

First Six Months of Fiscal 2022 Results Briefing Meeting: Summary of Q&A

Time and Date: 13:00–14:20 on Monday, November 1, 2021

Attendees: Nisshin Seifun Group Inc.

Nobuki Kemmoku, Representative Director and President

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

Yu Nagaki, Executive Officer, Division Executive, Corporate Planning Division

Q. What are the priorities for the group as a whole going forward? Could you also explain whether there will be any changes to these priorities owing to the impact of COVID-19?

A. We think consumer behavior has slightly changed because of the impact of COVID-19, but the things that our company must focus on have not changed. In terms of how we position each business in the group, the flour milling and processed food businesses in Japan are our core businesses and generate stable cash flows. As such, we shall continue to strengthen these businesses while also focusing on growth businesses. For example, in the flour milling business in Japan, we have been working to ensure this business continues to generate stable cash flows over the long term, as evidenced by our decision to build a new plant in the Mizushima area of Kurashiki City. In the processed food business in Japan, we have also decided to change the name of Nisshin Foods Inc. to Nisshin Seifun Welna Inc., and intend to strengthen profitability as well as our sales force in Japan and overseas as we move the business toward the next stage.

We consider the overseas flour milling and processed food businesses, as well as the yeast business in India, to be growth businesses. Although we expect these businesses to incur various costs over the short-term, we plan to take decisive initiatives toward future progress. At the same time, we will continue to focus on the prepared dishes and other prepared foods business, including transforming its business model to be more sophisticated in respect to product development and commercialization.

Q. Is there any risk of deterioration in the product mix, etc., owing to such factors as the shift to relatively cheaper products in response to the increase in the price of commercial-use wheat flour in Japan from December 2021?

A. At present, the impact of price revisions for commercial-use wheat flour is not yet known. However, some customers are moving to revise product prices, and we will continue to closely monitor trends among customers.

Q. What factors contributed to the profit increase in the flour milling business in the United States in the first half? Could you also explain whether current levels of profitability can be maintained even if the external environment changes in future?

A. The biggest factor contributing to the profit increase in the first half was the improvement in sales margins. The industry as a whole is showing signs of improvement in performance, and the financial statements of listed industry peers show similar performance trends to our company's flour milling business in the United States. However, we do not expect the market

prices of bran to continue to rise, nor the favorable external environment to continue as it is now. In order to maintain our current levels of profitability, we intend to strengthen initiatives such as identifying acquisition opportunities in the areas we are focusing on.

Q. In the flour milling business in Australia, what is the background behind the aim of returning to pre-COVID-19 profit levels in two years, and what is the likelihood of achieving it?

A. We think we still have work to do in terms of production and costs. On the sales side, we will work to increase sales volume and improve margins. At present, we have clarified the targets for each product line and are discussing how to achieve them with our local team. We will also focus on initiatives such as strengthening our product lineup and developing new sales channels. In terms of sales, we intend to recover orders lost last fiscal year. When doing so, we must ensure that we do not end up simply competing on prices, and instead offer products that meet customer needs, etc. As such, we will also further strengthen our development efforts. At this point, we cannot provide the specific likelihood of a recovery in performance in two years, but we will do our best to be able to provide you with this information as soon as possible.

Q. What are your specific aims in changing the trade name of Nisshin Foods, and what positive factors will there be in the medium to long term?

A. We decided to change Nisshin Foods' name to "Nisshin Seifun Welna" in January 2022, based partly on our desire to express our commitment to further growth under a unified brand in Japan and overseas both internally and outside our company. We think that the meaning of the name/brand change will become apparent in time.

Q. What is the outlook for shipments of raw materials for pharmaceuticals (EPA-E) from next fiscal year onward?

A. There is currently no negative guidance for our company's shipments from next fiscal year onward, and we do not expect demand for our company's raw materials to decline. However, there is also no particular guidance for any significant growth compared with performance this fiscal year.

Q. What are the growth factors in the prepared dishes and other prepared foods business?

A. We will strengthen the development of high-value-added products, in order to make the prepared dishes and other prepared foods business a growth driver. We are also making steady progress on automation initiatives, and by further advancing these initiatives, we hope to bring our business model closer to our goal.