

# Fiscal 2022 Results Briefing Meeting

May 17, 2022

**Nisshin Seifun Group Inc.**



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# I. Fiscal 2022 Results

# 1. Fiscal 2022 Results

- ▶ Net sales was **on a par with the previous fiscal year** mainly due to the application of an accounting standard regarding revenue recognition despite the enactment of wheat flour price revisions accompanying the wheat price revision in the domestic flour milling business, a rise in the wheat market prices and foreign currency translation effects in the overseas flour milling business, a recovery in facility construction completion and others.
- ▶ Operating profit **increased** mainly due to strong performance in the US flour milling business, a robust trend in bran prices in the domestic flour milling business, a smooth performance recovery in the prepared dishes and other processed foods business and a recovery in facility construction completion.
- ▶ Profit **decreased** by recording impairment loss, based on the performance deterioration resulting mainly from the loss of shipment to a customer in the New Zealand flour milling business and continued low-level shipments caused by measures against COVID-19 in the Oceania region.

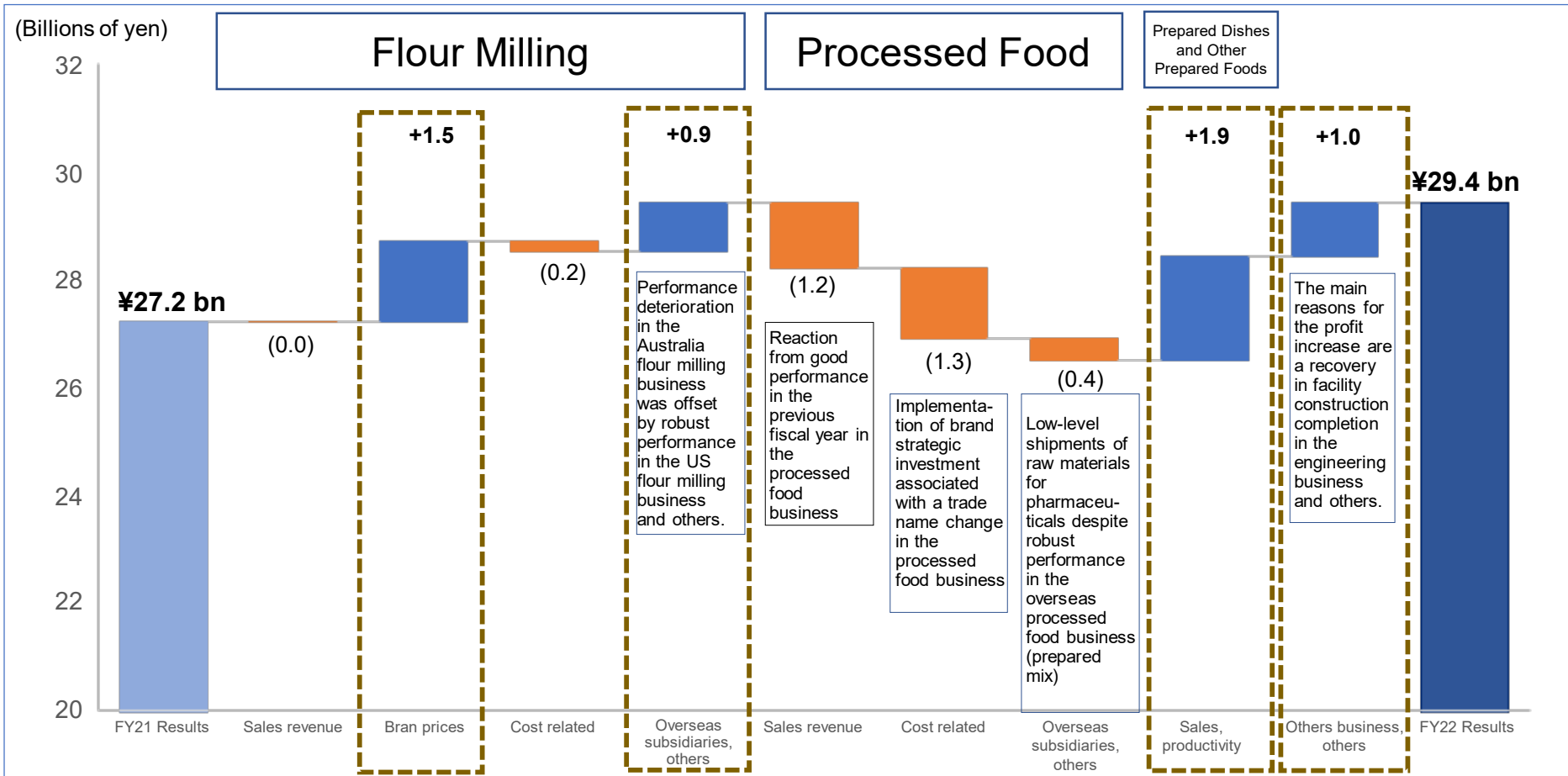
\* Figures rounded down to nearest million yen

(Millions of yen)	Fiscal 2022 Results	Forecasts		Fiscal 2021 Results	
			Change		Change
Net sales	<b>679,736</b>	<b>670,000</b>	<b>+1.5%</b>	<b>679,495</b>	<b>+0.0%</b>
Overseas sales ratio	<b>27.3%</b>	<b>26.5%</b>	<b>—</b>	<b>22.9%</b>	<b>—</b>
Operating profit	<b>29,430</b>	<b>29,200</b>	<b>+0.8%</b>	<b>27,197</b>	<b>+8.2%</b>
Ordinary profit	<b>32,626</b>	<b>31,300</b>	<b>+4.2%</b>	<b>29,886</b>	<b>+9.2%</b>
Profit attributable to owners of parent	<b>17,509</b>	<b>19,300</b>	<b>(9.3)%</b>	<b>19,011</b>	<b>(7.9)%</b>

\*The effect on net sales of the application of an accounting standard regarding revenue recognition was a reduction of **¥58.4 billion**. **Net sales actually increased by ¥58.6 billion (up 8.6%)**.

# 2. Operating Profit —Year-on-Year Analysis

▶ Operating profit **increased 2.2 billion** yen year on year. The increase was due in large part to a strong trend in bran prices in the domestic flour milling business, robust performance in the U.S. flour milling business and a smooth performance recovery in the prepared dishes and other prepared foods business and a recovery in facility construction completion in the engineering business despite a profit decrease resulting from a performance deterioration in the Australia flour milling business, a reaction from good performance in the previous fiscal year and implementation of brand strategic investment associated with a trade name change in the processed food business.

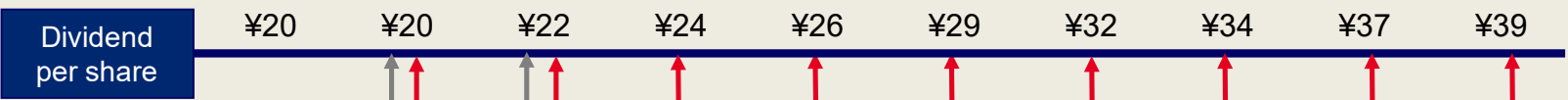
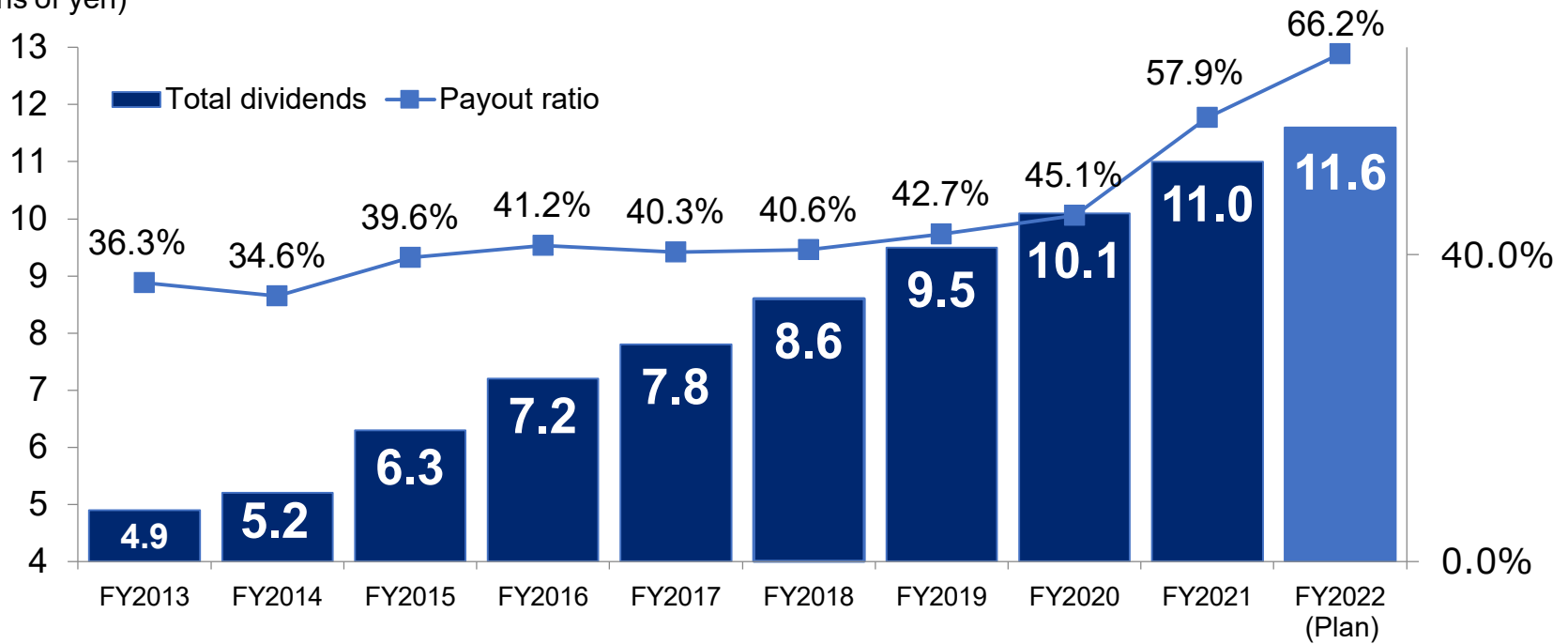


# 3. Shareholder Returns

## Trends in Total Dividends and Payout Ratio

• Set baseline payout ratio to **40% or more**

(Billions of yen)



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

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

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

(\*1) For the fiscal year ending March 31, 2022, the dividend per share is scheduled to increase by ¥2.

