

# **First Six Months of Fiscal 2023 Results Briefing Meeting**

October 28, 2022

Nisshin Seifun Group Inc.

My name is Takihara, President of Nisshin Seifun Group Inc.

Since being appointed President at the end of June, I have focused on addressing food inflation, dealing with the Australia flour milling business, and formulating a Medium-Term Management Plan accordingly.

In addition, last week on October 19, we announced a major impairment loss in our Australia flour milling business. As president, I take the concerns of investors and analysts that we have caused by such a loss very seriously, and I have renewed my resolve to take charge in leading the entire Group to overcome this difficult situation. In light of the crisis, I am redoubling my determination to push through any adversity we encounter.

The Group has the tangible and intangible assets and corporate strength to surmount this predicament and achieve further corporate growth.

Today, I would like to hold a financial results briefing to give you a life-size understanding of our company's present and future. Thank you very much for your cooperation.



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## 1. First Six Months of Fiscal 2023 and Fiscal 2023 Forecasts

First of all, I would like to explain the first six months of Fiscal 2023 and Fiscal 2023 forecasts.

## 1. Impairment Loss on the Australia Flour Milling Business (Allied Pinnacle Pty Ltd.)

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As a result of carefully examining the feasibility of the business plan for the Australia flour milling business and formulating a new business plan after reviewing the market and current business environment that have changed due to the COVID-19 pandemic, impairment loss was recorded in 2Q Fiscal 2023 due to the deviation from the original business plan.

### ■ Impairment loss

A\$600 million (¥55.8 billion)

[Breakdown] ■ Goodwill : ¥31.4 billion

■ Intangibles : ¥7.7 billion

■ PP&E : ¥16.7 billion

\*No impact on the Group's results other than the Australia flour milling business

### ■ Major factors resulting in the impairment loss

- Change in the market due to the impact of strict COVID-19 measures in Australia (such as Allied Pinnacle's sluggish business results due to a slowdown in the in-store bakery market, which is Allied Pinnacle's major customer base)
- Effects of various cost increases beyond expectations due to supply chain disruptions caused by COVID-19 and a sharp rise in prices of resources and grain caused by the situation in Ukraine (such as delay in price pass-through)

### ■ Outlook for the Australia flour milling business

- Explained in the Medium-Term Management Plan 2026

### ■ Impact on consolidated financial results

- Results forecast revision (1H: downward revision of quarterly profit; Full year: upward revision of operating profit and ordinary profit, downward revision of profit)
- Amount of decrease in depreciation and amortization burden (estimated to be about ¥6.0 billion annually (estimated to be about ¥2.6 billion in Fiscal 2023))
- The annual dividend remains unchanged from the initial forecast (scheduled to remain unchanged from the previous fiscal year at ¥39 per share)

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In August, I visited Australia and had candid discussions with the local CEO for almost a week.

As described, the Australian market and its environment have changed drastically from when we acquired Allied Pinnacle Pty Ltd. (AP) in 2019 due to the COVID-19 impact, Ukrainian situation's influence, and other factors. As such, we have determined that it will be difficult to achieve the business plan we initially expected.

On the other hand, the local CEO has built a sound relationship with major retailers and also has a good grasp of his employees. As a result, he is confident that despite the difficult environment, the business's performance can improve. Based on the business plan agreed with the CEO on this assumption, we have reviewed the plan in Japan and determined that it is necessary to record an impairment loss.

The impairment loss was a very large 55.8 billion yen when converted to yen. On the other hand, since there will be no cash outflow this fiscal year and our core business foundation is solid, we have decided to leave the dividend unchanged at an annual rate of 39 yen per share.



## 2. First Six Months Results of Fiscal 2023

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- Net sales **increased** mainly due to the implementation of wheat price revisions in the domestic flour milling business, higher wheat prices in the overseas flour milling business and foreign currency translation effects, and steady sales in the prepared dishes and other prepared foods businesses.
- Operating profit **increased** due to strong bran prices in the domestic flour milling business and favorable performance in the overseas flour milling business.
- Quarterly **loss** due to impairment loss in the Australia flour milling business based on re-examination of the business plan, considering market changes influenced by strict COVID-19 measures in Australia.

\* Figures rounded down to nearest million yen

(Million s of yen)	First Six Months of Fiscal 2023 Results	Forecasts (May release)		First Six Months of Fiscal 2022 Results	
			Change		Change
Net sales	388,742	370,000	+ 5.1%	325,727	+ 19.3%
Overseas sales ratio	32.6%	—	—	26.5%	—
Operating profit	15,919	15,000	+ 6.1%	15,568	+ 2.3%
Ordinary profit	17,220	15,500	+ 11.1%	17,425	(1.2)%
Profit attributable to owners of parent	(37,795)	9,000	—	9,957	—

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In the first six months results of Fiscal 2023, net sales increased to 388.7 billion yen on the back of mainly the domestic wheat price revision, rising market prices in the overseas flour milling business, and the effect of foreign exchange rates.

Operating profit increased to 15.9 billion yen mainly due to strong bran prices in the domestic flour milling business and favorable performance in the overseas flour milling business.

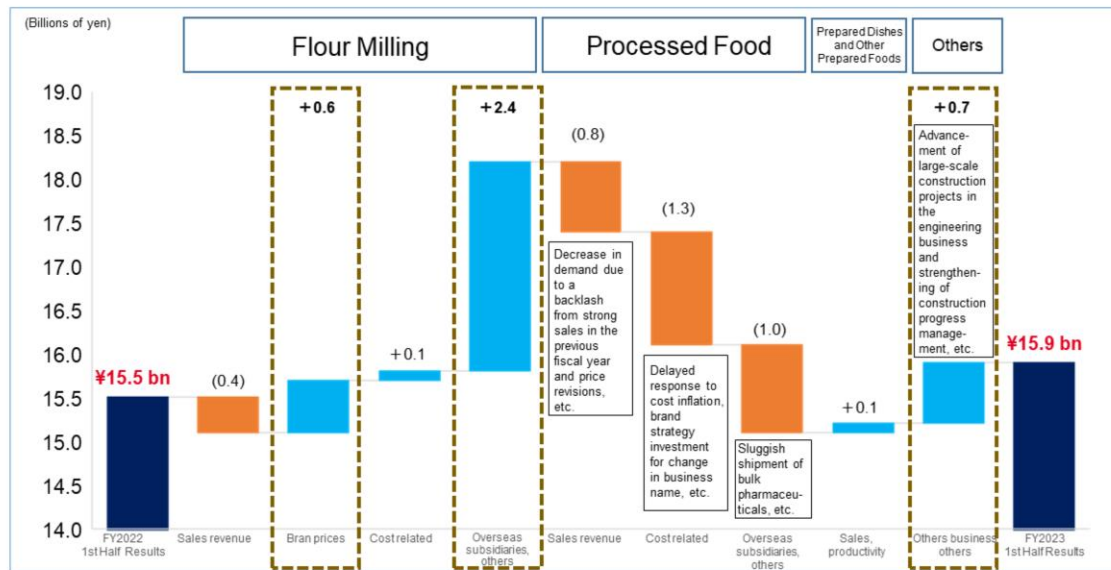
However, as explained earlier, as a result of impairment losses incurred by the Australia flour milling business, the quarterly loss amounted to −37.8 billion yen.

### 3. 2Q Operating Profit – Difference vs. FY2022

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➤ Operating profit **increased ¥0.4 billion** from the previous year. Although there were some factors such as a decline in demand in the domestic flour milling and processed food businesses, a delayed response to cost inflation in the food business, and a decrease in shipment of bulk pharmaceuticals, **operating profit increased** due to strong bran prices in the domestic flour milling business and excellent results in the overseas flour milling business, and steady performance in the engineering business in the first-half.



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Page 6 shows the factors affecting the increase or decrease in operating profit.

The increase in operating profit was due to the positive factors in the flour milling business, which offset the negative factors in the food business, such as the delayed response to cost inflation and the fall in shipments of bulk pharmaceuticals.

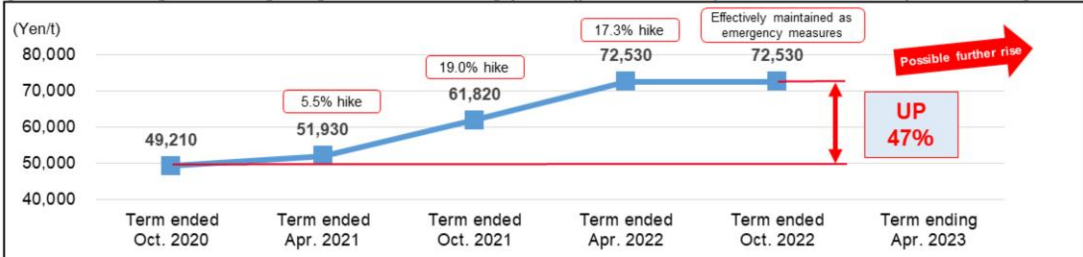
## 4. State of Food inflation and Cost Inflation

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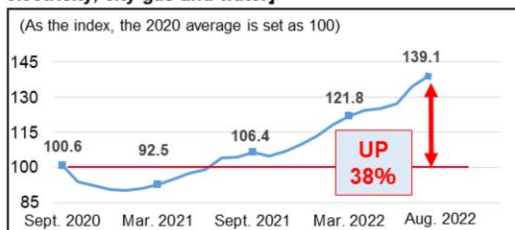


Previously, Food inflation and cost inflation were viewed as issues for Fiscal 2023, but with the wheat price unchanged this time (October), we will continue to address these issues as top priorities on the assumption that they will continue in Fiscal 2024. Although the domestic processed food business, yeast business, and the Australia flour milling business have been behind in price pass-through, they will catch up eventually.

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



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



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

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



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

Please turn to page 7.

