日清製粉グループ

NISSHIN SEIFUN GROUP



Growing Value from Wheat

Nisshin Seifun Group

Integrated Report 2024







Origin

Our founder's maxim: "the basis of business is built on trust"

Nisshin Seifun Group founder Teiichiro Shoda said, "We must always remember that a business is connected to society. A company that works solely for its own benefit will not survive for very long. Trust is the foundation of all business."

The Nisshin Seifun Group's strong devotion to fulfilling our social responsibility and generating sustainable growth is rooted in these words from the Company's inception and remains in our DNA to this day. We will remain true to our founding spirit as we seek to continue growing as a global corporate group.

Guiding philosophies
The basis of business is built on trust
Being in tune with the changing business climate

Corporate principle
Contributing to a healthy and fruitful life for all



Teiichiro Shoda
Founder, Nisshin Seifun Group







Future

Adapting to change in uncertain times

Provide safety, reliability, and joy in food at all times

For over 120 years, we have been offering safe and reliable products and the joy of food following our corporate principle of "contributing to a healthy and fruitful life for all" and in pursuit of our mission to maintain reliable supplies of food, especially staple items like wheat flour.

Strengthen business competitiveness and establish sustainably rising corporate value

We fortified our business portfolio to reflect the evolving circumstances for our original flour milling business in accordance with our guiding philosophy of "being in tune with the changing business climate." We will continue to create a wide variety of value through continuous self-transformation and work to sustainably increase our corporate value.

Advance ESG management and find solutions for social issues

We are incorporating ESG into our management approach so all of our business activities will be directed at addressing social issues. The new value we create through those activities will create a virtuous cycle that will help make a sustainable society.

Enriching the Japanese diet with wheat

Creating value through dynamic corporate management ahead of its time



Establishing a steady supply of high-quality, domestically produced wheat flour

Modernizing and industrializing the manufacturing structure 1900-1930s

Beginning of modern domestic mechanical flour milling operations

1900 Teiichiro Shoda established the Tatebayashi Flour Milling Co., Ltd. to develop the potential of mechanical flour milling.
1908 Acquired "Nisshin Flour Milling Co., Ltd." by merger and adopted that name.
1913 Teiichiro Shoda embarked on inspection tours in Europe and the United States, where he recognized the need for physicochemical research on European wheat and flour.

Introduction of the first chemical technology to the Japanese flour milling industry

1914 Laboratory research begun at a chemical laboratory established at the head office.
1918 The original chemical laboratory that later became the Central Research Laboratory (now part of the Kamifukuoka Research Laboratories) established.

Groundbreaking construction of a major seaside plant

1926 Constructed to develop the Japanese flour milling industry, the Tsurumi Plant featured a large dock for steamships transporting raw wheat (mainly for export), wheat intake equipment, a production line using German flour milling machines, and a large silo.

Domestic production of yeast and mesh sieves for flour milling

1929 The establishment of Oriental Yeast Co., Ltd., made it the pioneer of Japanese yeast production.
1934 Nippon Bolting Cloth Co., Ltd. established (precursor of NBC Meshtec Inc.).



Contributed to improving diets and a flourishing food culture

Post-War reconstruction period / Rapid economic growth 1940-1960s

Contribution to post-War reconstruction

1945 Four days after the end of the War, Company President Hidesaburo Shoda established a Reconstruction Committee and began rebuilding the Company. The all-out company effort led to all factories that had been damaged returning to operation in just four years, allowing the Company to devote itself to alleviating the post-war food crisis.

Efforts to popularize bread and flour products, and diversify management into new fields

1955 Household-use size packages for wheat flour introduced and household-use macaroni products launched.
1957 Installing the latest pneumatic milling technology vastly enhanced product quality.
1961 Acquired the formula feed manufacturing and research department of Nisshin Feed Co., Ltd.
1962 Nisshin Foods Co., Ltd. established to manufacture and sell premixes for household use.
1965 Began full-scale manufacturing and sales of pharmaceutical products.
1967 Successfully developed the world's first method for mass production of Coenzyme Q_{10}.

Responding to the shift in consumer needs from volume to quality

1960s Construction of the Central Research Laboratory completed (now part of the Kamifukuoka Research Laboratories), Nisshin Chemicals Co., Ltd. established (now Nisshin Pharma Inc.), and Nisshin-DCA Foods Inc. established. (now Nisshin Seifun Premix Inc.)

* Data from 1950 onward



Responding to diversifying lifestyles

Globalization of the Japanese economy 1970-1990s

Continuously diversifying business with a priority on dialogue with customers

1970 Nisshin Pet Food Co., Ltd. established (2020 Pet food sales business sold).
1972 Nisshin Engineering Co., Ltd. established.
1973 Food Consumer Center (now the Customer Service Office) established to provide information and respond to customer inquiries.
1977 Patented the frozen noodle manufacturing method and created the new market for frozen noodles.

Developing business in overseas markets to be an international competitor

1987 Company President Osamu Shoda formulated and launched the NI-90 action plan to restructure Group businesses with the core principles of change and execution that became the driving forces of all subsequent management plans.
1988 Thai Nisshin Seifun Co., Ltd. established.
1989 Canadian flour milling company Rogers Foods Ltd. acquired.
1991 Thai Nisshin DCA Co., Ltd. (now Thai Nisshin Technomic Co., Ltd.) and Nisshin-STC Flour Milling Co., Ltd. established.
1993 Tsukuba Research Center (now the Cereal Science Research Center of Tsukuba) established.
1996 Medallion Foods, Inc. established in the United States.
1999 Entered the prepared dish and chilled foods business.



Creating further value and contributing to richer diets with more food choices

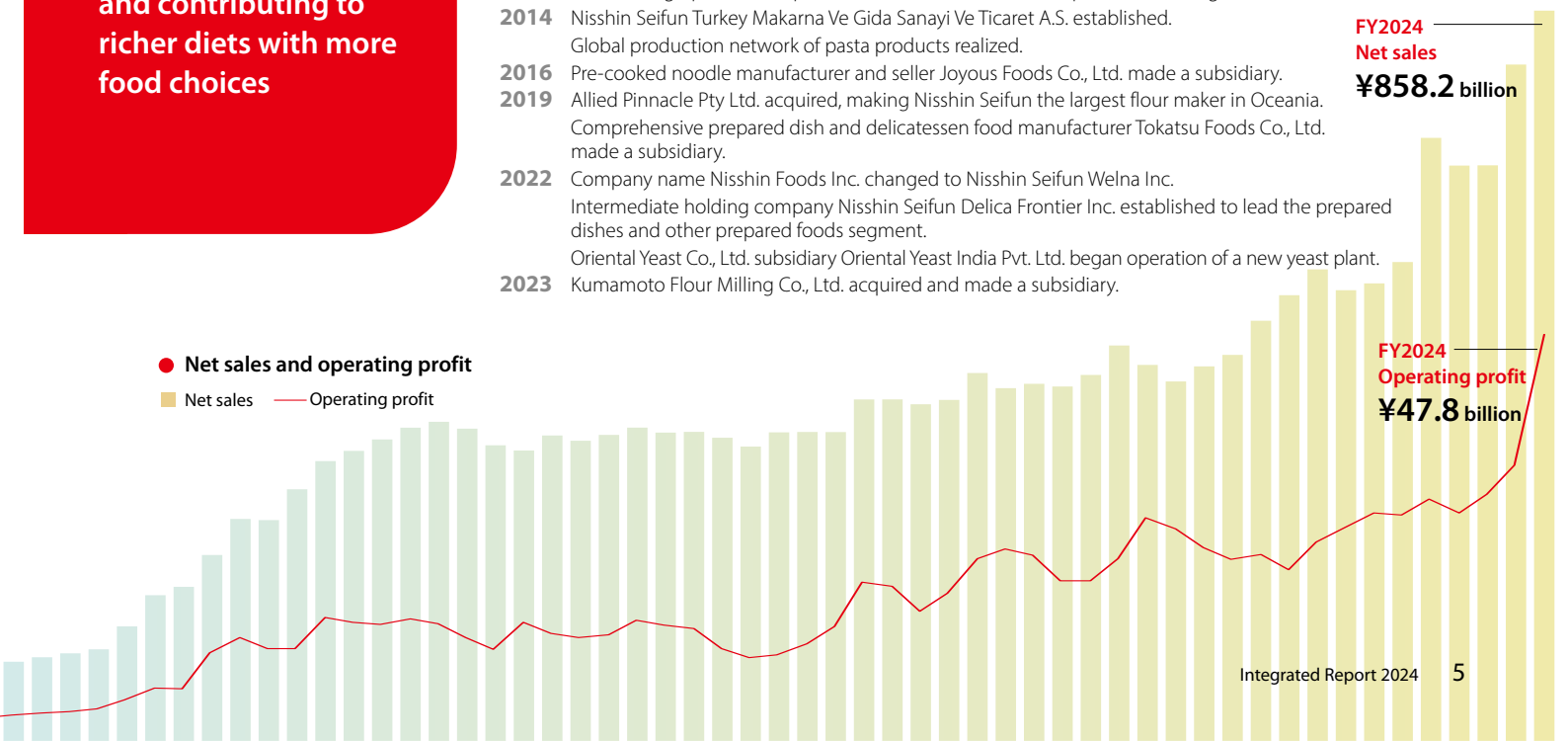
Declining birthrate and aging population, and borderless world economy 2000-2020s

Rapidly expanding overseas business in anticipation of global increase in food needs

2000 Celebrated our 100th anniversary.
2001 Nisshin Flour Milling Co., Ltd. split into a holding company and operating companies.
2002 Qingdao Nisshin Seifun Foods Co., Ltd. established in China.
2004 Initio Foods Inc. established in the prepared dishes and foods business.
2005 Shin Nisshin Seifun Foods (Qingdao) Co., Ltd. established (merged with Qingdao Nisshin Seifun Foods Co., Ltd. in 2007).
2008 International ISO 14001 certification received for the Group's environmental management systems.
2010 Hokkaido Wheat Center established in Kitami, Hokkaido to raise the quality of Hokkaido-grown wheat and advance domestic wheat production.
Oriental Yeast Co., Ltd. and NBC Meshtec Inc. became wholly owned subsidiaries.
2012 Oriental Yeast India Pvt. Ltd. established to expand operations in biotechnology (diagnostics reagents).
Miller Milling Company, LLC of the United States acquired.
2013 Flour milling operation acquired in New Zealand, and Champion Flour Milling Ltd. established.
2014 Nisshin Seifun Turkey Makarna Ve Gida Sanayi Ve Ticaret A.S. established.
Global production network of pasta products realized.
2016 Pre-cooked noodle manufacturer and seller Joyous Foods Co., Ltd. made a subsidiary.
2019 Allied Pinnacle Pty Ltd. acquired, making Nisshin Seifun the largest flour maker in Oceania.
Comprehensive prepared dish and delicatessen food manufacturer Tokatsu Foods Co., Ltd. made a subsidiary.
2022 Company name Nisshin Foods Inc. changed to Nisshin Seifun Welna Inc.
Intermediate holding company Nisshin Seifun Delica Frontier Inc. established to lead the prepared dishes and other prepared foods segment.
Oriental Yeast Co., Ltd. subsidiary Oriental Yeast India Pvt. Ltd. began operation of a new yeast plant.
2023 Kumamoto Flour Milling Co., Ltd. acquired and made a subsidiary.

FY2024
Net sales
¥858.2 billion

FY2024
Operating profit
¥47.8 billion



At a Glance

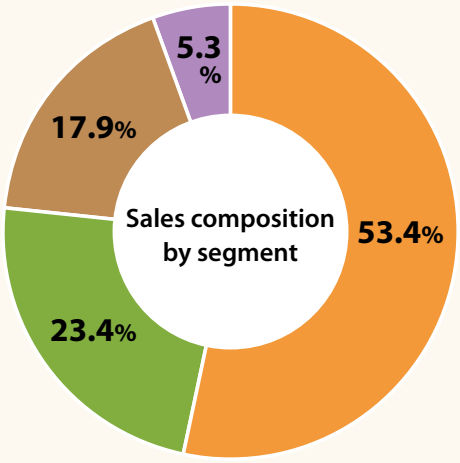
The Nisshin Seifun Group originated as a flour milling business and has grown to encompass processed foods, yeast and biotechnology, healthcare foods, prepared dishes and other prepared foods, engineering, and mesh cloth businesses.

Fiscal 2024 (Net sales and operating profit figures are rounded to the nearest ¥100 million)

■ Flour Milling Segment ■ Processed Food Segment ■ Prepared Dishes and Other Prepared Foods Segment ■ Others Segment

Consolidated net sales

¥858.2 billion



Overseas sales ratio

31.3%

Consolidated subsidiaries (as of March 2024)

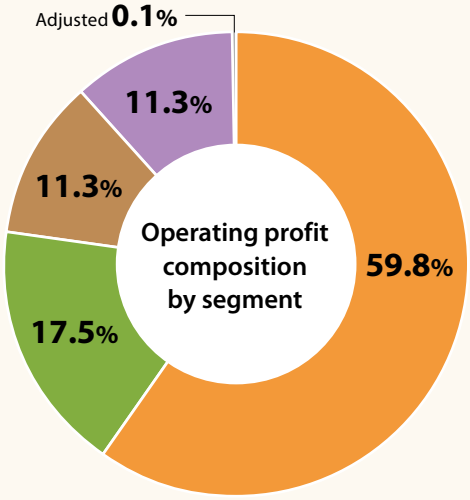
66

ROE (as of March 2024)

6.9%

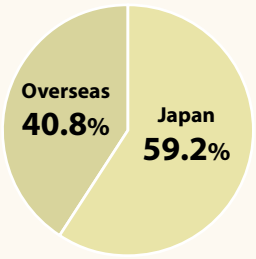
Operating profit

¥47.8 billion



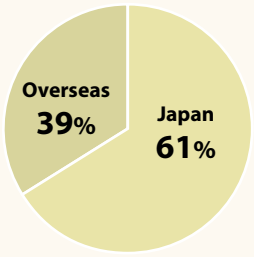
Employees (as of March 2024)

9,574



Manufacturing sites (as of March 2024)

90



A solid presence in a range of markets

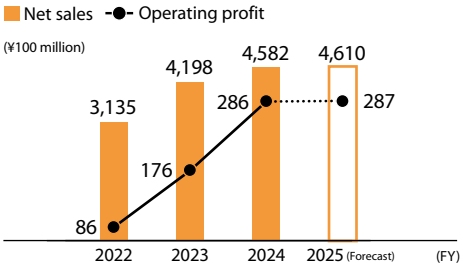
The Nisshin Seifun Group's core domestic flour milling, processed foods, and yeast businesses command overwhelming market share in various categories supported by the trust of its customers and its ability to provide a reliable supply of high-quality foods. The Group is also expanding its operations in the growth domains of prepared dishes and other prepared foods and overseas businesses. In addition, the Group is using its technologies and R&D capabilities to establish solid positions in the healthcare food, biotechnology, engineering, and mesh cloth business fields.

Flour Milling Segment

Flour Milling Business

We command the largest share of the Japanese flour milling industry and are adapting technology developed in Japan to broaden our earnings base and raise our profile in overseas markets. With production bases in North America, Oceania, and Asia, our overseas production capacity has grown to surpass our capacity in Japan.

Performance results



Market rank of wheat flour sales in Japan (weight basis)

No.1

(39.5%)

Source: Nikkan Keizai Tsushin Co., Ltd. (fiscal 2023)



Group wheat flour production capacity rank by country

Source: Company research (as of January 2024)

Japan
No.1

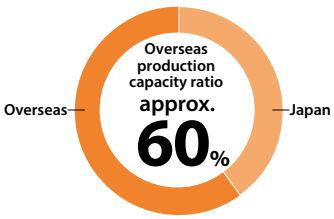
Canada
No.4

United States
No.5

Thailand
No.4

Australia
No.1

New Zealand
No.1

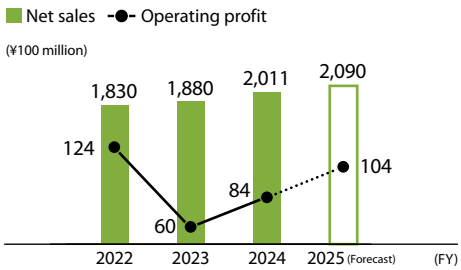


Processed Food Segment

Processed Food Business

The Processed Food Business offers a wide variety of delicious and easy-to-prepare products for consumers. Main products are premix, pasta, and pasta sauces for home and commercial use, while we also supply a wide variety of frozen and room-temperature products under brands including Nisshin, Ma•Ma, *Ao-No-Dokutsu*, and *De Cecco*. The business is expanding from Japan to worldwide.

Performance results



Market rank of the domestic household-use products

No.1 in the following categories

Source: Intage SRI+ research (cumulative sales)



Wheat flour 65.8%

Karaage **deep-fry mix** 59.0%





Tempura **mix** 59.8%

Pasta (spaghetti) 45.5%





Okonomiyaki **pancake flour** 42.1%

Pasta sauce 32.8%





Frozen pasta 37.9%

Percentages represent manufacturer shares in terms of value for each market. The data periods for the No. 1 market shares for flour, pasta (spaghetti), pasta sauce, and frozen pasta (frozen pre-cooked pasta and sauce) are April 2023- March 2024, for *tempura* mix and *okonomiyaki* pancake flour are April 2022- March 2024, and for *karaage* deep-fry mix April 2021- March 2024.

Yeast and Biotechnology Business

Oriental Yeast is constantly developing new technologies as Japan's first manufacturer of bread yeast and the number one supplier of domestic yeast. The Yeast and Biotechnology Business develops and supplies high-quality food ingredients such as yeast, flour paste, and cooking fillings for bakery use. We also supply useful proteins for diagnostic and research reagents produced using our proprietary biotechnology.



Domestic ranking of yeast production volume

No.1 (approximately 50% market share)

Source: Company research

Healthcare Foods Business

The Healthcare Foods Business has extended its research in wheat to research in vitamins and uses proprietary technologies and expertise cultivated in the pharmaceutical business for drug formulation and for refining food materials. The business is advancing R&D in each of these areas to manufacture and sell safe, high-quality health foods, functional food ingredients, and active pharmaceutical ingredients.



Total Bificolon series unit sales:

4 million units

As of May 2024

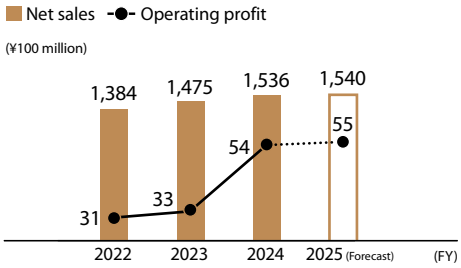
* Based on the number of packages sold from May 2012 to May 2024, including discontinued products, and assuming 30 capsules per package.

Prepared Dishes and Other Prepared Foods Segment

Prepared Dishes and Other Prepared Foods Business

This business provides products in a wide range of categories, including *onigiri* rice balls, bento boxed lunches, sandwiches, prepared Japanese dishes, pre-cooked noodles, and other offerings for the prepared food market, which is expanding due to the increases in dual-income, single-person, and elderly households. The Group is currently focusing its comprehensive capabilities on developing foods and automating its manufacturing processes.

Performance results




Rice products


Baked bread

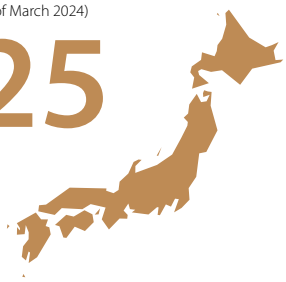

Pre-cooked noodles


General prepared dishes


Frozen prepared dishes

Number of manufacturing sites in Japan
(as of March 2024)

25



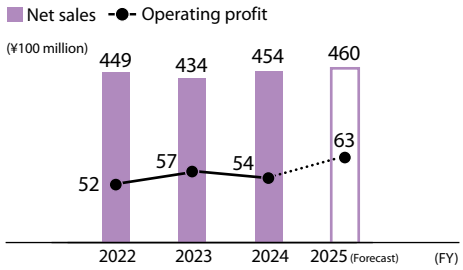
Others Segment

Engineering Business

We combine our extensive experience in food plant construction and our world-class powder processing technology developed over many years. Focusing on plant and factory construction, we develop and sell unique powder processing equipment and provide powder processing services using cutting-edge technology. The Engineering Business's wide-ranging technologies and expertise have earned the trust of its customer base and the business is steadily expanding earnings outside of the Group as well.

Number of projects Over **3,000**

Performance results







Mesh Cloth Business

Our technology in this business area has advanced from producing flour milling sieve nets to a wide range of mesh cloths. We supply high-performance mesh cloth for screen-printing applications in markets around the world, primarily for the environmental and electronics industries.

Metal mesh cloth for solar panels global market share **40%**

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Editorial Policy

The Nisshin Seifun Group Integrated Report aims to convey to investors and other stakeholders in an easy-to-understand manner an overall picture of the Group, its unique values and strengths, and its medium- and long-term strategies and initiatives. The Integrated Report is also intended to facilitate dialogue with stakeholders and contribute to enhancing corporate value.

Integrated Report 2024 provides information about our priority measures during the year for fulfilling the Medium-Term Management Plan 2026, an extensive presentation of the ESG initiatives at the foundation of our value creation, and a report on the measures we are implementing to "use our business to contribute to society and continue growing as a core corporate group in the food industry."

In compiling this report, we referred to the "Guidance for Collaborative Value Creation" of the Japanese Ministry of Economy, Trade and Industry and the "Integrated Reporting Framework" issued by the IFRS Foundation (formerly Value Reporting Foundation (VRF)).

Period Represented

The primary period covered in this Integrated Report is the Company's fiscal year 2024, beginning April 1, 2023 and ending March 31, 2024. When considered helpful to understanding, some content also covers periods before and after fiscal year 2024.

Scope of the Report

This report covers the 66 companies of the Nisshin Seifun Group as of the end of March 2024, including Nisshin Seifun Group Inc., and its consolidated subsidiaries. Information that does not apply to all companies of the Group is duly indicated and the pertinent organizations are provided.

Forward-Looking Statements

The content of this report was prepared based on various assumptions. The report does not represent a guarantee for the presented future target figures or management strategy objectives.

Purpose of the integrated report

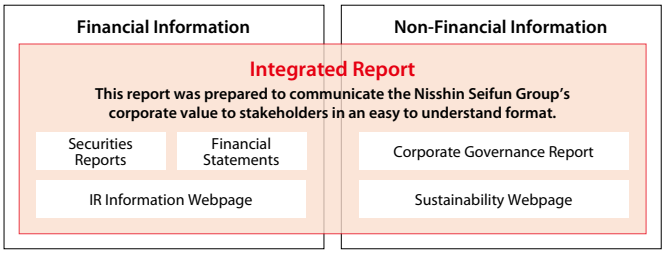
This report was prepared to present important information to support an understanding of the activities and objectives of the Nisshin Seifun Group. Additional details about the Group are available on the corporate website.

Investor relations

https://www.nisshin.com/english/shareholders/

Sustainability

https://www.nisshin.com/english/sustainability/





Kenji Takihara

Representative Director and President
Nisshin Seifun Group Inc.

Fiscal 2024 review

We overcame the peak of food inflation and increased earnings faster than expected.

The Japanese economy has been gradually recovering as economic activity picked up with the increased consumer activity and inbound tourism after the Japanese government downgraded the COVID-19 virus to a Class 5 infectious disease in May 2023. In addition, the sharp rise in grain prices caused by the Ukraine-Russia conflict has settled back down and, in October 2023, the Japanese government lowered the price of imported wheat it sells to businesses for the first time in three years. In fiscal 2024, it seems that we finally overcame the peak of food inflation, and a bright path forward started emerging after three difficult years for the Group. We will continue to closely monitor financial and stock market trends and grain market conditions, with the aim of taking full advantage of the improving environment in fiscal 2025.

The Group generated extremely solid results in fiscal 2024 on strong efforts by the flour milling business and all of our businesses. Our performance actually improved faster than I was anticipating. It seems to me that our performance was also helped by external conditions, so I think we need to take careful stock of the actual state of the Group's capabilities. To ensure our business continues improving through fiscal 2025, we will focus on the businesses that performed well and determine how to ensure they remain strong, while also looking at businesses that fell short of expectations to implement measures to quickly put them back on the recovery track.

Although our performance in fiscal 2024 exceeded our targets, I believe how we execute our priority measures is just as important as achieving the numerical targets. I would like to comment briefly on each of the five priority measures for fiscal 2024, which were to: "stimulate the Group's ability to grow by restructuring the business portfolio," "respond to the rising food prices," "improve the performance of the Australia flour milling business," "implement our environmental initiatives," and "advance the digital strategy."

The first priority measure was to "stimulate the Group's ability to grow by restructuring the business portfolio." For this measure, we carefully considered investment strategies for each business and then put them into action. A key strategy was strengthening the flour milling business portfolio in Japan, which we did by investing in constructing the new Mizushima Plant and acquiring Kumamoto Flour Milling. In the United States, the capacity of the Los Angeles Plant in California was expanded in November 2023. I learned about how complicated the expansion work actually was when I visited the plant in March 2024 and came away with a great appreciation for the supreme competence of the local managers for their ability to bring the construction to a successful completion. We also started a major expansion project for the Saginaw Plant in Texas in fiscal 2024 and are diligently working to ensure the plant is fully operational in early 2025.

The second priority measure for the year was to "respond to the rising food prices." With Group costs rising across the board, we revised our product prices while carefully explaining the reasons to our clients to gain their understanding. These efforts allowed us to revise our product prices, which had not fully passed through the higher costs, and secure a stable profit base.

For the third priority measure to "improve the performance of the Australia flour milling business," our plan after booking a substantial impairment loss in fiscal 2023 was

● Progress toward the medium-term management plan final-year targets

Revisions to the Medium-Term Management Plan 2026 targets (Page 16)

	FY2022 results (Medium-term management plan base year)	FY2024 results	FY2025 forecast	FY2027*2 (Medium-term management plan final year)
Net sales (¥ billion)	679.7	858.2	870.0	900.0
Operating profit (¥ billion)	29.4	47.8	51.0	48.0
Earnings per share (EPS) (¥)	59	107	128	110
ROE (%)	4.0	6.9	—*1	7.0

*1 Forecasts for full-year fiscal 2025 sales, operating income, and EPS were revised upward on July 31, 2024. ROE was not disclosed at that time.
*2 We will consider whether to adjust the target figures for fiscal 2027 in the first half of fiscal 2025 and reflect the decision in our interim financial results.

to increase earnings by ¥4 billion over the five years of the medium-term management plan (excluding the reduction in amortization expenses due to booking an impairment loss). We are making less progress than we had hoped, however, and we unfortunately will need more time to fully recover. We see the primary cause as inflation, which undermined demand for our products, so in fiscal 2025, we plan to launch products in our areas of strength and actively propose new products to clients while also continuing to improve our productivity.

To Implement our environmental initiatives—the fourth priority measure—we are advancing initiatives to mitigate the impact of climate change. During the year, we established the structure for systematically reducing our CO_2 emissions to stay on track with our roadmap for reducing Group CO_2 emissions by 50% compared to fiscal 2014 levels by 2030 from Group-owned facilities. In addition, Nisshin Flour Milling signed an off-site corporate power purchase agreement (PPA) that switches all electricity consumed at the Tsurumi Plant, the largest flour mill in Japan, completely to renewable energy. The agreement is expected to reduce CO_2 emissions by approximately 27,000 tons annually.

For the final priority measure of "advancing the digital strategy," we progressed with our digital transformation (DX) objectives for automation and efficiency, standardization, strengthening customer proposal capabilities, and expansion of sales channels. Steps taken include introducing our corporate version of Chat GPT and using business intelligence (BI) tools to create visualization for management-related data. I believe both of these started to produce tangible effects in the value chain during the year. Nisshin Flour Milling and the Group's prepared food company Tokatsu Foods were both recognized as DX-certified Business Operators by the Ministry of Economy, Trade and Industry. The use of digital technology was a major contributor to the substantial improvement in the prepared foods business's performance results in fiscal 2024.

Fiscal 2025 priority measures for fulfilling the medium-term management plan

In fiscal 2025, we will continue working to fulfill the objectives of the medium-term management plan with updated priority measures.

In fiscal 2025, we will continue to promote the priority measures for strengthening our foundation to fulfill the objectives of the medium-term management plan. We have set four priorities for the year: "stimulate the Group's ability to grow by restructuring the business portfolio," "initiatives to revitalize the Australia flour milling business and India yeast business," "execute the R&D strategy to produce tangible results," and "leverage the benefits of automation and labor-saving." As a priority measure of the medium-term management plan, we took steps in fiscal 2024 to "stimulate the Group's ability to grow by restructuring the business portfolio" and will continue focusing on it in fiscal 2025. Likewise, "improve the performance of the Australia flour milling business" was a priority measure in fiscal 2024 and will continue to be a focus in fiscal 2025 as we have not yet produced satisfactory results.

1. Stimulate the Group's ability to grow by restructuring the business portfolio

In fiscal 2025, we will continue to focus on how we will grow as a group and how we will execute investments for our core and growth businesses.

In the domestic flour milling business, as discussed in our review of fiscal 2024, we continued making necessary investments to steadily strengthen the business portfolio, including to construct the new Mizushima Plant and to acquire Kumamoto Flour Milling. Making Kumamoto Flour Milling a fully consolidated company brings all of its profits into the Group and will facilitate generation of synergy effects, on which we will give even greater focus in fiscal 2025. We believe the synergies will not only boost Kumamoto Flour Milling's earnings, but will also be beneficial for Nisshin Seifun in various areas, including sales, production, logistics, and development. In short, we anticipate significant benefits for both our companies. The domestic flour milling business is the Group's core operation, and we will continue to invest in areas needed to maintain its strong business foundation.

Overseas, we are presently constructing a new production line at the Saginaw Plant in Texas as part of our plan to substantially increase our production capacity. The competitive environment for flour milling differs from state to state in the United States, but we expect to continue increasing sales because of our production bases in growing

markets and the strong relationships of trust we have built with our customers. The United States market has significant growth potential and I want to make sure we take full advantage of the opportunities, including continuing to explore further investment ideas.

Please see Stimulate the Group's ability to grow by restructuring the business portfolio (Pages 32–33)

Please see Segment Strategies (Flour Milling Business) (Page 45)

2. Initiatives to revitalize the Australia flour milling business and India yeast business

The Australia business is expected to continue facing very challenging conditions. In fiscal 2025, we will be focusing on accelerating the business's earnings recovery, which has been progressing slower than we were planning. In doing so, we will flexibly implement several strategies to put the business on track to achieve the profit growth targets in the medium-term management plan. I visit the Australia business often, and in May 2024 travelled with the Division Executive of the Overseas Business Division of the Flour Milling Business. Market conditions are still quite severe, but through many discussions with local executives we decided to focus on expanding sales of the products where we have strengths and are carefully assessing our current market strategies and production structure. We want the Australia business to put up some solid results in fiscal 2025.

The yeast business in India has been steadily increasing its sales volume since it started operations in August 2022, and by the end of fiscal 2024, it had captured approximately 18% market share in the country. The business is still operating at a loss, but we will continue building its sales with the aim of making fiscal 2024 the bottom in terms of profits and starting a growth trajectory from there. India is a vast country with different cultures and competitive environments in North, South, East, and West India, and the business's market share similarly differs by region. Our approach is to continue to revise our product prices while considering the pace of sales growth, beginning with regions where we hold relatively high market share. India has the world's largest population, and demand for bread products is growing rapidly. We continue to view this as a promising market. Although it will take a little more time to realize, we are aiming for the India business to be making a positive contribution to profits by the end of the medium-term management plan in fiscal 2027.

Please see Feature: Overseas Business Strategy (Australia/India) (Pages 34–35)

3. Execute the R&D strategy to produce tangible results

One of my personal goals while I am president is to introduce a new hit product. We are discussing what we need to do and what we need to change to make that happen. The Group's R&D activities consist of mutually coordinated basic research by Nisshin Seifun Group Inc. and product development conducted by the Group companies, which are directed toward practical application of the research results. In fiscal 2025, we hope our R&D efforts will manifest themselves in tangible results. We have developed numerous products in recent years in the health, environment, and convenience categories, but the ones that have gained hit product status have had relatively small impact. I want to change that. I will tighten the R&D coordination between Nisshin Seifun Group Inc. and Group companies and will personally talk with relevant people to establish a clear direction for development so management and researchers are firmly in sync.

In April 2024, we strengthened the product development capabilities in the processed foods business by separating the production and development functions to better focus on product development, which will speed up the development and launch of new products. Our aim is for the new products that this structure creates to add ¥6 billion to annual sales. In addition, we already have numerous technologically superior products, and we will further raise market recognition of these products while also working to increase exports and overseas sales.

Please see Feature: R&D Strategy (Page 36)

4. Leverage the benefits of automation and labor-saving

The Group has established high productivity in its original flour milling business. However, to make effective use of limited human resources, I would like to use the extensive expertise the Group has accumulated to increase the speed of integrating automation and labor-saving into our operations.

We have already made significant progress in labor saving for our capital-intensive operations like the flour milling business, but we will seek to make progress further by actively introducing the world's most advanced technologies, including technologies from outside the Group. Conversely, we expect to see ongoing technology innovation in labor-intensive operations like the prepared dishes and other prepared foods business. We plan to accelerate the

development of automation technology and actively introduce new technologies to our production lines. The prepared dishes and other prepared foods business requires a large amount of labor, but we believe that continuing to develop our automation and labor-saving technologies will further differentiate the business from its rivals and generate substantial positive effects.