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

## II. Thinking on Future Business Management

**Push forward with business management with the three matters below in mind toward realizing the Group's Vision.**

**(1) Further promotion of group growth capability by rebuilding the business portfolio**

**(2) Promotion of business management with clarified thinking of relationships with stakeholders**

**(3) Implementation in line with society's move with ESG incorporated in management policy**



## Thinking on relationships with stakeholders

**Shareholders**

**Realize an appropriate total shareholder return (TSR) by enhancing long-term corporate value.**

**Customers**

**Offer value that exceeds customer expectations in all aspects of products and services.**

**Employees**

**Ensure appropriate compensation and the working environment for them and support them in acquiring necessary skills.**

**Business partners**

**Engage with them in fair and impartial ways and with a sense of ethics and became equal partners.**

**Society**

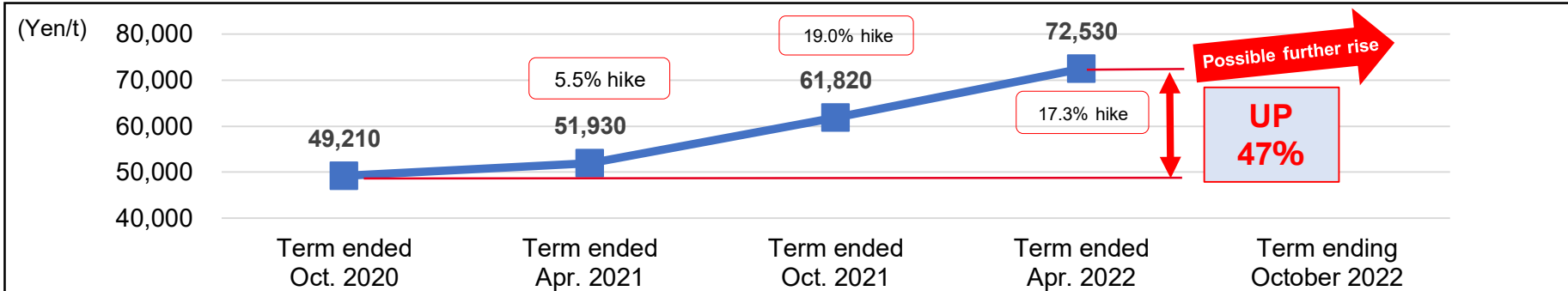
**Strive to cohabit with society and become an eco-friendly company.**

## III. Fiscal 2023 Forecasts

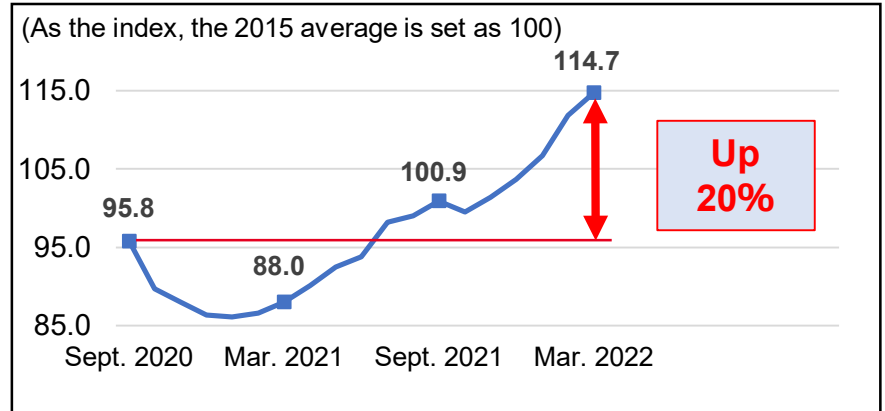
# 1. Battle against Food Inflation (1)

**In this fiscal year, we will face a battle against food inflation including wheat and various cost increases (cost-push inflation).**

**[Trend in the weighted average of government's selling prices (prices after tax) of five classes of imported wheat]**

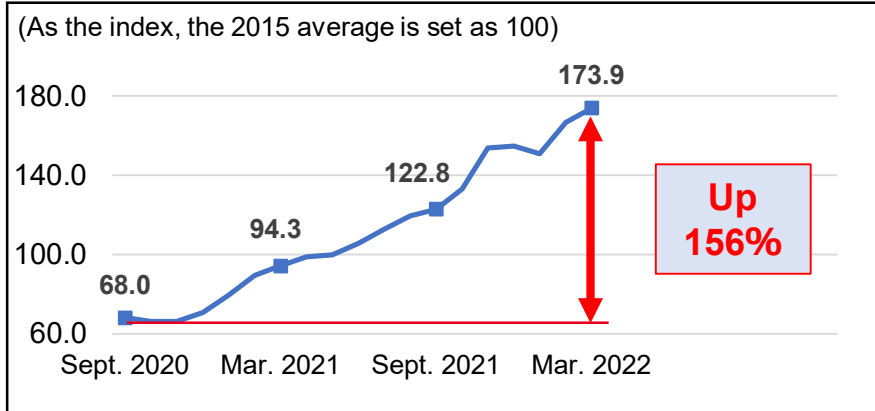


**[Trend in domestic corporate goods price index in electricity, city gas and water]**



\* Source: "Corporate goods price index" by the Bank of Japan

**[Trend in imported goods price index in oil, coal and natural gas]**



\* Source: "Corporate goods price index" by the Bank of Japan

# 1. Battle against Food Inflation (2)

Although the Group had continued to address cost increases of raw materials and others in FY2021, we **assume a considerable cost increase of raw materials and others for this fiscal year** as well due to surges in grain and natural resources market prices, caused by the Ukraine crisis. We take response to this situation **as the top priority matter** and each business will implement countermeasures without fail.

## [Thinking on price revision]

### 1) Pass a cost increase to selling prices

The domestic flour milling business will revise selling prices of wheat flour based on the revision of government selling prices of imported wheat. The domestic processed food business will reflect the cost increase of raw materials, etc. including wheat flour on its selling prices appropriately.

### 2) Sales of products giving an impression of selling value-for-money products

A series of large price hikes of products have elevated the price range of existing household-use processed food and others. Develop and sell new products that give an impression of a bargain to consumers who seek products in the previous price range.

### 3) Sales of value-added products

The domestic flour milling business will step up sales of Japanese-made wheat flour and whole wheat flour and others that accommodate growing health conscious consumers. The domestic processed food business will develop and sell products more focused on SDGs and Generation Z in addition to promoting value-added line-ups centering on easy-to-prepare and convenient, authentic and healthy concepts.

### 4) Risk of decline in demand

The domestic flour milling business and the domestic processed food business assume that a certain level of decline in demand will occur as a result of continued large price hikes of products.

# 1. Battle against Food Inflation (3)

## [Analysis of FY2023 operating profit of the domestic flour milling business (Assumption)]

Item	Profit change (YoY difference)	Comments
Annual cost increase (wheat)	(36,000) million yen	Excluding a price revision of wheat in October
Annual cost increase (other than wheat)	(900) million yen	Energy costs, etc.
Price hike of wheat flour	+36,000 million yen	
Increase in shipments (effects of sales expansion, etc.)	+300 million yen	An about 1% year-on-year increase in shipments
Improvement in productivity, etc.	+700 million yen	
Risk of a demand decline	(400) million yen	
<b>Total</b>	<b>(300) million yen</b>	

## [Analysis of FY2023 operating profit of domestic processed food business (Assumption)]

Item	Profit change (YoY difference)	Comments
Annual cost increase	(8,000) million yen	Excluding the portion of a price revision of wheat in October
Selling price increase of products	+8,000 million yen	
Improvement in product mix (higher value added products)	+400 million yen	
Cost reduction, etc.	+200 million yen	
Risk of a demand decline	(1,000) million yen	
<b>Total</b>	<b>(400) million yen</b>	