At the financial results meeting in May, I mentioned that we must win the battle against food inflation and cost inflation in Fiscal 2023.

Although the international wheat market has settled down for the time being, the price of imported wheat was originally scheduled to rise by about 20% in October, due to the impact of the yen's depreciation on exchange rates. Although the price has been left unchanged due to the government's emergency measures, it is expected that the amount by which it rises this year will be reflected in the wheat price in April of next year. Therefore, although we initially thought that the fight against food inflation would be limited to Fiscal 2023, it will continue through Fiscal 2024. We will make sure to win this battle by taking firm action on price revisions.

Due to the nature of our businesses, the processed food business, yeast business, and the Australia flour milling business will be first to incur costs, which will be subsequently passed on in prices, and this will have a negative impact on our profits in Fiscal 2023. We will most certainly catch up and compensate for this.

## 5. Trends in the Grain Market and Foreign Exchange Market

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International wheat market prices remain at high levels due to the continued tensions over the situation in Ukraine and Russia.

## 6. Fiscal 2023 Forecasts

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- Net sales are expected to **increase** due to the continued impact of the same factors as in the first half's results.
- Operating profit is expected to **increase** due to steady bran prices in the domestic flour milling business, strong results in the overseas flour milling business, and a decrease in depreciation and amortization resulting from implementing the impairment loss in the Australia flour milling business.
- **Loss** resulting from impairment loss in the Australia flour milling business despite an expected extraordinary gain from the sale of investment securities in the second half.
- Results forecasts had already been announced on October 19. Operating profit and ordinary profit **were revised upward**, while profit **was revised downward**.

\* Figures rounded down to nearest million yen

(Millions of yen)	Fiscal 2023 Forecasts	Forecasts (May release)		First Six Months of Fiscal 2022 Results	
			Change		Change
Net sales	<b>780,000</b>	<b>760,000</b>	<b>+ 2.6%</b>	<b>679,736</b>	<b>+ 14.8%</b>
Overseas sales ratio	<b>31.1%</b>	<b>29.9%</b>	<b>—</b>	<b>27.3%</b>	<b>—</b>
Operating profit	<b>33,000</b>	<b>30,000</b>	<b>+ 10.0%</b>	<b>29,430</b>	<b>+ 12.1%</b>
Ordinary profit	<b>35,000</b>	<b>31,000</b>	<b>+ 12.9%</b>	<b>32,626</b>	<b>+ 7.3%</b>
Profit attributable to owners of parent	<b>(18,500)</b>	<b>18,500</b>	<b>—</b>	<b>17,509</b>	<b>—</b>

\* Forecasts for FY2023 remain unchanged from those announced on October 19.

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Please see page 9.

The full-year results forecast is shown in the table here.

Net sales are expected to increase, and operating profit is expected to rise, despite the negative impact to the food business, due to steady bran prices in the domestic flour milling business and strong results in the overseas flour milling business, and a decrease in depreciation and amortization expenses resulting from implementing the impairment loss in the Australia flour milling business.

However, profit is expected to be in the red due to impairment losses in the Australia flour milling business, although the gain on sales of investment securities is factored in to some extent.



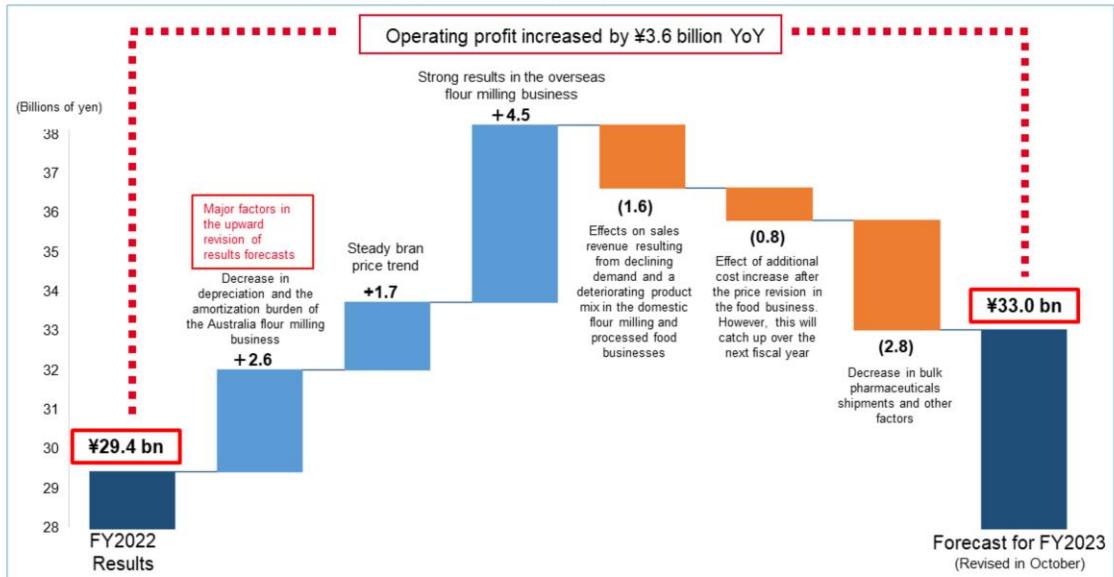
## 7. Full-Year Results Forecasts Operating Profit

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▶ The full-year operating profit forecast was revised upward to **¥33.0 billion** (an increase of ¥3.6 billion year-on-year (YoY)). This is mainly due to a decrease in depreciation and amortization expenses resulting from the impairment loss on the Australia flour milling business.

### ■ Results forecasts Operating profit analysis (YoY difference)



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Page 10 shows the factors affecting the change in operating profit in the full-year results forecast from the previous year's actual results.

The increase is mainly due to a decrease in depreciation and amortization expenses resulting from the impairment losses in the Australia flour milling business.

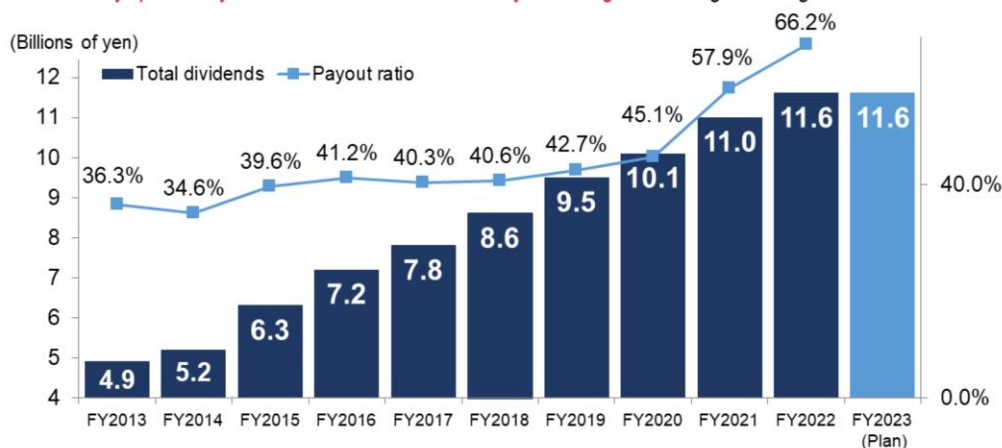
## 8. Shareholder Returns

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### ■Trends in total dividends and payout ratio

- The annual dividend for Fiscal 2023 remains **unchanged from the forecast of ¥39** per share (maintained from the previous fiscal year).
- The level of dividends will be set to reflect business performance, **avoiding dividend cuts as much as possible**, based on a dividend payout ratio of 40% or more.
- **Always proactively consider dividend hikes with an eye on timing** amid aiming for EPS growth.



Dividend  
per share

¥20   ¥20   ¥22   ¥24   ¥26   ¥29   ¥32   ¥34   ¥37   ¥39   ¥39

Please see page 11.

As I mentioned at the beginning of this presentation, our cash position and core business foundation remain strong, and we will keep our dividend unchanged. In addition, we will always proactively consider increasing dividends according to the progress of the Medium-Term Management Plan.

## **2. The Nisshin Seifun Group Medium-Term Management Plan 2026**

Next, I will explain our Medium-Term Management Plan 2026.

This is a five-year plan covering the period from Fiscal 2023 to Fiscal 2027.



## I. Basic Policy

# 1. Numerical Targets (Fiscal 2027)

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	Base year (Fiscal 2022) (Results)	Next year (Fiscal 2024)	Final year (Fiscal 2027)
<b>Net sales</b>	<b>¥679.7 bn</b>	<b>¥840.0 bn</b>	<b>¥900.0 bn</b>
5-year CAGR*	—	—	5.8%
<b>Operating Profit</b>	<b>¥29.4 bn</b>	<b>¥39.0 bn</b>	<b>¥48.0 bn</b>
5-year CAGR	—	—	10.3%
<b>EPS</b>	<b>¥59</b>	<b>¥90</b>	<b>¥110</b>
5-year CAGR	—	—	13.3%
<b>ROE</b>	<b>4.0%</b>	<b>6.4%</b>	<b>7.0%</b>

\* Compound annual growth rate

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Please see page 14.

Numerical targets, compared with the base year of Fiscal 2022, are as shown in this table.

The targets for Fiscal 2027 are sales of 900 billion yen, operating profit of 48 billion yen, EPS of 110 yen, and ROE of 7%.

These targets were discussed and formulated with each of our operating companies, and we believe that these targets are achievable if the entire Group works together to achieve them.