Please see Feature: Leverage the Benefits of Automation and Labor-Saving (Page 37)

Revisions to the Medium-Term Management Plan 2026 targets

We still have much work to do to carry out the original measures of the Medium-Term Management Plan 2026. We remain dedicated to the plan and have no intention of revising or replacing it. However, the plan's final year of fiscal 2027 is fast approaching, and in the first half of fiscal 2025 we will examine whether to revise the plan's numerical targets. I believe the most critical point will be deciding how to secure the revenue base of the domestic flour milling business, where we significantly improved earnings in fiscal 2024. For the other businesses, we will discuss internally what we see for future growth scenarios. We intend to present the outcome of these discussions at the results briefing for the second quarter of fiscal 2025.

● Reviewing numerical targets in the medium-term management plan

We will consider whether to adjust the target figures for the final year of the medium-term management plan in the first half of fiscal 2025 and announce our decision with first half financial results.

During the first half of fiscal 2025, we will discuss the following subjects.

1. Securing an earnings base that will drive high profitability in the domestic flour milling business as a core business

2. Growth scenarios

(1) Improvement in results in overseas operations
(Australia flour milling business and India yeast business)

(2) Growth of the US flour milling business
(Expansion of the Saginaw Plant and other factors contributing to growth from fiscal 2026)

(3) Improvement in profitability in the processed food business
(New products, the transformation of the business structure, improvement in productivity, etc.)

(4) Improvement in profitability in prepared dishes and other prepared foods business
(Development of high value-added products, improvement in productivity, etc.)

(5) Growth in the mesh cloth business
(Operations in the solar battery market and other growth markets)

ESG Initiatives

In fiscal 2025, we will continue implementing ESG initiatives adapted to social trends.

ESG initiatives are essential to the Group's sustainable growth and to enhance its corporate value. In fiscal 2025, we will continue advancing our ESG initiatives in accordance with the basic policy of the medium-term management plan to integrate ESG into management strategy and implement by adapting to social trends.

For our environment initiatives, as I mentioned earlier, we have created a roadmap and established the structure for achieving our reduction targets for CO_2 emissions. In addition to specific measures to increase the use of renewable energy, such as the off-site corporate PPA in the flour milling business, we will continue our energy-saving activities and initiatives to improve production efficiency.

Please see Sustainability Strategy: The Environment (Pages 56–59)

In addition, the remuneration structure for internal directors (excluding those who are members of the Audit & Supervisory Committee; the same applies hereinafter) will be more closely linked to business performance with the aim of increasing focus on enhancing future corporate value and achieving growth in the medium to long term. Previously, the ratio of fixed remuneration (basic remuneration), variable remuneration (bonuses), and stock-based remuneration was 70:15:15, but the variable remuneration ratios whose values fluctuate based on individual or company performance will be increased and the ratio will now be 60:20:20. In addition, to promote the reduction of CO_2 emissions, annual bonuses for internal directors will also reflect an evaluation of the progress toward the CO_2 targets in the reduction roadmap.

Please see Governance (Pages 64–73)

Human resources are another important area where we are focusing our attention. Human resources are the foundation of corporate value, and as the business environment rapidly evolves, recruiting, developing, and retaining human resources are becoming increasingly critical. We are accordingly reviewing our systems related to personnel, including the wage structure, and strengthening our human resources strategy. Since becoming president, I have been aware of the issue of low mobility of human resources within the Group and have focused on improving it. One step we took to improve our recruiting ability and increase mobility in fiscal 2025 was to introduce collective Group recruitment and recruitment by job category at Nisshin Seifun Group Inc. and three other Group companies. I would like to continue taking advantage of the benefits of corporate autonomy under the holding company structure adopted in 2001 while creating a structure to further increase employee mobility throughout the Group.

Please see Outside Director Interview (Pages 39–41)
Please see Human Resource Strategy (Pages 42–43)

One of the medium-term management plan's basic policies is to enhance management by clarifying our business relationships toward our stakeholders. Following that policy, I have told employees that we will provide appropriate compensation and a supportive work environment for skill improvement. We will continue making the investments necessary to create a comfortable working environment where employees can be energetic, active, and creative in their everyday work. In May 2024, we announced the opening of a new office in Yoga in Setagaya Ward, Tokyo, that will be a new development base for flour milling, processed foods, and premixes. We also announced the renovation of the head office building's office floors and the construction of a new office building at a nearby property. These and other improvements are being made to create an office environment that is comfortable for employees to work in and to strengthen the Group's business competitiveness.

We recognize that the Group's fundamental purpose is to provide a stable source of food, including the main staple foods of our wheat flour and flour products. We will continue seeking to enhance our corporate value and be a company that is trusted by all stakeholders. We look forward to your continuing support.





Capital Policy

We will enhance our corporate value by actively allocating operating cash flow and other funds for growth investments, consistently increasing earnings per share and ROE, and improving capital efficiency.

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

Medium-Term Plan Basic Policy 1

Stimulate the Group's ability to grow by restructuring the business portfolio

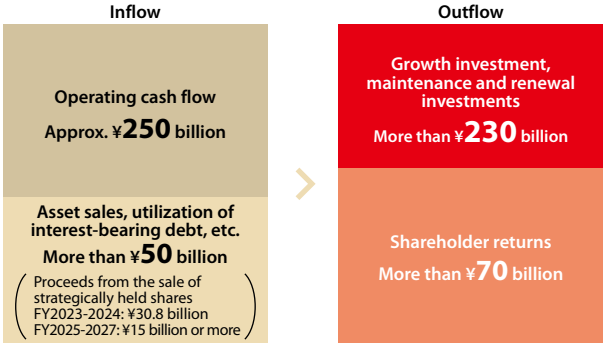
Growth investment

The foundation of the Group's capital policy is to appropriately control the capital structure while maintaining a balance between improving capital efficiency and financial stability, fully taking into account our social responsibility of providing a stable supply of wheat flour and other staple foods. Management is following this capital policy as it advances the medium-term management plan's basic policy of stimulating the Group's ability to grow by restructuring the business portfolio.

Our primary objectives are to increase earnings per share (EPS) and raising return on equity (ROE) by actively using funds generated from operating cash flow and the sale of strategically held shares during the medium-term management plan and, if necessary, interest-bearing debt to finance aggressive investment for growth. We are focusing on the areas of M&A, R&D, automation and labor-saving in the prepared dishes and other prepared foods business, environmental initiatives, digital and AI technologies, and human resource development.

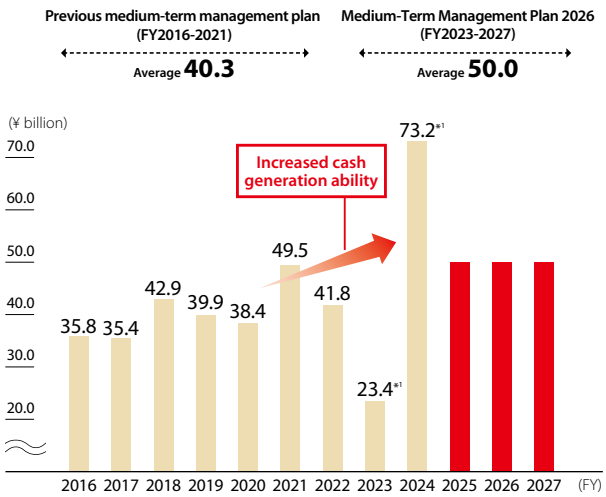
Through these activities, we will enhance our corporate value over the long term, provide a stock price that earns the trust of our shareholders, and provide an appropriate level of total shareholder return.

● **Five-year cumulative cash-flow plan**
(Medium-Term Management Plan 2026 from FY2023 to FY2027)



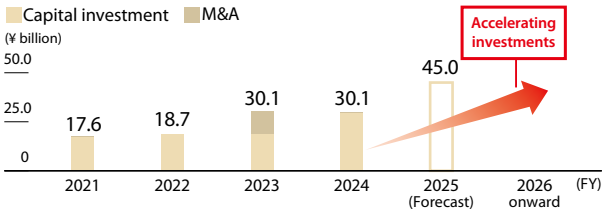
Investment for future growth will be prioritized when allocating operating cash flow and proceeds from the sale of strategically held shares. In the event available funds exceed investment needs, the provision of additional shareholder return will be considered while taking into account expected future need for funds.

Group operating cash flow and targets



*1 Working capital is influenced by sharp fluctuations in raw material prices and other factors.

Growth investment, maintenance and renewal investments



Capital investment to increase long-term corporate value

- Domestic flour milling: Mizushima Plant construction (Operation start planned for May 2025) ····· ¥**18.0** billion
- Domestic flour milling: Kumamoto Flour Milling Co., Ltd. acquisition (Acquisition of shares in January 2023) ····· ¥**13.9** billion
- Domestic flour milling: Tsurumi Plant expansion of wheat silos (Construction start planned in May 2025, scheduled for completion in 2028) ····· ¥**10.0** billion
- US flour milling: Los Angeles Plant expansion (Completed in November 2023) ····· ¥**1.4** billion
- US flour milling: Saginaw Plant expansion (Operation start planned for early 2025) ····· ¥**6.2** billion
- Group companies: Head office area transformation (Planned completion in FY2027) [Including construction of the new development base (Yoga Office)]

Medium-Term Plan Basic Policy 2

Enhance management by clarifying our business relationships toward our stakeholders

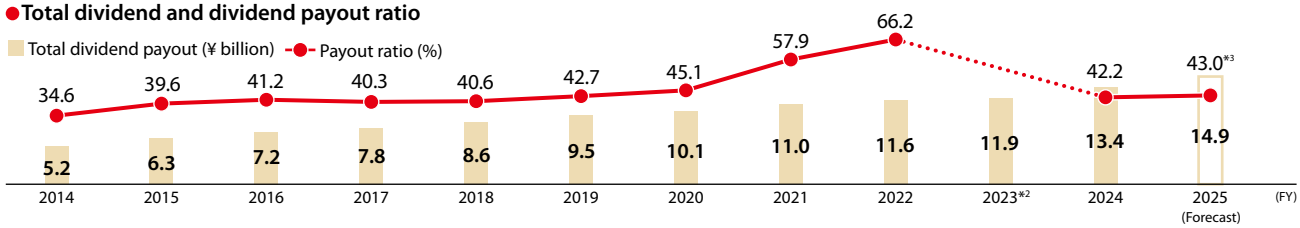
Shareholder return

Nisshin Seifun Group Inc. believes that a long-term perspective to providing stable return on profits is the most appropriate stance for meeting the expectations of our shareholders. Based on this approach, the Company has set a standard for a consolidated dividend payout ratio of 40% or higher, excluding non-recurring special factors, such as gain on sale of investment securities.

Allocation of operating cash flow will prioritize investment for future growth. In the event of a surplus of investment funds, increasing shareholder return will be considered while taking into account expected future capital needs.

We will actively monitor for advantageous conditions to distribute dividends. We currently plan to raise the dividend payout for the fiscal year ending in March 2025, which would mark the 12th consecutive year of dividend increases.

Total dividend and dividend payout ratio



Dividend per share (¥) (FY)

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 (Forecast)
20*4	22*4	24	26	29	32	34	37*5	39	40	45	50

*2 Dividend payout ratio is not presented due to the net loss in profit attributable to owners of parent.
*3 Figures exclude income/loss due to non-recurring special factors. The projected dividend payout ratio before excluding non-recurring special factors is 39.1%.
*4 Stock splits of 1:1.1 were conducted on October 1 of 2013 and 2014. The annual dividend per share was unchanged, but the effective dividend per share increased for fiscal 2014.
*5 Fiscal 2021 included a ¥2 dividend per share to commemorate the 120th anniversary of the Company's founding.

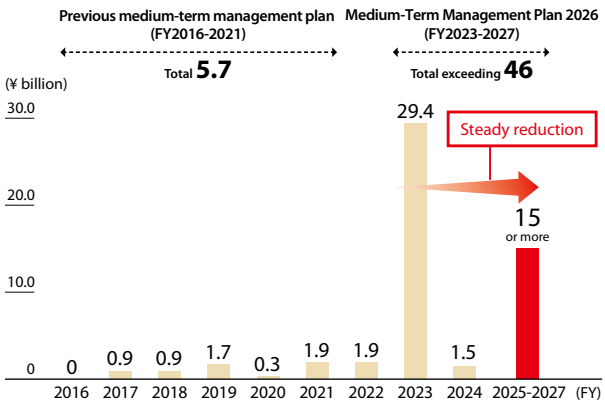
Reduction of strategically held shares

The Nisshin Seifun Group's most important mission is to reliably deliver wheat flour and other staple foods to consumers. To fulfill this mission, it is essential that we construct and cultivate long-term stable relationships with manufacturers, sales firms, and other business partners in the supply chain. The strong relationship of trust that we enjoy with our partners has been built over many years, and maintaining and strengthening these relationships is essential for us to continue enhancing our corporate value in the future.

The Company annually examines the suitability of its shareholdings from a medium- and long-term perspective and shareholdings deemed to have no or diminished rational reason to be retained will be reduced.

During the current medium-term management plan, we plan to reduce strategically held shareholdings by a total exceeding ¥46.0 billion, with the reduction of ¥30.8 billion during fiscal 2023 to fiscal 2024 followed by a reduction of ¥15 billion or more during fiscal 2025 to fiscal 2027.

●Balance of strategically held shares



Medium-Term Plan Basic Policy 3

Integrate ESG into management strategy and implement by adapting to social trends

Environmental, digital, human resource investment

The medium-term management plan sets a framework for ¥15 billion in environmental investment and ¥15 billion in digital investment, both of which we will aggressively implement as investment for growth. We will aggressively invest in these areas for the economic effects as well as for the contributions they will make to enhancing future assessments of the Group's corporate value by society and the capital markets.

Our environmental activities will follow our CO_2 reduction roadmap and include systematic spending every year to progress toward achieving our medium- to long-term targets for environmental issues. In fiscal 2025, we plan to invest to further improve our energy efficiency, such as by installing more solar power generation facilities at flour milling and processed food business plants in Japan and overseas.

The basic policy of our digital strategy is to advance digital transformation (DX) initiatives catered to management issues at each Group company. In fiscal 2025, we plan to invest in automation and labor saving at prepared dishes and other prepared foods plants, developing digital talent, and strengthening our cyber security.

Our human resources strategy is to provide a foundation for enhancing our ability to execute management strategies and to be a corporate group that values all stakeholders and is trusted all around the world. We will be investing in strengthening our human resources in many ways. We plan to expand recruitment channels for securing diverse human resources, strengthen development of management, global, and digital technology human resources, and increase opportunities for employees to learn independently.

Promoting management with awareness of capital efficiency and stock value

Increasing our earnings per share (EPS) and improving the price-to-earnings (P/E) ratio are essential to enhancing the Group's corporate value. In short, this means we will need to lower the cost of equity and raise the expected growth rate. EPS increased in fiscal 2024, and we recognize the need to improve the P/E ratio.

Several approaches will be taken to improve the P/E ratio. We will lower the cost of equity by limiting the earnings fluctuations in our main businesses, which we can do by maintaining the stable profit base in the domestic flour milling business. We will also minimize earnings volatility by strengthening the competitiveness of our overseas businesses and securing a stable earnings base. We will also provide more disclosure of our business strategies and more actively engage in dialogue with investors.

To increase our expected growth rate, we will improve the performances of the flour milling business in Australia and the yeast business in India and continue growing the flour milling business in the United States. We will also implement growth initiatives to boost the profitability of the processed foods and the prepared dishes and other prepared foods businesses. We will also actively invest in growth opportunities to expand earnings and raise expected business growth.

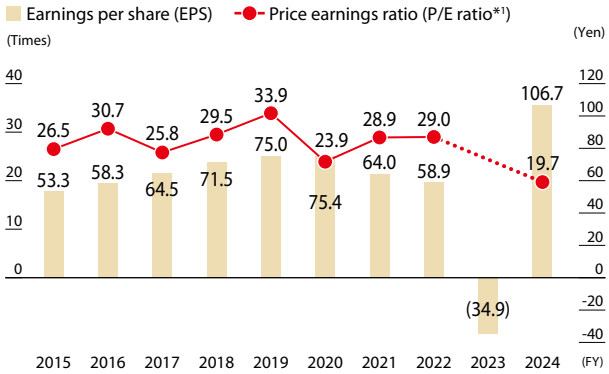
The price book value ratio (PBR) is currently above 1x, and we will continue working to raise it further. Since PBR is derived by multiplying P/E by ROE, while we improve the P/E ratio through the approaches described above, we will also raise ROE by continuing to improve our capital efficiency.

In fiscal 2024, we began monitoring return on invested capital (ROIC) for each business. As we restructure the Group's overall business portfolio, we will also be implementing measures to improve the Group's capital efficiency by advancing specific strategies to raise the ROIC of each business.

In addition to these efforts to enhance our corporate value, we will return profit to shareholders to ensure an appropriate level of total shareholder return.

$$\text{Corporate value (stock price)} = \text{EPS} \times \text{P/E ratio} = \frac{\text{EPS}}{\text{Cost of equity - Expected growth rate}}$$

●10-year trend in EPS and P/E ratio

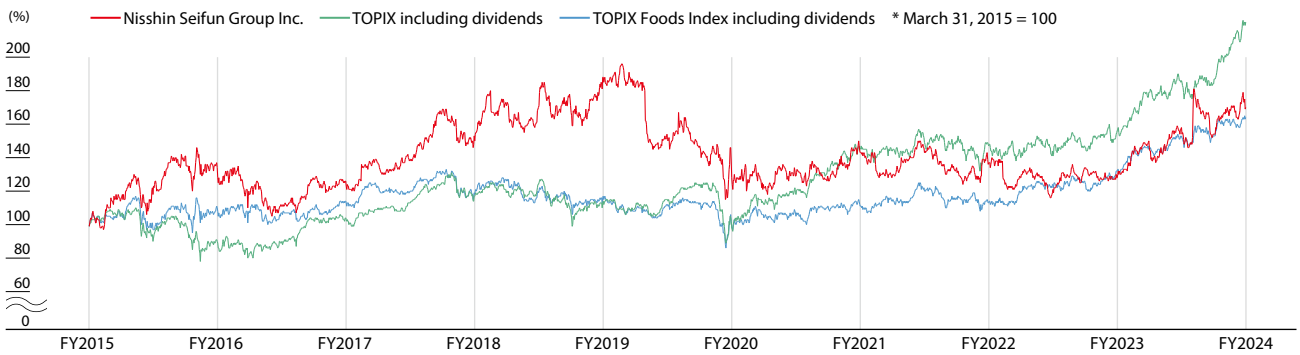


(FY)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Net assets per share (¥)	1,218	1,238	1,303	1,345	1,359	1,329	1,456	1,510	1,425	1,682
Price-to-book ratio (PBR*2) (Times)	1.2	1.4	1.3	1.6	1.9	1.4	1.3	1.1	1.1	1.2
Return on equity (ROE) (%)	4.6	4.8	5.1	5.4	5.5	5.6	4.6	4.0	(2.4)	6.9
Share price at fiscal year end (¥)	1,414	1,789	1,661	2,109	2,540	1,802	1,850	1,706	1,551	2,100

*1 P/E ratio = Period-end share price (yen) divided by earnings per share (yen) *2 PBR = Period-end share price (yen) divided by net assets per share (yen)

●Total shareholder return comparison to TOPIX and TOPIX Foods Index



Using the integrated strength of our diversified wheat businesses to support rich and diverse food preferences and healthy lifestyles with safe and reliable products for any occasion

Input

Financial Capital

- Equity ratio 61%
- Operating cash flow ..... ¥73.2 billion
- Credit rating ..... AA (JCR)

Intellectual Capital

- R&D spending ..... ¥7.9 billion
- Patents held 1,802
  (1,026 in Japan / 776 overseas)

Manufacturing Capital

- Manufacturing sites ..... 55 in Japan / 35 overseas
- Countries in which we have plants 11

Human Capital

- Employees 9,574
- Percentage of women in new graduate hires 29%
- Percentage of non-Japanese employees 41%

Social Capital

- Massive customer base cultivated during a century of business
- Strong relationships of trust with wheat producers in our business regions
- The top brand in BtoB supported by safe products and reliable supply, and development and proposal capabilities
- The brand in BtoC supported by our customers

Natural Capital

- Energy usage ..... 6,735 TJ
- Total water inputs ..... 6,854 thousand m³

Guiding philosophies

The basis of business is built on trust

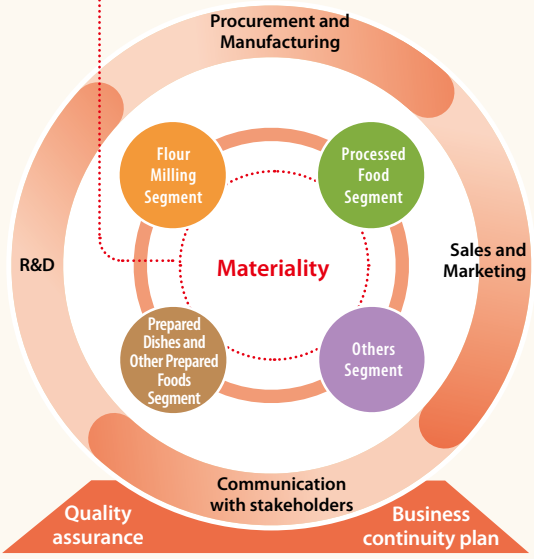
Being in tune with the changing business climate

Corporate principle

Contributing to a healthy and fruitful life for all

Sustainability Priorities (Materiality)

- Provide safe and healthy food and responsible consumer communication
- Enable secure and sustainable raw material procurement
- Efficiently handle product and packaging waste
- Address climate change and water resource issues
- Provide working environments that are healthy and fulfilling



Group Value Chain

The Foundation of Value Creation

Human resources | Governance

External Environment (Risks and Opportunities)

Demographics
- Increase in global population and decrease in population of Japan
- Ageing society
- Labor shortages

Technological Innovation
- Automation
- AI technology
- Increased sophistication of logistics
- Food tech

Environment & Food Resources
- Global warming
- Pollution from waste
- Exhaustion of food resources

Global Economy
- Expansion of emerging markets
- Geopolitical risk
- Worldwide cost inflation

We are pursuing a variety of businesses to leverage the technology and networks we have developed as the leading flour milling corporate group supporting the food infrastructure in Japan. With safety and reliability as our highest priority, our mission is to create and offer a wide range of value by providing products and services that "contribute to a healthy and fruitful life for all."

Reinvesting to maximize corporate value and shareholder return

Output → Outcome

See "At a Glance" on pages 6-9 for information about products

(1) Supply of high-quality foods made possible by R&D focused toward market needs

- Products that shape the food infrastructure, such as wheat flour
- Products that support a wide range of eating options

(2) Diverse products that contribute to healthy lifestyles

- Food supplements, foods with function claims, healthcare foods, active pharmaceutical ingredients, etc.

(3) Wide-ranging products and services to address environmental issues

- Mesh technology to facilitate the use of renewable energy, etc.
- Manufacturing technologies for functional nanoparticles, etc.

(4) Provision of information about health and food culture

- Providing health-related information
- Promoting food culture
- Providing opportunities to learn about wheat and flour

Food & Health

- Rise in awareness of safety
- Health consciousness
- Diversifying food preferences

Medium- to long-term targets for achieving outcomes

Financial targets

Medium-Term Management Plan 2026

Targets for fiscal 2027*1

- Net sales ¥**900.0** billion
- Operating profit ¥**48.0** billion
- EPS ¥**110**
- ROE **7.0**%

Non-financial targets

Medium/Long-Term Targets for Environmental Issues

Climate change adaptation and mitigation

Reduce CO_2 emissions from Group-owned facilities to **net zero** by 2050

Reduce CO_2 emissions from Group-owned facilities by **50%** compared with the fiscal 2014 level by 2030

Reduce CO_2 emissions across our supply chains

Water resource conservation

Reduce the amount of water used in plants per unit of production by **30%** compared with the fiscal 2022 level by 2040*2

Reducing food waste

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 by 2030*3

Reducing packaging waste

Reduce the amount of fossil fuel-derived plastics used by at least **25%** compared with the fiscal 2020 level by 2030*4

Target for percentage of management positions held by women

15.0% or higher*5 by the end of fiscal 2028

*1 We will consider whether to adjust the target figure for fiscal 2027 in the first half of fiscal 2025 and reflect the decision in our interim financial results
*2 All Group companies in Japan and overseas
*3 At Group companies in Japan. Initio Foods Inc., Joyous Foods Co., Ltd., and Tokatsu Foods Co., Ltd., compared to fiscal 2020
*4 Group companies in Japan
*5 Nisshin Seifun Group Inc., Nisshin Flour Milling Inc., Nisshin Seifun Welna Inc., Nisshin Seifun Premix Inc., Oriental Yeast Co., Ltd., Nisshin Pharma Inc., Nisshin Seifun Delica Frontier Inc., Nisshin Engineering Inc., NBC Meshtec Inc., Nisshin Grain Silo Inc., Nisshin Associates Inc.

Use our business to contribute to society and continue growing as a core corporate group in the food industry

- Producing safe, reliable, sustainable foods and food infrastructure
- Ensuring food abundance and diversity
- Driving innovation in fields that support food and health
- Helping to build a healthy society
- Contributing to a decarbonized, recycling-oriented society
- Become a corporate group where all employees can find fulfillment in their work

Sustainability Initiatives

Activity structures

Decisions about important matters relating to sustainability are based on deliberations and resolutions by the Board of Directors.

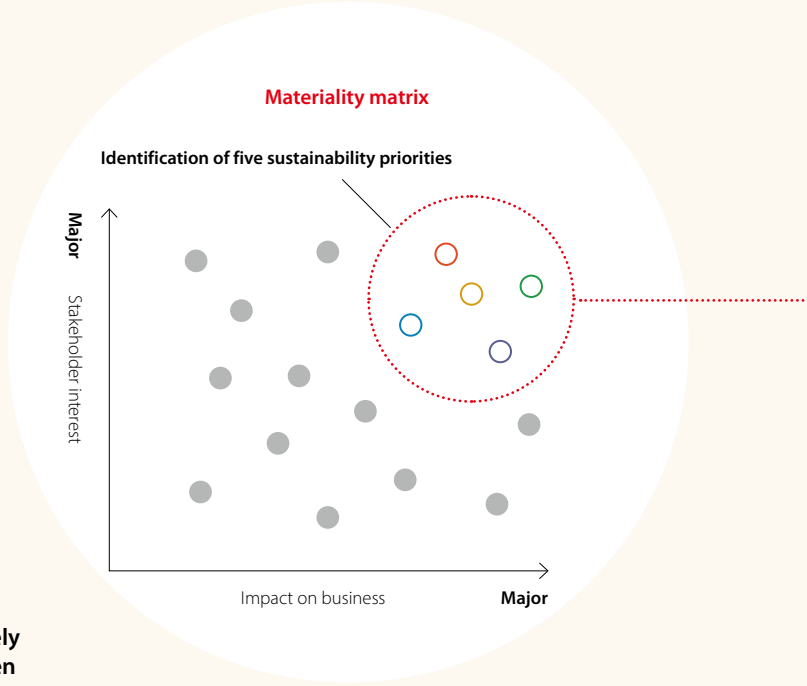
In fiscal 2024, we revised our sustainability promotion structure. We established the Sustainability Committee, which is chaired by the Director and President of Nisshin Seifun Group Inc. and made up of the presidents of other Group companies, to promote the Group's sustainability activities.

The Sustainability Committee monitors progress on the important sustainability priorities (materiality) that we have identified, including the medium- to long-term environmental targets formulated in 2021. It also deliberates on new sustainability-related issues, etc., as well as policies and strategies to address these issues. In addition, the Sustainability Committee oversees and facilitates the activities of three specialized committees—the Environment Committee, the Human Rights Promotion Committee, and the Work Style Reform Committee—which coordinate Group-wide initiatives relating to individual issues, such as climate change responses, respect for human rights, and the improvement of employees' working environments. Together these committees form a structure for promoting and strengthening sustainability initiatives by the Nisshin Seifun Group.



Identifying our materiality

We have identified sustainability priorities (materiality) for the Nisshin Seifun Group with the aim of focusing our initiatives toward social issues that are extremely significant for our stakeholders and have the greatest impact on our business activities. The sustainability priorities will be reviewed regularly to reflect changes in the social environment.



Process for identifying priority issues

With the assistance of experts, we have identified approximately 60 issues using the procedures outlined below. These have been condensed into five sustainability priorities.

Step 1

Examine issues based on international norms and surveys of environmental, social, and governance (ESG) rating organizations.

We compiled a list of candidate issues, with reference to the GRI standards, ISO26000, evaluation items used by ESG rating organizations, case studies from other companies, and other information.

Step 2

Organize the issues by analyzing value chains.

We identified issues in the value chains for key businesses by ascertaining the status of processes, procured goods, and workers through interviews with business divisions and factory visits.

Step 3

Assess stakeholder interest.

We rated stakeholder interest on three levels (high, medium, low) based on assessments by ESG rating organizations, questions from NGOs, and other information.

Step 4

Assess the potential impact on our business.

Using the same methodology as the assessment of stakeholder interest in Step 3, we rated issues on three levels according to their impact on business and arranged them on the above materiality matrix chart.

Sustainability priorities (Materiality)

Sustainability priorities	Priority themes	Identifying social issues and providing value	Areas contributing to the SDGs
Provide safe and healthy food and responsible consumer communication	Ensuring food safety Responsible consumer communication Contribution to healthy diets	The Nisshin Seifun Group's corporate slogan is "delivering good health and reliability." We regard product quality as our most important responsibility, and our efforts to fulfill that responsibility are based on the concept of quality assurance from the viewpoint of consumers. Food-related priorities and needs are becoming increasingly diverse due to demographic aging, growing health awareness, and other factors. We will continue to use the accumulated knowledge of the Nisshin Seifun Group to create and deliver new value by focusing our research and development activities toward products and technologies that help consumers to enjoy good health. Our respect for consumers and customers is reflected in our ongoing efforts to contribute to healthier and more fulfilling lifestyles under our consumer-oriented management policy.	12, 2, 3
Enable secure and sustainable raw material procurement	Ensuring stable wheat procurement Sustainable raw material procurement	Our continuing ability to supply safe, high-quality products depends on reliable and sustainable access to safe raw materials. That is only possible if procurement activities are backed by the fulfillment of our social responsibilities, not only within our own operations, but also across entire supply chains. Under our Responsible Procurement Policy, we work with our suppliers to mitigate environmental issues and human rights risks in our supply chains and ensure that all procurement activities are conducted responsibly and on the basis of fair and ethical trading. We also monitor conditions in raw material production areas in Japan and overseas. By reliably procuring wheat and other raw materials, we ensure our continuing ability to supply safe, reliable products to our customers.	2, 14, 15
Efficiently handle product and packaging waste	Reducing food waste Reducing packaging waste	While many people in the world are still affected by hunger and poverty, food losses also continue to be a major problem. Another problem is plastic waste from packaging, which has low recovery and effective utilization ratios compared with metals and other materials. There is growing concern about pollution on a global scale caused by the release of this plastic waste into rivers and oceans. One of our most important priorities as a food manufacturer is to minimize food waste and plastic waste through efforts to create a system to reuse and recycle these materials in a sustainable manner. The Nisshin Seifun Group has been working actively for many years to reduce waste emissions and recycle resources. We have set medium-term targets for the further reduction of environmental loads, including measures to minimize food and packaging waste. We will continue to contribute to the realization of a sustainable society in cooperation with our partners at all stages of our supply chains.	12, 14
Address climate change and water resource issues	Climate change adaptation and mitigation Water resource conservation	Social, environmental, and business activities are being seriously impacted by the consequences of global warming, including rising temperatures, water shortages, and the increasing severity and frequency of natural disasters. This situation has become a major issue for the Nisshin Seifun Group at all stages of its supply chains. Today the survival of businesses depends on their ability to adapt to climate change and water problems. Our contributions to the realization of a decarbonized society will include efforts to achieve carbon neutrality by 2050. To achieve this, we have set medium- to long-term targets for the reduction of CO_2 emissions at our business sites and across our supply chains. In addition, we will continue to monitor water risks in raw material production areas and at our operation sites, while also working to reduce water consumption at our production sites, and cooperating with our partners to ensure the effective utilization of water at all stages of our supply chains.	13, 7, 6
Provide working environments that are healthy and fulfilling	Respect for diversity Cultivation of human resources Employee working environments and health	Employees are the drivers of growth and progress for the Nisshin Seifun Group. We have expanded into various fields of business on a global scale, with the result that the Group now employs people who are diverse in terms of nationality, age, gender, lifestyles, and values. One of our most important priorities is the development of a corporate culture based on mutual respect and acceptance of differences. We want to create working environments in which diverse employees can enjoy good physical and mental health, experience fulfillment through their work, and reach their full potential. We are pursuing workstyle reforms and health management with the aim of fostering a corporate culture that will lead to the creation of new value.	8, 5



Leveraging Group strengths, we create new value backed by our trusted Nisshin brand

Ever since its founding in 1900, the Nisshin Seifun Group has built a reputation as a trusted brand by reliably supplying safe foods through business activities following our guiding philosophies of "the basis of business is built on trust" and to "be in tune with the changing business climate" along with our corporate principle to "contribute to a healthy and fruitful life for all."

Things that change

Our constant challenge in a continually changing business environment is to remain in tune with changing needs. Our ongoing mission is to provide our products and services reliably. We continue to achieve growth through change, including diversification into new business areas, the development of products embodying new concepts made possible by research and development, endless efforts to reduce costs, and the development of flexible production structures.

Things that never change

Our business environment may change, and our business areas may expand. However, we will never change our commitment to reliability backed by safety, which will continue to be manifested in the development and maintenance of thorough quality assurance systems, our continual focus on research and development and innovation, and our determination to communicate in good faith with all stakeholders.