# 2. Trends in Grain Market and Foreign Exchange Market

## [Grain Market]

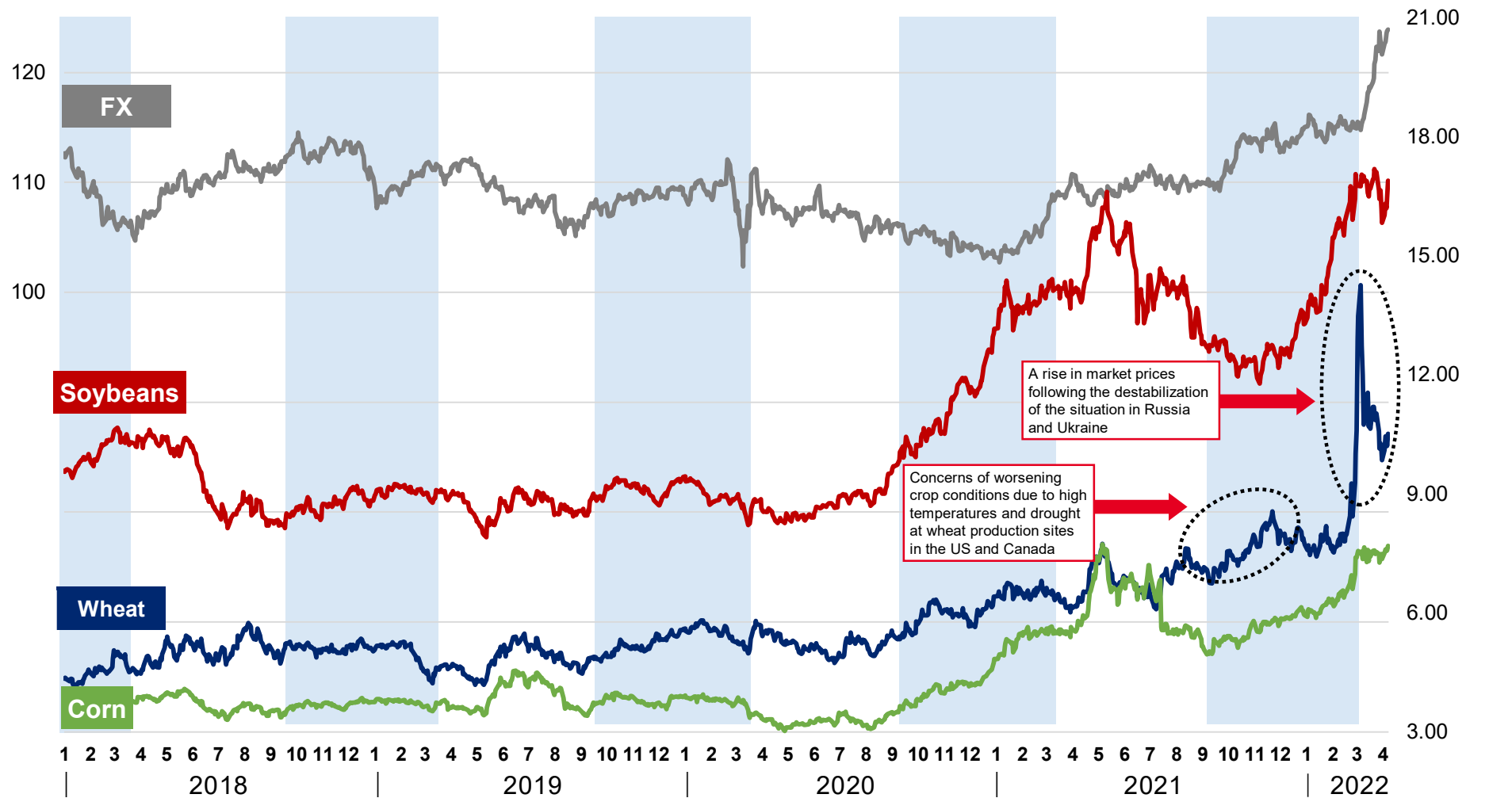
Chicago Futures Market  
on the right axis

## [FX Market]

Yen/US\$ on  
the left axis

FX rate (Yen/US\$)

Grain 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

# 3. Fiscal 2023 Forecasts

- ▶ Net sales will **increase** due to enactment of selling price revisions accompanying the cost increase of raw materials, etc. by each business, and a rise in wheat market prices, currency translation effects, etc. in the overseas flour milling business.
- ▶ Operating profit is expected to **be on a par with the previous fiscal year** due in large part to the uncertain outlook amid cost-push inflation and a profit decrease forecast by the engineering business despite the effort of each business to pass a cost increase to their selling prices.
- ▶ Under the new president's leadership, the business plans of the Australia flour milling business will be verified again by considering the impairment loss of the New Zealand flour milling business and accurately grasping a market change in the Oceania region in addition to addressing cost-push inflation.
- ▶ A new medium-term management plan will be formulated based on the new president's policy and by also taking into account response to cost-push inflation and the status of the Australia flour milling business. The new management plan will be announced in late October.

\* Figures rounded down to nearest million yen

(Millions of yen)	Fiscal 2023 Forecasts	Fiscal 2022 Results	YoY difference	YoY change
Net sales	<b>760,000</b>	<b>679,736</b>	<b>+80,263</b>	<b>+11.8%</b>
Overseas sales ratio	<b>29.9%</b>	<b>27.3%</b>	—	—
Operating profit	<b>30,000</b>	<b>29,430</b>	<b>+569</b>	<b>+1.9%</b>
Ordinary profit	<b>31,000</b>	<b>32,626</b>	<b>(1,626)</b>	<b>(5.0)%</b>
Profit attributable to owners of parent	<b>18,500</b>	<b>17,509</b>	<b>+990</b>	<b>+5.7%</b>

## **IV. Main Initiatives for Realizing Long-Term Vision “NNI ‘Compass for the Future’”**



Advance selection and concentration based on the criteria of **whether a business is or can reach the top of a certain business domain** (in classifications of competitive significance).

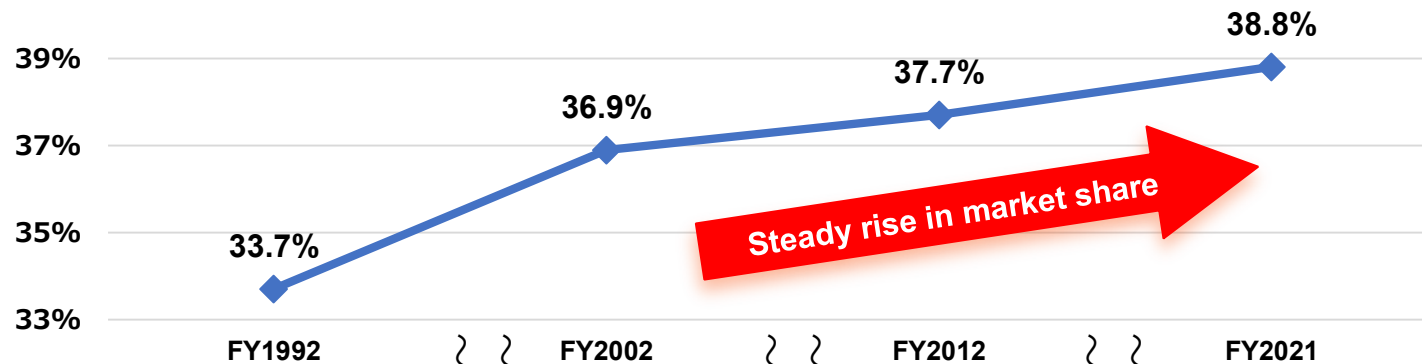
## [Core businesses]

The flour milling business, the processed food business and the yeast business in Japan have **established stable profitability** by realizing high market shares, top brand lineups and low costs.

## Domestic flour milling business Top market shares in Japan

### Trend in the market share of our sales of commercial-use wheat flour

(on weight basis)

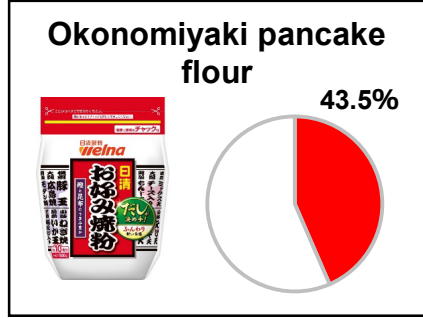
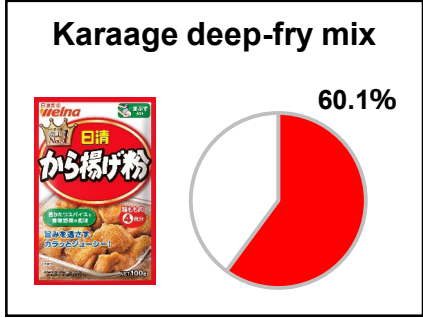
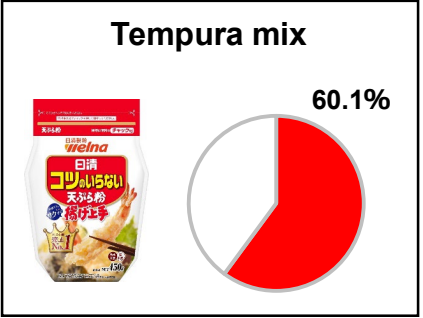
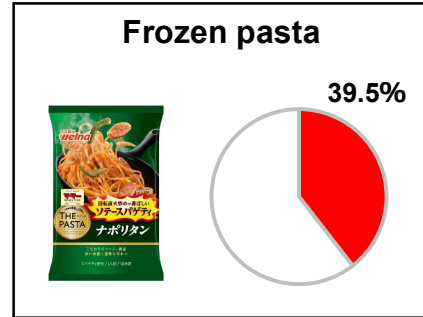
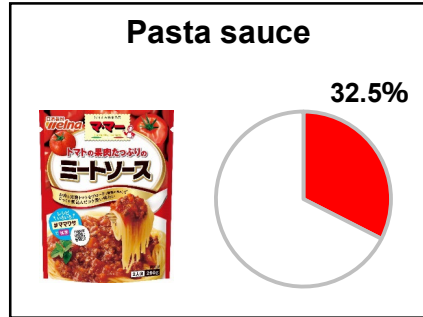
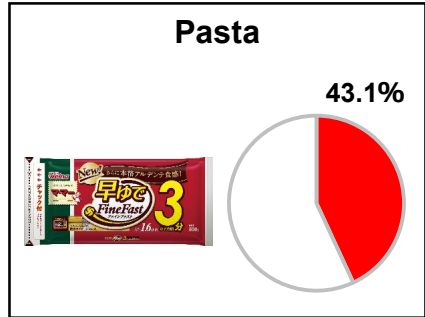
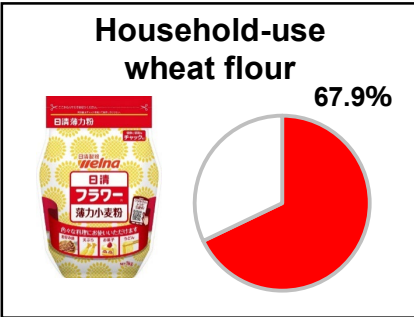


Source: "Beverage & Food Statistics Monthly" by Nikkan Keizai Tsushin Co., Ltd.