## 2. Position of the Medium-Term Management Plan 2026

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### ■ Recognition of the external environment

FY2013–FY2015



FY2016–FY2021

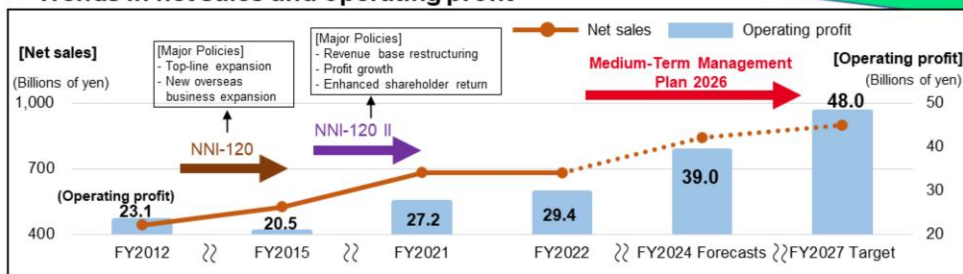


FY2023–FY2027



Toward realizing the long-term vision

### ■ Trends in net sales and operating profit



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The diagram on page 15 shows the positioning of this Medium-Term Management Plan.

### 3. Basic Policy

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**Contribute to society through business activities and continue to grow as an integral part of the food industry** under two guiding philosophies: “the basis of business is built on trust” and “be in tune with the changing business climate” together with our corporate principle: “contribute to a healthy and fruitful life for all.”

#### ■ Basic policy

- (1) Stimulate the Group's ability to grow by restructuring the business portfolio**
- (2) Enhance management by clarifying our business' relationships toward stakeholders**
- (3) Integrate ESG into management strategy, implement by adapting to social trends**

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Please see page 16.

Regarding the basic policies, these are the three that I presented at the financial results briefing in May to form the image of the Group that we are aiming for. We will strive to be a key company of the food industry.

# 4. Basic Policy (1)

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## (1) Stimulate the Group's ability to grow by restructuring the business portfolio

Continue to restructure the business portfolio in **business areas where the Group can leverage its strengths**, and **enhance the Group's competitiveness as a whole and in each business based on the four strategies**.

### ■ Four strategies



### ■ Key topics of Strategy to Enhance Business Competitiveness

1. Continuation and expansion of the domestic flour milling, processed food, and yeast businesses as core businesses
2. Growth strategy for overseas business (locally completed business model)
3. Growth strategies for prepared dishes and other prepared foods business
4. Business direction of healthcare foods and biotechnology businesses
5. Business direction of the engineering and mesh cloth businesses
6. Taking on the challenge of new businesses

**Continue EPS growth** by promoting business growth with increased earning power and selling power, and by promoting proactive strategic investments.

Please refer to page 17.

The first of the basic policies, Stimulate the Group's ability to grow by restructuring the business portfolio, will be based on four strategies: strategy to enhance business competitiveness, R&D strategy, new business development and M&A strategies, and digital strategy.

**(2) Enhance management by clarifying our business' relationships toward stakeholders**

Recognize that the stable supply of food, including flour and flour-related products, as a staple food, is the primary purpose of the Group's corporate existence, and **aim to be a company that respects all stakeholders and is trusted around the world.**

Shareholders	Realize an appropriate total shareholder return (TSR) by enhancing long-term corporate value.
Customers	Offer value that exceeds customer expectations in all aspects of products and services.
Employees	Ensure appropriate compensation and working environment for employees and support in acquiring necessary skills.
Business partners	Engage with business partners in fair and impartial ways and with a sense of ethics and become equal partners.
Society	Strive to work together with society and become an eco-friendly company.

**■ Key topics**

- 1) **Strive to earn the trust of all customers and business partners** through the integrated cooperation of Nisshin Seifun Group Inc. (holding company) and all operating companies of the Group.
- 2) Work to revitalize the organization and human resources by **promoting human resource strategies**, allocating human resources that are optimal for the Group as a whole, training management personnel, promoting women's participation and career advancement, and reforming work styles, etc. (See p. 38)

Please see page 18.

As for the second basic policy, which is Enhance management by clarifying our business' relationships toward stakeholders, we aim to be a company that is trusted by people around the world by steadfastly fulfilling our responsibility to provide a stable supply of food.

For our shareholders, we believe that our role is to realize an appropriate TSR by strengthening our corporate value over the long term.

In addition, even under the separated corporate structure, as the leader of the entire Group, I will work directly with customers and business partners to reinforce our relationships with them.

### (3) Integrate ESG into management strategy, implement by adapting to social trends

Proactively work on the responsibilities of top management, aiming to maximize corporate value.

Particularly, position **E (environment)** as the most important management priority in relation to global sustainability.

#### **E (Environment)** (See p. 39–)

- ▶ Maximize the use of energy-saving equipment and renewable energy to achieve medium- and long-term targets for environmental issues related to climate change, and consider energy procurement through investment and equity participation in off-site facilities.

#### **S (Social)**

- ▶ Execute our business' relationship toward stakeholders in Basic Policy (2).
- ▶ Continue to pursue the social mission of stably delivering safe and secure products under the slogan "Can we explain from the consumer's point of view?" in all business activities, including quality guarantee.
- ▶ Engage in understanding human rights issues and mitigating human rights risks by conducting human rights due diligence, including in the supply chain.

#### **G (Governance)**

- ▶ Maintain a culture in which corporate governance is discussed by the management, and necessary improvements are implemented going forward.
- ▶ Always review risks and prepare countermeasures during normal circumstances. In an emergency, the president of Nisshin Seifun Group Inc. and the presidents of operating companies will take the lead and work to avoid the worst-case scenario.

Please see page 19.

The third basic policy is Integrate ESG into management strategy, implement by adapting to social trends. In particular, we will position E, environment, as the most important priority for management.



## II. Key Topics in Strategy To Enhance Business Competitiveness

Strengthen business competitiveness by carrying out selection and concentration based on the criteria of "**businesses that are or can become the top in a certain business area** (in terms of competitively significant areas)."

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Please refer to page 20.

Our approach to business portfolio restructuring is to promote selection and concentration on the criterion of "businesses that are or can become the top in a certain business area (in terms of competitively significant areas)."

To date, the Group has been steadily restructuring its business portfolio based on this approach. We intend to continue this process to further strengthen business competitiveness.



# 1. Continuation and Expansion of the Domestic Flour Milling, Processed Food, and Yeast Businesses as Core Businesses

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We have been building customers' trust and hold an overwhelming share of the domestic market. Leverage the strengths cultivated in each business, increase market share by providing new value, and maintain reasonable prices. Also, secure a high level of profit by implementing cost reductions of a different dimension, and play a central role in the Group going forward.

## Domestic flour milling business (Top market shares in Japan)

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



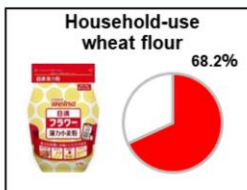
## Domestic yeast business (Dominant market share)

### Share in yeast production volumes in Japan

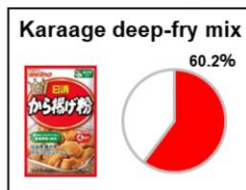
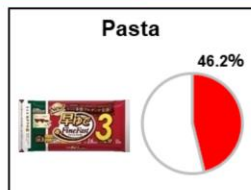


## Domestic processed food business (Broad and deep lineups of top brands)

Provide new value to the market and customers by combining the strengths cultivated in each business



Our share



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

Please see page 21.

We believe that the core businesses of the domestic flour milling business, the domestic processed foods business, and the domestic yeast business will be able to earn stable revenue even amid cost inflation by accumulating high market shares and productivity improvements. The high level of trust we have earned from our customers is a valuable asset.

## 2. Role of Core Businesses

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Core businesses have achieved stable profit growth and are the foundation of the Group's stable cash-generating capability. Continue EPS growth by proactively using the cash for growth investments through further enhancement of profit growth and cash-generating capability by bolstering the business foundation of the core businesses.

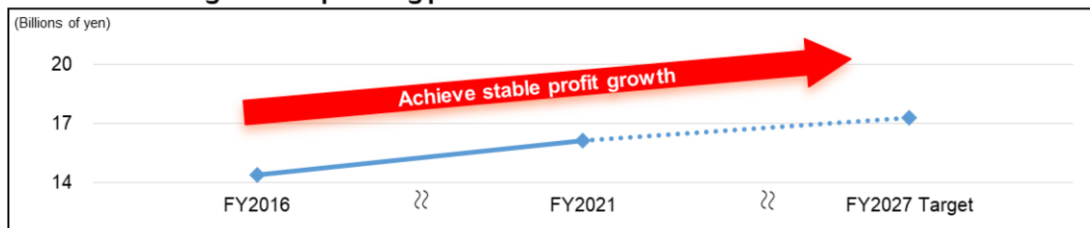
### ■ Secure a stable business and revenue base for core business

- Under the international trade agreement, both markups on raw wheat and tariffs on secondary processed wheat products will be reduced in stages, and this will ensure the consistency of border measures to some extent. We judged that **stable operation of our core business in Japan is feasible over the long term**. Therefore, **we will proactively make domestic investments**.

(Projects already decided) "Construction of the new Mizushima Plant," "Acquisition of Kumamoto Flour Milling Co., Ltd.," "Business alliance with ZEN-NOH," etc.

- **The core business's revenue base remains solid even amid food inflation**. The passing on of higher costs in the processed food and yeast businesses to prices will catch up going forward. Also, we expect a recovery in demand in the medium term.

### ■ Trends and targets for operating profit in core businesses



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Please see page 22.

Our core businesses have the capacity to grow steadily and continue to generate cash going forward.

The fight against international trade agreements in the 2010s formed the foundation for our core businesses. As a result, we have secured a certain degree of consistency in border measures for raw wheat and wheat-related products, and we believe we can continue to keep our businesses operating steadily over the long term.

Based on this understanding, we have aggressively invested in our core businesses in Japan over the past several years. The new Mizushima Plant, acquisition of Kumamoto Flour Milling Co., Ltd., and the business alliance with ZEN-NOH are examples of such measures. We will continue to promote domestic investment.

Another thing I would like to emphasize is that even amid food inflation, the revenues of these core businesses remain solid. There is a certain degree of decline in demand and delayed response to cost shifting, but I would like to make this clear to all of you.