Working in good faith with all stakeholders

A wide range of people are involved at each stage of the journeys that deliver our flour and products made from our flour to the dining tables of Japan. They include wheat growers in Japan and overseas, government agencies dedicated to ensuring reliable supplies of wheat to Japan, the wholesalers who maintain supply networks, the customers who process our flour into products for consumers, and the consumers who provide input about their needs and preferences. The Nisshin Seifun Group has consistently worked in good faith with all of these valued partners.

By maintaining all of these activities, we have been able to build a resilient business portfolio, the capacity to create new value through research and development, advanced product manufacturing capabilities, and product safety and reliability backed by quality assurance systems and stable supply chains. These strengths have been the building blocks for the reputation of the Nisshin Seifun Group as a brand synonymous with trust. They are manifested in decades-long business relationships with our many customers, product brands that are widely supported by consumers, such as Nisshin, Ma•Ma, and *Ao-No-Dokutsu*, and consistently large shares of the domestic markets for commercial flour and yeast, and the markets for many types of household products. Our reputation as a trusted brand has also created a virtuous circle that further enhances our strengths.

We provide diverse value to society by creating unique value chains through the integration of strengths within the resilient business portfolio of the Nisshin Seifun Group, including R&D, procurement and manufacturing, sales and marketing, communication with stakeholders, quality assurance, and business continuity planning (BCP).

Six strengths

1. A flexible and resilient business portfolio covering products for a wide variety of eating options
2. Innovation driven by basic research
3. Safe and reliable products backed by comprehensive quality management
4. Advanced manufacturing technology geared toward customer needs
5. The ability to propose and market products that reflect market changes
6. Global networks capable of supporting stable supplies of food



Strength

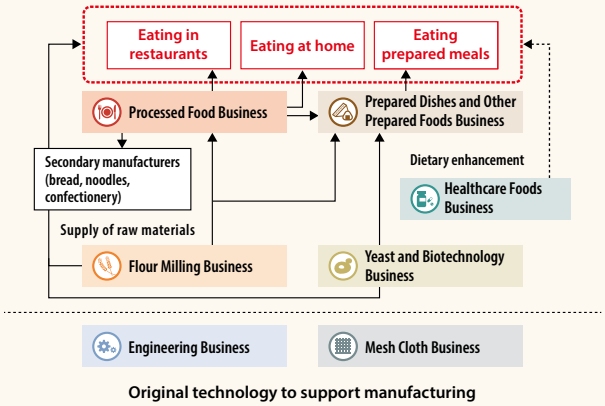
1 A flexible and resilient business portfolio covering products for a wide variety of eating options



Creating richly diverse food options to meet changing needs

From its origins as a flour-milling company, the Nisshin Seifun Group has steadily expanded its business portfolio in step with changing needs. The Group has diversified into the yeast business, and during Japan's period of high economic growth, it brought new choices to Japanese dining tables by launching household-use flour and macaroni. Through our premix business, we have helped our customers to improve productivity and build extensive product lineups. Anticipating growth in the number of households in which both partners work outside of the home, we also moved into the frozen food business and began to supply prepared dishes and other prepared foods. In addition, we are expanding the potential of our health food business, through which we help people to enhance their diets, our engineering business, through which we contribute to quality and efficiency in manufacturing, and our mesh cloth business, through which we continually create new technologies and value. In this way, we create diverse value through collaboration among our Group businesses.

Creating new eating options through our wide-ranging businesses and products



Strength

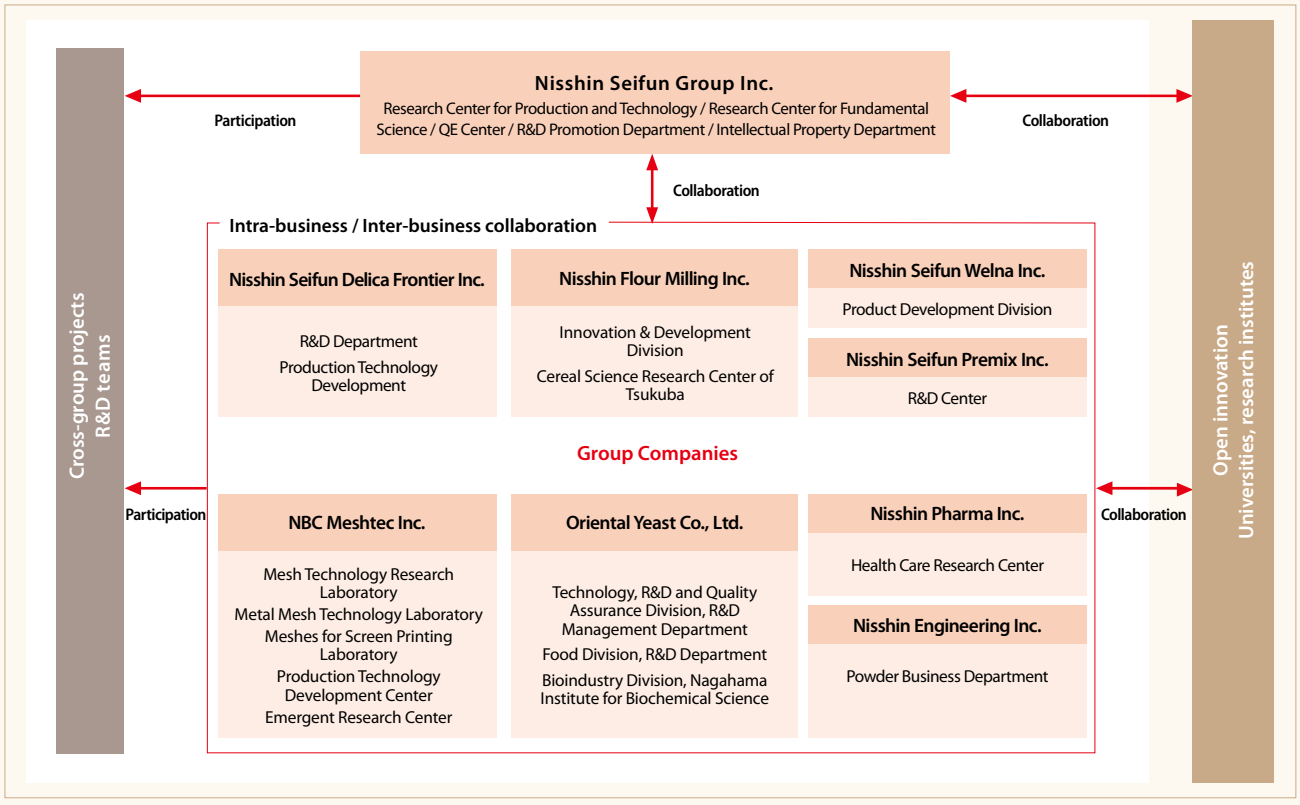
2 Innovation driven by basic research



Applying the Group's internal and external strengths and multifaceted R&D to specific business needs

Nisshin Seifun Group Inc. and other Group companies each have their own highly effective R&D organizations. These are organically integrated into a group-wide structure encompassing all stages of R&D, from fundamental research to developing products that are delicious, simple, and convenient, through to the development of secondary processing technologies that align with the customer's perspective.

By quickly acquiring the patent rights to intellectual property resulting from our research and prioritizing its strategic use in our business activities, we preserve our competitive advantage and satisfy our customers with our unparalleled product quality. We also seek to generate new value through collaborative research, open innovation, and other methods to incorporate input from outside the Group.



New products resulting from research focusing on the health functions of wheat

As a leading company in wheat-related industries, the Nisshin Seifun Group continues to discover new possibilities for wheat. We explore the health benefits of whole wheat flour and bran and prioritize the creation of new products and services that contribute to the health of consumers. Bran, the outer layer that makes up about 15% of wheat grains, is rich in dietary fiber. Bran products sold by the Nisshin Seifun Group include SF Bran, which is manufactured using an original production method developed under the leadership of Nisshin Flour Milling. Nisshin Seifun Welna uses SF Bran to manufacture NatuBran, a household-use bran product marketed as a food with functional claims.

We developed *Amuleia* high-fiber wheat flour as a health-enhancing product made from high-fiber wheat. The new product was launched in 2023. Modern diets tend to be deficient in dietary fiber, and we are helping people to enjoy healthier lifestyles by enabling them to consume dietary fiber through a variety of foods made using wheat flour.

The Nisshin Seifun Group remains committed to fundamental and basic research leading to the creation of new products that benefit consumers.

Strength

3

Safe and reliable products backed by comprehensive quality



Quality assurance from a consumer's perspective

Since its founding in 1900, the Nisshin Seifun Group has worked to earn the trust of society by following our guiding philosophies of "the basis of business is built on trust" and to "be in tune with the changing business climate," along with our corporate principle to "contribute to a healthy and fruitful life for all." As part of this commitment, individual employees practice quality assurance from a consumer's perspective by constantly asking themselves whether they could clearly explain the work that they are doing to a consumer.

The Quality Assurance Policy of the Nisshin Seifun Group
https://www.nisshin.com/english/safety/

Full quality assurance in all processes

Our internationally certified management systems and our team of Quality Assurance Controllers ensure the safety of all processes from product development and raw material procurement through to manufacturing and distribution. In addition, all of our manufacturing plants and storage facilities undergo Nisshin Quality Assurance Audits (NQ Audits) based on our unique checklists. These audits not only highlight emerging issues but also identify potential problems, enabling us to maintain and enhance our quality assurance performance through the early detection of and response to risk factors. We have further strengthened product safety by formulating food defense guidelines designed to prevent deliberate contamination of our products.

The management system certifications obtained by the Nisshin Seifun Group
https://www.nisshin.com/english/safety/authentication.html

Quality control throughout the Group's food supply chain

Product development	Before going on sale, new products undergo safety reviews by personnel with specialized knowledge. These reviews are based on extensive checklists covering product safety, environmental impacts, and other factors.
New raw material inspection	All new raw materials are assessed by the Quality Exam Center, which carries out safety checks based on scientific evidence. Final decisions about whether raw materials are suitable for use are made after wide-ranging analyses using advanced equipment designed to detect the presence of residual agricultural chemicals, food additives, food poisoning bacteria, allergens, genetic material, radioactive substances, and foreign matter.
Raw material management	We use traceability systems to record and store data about the raw materials that we use.
Manufacturing	We have introduced a food safety management system based on the hazard analysis and critical control points (HACCP) approach to product safety control.
Shipment	Our Quality Assurance Controllers work independently from manufacturing units. They inspect products from the consumer's perspective and make final decisions on whether items can be shipped.
Storage and distribution	Storage conditions in plants and external storage facilities are regularly checked.
Distributors and key customers	Product safety support and advice are provided to distributors and key customers.
Consumers	Product information is provided through various media, including labelling and websites. Consumer feedback is used to improve our products.

Strength 4

Advanced manufacturing technology geared toward customer needs



Milling expertise and technology are key to the consistently high quality of hundreds of types of wheat flour

The Nisshin Seifun Group offers a lineup of several hundred types of wheat flour to meet user needs and product characteristics. The wheat that we use as a raw material is an agricultural crop, which means that wheat harvested in different locations or carried on different ships can show quality differences even within the same variety grown in the same year. However, wheat flour used in secondary processed flour products, such as bread, noodles, and confectionary, must consistently meet quality standards that reflect customer requirements and the characteristics of secondary products, since variations in the quality of the wheat flour used can result in lower yields and food waste.

We ensure that our customers can use Nisshin Seifun Group products with confidence by blending and adjusting multiple types of wheat to stabilize quality. By preventing issues that could impact the quality of our customers' secondary processed flour products, these initiatives help to build customer trust in the Nisshin Seifun Group.



Commercial wheat flour

Production structures designed to maximize competitiveness

Food prices are expected to continue rising for some time due to the soaring prices of grain and other raw materials and resources on world markets, combined with the weakening of the yen. We are building a new plant at Mizushima for the Flour Milling Business as part of our efforts to develop low-cost production operations that will allow us to overcome international competition. The new plant, which will become operational in May 2025, will be an environment-friendly smart facility equipped with the latest automation systems and digital technology. In the Prepared Dishes and Other Prepared Foods Business, we are pursuing various initiatives to optimize the efficiency of our production processes, including the automation of the sophisticated manual processes required to arrange irregularly shaped ingredients attractively.

We are using the technology development capabilities of Nisshin Seifun Group Inc. and expertise accumulated by our various group companies to maximize competitiveness across the entire Nisshin Seifun Group.

Using packaging technology to create environmental value

Containers and packaging used on our products become waste as soon as the food is consumed. That is why we always consider the environmental impact when developing new products.

For example, we have switched from plastic trays to paper trays for Ma•Ma The Pasta *Zeitaku Yasai* series and eliminated the top seal that formed the lid. Changes such as these have reduced the amount of plastic used by around 70%. We are also working to reduce the amount of plastic used in double-pillow packing for over 100 frozen pasta products and other items by modifying product sizes and designing thinner packaging.

We will continue these efforts to reduce the environmental impacts of our products, starting from the packaging design and R&D stages.



Ma•Ma The Pasta *Zeitaku Yasai* series



Ma•Ma *Cho-mochi Nama* Pasta series

Deep pool of engineering talent

Since its founding, the Nisshin Seifun Group has been involved in flour milling, an industry that is heavily reliant on large-scale industrial facilities. Other product categories include prepared dishes and other prepared foods, which require production lines staffed by large numbers of workers. The characteristics of our factories vary according to the products that they manufacture, but they all have large teams of engineers whose task is to maintain stable operations. In addition, our engineering business employs numerous engineers on plant construction projects within and outside of the Nisshin Seifun Group. Engineering technology and expertise are shared among Group companies through personnel exchanges within the Group. For example, engineers from operating companies are frequently seconded to the Nisshin Seifun Group Inc. Research Center for Production and Technology and the Technology and Engineering Department. In addition to their work in Japan, our engineering staff also gain overseas experience, including work on plant construction projects in other countries. They also support the expansion of our overseas business operations by learning the latest technologies through overseas study. Another key role for our engineers is the improvement of production line efficiency and productivity by combining expertise learned from previous generations with knowledge of automation technology gained through their own experience.

Strength

5 The ability to propose and market products that reflect market changes



Applying Group-wide capabilities to BtoB marketing

In the commercial products category, we are responding to the diversification of consumer needs by rising to the challenge of creating a new food culture. For example, we use a vast database of knowledge to provide information to help users create new products and menus through the *So-Shoku* ("food creation") Club, an online support site for users of our commercial products. On this site, customers can find information for use in creating new products and menus, as well as support and solutions to help them overcome problems. Our Flour Milling Business, together with our Processed Food, and Yeast and Biotechnology Businesses, work collaboratively alongside customers to solve problems and explore business opportunities. In the Engineering Business, our plant engineering staff prioritize communication with customers as they provide comprehensive services ranging from sales to maintenance.

Consumer-focused product proposal and direct marketing activities

Communication with consumers is a vital part of our efforts to achieve customer satisfaction by offering products and services that match changing needs. For example, we have launched Nisshin *okonomiyaki* pancake flour *Hon Fuwa* and Nisshin *takoyaki* mix *Hon Toro*, both of which are made from 100% Japanese-grown wheat and supplied in sachets to eliminate the need for weighing and measuring. Other initiatives include the updating of the Ma•Ma Macaroni range, which can be cooked in microwave ovens. In addition, we are helping consumers to enjoy healthier lifestyles by providing information about Nisshin Seifun Group products and other topics, such as nutritional and health data relating to flour, through our Well-Navi website.

Strength

6 Global networks capable of supporting stable supplies of food



Global production and procurement networks

We are determined to procure the best raw materials and create products that will meet customer expectations by optimizing our production structures for each Nisshin Seifun Group product on a global basis. In the Flour Milling Business, we own flour mills in the United States, Canada, and Australia, which are all major sources of wheat imported into Japan. This presence allows us to obtain information and knowledge about wheat by communicating with local growers about growing conditions and other factors. In the Processed Food Business, we have established pasta production facilities in the United States and Turkey, which produce excellent durum wheat. We operate pasta sauce facilities in Thailand and Vietnam, which are expected to achieve rapid economic growth. We have also established commercial premix operations in countries with large numbers of frozen food manufacturers, especially China, Thailand, and Vietnam. In the Yeast and Biotechnology Business, we opened a yeast plant in India, the world's biggest country in terms of population, in 2022. We are also developing overseas production facilities for the Mesh Cloth Business, including plants in Indonesia and Thailand.

Ensuring supply chain resilience through business continuity planning

The Nisshin Seifun Group has a responsibility to maintain reliable supplies of food, especially staple items like wheat flour. This task has become increasingly important in recent years because of the rising severity and frequency of natural disasters, food problems caused by pandemic countermeasures and the Ukraine situation, and the impact of climate change on crop cultivation. We formulate business continuity plans (BCPs) to ensure our continuing ability to supply safe, reliable foods. Actions based on these plans at the Tsurumi Plant, which is Japan's largest flour mill, include disaster prevention measures, such as seismic strengthening measures and work to prevent ground liquefaction, as well as the construction of additional silos. These measures have further strengthened our capacity to maintain supplies in the event of disasters. In addition, Nisshin Seifun Welna's plants in Japan and overseas are coordinating to develop systems that will allow production to be transferred to other facilities if unforeseen situations arise.

Stimulate the Group's ability to grow by restructuring the business portfolio

Strategy to strengthen domestic flour milling business competitiveness

Consolidation of Kumamoto Flour Milling

After many years of collaborating with Kumamoto Flour Milling for product supply and wheat procurement, in January 2023, we made it a consolidated subsidiary by acquiring an 85% stake with the objective of strengthening our core domestic flour milling business.

We are reviewing all aspects of Kumamoto Flour Milling's business, expertise, human resources, and assets to see where Nisshin Seifun's manufacturing expertise can be integrated to lower overall costs by increasing productivity, reducing raw material and packaging procurement costs, and optimizing the local supply system in Kyushu. We will also apply our development capabilities and use our sales channels to enhance Kumamoto Flour Milling's product development and sales capabilities for its buckwheat and rice flour as well as its stone milled, roasted, and other specialty flours.

Conducting our businesses as a single operation will generate significant synergies in all of our activities, making us more cost competitive, improving our market adaptability, and raising our business competitiveness to another level.

About Kumamoto Flour Milling

Kumamoto Flour Milling was established in 1947 and has gained high name recognition and customer trust, especially in the Kyushu region. The company has highly refined technologies along with superior product development capabilities and brand power in its flour milling business, which encompasses wheat as well as buckwheat, rice, and other grains, and other peripheral businesses.

● **Synergy creation with Kumamoto Flour Milling**

Production	**Formulate the optimal production system in the Kyushu region** ● Increase Group production capacity by 1.7 times in Kyushu ● Enable production operation transfers among mills based on capacity and supply systems **Enhance Kumamoto Flour Milling productivity** ● Share and introduce Nisshin Seifun's expertise ● Hold regular mutual exchanges to explore ways to improve production efficiency and product quality
Sales	**Use Nisshin Seifun Group sales channels (rice flour, roasted flour, premixes, etc.) to expand sales** ● Develop new sales channels for Kumamoto Flour Milling's distinctive products **Explore potential for nationwide sales of Nisshin Seifun rice flour and other products** ● Broaden sales reach to domestic and overseas markets to meet rice flour demand
Development	**Strengthen technology development and proposal capabilities by sharing technical information and increasing expertise cooperation** ● Hold regular information exchanges among development divisions and explore possibilities to expand the product lineup **Market jointly developed products** ● Use Kumamoto Flour Milling's specialty flours and technologies to develop value-added products
Procurement	**Reduce procurement costs through joint purchasing and logistics cooperation** **Ensure steady product supply by securing stable raw material procurement**



Kumamoto Flour Milling commercial rice flour



Kumamoto Flour Milling commercial roasted wheat flour



Information exchange meeting between Nisshin Flour Milling Fukuoka Plant and Kumamoto Flour Milling Kumamoto Plant

Construction of the new Mizushima Plant

We are constructing a new flour mill in the Mizushima district of Kurashiki in Okayama Prefecture with operations scheduled to commence around May 2025. When the new mill opens, we plan to close down the mills in Okayama and Sakaide.

We currently operate two mills in the Chugoku and Shikoku region, the Okayama Plant in Okayama Prefecture, and the Sakaide Plant in Kagawa Prefecture. The mills' small capacities and the fact that they are not directly connected to wheat silos where large grain ships can dock mean that production costs are relatively high, making it difficult to lower operating expenses. In addition, as part of our business continuity planning, the growing risks of earthquakes and from climate change are making it increasingly important to engineer new disaster-resistant mills.

The Mizushima Plant will be ideally located to receive raw wheat as the site is adjacent to a grain silo operation (Seto Futo Co., Ltd.) with a dock that can accommodate large grain ships. The new plant will have a disaster-resilient design with eco-friendly equipment that combines our refined technologies with the latest automation and digital technologies, providing us with cost competitiveness while ensuring a stable supply to the entire Chugoku and Shikoku region.

Mizushima Plant Overview

Total construction cost:	Approximately ¥18 billion
Production capacity:	550 tons/day (based on raw material volume)
Start of construction:	May 2023
Scheduled start of operation:	May 2025



The Nisshin Flour Milling Mizushima Plant being constructed with a scheduled operation start around May 2025

Features of the new Mizushima Plant

An eco-friendly smart mill with the latest automation and digital technologies and solar power generation facilities

- The new mill will be a state-of-the-art operation combining automation technologies developed and introduced at our existing mills and the latest technologies we are developing.
- Solar power generation equipment and renewable energy sources will contribute to achieving a decarbonized society.

Low-cost operation and enhanced BCP

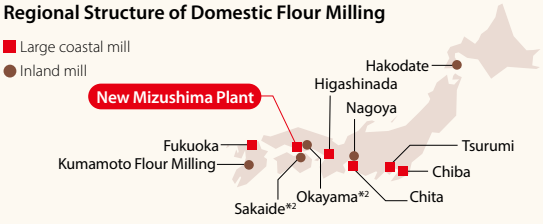
- A conveyer system transporting raw materials directly from the port grain silo operation to the mill will provide significant cost advantages.
- The new disaster-resistant mill in the Chugoku and Shikoku region will further decentralize our production bases in Japan, providing a solid foundation for reliable supply of staple foods.

Structural reform to bolster our competitiveness

Consolidating domestic flour milling operations into large coastal mills

To better fulfill our responsibility to ensure reliable supply to all parts of Japan, we have been reorganizing our operation structure by closing smaller mills and consolidating our production operations in large mills located near ocean ports*1. The new Mizushima Plant will complete the consolidation of operations for the Chugoku and Shikoku regions, which will fully complement our previously consolidated operations in the Kanto, Kansai, and Kyushu regions. The new mill will increase Nisshin Flour Milling's percentage of coastal mills from 83% to 92% of all of its mills.

Regional Structure of Domestic Flour Milling



Production structure improvements to strengthen competitiveness

Numbers in parentheses indicate daily production capacity (based on raw materials)

Smaller inland mills closed

1988	Takasaki Plant (-250t)
1990	Mito Plant (-270t)
1996	Utsunomiya Plant (-340t)
2002	Tatebayashi Plant (-230t)
2008	Kobe Plant (-390t)
2010	Kitami Plant (-120t)
2014	Tosu Plant (-450t)
	Chikugo Plant (-200t)
2025 (planned)	Sakaide Plant (-320t)*2
	Okayama Plant (-390t)*2

Improving production efficiency

Construction and expansion of large coastal mills

1990	Chiba Plant expanded (+400t)
1994	Higashinada Plant expanded (+500t)
2002	Tsurumi Plant expanded (+500t)
2008	Higashinada Plant expanded (+530t)
2014	Fukuoka Plant constructed (+550t)
2015	Chita Plant expanded (+320t)
2025 (planned)	Construction of new Mizushima Plant (+550t)

*1 Flour mills located in ports accessible by large grain ships *2 Scheduled to be closed after completion of the new plant

Initiatives to revitalize the Australia flour milling business and India yeast business

Australia Flour Milling Business

Consumption in Australia remains sluggish as consumers tighten the purse strings in the face of severe inflation amid ongoing rising costs for raw materials, energy, labor, and logistics. In those conditions, the Australian flour milling business Allied Pinnacle Pty Ltd. revised its product prices, improved productivity, and took other steps to reduce costs, which enabled it to post profit growth in fiscal 2024. Allied Pinnacle has set a target for fiscal 2027 operating profits to be ¥10 billion higher than the fiscal 2022 level (including booking an impairment loss to lower depreciation and amortization expenses by ¥6 billion). The company is advancing its business strategy with a sense of urgency in fiscal 2025 to solidify a path to achieve its target centered on increasing sales and the sales margin and on continuing to improve productivity while reducing costs.



Fiscal 2025 initiatives to achieve the medium-term management plan targets

1) Increasing the top line and sales margin

Increasing sales channels for bakery ingredients

The food distribution industry in Australia is increasingly oligopolistic, and Allied Pinnacle is making strides to grow its business by supplying its products to the in-store bakeries of these two major distribution companies. With consumers becoming more frugal as prices rise, demand is growing for in-store bakeries to offer new products and promotions. As a primary supplier, Allied Pinnacle is leveraging its strong partnerships with its clients to actively propose new products and generate demand. As consumer needs diversify, the company is also working to stabilize and bolster sales revenue by pursuing new channels beyond the two main distribution companies, such as leading local in-store bakeries, discount supermarkets, and convenience stores.

Creating markets with new products

In March 2023, Allied Pinnacle signed an agreement with Arista for exclusive sales rights of products using Arista's high-fiber wheat in Australia. Positioning the new wheat products as an innovation in wheat flour, the company is using its procurement, development, and technological capabilities to develop new products and markets.

Demand for high-fiber foods is strong in Australia, where it is estimated that 4 out of 5 people do not meet the recommended dietary guidelines for dietary fiber. The high-fiber flour that Allied Pinnacle is developing contains about six times more dietary fiber than ordinary wheat flour and features new value by providing the fiber with natural wheat. Allied Pinnacle is marketing the products under the brand name "Wise Wheat®" and has registered the trademark in Oceania. Wise Wheat has been featured on local media and the branding is aimed at the natural foods and health markets. The company is currently negotiating with clients for market launches of the new products. Allied Pinnacle is advancing initiatives to increase sales by combining its exclusive sales rights with marketing strategies to raise brand awareness and create markets while also continuing to offer products carefully matched to consumer needs.

2) Continuously increasing productivity and reducing costs

Allied Pinnacle has been implementing measures to improve its development, production, and logistics efficiency. Introducing automated equipment in labor-intensive processes and improving the overall production process have had a measurable effect in reducing labor costs and raw material loss. The company will continue using automation to increase productivity, improve its distribution efficiency, and implement other measures to lower costs and enhance profitability.

India Yeast Business

The India yeast business of Oriental Yeast India Pvt. Ltd. reached one full year of operation since its launch in August 2023. Sales steadily grew through the year and reached a domestic market share of 18% as of the end of March 2024. Oriental Yeast India plans to continue ramping up the plant utilization rate and increasing its market share. At the same time, the market price of molasses—the main raw material for yeast—is rising, and one of the company's pressing initiatives in fiscal 2025 will be to implement price revisions to offset the increase in costs. Oriental Yeast India will continue to increase its market share, revise prices, and improve productivity with the aim of making a positive contribution to consolidated profits during the current medium-term management plan.

In fiscal 2024, the company started delivering products to India's two biggest bakeries after the bakeries recognized the superior quality of its yeast products and the reliability of its supply capabilities. The company also established 12 distribution centers (external warehouses) in the northern, western and southern regions of India to enable flexible refrigerated delivery to bakeries across the country. Plans are in place to further enhance its network with a distribution center in the country's eastern region, which is the farthest away from the company's plant.



Fiscal 2025 initiatives to achieve the medium-term management plan targets

1) Baker's Meet to expand market share and approaching customers

The bakery market in India has some 100,000 small and medium-sized bakeries and very few major bakeries controlling the market. For that reason, increasing market share requires courting support at the retail market level.

Oriental Yeast India joins with local distributors in each region to offer "Baker's Meet" seminars for retail customers. By allowing the company to directly communicate its competitive advantages of a reliable supply capability, yeast fermentation performance, and long shelf life, the in-person seminars facilitate sales connections by establishing customer trust and helping customers feel confident about using the yeast products. Experienced Japanese and Indian bakery technicians personally visit bakeries that participated in the seminars and indicated interest in the company's yeast products, and this has led to a steady stream of orders. The company is also differentiating itself from competitors through the services it provides. When visiting the bakeries, the bakery technicians provide attentive technical support by actively discussing issues the bakeries are facing with bread quality and productivity and offering consultation for developing new bread products.



A Baker's Meet seminar

2) Further improvement of productivity—reducing water and raw materials consumed in production

The yeast plant at Oriental Yeast India introduced a Zero Liquid Discharge (ZLD) system that reduces the plant's water discharge to zero. This system aligns with the Nisshin Seifun Group's medium- to long-term environmental target to conserve water resources. The system makes effective use of water resources by concentrating wastewater and incinerating the residue when generating electricity and by distilling and purifying other water for reuse within the plant. The facility also features other environmental processes, including a power cogeneration system that uses steam produced during power generation for the production process.

While prioritizing maintaining the consistent quality of its yeast, Oriental Yeast India will continue improving its production efficiency and use the limited water and power resources more efficiently. These initiatives are expected to also lower manufacturing costs by reducing water and electricity consumption per unit of production, decreasing the use of consumable goods, and trimming labor costs.

Execute the R&D strategy to produce tangible results

The Nisshin Seifun Group seeks to develop practical applications for research results produced by the mutually coordinated R&D activities of the Nisshin Seifun Group Inc.'s basic research and the Group companies' product development.

We are aligning the perspectives of researchers and managers to focus on rapidly developing groundbreaking new products that will boost the competitive advantages of our operating companies.

Initiatives to achieve the medium-term management plan targets

Nisshin Seifun Group Inc.
Basic research from a medium- to long-term perspective

Priority Themes for Fiscal 2025

Materials with Health Functions	Development of High Value-Added	Automation

Mutual Cooperation

Flour Milling Business

The flour milling business introduced the *Amuleia* high-fiber wheat flour in 2023. The business is working with a number of food process manufacturers to develop various food product lines while also conducting promotional activities to raise consumer awareness and develop markets for its products.

Segment Strategies (Flour Milling Business) (Pages 44-45)

Processed Food Business

The processed foods business realigned the divisions responsible for production and development into the Product Development Division in April 2024 with the aims of enhancing its product development capabilities and marketing functions. The business is increasing the added value of its products by developing new value in the four categories of simple & convenient, authentic, healthy, and eco-friendly.

Segment Strategies (Processed Food Business) (Pages 46-47)

Prepared Dishes and Other Prepared Foods Business

The prepared dishes and other prepared foods business is focusing on developing new products that will differentiate their products in the market. The business is developing technology to bring out the flavor of ingredients and broths along with preparation and processing technologies. We are also focusing on developing technologies under the environment theme, including developing freezing and other technologies that will reduce food loss by extending product shelf life and preserving product quality.

Segment Strategies (Prepared Dishes and Other Prepared Foods Business) (Pages 48-49)

Enhancing business competitiveness

New Yoga Office development center to be constructed on the concept of "Our Kitchen—where we co-create the future"

The Nisshin Seifun Group decided to enhance its future business competitiveness by constructing a new development site based on the concept of "Our Kitchen – where we co-create the future." Tentatively named the Yoga Office after its location in Yoga in Setagaya Ward of Tokyo, construction of the new site is currently expected to be completed in fiscal 2027.

The Yoga Office will bring the development facilities of Nisshin Flour Milling, Nisshin Seifun Welna, and Nisshin Seifun Premix, together on the same floor. The site will provide a comfortable working environment for employees and will serve as a place for people inside and outside the Group to gather and exchange ideas as a sort of "kitchen for co-creating the future." At the center, we will aim to further stimulate our development capabilities and generate Group synergies.

The Yoga Office will be designed as an environmentally friendly facility aimed at achieving "Nearly ZEB" status, which is energy savings of 75% compared to a Net Zero Energy Building (ZEB) as defined by the Ministry of the Environment.



The new Yoga Office development center to be built in Yoga, Setagaya Ward, Tokyo
* Artist rendition, subject to change.

Using cutting-edge technology to accelerate the benefits of automation and labor-saving

The Group has been taking steps to achieve low-cost operation of its production lines by introducing digital and robotic technologies that enable further automation and labor-saving at plants.

In fiscal 2025, we will continue integrating and applying the technical capabilities and cutting-edge technologies that the Group has accumulated over many years while stepping up efforts to accelerate the benefits of automation and labor-saving.

Initiatives to achieve the medium-term management plan targets

Flour Milling Business

Further labor saving and productivity improvements

The flour milling business is a capital-intensive business where the Group has incorporated extensive automation and labor-saving technologies. The business is seeking to achieve further labor-saving and dramatically improve productivity by continuing to advance its automation technologies, introducing digital and sensing technologies, and using data to bring about a digital transformation.

The Mizushima Plant, which is scheduled to start operations around May 2025, will be the world's most advanced flour mill. In addition to the Group's current automation technologies, the plant will incorporate the latest digital and autonomous driving technologies.

The technology installed at the Mizushima Plant will be horizontally deployed across the Group's domestic and overseas flour milling plants, which will contribute to establishing low-cost operations throughout the flour milling business.

Feature: Stimulate the Group's ability to grow by restructuring the business portfolio (Construction of the new Mizushima Plant) (Page 33)

Prepared Dishes and Other Prepared Foods Business

Transforming labor-intensive businesses with automation and labor-saving technologies

The prepared dishes and other prepared foods business is incorporating automation and labor-saving technologies with the aim of transforming from a labor-intensive business to a business with a highly efficient production structure.