# 1. Thinking on Business Portfolio (1-2)

## Domestic Processed Food Business

## Broad and deep lineups of top brands



Our market share

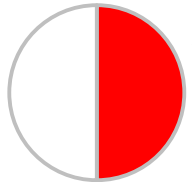
Source: Intage SRI + The above percentages are market shares in terms of monetary amount in each category. Fiscal 2022 (April to March)

## Domestic yeast business

## Dominant market share

Share in yeast production volumes in Japan

**NO. 1**



About 50%



Our share

\* Company research

# 1. Thinking on Business Portfolio (2)

## [Growth driver businesses]

- The overseas business will work to **strengthen the foundation of their respective business management** at existing bases of the flour milling, processed food and other businesses.
- The prepared dishes and other prepared foods business intends to **boost cost competitiveness** including utilization of labor-saving technology and **expand sales against the backdrop of development capability** by the group's comprehensive strength.

## [Overseas Business]

### Overseas net sales ratio and operating profit ratio

	Net sales ratio	Operating profit ratio
Consolidated total	27.3%	28.9%
Flour milling business	52.2%	50.6%

\* Fiscal 2022 results

\* Operating profit ratio is operating profit before amortization of goodwill, etc.

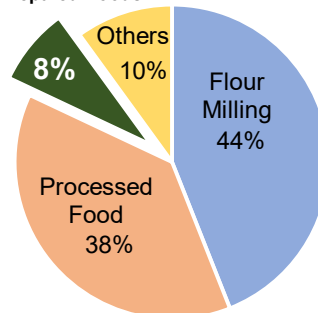
- The processed food business and the yeast and biotechnology business too will further cultivate overseas expansion.

## [Prepared dishes and other prepared foods business]

### Composition of sales in the prepared dishes and other prepared foods business

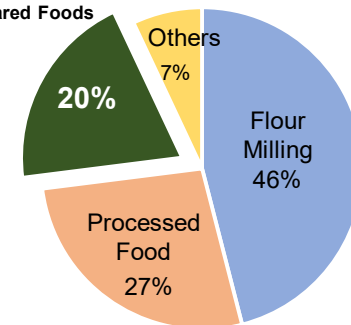
[Fiscal 2019]

Prepared Dishes and Other Prepared Foods



[Fiscal 2022]

Prepared Dishes and Other Prepared Foods



Has grown to the size after the flour milling business and the processed food business.

## [Growth Investment]

We will make a decision to make investment after verifying whether we **can demonstrate the group's strengths** in Japan and overseas.

# 2. Domestic Flour Milling Business

Amid the domestic market expected to diminish in the medium-to long term mainly due to a decreasing population, efforts will be made to strengthen the sales foundation and cost competitiveness, thereby **maintaining and expanding a stable earnings foundation for the future.**

## Regarding strengthening cost competitiveness and BCP measures (implementation of structural improvement)

- In the middle of concentrating production on large coastal plants and closing small inland plants.
- Construct a new plant at the Mizushima area, Kurashiki City, Okayama Prefecture in 2025, and close two existing plants in Okayama and Sakaide.
- Start of the new plant will raise the ratio of large coastal plants in domestic flour milling plants from 83% to 92%.

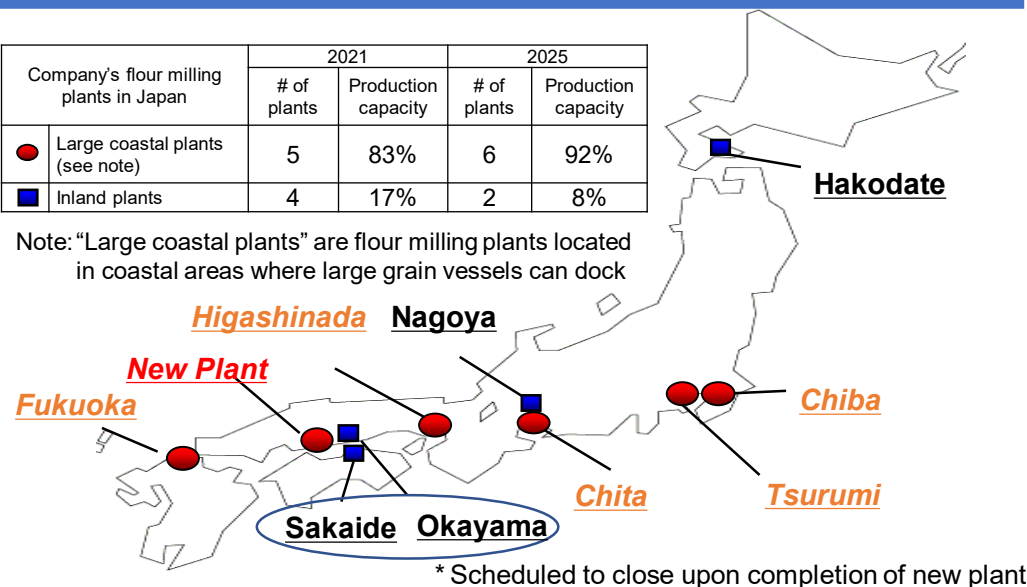
## Overview of the New Plant

- ◆ 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

Company's flour milling plants in Japan		2021		2025	
		# of plants	Production capacity	# of plants	Production capacity
<span style="color: red;">●</span>	Large coastal plants (see note)	5	83%	6	92%
<span style="color: blue;">■</span>	Inland plants	4	17%	2	8%

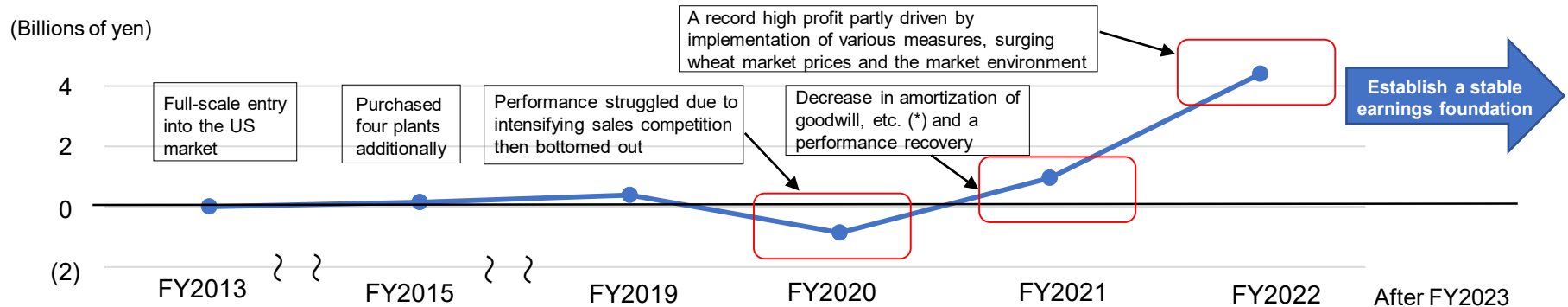
Note: “Large coastal plants” are flour milling plants located in coastal areas where large grain vessels can dock



### 3. Overseas Flour Milling Business (U.S. Flour Milling Business)

Ten years have passed since a full-scale entry into the US market. The business recovered from a temporary performance slump at an early stage and has grown steadily. The business strives to establish a stable earnings foundation.

#### Trend in operating profit (vs. FY2013)



\* The implementation of impairment has decreased amortization of goodwill, etc. by an annual 800 million yen since the second half of FY2020.

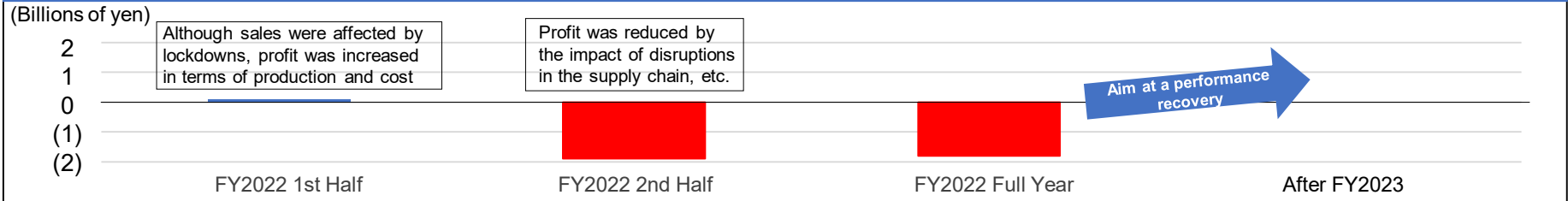
#### Future U.S. Flour Milling Business Initiatives

- The business has established a solid position as a regionally top-class flour-milling company in California and Texas.
- An expansion will be carried out in the plant in Los Angeles whose operational rate reached a high level.
- 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.
- Continuation of search and investigation of candidates for M&A, etc. that have affinity with existing businesses and growth potential.

