal year, largely reflecting a temporary decline in facility construction, as well as production on an outsourcing basis following transfer of the pet food business. The extent of the decline in earnings, however, was significantly better than initial estimates thanks to extensive attention to construction composition and management in the engineering business, coupled with reductions in various expenses across the Others Segment, among other measures.

For the current term, we are anticipating sales and earnings growth atop a recovery in facility construction in the engineering business. Meanwhile, we terminated our outsourced production on behalf of the transferred pet food business as of March 31st of this year. In conjunction with this, we reassigned production and management division staff to other business divisions, which we expect will cause a temporary jump in personnel costs for those divisions. This has been accounted for in business forecasts for the current term.

8. Initiatives for Sustainability (1)

Delivering Good Health and Reliability



- 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.



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.


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Finally, pages 23 and 24 outline Group measures regarding sustainability.

In 2019, the Group specified five high-priority issues to support society's sustainable development and realize improvement in the Group's own long-term corporate value, and we have positioned these as one of our key management concerns.

More specifically, the five priorities we are moving to address are “Provide safe and healthy food and responsible consumer information,” “Enable secure and sustainable raw material procurement,” “Efficiently handle product and packaging waste,” “Prepare for climate change and water resource issues” and “Provide work environments that are healthy and fulfilling.”

8. Initiatives for Sustainability (2)

Delivering Good Health and Reliability



- 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

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With particular respect to “Efficiently handle product and packaging waste” and “Prepare for climate change and water resource issues,” we will formulate long-term objectives during the current term to accelerate the roll out of initiatives in these areas. Additionally, ahead of support for TCFD recommendations, we are also currently analyzing the likely impact of climate change on the Group.

(Ref.) The Wheat Market

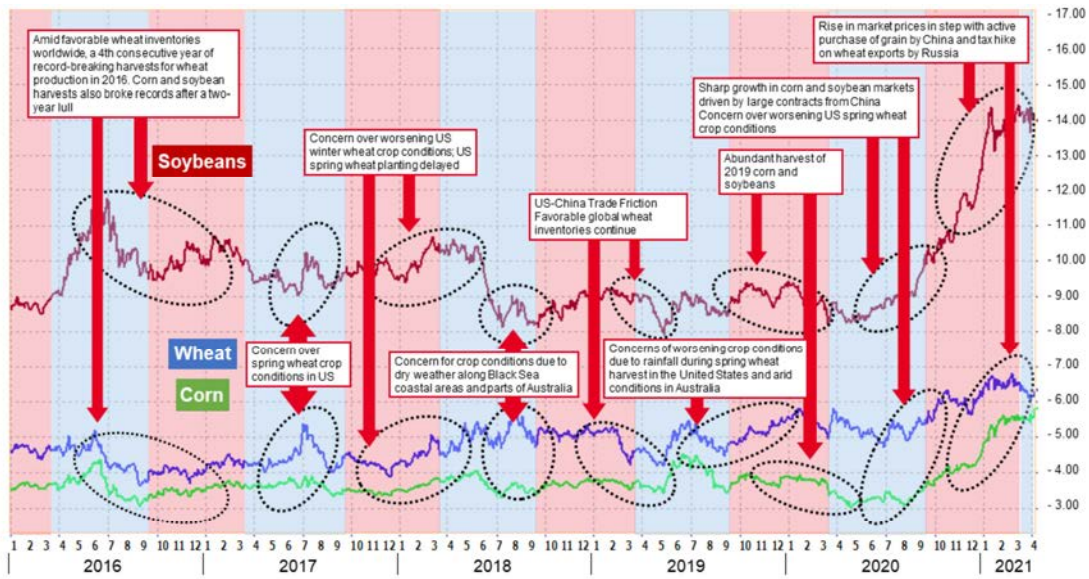
The Wheat Market (1)

Delivering Good Health and Reliability



[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

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.