

First Six Months of Fiscal 2022 Results Briefing Meeting

November 1, 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 the first six months of fiscal 2022, the year ending March 31, 2022.

In Japan, the first half of the fiscal year saw a declaration of a state of emergency persist throughout due to spread of the highly contagious delta variant of the novel coronavirus. Amid this, as the rollout of vaccines gained momentum, signs of a turnaround in economic and production activities began to emerge. However, with still no outlook for the end of the pandemic in sight, the business environment for the second half will have to be closely monitored.

Under these conditions, we made mounting a rapid recovery in sales and earnings capabilities our highest priority for the current term, all while tightly examining the business environment at hand. In parallel, we are taking decisive steps to enact growth strategies in line with our Long-term Vision.

Today, along with a discussion of first-half results and our view of results for the current term, I want to touch briefly on the steady progress we are making toward building growth foundations for realizing our Long-term Vision.



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I. First Six Months of Fiscal 2022 and Fiscal 2022 Forecasts

1. First Six Months of Fiscal 2022

Delivering Good Health and Reliability



- ▶ Excluding effects from the application of an accounting standard regarding revenue recognition, **net sales increased** year on year, mainly atop an ongoing sales rebound in the prepared dishes and other prepared foods business, a recovery in facility construction completion, and both higher wheat market prices and foreign currency exchange effects in the overseas flour milling business. These factors outweighed a decline in revenue from transfer of the pet food business. However, with application of the accounting standard regarding revenue recognition, **sales were lower** year on year.
- ▶ **Operating profit was higher** year on year, as improved earnings from the flour milling business in Japan, primarily atop higher sales prices for bran (a milling byproduct), brisk performance in the overseas flour milling business and steady recovery in the prepared dishes and other prepared foods business overcame the absence of strong results in the processed food business in Japan reported last year and lower shipments of raw materials for pharmaceuticals.

* Figures rounded down to nearest million yen

(Millions of yen)	First Six Months of Fiscal 2022 Results	Forecasts		First Six Months of Fiscal 2021 Results	
			Change		Change
Net sales	325,727	330,000	(1.3)%	335,944	(3.0)%
Overseas sales ratio	26.5%	—	—	22.6%	—
Operating profit	15,568	14,400	+8.1%	12,356	+26.0%
Ordinary profit	17,425	15,600	+11.7%	13,652	+27.6%
Profit attributable to owners of parent	9,957	9,100	+9.4%	9,057	+9.9%

*The effect on net sales of the application of an accounting standard regarding revenue recognition was a reduction of ¥29.3 billion. **Net sales actually increased by ¥19.1 billion (up 5.7%).**

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Page three covers results for the first six months of the fiscal year ending March 31, 2022.

Overall, net sales were lower year on year, as the application of an accounting standard regarding revenue recognition had the effect of reducing sales by ¥29.3 billion. Excluding this effect, net sales rose year on year, reflecting ongoing sales recovery in the prepared dishes and other prepared foods business and a rebound in facility construction completion, coupled with high market prices for wheat and foreign currency exchange effects in the overseas flour milling business, and other factors. These positives outweighed various downward pressures on sales, including transfer of the pet food business.

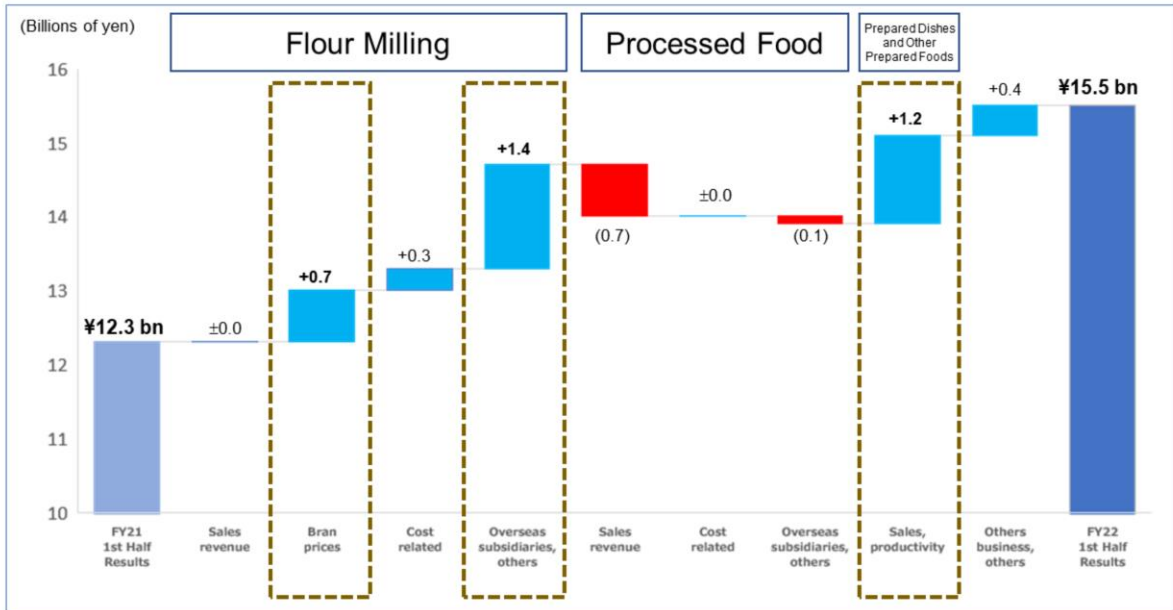
Operating profit, meanwhile, was higher year on year despite the absence of brisk performance reported in the processed food business in Japan last year and lower shipments of raw materials for pharmaceuticals. Profit was lifted by favorable performance in the flour milling business in Japan, where profits improved mainly atop rising sales prices for bran (a milling byproduct) and in the overseas flour milling business, along with steady recovery in prepared dishes and other prepared foods business performance and other factors.