### 3. Overseas Flour Milling Business (Australia Flour Milling Business)

Take in a demand recovery and aim at a performance recovery. However, verify the real status of business altered by the COVID-19 pandemic in a calm and collected manner to incorporate strategy and policy into a medium-term management plan.

#### FY2022 Operating profit (vs. FY2021)



#### Factors behind poor performance

##### External environment

Performance remains struggling due to lockdowns of big cities in the face of the pandemic (poor sales) and disruptions in the supply chain (increase in production and logistics costs, etc.).

##### Market change

Demand from in-store bakeries that are main customers remain low.

##### Others

Efforts for sales expansion have failed to deliver expected results due to a decrease in shipments by loss of orders and the impact of the pandemic.

#### Toward performance recovery

- Whereas the Australian market is expected to see demand recover to a certain extent, there are concerns about a market change by the pandemic and prolonged disruption in the supply chain.
- Aim at a performance recovery through restoring and expanding sales, enhancing productivity and reflecting the cost increase of raw materials, etc. to the selling prices of products appropriately.

# 4. Overseas Processed Food Business

## – India Yeast Business

**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. Preparations are ongoing as planned **for operation start around this coming summer.**

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

#### Status of plant construction

- Construction of a new plant was completed excluding part of equipment.

#### New yeast plant



#### Production, logistics and sales

- Pilot runs of production lines started.
- The check of logistics quality is ongoing in sequence.
- Samples of test products from production lines were shown to customers, and confirmation of quality has commenced.

#### Personnel-related

- Aim at the smooth launch of business through holding a variety of training.

### Bread Market Situation in India

- Although the market size contracted in 2020 and 2021 due to a series of lockdowns, it is forecast that the market size in 2022 will exceed that of 2019 and that the market will grow at an annual rate of about 6% after 2023.
- The production volume of major bakeries that use raw yeast that the yeast business in India produces is expected to grow in the future.

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

#### India market growth potential

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

#### Outstanding technology from Japan

Supply cost-competitive, high-quality products

#### Prime location

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

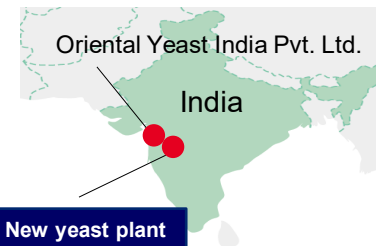
#### Comprehensive environmental countermeasures

Zero Liquid Discharge System for plant

Oriental Yeast India Pvt. Ltd.

India

New yeast plant



[Overview of new plant]

Location: Maharashtra, India

Production capacity: 100 t/day

(fresh yeast basis)

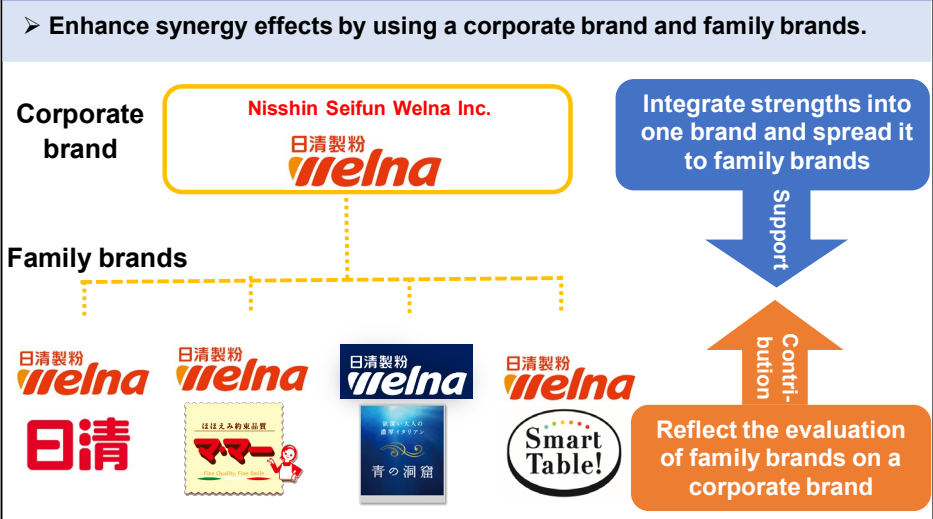
Investment: Approx. ¥15.7 billion

# 5. Processed Food Business

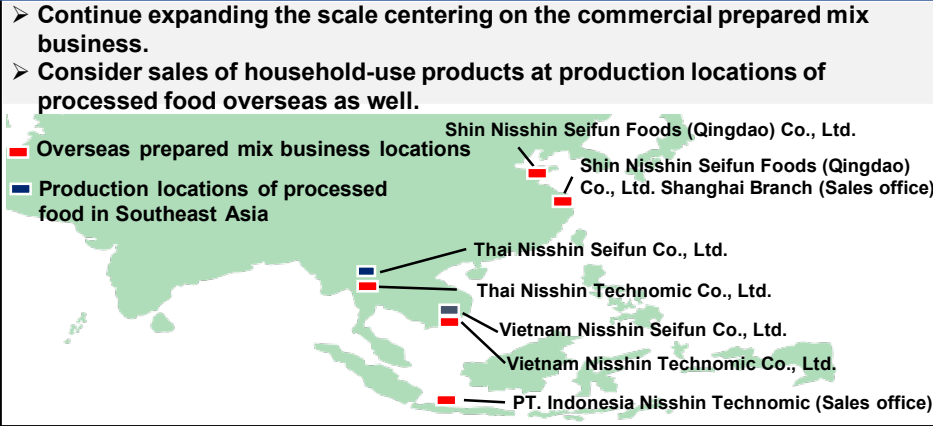


The trade name changed to “**Nisshin Seifun Welna Inc.**” By brand strategy investment, raise **exposure not only to establish and expand the recognition** but also to speed up the high value-added strategy and also dig deeper into overseas expansion.

## Brand strategy of “Nisshin Seifun Welna Inc.”



## Dig deeper into overseas expansion



## Step up high value-added lineup strategy

### (1) New products for spring in 2022

➢ Respond to SDGs/Generation Z in addition to promotion of value-added product lineups centering on easy-to-prepare and convenient, authentic and health concepts. Strengthen development of commercial NB products in addition to household-use.

Three basic policies		Themes
(1) Easy-to-prepare and convenient		SDGs 
(2) Authentic		Generation Z 
(3) Healthy		

### (2) Ma-Ma Hayayude Spaghetti FineFast

➢ Fast-cooking Hayayude Spaghetti continues to consistently perform briskly.  
 ➢ Evolved to more authentic al dente texture this spring. Ready to be cooked in a microwave oven.

Cross section of Spaghetti  
 Cut **three** grooves. → Cut **four** grooves.

#### Hayayude Series Sales

(Billions of yen) Source: Intage SRI+

Sales strong and on an upward trend

Year	Sales (Billions of yen)
'17	~4.0
'18	~4.5
'19	~5.0
'20	~5.5
'21	~6.0



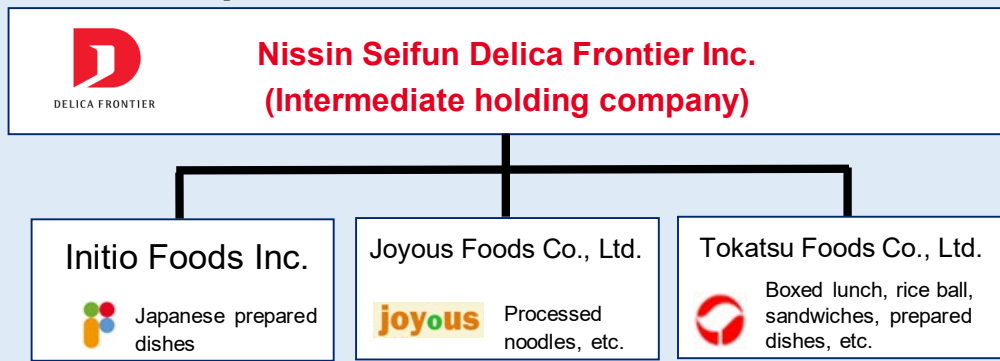
# 6. Prepared Dishes and Other Prepared Foods Business

**An intermediate holding company will be established** in the prepared dishes and other prepared foods business. Strengthen **a foundation for further growth** through stepping up business total optimization, flexible strategy judgment and the management function.