When constructing new plants based on our latest standards for plant efficiency, we can reduce the number of workers by 30% from the level in fiscal 2025. The plants will use robotics for worker-intensive food-arranging and packaging processes, fully automated conveyer processes that are less affected by multi-product manufacturing, and the latest AI technologies for food preparation and inspection processes.

In fiscal 2025, the business will accelerate the development and installation of production line automation technology by leveraging the technological development capabilities of the Research Center for Production and Technology and expertise from across the Group while also enlisting collaborations from external industry, academia, and government.

Segment Strategies (Prepared Dishes and Other Prepared Foods Business) (Pages 48-49)

Automation and labor-saving initiatives

Cultivating human resources with a technology working group

We are cultivating human resources who will play a central role in advancing digitalization and automation to make the Group's factories smarter. The individuals chosen for the working groups will be "people who have a deep understanding of technology, who are connoisseurs of technology, and who can create and manage a smart factory."

Some 30 digital technology specialists have been selected from Group company production divisions to form a technology working group. The group is focusing on accelerating the introduction of digital and automation technologies by horizontally applying digitalization and automation initiatives throughout the Group and by identifying common issues and centralizing and streamlining technology development and research.

The working group members are divided into three levels of expert, senior engineer, and engineer. Each level represents a standardized set of skills with associated training programs.

Human Resource Profile

People who have a deep understanding of technology, who are connoisseurs of technology, and who can create and manage a smart factory

Human Resource Levels

	Breadth (Areas covered)	Depth (Specialization)	Strength for the Organization
Digital Technology Expert	Overall production based on business strategy	Advanced professional skills	Leads enhancement of the organization's overall technical capabilities
Digital Technology Senior Engineer	Whole factory	Specialized skills	Guidance and training
Digital Technology Engineer	Individual specialization	Basic skills	—

Creating results across the entire value chain

The Group began implementing its full-scale digital transformation (DX) in fiscal 2022. A Group-wide DX basic policy was established based on the ideas of "standardizing and streamlining operations to spend more time on the priority matters" and "improving decision-making and information sharing." In addition, four priority objectives for each value chain to be addressed with DX were identified based on each Group company's key management issues, and each company is implementing measures to address specific issues for their business.

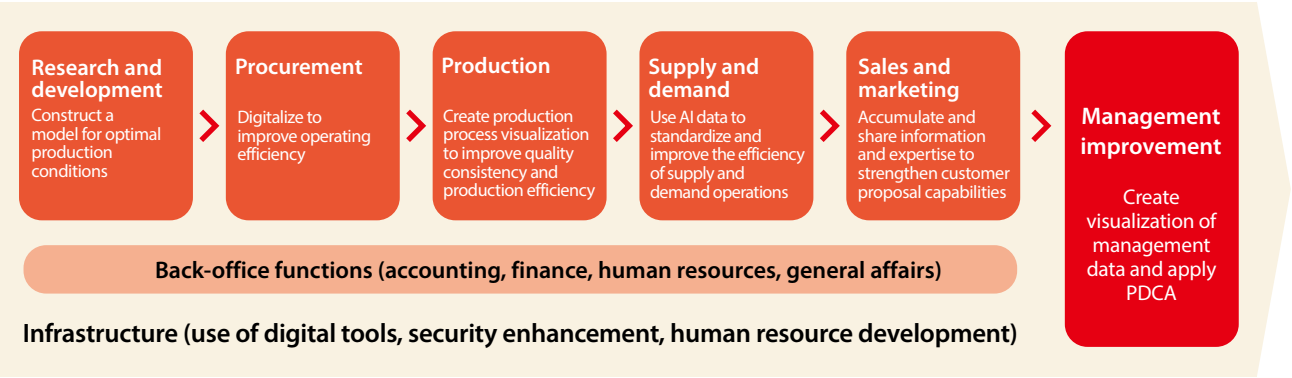
Four priority objectives to address with DX

(1) Automation and efficiency
(2) Standardization
(3) Strengthening customer proposal capabilities
(4) Expansion of sales channels

Basic Policy

1. Continuously strengthen our competitiveness by aggressively incorporating digital technology to dramatically improve productivity, change the model of existing businesses (improve added value), and create new business models, as well as by generating value for all stakeholders through these activities.
2. Ensure our ability to adapt to business environment changes and technological advancements by envisioning a future beyond the reach of current technology and identifying and applying technologies that can be used to bring us forward.
3. Broaden the Group's implementation of DX by hiring, allocating, and training DX human resources.

● **Initiatives in each value chain**



Initiatives to achieve the medium-term management plan targets

Prepared Dishes and Other Prepared Foods Business

Developing a proprietary production management system

Tokatsu Foods is a comprehensive manufacturer of prepared foods for the Japan market. The company is developing its own production management system designed specifically for the characteristics of the prepared dishes and other prepared foods business, which require the ability to flexibly produce large or small volumes of a wide variety of products and the ability to accommodate fluctuations in the labor force.

The system incorporates production process management, which previously was almost entirely dependent on people, into the automated operation flow and enables visualization and centralized use of management information by aggregating input volume, production unit volume, time, and man-hour data. The aggregated management data is being used as a basis for applying the PDCA cycle to continue improving overall productivity.

Research on developing the proprietary management system began in 2013, and the system was installed at the Yokohama Tsurumi Plant in 2018. After verification and modifications, Tokatsu Foods installed the system in all of its food-preparation plants in fiscal 2024. The system has continued evolving with additions of new functions that continue to improve plant productivity.

Tokatsu Foods has placed the system as the core technology for its DX. In recognition of the company's initiative for "manufacturing reform," in September 2023 Tokatsu Foods became the first DX-certified Business Operator in the prepared dishes and other prepared foods industry.



Outside Director Interview

Expectations and issues for the Group human resources strategy

The Human Resources & Labor Relations Division was established in June 2023 to improve our ability to quickly and flexibly respond to human resources and labor issues and to strengthen the Group's business foundation. Executive Officer Kenji Sakamoto, who serves as Division Executive, spoke with Outside Director Nobuhiro Endo regarding realizing and implementing the Group's human resources strategy.

Continuously creating value in the midst of sudden changes in the environment

Sakamoto Today, I would like to ask some questions about the direction the Group is taking with its human resources strategy. To start, what do you consider to be most important when a company is advancing a human resources strategy?

Endo When advancing a human resources strategy, I believe making the most of the company's human resources is of utmost importance. I believe a company is "an institution that creates and provides value to human society," and a company that does not provide useful value to society will not survive. For example, promoting the SDGs is more than merely a social contribution, it's also value creation that meets the essential needs of society. I consider the core essence of corporate management to be to truly understand the "essential needs of human beings and human society," to decide how a company will meet those needs, and to provide continuous value. To do that, a company must think about how to make the most of its human resources. Companies also have the responsibility to provide employment, and they do that by providing a fixed location for creating the value they contribute to society. Employing people and keeping them active enables society to continue. This means that the sustainability of society and the continuity of a company are two sides of the same coin.

Sakamoto That brings to mind the maxim of our Group's founder, "We must always remember that a business is connected to society. A company that works solely for its own benefit will not survive for very long. Trust is the foundation of all business." For over 120 years, the Group has continued to grow by developing advanced technological capabilities and high productivity, and by leveraging a strong sales base built

on the trust of our customers. I believe this growth is the direct result of our predecessors responding to the essential needs of society. Our mission to provide a stable supply of food has not changed even with the current discontinuous changes in the business environment. The conditions demanded of "food" products are evolving. We have to consider what we need to change or not change and decide what kind of corporate group we should be.

Regarding the human resource strategy, I consider our human resource portfolio (page 42) to be the most important part of the strategy. The Group recognizes the need to secure the human resources necessary for our rapid business growth. The labor shortage in Japan is increasing competition for human resources, and we are rapidly strengthening all aspects of the human resources cycle, including recruitment, training, placement, and compensation.

Endo When we discussed collective recruitment for the Group at one of the Board of Directors meetings in 2023, I showed examples of how a personnel matching system can facilitate transfers between Group companies. In the future, I think it will be critical to have workers who are self-motivated to proactively contribute to their company. Workers like that are likely to actively pursue the type of work they want to do. A matching system was shown to be one way we can realize intragroup transfers to accommodate those workers' needs.

We are setting up a system (shown in the Human Resources Portfolio diagram on pages 42-43) where we will have people accumulate experience in existing businesses and then reassign people who understand the business's core substance to leadership roles developing new markets and products for growth businesses. I think this progression will be an excellent way to continue the Group's DNA. Still, that will not provide enough people. It will also be important to increase the diversity of our workforce by hiring people with different experiences and knowledge from outside the organization, and placing them in both existing and new businesses. It sounds like the Group will continue seeking to hire more mid-career professionals, but it will also be important to develop the people who are hired and to retain them by constructing a system in which they can fulfill their potential.

Sakamoto Yes, that is true. As you pointed out, we will need human resources in both existing and new areas. Moving talented people in the existing businesses to the growth areas would be ideal. At the same time, our business is growing so rapidly that we also need to continue securing human resources with the skills to effectively run the existing businesses. First, we will use various recruitment channels to ensure we have the "quantity" of human resources that will be necessary.

Expectations for managers and employees

Sakamoto Even more important, however, is the "quality" of our human resources, and how we approach developing that quality can only be improved through a process of trial and error. We also must strengthen our training and placement capabilities not only for new hires but also for career employees. We will need to increase the value of our human resources in various ways, such as revising the personnel and wage systems and modernizing our workstyle structures. What advice might you have on what will be key to increasing the value of our workforce and what in particular we should pay attention to when implementing the human resources strategy?

Endo Earlier, I talked about worker motivation. Securing diversity starts with respecting the independence of the individual. Each person is different and has their own interests. An organization's diversity will increase naturally if it respects and does not inhibit each person's independence. At the same time, gathering together diverse individuals will lead to nothing without communication. Dialogue between people with different perspectives can be a catalyst for unexpected outcomes that add up to more than the sum of their parts. This "plus alpha" element is what sparks value creation in companies. The role of management—and a measurement of its skill—is how well it can create an environment that encourages



dialogue and discussion that continuously produces that "plus alpha" element.

My expectations for the current and future management are that they will be self-motivated to achieve their goals and will make every effort to find the core essence of people and society. In everything they do, I'd like them to always be contemplating what the core essence is and, as they get closer to it, to strengthen their ability to make accurate decisions based on their own judgment criteria, and thereby increase their independence. I believe that, at the start, not everyone has the ability to make accurate judgments or has a strong sense of ethics, but that these are gradually cultivated through work experience and continuously trying to get closer to the essence. Of course, we should also understand that the higher up a person is in management, the deeper they would be able to dig down to the essence.

Sakamoto We have recently started revising our management training programs. We are exploring how the Human Resources & Labor Relations Division can support management and formulate measures that are best suited to the changing conditions in the Group and society. What about on the level of individual employees?

Endo Measuring employee engagement has become mainstream, and the Group regularly conducts engagement surveys. One focus of the surveys should be on how aligned are the company's direction and employee viewpoints. However, if the company already has a goal of every employee being self-motivated to actively make proposals and take action creating value and contributing to society, then creating the environment for that would be of highest importance. If that's the case, then that would be more important than a goal of increasing engagement. I believe every employee should always be thinking about how they can contribute to their company and society of their own will, and always be taking stock of themselves to determine if they are in a situation where they can continue working to increase their own value. Doing so will help them contribute more to their company's business performance and ultimately reflect in the company's results.

Lastly, regarding recruitment and training, I think it's also important to consider whether a company's definition of competency (behavioral characteristics common to high-achieving individuals) matches or will match with its human resources. Since employees must have confirmed skills in order to produce results, I think it would be beneficial to disclose the competencies the company wants in its employees and have them clearly defined when hiring new staff or as training goals.

Sakamoto Thank you for the invaluable advice. The four attributes we value and look for in employees have been defined as Trust, which comes from our guiding philosophy "the basis of business is built on trust," along with Challenges, Cooperation, and Autonomy, which we will be emphasizing in the HR transfers I mentioned earlier. We will be looking for these attributes during hiring, but we will also continue devising ways to translate them into more specific behavior and action for our current employees. You mentioned competencies: What competencies do you think are important for the Groups' employees to have?

Endo The first is communication skill. There are two sides to communication—the ability to understand other people and the ability to make yourself understood. These two abilities are critical for team building and for working together successfully. Another competency is the ability to identify and clearly describe a problem. This is often called problem-setting ability, and I think solving problems is what creates a company's corporate value.

I think it's also important to improve skills in the STEAM subjects (science, technology, engineering, arts, and mathematics), as they provide fundamental capabilities for these key competencies.

Sakamoto That is very helpful. We will continue honing the definition of the "values we look for in our employees." I appreciate your sharing your thoughtful insights and perspectives with us. Thank you very much.



A human resources strategy that supports the business strategies

A Group human resources portfolio framed by our business portfolio

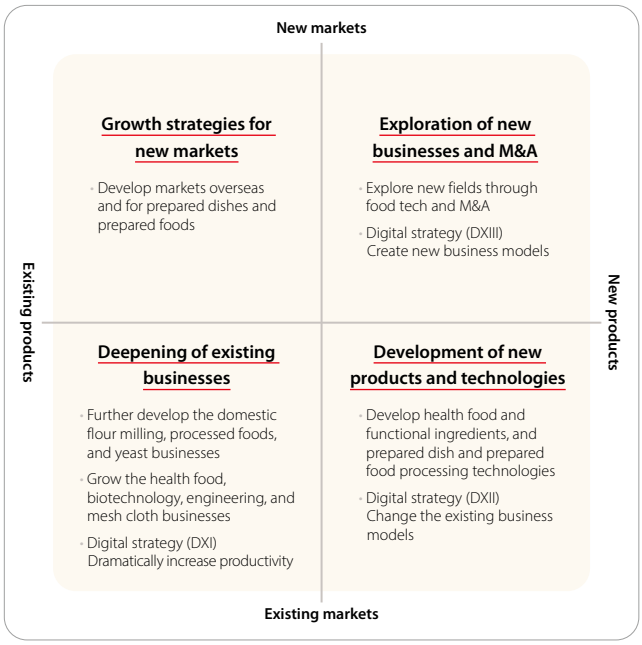
When linking our strategy for human resources to management strategies, we organized the relationship between the Group's current business strategies and the human resources portfolio into four quadrants (see figure at right). The ideal approach to ensure the Group's ongoing, sustainable growth is to increase our workforce in the existing businesses in the lower left box to hone their skills and absorb the Group's DNA, then conduct "HR transfers" to place them in new and growth businesses, such as in new markets or product development. This would not only provide stability for the existing businesses, but would also be the best way to develop the human resources needed for the Group's ongoing development. However, the Group's aggressive expansion of its operating bases in Japan and overseas in the last few years, including acquiring the milling company in Australia and bringing in prepared dish suppliers as consolidated subsidiaries, has made it necessary to increase personnel in all of its business fields. We therefore must simultaneously secure personnel and conduct HR transfers. To do this, we are taking steps to enhance the capabilities of our human resources and the capabilities of our organization.

To enhance the capabilities of our human resources, we are focusing our efforts to secure personnel based on the theme of "respect for diversity." Our guiding philosophy to "be in tune with the changing business climate" is based on the idea that "it is not the strong who survive, it is the ones who adapt to change." If the strength that diversity provides is the ability to adapt to change, then emphasizing diversity as we secure personnel is one way to put our guiding philosophy into practice. While hiring individuals to meet our percentage targets for female employees and mid-career professionals, we will also emphasize including people with different values and experiences. Amid the intensifying competition for human resources, we have introduced collective Group recruitment, recruitment by job category, and referral recruitment, and plan to augment these with new modern recruiting methods.



Kenji Sakamoto
Division Executive,
Labor Relations Division

Business Portfolio

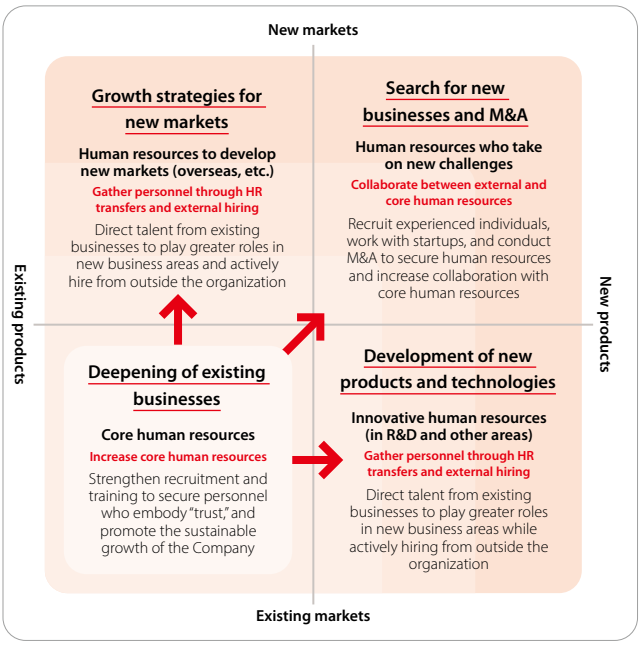


Cultivating and strengthening the employees who carry out our operations is, of course, essential to enhancing the capabilities of our human resources. Fundamentally, we are developing employees to embody the "four values emphasized in the human resources strategy" discussed below. Our idea is to form a succession plan and step up our staff allocation measures across the Group, including more exchanges of personnel, so individuals can accumulate experiences. We will create a structure not only to cultivate management and global staff, but also to facilitate employee growth at all levels by refining our training systems and providing educational tools and training for individuals to pursue independent and continuous development.

To enhance our organizational capabilities, we believe it is important to create a culture that encourages diverse employees to take on new challenges without fearing change. We are also reviewing our psychological safety initiatives and other measures initiated to invigorate the organization. Initiatives we are preparing to improve the working environment include reducing working hours and other steps to boost labor productivity, and structuring a personnel wage system based on employee duties and performance that properly reflects employee contributions and willingness to take on challenges. These initiatives are designed to create an environment where diverse human resources that embody the ideal workforce can play an even more active role.

Human resources portfolio for realizing the business portfolio

Human Resources Portfolio



The four values emphasized in the human resources strategy

I believe the reason the Group has been able to consistently provide safe and reliable food since our founding in 1900 is because we have earned the trust of all of our stakeholders. This is also testament to the fact that our predecessors who formed the foundation of the Group were the embodiment of that trust. Our social mission to provide a stable supply of food will remain steadfast no matter how the business environment may change in the future, and when we describe the ideal human resources, the most important value that we have inherited in our corporate culture is Trust.

We have also set three other attributes that we consider to be our Group values and that we will seek to cultivate in our employees to realize HR transfers to new and growth domains. These attributes are Challenges, Cooperation, and Autonomy. The first attribute we value, Challenges, represents the pioneering spirit that we have inherited and that runs through the very foundation of our Group. Throughout our long history, we have boldly taken on challenges in all areas, including expanding overseas and restructuring our business. This spirit of Challenge will be indispensable to executing the Group strategy to realize sustainable growth.

The next attribute that will be critical to emphasize is Cooperation, which represents the collaboration within and among our businesses as well as with external entities that will be needed to build and apply the Group's strengths and accelerate the Group's growth.

The final attribute is Autonomy. Take the initiative to learn, use what you learn in all sorts of situations, observe the outcomes and create your own judgment criteria—repeating this cycle over and over leads to personal growth.

I want to implement a human resource strategy that will develop every employee so they embody these four values and are motivated to play an active role in advancing the Group's growth strategy.

Human resource strategy measures

Strengthen recruitment	Strengthen development capabilities	Strengthen HR utilization capabilities	Workstyle reforms	Review personnel wage systems
Enhance personnel quality and quantity	**Strengthen development of human resources who will drive company growth**	**Strengthen the Group-wide use of human resources**	**Increase productivity and promoting DEI**	**Create an attractive wage system to leverage human resources**
• Strengthen recruitment based on the human resource portfolio • Strengthen recruitment branding • Increase recruitment channels to secure diverse human resources	• Strengthen training for management candidates • Strengthen DX and global staff development • Overhaul the training system (increase independent learning opportunities)	• Facilitate personnel exchanges to strengthen employee capabilities • Strengthen position management • Use human resource data more effectively	• Implement measures to improve productivity (reduce total working hours, etc.) • Implement measures to improve engagement • Promote active participation of diverse human resources (women's empowerment, etc.)	• A classification and remuneration system that accounts for external competition • An employment system to secure diverse human resources • A classification and evaluation system that rewards duties and accomplishments

Values emphasized in the human resource strategy

Trust | Challenges | Cooperation | Autonomy

Flour Milling Segment | **Flour Milling Business**

Rising to the challenge of creating a new food culture while fulfilling our responsibility to provide a stable flour supply



Takao Yamada Director and President, Nisshin Flour Milling Inc.

Japan's business environment is characterized by a decreasing population and ongoing cost inflation in the form of higher commodity prices due to a weak yen and rapidly rising labor costs from a shortage of labor. In these conditions, we are working to fortify our earnings structure and maintain and grow our sales and market share to solidify our domestic business foundation while fulfilling our social responsibility to provide a stable supply of wheat flour.

We are continuously seeking to improve our cost structure by optimizing the production system and establishing low-cost operations. We have also established a Digital Transformation Department dedicated to accelerating measures under way to integrate digital and AI technologies into our operations. Specific measures have included creating a dedicated DX team, integrating digitalization and AI to optimize manufacturing and supply-and-demand management, and automating and standardizing our production processes.

To maintain and grow sales, we are stepping up development and sales of high value-added products, such as our *Amuleia* high-fiber wheat flour, and seeking to create a new food culture by strengthening our value-proposition sales activities to meet diversifying and segmenting customer needs.

Overseas, we aim to expand earnings by enhancing our presence in each region and laterally improving production efficiency, which is one of the strengths of our domestic flour milling business. The Australian flour milling business will continue solidifying its profit structure and improving its performance results. The flour milling business in the United States will invest in business growth and cost reductions, and expand into new business areas to bolster our resilience to sudden fluctuations in profit levels.

Strengths

- Advanced milling technology and expertise
- A leading company with high market share and a wide-ranging product line
- Highly refined product and process development capabilities derived from our wheat research
- Ability to offer customers a comprehensive lineup of products
- Technology designed to meet the needs of local overseas markets
- Digital technology that improves productivity and sales proposals

Opportunities and risks

- Diversifying food preferences, growing preferences for health-oriented products, need for more refined products
- Increasing demand for flour due to growing populations and rising incomes, particularly in developing countries
- A shrinking domestic flour market due to international trade agreements and the dwindling population
- The changing market environment due to pandemics and geopolitical risks

Materiality initiatives Please see Materiality (Pages 54-55)

Working with food processing companies and expanding offerings of products with *Amuleia*, the only high-fiber flour available in Japan

Following our corporate principle to "contribute to a healthy and fruitful life for all," we introduced *Amuleia* high-fiber flour in 2023. We are working with several food processing manufacturers to develop a wide variety of products that will provide a tasty and convenient source of dietary fiber, which is often deficient in modern diets.

We are implementing various measures to increase consumer recognition of *Amuleia* including engaging celebrity Miki Fujimoto as brand ambassador and conducting consumer testing of *Amuleia* products. We have also created a unique *Komugi de Seni* (fiber from wheat) logo for food processing manufacturers to place on packaging to indicate that *Amuleia* is the source of a product's dietary fiber.



Amuleia, high-fiber wheat flour

Business strategy in the medium-term management plan

"The world's leading flour milling company creating the future of food" —Dynamic global company with innovative technology

Japan

- Establish a low-cost production system capable of competing globally (increase coastal major plants from 83% to 92%)
- Secure market share, maintain sales revenue, and strengthen sales of high-value-added products and new materials
- Introduce digital technology to production plants, establish automation technology, and achieve further labor savings
- Implement post-merger integration and generate synergies with Kumamoto Flour Milling

Overseas

- Improve performance under the new business plan for the Australian flour milling business
- Sustain and strengthen the high profitability of the flour milling business in the United States
- Search for investment opportunities in new areas

Key measures and progress to achieve the medium-term plan targets

Please see Strategy to strengthen domestic flour milling business competitiveness (Pages 32-33)

Please see Overseas Business Strategy (Australia Flour Milling Business) (Page 34)

US flour milling business

1 Saginaw Plant expansion

We have positioned our overseas flour milling business as a lead driver of our business growth. We acquired Miller Milling Company LLC in the United States in 2012 and have expanded its business. We completed the capacity expansion of the Los Angeles Plant in November 2023 and are currently constructing a new production line at the Saginaw Plant in Texas. The population is growing rapidly in Texas, which already has the second largest state population in the United States, and we are preparing to meet the expected growth in demand by increasing capacity and to maintain and enhance the operation's strong revenue. The expansion is progressing smoothly and the new line is scheduled to commence operation in early 2025.



The Saginaw Plant in Texas

2 New Innovation & Technology Center

As it expands the Saginaw Plant, Miller Milling Company LLC is also creating a new Innovation & Technical Center (ITC) at the plant site. ITC will feature a small-scale mill that can replicate a flour milling line and analytical equipment for raw wheat and flour products along with a secondary processing testing facility and a laboratory with bakery equipment, which together will greatly enhance our customer service capabilities. Scheduled for completion in the second half of 2024, ITC will further enhance our ability to make product proposals and raise the level of our customer services, which will boost the U.S. flour milling business's presence in the region.



Image of the future Innovation & Technical Center

Processed Food Segment | Processed Food Business

Responding to the changing environment by accelerating the transformation of the business structure and expanding the processed foods business

Takahiko Iwahashi Director and President, Nisshin Seifun Welna Inc.



The Processed Food Business's operating environment in Japan is characterized by a declining population, low birthrate and aging society, increasingly serious labor shortages, the advance of digital transformation, the logistics industry's "2024 problem" of dealing with tighter work hour limits. We also must prepare for potentially significant changes in the future caused by cyber terrorism, infectious diseases, or major natural disasters.

We are responding to these conditions by adopting a management policy of strengthening our sustainability, growth potential, and competitiveness. We are also taking steps to develop the Processed Food Business into a robust operation by transforming the business structure, expanding our localized (locally produced and sold) businesses overseas, and developing new products based on the four axes of simple & convenient, authentic, healthy, and eco-friendly. In the overseas business, we plan to increase exports from Japan and leverage our overseas manufacturing sites to expand our business model of local production and sales. This fiscal year, we will accelerate our entry into the household market (BtoC business) in Vietnam, which we have been preparing since last year, and broaden sales of locally produced commercial-use premixes (BtoB business) in Asia.

In April 2024, we enhanced our ability to develop new products by reorganizing our operation structure and creating the new Product Development Division. We will continue developing new products more closely matched to market needs and advancing the evolution of our existing products guided by our four core themes of products that are simple & convenient, authentic, healthy, and eco-friendly.

Strengths

- Strong brand power and several products with top market share in Japan
- Consumer trust in the high quality, safety, and reliability of our products
- Product development and technical services geared to domestic and overseas markets
- Abundant proprietary technology and expertise accumulated through research and technology development

Opportunities and risks

- Shrinking market from population decline in Japan
- Increasing trends for simple, convenient, quicker, and one-person meals and health consciousness
- Persistent rises in labor costs, logistics costs, and raw material prices
- Growing global population and economic growth in developing countries in Asia
- Changes in international trade conditions
- Supply chain impacts from geopolitical risks and major natural disasters

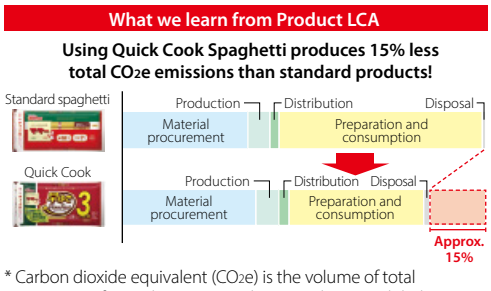
Materiality initiatives Please see Materiality (Pages 54-55)

Japan's first food manufacturer index for product life cycle environmental impact

We have introduced the Product Life Cycle Assessment (Product LCA) method for calculating the environmental impact of products and activities over a product's complete life cycle from raw material procurement to disposal. Upon introduction of Product LCA, SGS Japan K.K., a subsidiary of SGS SA, a global leader in the inspection, verification, testing, and ISO certification industry, validated the calculation method for four household product categories: dried pasta, pasta sauce, frozen pasta, and premixes.

We have added Product LCA to our activities to develop environmentally friendly products which, along with proactive information disclosure about our CO_2e* emissions and other environmental data, is part of our effort to realize a sustainable society together with consumers.

Example: Product LCA for spaghetti



* Carbon dioxide equivalent (CO_2e) is the volume of total emissions of greenhouse gases that contribute to global warming converted to the equivalent amount of CO_2 emissions.

Business strategy in the medium-term management plan

Strengthening our sustainability, growth potential, and competitiveness, and steadily implementing the three core business strategies

Transforming the business structure

The ambient temperature household-use products category commands top share in all segments and is growing into a core earnings source. We are continuing to boost the added value in our products as we seek to expand our business in the markets where we anticipate further growth. Our main focus will be on the household-use frozen food category, where we will develop new genre products beyond our frozen pasta offerings, and on commercial-use food products, where we will develop products under our own brand name geared to market needs in Japan and overseas.

Expanding the localized overseas businesses

In our overseas operations, while continuing to import products that leverage local advantages overseas, we will also vastly increase exports of Nisshin Seifun Welna brand products, and intensify our focus on local production and sales under our localized business model. We aim to develop Nisshin Seifun Welna into a global company by offering products that meet local needs.

Developing new simple & convenient, authentic, healthy, and eco-friendly products

Based on the fundamental premise of safe and reliable, we will increase the value we provide to customers by focusing on products with simple & convenient, authentic, healthy, and eco-friendly features. We will advance R&D in products with health features, such as foods with function claims, in new products that meet new needs, and in value-added products.

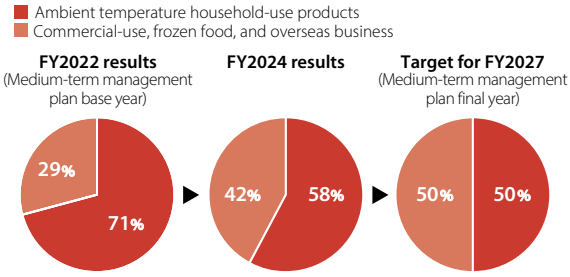
Key measures and progress toward achieving the medium-term plan targets

Transforming the business structure by expanding the growth businesses and localized overseas businesses

Household-use frozen food products is one of our growth businesses, and we are strengthening development of frozen desserts and other new genre products. In another growth business—commercial-use food products—we are actively developing products which are geared to the market conditions, such as the chronic labor shortage, while also revising our sales organization and support system and advancing new initiatives, such as the use of DX (digital transformation) to improve productivity.

In the localized overseas business, we conducted multiple marketing surveys in preparation for developing the household-use market in Vietnam. We leveraged the competitive advantage of operating a local manufacturing plant and launched a processed food business in the country in September 2024.

Operating profit composition



Maintaining and strengthening the earnings base of the ambient temperature household-use business, while strengthening the commercial-use, frozen food, and localized overseas businesses

Improving the product mix by developing high value-added products with simple & convenient, authentic, healthy, and eco-friendly features

As the market environment continues to rapidly change, we are aiming to increase the sales composition of high-value-added products. For household-use products, we released a new *karaage* deep-fry mix with rice flour as well as *okonomiyaki* pancake flour and *takoyaki* flour products made with domestic wheat and offering distinctive textures. We also completely revamped the Ma•Ma The Pasta *Zeitaku Yasai* series with new microwave-safe packaging.

In commercial-use products, users have responded very favorably to our IQF (individual quick frozen) pasta products, which save time, reduce food loss, and provide unique quality. We will continue developing and offering products that help business operators deal with the shortage of labor and other changes in the difficult business environment.



Nisshin *okonomiyaki* pancake flour *Hon Fuwa*



Ma•Ma The Pasta *Zeitaku Yasai* okra and eggplant pepperoncini



Ma•Ma IQF Frozen Penne Rigate (commercial use)



Ma•Ma IQF Frozen Mini Straight macaroni (commercial use)

Prepared Dishes and Other Prepared Foods Segment

Prepared Dishes and Other Prepared Foods Business

Strengthening our development, technology, and earning capabilities for a business model pursuing delicious foods and high manufacturing efficiency



Shinichi Ikeda Director and President, Nisshin Seifun Delica Frontier Inc.

The domestic market for prepared dishes and foods is expanding year by year. This trend is being fueled by the increases in dual-income and single-person households and by the growing number of people reaching the age to "retire from preparing meals." We expect this trend to continue for the foreseeable future.

Our aim is to expand our business at a faster pace than the market grows, and we are offering products through various channels nationwide in every prepared food category to fuel that growth, including *onigiri* rice balls, bento boxed lunches, sandwiches, Japanese prepared dishes, and pre-cooked noodles.

At the same time, the characteristics of the prepared food market demand that we secure sufficient manpower and maintain stable production operations. We also must deal with the impacts of the weaker yen, which is sharply increasing raw material, energy, and logistics costs. We are taking steps to strengthen our ability to procure raw materials and to build an optimal production system while also integrating DX into our systems. These efforts, which are primarily led by the intermediate holding company Nisshin Seifun Delica Frontier established in July 2022, will further refine our development and technological capabilities and boost our profitability, which will bring us closer to realizing our goal of establishing "a business model pursuing delicious foods and high manufacturing efficiency."

We are also responding to changes in lifestyles and work styles, working to reduce food loss, promoting respect for human rights, and using our business to provide solutions for social issues.