2. 2Q Operating Profit – Difference vs. FY2021

Delivering Good Health and Reliability



Operating profit for the first half was **¥3.2 billion higher** than a year earlier, attributable primarily to **higher sales prices for bran (a milling byproduct) in the flour milling business in Japan, brisk performance in the overseas flour milling business and steady recovery in the prepared dishes and other prepared foods business.**



On page four, you will find graphs of year-on-year differences in operating profit for each item by business segment for the first half.

Operating profit was up ¥3.2 billion year on year.

The three key factors behind profit growth were rising sales prices for bran, a milling byproduct, in the flour milling business in Japan, favorable business performance in the overseas flour milling business, and steady recovery in performance atop an ongoing sales rebound and improved productivity in the prepared dishes and other prepared foods business.

3. 2Q Operating Profit – Difference vs. FY2020

Operating profit for the first half was **¥1.4 billion higher** than two years earlier. The main factor was **strong processed food business performance**. Recovery trends were also noted in results outside of the processed food business, putting performance substantively a short step away from pre-pandemic profit levels.

Flour Milling



While recovery in sales revenue is ongoing, this was covered by rising bran prices, cost-related items and overseas subsidiary performance

Processed Food



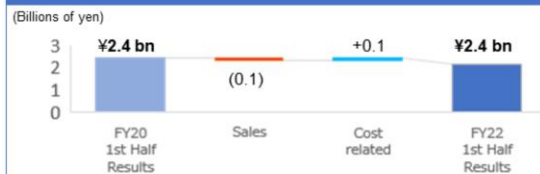
Robust sales of household-use processed foods and containment of cost-related items lifted performance above FY2020 first-half results

Prepared Dishes and Other Prepared Foods



Sales failed to recover to pre-pandemic levels, with first-half performance also impacted by inclement summer weather. Since Tokatsu Foods was consolidated in FY2020 2Q, if the effects of the consolidation is excluded, performance has yet to return to FY2020 first-half levels.

Others



Recovery in facility construction completion, coupled with robust mesh cloths business held results in line with FY2020, which saw strong first-half business performance.

If you turn to page five, we examined how this breakdown of operating profit by business segment and item for the second quarter compared to levels two years ago, prior to the novel coronavirus pandemic.

For the Group overall, operating profit was up ¥1.4 billion compared to two years earlier. The main factors were earnings growth in the Processed Food Segment, including firm sales of household-use processed foods and control of cost-related items.

In other business segments, while performance continues to recover, if we look in detail at the Flour Milling Segment, for example, sales revenue is still on the rebound, while in the Prepared Dishes and Other Prepared Foods Segment, the recovery in performance still falls short of levels reported two years earlier, especially if the consolidation of Tokatsu Foods in the second quarter two years ago is considered. In short, we recognize that there is still a bit more work to do to return to actual pre-novel coronavirus performance levels.

4. Fiscal 2022 Forecasts

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- ▶ As with first-half results, **net sales** will likely **be lower** year on year due to the application of an accounting standard regarding revenue recognition.
- ▶ **Operating profit** is expected **to grow** year on year, lifted largely by expected improvement in earnings from the flour milling business in Japan, mainly from higher sales prices for bran (a milling byproduct), and firm performance in the overseas flour milling and the prepared dishes and other prepared foods businesses.
- ▶ **Business forecasts remain unchanged**, reflecting lingering market environment uncertainty in the second half, coupled with an aggressive approach to brand strategic investment in branding with the change in corporate name of a subsidiary.

* Figures rounded down to nearest million yen

(Millions of yen)	Fiscal 2022 Forecasts	Fiscal 2021 Results	YoY difference	YoY change
Net sales	670,000	679,495	(9,495)	(1.4)%
Overseas sales ratio	25.8%	22.9%	—	—
Operating profit	29,200	27,197	+2,002	+7.4%
Ordinary profit	31,300	29,886	+1,413	+4.7%
Profit attributable to owners of parent	19,300	19,011	+288	+1.5%

*The likely effect on net sales of the application of an accounting standard regarding revenue recognition is a reduction of ¥60.0 billion. **Net sales actually expected to increase by ¥50.5 billion (up 7.4%).**

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With respect to the net sales forecast for the current term, we see the impact of the application of an accounting standard regarding revenue recognition as a factor likely to reduce net sales by approximately ¥60.0 billion.

As with first-half results, this factor is expected to dramatically impact performance, pulling net sales lower compared to the previous year.

Similarly, operating profit is projected to increase atop largely the same factors noted in first-half results.

All told, business forecasts for the current term remain unchanged. In addition to market environment uncertainty in the second half of the year, we plan to aggressively conduct brand strategy investment in branding with a subsidiary corporate name change, which I will explain later.