### 3. Key Topics for the Domestic Flour Milling Business

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The most competitive business in the Group, and competitive strength to grow further

Key topic	Details of initiatives and expected effects
Production structure development and cost reduction	<b>■ Development for a low-cost production system that responds to international competition</b> 1) Construction of a new plant will be completed and two plants will be closed in Fiscal 2026. Ratio of large waterfront plants increased (from 83% to 92%) 2) Achieve further labor savings by introducing digital technology to production plants and establishing automation technology
M&A	<b>■ Acquisition of Kumamoto Flour Milling and PMI implementation and synergy creation</b> ➤ Strengthen cost competitiveness in the Kyushu area, enter the market for different types of grain flour produced by Kumamoto Flour Milling, etc.

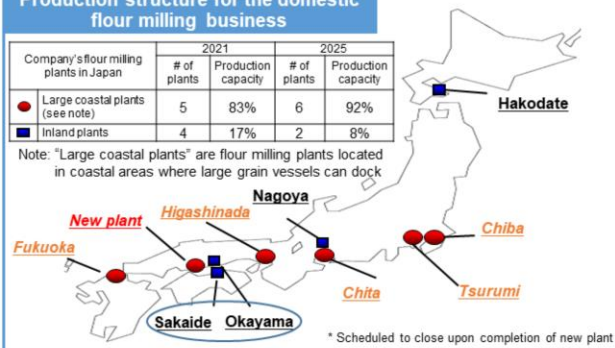
#### Overview of the New Plant

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

#### Production structure for the domestic flour milling business

Company's flour milling plants in Japan	2021		2025	
	# of plants	Production capacity	# of plants	Production capacity
● Large coastal plants (see note)	5	83%	6	92%
■ Inland plants	4	17%	2	8%

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



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Please see page 23.

In the Medium-Term Management Plan, the most important measures for the domestic flour milling business are the new Mizushima Plant and Kumamoto Flour Milling acquisition projects. I was in charge of both projects at Nisshin Seifun, and I will remain involved in them to ensure that everything properly completed.

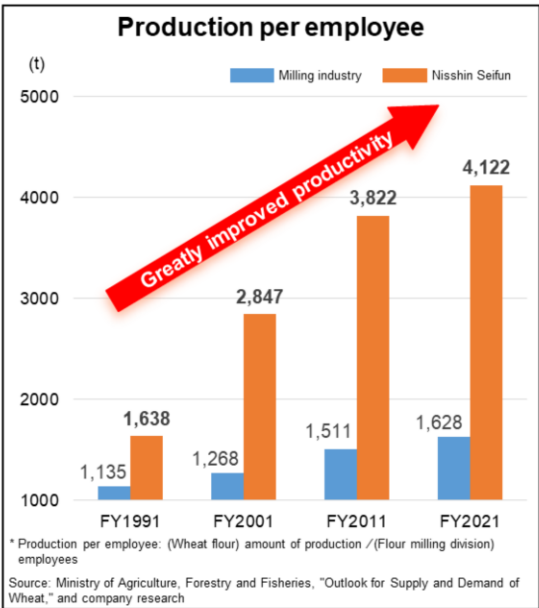
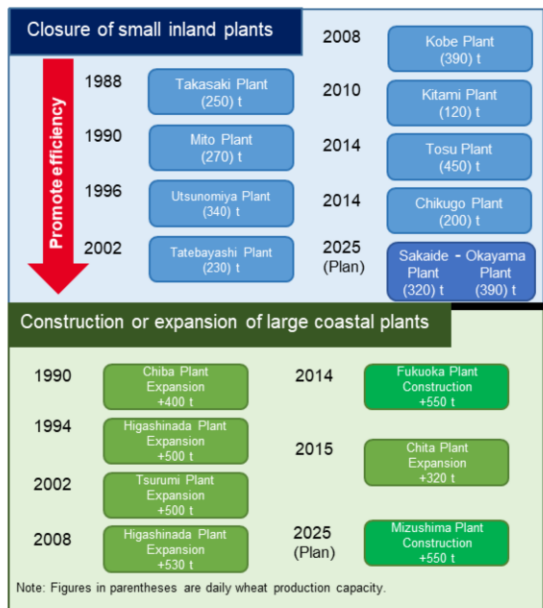
Kumamoto Flour Milling is one of the few prominent companies in the flour milling industry, and as a Group, we will be taking in rice flour and buckwheat flour, in which we possess no expertise. In addition, this purchase will further boost our cost competitiveness in the Kyushu region.

# 4. Domestic Flour Milling Business's Source of Competitiveness

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- Achievements of structural reform initiatives to strengthen competitiveness
- Achieved productivity substantially higher than the industry average



Please see page 24.

Over the past 30 years, we have increased our share of the domestic flour milling business from around 1/3 to approximately 40%. During this period, we have also been improving the structure of our flour milling plants, consolidating small-scale inland plants into large coastal plants.

As a result, shown in the graph on the right, the amount of flour produced per employee has increased dramatically.

# 5. Key Topics for the Domestic Processed Food Business

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Nurture and popularize the Nissin Seifun Welna brand and refine it into a "top brand"

Key topic	Details of initiatives and expected effects	
Establishment of the new brand	<ul style="list-style-type: none"> <li>Enhance exposure, establish and expand recognition by continuing to invest in brand strategy through fiscal 2025 and <b>achieve the intended effects of the corporate name change</b></li> </ul>	
Production structure development and cost reduction	<ul style="list-style-type: none"> <li><b>Strengthen cost competitiveness through an optimized global production system</b>, including domestic production sites                             <ul style="list-style-type: none"> <li>Construction, expansion, and transfer of production at domestic and overseas production plants, etc.</li> </ul> </li> </ul>	
Business structure transformation	<ul style="list-style-type: none"> <li><b>Strengthen commercial-use business and frozen foods business</b>, while maintaining and bolstering the room-temperature home-use business, which is our revenue bases</li> </ul>	<div>Targets during the Medium-Term Management Plan</div> <ul style="list-style-type: none"> <li>Expand net sales of commercial-use business</li> <li>Expand net sales of frozen foods business</li> </ul>
R&D, New business	<ul style="list-style-type: none"> <li><b>Create value</b> by adding value to products targeting "easy-to-prepare and convenience," "authenticity," and "health," and by expanding product lineups for SDGs and Generation Z</li> </ul>	<div>Targets during the Medium-Term Management Plan</div> <ul style="list-style-type: none"> <li>Expand profit composition of value-added products for household use</li> <li>Respond to potential growth markets</li> </ul>

25

Please see page 25.

In the domestic processed food business, we will achieve the intended effects of the change to our corporate name that was conducted in January 2022 and build the brand's power.

In terms of production sites, we have been promoting an optimized global production system, and will continue to make necessary investments in Japan and overseas in anticipation of further demand growth.

Specifically, we will strive to expand sales expansion in frozen foods and commercial-use businesses during the period of the Medium-Term Management Plan.



## 6. Growth Strategy for Overseas Business (locally based business model)

Delivering Good Health and Reliability

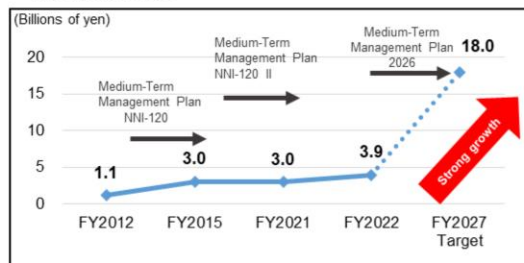


The driver of profit growth in the Medium-Term Management Plan. In Fiscal 2027, the final year of the Medium-Term Management Plan, we aim to achieve an operating profit from overseas businesses expressed as a percentage of consolidated operating profit of 38% (13% in Fiscal 2022). Proceed with new investments after confirming that the Group's strengths in Japan can be utilized.

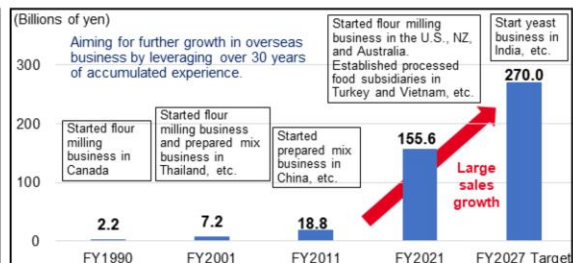
### ■ Key topics

- |                                     |  |
|-------------------------------------|--|
| 1. Overseas flour milling business  | <ul style="list-style-type: none"> <li>Results improvement in the Australia flour milling business</li> <li>Initiatives to maintain and strengthen high profitability of the U.S. flour milling business and other businesses</li> </ul> |
| 2. Overseas processed food business | <ul style="list-style-type: none"> <li>Consider future investments (prepared mixes, pasta, pasta sauces, frozen foods)</li> <li>Promote local sales of processed foods for Japan that utilize overseas production sites</li> </ul>       |
| 3. India yeast business             | <ul style="list-style-type: none"> <li>Achieve profit growth through smooth launching and reaching full capacity</li> </ul>  |

### ■ Trends in operating profit from overseas businesses



### ■ Trends in overseas business (net sales)



Please see page 26.

Regarding our core business, the plan is to drive growth in our overseas business by leveraging the sources of competitive advantage we have accumulated to date, such as cost competitiveness, procurement capabilities, and proposals to customers.

In the overseas business, we are aiming for net sales of 270 billion yen and an operating profit of 18 billion yen in Fiscal 2027, which is the final year of the Medium-Term Management Plan, by realizing effects including those of the India yeast business's full-scale operation, in addition to the recovery of business results and a reduced depreciation and amortization burden in the Australia business.

## 7. Overseas Flour Milling Business

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Operating profit target for Fiscal 2027 is **expected to be significantly higher** compared to Fiscal 2022. Regarding new investments, search for and consider investment opportunities leveraging accumulated experience.