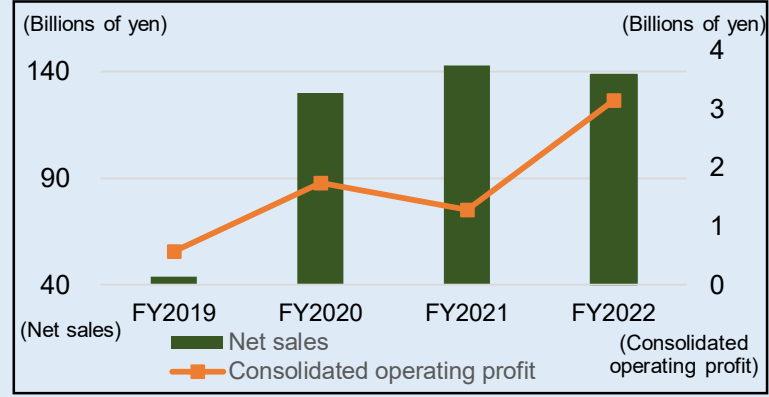
## New management system of the prepared dishes and other prepared foods business

The prepared dishes and other prepared foods business has been managed by the Business Development Division of the Company. However, a new intermediary holding company will be established in July 2022. Accelerate the shift to a highly commercialized business model **by managing** the prepared dishes and other prepared foods business **through a corporate organization, thereby further reinforcing management.**

[New management system of the prepared dishes and other prepared foods business]



[Trend in performance of the prepared dishes and other prepared foods business]



\* Net sales have been treated by revenue recognition accounting standard since FY2022.

## Effects of the establishment of Nissin Seifun Delica Frontier Inc.

- The new company and the three subsidiaries will be more united in business operations, thereby reinforcing management-decision, management speed and the sharing of know-how based on total optimization.
- Further utilization of the management resources of the prepared dishes and other prepared foods (people, things, and money) and strengthening risk management

**Strengthen a foundation for further growth.**

# V. Group Sustainability Initiatives

# 1. The Group's Materiality (CSR Priority)

Facing society's change every day, strive to **contribute to solving social issues through business operations** and balance realization of a sustainable society and corporate growth.

## Five Priorities

Fields contributing to SDGs

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

- Ensuring food safety
- Responsible consumer communication
- Contribution to healthy diets



### ■ Enable secure and sustainable raw material procurement

- Ensuring stable wheat procurement
- Sustainable raw materials procurement



### ■ Efficiently handle product and packaging waste

- Reducing food waste
- Reducing packaging waste



Medium-and-long term targets for environmental issues were formulated in August 2021.

### ■ Address climate change and water resource issues

- Climate change adaptation and mitigation
- Water resource conservation



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

- Respect for diversity
- Cultivation of human resources
- Employee working environments and health



Formulate medium-and-long term targets for environmental issues and work to reduce environmental load to reach the targets, thereby **contributing to realization of a sustainable society.**

[Regarding medium-and-long term targets for environmental issues]

### (1) Responding to climate change

2030 Targets	2050 Targets
<ul style="list-style-type: none"><li>➤ Reduce CO<sub>2</sub> emissions from Group-owned facilities by <b>50%</b> compared with the fiscal 2014 level</li></ul>	<ul style="list-style-type: none"><li>➤ Reduce CO<sub>2</sub> emissions from Group-owned facilities to net zero</li></ul>

• Reduce CO<sub>2</sub> emissions across our supply chains

### (2) Responding to Water resource

2040 Targets
<ul style="list-style-type: none"><li>➤ Reduce the amount of water used in plants per unit of production by <b>30%</b> compared with the fiscal 2022 level</li></ul>

### (3) Responding to Food Waste

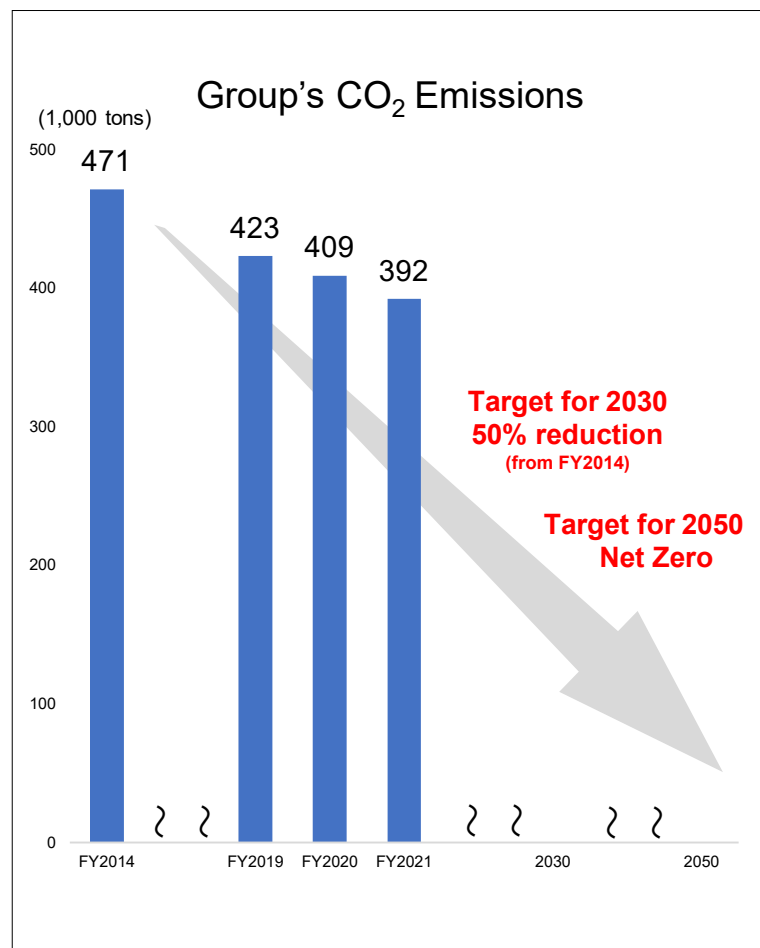
2030 Targets
<ul style="list-style-type: none"><li>➤ Reduce food waste, from the procurement of raw materials to the delivery of products to customers, by <b>50% or more</b> compared with the fiscal 2017 level</li><li>➤ Work with our partners to reduce food waste at all supply chain stages</li></ul>

### (4) Responding to packaging and container waste

2030 Targets
<ul style="list-style-type: none"><li>➤ Reduce the amount of fossil fuel-derived plastics used by at least <b>25%</b> compared with the fiscal 2020 level</li><li>➤ Promote plastic recycling, such as by using environmentally-friendly package designs</li><li>➤ Increase the use of sustainable packaging materials, such as biomass plastics, recycled plastics, recycled paper and FSC-certified paper</li></ul>

## Responding to climate change

- Advance reduction of CO<sub>2</sub> emissions mainly through proactive adoption of cutting-edge energy-saving technology and utilization of renewable energies for mitigating the impact of climate change and minimizing business risks, thereby contributing to the establishment of a decarbonized society.



### [Main initiatives for CO<sub>2</sub> reduction]

#### ➤ Adoption of solar energy generation facility

(Already adopted)

- Domestic flour milling business: Higashinada Plant and Tsurumi Plant
- US flour milling business: Fresno Plant
- Processed food business: Tatebayashi Plant



(Newly put in operation)

- Yeast and biotechnology business: Nagahama Plant, Biwa Plant (Onsite PPA)
- Prepared dishes and other prepared foods business: Yamakita Plant (Onsite PPA)

#### ➤ A 100% shift to electricity supplied from solar and biomass power generation

⇒ Kanda-Nishikicho Head Office Bldg., Koamicho Bldg.



#### ➤ Advancement of CO<sub>2</sub> reduction in the supply chain

When Hayayude spaghetti from Nisshin Seifun Welna is cooked, the boiling time will be shortened.  
**About 35% of CO<sub>2</sub> emissions can be cut (\*)** in the case of using gas for boiling.



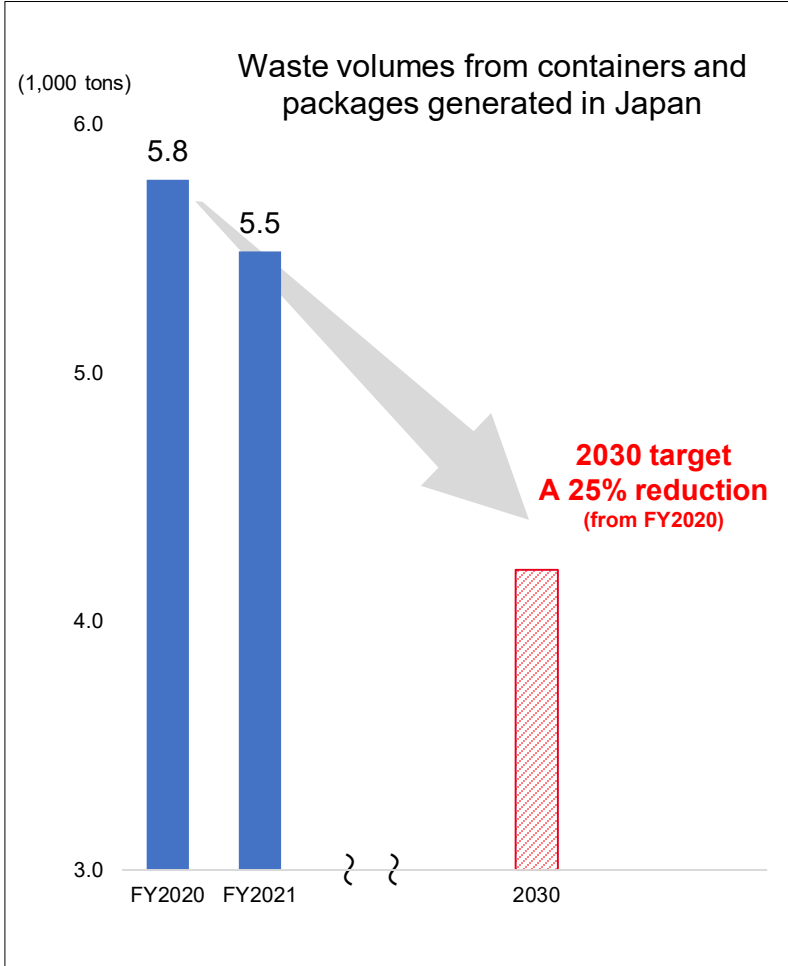
(\*) Comparison when cooking with gas "Ma-Ma Chakku-tsuki Kessoku Spaghetti 1.6mm 600g" and "Ma-Ma Hayayude Spaghetti FineFast 1.6mm Chakku-tsuki Kessoku Type 500g." CO<sub>2</sub> emissions were calculated from the gas volume necessary for cooking 100g of each type.