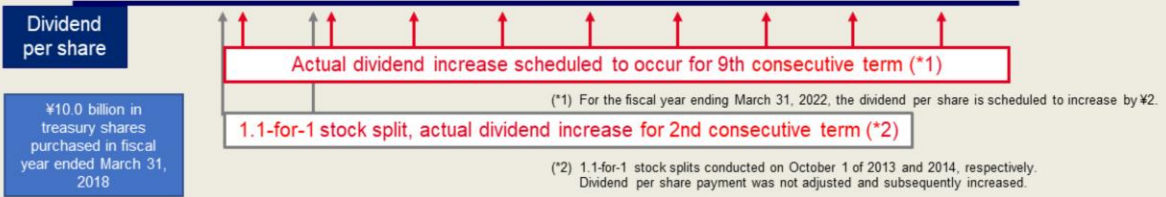
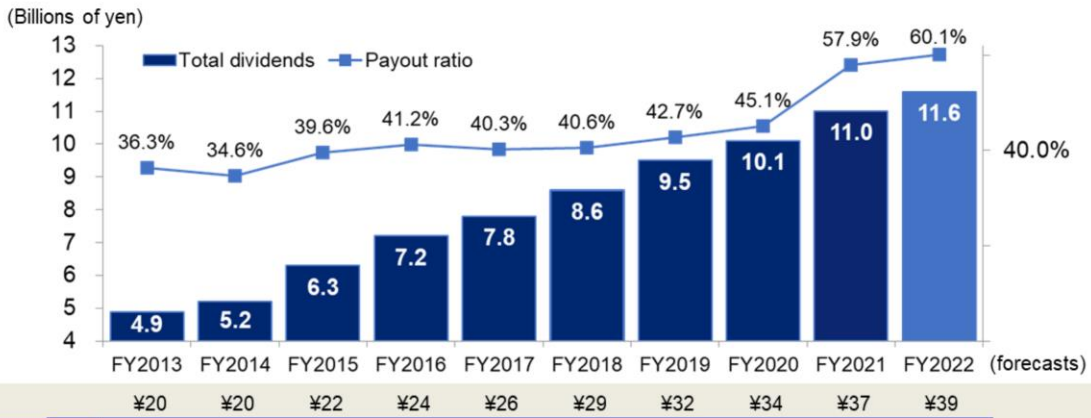
5. Shareholder Returns

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Trends in Total Dividends and Payout Ratio

- Set baseline payout ratio to **40% or more**
- Dividend for fiscal year ending March 31, 2022 scheduled to increase by **¥2**, for actual dividend increase for **9th consecutive term**.



On page seven is information regarding the return of profit to shareholders.

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. 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.

II. Initiatives for the Nisshin Seifun Group “NNI ‘Compass for the Future’” Long-term Vision

Next up is a discussion of initiatives related to our Long-term Vision, starting from page eight.

During the term, we took decisive steps toward building foundations for growth to realize our Long-term Vision. There were three key points. The first was structural reform measures for the flour milling business in Japan, discussed on page nine. The second, which I discuss on page 14, was brand initiatives for the processed food business in Japan. The third point was measures to spark cyclical growth, which I will talk more about beginning on page 21.

1. Domestic Flour Milling Business

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Construction in the Mizushima district of the City of Kurashiki (Okayama Pref.) of a **new eco-conscious plant equipped with the latest in automation and digital technologies**, with goals of **enhancing cost competitiveness** and **BCP responsiveness** – a step toward a stronger business base.

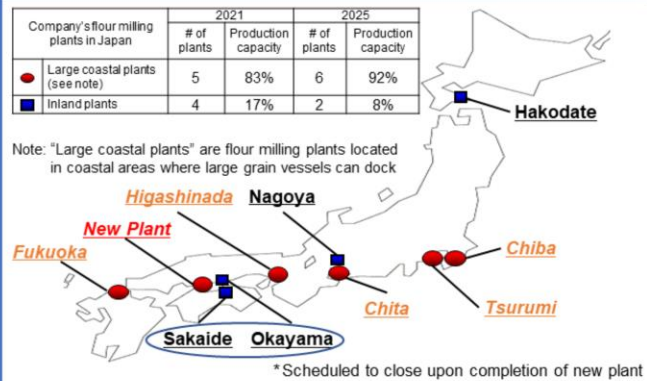
Implementation Status of Structural Reforms

- Shutting smaller plants while consolidating production in large coastal plants
- The construction of this new plant will complete consolidation under a large coastal plant in the Chugoku and Shikoku area as well, following similar steps previously taken in the Kanto, Kansai and Kyushu areas (the Okayama Plant and Sakaide Plant will be closed)
- Operation of the new plant will raise the proportion of large coastal plants among the Company's flour milling plants from 83% to 92%.

Overview of the New Plant

- ◆ Total cost: approx. ¥14.0 billion
- ◆ Production capacity: 550 tons/day (raw material basis)
- ◆ Start of construction: around Jan. 2023
- ◆ Scheduled start of operations: around May 2025
- ◆ This **eco-conscious "smart plant"** will be installed with **solar panels** and feature **cutting-edge automation and digital technologies**
- ◆ Site is directly linked to wheat silos accessible by large grain vessels, **enabling low-cost operations** with respect to raw material shipping; also **enhances BCP responsiveness**

Production structure for domestic flour milling business



With respect to the flour milling business in Japan, we made the decision to build a new plant in the Mizushima district of the City of Kurashiki, in Okayama Prefecture. The new eco-consciously designed plant will feature the very latest in automation and digital technologies, and will strengthen both cost competitiveness and our BCP responsiveness. In tandem with this move, we will also shutter the existing Okayama Plant and Sakaide Plant.

In a further bid to enhance cost competitiveness in the flour milling business in Japan, we continue to push ahead with closing small inland plants to consolidate production instead at large coastal plants, having already completed such moves in the Kanto, Kansai and Kyushu areas.

This latest initiative will also complete similar efforts in the Chugoku-Shikoku area, raising the proportion of large coastal plants in the Company's plant roster from its current 83% to 92% and further strengthening the business foundation in the flour milling business in Japan, one of our core operations.

This new plant will be installed with a solar power generation system in making it an eco-conscious "smart plant." Operations are scheduled to launch around May 2025, with total construction expenses anticipated to be roughly ¥14.0 billion.

The diagram in the lower right hand of the materials depicts our production framework in Japan.

