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To Shareholders

Business Report 2018

(April 1, 2017 to March 31, 2018)

Code: 2002



“NNI ‘Compass for the Future’

—Toward a New Stage— Maximizing Group-wide Capabilities and Effecting Business Model Change”

— Setting the Group’s long-term vision as our compass for the future

NISSHIN SEIFUN GROUP INC.



Nobuki Kemmoku
Representative Director and President

Allow me to begin by thanking all of our shareholders for your kind cooperation and support.

Currently, the Nisshin Seifun Group is promoting “NNI-120 II,” the medium-term management plan set to conclude in the fiscal year ending March 31, 2021. In the three years since launching the plan, we have achieved solid results from both restructuring the Group’s earnings foundation and executing growth strategies for the future. At the same time, we strengthened shareholder returns through continuous dividend growth and the purchase of treasury shares.

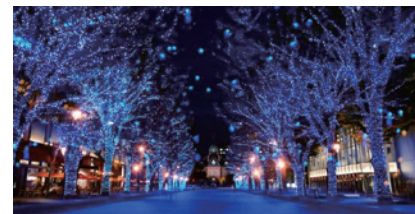
As the Group’s business environment prepares to undergo a period of massive change, in May 2018, we announced the formulation of “NNI ‘Compass for the Future,’” setting “NNI-120 II” as a milestone in our new long-term vision for anticipating structural changes in society for the next 10 to 20 years. With this vision as a compass to the future, we are promoting what we call “New Nisshin Innovation” (NNI) activities as we strive to maximize corporate value.

We aim to be a corporate group that continues to gain the support of our stakeholders. We kindly request your continued support and understanding as we work to achieve our goals.

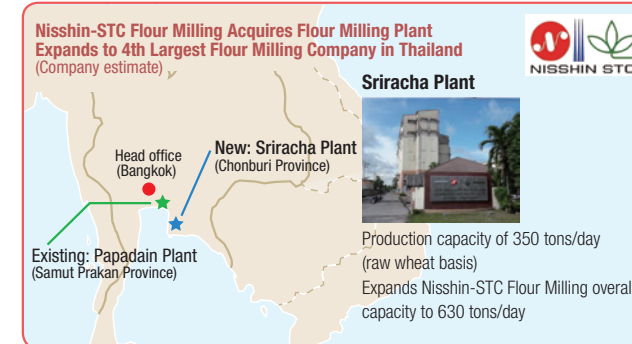
June 2018

Q First, can you discuss business performance and progress on business strategies for the fiscal year ended March 31, 2018?

In terms of Group business performance for the fiscal year ended March 31, 2018, we reported increased sales from various factors. Most notable among these was shipment growth in the prepared dishes and other prepared foods business from efforts to augment production capacity in central and western Japan, and orders for large-scale construction projects in the engineering business. On the profit side, growth in shipments of high-value-added products tailored to consumer needs, like our bottle-type products and *Ma•Ma Hayayude Spaghetti*, coupled with cost reductions and other earnings-enhancement measures, resulted in record-high profits for the year. What’s more, our participation as a special co-sponsor in two well-



received seasonal illumination events, “Ao-No-Dokutsu SHIBUYA” (Blue Grotto Shibuya) and “Ao-No-Dokutsu SAPPORO” (Blue Grotto Sapporo), as well as social network-based promotional activities, not only supported brisk product shipments but also helped improve our brand image. Where investment is concerned, in the flour milling business, construction concluded in October 2017 to boost by approximately 80% the production capacity of Canadian subsidiary Rogers Foods Ltd.’s Chilliwack Plant. Additionally, in March 2018, Thai subsidiary Nisshin-STC Flour Milling Co., Ltd. (Nisshin-STC Flour Milling) purchased a domestic milling plant, effec-



tively increasing production capacity to 2.3 times its previous level. This purchase will make Nisshin-STC Flour Milling the fourth largest flour milling company (based on Company estimates) in Thailand, and enable it to meet rising demand for wheat flour expected going forward. Furthermore, once construction to boost by approximately 70% the production capacity of U.S. subsidiary Miller Milling Company, LLC’s Saginaw Plant concludes in early 2019, the Group’s daily wheat flour production capacity overseas will surpass the scale of its domestic capacity in Japan. The forward-thinking restructuring of our earnings foundation and the success of proactive investment in growth fields have definitely been fruitful and, in my mind, are clear signs of progress with respect to our management plan.