# 3. Initiatives to Reach Medium-and-Long Term Targets for Environmental Issues (2)



## Responding to packaging and container waste

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



### [Main initiatives for reduction of waste from containers and packages]

- Promotion of 3R (Reduce, Reuse and Recycle) + Renewables
- Product packages and container design enabling easy sorting material and chemical recycling, and others

#### “Nisshin Cooking Flour®” Series

- Bottles: Partly made of biomass materials + thinner plastic
- Lid: Partly made of biomass materials



**An about 30% reduction of usage volume of petroleum-derived raw materials**

\* Based on the weight of the package for the product

#### “Nisshin Cooking Flour® For Refilling”

- Refill and use: Reduce plastic raw materials and waste.
- Package: Some of the ink used is biomass ink.



# Fiscal 2022 Results Briefing Results, Forecasts

May 17, 2022

**Nisshin Seifun Group Inc.**



# Contents



1. Fiscal 2022 Results
2. Analysis of Segment Results
3. Non-operating Income (Expenses) /  
Extraordinary Income (Losses) (Results)
4. Statements of Cash Flows (Results)
5. Fiscal 2023 Forecasts



# 1. Results for Fiscal Year Ended March 31, 2022 (1)

Delivering Good Health and Reliability



(Millions of yen)	Fiscal 2021 Results	Fiscal 2022 Results	* Figures rounded down to nearest million yen			
			YoY difference	YoY change	Forecasts difference	Forecasts change
Net sales	<b>679,495</b>	<b>679,736</b>	+241	+0.0%	+9,736	+1.5%
[Overseas sales]	<b>[155,626]</b>	<b>[185,890]</b>	[+30,264]	[+19.4%]	[+8,090]	[+4.6%]
Flour Milling	285,798	313,519	+27,720	+9.7%	+7,019	+2.3%
Processed Food	214,710	182,968	(31,741)	(14.8)%	+968	+0.5%
Prepared Dishes and Other Prepared Foods	142,747	138,384	(4,362)	(3.1)%	+1,884	+1.4%
Others	36,240	44,864	+8,624	+23.8%	(135)	(0.3)%
Operating profit	<b>27,197</b>	<b>29,430</b>	+2,233	+8.2%	+230	+0.8%
[Overseas operating profit]	<b>[2,959]</b>	<b>[3,875]</b>	[+915]	[+30.9%]	[(524)]	[(11.9)%]
Flour Milling	6,317	8,587	+2,270	+35.9%	(312)	(3.5)%
Processed Food	15,350	12,411	(2,939)	(19.1)%	+211	+1.7%
Prepared Dishes and Other Prepared Foods	1,278	3,141	+1,863	+145.8%	+41	+1.4%
Others	4,240	5,160	+919	+21.7%	+360	+7.5%
Adjustments*1	9	129	+119	-	(70)	-
Ordinary profit	<b>29,886</b>	<b>32,626</b>	+2,739	+9.2%	+1,326	+4.2%
Profit attributable to owners of parent	<b>19,011</b>	<b>17,509</b>	(1,501)	(7.9)%	(1,790)	(9.3)%

\* The effect on net sales of the application of an accounting standard regarding revenue recognition was a reduction of ¥58.4 billion.

Net sales actually increased by ¥58.6 billion (up 8.6%).

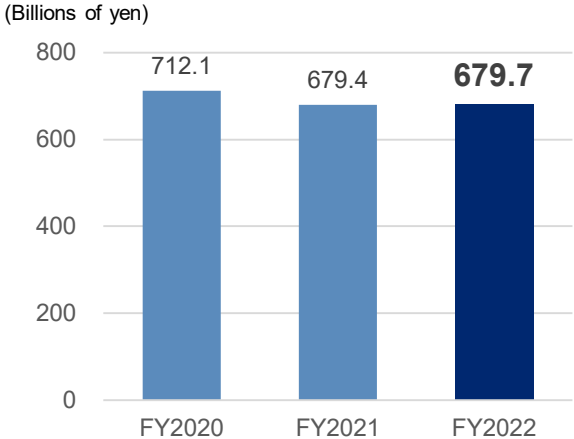
\*1: Intersegment transaction eliminations

(Ref.)

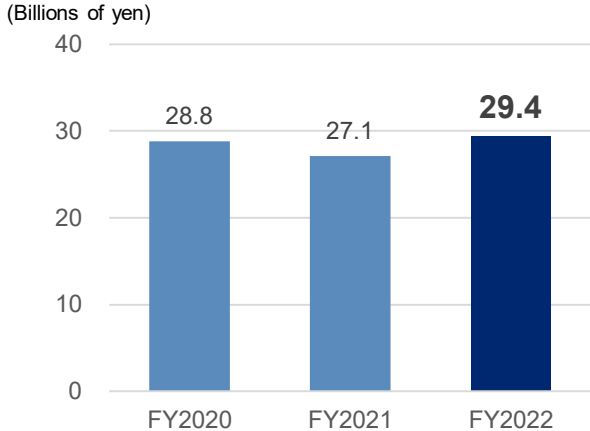
Operating profit before amortization of goodwill, etc.	35,394	38,258	+2,863	+8.1%	+196	+0.5%
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# 1. Results for Fiscal Year Ended March 31, 2022 (2)

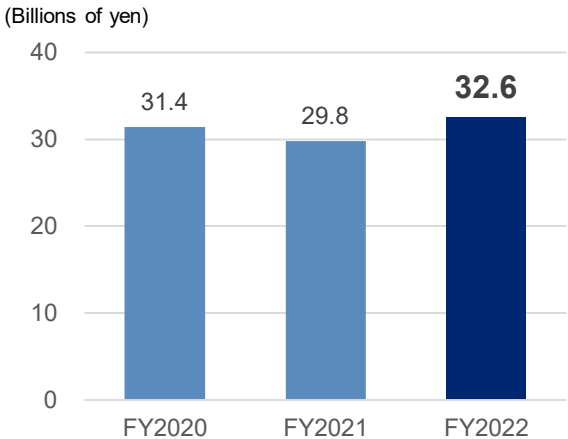
## Net sales



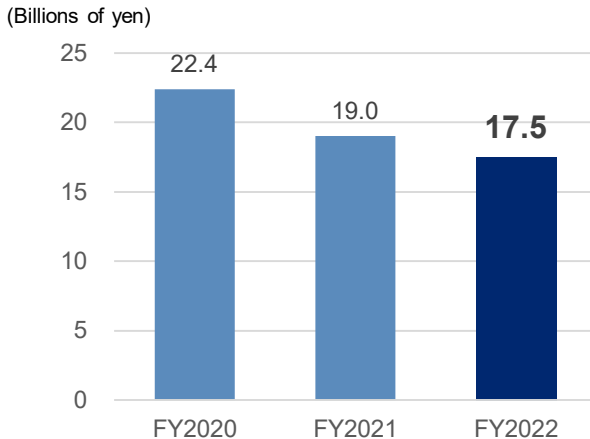
## Operating profit



## Ordinary profit



## Profit attributable to owners of parent



➤ Net sales was **on a par with the previous fiscal year** mainly due to the application of an accounting standard regarding revenue recognition despite the enactment of wheat flour price revisions accompanying the wheat price revision in the domestic flour milling business, a rise in the wheat market prices and foreign currency translation effects in the overseas flour milling business, a recovery in facility construction completion and others.

➤ Operating profit **increased** mainly due to strong performance in the US flour milling business, a robust trend in bran prices in the domestic flour milling business, a smooth performance recovery in the prepared dishes and other processed foods business and a recovery in facility construction completion.

➤ Profit **decreased** by recording impairment loss, based on the performance deterioration resulting mainly from the loss of shipment to a customer in the New Zealand flour milling business and continued low-level shipments caused by measures against COVID-19 in the Oceania region.