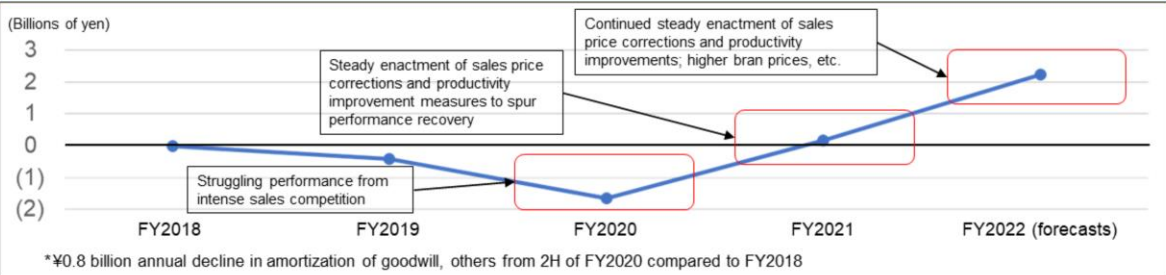
2. Overseas Flour Milling Business (U.S. Flour Milling Business)

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Steady implementation of a range of initiatives: Brisk performance exceeding levels prior to intense sales competition
Going forward, maintain stable earnings base and aim for additional growth

Full-year Operating Profit for the U.S. Flour Milling Business (vs. FY2018, after amortization of goodwill, others)



Future U.S. Flour Milling Business Initiatives

- Efforts to revise sales prices and improve productivity will continue; market growth anticipated atop population growth, maintaining a stable earnings base
- The U.S. and Canada flour milling businesses will raise their presence in the North American market by deepening ties across manufacturing and sales areas, and through synergies enabled by leveraging the management resources of both companies
- Promotion of differentiation strategy utilizing existing customer base (prepared mix, others)
- Search for acquisition opportunities that contribute to growth

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On page 10 is an overview of the U.S. flour milling business.

Thanks to steady implementation of a range of measures, business performance was robust, dramatically surpassing levels last reported prior to the appearance of intense sales competition.

The upper graph shows a comparison of how the breadth of earnings changed in subsequent years versus performance levels in fiscal 2018, just prior to the intense sales competition I mentioned. While business performance struggled in fiscal 2020 due to this competitive environment, fiscal 2021 saw the business make a V-shaped recovery. Favorable performance is similarly on deck for the current term, thanks mainly to benefits gained from a variety of measures, coupled with rising market prices for bran.

Going forward, we are looking to enact the measures detailed at the bottom of the page in order to maintain revenue base stability and set sights on further growth.

3. Overseas Flour Milling Business (Australia Flour Milling Business) – Australian Market Situation

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In Australia, compared to the same period a year earlier, the second quarter saw **strict regulations on outings implemented** across a wide area **due to lockdown**, impacting consumer purchasing behavior and resulting in an adverse business environment for the Company. In particular, **sales of high-value-added prepared mix and bakery-related ingredients continued to languish**.

Key Behavior Restrictions in Australia Due to Lockdown

- All unnecessary or avoidable **outings prohibited** (Grocery shopping permitted once daily by 1 member of household)
- **Retailers closed**, with exception of supermarkets, grocers and pharmacies, and other restrictions

Changes in Consumer Purchasing Behavior Due to Behavior Restrictions

- Decline in shopping frequency and time spent at supermarkets and other stores
- Increase in purchasing from nearby supermarkets and via EC instead of major supermarkets

Number of Lockdown Days in 2Q in Major Australian Cities (Year-on-year)



- Belt-tightening trend from sense of economic uncertainty
- Increased demand for recognizable brands with long shelf life

Trends at In-store Bakeries of Major Supermarket

- Decline in fresh bakery demand as shopping frequency declined and demand shifted to wholesale bread with longer shelf life
 - Decline in in-store bread production volume due to outing restrictions and labor shortages in shop management and breadmaking staff due to border closings (many professional bakers immigrate from other countries)
- ⇒ **Weak sales of prepared mix, etc. from Allied Pinnacle; below previous year and pre-pandemic levels**

[Sales Volume for Major In-store Bakeries in Australia]

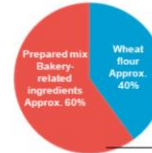


Trends among Wheat Flour Secondary Processing Manufacturers

- Firm sales centered on household-use products
 - Firm sales of supermarket-shelf bagged bread
- ⇒ **Robust shipments of Allied Pinnacle wheat flour; surpassed pre-pandemic levels**

Impact on the Australia Flour Milling Business (Sales Composition Basis)

By product



By sales target



Sales for in-store bakeries are a significant part of sales composition, with weak sales to in-store bakeries impacting business performance

A discussion of the Australia flour milling business is on page 11, beginning with the status of the Australian market in the second quarter.

Compared to the second quarter last year, Australia enacted strict control of public outings through a wide-area lockdown. The graph in the upper right of the page is a comparison of total days under lockdown in the second quarter for Sydney and Melbourne versus the previous year. While Sydney did not enact a lockdown a year ago, this year the lockdown lasted throughout the second quarter.

In Australia, the lockdown prohibited any unnecessary or non-emergency public outings. As reported in the middle of the page, this triggered a change in consumer purchasing behavior.

For example, shopping frequency decreased, shopping at nearby smaller supermarkets and via e-commerce rather than at major supermarkets increased, and demand rose for products with longer shelf lives.

At Allied Pinnacle, sales trended weaker for the period. Despite firm sales of wheat flour to secondary processing manufacturers, Allied Pinnacle sales were weaker overall. This primarily reflected the impact of a decline in shopping frequency and a shift in demand to wholesale bread, which has a longer shelf life, on in-store bakeries of major supermarkets, resulting in adverse performance. Shipments of high-value-added prepared mix and bakery-related ingredients to in-store bakeries are a prominent component of Allied Pinnacle's sales composition.