Q What was the backdrop behind formulation of your recently announced long-term vision “NNI ‘Compass for the Future’”?

The environment in which the Group finds itself is about to undergo a period of massive change in which any number of opportunities and threats are likely to emerge. Factors that play here include changes in demographics, problems linked to the environment and food resources, growing awareness with respect to health, food diversification and safety, as well as further globalization and technological innovation. We recognize that there are any number of serious issues that, depending on how we respond, could potentially affect the Group’s sustainable growth. With these changes in mind, we formulated the current long-term vision to serve as a compass for overcoming and transforming risks into opportunities by taking maximum advantage of the Group’s dominant position.

With “the basis of business is built on trust” and to be “in tune with the changing climate” as guiding philosophies, the Group has worked hard over the past century to stay true to the basic concept of contributing to society through its business activities, all while “maximizing its long-

term corporate value.” Along with reaffirming our commitment to these philosophies, we are working to achieve our goal of becoming “a globally-operating company that assists ‘healthy lifestyles’ and plays a critical role in building ‘the food infrastructure’ of the future.”

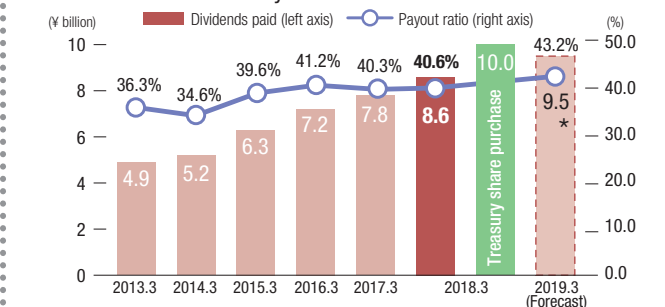
▶▶ Refer to overview of “Long-term Vision” on pages 3 and 4.

Q Your approach to shareholder returns will be even more proactive, correct?

In the fiscal year ended March 31, 2016, the Group raised its payout ratio to 40% or more, as it took a more aggressive stance with respect to profit growth and shareholder returns. As a means of returning even more profits to our shareholders, we raised the annual dividend for the fiscal year ended March 31, 2018 to ¥29 per share, up ¥3 from a year earlier. We intend to raise it by ¥3 again in the fiscal year ending March 31, 2019, to ¥32 per share. This will result in actual dividend growth for a sixth consecutive term. Furthermore, in a step to deliver robust shareholder returns and improve capital efficiency, last year we repurchased roughly ¥10 billion in treasury shares.

In this context, under the recently formulated long-term vision, we clarified our policy of enhancing the stable distribution of profits from a long-term perspective to shareholders who share with us “the values created through generations since the establishment of the Company.” With the continuation of ongoing dividend growth and a medium- to long-term payout ratio of 40% or more as baseline standards, we intend to repurchase treasury shares in a flexible manner, taking into account demand for funds for strategic investments. With sights set on sustainable growth, we will strive to enhance both strategic investment and shareholder returns going forward, taking the Group’s inherent social responsibility for the stable supply of mainstay food staples fully into account, all while properly balancing improvements in capital efficiency and financial stability.

Total Dividends Paid and Payout Ratio



Overview of Nisshin Seifun Group Long-Term Vision “NNI ‘Compass for the Future’”

The Group has formulated a long-term vision called “NNI ‘Compass for the Future’ —Toward a New Stage— Maximizing Group-wide Capabilities and Effecting Business Model Change,” taking into account anticipated structural changes in society for the next 10 to 20 years.

The Group's Long-Term Vision

Values created down through the generations since the establishment of the Company

Founded on the guiding philosophies of “the basis of business is built on trust” and to be “in tune with the changing climate,” the Group has endeavored to “maximize its long-term corporate value” under the corporate principle of “contributing to a healthy and fruitful life for all.”

Behind this dedication is the Group's inherent and unchanging values, as it has sought for over 100 years to stay true to the basic concept of **contributing to society through its business activities**. Together with reaffirming this commitment, the Group today is seeking to make its “vision for the Nisshin Seifun Group of the future” a reality.

Founding

October 1900
Established as Tatebayashi Flour Milling Co., Ltd.