### ■ Key topics

1) Australia flour milling business

#### ■ Improve performance in line with revised business plan

➤ Details shown on pp. 28 and 29

2) Overseas flour milling business in the U.S. and other countries

#### ■ Initiatives to maintain and strengthen high profitability

➤ Make necessary investments for business growth and cost reduction, and expand into new business areas with the aim of avoiding sharp fluctuations in profit levels



3) Search for investment opportunities in new areas

#### ■ Consideration of new investments

➤ Execute new investments after confirming that they can take advantage of the Group's strengths in Japan. Also, establish a system that enables the Group to make such investments at any time

27

Please see page 27.

The most competitive of these businesses is the flour milling business. Despite the recent impairment loss in Australia, its ability to manage overseas operations is No. 1 among the Group's business units.

The U.S. flour milling business is highly profitable, supported by the market environment, and we will consider new investments to maintain and strengthen this business, aiming for growth and cost reductions.

We will also consider new investments in regions where we can take advantage of the Group's strengths, using the cash we will generate during the Medium-Term Management Plan period.

## 8. Overseas Flour Milling Business (Australia Flour Milling Business) (1)

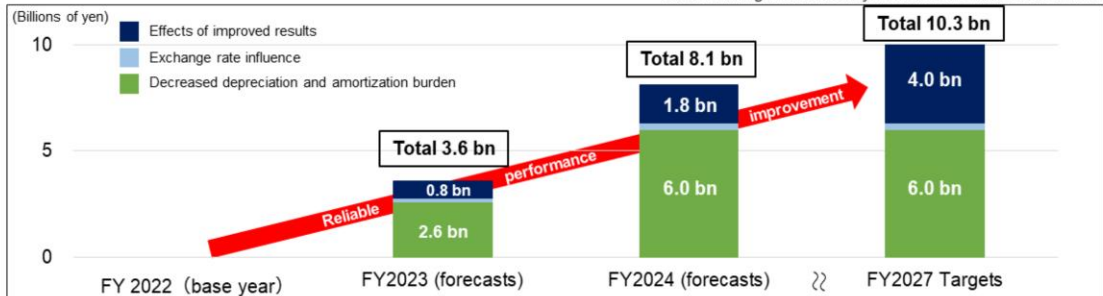
Delivering Good Health and Reliability



In Australia, the market for in-store bakery products, which is a major customer base, has changed dramatically due to the implementation of strict anti-COVID19 measures such as border closures and lockdowns during the approximately two years of the COVID-19 pandemic. In light of these changes and other factors, the Tokyo head office and the local office revised the business plan based on deeper cooperation and discussions with the local CEO. Ensure business results improvement based on the new business plan.

### ■ Target for increasing the operating profit (Difference from Fiscal 2022)

\* Used exchange rate of 95.0 yen/AUD from Fiscal 2024 onward



### ■ Main business environments considered in the new business plan

#### ▶ Changes in the in-store bakery market of our major customers

The in-store bakery market grew at an annual rate of about 6% (in terms of sales value) during the five years before the COVID-19 pandemic (2013–2018). During the two years of the COVID-19 pandemic (2020–2021), the market grew at less than 1% per year, and sales volume declined.

#### ▶ Rising production costs due to labor shortages, continued cost inflation

#### ▶ Recovery in the flow of people in Australia

28

Please see page 28.

Now, let us examine the Australia flour milling business in detail.

By promoting performance improvement measures, and taking into account the impact of reduced depreciation and amortization of goodwill and other assets due to impairment loss, we forecast a profit increase of 10.3 billion yen in Fiscal 2027.

Regarding the Australian market, I directly observed that the flow of people has recovered, but in addition to changes in the retail in-store bakery market and cost hikes, the biggest challenge is the supply chain disruption caused by labor shortages.

We have considered this situation and formulated the measures that must put into action. I believe it will be difficult to achieve these figures unless we expend every effort both locally and in Japan, but the figures for Fiscal 2027 are those that the local CEO has committed to me.

Although I believe that the measures themselves will be replaced with others in the future, I will do my very best to enact whatever measures are in place at the time.



## 8. Overseas Flour Milling Business (Australia Flour Milling Business) (2)

Delivering Good Health and Reliability



In the Australia flour milling business, we intend to maintain the No. 1 market share position (approximately 40%) for wheat flour, which has a stable revenue base. In addition, we will **take four initiatives to recover earnings**.

### ■ Major initiatives to achieve operating profit targets for Fiscal 2027

1) Continual cost reductions	2) Sales growth in core products that leverage our strengths
<ul style="list-style-type: none"> <li>➤ Address increased costs due to the COVID-19 pandemic <ul style="list-style-type: none"> <li>➤ Implement appropriate product price pass-through</li> </ul> </li> <li>➤ Implement continuous initiatives to reduce costs <ul style="list-style-type: none"> <li>➤ Modify/eliminate production lines, reduce production loss, improve productivity, lift transportation efficiency, etc.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>➤ Wheat flour <ul style="list-style-type: none"> <li>➤ Increase transactions with major consumers, etc.</li> </ul> </li> <li>➤ Prepared mix and bakery-related raw materials <ul style="list-style-type: none"> <li>➤ Expand sales to in-store bakeries by upgrading product lineups with relatively high profit margins and market strengths</li> </ul> </li> </ul>
3) Selection of profitable markets	4) Branding (bakery-related raw materials)
<ul style="list-style-type: none"> <li>➤ Withdraw from unprofitable products and implement profitability improvements</li> <li>➤ Focus on sales of prepared mixes to specialized bakery stores and wheat flour to small- and medium-sized bakeries, franchises, etc.</li> <li>➤ Strengthen value-added products and implementation of product design <ul style="list-style-type: none"> <li>➤ Commercialize high-fiber wheat, specialty flours (organic flour, rye flour, etc.), frozen dough, etc.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>➤ Strengthen the brand power of focused product lines and increase sales by bolstering development and product capabilities, such as frozen dough, to ensure quality superiority over competitors' products</li> </ul>

29

Please see page 29.

These are details of the performance improvement measures we have organized on this occasion.

We will bring about the effects described on the previous page by promoting continual cost reductions, growing sales in core products that leverage our strengths, selecting profitable markets, and branding.

After the announcement of the impairment loss on October 19, I spoke with the local CEO again to discuss how we can work together to fulfill the revised business plan, and the CEO answered that although the business environment is challenging, he is confident that we will be able to reach the figures in this plan.

The content of the measures will alter somewhat based on changes in the environment, but I will be proactively involved in achieving the plan's figures.

# 9. Overseas Processed Food Business

Delivering Good Health and Reliability



Consider future investment in prepared mixes, pasta, pasta sauces, and frozen foods, utilizing our own expertise. In addition, promote local sales of the Nissin Seifun Welna brand at overseas production sites.

## ■ Key issues

1) Consider future investment

➤ Consider future investment to expand business in prepared mixes, pasta, pasta sauce, and frozen foods produced at overseas production sites

2) Local sales (BtoC) at overseas production sites

➤ Promote local sales of pasta produced in Turkey and the U.S., and pasta sauce, frozen foods, etc. produced in Thailand and Vietnam



List of overseas bases ●: Local sales bases of prepared mix ●: Production sites for processed foods for Japan

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Please see page 30.

We will also consider and implement the next investment in the overseas processed food business.

Although each of our sites is mainly positioned as a production site for Japan except for prepared mix, we will promote local sales during the Medium-Term Management Plan.

We believe there is demand for high-quality Japanese processed foods, and will focus on initiatives to promote them.

# 10. India Yeast Business

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The yeast business in India began operating in August 2022, although there was a two-year delay due to the COVID-19 pandemic. Following the smooth launch of the business, we plan to achieve profit contribution through full operation during the period of the Medium-Term Management Plan.

## ■ Growth potential of the Indian market

- India has a population of approximately 1.4 billion (the second largest in the world). Expected to increase going forward.
- The bread market is expected to grow about 6% per year from 2023 onward.
- Production of major bakeries, mainly using fresh yeast, is expected to increase. (The India yeast business produces fresh yeast)

## ■ Target presence of the India yeast business in the Indian market

- Aim to become No. 2 (30% share) in the Indian market<sup>\*1</sup>  
\*1: If we reach full production and our competitors' production remains the same
- Production capacity: 33,000 t/year
  - This is higher than the domestic production capacity, which is approximately 24,000 t/year.

## ■ Target for increase in operating profit (difference from Fiscal 2022)



Please see page 31.

The yeast business in India began operations in August of this year and is carrying out production, sales, and deliveries. Although this plant produces more than our entire yeast production capacity in Japan, the Indian market uses a lot of imported dry yeast, and there is demand for high-quality, fresh yeast.

It will take some time to develop new customers, which will have a negative impact on revenue for a while, but by increasing the capacity utilization ratio through expanding sales, we expect to reach full operating capacity during the term of the Medium-Term Management Plan. As a result, it will also contribute to profits in Fiscal 2027.

I will visit the site in December to share my thoughts with local directors and officers as the plant moves toward full-scale operation.