3. Overseas Flour Milling Business (Australia Flour Milling Business) (2) – Performance Recovery Initiatives

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Progress on production-side initiatives largely in line with expectations. In contrast, sales-side initiatives were delayed due mainly to the lockdown. Recovery measures going forward will prioritize sales-side efforts

Performance Recovery Measures	Specifics	1st Half Progress
(1) Sales Side	<ul style="list-style-type: none"> ■ Sales expansion in Australia <ul style="list-style-type: none"> • Strengthen joint efforts with in-store bakeries of major clients • Strengthen product proposals for in-store bakeries (prepared mix for maintaining softness of long-term products in step with market changes, health-conscious bakery-related ingredients) • Proposal of training program for grooming bakery professionals and improvements in store operations, others • Sales channel expansion... Capture new transactions with supermarkets where no transactions currently exist • Expanded product lineup through more robust development of new products (prepared mix, bakery-related ingredients) 	△ Delays in initiatives emerged due to behavior restrictions caused by lockdown
	<ul style="list-style-type: none"> ■ Growth in exports <ul style="list-style-type: none"> • For NZ Expansion of sales to NZ local supermarkets, others through stronger ties with Champion Flour Milling Ltd. (Sales expertise guidance, sales support through dispatch of personnel, etc.) • For Southeast Asia, China and other areas Sales expansion to local supermarkets, convenience stores, etc. from stronger ties with local Group bases and Tokyo Headquarters 	× Sales activities stagnant due to inability to conduct visits anywhere worldwide because of the novel coronavirus
(2) Production Side	<ul style="list-style-type: none"> • Improved productivity through production line automation (packaging lines), better insourcing (prepared mix), others 	○ Progress in line with expectations
(3) Cost Side	<ul style="list-style-type: none"> • Distribution and storage cost reductions from distribution improvement project, others 	△ Beneficial effects from measures cancelled out by higher fuel costs

FY2022 Business Outlook and Future Recovery in Business Performance (Operating profit)

- Operating profit expected to be on par with the previous year due to effects from the lockdown, despite plans to cut the previous-year earnings decline by about half
- Aim in FY2024 to recover profit to FY2020 levels (prior to pandemic, first year after acquisition) through multifaceted sales-, production- and cost-side initiatives

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As for measures to spur a business recovery in Australia, although production-side measures are progressing largely as expected, sales-side measures are experiencing delays due to the lockdown and other issues.

Going forward, we are pursuing business recovery by positioning the sales-side measures you see here as our highest priority.

Accordingly, our forecast for the Australia flour milling business is operating profit on par with the previous year, reflecting delays in enacting sales-side measures due to the impact of the lockdown during the second quarter and other issues.

Nevertheless, for fiscal 2024, we are aiming for a recovery back to profit levels reported in fiscal 2020, when the Australia business was first acquired and prior to the novel coronavirus pandemic, with performance driven by an array of sales-, production- and cost-side measures.

4. Overseas Processed Food Business – India Yeast Business

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Enter the yeast business in the India market, home to the world's second largest population with excellent prospects for bread market growth in step with economic development. Aim for **full-scale operations** from around **next summer**

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
- Resume construction halted due to the pandemic, followed by steady dispatch of personnel from Japan to the site
⇒ Aim for **full-scale operations** from around **next summer**

Sales

- 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**



Bread Market Situation in India

- 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



[Overview of new plant]

Location : Maharashtra, India
Production capacity : 100 t/day (fresh yeast basis)
Investment : Approx. ¥15.7 billion

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Page 13 details growth strategies for our overseas processed food business.

With respect to our new yeast plant in India, construction of plant buildings and structures and the installation of machinery and equipment is now largely completed. Although key construction personnel from Japan were temporarily repatriated as part of pandemic countermeasures, we have sent successive waves of staff from Japan to the site since late September, with the goal of launching full-scale operations around next summer.

Meanwhile, the environment surrounding the bakery market we are targeting remains unchanged by the novel coronavirus pandemic at this time.

5. Domestic Processed Food Business

From January 1, 2022, Nisshin Foods Inc. will change its corporate name to Nisshin Seifun Welna Inc. The goal of this change is to become a company with global ambitions through a new brand strategy. This move will serve as an opportunity to assess market changes and further accelerate an eco-conscious, **high-value-added strategy** anchored by the concepts of **“easy-to-prepare and convenient,” “authentic” and “healthy.”**

Purpose of Corporate Name Change

By capping the company trade name with “Welna,” currently used as the Group’s brand for overseas markets, we aim to be a globally expanding enterprise through a new brand strategy targeting domestic and overseas markets, using Nisshin Foods’ 60th anniversary in 2022 as an opportunity to pursue next-stage growth.

*“Welna” stands for “Wellness by nutrition from nature,” and is a Group brand launched for overseas markets that encapsulates the Group’s continued commitment to this mission.

Brand Strategy Investment

Plans for aggressive brand strategic investment accompanying the change in corporate name in the second half, next term and beyond

New Products Tailored to Coming Market Changes

Market environment	New Needs	New Products in Response
Massive changes in consumer behavior caused by the novel coronavirus pandemic New needs made more acute by stay-at-home demand and working from home due to declaration of a state of emergency	Increase in e-commerce usage	Room-temperature household-use Nisshin Wheat & Bake bread mix flour  Bread mix (low sugar, others)
	Growing easy-to-prepare/authentic needs	Room-temperature household-use Ma-ma Macaroni Yude Tokimashita Ao-No-Dokutsu Italian Cooking Sauce  
	Growing healthy food needs	Frozen household-use SmartTable Soybean and Meat  

Our measures for the processed food business in Japan are found on page 14.

Processed Food Segment subsidiary Nisshin Foods Inc. will use its 60th anniversary in 2022 as an opportunity to pursue next-stage growth by changing its corporate name from January 2022 to Nisshin Seifun Welna Inc. By capping the company trade name with “Welna,” currently used as the Group’s brand for overseas markets, we aim to be a globally expanding enterprise through a new brand strategy targeting domestic and overseas markets.