February 1908
Name changed after merger with Nisshin Flour Milling Co., Ltd.

Opening ceremony for Tatebayashi Flour Milling Co., Ltd.
(Tatebayashi-cho, Gunma Prefecture:
Currently Tatebayashi City)



Today the largest plant in Japan, the Nisshin Flour Milling Inc. Tsurumi Plant was the largest **coastal flour milling plant** in Asia when it was completed in 1926, and gave rise to **technological innovation** in wheat flour milling.

Target vision for the Nisshin Seifun Group of the future

1. Giving top priority to “safety and reliability,” the Group will stably deliver a diverse range of products and services to customers and consumers



2. Through innovations that embody its “group-wide capabilities,” the Group will continue to provide society with new value.



3. As a **dynamic corporate group where free expression and borderless thinking are the norm**, we will again cultivate a culture that takes on new challenges, and will drive high profitability and steady growth potential.



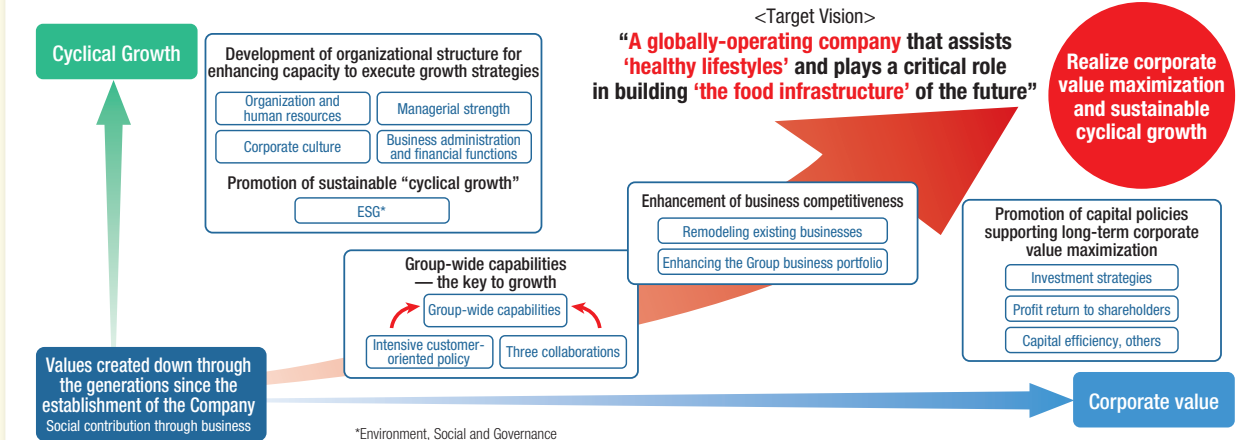
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We aim to develop further as “a globally-operating company that assists ‘healthy lifestyles’ and plays a critical role in building ‘the food infrastructure’ of the future”

The Group's Grand Design for Realizing Its Long-Term Vision

In the drive to realize its “vision for the Nisshin Seifun Group of the future,” group-wide capabilities will be the keyword as the Group enhances the competitive strength of its businesses. Furthermore, the Group is pursuing various initiatives, including building the organizational structure vital for achieving “cyclical growth,” while promoting capital policies that support the maximization of its corporate value.

Diagram of the Grand Design



1. “Group-wide capabilities” refers to the convergence of the Group's management resources, which began with the milling of wheat. We will build “a solid and firm position in the domestic food industry” by promoting growth strategies based on these capabilities.
2. We seek to maximize “group-wide capabilities” through an intensive customer-oriented policy and by promoting three collaborations that utilize the Group's intra-business, inter-business and external strengths.
3. To enhance business competitiveness, initiatives will focus on “remodeling existing businesses” ahead of changes in the future business environment, including diverse needs in areas such as health and convenience, along with innovation from new technologies, as well as “enhancing the group business portfolio,” as a prerequisite to maximize corporate value.
4. Going forward, we will pursue more aggressive acceleration of strategic investments, such as capital expenditures, M&A, human resource development and technological development. At the same time, we will enhance the stable distribution of profits from a long-term perspective to shareholders who share

with us “the values created down through the generations since the establishment of the Company.” Along with the continuation of ongoing dividend growth and a medium- to long-term payout ratio of 40% or more as a baseline standard, we intend to repurchase treasury shares in a flexible manner, taking into account demand for funds for strategic investments. We also strive to improve our return on equity (ROE) and ensure ROE exceeds capital cost.