# 11. Growth Strategies for Prepared Dishes and Other Prepared Foods Business

Delivering Good Health and Reliability

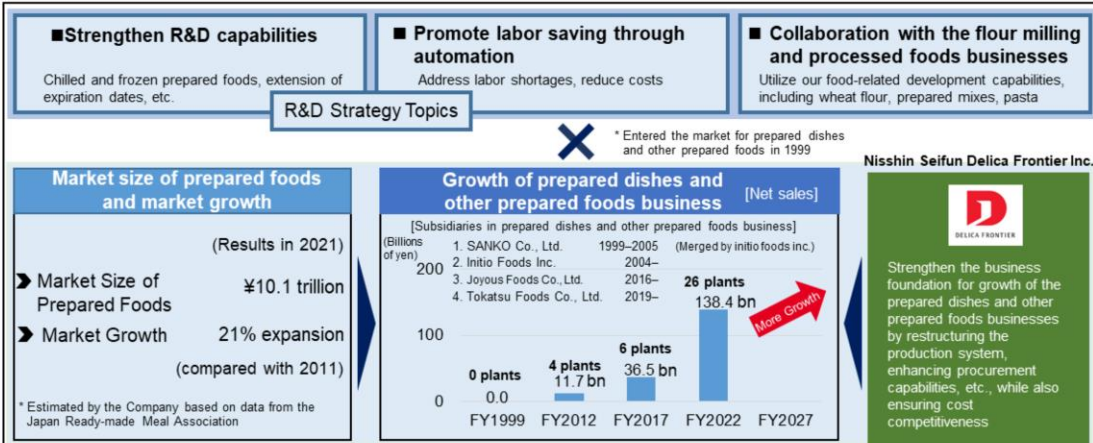


The prepared foods market is **one of the few growth markets** in the domestic food industry. We plan to **secure cost competitiveness to beat competitors**, centered on Nissin Seifun Delica Frontier Inc., established to oversee the business.

## ■ Business characteristics and the Group's strengths

By leveraging the characteristics of Japanese prepared foods and chilled distribution, which are not threatened by imports, we are able to demonstrate labor-saving technologies that our Group has cultivated over the years in this business area.

## ■ Key topics Aiming for growth of the Group as a whole



32

Please see page 32.

The most promising area for business growth in Japan is the prepared dishes and other prepared foods business.

The market has grown by about 20% just in the past 10 years, and we will continue to see growth as the externalization of food continues.

The significance of engaging in this business is that we can leverage the automation technology we have cultivated in this labor-intensive business and improve quality through the fruits of our research and development.

We also believe that this business will help to expand the entire Group's sales against the backdrop of our food-related development capabilities, including wheat flour, prepared mixes, and pasta, through collaboration with the flour milling and processed food businesses.

Actually, I have visited some prepared dishes plants and am certain that we can attain this goal, and we are incorporating this into our Medium-Term Management Plan with confidence.



### ■ Business direction of healthcare foods and biotechnology businesses

- Aim to achieve growth in healthcare foods and biotechnology businesses through synergies between personal nutrition (proposals of health foods and other products for individual use), developed by the healthcare foods business, and biomarkers (AGEs), etc., developed by the biotechnology business.

### ■ Business direction of the engineering and mesh cloth businesses

- Both businesses have high technical capabilities and knowledge on a global scale. Looking ahead while aiming for further business expansion, either on its own or in collaboration with external companies, both businesses will also collaborate in the electronic components market and other customer areas where both technologies are utilized.
- The mesh cloth business aims to grow its profits by leveraging its technological superiority, while considering that its products are expected to contribute to the environment and to the creation of a sustainable society.

### ■ Taking on the challenge of new businesses

- New Business Development and M&A Strategy (see p. 36)

Please see page 33.

In addition to these businesses, there are others showing great promise.

The biotechnology business is essential for various research materials used by domestic pharmaceutical manufacturers, universities, and other research institutions, and we hold a competitive advantage in this field that no other company can match. Among these, we believe we can collaborate with the healthcare foods business based on our knowledge of raw materials for diagnostic reagents, and this initiative will take shape in the Medium-Term Management Plan.

Moreover, although the engineering business and the mesh cloth business were each derived from the flour milling business, they have evolved independently and hold a strong competitive edge in their respective fields. Since customers in these two businesses overlap in some areas, we will promote collaboration between them.

We will also promote new businesses, including collaboration with startup companies and through M&As.

### **III. Key Strategies to Accelerate the Group's Growth**

We will summarize other key strategies from page 34.

# 1. R&D Strategy

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Secure competitive advantage in Japan and overseas to support the Group's growth and create circular growth that solves social issues through our business, leading to higher corporate value.

## ■ Research topics in focused R&D areas

Food ingredients with health functions	Promote R&D on various health functionalities, centering on wheat ingredients, including effects on preventing metabolic syndrome, brain function, and anti-aging, and contribute to extending healthy life expectancy through our business.
Processing technology for prepared dishes and other prepared foods	Strengthen competitiveness by promoting R&D on cooking and processing technologies that improve the taste, aroma, color, texture, and other qualities of prepared foods, as well as microorganism control technologies that lead to longer expiration dates (waste reduction, including in the supply chain).
Food technology	Develop new businesses and secure competitive advantage in existing businesses by engaging in R&D on technologies to solve food-related problems such as the protein crisis and food loss, with an eye to collaborating with startup companies.
Automation	Realize additional labor and energy savings in the prepared dishes and other prepared foods business, the flour milling business, etc., by leveraging digital technology (AI, IOT) and robotics technology.

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Please see page 35.

The R&D strategy, which will be the source of the company's competitiveness, will focus on the following priority areas: food ingredients with health functions, processing technology for prepared dishes and other prepared foods, food technology, and automation.

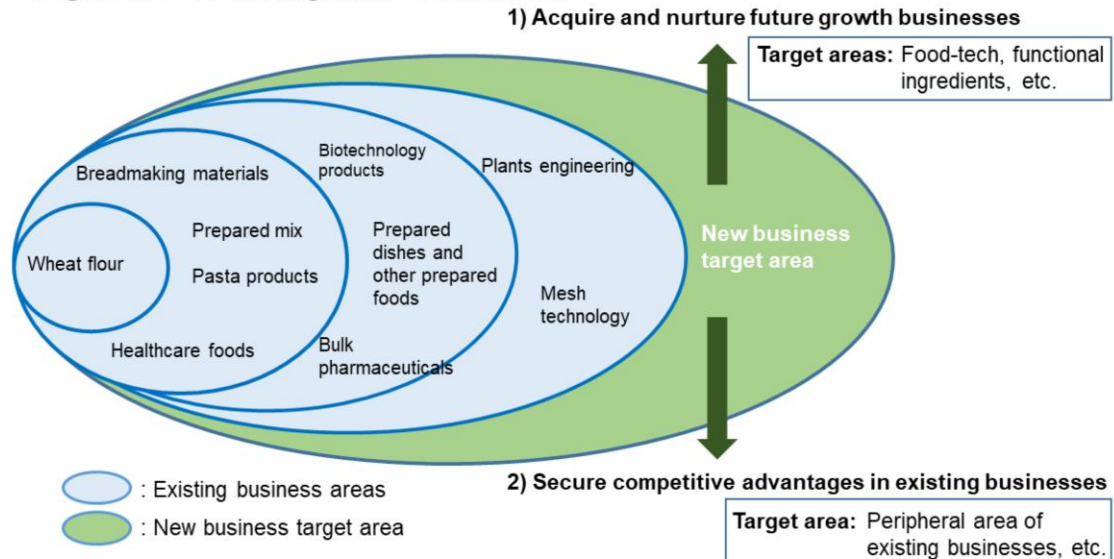
## 2. New Business Development and M&A Strategy

Delivering Good Health and Reliability



Secure competitive advantage in existing businesses, acquire and nurture businesses that will become the future core businesses following flour milling, processed foods, yeast, and prepared dishes and other prepared foods, and promote new business development through M&A and collaboration with start-ups, etc., anticipating future innovation in new areas such as food-tech and functional ingredients

### ■ Target areas for existing and new businesses



36

Please see page 36.

As I explained earlier in the new business challenge, this is how our technology has been derived, and we will try to expand its area.

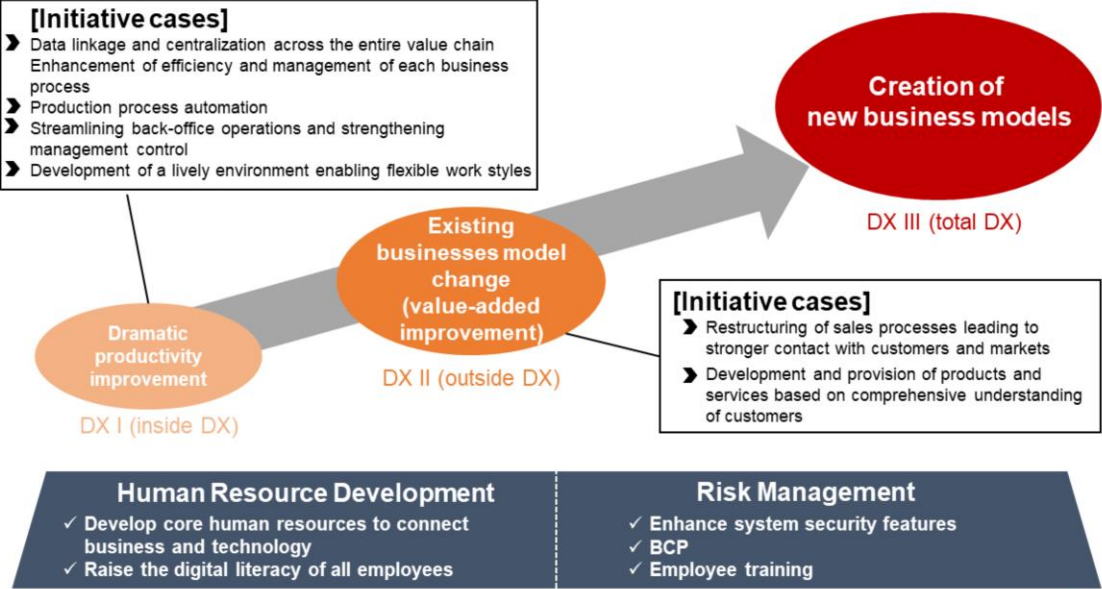


### 3. Digital Strategy

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Create value for each stakeholder through dramatic improvement in productivity, model changes in existing businesses, and creation of new business models by proactively adopting digital technology. Aim to continuously strengthen competitiveness. In addition, promote human resource development as the foundation and reinforce the crisis management system.