In line with the corporate name change, we plan to carry out aggressive brand strategy investment from the second half of this term and the upcoming fiscal year. Additionally, this move will serve as an opportunity to assess market changes and further accelerate an eco-conscious, high-value-added strategy anchored by the concepts of “easy-to-prepare and convenient,” “authentic” and “healthy.”

On the right side of the page are examples of new products slated for this fall that are tailored to these market changes.

Steadily shift business model toward sophisticated product development and commercialization built on pursuing delicious flavor and high production efficiency

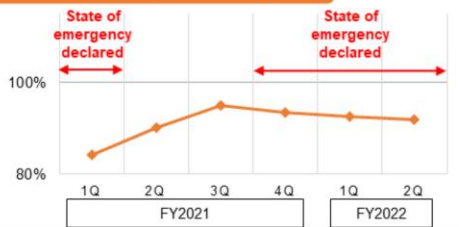
Sales-side Initiatives

Sales recovery through initiatives to strengthen proposals and sales

- Strengthen proposal of high-value-added products
- Strengthen timely proposal of products with fast-selling market potential

Due mainly to declaration of a state of emergency, lower demand for prepared dishes particularly in urban areas, causing net sales to also fall short of pre-pandemic levels this term

Net Sales (Vs. FY2020)



* For FY2022, net sales are prior to application of a new accounting standard (revenue recognition)
* For 1Q of FY2020, net sales assume consolidation of Tokatsu Foods Co., Ltd.

Production- and Cost-side Initiatives

Labor cost reductions

- Reduction in total labor hours from improved employee work proficiency
- Installation of progress management monitor in plants, making results more visible to employees
- Lighter work burden via automation, reducing efficiency decline from errors and fatigue
- Improved line operation rate from SKU revision and product line revisions for each plant and line

Raw material cost ratio reduction

- Product revisions and development of premium-priced products

General expense reductions

- Extensive reduction of expenses through ICT technology utilization, including remote work and Web-based meetings

Breakeven Point for Net Sales



* Breakeven point for net sales set to 0 for Oct. 2018-Sept. 2019

Page 15 is an overview of the Prepared Dishes and Other Prepared Foods Segment.

As the lower-left graph shows, while net sales are still in the process of recovering from the effects of the pandemic, as the lower-right graph illustrates, the breakeven point for net sales is lower thanks mainly to productivity improvements and cost reductions enacted during the novel coronavirus pandemic.

Due to these benefits and other factors, while net sales in the first half of the year were lower than expected primarily due to the impact of the pandemic, we secured growth in operating profit largely in line with expectations.

We will continue to enact measures to improve productivity and promote profit growth, as we eye a shift to a business model for being more sophisticated in respect to product development and commercialization.

7. 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** due to the novel coronavirus pandemic
- Over the medium term, Amarin sales are projected to increase atop **sales in Europe and other markets outside the US**
- We will decisively meet demand while pursuing measures to enhance productivity

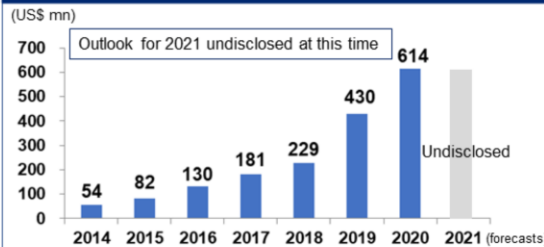
Amarin Recent Topics

- The number of VASCEPA® prescriptions in the US continued to stall due largely to the novel coronavirus pandemic and growth in generics. Accordingly, Amarin inventories at the end of the 2nd quarter rose compared to the end of 1st quarter. This will likely impact Amarin's plans for procurement of raw materials for pharmaceuticals.
- Amarin is taking steps to expand business negotiations with entities involved in healthcare through a new sales structure merging real and virtual elements; pursuing actions to enhance marketing efficiency and grow sales.

Amarin Business Development in Markets Outside the US

- Sales to launch in September in Germany, a first for the EU. Sales approval applications also submitted in the UK, France, Italy, Denmark and Sweden. Because exclusive marketing rights in Europe last for 10 years, future growth is anticipated
- Sales partnership agreement between Canada sales partner HLS and major pharmaceutical company Pfizer
- Approval projected by the end of 2021 in China, with an expected market rivaling the US and Europe in size.

Amarin Net Sales



Business Opportunities and Risk Recognition

Opportunities

- Demand recovery in the US
- Develop in markets outside the US (Europe, China, others)
- Increase in number of patients suffering from cardiovascular disease worldwide

Risks

- Increase in sale of generic medication
- Impact from the protracted presence of the novel coronavirus pandemic
- Intensifying competition in the EPA-E pharmaceutical raw material market from new entrants

➤ May also become an opportunity

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Information on Nisshin Pharma’s raw materials for pharmaceuticals is found on page 16.

Sales of key partner Amarin Corporation saw sluggish growth in prescriptions in the U.S., reflecting only a modest return of patients to healthcare facilities due to the novel coronavirus pandemic, coupled with growth in generics.

In addition to these conditions, Amarin product and other inventories rose. Upon careful examination, we are projecting a decline in EPA-E shipments in the second half of the year similar to that reported in the first half.

However, Amarin was granted approval to begin sales in the EU, with product sales launched in Germany in September of this year. The outlook is for more EU countries to approve sales going forward.