Net sales:	YoY changes +0.0%
Operating profit:	YoY changes +8.2%
Ordinary profit:	YoY changes +9.2%
Profit attributable to owners of parent:	YoY changes (7.9)%

\* Figures rounded down to nearest 100 million yen

# 2. Analysis of Segment Results (1)

## Analysis of Net Sales (YoY Difference)

### Flour Milling

¥+27.7 billion

Domestic wheat flour shipments (up 0.3% YoY)	+0.5
Flour price revisions, others accompanying revised wheat prices	+6.9
Bran prices	+1.6
Overseas sales, others	+34.3
Effect of application of new accounting standard (revenue recognition)	(15.6)

### Processed Food

¥(31.7) billion

Processed food sales* <sup>1</sup>	(2.4)
Household-use wheat flour sales	(0.2)
Prepared mix product sales	+0.1
Pasta-related sales	(0.2)
Frozen food sales	(0.3)
Overseas processed food sales	+3.1
Other	(4.9)
Oriental Yeast sales* <sup>1</sup>	+3.5
Nisshin Pharma sales* <sup>1</sup>	(2.4)
Effect of application of new accounting standard (revenue recognition)	(30.4)

\*1: Excluding effect of application of new accounting standard (revenue recognition)

### Prepared Dishes and Other Prepared Foods

¥(4.4) billion

Prepared dishes and other prepared foods sales* <sup>1</sup>	+7.9
Effect of application of new accounting standard (revenue recognition)	(12.3)

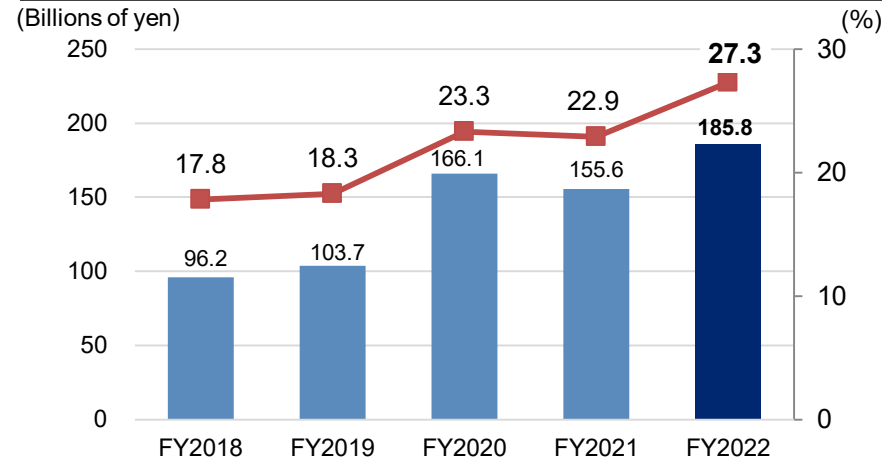
### Others

¥+8.6 billion

Nisshin Petfood sales	(7.6)
NBC Meshtec sales	+1.2
Facility construction sales, others (Nisshin Engineering, others)* <sup>1</sup>	+15.1
Effect of application of new accounting standard (revenue recognition)	(0.1)

## [Ref.] Overseas sales

\* Line graph indicates overseas sales ratio



## 2. Analysis of Segment Results (2)

### Analysis of Operating Profit (YoY Difference)

(Billions of yen)

#### Flour Milling

¥+2.2 billion

Domestic wheat flour shipment volume	+0.1
Sales expansion costs	(0.1)
Bran prices	+1.5
Cost related	(0.2)
Overseas subsidiaries, others	+0.9

#### Processed Food

¥(2.9) billion

Shipment volume	+0.2
Sales expansion costs	(1.4)
Cost related	(1.3)
Overseas subsidiaries, others (incl. Oriental Yeast, Nisshin Pharma exports)	(0.4)

#### Prepared Dishes and Other Prepared Foods

¥+1.9 billion

Increase in sales, others	+1.9
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#### Others

¥+0.9 billion

Sales	+3.1
Cost related, others	(2.2)

#### Adjustments

¥+0.1 billion

Intersegment transaction eliminations	+0.1
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### 3. Non-operating Income (Expenses) / Extraordinary Income (Losses) (Results)

Delivering Good Health and Reliability



(Millions of yen)

	Fiscal 2021 Results	Fiscal 2022 Results	YoY difference	Highlights
[Non-operating Income (Expenses)]				
Net financial income	188	246	+57	
Share of profit of entities accounted for using equity method	1,794	2,070	+275	
Other	706	878	+172	
Total non-operating income (expenses)	2,689	3,196	+506	
[Extraordinary Income (Losses)]				
Gain on sales of investment securities	1,421	1,645	+223	Reduction of cross-shareholdings
Impairment loss	(977)	(2,439)	(1,462)	(Current year) Impairment loss associated with a performance deterioration in the New Zealand flour milling business (Previous year) Impairment loss of plants and buildings associated with the transfer of the pet food business
Expenses related to trade name change	-	(336)	(336)	A trade name change of a subsidiary in the processed food business
Other	(568)	(722)	(154)	
Total extraordinary income (losses)	(124)	(1,853)	(1,728)	

\* Figures rounded down to nearest million yen

# 4. Statements of Cash Flows (Results)

Delivering Good Health and Reliability



(Billions of yen)

	Fiscal 2021 Results	Fiscal 2022 Results		YoY difference	
		Results	Highlights		
Cash and cash equivalents at beginning of period	56.5	59.1		+2.6	Cash on hand*1 61.7
Cash flows from operating activities	49.5	41.8	Profit before income taxes+30.7 Depreciation and amortization/ Amortization of goodwill +28.9 Increase in working capital (10.0) Income taxes paid (12.3)	(7.6)	
Cash flows from investing activities	(17.1)	(15.5)	Capital expenditures (payment basis) (18.6)	+1.5	
Cash flows from financing activities	(31.2)	(17.8)	Cash dividends paid (11.6)	+13.4	
Effect of exchange rate change on cash and cash equivalents	1.4	1.1		(0.3)	
Cash and cash equivalents at end of period	59.1	68.7		+9.5	Cash on hand*1 70.7

\*1: Cash on hand includes deposits exceeding 3 months and operating bonds

	Fiscal 2021 Results	Fiscal 2022 Results	YoY difference	Highlights
Capital expenditures (construction basis)	16.4	18.1	+1.7	
Depreciation and amortization	22.2	23.0	+0.7	

\* Figures rounded down to nearest 100 million yen

# 5. Fiscal 2023 Forecasts (1)

- Net sales will **increase** due to enactment of selling price revisions accompanying the cost increase of raw materials, etc. by each business, and a rise in wheat market prices, currency translation effects, etc. in the overseas flour milling business.
- Operating profit **is expected to be on a par with the previous fiscal year** due in large part to the uncertain outlook amid cost-push inflation and a profit decrease forecast by the engineering business despite the effort of each business to pass a cost increase to their selling prices.
- Under the new president's leadership, the business plans of the Australia flour milling business will be verified again by considering the impairment loss of the New Zealand flour milling business and accurately grasping a market change in the Oceania region in addition to addressing cost-push inflation.
- A new medium-term management plan will be formulated based on the new president's policy and by also taking into account response to cost-push inflation and the status of the Australia flour milling business. The new management plan will be announced in late October.

\* Figures rounded down to nearest million yen

(Millions of yen)	Fiscal 2022 Results	Fiscal 2023 Forecasts	YoY difference	YoY change
Net sales	<b>679,736</b>	<b>760,000</b>	<b>+80,263</b>	<b>+11.8%</b>
Overseas sales [Overseas sales ratio]	185,890 [27.3%]	227,500 [29.9%]	+41,609	+22.4%
Operating profit	<b>29,430</b>	<b>30,000</b>	<b>+569</b>	<b>+1.9%</b>
Overseas operating profit [Overseas operating profit ratio]	3,875 [13.2%]	4,800 [16.0%]	+924	+23.9%
Ordinary profit	<b>32,626</b>	<b>31,000</b>	<b>(1,626)</b>	<b>(5.0)%</b>
Profit attributable to owners of parent	<b>17,509</b>	<b>18,500</b>	<b>+990</b>	<b>+5.7%</b>

# 5. Fiscal 2023 Forecasts (2)

## Net Sales by Segment

(Billions of yen)

	Forecasts	YoY difference
Flour Milling	385.0	+71.5
Processed Food	195.0	+12.0
Prepared Dishes and Other Prepared Foods	140.0	+1.6
Others	40.0	(4.8)
Total	760.0	+80.3

### Flour Milling **¥+71.5 billion**

(Billions of yen)

Domestic wheat flour shipments (down 0.5% YoY)	(0.8)
Flour price revisions, others accompanying revised wheat prices	+36.0
Bran prices	+0.2
Overseas sales	+36.1

### Processed Food **¥+12.0 billion**

Domestic processed food sales	+5.6
Overseas processed food sales	+2.1
Oriental Yeast sales	+3.4
Nisshin Pharma sales	+0.9

### Prepared Dishes and Other Prepared Foods **¥+1.6 billion**

Prepared dishes and other prepared foods sales	+1.6
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### Others **¥(4.8) billion**

NBC Meshtec sales	+1.5
Facility construction sales, others (Nisshin Engineering, others)	(6.3)



# 5. Fiscal 2023 Forecasts (3)

## Operating Profit by Segment

(Billions of yen)

	Forecasts	YoY difference
Flour Milling	9.2	+0.6
Processed Food	12.3	(0.1)
Prepared Dishes and Other Prepared Foods	3.3	+0.2
Others	5.1	(0.1)
Adjustments*	0.1	(0.0)
Total	30.0	+0.6

\* Intersegment transaction eliminations

### Flour Milling

¥+0.6 billion

(Billions of yen)

Domestic wheat flour shipment volume	(0.1)
Sales expansion costs	+0.2
Bran prices	+0.2
Cost related	(0.6)
Overseas operating profit	+0.9

### Processed Food

¥(0.1) billion

Shipment volume	(0.6)
Sales expansion costs	+0.4
Cost related	+0.0
Overseas operating profit (incl. Oriental Yeast, Nisshin Pharma exports)	+0.1

### Prepared Dishes and Other Prepared Foods

¥+0.2 billion

Sales	+0.3
Cost related, others	(0.1)

### Others

¥(0.1) billion

Sales	(0.4)
Cost related, others	+0.3

## 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.