Strengths

- Nationwide manufacturing and distribution structure and top-class manufacturing plants and workforce in Japan
- A complete lineup structure providing products in every prepared food category
- A product development structure encompassing the Group's R&D and technology development activities
- The ability to use the Group's raw material procurement
- Governance by the intermediate holding company

Opportunities and risks

- Advancement of women in society, changes in the workforce from more people working from home, and increase in single-person households
- Lifestyle changes accompanying the declining birthrate and aging population in Japan
- Rapid technological innovation in automation, robotics, and AI
- Shrinking markets and increasing labor shortage due to population decline

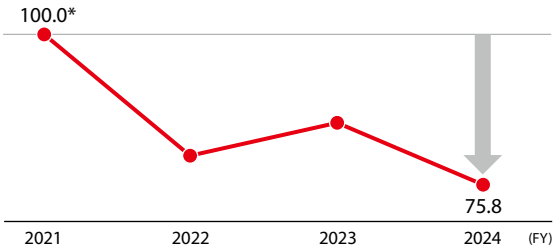
Materiality initiatives

Please see Materiality (Pages 54-55)

Creating comfortable working conditions

The Prepared Dishes and Other Prepared Foods Business in Japan employs a large percentage of foreign and elderly workers. As such, providing comfortable working conditions and introducing labor-saving equipment not only respects human rights, but also helps retain personnel amid the shortage of labor while ultimately improving productivity. We are continuing efforts to create more comfortable working environments at all of our plants, which is producing the additional beneficial effect of reducing occupational accidents.

Occupational Accidents



* Index with FY2021 as 100

Business strategy in the medium-term management plan

Become an essential company in the prepared dishes and other prepared foods market

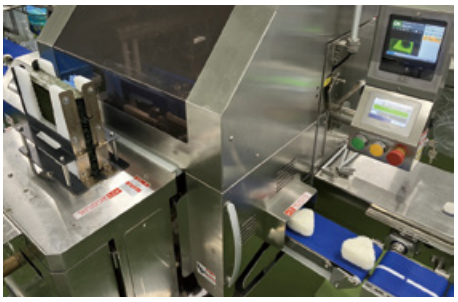
- Separate the management control and business execution functions under an intermediate holding company structure
- Strengthen the frozen food business, including improving the production system
- Continue creating lean business operations by reconstructing the optimal production system
- Improve operating efficiency by digitalizing operations and stabilize the production systems by automating production processes
- Conduct R&D and develop technology to reduce food loss and decrease our environmental impact
- Develop technology to reduce the impact on food quality from additives (bacteriostatic agents, pH adjusters) in order to maintain deliciousness

Key measures and progress to achieve the medium-term plan targets

Automating production and labor-saving

The daily production operations of the Prepared Dishes and Other Prepared Foods Business employs roughly 10,000 people at 25 sites across the country. Our production system is highly refined, but we are seeking to make it even more efficient to respond to the increasing shortage of labor and other social conditions.

We are integrating technology we develop in-house and external expertise from equipment makers and others to develop automation and labor-saving equipment. We are constantly developing new equipment and additional functionality that is not only being used for unmanned production lines, but also to ensure consistent product quality and further raise our management standards.



Automated seaweed rolling machine

Advancing DX

The prepared food business operates 24 hours a day, 365 days a year, and accumulates a massive amount of internal data every day. Managing and using this data appropriately is essential for improving our operating efficiency, and we are therefore actively investing to improve our data system structure and to train digital human resources.

Digital Transformation Certification

In 2023, Tokatsu Foods became the prepared food industry's first DX-certified Business Operator

Fortifying R&D capabilities

While we pursue deliciousness, we are also working to solve social issues such as lifestyle changes and waste loss reduction. We are currently conducting R&D from three perspectives: product differentiation, health, and the environment.

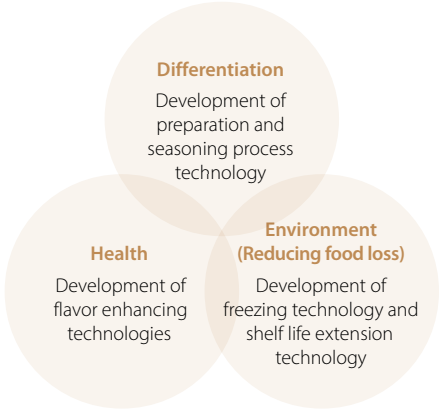
Differentiation: We are developing cooking and processing technologies that will create new value.

Health: We are developing technologies that will bring out the full deliciousness of vegetables and other plant-based products.

Environment: We are advancing our freezing technology to develop high-quality frozen prepared foods and reduce food waste.

Activities in each of these themes are being facilitated by the new research center established in the Nisshin Seifun Group Kamifukuoka Laboratories in April 2023.

R&D focus themes



Processed Food Segment | Yeast and Biotechnology Business

Wide range of food products and high value-added biotechnology



Hideo Arai Director and President, Oriental Yeast Co., Ltd.

The food business develops and supplies yeast, fillings, mayonnaise, and other ingredients to customers ranging from bread and confectionery companies to prepared dish makers and restaurant operators. Overseas, subsidiary Oriental Yeast India Pvt. Ltd., which commenced operations of a new plant in 2022, is expanding its business in India's rapidly growing bread market.

The bioindustry business uses proprietary technology to develop high value-added businesses for raw materials for diagnostic reagents, culture media, reagents, and contracted testing services used in the field of preventive medicine. The business is also focusing on broadening our support business in the regenerative medicine field.

Our ESG management activities include using solar power generation to reduce CO_2 emissions, advancing our digital transformation by using IT to digitalize our processes, and incorporating the latest technologies to make our business processes more efficient and the use of human resources more effective. The objective of these initiatives is to enhance our corporate value and continue to earn the support of our business partners and stakeholders.

Materiality initiatives

Please see Materiality (Pages 54-55)

Increasing on-site power purchase agreements

We are continuing to install solar power generation equipment as part of our efforts to meet our targets for reducing CO_2 emissions. While we had previously established on-site power purchase agreements (PPAs) at the Nagahama Plant and Biwa Plant, Oriental Yeast's subsidiaries Pany Delica and Kitayama Labes have now also entered PPAs. We are committed to helping realize a decarbonized society and will consider PPAs for all of our business sites, using plant rooftops for solar power systems to reduce CO_2 emissions, and other measures that will lower the environmental impact of our operations.

Strengths

- In the food business, a wide-ranging lineup of food ingredients created with our advanced R&D capabilities; products carefully selected, developed, and commercialized from our 30,000 yeast strains
- In the bioindustry business, global brand power based on highly advanced R&D and manufacturing technologies in the diagnostics, pharmaceuticals, and academia fields, and large customer bases in Japan and overseas

Opportunities and risks

- In the food business, risk of a shrinking market from population decline in Japan. Opportunities from the growing world population, improving logistics and diversifying food preferences in Asia, notably the growing bread market in India
- In the bioindustry business, opportunities from expanding markets accompanying population growth worldwide, increasing need for preventive medicines from the aging population in Japan, advances in polymer and regenerative medicines

Business strategy in the medium-term management plan

In the food business, we will improve profitability and expand our yeast and food businesses by deepening our presence in the Japan and overseas markets for bread, prepared dishes, and restaurant meals, and develop the India and other overseas markets (page 35).

In the bioindustry business, we will build new businesses in the preventive medicine field, including biomarker discovery and measurement technologies for substances that indicate aging, such as advanced glycation end-products (AGEs). We will also strengthen our high-value-added businesses of diagnostic reagents, culture media, reagents, and contracted testing services.

Key measures and progress to achieve the medium-term plan targets

Cost reduction and profitability improvement strategies

Our flour paste had long been supplied by the Saitama Plant and the Biwa Plant (Shiga Prefecture). In recent years, however, operations at the Saitama Plant started being affected by aging facilities as well as changes in local conditions. We therefore made the decision to optimize flour paste production structure by closing the Saitama Plant in December 2023 and focus flour paste production at the Biwa Plant. The result is lower fixed costs, increased productivity, and improved profitability. We will plan to continue improving production and capital efficiency and further fortify our cost competitiveness.

Processed Food Segment | Healthcare Foods Business

Meeting the growing need for healthcare food products and fine chemicals and becoming our customers' partner in physical and mental health

Hidekuni Tanaka Director and President, Nisshin Pharma Inc.



As the healthcare food market continues expanding with the increasing health awareness, we are focusing on meeting customer needs for healthy, safe, and reliable products by developing foods with nutrient function claims, foods with function claims, foods for specified health uses, and other healthcare foods. We sell and supply health foods and ingredients, conduct quality assurance initiatives for our clients, and provide dietary recommendations and information geared to specific lifestyles. While maximizing the strength of our direct to consumer (DtoC) sales channels, we are developing a business centered on healthcare foods that leverages the Group's overall capabilities. The business is aimed at helping customers maintain their health and further broadening the Group's efforts in the healthcare field.

In the fine chemicals business, we are continuing to strengthen our business base. We anticipate growing competition in both the healthcare and fine chemicals markets and are seeking to differentiate our company.

Strengths

- Own DtoC mail-order channel
- Product development capabilities using our technologies
- Sophisticated quality assurance system developed in the pharmaceuticals business

Opportunities and risks

- Diversifying and changing consumer needs
- Growing e-commerce
- Increasing awareness of healthy foods and lifestyles
- Increasing use of self-medication
- Expanding demand for raw materials for pharmaceutical products "EPA-E"

Business strategy in the medium-term management plan

- **Independent growth of the mail-order business centered on healthcare foods:**
  Establish multiple earning drivers, including Bificolon and Power Supply NMN, by deepening customer understanding and applying the Group's strengths of technological and quality assurance capabilities, and independently grow the mail-order business.
- **Strengthen the business base of the fine chemicals business:**
  Reconstruct the business foundation by continuing to lower EPA-E costs, establishing stable raw materials procurement sources, and securing multiple sales destinations.

Key measures and progress to achieve the medium-term plan targets

Healthcare foods

- Develop products and acquire original evidence using our own technology and open innovation in the focus areas of intestinal environment and lifestyle-related diseases.
- Attract customers through sales strategies targeting specific customers and highlighting product features of both existing and new products.

Fine chemicals

- Expand the sales area and customers for EPA-E, and improve manufacturing process efficiency and labor saving to continuously reduce costs.

Materiality initiatives

Please see Materiality (Pages 54-55)

Launch of the Bificolon *Chono* Assist of food with function claims

The Nisshin Seifun Group's research in wheat bran led us to start exploring the benefits of bifidobacteria in the 1980s. This research recently produced our new product Bificolon *Chono* Assist, which supports brain and gut health. The product features two types of bacteria said to benefit human health. One has been reported to aid in improving memory and the other to help adjust the gut environment and improve bowel movements.



Bificolon *Chono* Assist

Others Segment | Engineering Business

Transforming into a DX engineering business and developing expert teams in powder technology and plant construction



Takahiro Goto President, Nisshin Engineering Inc.

We are aiming to further strengthen the powder technologies and plant construction engineering technologies that differentiate our operations while transforming into a "DX engineering" business that will establish a management foundation for continuous change and growth.

The priority of the DX engineering will be to construct an efficient management system by fully digitalizing the engineering processes in the three areas of design, procuring quotations, and knowledge, which are the core sources of value creation. We will also focus on improving our consulting capabilities and developing digital human resources to establish a corporate brand where each employee is an expert in their field and takes pride in their work. Together, these efforts will enable us to further cultivate our existing areas and broaden into non-food and other new fields in the plant engineering business while also expanding our equipment sales and powder processing businesses.

Materiality initiatives

Please see Materiality (Pages 54-55)

Equipment proposals and construction for reducing environmental impact

During the planning phases of plant construction and equipment selection, we incorporate proposals to clients for highly efficient equipment, highly durable materials, plant water recycling systems, and employee work environment improvements. During the construction stage, we provide engineering services to reduce the environmental impact, such as by shortening construction period to minimize CO_2 emissions and by considering local residents when creating the construction schedule. We made approximately 800 such proposals to clients for projects we worked on in fiscal 2024.

Strengths

- Abundant experience in plant engineering and powder handling
- System of the same manager remaining in charge of all customer support throughout a project
- Technical ability to make proposals and designs for a specific operation from the user's perspective
- The Nisshin Seifun Group's world-class powder technologies and R&D structure for plant automation

Opportunities and risks

- Growing demand for plant automation and IoT integration as new technologies emerge
- Growing demand for advanced electronic materials, such as materials for electronic devices and secondary batteries
- Increasing competition for food manufacturing plant construction due to a shrinking market for food products as Japan's population declines
- Labor shortage in the construction industry

Business strategy in the medium-term management plan

- Establish DX engineering (thorough digitalization of all business processes)
- Improve proposal skills, develop digital human resources, and accumulate and share proprietary technologies and expertise
- Cultivate existing areas and expand into other areas, including non-food factories, in the plant business
- Use our world-class powder technology to expand sales in the equipment and powder processing businesses

Key measures and progress to achieve the medium-term plan targets

Use DX engineering to enhance customer value

We are applying DX engineering to completely digitalize all of our business processes with a focus on improving the efficiency of our current operations and enhancing the value we provide to our customers. We have incorporated 3D computer-aided design (3D CAD) modeling in our design planning as well as building information modelling (BIM) technology using intelligent 3D objects of facilities and equipment. These technologies enable us to share conceptual renderings of completed projects with clients from the initial design stages and allow us to provide engineering services accurately matched to client specifications. We will continue introducing digital tools as part of our ongoing efforts to add value to our services.

Others Segment

Mesh Cloth Business

Use our unique, high-value-added, differentiated technologies to become a world-leading material company helping to create prosperous lifestyles and improve the global environment

Tetsuya Kaji President, NBC Meshtec Inc.



In the global movement to realize a sustainable society, environmental measures are being stepped up to reduce CO_2 emissions and decarbonize. Markets in the environmental field are growing as technology is developed to support a society that uses natural energy, renewable energy, and hydrogen. In the medical and hygiene fields, post-corona lifestyles and increased awareness of health and hygiene are fueling ongoing worldwide demand for antiviral functional materials and other products. In the automotive industry, we anticipate CASE innovation to open new business opportunities for high-performance product groups, and accelerating adoption of plug-in hybrid and other types of electric vehicles. With this outlook, we will seek to maximize our corporate value over the medium term by improving our customer and social value and using our manufacturing expertise to contribute to the Group and society and to help improve the Earth's environment.

Materiality initiatives

Please see Materiality (Pages 54-55)

Using advanced mesh technology to improve the Earth's environment and help achieve carbon neutrality

The mesh technology that we have developed from the sieves used in our milling business is now widely used as a technology in many fields to help realize a sustainable society. To help the users of our technology and society achieve carbon neutrality, we will provide materials and products for decarbonization businesses, such as mesh for hydrogen production equipment, mesh for electrode printing solar power cells, and plant-derived mesh products made with biomass resin. We plan to step up our environmental efforts and have placed the environment as a priority management issue in the Group's medium-term management plan.



Hydrogen production equipment with mesh technology

Strengths

- Development and manufacturing technologies for high-definition, high-quality synthetic and metal fiber mesh
- Catalyst, bio-, and nanotechnologies enabling us to develop products with dust proofing, antifouling, water repelling, antibacterial/antiviral, and deodorizing functions
- Integrated mesh and plastic molding technologies, high-performance filter development and production technology capabilities

Opportunities and risks

- Growing demand in new areas, such as the environmental, decarbonization, medical, health hygiene, and communications fields
- Increasing demand for high-performance mesh for electronic devices and circuit formation created with new technologies
- Changes in supply chains or demand triggered by trade friction or geopolitical risk
- Fluctuations in raw material prices

Business strategy in the medium-term management plan

- Raise sales by developing and expanding sales of differentiated high-performance products in each growth market segment
- Strengthen cost competitiveness and optimize domestic and overseas production systems
- Contribute to resource recycling, environmental protection, and Group sustainability by advancing decarbonization, including converting plants to hydroelectric power generation sources and expanding the use of solar panels at our plants

Key measures and progress to achieve the medium-term plan targets

Expand business by developing and expanding sales of differentiated high-performance products in each growth market segment

- For the environmental market, we are developing differentiated high-performance products incorporating proprietary technologies including high-definition metal mesh for solar cells, membrane support mesh used in hydrogen production equipment, and high-performance molded filters for plug-in hybrid electric vehicles (PHEVs), battery electric vehicles (BEVs) and fuel cell vehicles (FCVs). We are taking steps to vastly boost sales in this market by preparing to meet the increasing demand from clients by establishing a supply system and aggressively introducing products to the growing markets.
- We are focusing on increasing development and sales and creating new markets for our high-performance filtration cloth and filters, deodorizing equipment using catalyst technology, and other environmental products.

Sustainability Priorities (Materiality)

Sustainability priorities	Priority themes	Approaches and targets	Risks
Provide safe and healthy food and responsible consumer communication	Ensuring food safety	**Implement quality assurance from the viewpoint of consumers and continually strengthen the quality assurance system** • Acquire and maintain certification for food safety management systems	• Loss of social reputation and stakeholder confidence due to quality-related incidents or other issues • Loss of growth opportunities due to delays in responding to the health needs of consumers
	Responsible consumer communication	**Provide fair and responsible consumer communication** • Conduct advertising activities that consider ethics, human rights, and the environment • Promote measures to increase consumer engagement	
	Contribution to healthy diets	**Research and develop health functions of food ingredients, primarily focused on wheat, such as its effectiveness in preventing metabolic syndrome and promoting brain functions and anti-aging**	
Enable secure and sustainable raw material procurement	Ensuring stable wheat procurement	**Establish sustainable procurement of wheat, our primary raw material** • Understand that climate change, biodiversity, and exploitation of human rights is having an impact on wheat procurement, and thus implement mitigation and adaptation measures	• Impact of climate change or other factors on our ability to procure wheat • Procurement problems or impairment of corporate value due to environmental or human rights issues in our supply chains • Slowdown or disruption of supplies of raw materials due to natural disasters, epidemics, or geopolitical risks, such as conflicts
	Sustainable raw material procurement	**Promote responsible procurement activities based on fair and ethical transactions** • Enforce the Responsible Procurement Policy • Strengthen supply chain management	
Efficiently handle product and packaging waste	Reducing food waste	**Reduce food waste and contribute to realizing sustainable food systems** • 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 by 2030*1 • Work with our partners to reduce food waste at all supply chain stages Note: Scope of reduction: Production and distribution by-products and waste that are not suitable for use as food and are processed through thermal recycling, volume reduction, landfill disposal, or incineration, etc.	• Higher compliance costs resulting from changes to or strengthening of laws and regulations relating to waste and resource recycling • Loss of stakeholder confidence due to delays in actions to reduce waste and recycle resources
	Reducing packaging waste	**Promote the 3Rs (reduce, reuse, and recycle) + renewables with our partners at all supply chain stages** • Reduce the amount of fossil fuel-derived plastics used by at least 25% compared with the fiscal 2020 level by 2030*2 • 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	
Address climate change and water resource issues	Climate change adaptation and mitigation	**Introduce energy-saving technology and promote the use of renewable energy, and contribute to realizing a decarbonized society** • Reduce CO_2 emissions from Group-owned facilities to net zero by 2050 • Reduce CO_2 emissions from Group-owned facilities by 50% compared with the fiscal 2014 level by 2030 • Reduce CO_2 emissions across our supply chains **Strengthen resilience against increasingly severe natural disasters** • Take steps to protect major domestic flour milling plants, including tidal surge protection and seismic strengthening	• Increased intensity and frequency of natural disasters, rising temperatures, and water shortages that could impact our ability to operate production sites and affect procurement of raw materials • Increased costs relating to regulations, including carbon taxes • Loss of stakeholder confidence due to a slow response to climate change and water problems
	Water resource conservation	**Work with our partners to ensure effective utilization of water at all stages of our supply chain** • Reduce the amount of water used in plants per unit of production by 30% compared with the fiscal 2022 level by 2040*3 Note: Halving of water use in regions where there is a high risk of water supply problems in the future	
Provide working environments that are healthy and fulfilling	Respect for diversity	**Respect humanity and diversity, and create workplaces that consider work-life balance** • Reach target for women to represent 15% of management positions at eight Group companies by the end of March 2027	• Labor shortages caused by reduced competitiveness in the recruitment market and the loss of existing employees • Impact on business continuity due to increases in occupational accidents and heightened employee health risks
	Cultivation of human resources	**Cultivate human resources so each person can grow and fulfill their potential** • Cultivate next-generation business managers • Develop the skills of technical personnel in specialized fields • Cultivate human resources with global perspectives	
	Employee working environments and health	• Continuously strengthen occupational health and safety management activities (zero occupational accidents) • Promote workstyle reform • Promote health management by implementing measures based on these three pillars: work environment, personal physical care, and mental healthcare	

*1 At Group companies in Japan: Initio Foods Inc., Joyous Foods Co., Ltd., and Tokatsu Foods Co., Ltd., compared to fiscal 2020
*2 Group companies in Japan *3 All Group companies in Japan and overseas

Opportunities	Progress in FY2024
• Gaining the trust of consumers through the supply of safe, reliable products • Creation of opportunities through the enhancement or development of products based on consumer feedback • Expansion of business opportunities linked to rising health consciousness	• Certification of food safety management systems: Percentage of systems certified 96% * Kumamoto Flour Milling group companies that joined the Group in FY2024 are scheduled to acquire certification in FY2025 Certification progress **https://www.nisshin.com/english/safety/authentication.html** • Conduct periodic audits of the quality assurance systems at all Group business sites and contracted factories (Domestic 76 sites, including 50 contracted sites; overseas 20 sites, including 4 contracted sites) • Provision of quality assurance training for around 5,000 employees involved in R&D, production, and sales at all group companies in Japan and overseas
	• In-house training about discriminatory language in advertising, etc. (scope: Group employees involved in advertising and promotion, participants: 48) • Educational visits (20 visits, 881 participants) to enable people of all ages to learn more about wheat and wheat flour • Plant tours and dialogue meetings with consumer groups (22 participants/3 meetings) • Monthly Quality Improvement Meetings to share customer feedback with related departments and apply it to product development and improvement (number of feedback comments: 10,700)
	• Added the *Komugi de Seni* (fiber from wheat) logo to business partner products using our high-fiber *Amuleia* flour to raise customer awareness and expand sales (Nisshin Flour Milling) • Launched sales of *Gokuuma Powder*, a low-sodium fermented seasoning that replaces salt flavor with umami, acidity, and aroma, and *Mineralful*, a mineral-rich baker's yeast (Oriental Yeast)
• Creation of structures to support stable supplies of safe, reliable products and services	• Investigated the impact of climate change and sustainable agriculture on wheat production in 4°C and 1.5°C scenarios Scenario analysis **(Pages 56-57)**
	• Distribute the Group procurement policy to domestic suppliers, continue conducting risk assessment through CSR self-assessment surveys, visit suppliers with risk concerns and provide feedback (Program expanded by two Group companies to seven Group companies in FY2024) • Monitor the status of human rights due diligence initiatives in all businesses and continue addressing high-risk and priority issues
• Efficiency improvements and cost reductions resulting from waste reduction initiatives • Expansion of business opportunities through the development of environmentally responsible products	• Food waste produced in fiscal 2024: 1,061 tons (60% reduction compared with the base year) • Ongoing efforts to shift from thermal recycling to material recycling (feed and fertilizer production, fermentation, reuse, etc.) through changes to disposal methods, installation of on-site feed production facilities, and other initiatives • Research and development of food preparation and processing technologies focused on lengthening product shelf lives and continuing study of efficient supply and demand management
	• Use of fossil fuel-derived plastics in fiscal 2024: 5,389 tons (10% reduction compared with the base year) • Reduced plastic usage for frozen pasta products by switching from plastic to paper trays and redesigning the product size while maintaining the product volume • Use of FSC®-certified paper in some product packaging
• Expansion of business opportunities through increased demand for sustainable, environmentally responsible products and services	• Fiscal 2024 CO_2 emissions reduction: 412,000 tons (13% reduction compared with the base year) * Oriental Yeast India added to coverage in FY2024 • Signed an off-site corporate PPA to convert electricity used at the Tsurumi Plant, the largest flour mill in Japan, to substantially renewable energy • Large-scale capital investment to achieve targets in a CO_2 reduction roadmap, and adoption of internal carbon pricing (ICP) • Energy conservation efforts, including waste heat utilization, the introduction of high-efficiency equipment, and the reduction of losses through pipe maintenance • Measures to protect major domestic flour milling plants in coastal locations from surge tides, including the expansion of flood barriers • Evaluate and reflect on the progress toward the targets in the CO_2 reduction roadmap in the bonuses of the internal directors (excluding Audit and Supervisory Committee members)
	• Water use per unit of production in fiscal 2024: 1.05m³/t (4% reduction compared with the base year) • Reassessment of water risk and stress at production sites • Introduced equipment capable of reusing approximately 60% of water needed for yeast production (operation started in July 2024 at an Oriental Yeast plant)
• Employee retention through the improvement of work motivation and job satisfaction • Innovation and corporate growth resulting from the activities of diverse human resources	• Percentage of management positions held by women in Japan: 11.6% (scope: eight Group companies) • Encouraging male employees to take childcare leave for work and childcare balance: Percent of male employees taking childcare leave 84.9% (scope: eight Group companies) • Continuing provision of career seminars for female employees (scope: eight Group companies)
	• Training programs for next-generation managers, including company-developed training programs (N-Map) and participation in external training programs (scope: eight Group companies, 119 participants) • Added new training program for all employees to improve their DX abilities • Program to train human resources with global perspectives (16 participants, total of 27 alumni transferred overseas as of June, 2024)
	• Regular internal occupational health and safety audits at all Group business sites (implemented at 34 sites in fiscal 2024, including newly added Kumamoto Flour Milling) and independent assessments at business sites in Japan • Occupational accidents are analyzed and issues identified, and equipment safety measures and safety education are conducted for accidents deemed particularly serious (such as getting caught in or tangled in machinery, or an elderly worker falling) • Improvement of the office environment and workplace-level dialogue meetings on specific issues related to psychological safety (scope: eight Group companies) • Continuing inclusion in the "White 500" list of enterprises with outstanding health management systems (Nisshin Seifun Group Inc.), designation as companies with outstanding health management systems (four Group companies)

Environment

Initiatives Based on the TCFD Recommendations

In August 2021, the Nisshin Seifun Group expressed its support for the TCFD recommendations, and announced its participation in the TCFD Consortium. In 2021, we performed qualitative scenario analyses of the Flour Milling Business, the Processed Food Business, and Prepared Dishes and Other Prepared Foods Business. In fiscal 2024, we expanded the scope of these analyses to include the Yeast and Biotechnology Business and conducted detailed analyses of the financial impact on the domestic Flour Milling Segment, Processed Food Segment (excluding Healthcare Foods Business) and the Prepared Dishes and Other Prepared Foods Segment. Responses to risks and opportunities considered to be especially significant are reflected in each company's business strategies as approaches to key sustainability priorities, with the aim of enhancing business continuity and creating opportunities for dialogue with stakeholders through the disclosure of information.

● **TCFD framework**

Disclosure items recommended by the TCFD	Activities by the Nisshin Seifun Group
Governance	The Nisshin Seifun Group recognizes protection of the global environment, including action on climate change, as its most critical management issue. The person responsible for all actions on these risks under our management system is the Director and President of Nisshin Seifun Group Inc., the Group holding company, as the top management executive. We have established a Sustainability Committee chaired by the President of Nisshin Seifun Group Inc., with the presidents of Group companies serving as members. The role of this Committee is to verify progress on identified sustainability priorities (materiality), including initiatives formulated in 2021 for addressing medium- to long-term targets for environmental issues, and to deliberate on and verify policies and strategies regarding new issues pertaining to sustainability. The Sustainability Committee has established the Environment Committee as a subcommittee and supervises and facilitates its activities. The Environment Committee, which is chaired by the Director and Division Executive of the Technology and Engineering Division, is responsible for the management of environmental issues, as well as the drafting of medium- to long-term environmental targets, and the management and assessment of progress toward the targets. It also submits reports on important matters to the Sustainability Committee, the Group Management Meeting and the Board of Directors. Matters that could have a major impact on management policies or business activities are reviewed and discussed at meetings of the Board of Directors. In fiscal 2024, it was reported that Nisshin Flour Milling Inc. entered an Offsite Corporate Power Purchase Agreement (PPA), under which the Tsurumi Plant effectively switched over to renewable energy for all electric power consumed. Furthermore, as an incentive for efforts to address climate change, we opted to reflect evaluations pegged to progress toward the achievement of CO_2 reduction roadmap targets in bonuses for internal Directors.
Strategy	In fiscal 2022, we carefully discussed the impact of climate change under the 1.5˚C and 4˚C scenarios and climate strategy. It is possible that business could be impacted significantly, both under the 1.5˚C scenario due to regulatory measures, such as an increase in the carbon price, and under the 4˚C scenario due to the increased frequency and intensity of extreme weather events and increasing risks relating to the sourcing of raw materials and water. In relation to short- and medium-term risks arising from the increased frequency and intensity of extreme weather events, we are implementing disaster prevention measures and improving facilities to withstand storm surges and other events, based on hazard analyses and safety timelines (Disaster Prevention Action Plans) for each operation site. Medium- to long-term risks affecting the sourcing of raw materials were already reflected in business strategies as factors that could have a serious impact on our business operations. We also aim to make further progress on efforts to address climate change through collaboration with producers, research organizations, and government agencies. We responded to transition risks, such as increases in the carbon price, and physical risks affecting the sourcing of raw materials and water, by setting medium- to long-term targets for environmental issues, such as the reduction of CO_2 emissions, water use, food waste, and packaging waste based on the 1.5˚C and 4˚C scenarios. In fiscal 2024, we conducted a detailed analysis, of the potential effects of climate-related risks, including the financial impact, on our Flour Milling, Processed Food (excluding Healthcare Foods Business) and Prepared Dishes and Other Prepared Foods Segments in Japan. We will continue to work proactively to strengthen the adaptive capacity and resilience of our business operations. Fiscal 2024 analysis results (Page 57)
Risk management	As an organization committed to the appropriate management of environmental issues relating to our business operations, we have established an Environment Committee, while individual Group companies have appointed environmental management coordinators and established environmental management committees in response to inherent environmental issues relating to their activities. The Risk Management Committee, which is made up of the presidents of Group companies under the chairmanship of the Director and President of Nisshin Seifun Group Inc., examines the business impact of various risk factors, including climate change. Its role is to identify risks, assess impacts, and review risk management plans. It also regularly reviews the management of risks and opportunities identified and assessed by the Risk Management Committees of Group companies as part of the overall coordination of the Nisshin Seifun Group's risk management system. Progress on the analysis of climate-related scenarios to determine climate-related risks is as described in the strategy.
Metrics and targets	The Nisshin Seifun Group has established four medium- to long-term targets for the reduction of CO_2 emissions, food waste, container and packaging waste, and water use as indicators for its efforts to mitigate and adapt to climate change and reduce environmental impacts. The Environment Committee regularly reviews progress toward these targets and takes systematic action toward their achievement. Progress toward medium- to long-term environmental targets (Pages 58-59)

● Initiatives in FY2024 (including a detailed analysis of the financial impact of significant risks)

Impact of major climate change-related risks on the domestic Flour Milling Segment, Processed Food Segment (excluding Healthcare Foods Business), and the Prepared Dishes and Other Prepared Foods Segment

Risks and opportunities			Impact of major climate change-related risks		Countermeasures
Item	Main category	Sub-category			
Transitional risks	Policies/regulations	**Carbon price increases**	**Impact on business** A higher carbon price would cause wide-ranging cost increases in such areas as raw materials, manufacturing, and logistics. We need to enhance our sustainable transition plans and response actions.	**Financial impact** The carbon price burden will increase by around ¥4.5 billion by fiscal 2031. *1 An estimate based on a scenario in which CO_2 emission reduction efforts stagnate and emissions remain at around the fiscal 2023 level *2 Calculations based on the NZE Scenario (net zero emissions by 2050) published in International Energy Agency's World Energy Outlook 2022	• Net zero CO_2 emissions by 2050, 50% reduction by 2030 (compared with the fiscal 2014 level) • Steady implementation of measures based on the CO_2 reduction roadmap, including energy-saving activities, improvements in production efficiency, and increased use of renewable energy • Further investment in energy-saving measures based on the use of internal carbon pricing (ICP) ⇒ Reduction of the financial impact to around ¥2.5 billion (fiscal 2031) (reduction of the carbon price burden by around ¥2.0 billion through these initiatives)
Physical risks	Acute	**Increasing intensity of extreme weather events (opportunity losses, including disruption of operations due to water-related disasters, such as tidal surges and floods)**	**Impact on business** The increasing size of typhoons and severity of rainstorms will lead to an increase in the frequency of water-related disasters, such as tidal surges and floods, and their impacts on production sites and logistics operations. We need to enhance our preparedness through business continuity planning (BCP), and to strengthen our countermeasures.	**Financial impact** Net sales reduced by up to ¥600 million per disaster * Estimate prepared with reference to past disasters affecting the Nisshin Seifun Group, flood damage projections based on flood and tidal surge hazard assessments by local governments, and other data	• Enhancement of BCP countermeasures based on hazard analyses and climate fluctuations at individual business sites, expansion of collaboration among business sites • Reinforcement of buildings and facilities, etc., against tidal surges (e.g., installation of flood barriers based on projected inundation levels at production sites) • Enhancement of preparedness for major power outages or requests for long-term reductions in power usage (e.g., use of emergency generators, fuel stockpiling)
	Acute/chronic	**Reduction of agricultural output (difficulty ensuring stable procurement, soaring procurement prices)** **Anticipated risks** **Increased frequency of droughts** **Rising average temperatures, changing rainfall patterns** **Outbreaks of insect pests and infectious diseases**	**Impact on business** Declines in agricultural output due to multiple climate-related factors, problems affecting reliable access to raw materials, soaring procurement costs. **Impact on wheat as a key raw material** The following is an analysis of how wheat would be affected by rising temperatures and adaptation measures under 4°C and 1.5°C scenarios. **4°C scenario** While rising temperatures would reduce yields in low-latitude regions where temperatures are already high, yields would increase due to improvements in the suitability of land for wheat growing in high-latitude regions, where yields are currently limited by low temperatures. On a global basis, average yields would continue to rise. **1.5°C scenario** There would be a transition to agriculture with a focus on sustainability, such as measures to reduce agriculture-related greenhouse gas emissions and restore soil. The transitional phase would be likely to bring lower yields and high costs. However, yields would recover or increase in the period to 2050. We believe that the possibility of substantial declines in yields in major wheat-producing countries is low in the medium- to long-term future. However, long-term forecasts about supply and demand and procurement costs for food, including wheat, are subject to uncertainties. Furthermore, analyses of wheat procurement risks relating to climate change need to take into account not only yield fluctuations and costs under each scenario, but also other factors, such as the impact of droughts on trade volumes and quality. Medium- to long-term wheat procurement risks cannot be ignored. We need to take steps to mitigate or adapt to climate change, including support for the development of new strains in collaboration with growers and research organizations, and the exploration of new growing areas with a focus on sustainability.		• Continuous research on the impact of climate change and natural disasters on wheat • Support for the development of wheat strains capable of tolerating high temperatures and droughts in collaboration with growers and research organizations • Exploration of growing areas and procurement of wheat with a focus on sustainability • 50% reduction of food waste by 2030 (compared with the fiscal 2017 level, compared with the fiscal 2020 level for Initio Foods Inc., Joyous Foods Co., Ltd., and Tokatsu Foods Co., Ltd.) • Continuous pursuit of low-cost procurement and production operations • Diversification of suppliers, discovery of alternative raw materials

Environment

Addressing Climate Change and Water Resource Issues

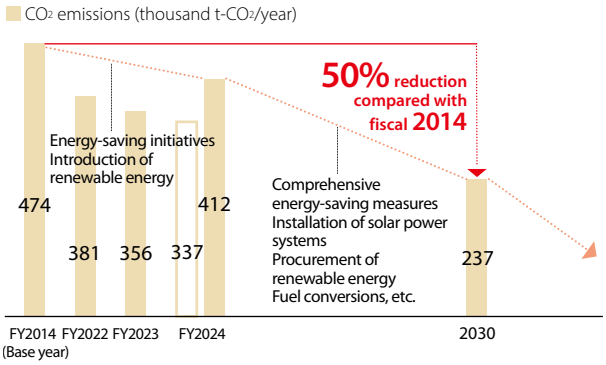
The Nisshin Seifun Group's medium- to long-term targets for environmental issues include the achievement of carbon neutrality by reducing CO_2 emissions to net zero by 2050, the reduction of CO_2 emissions by 50% by 2030 (from the fiscal 2014 level), and the reduction of water usage at production sites by 30% by 2040 (compared with the fiscal 2022 level). We will continue to pursue related initiatives across the entire Nisshin Seifun Group.