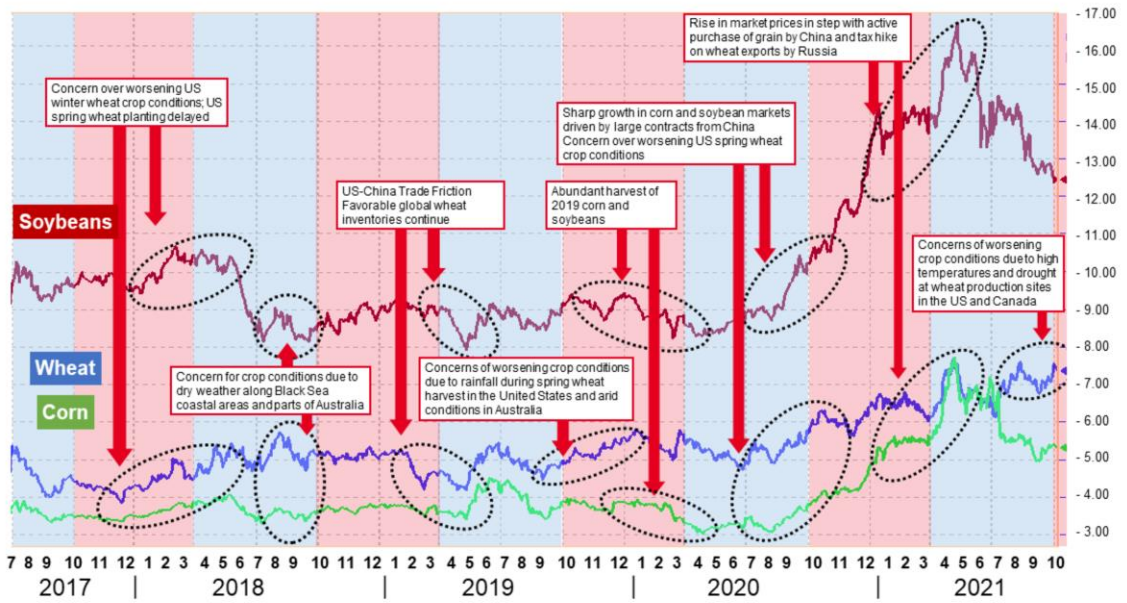
Furthermore, with approval by China likely by the end of 2021, Amarin sales are projected to increase over the medium term.

For our part, as stated in the lower right of the page, we intend to calmly assess business opportunities and risks and enact measures as appropriate.

III. 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

Page 18 is a discussion of conditions in the grain market.

[Oct. 2021: Wheat price revisions]

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

The wheat market (Chicago) was characterized since the start of the year by vigorous purchasing of US- and Canada-produced wheat by China, along with rising wheat prices internationally, particularly as an alternative to high-priced corn for use as livestock feed. Furthermore, harvests worsened at production sites in the northern US and southern Canada for wheat earmarked for Japan due to high temperatures and drought, keeping prices elevated. Wheat import prices also rose, reflecting rising marine shipping fees atop recovering transport demand, coupled with the yen's ongoing depreciation in currency exchange markets.

Oct. 1, 2021 – **Japanese government's price for five classes of imported wheat rose by an average of 19.0%**

Dec. 20, 2021 – **Nisshin Flour Milling Inc. to raise prices for commercial-use wheat flour**

[Factors Driving Future Wheat Market Changes]

Price-increasing Factors

- Concerns of supply-demand tightness largely accompanying lower production volume for the 2021 crop of North America-produced wheat
- Concerns of decreased crop acreage mainly in line with irrigation water shortages for the 2022 crop of North America winter wheat

Price-decreasing Factors

- Continued outlook of favorable global wheat inventories
- Weaker export competitiveness for US-produced wheat accompanying favorable harvests in Australia and Black Sea coastal areas

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An explanation of October 2021 wheat price revisions is found on page 19.

Wheat market prices are currently high, largely reflecting concerns of worsening crop conditions due to high temperatures and drought at wheat production sites, particularly in the U.S. and Canada. Similarly, rising marine shipping fees atop recovering transport demand, coupled with the yen's ongoing depreciation in currency exchange markets, combined to raise the government's prices for five classes of imported wheat by an average of 19.0% from October. This was the first time in a decade, since 2011, that the government's prices for imported wheat rose by 10% or more.

Impacted by this trend, the flour milling business in Japan is enacting price revisions for commercial-use wheat flour from December 20, 2021. While the extent of the impending price hike will be significant, we have carefully explained this price revision to clients and with their understanding will carry on business as normal.

While not mentioned in your materials, we also enacted price revisions in the processed food business in Japan in July and September 2021. Additionally, we have announced our intent to pursue other price revisions in January and February 2022 in light of the wheat flour price revisions set to take place in the flour milling business from December 20th, as well as rising fees for other general raw materials, packaging material and other costs.

IV. Group Sustainability Initiatives

Strengthen measures targeting 5 “CSR Priorities” to achieve “sustainable social development” and “long-term improvement in corporate value”

Five Priorities

Fields contributing to SDGs

<ul style="list-style-type: none"> ■ Provide safe and healthy food and responsible consumer communication <ul style="list-style-type: none"> • Ensuring food safety • Responsible consumer communication • Contribution to healthy diets 	
<ul style="list-style-type: none"> ■ Enable secure and sustainable raw material procurement <ul style="list-style-type: none"> • Ensuring stable wheat procurement • Sustainable raw materials procurement 	 
<ul style="list-style-type: none"> ■ Efficiently handle product and packaging waste <ul style="list-style-type: none"> • Reducing food waste • Reducing packaging waste 	
<ul style="list-style-type: none"> ■ Address climate change and water resource issues <ul style="list-style-type: none"> • Climate change adaptation and mitigation • Water resource conservation 	 
<ul style="list-style-type: none"> ■ Provide working environments that are healthy and fulfilling <ul style="list-style-type: none"> • Respect for diversity • Cultivation of human resources • Employee working environments and health 	 

Setting of new medium- and long-term targets for environmental issues

Meaning of Our Initiatives to Combat Climate Change

- The same as today, realizing a future characterized by stable prices and procurement for high-quality wheat is crucial for achieving the sustainable growth of all Group businesses.
- Achieving carbon neutrality (effectively net zero CO₂ emissions) by mid-century is widely considered one vital element for ensuring a future where wheat procurement risk is low. We believe the meaning behind the Group's proactive measures to combat climate change is found here.