37

Please see page 37.

Regarding the digital strategy, we are proceeding by establishing specialized units at the Group headquarters and at each operating company, and we will centralize the data and aim to apply it to production and sales.

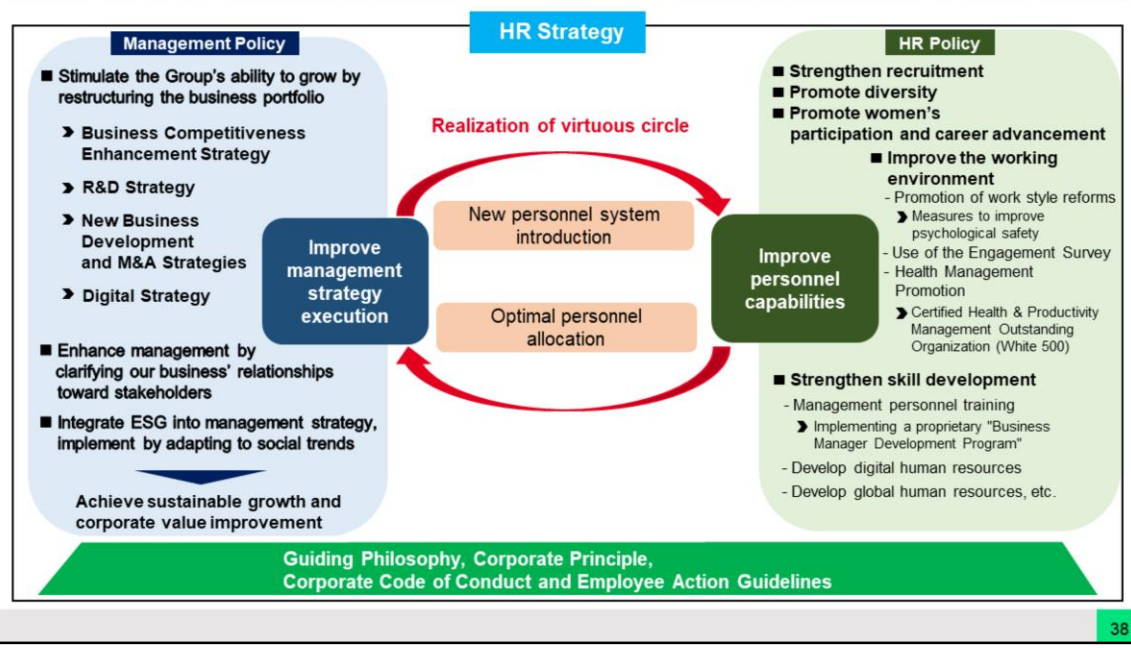
Human resource development for this purpose is being pushed at a rapid pace. We will also advance cyber-security measures as a defense.

# 4. Human Resource Strategy

Delivering Good Health and Reliability



Promote human resource strategy as a foundation for enhancing the ability to execute management strategies and becoming a company that the entire world can trust, while respecting all stakeholders.



Please see page 38.

The human resource strategy is also vital. Even under the separated corporate structure, I will evaluate human resources and discuss and implement their optimal placement with the presidents of each business so that the entire Group can place people where they will do the most good.

## IV. Environment Policy

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

Delivering Good Health and Reliability



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

## Five Priorities

Fields contributing to SDGs

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

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



### ■ Enable secure and sustainable raw material procurement

- Ensuring stable wheat procurement
- Sustainable raw materials procurement



### ■ Efficiently handle product and packaging waste

- Reducing food waste
- Reducing packaging waste



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

### ■ Address climate change and water resource issues

- Climate change adaptation and mitigation
- Water resource conservation



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

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



## 2. Medium-and-Long Term Targets for Environmental Issues and Addressing Climate Change

Delivering Good Health and Reliability



### ■ Medium-and-Long Term Targets for Environmental Issues

Responding to climate change	2030	Reduce CO <sub>2</sub> emissions from Group-owned facilities by 50% compared with the fiscal 2014 level
	2050	Reduce CO <sub>2</sub> emissions from Group-owned facilities to net zero toward carbon neutrality
Responding to water resources	2040	Reduce the amount of water used in plants per unit of production by 30% compared with the fiscal 2022 level
Responding to food waste	2030	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
Responding to packaging and container waste	2030	Reduce the amount of fossil fuel-derived plastics used by at least 25% compared with the fiscal 2020 level

### ■ Approach to CO<sub>2</sub> reduction

(To achieve targets, the following two initiatives will be undertaken, considering it is difficult to extend normal corporate activities.)

- ▶ Not only implement energy-saving activities and shift the power source of in-house facilities to renewable energy, but also install on-site energy-saving equipment and renewable-energy equipment to the maximum extent possible
- ▶ In addition, we will collect the latest information on technological innovations and schemes in this area and consider procuring renewable-energy power through off-site investment or funding

41

Please see page 41.

We regard environmental measures as important, as have made them an independent item in our Medium-Term Management Plan.

In my view, I think that with the current extension, it will be difficult to achieve the long-term target stated here of reducing CO<sub>2</sub> emissions from Group-owned facilities to net zero by 2050 and a 50% reduction in CO<sub>2</sub> emissions by 2030 compared with the fiscal 2014 level.

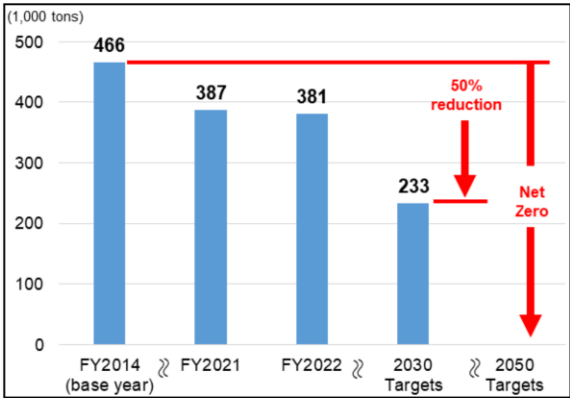
We are currently deepening discussions within the Group, and will try to consider how this can be accomplished, and put the necessary investments and expenditures in place. I will skip any detailed explanation today due to the time limit, but we will cover them at another time once the actual discussions have progressed.

### 3. Initiatives to Achieve 2030 CO<sub>2</sub> Reduction Targets

Delivering Good Health and Reliability



#### ■ Trends and reduction targets for CO<sub>2</sub> emissions (Scope 1 and 2)



#### ■ Major initiatives for reducing CO<sub>2</sub> emissions in each business

##### Flour milling business

- Construction of a new environmentally friendly smart plant in 2025
- Closure of two existing obsolete plants

##### Processed food business

- Installation of solar power generation equipment at domestic and overseas plants

##### Yeast and biotechnology business

- Installation of solar power generation equipment at domestic and overseas plants

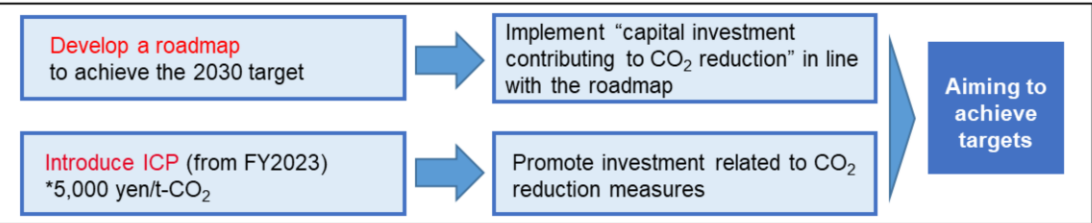
##### Prepared dishes and other prepared foods business

- Commercialization of ENE-FARM, consideration of new thermal sources

##### Mesh cloth business

- Adoption of renewable energy for electricity consumption

#### ■ Initiatives to achieve CO<sub>2</sub> emission reduction targets for 2030





## V. Capital Policy

# 1. Capital Policy Approach

Delivering Good Health and Reliability



Control the capital structure appropriately while maintaining a balance between capital efficiency and financial stability, considering our social responsibility to provide a stable supply of flour and other major foodstuffs.

## ■ Achieve EPS growth and adequate TSR

- **Continue EPS growth** by proactively using the operating cash flow generated over the five years of the Medium-Term Management Plan, as well as the proceeds from asset sales, in growth investments.
- As a result, we will increase ROE and **achieve an adequate TSR (Total Shareholder Return)**.

## ■ Profit returns

- Maintain **a dividend payout ratio of 40% or more** and determine the dividend level based on business results. **Although we have dropped the policy of consecutive dividend increases**, we will **always strive to consider dividend increases** based on the timing while aiming for EPS growth. We will consider further returns when we have excess investment funds, etc.

## ■ Balance sheet (capital structure)

- **Ensure financial stability**, considering the societal significance of the Group's business and business continuity after a disaster of extreme severity.
- **Steadily curtail** cross-shareholdings by reviewing them in light of establishing business relationships, such as reinforcement of business alliances and joint ventures.

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Please see page 44.

Regarding the capital policy, we have not changed our basic approach.

In my opinion, I do not think it is necessary to accumulate more cash, even though we are in the business of dealing with major foodstuffs and it is a prerequisite to ensure a certain degree of financial stability.

Therefore, we plan to use up the operating cash flow we will generate during the period of the Medium-Term Management Plan through investments and shareholder returns.

We will also reduce our cross-shareholdings, which are often pointed out to us, while taking into consideration our relationship with our business partners.

Furthermore, we are looking at clarifying management and investment with an awareness of capital costs, and have begun to consider specific measures.

Moreover, we are considering strategies to grow each business in the Group and to increase corporate value, rather than focusing solely on ROIC.