Reducing CO_2 emissions

The Nisshin Seifun Group is working to achieve its medium- to long-term environmental targets by reducing energy consumption at its business sites and shifting to energy sources with low CO_2 emissions. In fiscal 2024, the total CO_2 emissions for the Group increased year on year by 56,000 tons to 412,000 tons due to the addition of Oriental Yeast India to the scope of calculations. However, we continued our transition to CO_2-free electric power by installing solar power generation equipment and shifting to renewable energy at multiple sites in Japan and overseas. These efforts resulted in a reduction in CO_2 emissions compared with the base year. If Oriental Yeast India is excluded, the Group's total CO_2 emissions in fiscal 2024 would be 19,000 tons below the previous year's level at 337,000 tons.

Medium- to long-term environmental targets
https://www.nisshin.com/english/sustainability/environment/target.html

● CO_2 emissions



We will implement comprehensive energy-saving measures and introduce renewable energy in the period to 2030 based on our roadmap. We also anticipate further expansion of fuel conversion options and the emergence of new technologies. After 2030, we will continue to work toward carbon neutrality by 2050.

Note 1: Kumamoto Flour Milling Co., Ltd. is not included in the scope of the calculations.
Note 2: The figure of 337,000 tons for fiscal 2024 was calculated based on the same scope as the figures for fiscal 2022 and fiscal 2023.

The Tsurumi Plant of Nisshin Flour Milling Inc.

Shift to 100% renewable energy for all electricity used

In November 2023, the Tsurumi Plant of Nisshin Flour Milling Inc. began to use solar power procured through an offsite corporate PPA under a partnership with Marubeni Power Retail Corporation. All electric power used at the plant is now derived from renewable energy (including electric power purchased under a non-fossil certificate with tracking). The Tsurumi Plant is the largest flour milling facility in Japan and produces around one-tenth of the flour consumed in Japan. Its transition to 100% renewable energy will reduce annual CO_2 emissions by around 27,000 tons.



The Tsurumi Plant of Nisshin Flour Milling Inc.

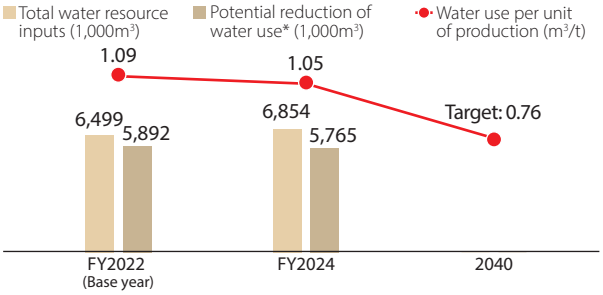


An offsite solar power generation facility

Efficient use of water

The Nisshin Seifun Group aims to ensure efficient utilization of water resources by monitoring water usage and the status of wastewater management systems at all of its production sites. We have set water usage reduction targets according to risk levels based on future water stress forecasts at all of our production sites in Japan and overseas. In fiscal 2024, we reduced water usage in manufacturing processes across the entire Group. We also made progress on related measures, including water recycling and reuse at our business sites.

● Water resource inputs and water use per unit of production based on medium/long-term environmental targets



* Water resource inputs exclude inputs that cannot be reduced, such as water incorporated into products

Note: Kumamoto Flour Milling Co., Ltd. is not included in the scope of the calculations.

The Tokyo Plant of Oriental Yeast Co., Ltd.

Installation of water resource reuse system

Oriental Yeast Co., Ltd. has installed a system at its Tokyo Plant to recover water resources that were previously released into the wastewater system. The water is processed in a water treatment system that restores it to the same quality as tap water, allowing it to be reused in the plant. This system will reduce the amount of water resources used in yeast production by around 60%.



Reduction of Food Waste and Container and Packaging Waste, Effective Resource Utilization

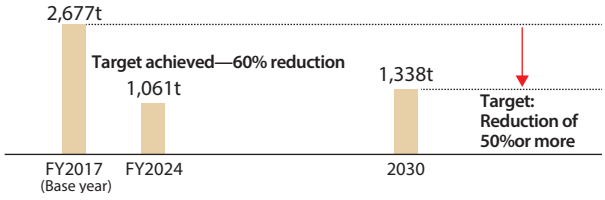
The Nisshin Seifun Group is contributing to the creation of a recycling-oriented society through its initiatives to utilize resources more efficiently. In Japan, the Group as a whole and individual Group companies have emitted zero production waste since fiscal 2014. We will continue working to reduce food waste throughout the supply chain, reduce the amount of packaging materials used for our products, and promote the effective use of resources throughout the Group in line with our medium- to long-term environmental targets.

The Nisshin Seifun Group defines food waste as production and distribution by-products and waste that cannot be used in food and are processed and disposed of through thermal recycling, landfill disposal, incineration, and other means. In addition to our efforts to reduce the amount of waste generated by production processes, we are also reviewing our disposal methods and proactively adopting material recycling systems. Our efforts up to fiscal 2024 have resulted in the early achievement of this target.

We have also been working to reduce the environmental impact of containers and packaging materials through initiatives starting at the packaging design and R&D stages. In fiscal 2024, there was a group-wide increase in the usage of plastics targeted for reduction due to a revision of the scope going back to the base year. We will need to increase our efforts to reduce plastic use in the period up the target year.

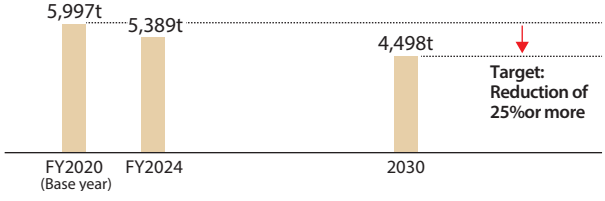
We will continue to expand our initiatives to ensure the effective use of resources.

● Food waste reduction (Group companies in Japan)



Note 1: Food waste reduction efforts target: Food waste that is processed and disposed of through thermal recycling, volume reduction, landfill disposal, incineration, etc.
Note 2: Fiscal 2020 was selected as the base year for the Prepared Dishes and Other Prepared Foods business, which is a relatively new segment.
Note 3: The results for Kumamoto Flour Milling Co., Ltd. are not included.

● Reduction of packaging materials



Note: Kumamoto Flour Milling Co., Ltd. is not included in the scope of the calculations.

Society

Corporate Management Based on Respect for Human Rights

The Nisshin Seifun Group regards respect for human rights as the foundation for its business activities and manages its operations on the basis of respect for the human rights of all stakeholders, both within and outside of the Group.

Commitments relating to human rights

The Nisshin Seifun Group Corporate Code of Conduct and Employee Action Guidelines contain specific provisions relating to human rights. In 2018, we brought in outside advisors to assist with the formulation of a Human Rights Policy based on the United Nations Guiding Principles on Business and Human Rights. That policy, which was put into effect after its approval by the Board of Directors, applies to Nisshin Seifun Group Inc. and its consolidated subsidiaries, as well as to our business partners and all other parties involved in our business operations.

Every December we run a "Human Rights Week" program, during which the President of Nisshin Seifun Group Inc. issues messages emphasizing the importance of respect for human rights. We also work to improve understanding about human rights through seminars attended by all officers and employees. We have also formulated the "Responsible Procurement Policy" and our "Request to Our Valued Suppliers" (supplier Guidelines), under which we work to ensure that our Group policies are understood and put into practice by suppliers as our business partners.

Human rights promotion structure

Our human rights promotion structure includes the Human Rights Promotion Committee, which is made up of directors in charge of the HR and Labor Planning in operating companies and chaired by the Executive Officer in charge of the Human Resources & Labor Relations Division of Nisshin Seifun Group Inc. We have also established a Human Rights Promotion Office within the Personnel Division of Nisshin Seifun Group Inc. to ensure appropriate action in response to various human rights issues. In addition, Human Rights Promotion Committees have been established within Group companies. These committees monitor progress on initiatives and share views. Important matters relating to human rights are also put forward for discussion at Sustainability Committee meetings, the Group Management Meeting, or Board of Directors meetings.

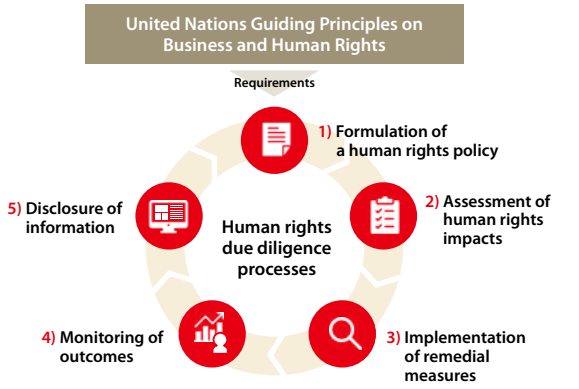
Human rights due diligence

We carry out human rights due diligence in order to identify and assess human rights risks that could be impacted by our business activities, and to identify important issues requiring prioritized action.

In June 2021, we began to implement human rights due diligence activities covering the Flour Milling, Processed Food, and Prepared Dishes and Other Prepared Foods Business, which account for large shares of our sales in Japan. In November 2022, we expanded the scope of these activities to include the Healthcare Foods Business, Engineering Business, Yeast and Biotechnology Business, and Mesh Cloth Business.

Nisshin Seifun Group, Inc. monitored these activities and confirmed that all businesses were progressively taking action to address high-risk issues that had been identified. We will continue to address significant risks and serious issues.

● Human rights due diligence processes



Human rights initiatives (Detailed description of each process)
https://www.nisshin.com/english/sustainability/social/human_rights.html

● Human rights impact assessment process

Step 1

With the cooperation of outside experts, we conduct hearings for related units in such areas as production, development, procurement, logistics, and administration in each business segment. We identify human rights risks in each of our operating companies and its supply chain, taking business characteristics into consideration.

Step 2

We identify high-risk items by creating risk maps with the seriousness of each human rights risk on one axis and the potential for occurrence on the other. Worker health and safety and the human rights of foreign workers (technical intern trainees, specified skilled workers, etc.) are regarded as priority risk items.

Step 3

We consider and implement specific countermeasures to lower the risk level of any high-risk items identified.

● Examples of group-wide major human risks

Existing and potential risk items identified through the human rights impact assessment process (Step 2)

Hazardous tasks / occupational accidents, violations of human rights of foreign workers, occupational safety and health management for logistics company workers, long/extended working hours or continuous work without days off by employees (including employees of suppliers), bribery or other corrupt practices, risks that our products and services could harm the health of consumers, harassment of workers, discriminatory language in advertising, leakage of personal information, impact of plant closures or relocations on employment, inadequate human rights education for non-regular workers.

● Reasons for the prioritization and initiatives to address these risks

* Business segments newly added to the scope of human rights due diligence activities

Flour Milling Business | Processed Food Business | Prepared Dishes and Other Prepared Foods Business | Healthcare Foods Business* | Engineering Business* | Yeast and Biotechnology Business* | Mesh Cloth Business*

Key issue	Actions	Businesses covered
1) Worker safety and health **Main reason for prioritization** Because the Nisshin Seifun Group operates manufacturing plants, there is a risk that health and safety could be directly impacted by hazardous tasks or occupational accidents, etc.	**Occupational accidents**	
	• Implementation of PDCA cycles based on the Health and Safety Management Policy • Audits by Nisshin Seifun Group Inc. and third-party analyses of operating companies in Japan and overseas (34 sites) • Identification of issues through analyses of occupational accidents, expansion of equipment-related countermeasures and safety education activities to address accidents that were judged to be particularly serious, such as entrapment and entanglement in machinery, and fall accidents involving older workers • Provision of seniority-based occupational safety and health training (attended by 300 people in fiscal 2024) **Occupational safety and health** **https://www.nisshin.com/english/sustainability/social/employee/safety.html**	
	Supplier management	
	• Actions to correct excessive working hours through regular dialogue with logistics companies	
	• Compliance surveys to identify excessive loading or other issues at logistics companies	
	• Dissemination of the Responsible Procurement Policy and Supplier Guidelines to key suppliers in Japan, implementation of CSR procurement surveys (assessment items: human rights and labor, employment formats, the environment, etc.) • Continuous dialogue, including feedback about findings and site visits, to inform the companies concerned about issues and remind them of the importance of safety initiatives in cases where improvements are needed in the operations of suppliers • Number of suppliers surveyed: 57 in fiscal 2024, cumulative total: 561	
2) Human rights of foreign workers **Main reason for prioritization** We need to take prioritized action in relation to the human rights of foreign workers in our own plants (especially in the prepared dishes and other prepared foods segment) and those of subcontracting plants and suppliers, because of the high social importance of this issue, and because of the need to embrace diversity.	**Working environment**	
	• Use of multilingual signage and illustrations to help foreign workers to understand about hazardous locations and equipment • Creation of multi-language manuals and notices, provision of interpreters (for key languages) • Screening of occupational safety videos in multiple languages	
	• Training program presented by outside experts on the management of foreign workers, including human rights protection (attended by 211 people in fiscal 2024)	
	Monitoring and assistance	
	• Implementation of third-party CSR audits (in some plants producing prepared dishes and other prepared foods) • Creation and administration of an assistance channel in the form of a structure capable of conveying issues to corporate management while protecting the privacy of people seeking assistance (e.g., an improvement suggestion box)	
	Raising human rights awareness of foreign workers	
	• Creation of Chinese, Vietnamese, Indonesian, Thai, and Turkish language versions of our human rights policy, distribution of copies to our overseas business sites to promote awareness and assimilation of the human rights policy	

Society

Development of Organizations and Human Resources to Support Sustainable Growth

The Nisshin Seifun Group is committed to the creation of organizations and operational structures that enable employees to work with a sense of motivation and fulfillment. We are working to recruit and develop human resources who can take up new challenges and lead change and innovation. We aim to achieve sustainable growth while adapting to change by realizing the individual potential of our diverse human resources and providing continual challenges.

1) Enhancing personal potential

Human resource recruitment

We have introduced a collective recruitment scheme under which new graduates are recruited for Nisshin Seifun Group Inc., Nisshin Flour Milling Inc., Nisshin Seifun Welna Inc., and Nisshin Seifun Delica Frontier Inc. This system is designed to enhance the attractiveness of the Nisshin Seifun Group in a competitive recruitment environment and foster a sense of unity by strengthening employees' connection with the Group. We have also introduced separate recruitment paths for different job categories and business segments. By offering firm pledges about initial assignments, this approach encourages students to select the Nisshin Seifun Group and avoids mismatching. We are also enhancing our mid-career recruitment activities. In addition to the strengthening of our relationships with staffing agencies, which are an important channel for this type of recruitment, we have also introduced a system under which potential recruits can be referred by Nisshin Seifun Group employees.

Human resource development

The future growth of the Nisshin Seifun Group will depend on next-generation management personnel capable of providing leadership, people with the digital skills needed to transform business models through the application of technology, and people with global perspectives who can become growth drivers for our expanding overseas businesses. We have prioritized human resource development in all of these categories. Our approach to human resource development encourages all employees to engage continuously in independent learning and supports management staff in fostering the growth of their subordinates. In line with this approach, we are continually updating our training programs, including programs based on self-nomination (Table 1). We will continue to expand our investment in training and education across the entire Nisshin Seifun Group (Table 2).

Developing managers

We provide management training programs as part of early development training for future management personnel (Table 3). One of the programs that we have provided continuously is our unique Nisshin-Manager's advanced program (N-Map), the purpose of which is the acquisition of problem-solving skills and a management mindset. Participants sum up what they have learned through the program by making new business proposals and presenting a vision speech to the management team. In this speech they talk about their vision, including the roles that they aim to play. Employees were sent to attend overseas MBA programs in the previous fiscal year. In the current fiscal year, employees are attending MBA programs in Japan. We also continued to send employees to attend external management schools and single-subject MBA courses in Japan, and overseas law schools on the basis of self-nominations.

Training of personnel with digital technology skills

We are implementing programs to develop a pool of people with skills that enable them to lead efforts to improve productivity through the use of digital technology, and to raise the digital literacy level of all employees. We have also established programs to support self-education efforts, including the provision of preparatory courses for people wishing to qualify as information processing engineers, and subsidies for course fees. We fully cover exam fees for employees who have obtained the IT Passport

Table 1 Participants in self-nomination programs

1,251

Table 2 Investment in education and training (FY2024)

¥404 million Approx. 23.7 hours

Table 3 Participation in business manager development programs

FY2024: 119

Table 4 IT-related exam passes*1

FY2024: Total of 66

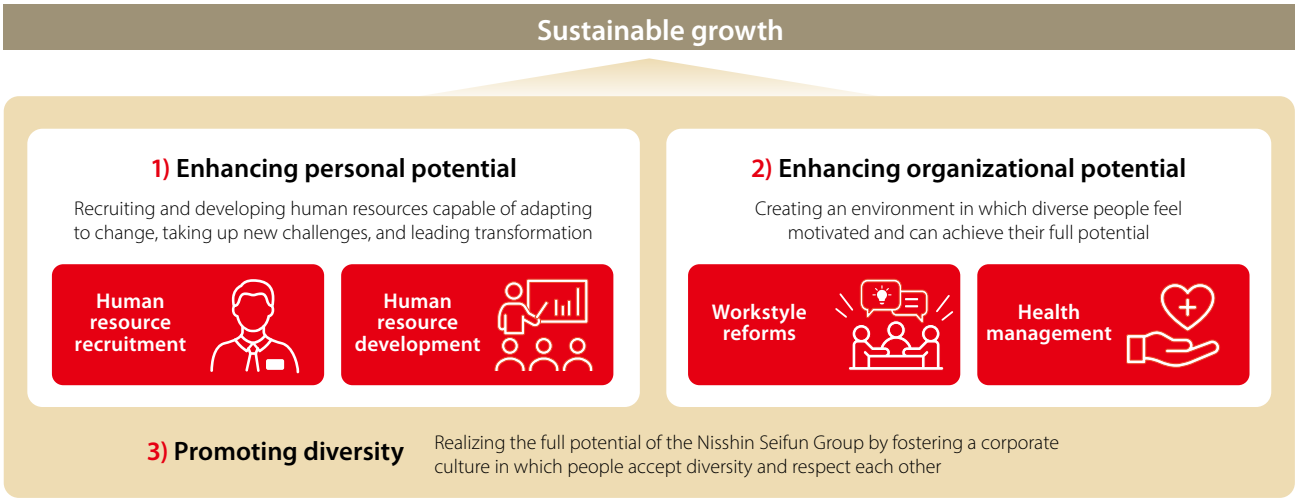
Table 5 Results of global human resource training*2

FY2024: 16 Cumulative total: 90

Table 6 Targets and results for the percentage of management positions held by women*3

Target: 15.0% as of the end of FY2027 Actual: 11.6% as of the end of FY2024

*1 This total refers to passes in IT-related exams approved by the Information-technology Promotion Agency (IPA), including the IT Passport Examination, the Fundamental Information Technology Engineer Examination, and the Information Security Management Examination.
*2 As of June 1, 2024, 27 alumni of this program have been assigned to overseas business sites.
*3 Scope: Nisshin Seifun Group Inc., Nisshin Flour Milling Inc., Nisshin Seifun Welna Inc., Nisshin Seifun Premix Inc., Oriental Yeast Co., Ltd., Nisshin Pharma Inc., Nisshin Seifun Delica Frontier Inc., Nisshin Engineering Inc., NBC Meshtec Inc., Nisshin Grain Silo Inc., Nisshin Associates Inc.



qualification. Other initiatives include the provision of educational videos and other materials (Table 4).

Training human resources with global perspectives

We run a group training program with the aim of developing people with global perspectives and the ability to produce results in any environment. After completing this program, many participants are assigned to overseas businesses or play key roles in international business operations (Table 5).

Under our support program for independent learning, employees improve their English skills by preparing for TOEIC exams and using conversational English training tools.

2) Enhancing organizational potential

Workstyle reforms

The Nisshin Seifun Group is implementing workstyle reforms with the aim of creating working environments and a corporate culture in which employees can achieve their full potential and experience a sense of personal growth and fulfillment from their work. A priority focus in recent years has been the enhancement of psychological safety. In fiscal 2024, we continued our efforts to build awareness within the Group by running workplace discussion sessions. In addition to our efforts to improve the efficiency of our business processes through changes to office layouts and the introduction of IT systems, we are also working continually to improve working environments and create pleasant working conditions by reducing total actual working hours and making it easier for employees to take leave. To provide a continuing impetus for these efforts, we have established a group-wide Workstyle Reform Committee to discuss specific productivity and engagement improvement measures and provide recommendations for their implementation.

Using the engagement survey

The Nisshin Seifun Group periodically carries out the N-Voice Engagement Survey. A comparison of results from the previous two surveys shows an increase in percentage of positive responses to questions relating to a "motivating environment for employees." This improvement appears to be result of the enhancement of our training programs and changes to human resource systems. However, there was no change in the percentage of positive responses concerning "employee engagement" as an indicator of employees' self-driven motivation to contribute to the company. We aim to achieve further improvement through workstyle reforms and other initiatives, and through changes to our human resource systems.

Health management initiatives

Our approach to health management is guided by our philosophy of working in partnership with our employees to deliver the value of health to the world. Under a structure headed by the President, we implement group-wide health management policies centering on the three pillars—the work environment, personal physical care, and mental healthcare. KPIs have been established for each of the areas and reflected in our business plans.

3) Promoting diversity

Diversity and inclusion

We recognize DEI as an essential foundation for human resource development and organizational development within the Nisshin Seifun Group. We are using various methods, including seminars and in-house messaging, to foster a corporate culture in which there is respect for diverse views and mindsets, regardless of gender, age, nationality, or other attributes.

Career development for women

Career development for women is a vital topic, since the extent to which female employees can play an active role is a litmus test for our efforts to promote DEI. Under the Co-ALIVE—a joint DEI initiative established by companies in the food industry—the Nisshin Seifun Group continually provides career training for women who aspire to future roles as managers. We have also run seminars on health issues specific to women, as well as events designed to encourage male employees to take childcare leave (Table 6). In addition, we help women to advance their careers by working with external mentors. We are also expanding our mid-career recruitment of women with the aim of attracting diverse human resources.

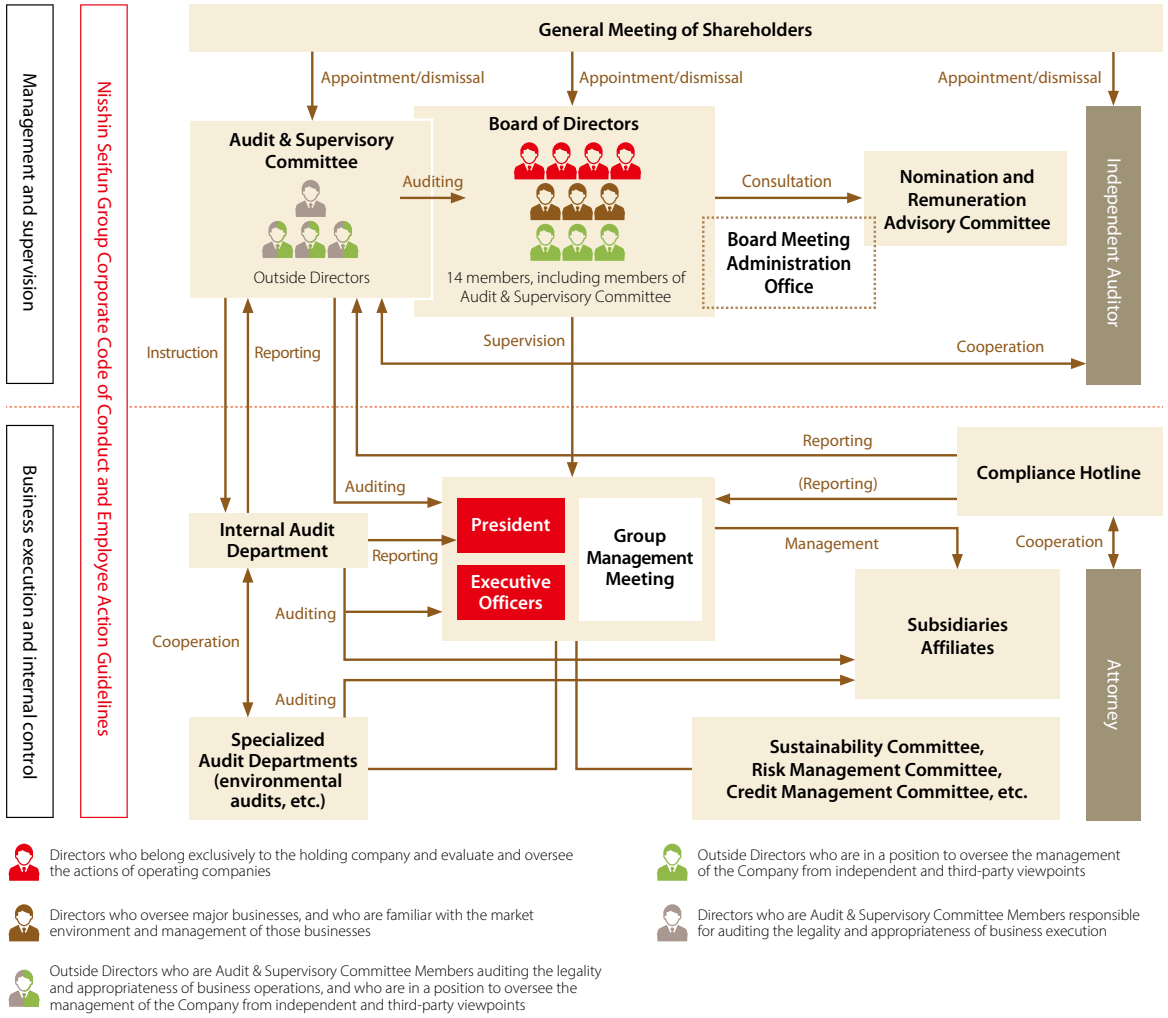
Governance

Corporate Governance Structure

Basic approach to corporate governance

The mission of the Group (the Company and its subsidiaries and affiliates) is to stably provide safe and reliable "shoku" (food), including flour, in line with our corporate principle of "contributing to a healthy and fruitful life for all," which is founded on our guiding philosophies of "the basis of business is built on trust" and "being in tune with the changing business climate." In keeping with this basic principle and the aim of realizing sustainable corporate growth and maximizing long-term corporate value, the Company's basic approach to corporate governance is: (i) to develop an efficient management system and clarify management responsibility; and (ii) to promote management based on respect for the status of each stakeholder, beginning with our shareholders, and to achieve transparent, timely and appropriate decision-making. Following this approach, we seek to fulfill our obligations to all of our stakeholders, including our responsibility to manage the Company effectively on behalf of stakeholders. We have also established the Corporate Governance Policy to ensure effective governance that will support sustainable growth and the creation of corporate value in the medium and long term.

Diagram of corporate governance structure



Nisshin Seifun Group governance system

1. Holding company structure

The holding company structure has been adopted to allow the holding company, Nisshin Seifun Group Inc., to evaluate and supervise its operating subsidiary companies from the shareholders' perspective to ensure the strategic use of management resources and effective corporate governance in Group operations. The structure clarifies management responsibilities and enables timely and appropriate decision-making to support the execution of our business operations.

2. Management structure

Board of Directors:

The Board of Directors is the supervisory body for decision-making on important matters of management policy and business execution. To ensure Board diversity in terms of gender, age, and other attributes, male and female directors with differing backgrounds have been appointed, including some with overseas business experience. The Board of Directors is chaired by President Kenji Takihara.

Appointment of Outside Directors:

Six highly independent Outside Directors have been appointed to provide opinions from a third-party perspective on the management of the Company. (Please see the List of Directors on pages 74-75 for profiles of members of the Board of Directors)

Executive officer system:

To accelerate business execution, we transitioned from the executive officer system adopted in 2001 to a new system in 2019. With the transition to a Company with an Audit & Supervisory Committee in June 2019, we revised the previous executive officer system to clarify the role of Executive Officers. Under the new system, Executive Directors also serve as Executive Officers.

Group Management Meeting:

As a general rule, Group Management Meetings are convened twice monthly or as needed to discuss and exchange information on important matters related to the execution of the business operations of the Group and group companies. The meeting comprises primarily executive officers and is chaired by President Kenji Takihara.

3. Audit structure

The Company has set up an Audit & Supervisory Committee comprising a total of four Directors—three Outside Directors and one Inside Director. The Audit & Supervisory Committee Members attend important meetings, including those of the Board of Directors, hold regular meetings with the Representative Directors, and audit the execution of duties by Directors, in accordance with the Board's auditing standards and audit plans. One Inside Director serving as a full-time Audit & Supervisory Committee member and as an Audit & Supervisory Board member at major subsidiaries conducts audits of the Group companies.

The Company regularly holds the Nisshin Seifun Group Audit & Supervisory Liaison Committee Meeting as a forum in which auditors of business subsidiaries can share audit and risk information. In addition, an Audit & Supervisory Committee Administration Office has been established to support the work of the Audit & Supervisory Committee, so as to further enhance the audit system.

The Internal Audit Department is under the direct control of the Audit & Supervisory Committee and performs audits as instructed. It also carries out internal control assessments.

The Company and its major subsidiaries have entered into audit contracts with audit corporations and commission audits based on the Companies Act and the Financial Instruments and Exchange Act.

4. Committee system for corporate governance

Nomination and Remuneration Advisory Committee:

The Nomination and Remuneration Advisory Committee, composed of all the Independent Directors, facilitates information sharing among the Outside Directors. Furthermore, in response to requests for consultation from the Board of Directors, the Nomination and Remuneration Advisory Committee discusses and advises on the appointment of Representative Directors and Outside Directors, the composition of the Board of Directors (including the skill matrix), the senior management remuneration framework and other related matters. It also carries out functions similar to those performed by optional nomination and remuneration committees.

Corporate Value Committee:

We have established a Corporate Value Committee consisting solely of independent Outside Directors. The committee carefully deliberates on acquisition proposals submitted to the Company from the perspective of whether the acquisition proposal would secure and improve the Company's corporate value and the common interests of the shareholders. The Corporate Value Committee meets once a year, regardless of whether or not there have been acquisition proposals, to discuss policies and other measures designed to secure corporate value and protect and enhance the interests of shareholders.

5. Reasons for selection of the corporate governance structure

The "Company with an Audit & Supervisory Committee" structure was selected in 2019 for the following reasons:

1) A Company with an Audit & Supervisory Committee structure strengthens the supervisory functions of the Board of Directors over business execution by increasing the ratio

of Outside Directors and providing Directors who are Audit & Supervisory Committee members with voting rights at meetings of the Board of Directors.

2) An Audit & Supervisory Committee, which is composed of a majority of Outside Directors, improves management transparency by taking responsibility for auditing the legality and appropriateness of business execution. It also enhances auditing functions by directly controlling the Internal Audit Department.
3) The structure enables a review of the authority vested in the Executive Directors with the objective of accelerating management decision-making and improving the agility of business execution.