*Please refer to p. 36 of the Nisshin Seifun Group's 2021 Integrated Report for more documentation of the impact of climate change on wheat.



<https://www.nisshin.com/english/shareholders/integrated.html>

Within our Long-term Vision, sustainable cyclical growth is positioned as one of our most important management strategies.

To achieve this, we have organized our approach to a host of social issues in ways that will both meet social expectations and influence our business and then defined five “CSR Priorities.” At present, we are working to strengthen our hand in each of these priority areas.

Among these, two in particular - “Efficiently handle product and packaging waste” and “Address climate change and water resource issues” - have risen to prominence as issues to address given the social landscape in recent years.

With these circumstances in mind, the Nisshin Seifun Group has established medium- to long-term environmental objectives, and is accelerating measures designed to achieve related goals.

Endorsement of TCFD Recommendations and Clarification of Participation in TCFD Consortium

Newly create medium- to long-term environmental objectives and accelerate implementation of related measures to “Address climate change and water resource issues” and “efficiently handle product and packaging waste”

Responding to climate change

- Promote reductions in CO₂ emissions and contribute to building a decarbonized society through active adoption of cutting-edge energy-saving technologies and renewable energy utilization in order to mitigate the impact of climate change and minimize business risk

2030 Targets

- Reduce CO₂ emissions from Group-owned facilities by 50% compared with the fiscal 2014 level

2050 Targets

- Reduce CO₂ emissions from Group-owned facilities to net zero
- Reduce CO₂ emissions across our supply chains

Key Action Toward Reductions

- Adopt solar power generation equipment
 - ⇒ Flour milling in Japan: Higashinada Plant, Tsurumi Plant, Scheduled Construction of New Plant in Mizushima District
 - US flour milling: Fresno Plant, Nissin Foods: Tatebayashi Plant
- Switch to supplying 100% of electric power from solar and biomass power generation
 - ⇒ Kanda-Nishiki Head Office Bldg. and Koamicho Bldg.
- Promote CO₂ reductions in the supply chain (household-use, commercial-use)
 - ⇒ Nissin Foods: Fast-boil spaghetti, IQF series (commercial-use frozen short pasta), others



Water resource conservation

- Promote reductions in water usage at plants; take actions for effective use of limited water resources, collaborating with suppliers at every stage of the supply chain

2040 Targets

- Reduce the amount of water used in plants per unit of production by 30% compared with the fiscal 2022 level

Key Action Toward Reductions

- More efficient water usage through adoption of water-saving equipment and IoT
 - Create an onsite water circulation system at plants through waste water reuse
 - ⇒ OY India Pvt. Ltd.: New plant in India (scheduled to begin operating next summer)
- and others

To respond to climate change, along with setting “effectively zero CO₂ emissions in 2050” as a new long-term objective, we revised our previous targets for 2030, and have pursued various measures to make goal completion possible.

Furthermore, to advance conversations with respect to climate change through more robust information disclosure, we endorsed the recommendations issued by the Task Force on Climate-Related Financial Disclosures (TCFD) and clarified our intent to participate in the TCFD Consortium.

The effects of climate change will be felt directly and indirectly not only at our own production sites but at every stage of the supply chain, including in regions where the Group’s primary raw material, wheat, is produced, as well as in quality and in distribution. This is stated on the right side of page 21, but reducing CO₂ emissions to effectively zero by mid-century is widely considered essential as a key element in making possible a future where wheat procurement risk is low. We also believe the aggressive rollout of measures to counter climate change is a must for ensuring the Group’s own sustainable growth.

Our efforts targeting water resources are shown on the right side of page 22.

We have established targets for 2040, aiming to reduce the amount of water used in plants per unit of production by 30%.

Responding to Food Waste

- Work with suppliers at every stage of the supply chain to promote reduction of food waste to help realize a sustainable food system

2030 Targets

- Reduce food waste, from the procurement of raw materials to the delivery of products to customers, by 50% or more compared with the fiscal 2017 level
- Work with our partners to reduce food waste at all supply chain stages

Key Actions Toward Reductions

- Reduce loss from the production process; reduce damage to products and packaging
- Work to simplify product delivery rules; improve supply-demand forecast accuracy
- Reduce product returns and disposal through changes to shelf life labeling
- Develop technology to combat degradation and improve quality of frozen and chilled types of prepared dishes
- Divert to material recycling (livestock feed, fertilizer, yeast, repurposing, etc.)
- Utilization by food banks, others

Responding to packaging and container waste

- Promote reduction in use of fossil fuel-derived plastic containers, contribute to encouraging plastic resourcification

2030 Targets

- Reduce the amount of fossil fuel-derived plastics used by at least 25% compared with the fiscal 2020 level
- Promote plastic recycling, such as by using environmentally-friendly package designs
- Increase the use of sustainable packaging materials, such as biomass plastics, recycled plastics, recycled paper and FSC-certified paper

Key Actions Toward Reductions

- Promotion of 3R (reduce, reuse, recycle) + renewables
⇒ Nissin Foods:
Adoption of paper trays for frozen food product



- Product package and container design enabling easy sorting and material/chemical recycling, others

Our responses to product waste and packaging waste are found on page 23. We have set concrete targets for each area and are ramping up the pace of actions to be taken.

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.