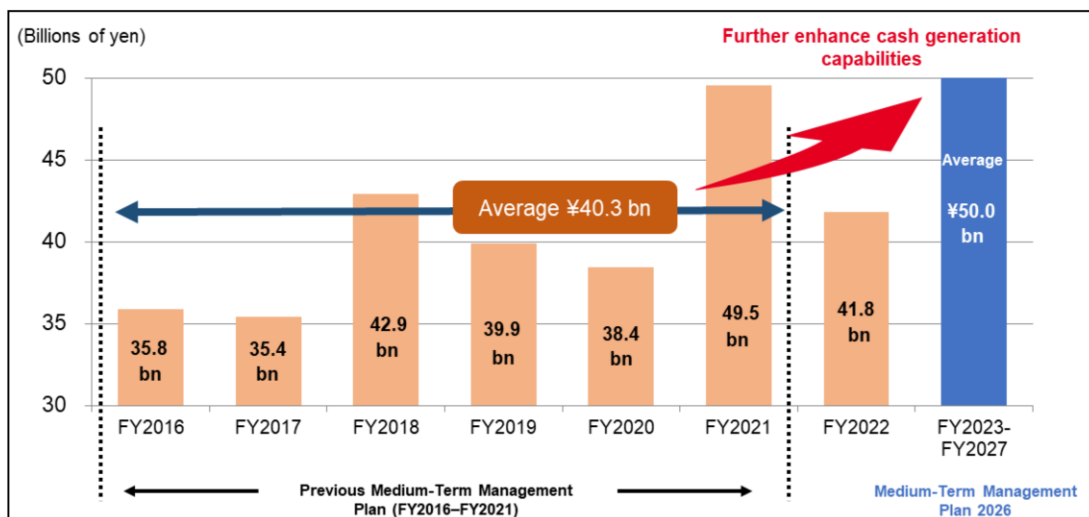
## 2. Operating Cash-Flow Plan

Delivering Good Health and Reliability



Continue EPS growth by proactively using the cash for growth investments through further enhancement of cash generation capacity, by strengthening the business foundation of core businesses and growing overseas business and prepared dishes and other prepared foods business, etc.

### ■ Trends and targets of the Group's operating cash flows



45

Please see page 45.

The level of operating cash flow we will generate is expected to rise further during the period of the Medium-Term Management Plan.

### 3. Cash-Flow Plan for the Five Years of the Medium-Term Management Plan

Delivering Good Health and Reliability



Execute an optimal cash allocation for continued EPS growth by promoting vigorous growth investments, leveraging not only operating cash flow but also asset sales and interest-bearing debt, as needed.

#### ■ Five-year cumulative cash-flow plan



#### ■ Approach to cash allocation

- Strengthen the ability to generate operating cash flow and secure investment funds through asset sales, etc.
- Proactively utilize for growth investments to achieve sustainable growth and EPS growth
- Strengthen business competitiveness through growth investments such as environmental investment, digital investment, new business development and M&A investments, R&D investment, and human resource development
- If investment funds are insufficient, we will basically use debt financing, and if investment funds are in excess, we will consider further shareholder returns, considering future funding needs.

¥15 billion for environmental investment and ¥15 billion for digital investment as components of growth investment

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Please see page 46.

The diagram here is a schematic representation of what I have just described. We would like to make investments with an awareness of the environment, the digital realm, and of our research facilities.

## VI. Details of Final-Year Numerical Targets

## 1. Numerical Targets for the Final Year (1) Group-wide

Delivering Good Health and Reliability



### ■ KGI

Item	Fiscal 2027 Targets	5-year CAGR* <sup>1</sup> [3-year CAGR]	(Reference) Fiscal 2024 Forecasts	(Base year) Fiscal 2022 Results
Net sales	¥900 bn	5.8%	¥840 bn	¥679.7 bn
Operating profit	¥48 bn	10.3% [7.2%]* <sup>2</sup>	¥39 bn	¥29.4 bn
Operating profit margin	5.3%	—	4.6%	4.3%
EPS	¥110	13.3% [6.9%]* <sup>2</sup>	¥90	¥59
ROE	7.0%	—	6.4%	4.0%

\*1: Compound annual growth rate

\*2: 3-year CAGR from Fiscal 2024 to Fiscal 2027

Please see page 48.

Numerical targets, explained on page 14, are shown again on this page.



## 2. Numerical Targets for the Final Year (2) Overseas business

Delivering Good Health and Reliability



### ■ KGI

Item	Fiscal 2027 Targets	5-year CAGR <sup>*1</sup> [3-year CAGR]	(Reference) Fiscal 2024 Forecasts	(Base year) Fiscal 2022 Results
Overseas sales	¥270 bn	7.8%	¥240 bn	¥185.9 bn
Overseas sales ratio	30.0%	—	28.6%	27.3%
Overseas operating profit	¥18 bn	36.0% [14.5%] <sup>*2</sup>	¥12 bn	¥3.9 bn
Overseas operating profit margin	6.7%	—	5.0%	2.1%
Overseas operating profit ratio	37.5%	—	30.8%	13.2%

\*1: Compound annual growth rate

\*2: 3-year CAGR from Fiscal 2024 to Fiscal 2027

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Please see page 49.

As I have already explained numerical targets for our overseas business, let me summarize them here.

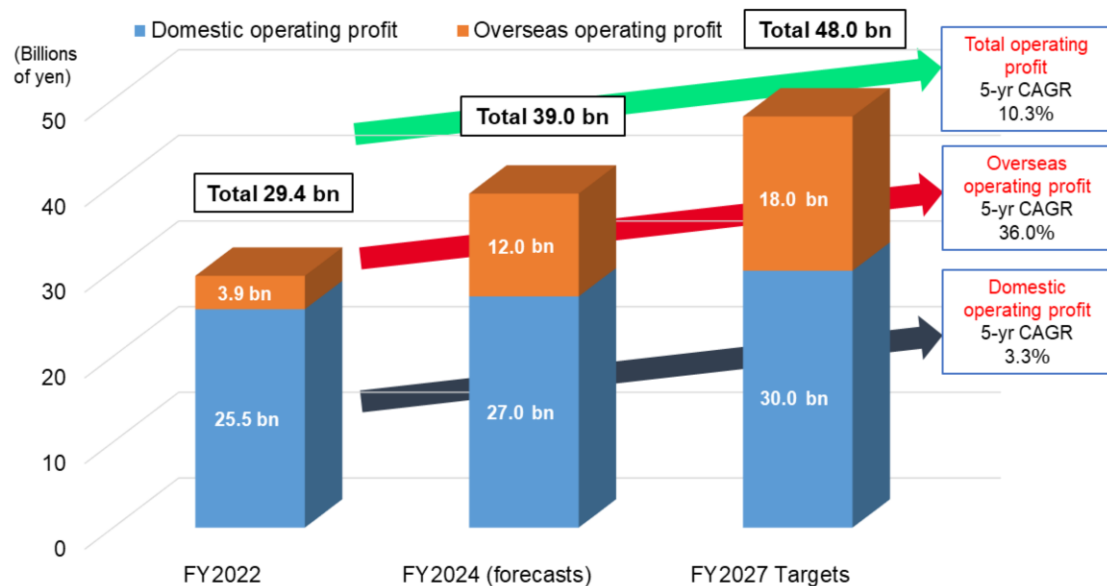
We are targeting 30% of net sales and 37.5% of operating profit to come from overseas operations in Fiscal 2027.

That is all for my presentation.

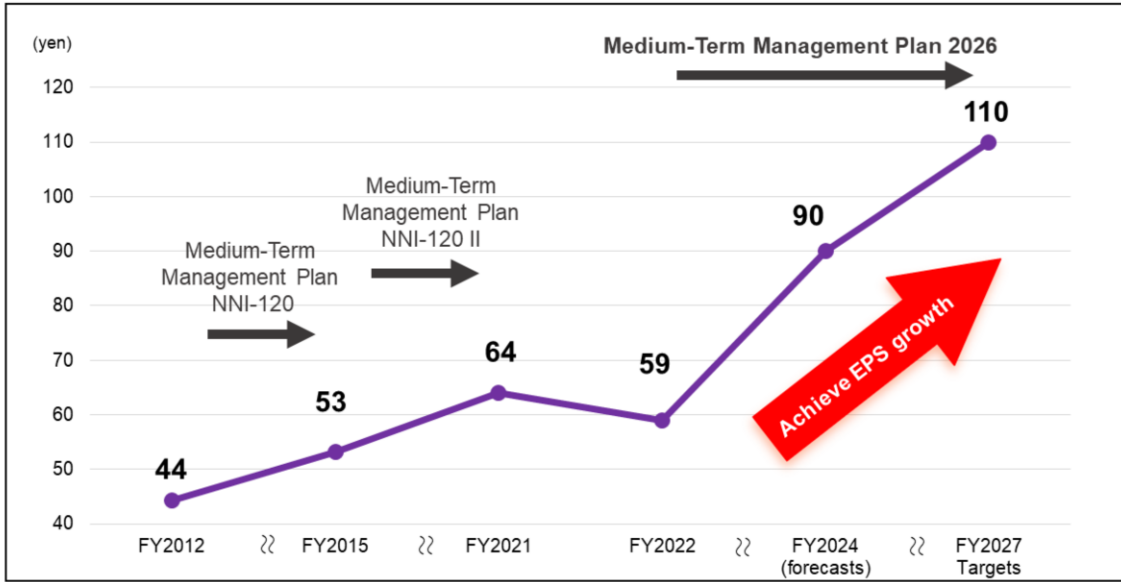
Thank you very much for your attention.

### 3. Numerical Targets for the Final Year (3) Operating profit (Domestic, Overseas)

Delivering Good Health and Reliability



■ Trends and targets of EPS



## Caution Regarding Results Briefing Content

The content of this briefing is based on various assumptions, and thus does not represent any promise or guarantee that numerical targets and initiatives projected for the future will be realized.