We intend to use the new structure to achieve sustainable growth and continue raising our corporate value in the medium and long term.

In addition, to maximize the functions of the holding company system adopted by the Company, as stated in Section 1 above, the Board of Directors shall include: (i) directors who are dedicated to the holding company and are responsible for the functions of the entire Group; (ii) directors who are familiar with the market environment and management of major businesses and who concurrently hold the position of manager of a primary business subsidiary; (iii) Outside Directors with an independent, third-party perspective; and (iv) directors with voting rights at the Board of Directors meeting and who are members of the Audit & Supervisory Committee responsible for auditing the legality and appropriateness of business execution. We respect the perspectives of shareholders and all stakeholders and believe that the system is suitable for supporting management that is both highly transparent and capable of making timely and appropriate decisions. Outside Directors are expected to express their opinions at the Board of Directors meetings based on their abundant experience and broad expertise. Management considers the opinions of Outside Directors to be extremely valuable, as they reflect the perspectives of shareholders and the general public.

In-depth specialized audits

From the perspective of ensuring legal compliance and preventing accidents, Nisshin Seifun Group considers four categories of safety (the safety of people, products, equipment and the environment) as being the precondition to sound production activities. Accordingly, the Group's audit structure consists not only of audits of Directors' work carried out by Audit & Supervisory Committee Members, and audits by the Internal Audit Department, but also various specialized audits performed by sections or departments with specialist viewpoints. Specialized audits include equipment/safety audits and environmental audits to ensure sound company operations, as well as quality assurance audits aimed at ensuring product safety based on quality assurance from the consumer's perspective. The specialized audits provide necessary guidance and improvements, which are extended horizontally across the Group to maintain and enhance the overall level of the Group. The results of audits are also reported to the Audit & Supervisory Committee.

Operation of the Board of Directors

Director training

The Company provides its Directors with opportunities to acquire the necessary knowledge appropriate to their role in a governance body that is a critical part of a listed company. For example, the Company plans workshops presented by lawyers and other experts about the Companies Act, corporate governance, and other issues.

The Company also provides and arranges training opportunities, including the subsidization of costs, so that Directors can update the professional expertise required to lead the industry. Directors use these opportunities to deepen their understanding of their roles and responsibilities and endeavor to acquire and enhance the necessary knowledge and skills.

Follow-up system for Outside Directors

Contact with the Outside Directors is made through the Board Meeting Administration Office, which distributes materials for meetings in advance and provides Outside Directors with an overview of the proposals to be presented to the Board of Directors. When necessary, the relevant corporate units also brief Outside Directors in advance about proposals. Outside Directors who are Audit & Supervisory Committee Members also view documents drafted by the Audit & Supervisory Committee Administration Office. If necessary, they can also receive briefings by the full-time Audit & Supervisory Committee Member or the Audit & Supervisory Committee Administration Office.

Corporate Governance Policy
Corporate Governance Report
Independence Standards for Outside Directors

https://www.nisshin.com/english/shareholders/governance.html

Evaluation of the Effectiveness of the Board of Directors

Initiatives in fiscal 2024 based on findings from the fiscal 2023 evaluation

The fiscal 2023 evaluation of the effectiveness of the Board of Directors highlighted the need to have regular discussions about medium- to long-term topics, such as R&D strategy, digital strategy, achievements in relation to sustainability issues, and environmental factors, in order to enhance our growth potential through business portfolio restructuring. Another issue identified was the need to prepare materials for meetings of the Board of Directors in digital form. We therefore implemented the following initiatives in fiscal 2024.

1) Discussions about medium- to long-term topics
We provided time for discussions about medium- to long-term topics, such as R&D, digital technology, sustainability, and environmental matters, at a number of meetings. We will continue to hold discussions about these topics going forward.

2) Digitalization of documents
We switched to paperless formats for part of the documentation and continued to pursue digitalization initiatives. We will continue to consider the methods used to provide information, taking into account the content of agenda items and the format of documentation.

Fiscal 2024 assessment

In fiscal 2024, we conducted a survey of all directors, including interviews of several of them. The results were discussed by the Nomination and Remuneration Advisory Committee and other committees and were further analyzed and assessed by the Board of Directors itself. Concerning the overall operations of the Board of Directors, the survey found that proceedings by the Chair, agenda item selection, deliberation time, discussion quality, meeting frequency, and other aspects were appropriate, and that the composition of the Board, including its size and diversity, enabled it to perform its roles effectively.

We believe the survey results indicate that the Board of Directors is operating effectively.

However, the evaluation also identified the need for continuing discussions about important management priorities, such as 1) progress on Medium-term Management Plan 2026, 2) group governance, including overseas subsidiaries, 3) the business portfolio, 4) digital strategy and the establishment of automation technology, 5) R&D, new product development, and intellectual property strategy, 6) recruitment and human resource strategy, productivity improvement, and human capital, 7) sustainability actions. We will further deepen our discussions on these matters.

Priorities based on the results of the fiscal 2024 evaluation

While the evaluation of the effectiveness of the Board of Directors of Nisshin Seifun Group Inc. was generally satisfactory, the following matters were identified as priorities going forward.

1) Consideration of the content and presentation method for the information provided
The documentation includes the matters to be discussed and information needed for decision-making, as well as analyses of potential risks and countermeasures. It was suggested that the documentation should be created in such a way that the key points of issues are more clearly apparent. We will continue to modify the content, presentation method, and other aspects of the documentation with the aim of facilitating future deliberations.

2) Exploring methods for digitalizing documents
We digitize documentation according to the content of agenda items and the formats used in documents. We will continue to explore methods for supplying information, while taking various views into account, with the aim of enhancing the effectiveness of the Board of Directors.

Governance

Expertise and other characteristics of Directors (skills matrix)

The Company selects Outside Directors after taking into consideration each candidate's advanced specialized know-how, extensive experience and broad insights as corporate executives, as well as their knowledge of the world situation, perspectives on risk management and compliance, and various other attributes. We also strive to ensure a healthy balance in terms of the diversity, knowledge, experience, and abilities of our Outside Directors.

In addition, we have established a skills matrix that outlines the expertise and other characteristics of each Director.

Appointment and Compensation of Directors

Appointment, dismissal and nomination

The appointment and dismissal of Senior Management is subject to deliberation and resolution by the Board of Directors, in which Outside Directors also participate. Additionally, the Board of Directors proactively engages in the establishment and implementation of a development plan for Senior Management, and appropriately oversees the systematic development of a succession plan. The appointment and dismissal of the Company's Representative Directors is discussed by the Nomination and Remuneration Advisory Committee, which is composed of all Outside Directors.

The Company has further enhanced the fairness and transparency of corporate governance by appointing six Outside Directors, all of whom are designated as independent directors.

Remuneration

The Company determines Senior Management remuneration from the perspectives of: (i) retaining outstanding human resources; (ii) setting an appropriate level of remuneration corresponding to the Company's scale and business categories; and (iii) providing healthy incentives for increasing the medium- to long-term corporate value of the Company. Management remuneration includes a variable performance-based portion, which reflects the degree of contribution to the Group and the medium- to long-term basic strategy of the Group.

Based on the above approach, remuneration comprises a combination of the following: (i) a monthly fixed basic payment corresponding to each individual's role; (ii) a variable portion (bonus) payment provided, in principle, at preset times during the year, reflecting the individual's past performance contributions; and (iii) a stock-based remuneration payment provided once per year with the aim of orienting management toward shareholder value by linking remuneration to future performance. Because of our involvement in the food industry, our mission—which at the same time is the source and foundation of our corporate

● **Expertise and other characteristics of Directors (skills matrix)**

Name	Corporate management and Management strategy	Global	Finance and Accounting	Legal and Risk management	Human resources management and Human resource development	Environment and Society	Sales and Marketing (including E-commerce, etc.)	Procurement and Production	Technology, Digital, and R&D
Kenji Takihara	✓	✓		✓		✓		✓	✓
Naoto Masujima	✓	✓		✓	✓	✓		✓	
Eiichi Suzuki			✓	✓	✓				
Seiichiro Takahashi				✓		✓		✓	✓
Takao Yamada	✓				✓		✓	✓	✓
Takahiko Iwahashi	✓				✓		✓	✓	✓
Shinichi Ikeda	✓	✓			✓		✓	✓	✓
Kazuhiko Fushiya		✓	✓	✓		✓			
Motoo Nagai	✓	✓	✓				✓		
Nobuhiro Endo	✓	✓			✓		✓	✓	✓
Shoh Ohuchi			✓	✓					
Mieko Tomita				✓	✓				
Takaharu Ando		✓		✓	✓	✓			
Hiroto Kaneko		✓	✓						

value—is to maintain high standards of product safety and quality and continue to supply flour and other staple foods to the people reliably. Our basic philosophy on remuneration is that the remuneration mix should be appropriate for our business activities. In order to achieve further improvement in corporate value, we aim to link remuneration more closely to business performance by modifying our policy to change the ratio of (i) a monthly fixed basic payment, (ii) a variable portion (bonus), and (iii) a standard amount of stock-based remuneration from 70:15:15 to 60:20:20, resulting in an increased weighting on elements (ii) and (iii). To ensure the objectivity and validity of the remuneration amounts, the standard total amounts of remuneration for each rank are determined in consideration of a variety of factors, including the results of surveys conducted by external organizations, the professional responsibilities of each rank, and their importance in relation to Group management.

While Outside Directors are basically only required to perform a management supervisory role, we consider it important to provide them with an appropriate incentive for the enhancement of corporate value over the medium to long term. Remuneration of Outside Directors (excluding Outside Directors who are Audit & Supervisory Committee Members) primarily consists of fixed remuneration (basic payment), together with stock-based remuneration up to a specified upper limit.

The Company ensures the appropriateness and objectivity of the remuneration determination process by setting policies concerning the methods used to decide the content of remuneration, etc., for individual Directors (excluding Directors who are Audit and Supervisory Committee members) after prior deliberation by Nomination and Remuneration Advisory Committee, which consists of all Outside Directors.

Strategically Held Shares

We are committed to the food industry imperative to ensure safe and reliable products, and our primary mission is to provide a stable supply of wheat flour and other products through our core flour milling operation. Fulfilling this mission requires forming and strengthening long-term, stable relationships with business partners in our manufacturing, sales, and other processes.

Strategically held shares will be retained to build relations of trust while we continue to conduct transactions with trading partners, and will be maintained if it is believed that holding such shares will contribute to improving the corporate value of the Group in the medium to long term. Specifically, it is deemed reasonable to retain strategically held shares from the perspective of facilitating and strengthening business alliances and joint ventures and from the perspective of building and strengthening long-term and stable business relationships.

The Company reviews the purpose for the strategic holdings, our business transactions with the companies, and the companies' profit positions and financial statuses, shareholder returns, creditworthiness, and other items. Each fiscal year, the Board of Directors also scrutinizes whether the specific benefits and risks of holding the shares are commensurate with the capital costs in order to verify the suitability of retaining them from a medium- and long-term perspective. Shareholdings will be reduced if it is deemed that the rationale for retaining them has diminished or no longer applies.

● **Total remuneration by type for each director category (FY2024 actual)**

Director category		Director (non-A&S Committee member) (non-Outside Director)	Director (A&S Committee member) (non-Outside Director)	Outside Directors (including A&S Committee members)
Total remuneration (millions of yen)		204	16	60
Total remuneration by type (millions of yen)	Fixed remuneration (basic portion)	131	16	57
	Variable remuneration (bonus)	47	–	–
	Stock-based remuneration	25	–	3
Number of eligible directors		10	1	7

Governance

Compliance

Basic approach

Our basic stance as a corporate group and the standards of business conduct expected from the officers and employees of the Nisshin Seifun Group are defined in the Nisshin Seifun Group Corporate Code of Conduct and Employee Action Guidelines (Code & Guidelines), which were established in October 2002.

The presidents and directors of Group companies, including Nisshin Seifun Group Inc., are aware of their responsibility to uphold the Code & Guidelines and provide leadership in ensuring that all concerned are familiar with these requirements and maintain consistently high standards of business ethics. In the event of a situation that contravenes the Code & Guidelines, the president of the company concerned will issue internal and public statements concerning efforts to resolve the issue, investigate the causes, and prevent recurrences. Accountability will be ensured through the timely disclosure of accurate information, and firm disciplinary actions will be taken (including against the president of the company concerned when necessary), after clarification of the authority and responsibility of those concerned.

Compliance Hotline system

If anyone becomes aware of conduct in violation of regulatory requirements or the Code & Guidelines within the Nisshin Seifun Group, or the risk of such conduct, it is vital to report the matter to their manager or other appropriate person and seek advice, so that staff, including those in other concerned units, can take organized action to address the problem. It is also necessary to provide an alternative whistleblowing channel to ensure that issues are not ignored, and that prompt action can be taken to resolve or prevent problems.

We created the Compliance Hotline for this purpose in 2003. In addition to an internal helpdesk, we have also established an external contact point at a legal firm for those wishing to use the Compliance Hotline. We have taken steps to make the system more accessible for employees, including provision for reporting matters anonymously. Reports are promptly investigated by teams composed of staff from the relevant departments, according to the type of incident, and appropriate actions are taken. Care is taken to protect whistleblowers and ensure that they are not disadvantaged.

Prevention of corruption

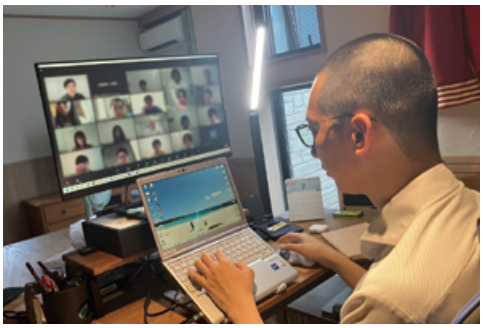
The Nisshin Seifun Group Code & Guidelines clearly promote fair corporate activities, and we are implementing initiatives to ensure that this commitment is put into practice. In March 2019, we responded to the worldwide tightening of anti-bribery regulations by adopting the Nisshin Seifun Group Anti-Bribery & Anti-Corruption Policy to ensure Group compliance with anti-bribery legislation in various countries, including the Unfair Competition Prevention Act in Japan, the Foreign Corrupt Practices Act in the US, and The Bribery Act in the UK.

This policy forbids and seeks to prevent corrupt practices involving the abuse of authority or status to gain personal or organizational benefit, including bribery and corruption, embezzlement, breach of trust, the obstruction of justice, money laundering and insider trading.

Compliance training

The Nisshin Seifun Group provides seniority-based compliance training for new employees, young employees, and newly appointed management personnel on a yearly basis (number of participants in fiscal 2024: 68 new employees, 62 young employees, 76 newly appointed management personnel—excluding overseas subsidiaries).

New employees are taught about the Code & Guidelines. They also learn about applicable laws, including antitrust and subcontracting laws, as well as internal Group rules, such as the legal norms surrounding our business activities, and our rules relating to the Compliance Hotline system. Training for young employees includes both group training sessions and preparatory e-learning programs covering laws and regulations governing business operations, and issues relating to insider trading and compliance. In addition to briefings on these aspects, training for newly appointed management personnel is designed to improve understanding of the significance and importance of compliance through recent case studies.



All employees participate in annual online compliance training

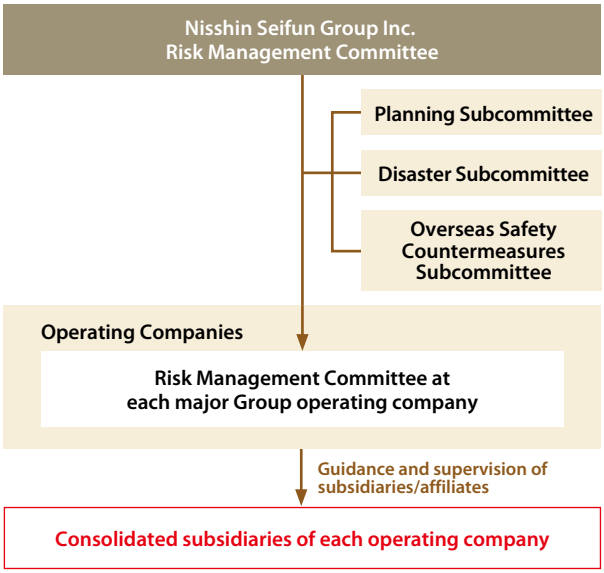
Risk Management and Crisis Control

Risk management structure

We established the Nisshin Seifun Group Risk Management Rules and the Nisshin Seifun Group Crisis Control Rules in 2008. We are strengthening day-to-day risk management to ensure appropriate risk prevention, control, and response.

We have established a Risk Management Committee with members that include the presidents of our operating companies under the chairmanship of the President of Nisshin Seifun Group Inc. This committee oversees risk management across the entire Group and reports to the Group Management Meeting about its activities. Additionally, the Planning Subcommittee, Disaster Subcommittee and Overseas Safety Countermeasures Subcommittee of the Risk Management Committee consider and propose specific measures relating to issues in their respective areas of responsibility. Based on this structure, we strive to implement risk management in Group operations so that we can effectively execute measures, such as quickly setting up a task force in the event of a major crisis, and safeguard business continuity and the stability of safe and reliable product supply.

● **Risk management structure**



Emergency response

In the event of a contingency that has or could have a serious impact on the Company's business, such as a fire, natural disaster, incident, or accident, Group employees are required to report the matter to the Company's call center, in addition to reports submitted via the usual office organizational structure and chain of command. The information received is immediately reported to senior management, which will take appropriate initial actions to minimize the impact.

Risk management at overseas operations

One of the rules defined in the Group's Corporate Code of Conduct calls for the promotion of locally-rooted overseas operations.

When establishing overseas businesses, we take all due care to ensure that they are in tune with local customs and practices, including rigorous compliance with laws and regulations in each country, based on advice from local attorneys and other experts. We also formulate and apply our own risk management checklists to avoid risks when launching new businesses. Representatives of local subsidiaries use these checklists (startup kits) to verify compliance with local rules, including requirements relating to business licenses and approvals, compliance with minimum wages and other labor-related rules, environmental regulations, health and safety requirements, and the payment of taxes.

Impact of the situation in Ukraine

The situation surrounding the military action launched against Ukraine on February 24, 2022 remains unpredictable. Both countries engaged in the conflict are among the world's biggest producers of wheat, and international market prices surged immediately after the start of hostilities. Prices have fallen since then, but instability continues. There is a risk that international wheat prices will rise again if the situation deteriorates. While the Nisshin Seifun Group does not import or use wheat from Russia or Ukraine, there is a risk that we will be impacted if there is no improvement in the current situation, and the resulting changes in the world supply-demand balance lead to higher prices for wheat because of uncertainty about supply. Energy prices also rose sharply on international markets because of a reduction in Russia's exports of oil and natural gas. However, prices have since stabilized. Depending on future developments, however, there is a risk that the Nisshin Seifun Group could be affected by higher costs, including power and transportation costs.

Once grain production has been interrupted, crops cannot be harvested and shipped until the next production cycle. This means that it will take time for Ukraine to return to a normal production structure even if the conflict ends. The Nisshin Seifun Group is monitoring the effects on its businesses and considering and directing countermeasures. We will continue to watch developments cautiously while taking timely and appropriate action to address risks relating to the situation in Ukraine.

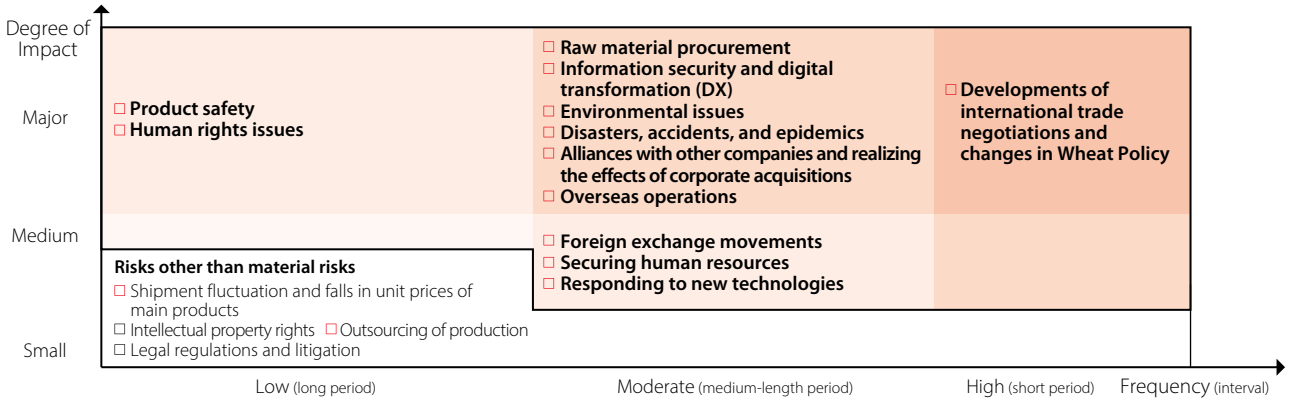
Governance

Primary material business risks

The Nisshin Seifun Group Inc. Risk Management Committee assessed Group risks in fiscal 2024. Risks determined as presenting a potentially significant impact on management based on the estimated degree and frequency (interval) of the impact are on the right (page 73).

The major material risks, potential impact on business management, and the Company's countermeasures are outlined below.

Risk	Impact on business management
Developments of international trade negotiations and changes in Wheat Policy	○ Demand fluctuation and intensifying competition associated with lower border tariffs for wheat-related products in the domestic business ○ Changes to national trade policies and wheat management methods (procurement, inventory, sales methods) ○ Instability in domestic wheat flour and flour-related secondary processing markets, reorganization of related sectors
Product safety	○ Rising social concerns about food safety and reliability and demands for strict compliance ○ Product recalls and/or defective items resulting from unforeseen events
Disasters, accidents, and epidemics	○ Damage or supply disruptions caused by major natural disasters (such as an earthquake, storm, or flood), accidents (such as a fire or explosion), or an outbreak of an infectious disease
Alliances with other companies and realizing the effects of corporate acquisitions	○ Unfulfilled anticipated outcomes due to an alliance or post-acquisition business not proceeding as originally expected ○ Booking of substantial impairment losses on intangible assets, such as goodwill associated with corporate acquisitions, owing to a drop in profitability preventing recovery of the investment amount
Raw material procurement	○ Higher procurement costs due to sharply higher prices for key raw materials and rising labor, transportation and logistics costs ○ Inability to manufacture existing products due to raw material shortages ○ Negative impact on Group profit if the selling prices of wheat flour and processed foods, etc., are not adequately revised to reflect rises in procurement costs for raw materials or commodities, such as a sharp increase in the price of imported wheat ○ Decline in corporate brand value and competitiveness due to inadequate response to social issues, such as environmental or human rights issues related to raw material procurement
Information security and digital transformation (DX)	○ Risk that customer services will be impaired due to a system failure caused by system administration problems, an unanticipated virus infection or cyber terrorism, unauthorized data access, or other issues ○ Costs and damage to social credibility caused by an external leak of trade secrets or private information ○ Decline in business competitiveness due to changes in the market environment and hindered ability to execute business continuity in an unexpected and unusual situation
Environmental issues	○ Increased costs to bring the Group into compliance due to greater-than-anticipated changes in environmental legal regulations and rapidly increasing demand from stakeholders for environmental action ○ Negative impact on global resources and environmental conservation and diminished Group corporate brand value caused by Group inability to adequately respond to global environmental issues, such as climate change, water shortages, and food and plastic waste
Overseas operations	○ Restricted or halted business activities resulting in diminished business performance and obstacles to business continuity caused by unexpected changes in political or economic situation, changes in laws and regulations, legal proceedings, terrorism or conflicts, or new infectious diseases
Foreign exchange movements	○ Rise in procurement costs for raw materials and products procured overseas ○ Impact from overseas businesses on profit or financial condition due to fluctuation in yen conversion ○ Impact of fluctuation in imported wheat bran prices on domestic wheat bran market
Securing human resources	○ Difficulty hiring and training human resources due to a shrinking labor force or changing employment conditions, and subsequent decline in Group competitiveness
Human rights issues	○ The risk that failure to provide a working environment characterized by mutual respect and consideration for diversity will lead to expanding reputational damage to the Nisshin Seifun Group and its brands, prevent individual employees from achieving their full potential, negatively impact the Group's ability to recruit talented people, and cause a decline in medium- to long-term competitiveness
Responding to new technologies	○ Reduced ability to develop appropriate new products or production technologies due to inadequate response to dramatic market changes and technological advances or changes ○ Negative impact on our business performance from core technology obsolescence that causes our product development to fall behind customer needs, leading to declining shipments and diminishing corporate brand value



Nisshin Seifun Group measures
● Prepare a global production network ● Close small-scale production sites in Japan and consolidate production into large coastal plants ● Realize low-cost operation using new technologies ● Adapt to changing customer requirements ● Further accelerate overseas business expansion
● Educate and instruct employees involved in all operations from development to manufacturing, distribution, and sales based on "quality assurance from the consumer's perspective" ● Comprehensively assess the safety of new raw materials and products (safety reviews), strengthen food defense measures ● Acquire and maintain ISO, FSSC, and other certifications representing international standards for food safety management systems ● Comprehensively manage outsourced production to the same standards as in-house plants
● Implement seismic retrofitting of major plants, flood countermeasures ● Commence preparations for countermeasures in the event of a volcanic eruption ● Strengthen the accident prevention systems for fires and explosions (including conducting equipment and safety audits, establishing equipment safety regulations) ● Prepare major earthquake business continuity plans (BCPs) and timelines, etc., in readiness for storm and flood damage ● Systematically review government projections based on recent increases in the severity of disasters and review our countermeasures ● Prepare infection prevention measures and a BCP for new infectious diseases (e.g., establishment of an epidemic response task force) ● Maintain the system of the Infectious Disease Control Council (tentative name) meeting as necessary
● Conduct thorough feasibility studies based on corporate guidelines prior to project proposals ○ Build an effective M&A team structure ● Steadily continue or relaunch businesses immediately after forming an alliance or making an acquisition ● Ensure comprehensive post-merger integration (PMI) activities
● Promote continuous, low-cost procurement and production operations ● Maintain a stable procurement of raw materials by monitoring conditions in production regions in Japan and overseas, diversifying procurement options, and finding potential alternative sources of raw materials ● Maintain the appropriate product value by developing new products geared to market changes and advancing high value-adding strategies ● Work with suppliers to conduct fair and ethical trade transactions throughout the supply chain based on the Responsible Procurement Policy
● Conduct proactive information security activities (including training and drills) based on the Basic Rules on Information Security ● Gather security-related information ● Implement more advanced computer antivirus measures ● Construct an effective IT management system and security measures including backups of mainframe servers and security analyses by third-party organizations ● Revise the business model by advancing digitalization and digital transformation in priority business operations throughout the Group, develop human resources to drive these efforts
● Formulate a Nisshin Seifun Group Environmental Basic Policy ● Attain ISO 14001 certification for the Group ● Set medium- to long-term targets in relation to four environmental issues: climate change, food waste, packaging waste, and water resources ● Support the TCFD (Task Force on Climate-related Financial Disclosures) recommendations and participate in the TCFD Consortium ● "Efficiently handle product and packaging waste" by controlling and reusing food waste and promoting environmentally friendly design ● "Prepare for climate change and water resource issues" by reducing CO_2 emissions in our business operations ● Create a roadmap to visualize the initiatives needed to achieve a phased reduction in CO_2 emissions by the target year ● Introduce internal carbon pricing (ICP) in order to visualize the financial impact of CO_2 emissions and facilitate capital expenditure and other initiatives that contribute to the reduction of emissions
● Provide appropriate management and support for business operations based on local business conditions through the Overseas Safety Countermeasures Subcommittee, under the Nisshin Seifun Group Inc. Risk Management Committee, and assistance from external experts ● Create a training system for employees dispatched to the local sites, ensuring the safety of local employees
● Create a groupwide foreign exchange committee, establish rules for foreign exchange contracts, and share information and discuss measures related to foreign exchange
● Strengthen recruitment activities in various ways ● Augment employee education and training to develop the next generation of managers, digital human resources, and human resources with global perspectives ● Provide a healthy and fulfilling work environment so all employees with diverse values can fully demonstrate their abilities, promote women in the workplace, reduce work hours by increasing work efficiency, and appropriately manage the labor force
● Create a specialized unit to raise awareness about human rights issues, provide annual human rights awareness training activities for all officers and employees ● Establish the Nisshin Seifun Group Human Rights Policy based on the United Nations Guiding Principles on Business and Human Rights ● Commence human rights due diligence activities for major Group companies, including their supply chains
● Advance our technologies and train engineers for use in groupwide projects ● Use Group synergies to expand our technology domain ● Introduce external technology, such as from joint industry-government-academia research ● Expand programs to train people capable of leading the Group's digital transformation

We aim to maximize corporate value and achieve sustainable growth for the Group over the long term by approaching business management from four perspectives: directors appointed to the Board of Directors of the holding company, which has overall control of the Group; directors who also serve as CEOs of the operating companies, which form the heart of the Group and drive growth; the outside directors, who bring fresh perspectives on the management of the Company and the public interest; and directors who are also members of the Audit & Supervisory Committee, who perform audits on the legality and appropriateness of business execution.

Attendance figures for the Board of Directors meeting are for the period from April 2023 through March 2024. All Outside Directors meet the Company's "Independence Standards for Outside Directors," which are based on the independence criteria of the Tokyo Stock Exchange, and the Outside Directors have been designated and reported to the Tokyo Stock Exchange as independent directors.
* Attendance for Mr. Eiichi Suzuki, Mr. Takahiko Iwahashi and Mr. Hiroto Kaneko represents Board of Directors meetings after their appointment on June 28, 2023.

Directors



Kenji Takihara
Representative Director, President, and Division Executive (Corporate Planning Division)

Date of birth: February 3, 1966
Number of the Company's shares held: 46,160 shares
Board of Directors attendance: 13/13 meetings (100%)

Significant positions concurrently held
Director and Chairman, Nisshin Flour Milling Inc.



Naoto Masujima
Representative Director, Senior Managing Executive Officer (in charge of General Administration Division and Human Resources & Labor Relations Division)

Date of birth: September 11, 1960
Number of the Company's shares held: 36,281 shares
Board of Directors attendance: 13/13 meetings (100%)



Takao Yamada
Director and Senior Managing Executive Officer

Date of birth: September 27, 1960
Number of the Company's shares held: 44,396 shares
Board of Directors attendance: 13/13 meetings (100%)

Significant positions concurrently held
Director and President (Representative Director), Nisshin Flour Milling Inc.



Eiichi Suzuki
Director, Managing Executive Officer and Division Executive (Finance and Accounting Division)

Date of birth: March 3, 1964
Number of the Company's shares held: 7,700 shares
Board of Directors attendance: 10/10 meetings (100%)*



Seiichiro Takahashi Newly appointed
Director, Managing Executive Officer and Division Executive (Technology and Engineering Division)

Date of birth: December 27, 1966
Number of the Company's shares held: 19,500 shares
Board of Directors attendance: ---



Takahiko Iwahashi
Director and Managing Executive Officer

Date of birth: October 6, 1964
Number of the Company's shares held: 35,416 shares
Board of Directors attendance: 10/10 meetings (100%)*

Significant positions concurrently held
Director and President (Representative Director), Nisshin Seifun Welna Inc.



Shinichi Ikeda Newly appointed
Director and Managing Executive Officer

Date of birth: November 21, 1965
Number of the Company's shares held: 16,258 shares
Board of Directors attendance: ---

Significant positions concurrently held
Director and President (Representative Director), Nisshin Seifun Delica Frontier Inc.
Director and President (Representative Director), Tokatsu Foods Co., Ltd.



Kazuhiko Fushiya Outside Director
Director

Date of birth: January 26, 1944
Number of the Company's shares held: 8,300 shares
Board of Directors attendance: 13/13 meetings (100%)

Significant positions concurrently held
Chairman, The Institute of Internal Auditors - Japan



Motoo Nagai
Outside Director

Director

Date of birth: March 4, 1954
Number of the Company's shares held:
1,700 shares
Board of Directors attendance:
13/13 meetings (100%)

Significant positions concurrently held
Outside Director, Nissan Motor Co., Ltd.



Nobuhiro Endo
Outside Director

Director

Date of birth: November 8, 1953
Number of the Company's shares held:
700 shares
Board of Directors attendance:
12/13 meetings (92.3%)

Significant positions concurrently held
Executive Advisor, NEC Corporation
Outside Director, Japan Exchange Group, Inc.
Outside Director, Sumitomo Pharma Co., Ltd.
Outside Director, Tokio Marine Holdings, Inc.
Outside Director, Kikkoman Corporation
Vice Chair, Keidanren (Japan Business Federation)



Shoh Ohuchi
Director (Full-time Audit & Supervisory Committee Member)

Date of birth: February 13, 1961
Number of the Company's shares held:
19,740 shares
Board of Directors attendance:
13/13 meetings (100%)



Mieko Tomita
Outside Director

Director (Audit & Supervisory Committee Member)

Date of birth: August 15, 1954
Number of the Company's shares held:
0 shares
Board of Directors attendance:
12/13 meetings (92.3%)

Significant positions concurrently held
Attorney; Senior Partner, Nishi & Partners Attorneys and Counselors at Law
Outside Director (Audit & Supervisory Committee Member), Fanuc Corporation
Outside Director, Tekken Corporation
Outside Auditor, TEPCO Power Grid, Inc.



Takaharu Ando
Outside Director

Director (Audit & Supervisory Committee Member)

Date of birth: August 31, 1949
Number of the Company's shares held:
0 shares
Board of Directors attendance:
12/13 meetings (92.3%)

Significant positions concurrently held
Outside Director, Amuse Inc.
Outside Director, Zensho Holdings Co., Ltd.
Outside Director, Tobu Railway Co., Ltd.
Outside Director, Rakuten Group, Inc.



Hiroto Kaneko
Outside Director

Director (Audit & Supervisory Committee Member)

Date of birth: February 26, 1957
Number of the Company's shares held:
0 shares
Board of Directors attendance:
9/10 meetings (90%)*

Significant positions concurrently held
Certified Public Accountant, Proprietor, Hiroto Kaneko CPA Office
Outside Director (Audit & Supervisory Committee Member), H.I.S. Co., Ltd.
Outside Director (Audit & Supervisory Committee Member), PayPay Corporation

Executive Officers (excluding those also serving as directors)

Tsuguhiko Yoshida
Managing Executive Officer
Division Executive, R&D and Quality Assurance Division

Hideo Arai
Managing Executive Officer
Director and President (Representative Director), Oriental Yeast Co., Ltd.

Kazuyoshi Watanabe
Executive Officer
GS (Overseas Business Development) of Corporate Planning Division
GS (Globalization) of Corporate Planning Division

Shigemitsu Fujita
Executive Officer
Division Executive, General Administration Division
General Manager, Board Meeting Administration Office of General Administration Division

Kazuhiro Imai
Executive Officer
Deputy Division Executive, Finance and Accounting Division
General Manager, Finance Department of Finance and Accounting Division

Kenji Sakamoto
Executive Officer
Division Executive, Labor Relations Division
General Manager, Human Resources & Labor Relations Planning Office of Labor Relations Division

Reiko Adachi
Executive Officer
General Manager, Public Relations Department of General Administration Division

Hiroyuki Yamada
Executive Officer
Deputy Division Executive, Corporate Planning Division

Satoru Uchiyama
Executive Officer
General Manager, Information Technology Department of Corporate Planning Division

Ryuichi Suzuki
Executive Officer
Deputy Division Executive, R&D and Quality Assurance Division
General Manager, Quality Assurance Department of R&D and Quality Assurance Division

Satoshi Sekiguchi
Executive Officer
Senior Managing Director, Nisshin Flour Milling Inc.

Yu Nagaki
Executive Officer
Managing Director, Nisshin Flour Milling Inc.

Hidekuni Tanaka
Executive Officer
Director and President (Representative Director), Nisshin Pharma Inc.

Eiichiro Ise
Executive Officer
Managing Director, Nisshin Flour Milling Inc.

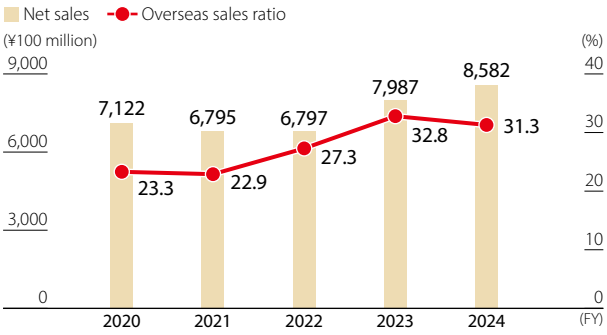
Toshiaki Yokoyama
Executive Officer
Managing Director, Nisshin Flour Milling Inc.

Shunji Ito
Executive Officer
Managing Director, Nisshin Seifun Welna Inc.

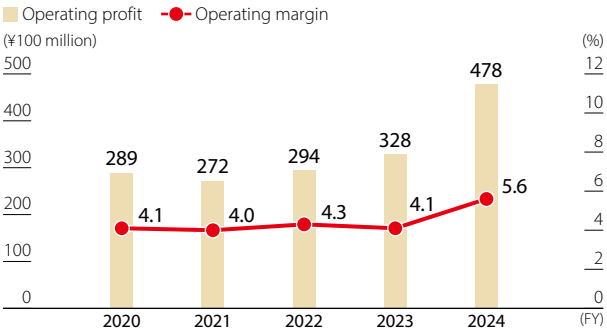
Takashi Kamijo
Executive Officer
Managing Director, Nisshin Seifun Welna Inc.

Financial highlights

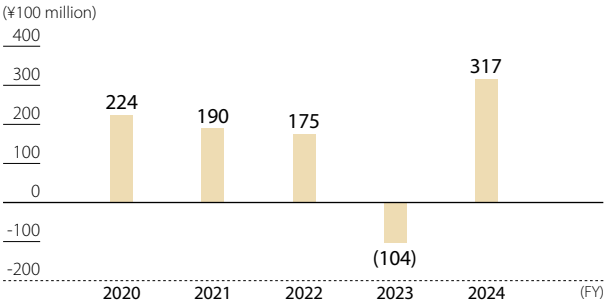
Net sales*1*2



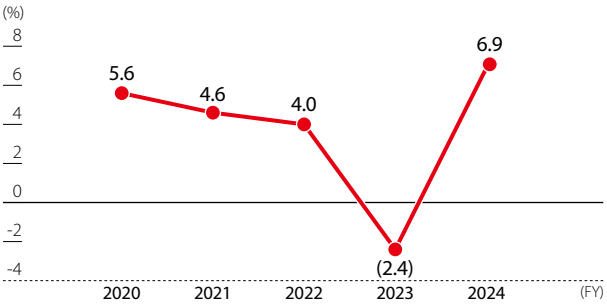
Operating profit*1*2



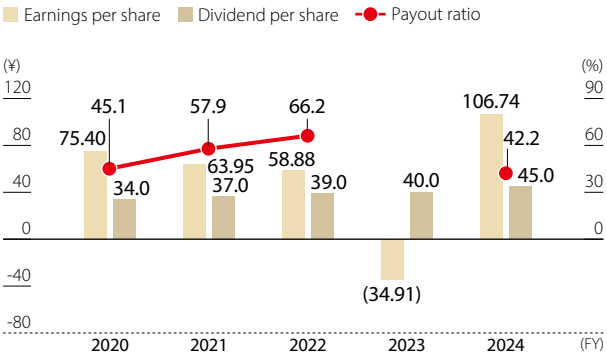
Profit attributable to owners of parent*1*2



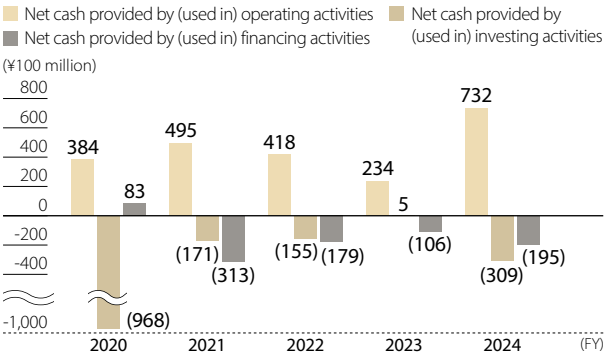
ROE



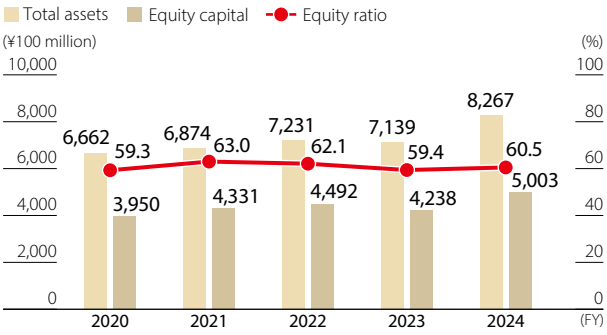
Earnings per share / Dividend per share / Payout ratio



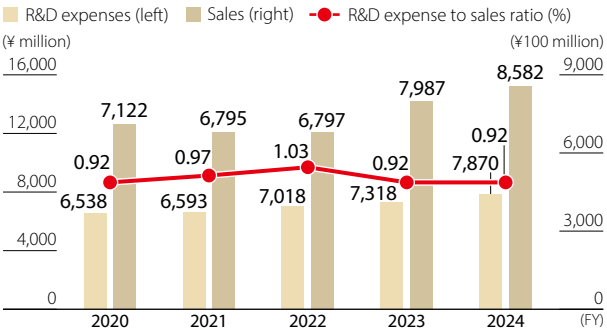
Cash flows*1



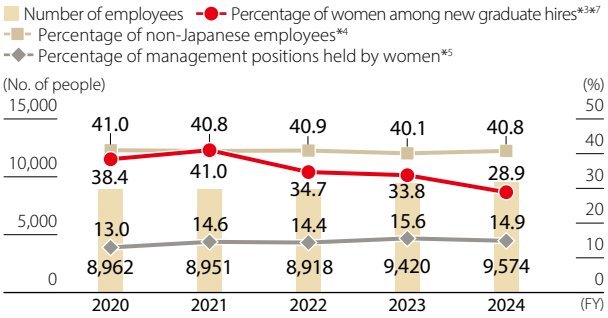
Total assets*1 / Equity capital*1 / Equity ratio



R&D Expenses*1

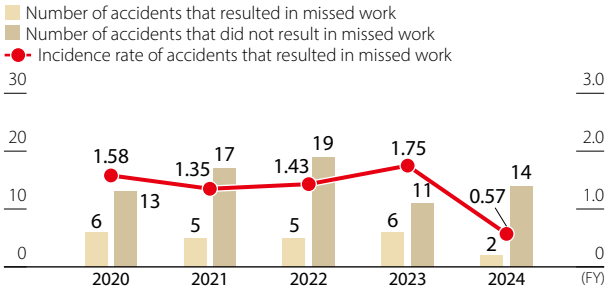


Promoting diversity



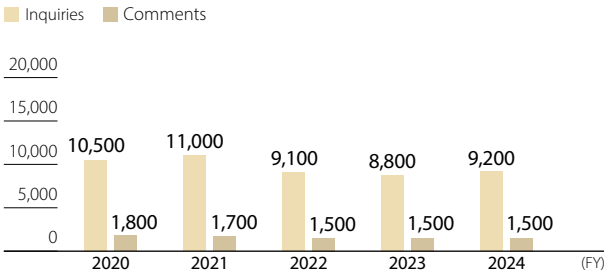
The Group has made promoting women in the workplace a priority management strategy. The strategy includes a percentage target for women in management positions and actively supporting career advancement for women. The Group is forming work environments that respect different values and local cultures, traditions, and customs.

Occupational accidents*6*7



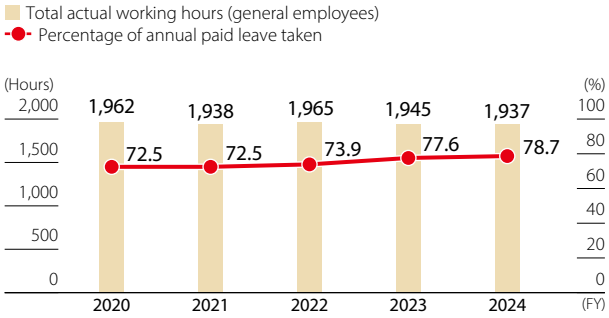
The Nisshin Seifun Group seeks to create safe work environments at all of its Group companies from a unified approach to occupational health and safety. The Group continuously works to reduce work-related accidents and disasters by annually applying the PDCA cycle as mandated in its Health and Safety Management Policy. The Group has not had a fatality in its operations for over 30 years.

Number of inquiries to the Customer Service Office



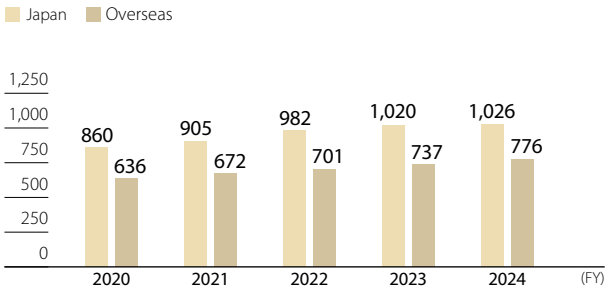
The Group seeks to accurately and promptly understand customer needs to improve its products and services and convenes a monthly Quality Improvement Meeting and a weekly Customer Feedback Review Meeting. The Group also continuously seeks to increase product safety at its manufacturing sites.

Total actual working hours and annual paid leave taken



Improving the Group's organizational capabilities is a priority management strategy. As part of that strategy, we are continually implementing measures to improve the work environment and create pleasant working conditions, including improving operating efficiency to reduce total actual working hours and making it easier to take vacation and leave time.

Number of patents held



The Group considers the management of its intellectual property as a key source of its competitive advantages and integrates intellectual property management into its business and R&D strategies. We steadfastly reserve the rights of our management assets, such as our technologies and brands, and fully respect the rights of third parties. The Nisshin Seifun Group is a leader in the Japanese food industry in terms of the number of patents held.

*1 Amounts rounded to nearest hundred million, R&D expenses are rounded down to the nearest million yen.
*2 Beginning fiscal 2022, figures are based on the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan No. 29).
*3 Scope of calculation: Nisshin Seifun Group Inc., Nisshin Flour Milling Inc., Nisshin Seifun Welna Inc., Nisshin Pharma Inc., Nisshin Seifun Delica Frontier Inc., Nisshin Petfood Inc., Nisshin Engineering Inc., Oriental Yeast Co., Ltd., NBC Meshtec Inc.
*4 Percentage of non-Japanese employees does not include temporary employees.
*5 Calculation scope is Nisshin Seifun Group Inc. only.
*6 Incidence rate of accidents that resulted in missed work applies to Nisshin Seifun Group Inc., Nisshin Flour Milling Inc., Nisshin Seifun Welna Inc., Nisshin Pharma Inc., Nisshin Petfood Inc., Nisshin Engineering Inc., Oriental Yeast Co., Ltd., and NBC Meshtec Inc. (excluding their subsidiaries and overseas operations). The incidence rate of accidents that resulted in missed work represents the frequency of accidents and indicates the number of incidents due to occupational accidents during the equivalent of one million actual working hours.
Reference: The incidence rate of accidents that resulted in missed work in manufacturing operations in fiscal 2024 was 1.29.
*7 Nisshin Petfood Inc. is not included from fiscal 2023.

Please see Sustainability Strategy: The Environment (Pages 58-59) for further details about CO_2, Food Waste, Container and Packaging Waste, Medium- and Long-term Environmental Targets for Water Consumption.

Sustainability webpage
https://www.nisshin.com/english/sustainability/

ESG Data Book
https://www.nisshin.com/sustainability/databook.pdf

(FY)	2014	2015	2016	2017
Profit & Loss Statement	Note: Beginning fiscal 2022, figures are based on the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan No. 29, March 31, 2020).			
Net sales	495,930	526,144	556,701	532,040
Cost of sales	348,619	377,729	402,218	374,028
Gross profit	147,311	148,414	154,483	158,012
Selling, general and administrative expenses	125,036	127,937	130,713	132,500
Operating profit	22,274	20,476	23,769	25,511
Amortization of goodwill, others	1,208	1,862	2,270	2,181
o/w amortization of goodwill	637	990	1,157	1,195
Operating profit before amortization of goodwill, others	23,483	22,338	26,040	27,693
Non-operating income	3,622	5,388	4,615	5,119
Non-operating expenses	317	320	285	301
Ordinary profit	25,579	25,544	28,099	30,329
Extraordinary income	1,140	1,223	121	2,669
Extraordinary losses	1,518	1,340	757	1,809
Profit before income taxes	25,201	25,427	27,462	31,189
Total income taxes	9,183	8,555	9,031	10,426
Profit attributable to owners of parent	15,098	16,036	17,561	19,466
Capital expenditure	18,290	19,895	14,970	12,689
Depreciation and amortization	13,669	14,747	16,816	16,132
R&D expenses	5,769	5,467	5,580	5,648
Balance Sheet (Period end)	Note: Figures from fiscal 2015 onward reflect the application of "Partial Revision of Accounting Standards for Tax Effect Accounting" (Corporate Accounting Standards No. 28, February 16, 2018).			
Current assets	216,409	224,529	228,271	234,172
Non-current assets	254,630	322,566	319,849	321,164
Property, plant and equipment	128,939	148,702	151,339	144,840
Intangible assets	12,998	21,629	18,489	15,089
Goodwill	5,008	10,355	8,610	7,050
Investments and other assets	112,692	152,234	150,019	161,234
Investment securities	105,975	143,288	140,347	151,963
Total assets	471,039	547,096	548,120	555,337
Current liabilities	90,433	112,237	106,799	89,526
Non-current liabilities	46,514	56,144	54,835	59,005
Total liabilities	136,947	168,381	161,635	148,532
Total net assets	334,092	378,715	386,485	406,805
Total liabilities and net assets	471,039	547,096	548,120	555,337
Statements of Cash Flows				
Net cash provided by (used in) operating activities	25,058	25,107	35,839	35,361
Net cash provided by (used in) investing activities	(1,797)	(43,636)	(12,201)	(5,240)
Net cash provided by (used in) financing activities	(5,072)	4,331	(9,446)	(11,470)
Cash and cash equivalents at end of period	72,685	59,897	72,960	90,837
Free cash flow	23,261	(18,529)	23,638	30,121
Primary Management Indicators				
Operating margin (%)	4.5	3.9	4.3	4.8
Earnings per share (Yen)	50.21	53.28	58.25	64.50
ROE (%)	4.8	4.6	4.8	5.1
Payout ratio (%)	34.6	39.6	41.2	40.3
Equity ratio (%)	68.9	66.8	67.8	70.6

(Millions of yen)

2018	2019	2020	2021	2022	2023	**2024**
540,094	565,343	712,180	679,495	679,736	798,681	**858,248**
378,742	401,584	512,356	490,410	531,660	638,062	**674,115**
161,352	163,759	199,824	189,084	148,075	160,618	**184,132**
134,152	136,842	170,971	161,887	118,645	127,786	**136,341**
27,200	26,916	28,852	27,197	29,430	32,831	**47,791**
2,239	2,256	8,388	8,197	8,828	6,159	**3,195**
1,224	1,324	5,672	5,436	5,864	3,908	**1,291**
29,440	29,172	37,241	35,394	38,258	38,990	**50,965**
5,084	5,751	6,294	5,797	6,558	4,591	**7,109**
485	605	3,711	3,107	3,362	4,371	**4,907**
31,800	32,062	31,434	29,886	32,626	33,051	**49,992**
1,365	1,581	8,925	1,849	1,645	24,393	**718**
734	529	7,064	1,974	3,499	56,565	**1,860**
32,430	33,113	33,296	29,762	30,773	879	**48,850**
9,760	9,526	9,625	9,807	12,011	10,343	**15,982**
21,339	22,268	22,407	19,011	17,509	(10,381)	**31,743**
21,484	18,719	21,843	16,405	18,150	19,871	**30,974**
15,509	14,951	21,235	22,271	23,054	22,805	**22,999**
5,913	6,168	6,538	6,593	7,018	7,318	**7,870**
260,751	268,170	238,980	238,674	280,527	330,069	**365,072**
330,761	326,583	427,234	448,740	442,546	383,805	**461,629**
150,942	156,317	208,487	215,428	219,379	217,494	**235,815**
12,409	10,462	68,716	73,376	68,752	23,677	**21,563**
5,623	5,016	42,743	45,551	42,385	7,496	**6,212**
167,408	159,802	150,030	159,935	154,414	142,633	**204,250**
158,211	149,659	135,739	147,168	141,590	124,653	**185,445**
591,512	594,754	666,215	687,415	723,073	713,874	**826,702**
114,189	114,806	131,058	108,740	129,158	150,262	**163,571**
63,528	61,098	126,114	133,900	133,272	125,112	**146,749**
177,718	175,905	257,172	242,640	262,430	275,375	**310,321**
413,794	418,848	409,042	444,774	460,643	438,499	**516,381**
591,512	594,754	666,215	687,415	723,073	713,874	**826,702**
42,869	39,873	38,420	49,506	41,833	23,422	**73,194**
(18,067)	(19,184)	(96,844)	(17,105)	(15,517)	487	**(30,944)**
(18,593)	(10,567)	8,337	(31,264)	(17,850)	(10,625)	**(19,539)**
98,461	107,374	56,550	59,152	68,728	82,971	**107,681**
24,802	20,689	(58,424)	32,400	26,316	23,909	**42,250**
5.0	4.8	4.1	4.0	4.3	4.1	**5.6**
71.47	74.98	75.40	63.95	58.88	(34.91)	**106.74**
5.4	5.5	5.6	4.6	4.0	(2.4)	**6.9**
40.6	42.7	45.1	57.9	66.2	-	**42.2**
67.5	67.9	59.3	63.0	62.1	59.4	**60.5**

Wheat flour distribution channels

Around 90% of the wheat flour consumed in Japan is made from imported wheat. Imported wheat is purchased in a stable manner by the Japanese government, and sold to domestic milling companies. The wheat sold to milling companies is processed as wheat flour, and is then sold wholesale to food manufacturers to manufacture products that use wheat flour, including bread, noodles, and confectionery. The products made by these manufacturers are then delivered to the table via retailers such as supermarkets.



Imported wheat price fluctuations

The Standard Selling Price System, whereby the selling price of imported wheat was fixed for the year, was abolished from April 2007, and a new Market-Linked System was introduced. Under this system, movements on the global wheat market, etc. are reflected quickly and appropriately in the domestic prices of imported wheat and wheat flour, and in the domestic prices of products that use wheat flour. With this system, a fixed annual mark-up is added to the average government purchase price that was applied during a fixed period in the past. The selling price of wheat, which was previously fixed for the year, is revised twice a year*1, and the effects of the global wheat and foreign exchange markets, etc. are reflected automatically in the wheat selling price.

Price fluctuation factors

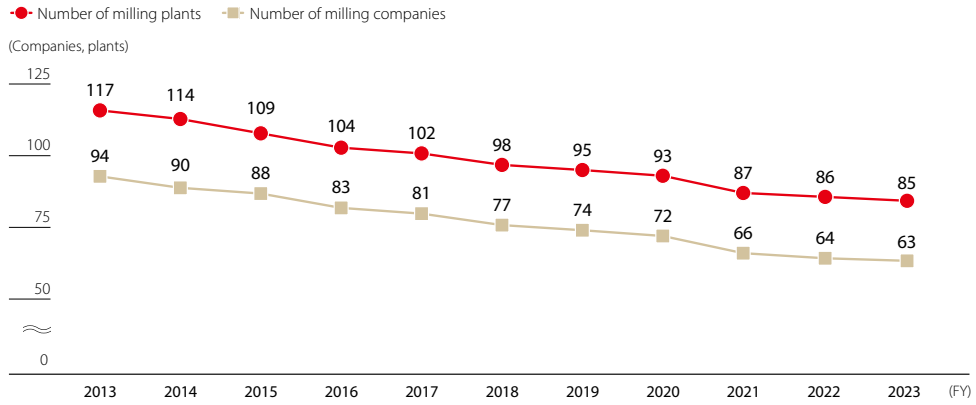


*1 Due to the severity of the selling price increase for the subsequent term, the government implemented a measure alleviating the rate of increase for the period beginning in April 2023.

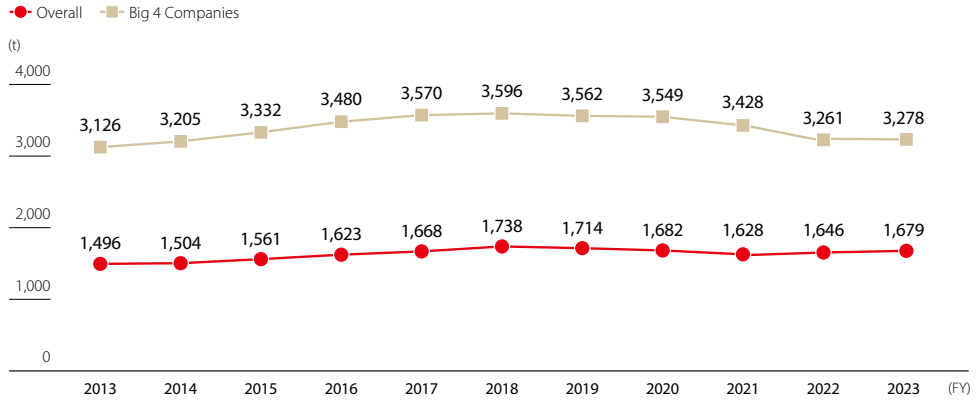
Milling company conditions

The number of milling companies has fallen by 31 over the past 10 years due to factors including intensification of the competitive landscape. Demand for wheat flour has been flat or slightly lower (Japan wheat flour sales volume: 4,664,000 tons in fiscal 2021, 4,620,000 tons in fiscal 2022, 4,616,000 tons in fiscal 2023*2). Major flour milling operations in particular are continuing to concentrate production facilities at coastal plants while expanding and rationalizing plant operations.

Number of milling companies and plants*3



Wheat flour production output per employee*3



*2 Survey by Nikkan Keizai Tsushin Co., Ltd.
*3 Compiled by Nisshin Seifun Group Inc. based on "Wheat supply and demand projections" (March 2024), Ministry of Agriculture, Forestry and Fisheries.

Company information (as of March 31, 2024)

Corporate name
Nisshin Seifun Group Inc.

Head office
1-25, Kanda-Nishiki-cho,
Chiyoda-ku, Tokyo

Foundation
October 1900

Paid-in capital
¥17,117,856,746

Number of employees (consolidated)
9,574

Total number of shares issued and outstanding
304,357,891 shares

Number of shareholders
37,474

Listing market
Prime Market of the Tokyo Stock Exchange

Securities code
2002

Fiscal year closing date and record date for year-end dividends from surplus (profit distribution)
March 31

Date of record for interim dividends
September 30

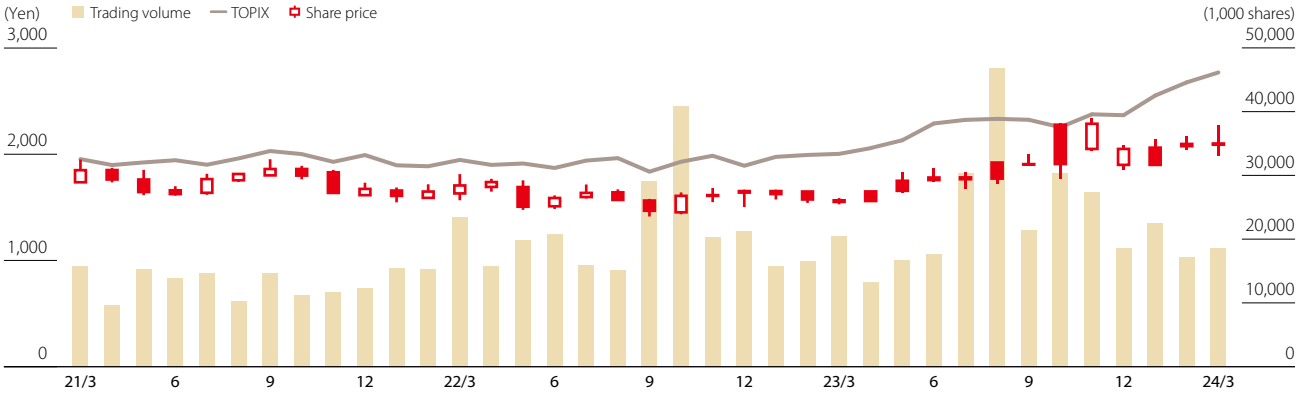
Ordinary general meeting of shareholders
June

Method of public notice
The Company posts notices via electronic notification on its website at https://www.nisshin.com
However, if electronic notification is not possible due to an accident or other unavoidable circumstances, notices will be published in the Nikkei newspaper.

Custodian of shareholder register
Sumitomo Mitsui Trust Bank, Limited

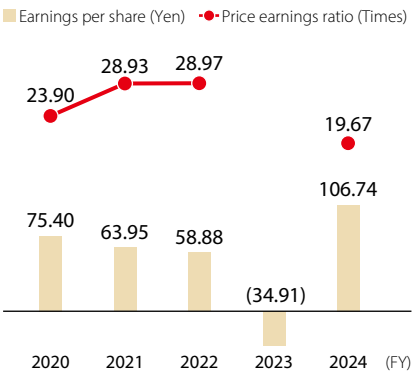
Stock information (as of March 31, 2024)

Share price and trading volume

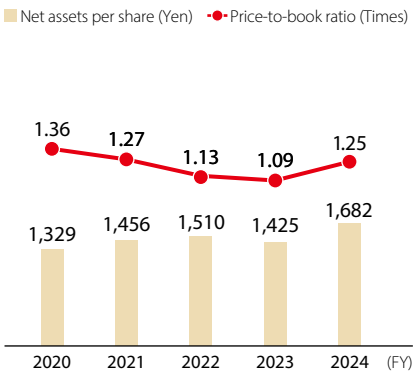


Stock indicators

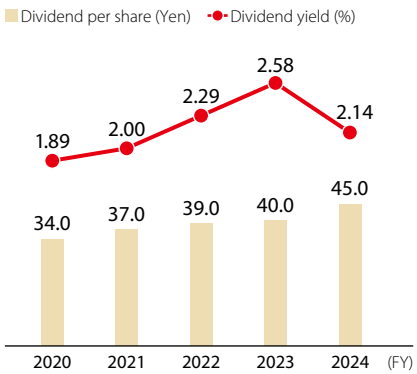
Earnings per share*1/ Price earnings ratio (PER)*2



Net assets per share*1 / Price-to-book ratio (PBR)*3



Dividend per share / Dividend yield*4



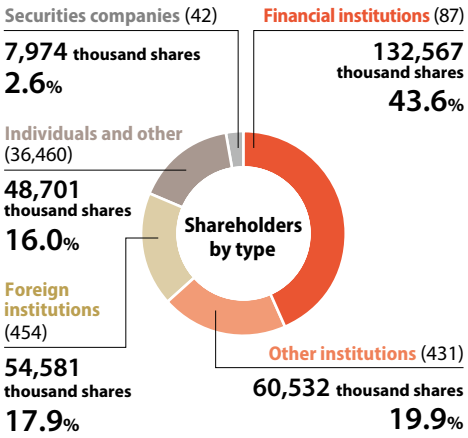
*1 In the calculation of earnings per share or net assets per share, the shares of the Company held by The Master Trust Bank of Japan, Ltd. as trust assets for the stock remuneration system, which are recorded as treasury stock in shareholders' equity, are included in treasury stock which is deducted when calculating the number of shares.
*2 Period-end share price (yen) divided by earnings per share (yen)
*3 Period-end share price (yen) divided by net assets per share (yen)
*4 Dividend per share (yen) divided by period-end share price (yen)

Major shareholders (Top 10) (as of March 31, 2024)*5

Name	Number of shares held (Thousands)	Shareholding ratio
The Master Trust Bank of Japan, Ltd. (Trust Account)	44,727	15.0
Nippon Life Insurance Company	19,387	6.5
Yamazaki Baking Co., Ltd.	16,988	5.7
Custody Bank of Japan, Ltd. (Trust Account)	16,572	5.5
Mizuho Bank, Ltd.	10,447	3.5
The Norinchukin Bank	6,932	2.3
Marubeni Corporation	6,284	2.1
National Mutual Insurance Federation of Agricultural Cooperatives	5,795	1.9
Nisshin Seifun Group Employee Shareholding Association	3,954	1.3
Government of Norway	3,660	1.2

*5 The Company is not included in the list of major shareholders. The Company holds 6,818 thousand shares of treasury stock. Treasury stock is not included in the calculation of shareholding ratios.

Composition of shareholders (as of March 31, 2024)



External evaluation of the Group

Nisshin Seifun Group is actively engaged in PR, IR and SR activities, and provides accurate information about the business activities of the Group's companies widely to society in a timely and appropriate manner, on a continuous basis. In this way, we work to ensure that our stakeholders are able to correctly understand and evaluate the Group, and we strive to gain their trust. The Group has also received positive external evaluations of its sustainability-focused management initiatives, and has been chosen for inclusion in Socially Responsible Investing (SRI) indices including FTSE4Good Index Series, FTSE Blossom Japan Sector Relative Index, FTSE Blossom Japan Index, MSCI Nihonkabu ESG Select Leaders Index, S&P/JPX Carbon Efficient Index, and SOMPO Sustainability Index. In 2024, for a fourth straight year, Nisshin Seifun Group was certified for the White 500 (large enterprise category) list of Outstanding Health and Productivity Management Organizations. In addition, for a third straight year, Nisshin Seifun Welna Inc. and Oriental Yeast Co., Ltd., and, for the second straight year, Nisshin Flour Milling Inc. and NBC Meshtec Inc. were certified in the large enterprise category as 2024 Outstanding Health and Productivity Management Organizations.

The Carbon Disclosure Project*6 based on the Group's responses to its questionnaire in 2023, gave the Nisshin Seifun Group a score of B (management level) for climate change and water security.

The Group has also been selected for inclusion as one of the 225 constituents of the Nikkei Stock Average (Nikkei 225), one of the leading stock indices in Japan, and has been assigned an AA Long-term Issuer Rating by the Japan Credit Rating Agency, Ltd., the highest rating level held by a domestic foods manufacturer (as of March 31, 2024).

FTSE4Good

FTSE Blossom Japan Sector Relative Index

FTSE Blossom Japan Index

2024 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

2024 Sompo Sustainability Index

2024 健康経営優良法人 Health and productivity ホワイト500

*6 Carbon Disclosure Project
The Carbon Disclosure Project (CDP) is a non-financial organization founded in 2000 and headquartered in the United Kingdom that collaborates with institutional investors around the world. The CDP investigates and evaluates major companies and local governments around the world by requesting information on environmental topics ranging from climate change to deforestation and water security. The CDP works with over 700 financial institutions representing more than US$142 trillion in assets.

Nisshin Seifun Group Integrated Report
2024

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Nisshin Seifun Group Inc.

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