5. In parallel with measures to better activate organizations and human resources, including through working style reform and fulfilling working environments, we will focus again on fostering a culture that pushes the Group to boldly take on challenging new initiatives.
6. In a business environment changed by social issues and technological innovation, we will realize sustainable growth by accurately identifying the opportunities and threats that emerge, and use our strengths to overcome and transform risks into business opportunities. The result will be a virtuous cycle that contributes to society through added value that we ourselves produce.

Release of “Nisshin Mizutoki Irazu No Toromi Jouzu” - the Fifth Entry in Our Popular Bottle-Type Product Series!

Nisshin Foods Inc.



Taking aim at dissatisfaction with traditional cooking starch, we announced the debut of “Nisshin Mizutoki Irazu No Toromi Jouzu,” with emphasis on making an easy-to-use product.

Point 1 With a thickener that doesn't need to be dissolved first, enjoy crispier fried chicken faster
By blending raw and processed starches together in a proprietary mixture, the smoother and softer granules help prevent puffs of flour dust, making this product easier to use. Sauce can be thickened without having to dissolve the starch first, and crispy fried chicken can be made.

Point 2 Two-way cap allows just the right amount to be used

In addition to a bottle-shaped container, the cap has a shaker side, perfect for light use, and a spoon side just right for a measuring spoon.



Point 3 Product lineup also includes zipper-type for convenient storage

Convenient to store especially for those who cook frequently or use large amounts, this product also serves as a refill for the bottle version.



Visit the website below for delicious recipes using
“Nisshin Mizutoki Irazu No Toromi Jouzu”!
<http://www.nisshin.com/toromi/>



Fried chicken



Sichuan-style tofu



Chop suey

Launch of Health-Conscious Products Made with Lower Sodium and No Added Salt

Prompted by growing health consciousness, the Group is developing a full lineup of lower sodium products and those with no added salt.

Lower Sodium Nisshin Karaage Flour

Keeping the same delicious taste while **cutting sodium by 30%*** by blending the flavoring into a proprietary mixture.

*Compared to the labeled sodium in the Company's own “Nisshin Karaage Flour”



Takizawa Sarashina Hachiwari Soba

Using the Company's proprietary mixing technology, we produced hachiwari soba through a production process that maintains the same great texture but with **no added salt**.

Nisshin Foods Inc.

A First for the Ao-No-Dokutsu Brand! Debut of a Special Select Series of Frozen Fresh Pasta Dishes

Nisshin Foods Inc.

From the Ao-No-Dokutsu brand, known for special select quality and outstanding brand power, comes the debut of three frozen fresh pasta dishes. Incorporating traditions straight from Italy, we use powdered egg whites in a proprietary mix to create fresh pasta with great texture and elasticity, then delicately combine it with a hearty sauce.



Ao-No-Dokutsu Fresh Pasta Porcini Cream

A flavorful porcini and button mushroom cream sauce. A hint of cinnamon is a superb match for the hearty sauce.



Ao-No-Dokutsu Fresh Pasta Smoked Bacon Carbonara

A hearty sauce made from a luxurious mix of four cheeses and juicy cooked bacon is added to the sauce for deep, rich flavor.



Ao-No-Dokutsu Fresh Pasta 3 Cheese Bolognese

This decadent flavor features a sauce of deeply simmered ground beef, flavorful vegetables, mushrooms, red wine and a host of spices, with cheese sauce added on top.

Expanded Lineup for “JP Style Wa No Kiwami” Cat Food, Responding to Diverse Needs

Nisshin Petfood Inc.

We expanded our cat food lineup, with the flavors that Japanese cats love and the health functions that they need in mind. From the “Select Health Care” series for cat lovers who choose based on points they care about, to those who choose cat food based on needs, such as age (ranging from kitten to advanced age) or body type, we have a lineup of 27 products to choose from.

**JP Style Wa No Kiwami
From 1 Year Old -
For Mature Cats With
Finicky Tastes**



**JP Style Wa No Kiwami
Select Health Care for
Cats Kidney Guard
Bonito Flavor**



Double quantities of *Enterococcus faecalis* bacterium and oligosaccharide supporting feline intestinal flora now found in all products.

*Bacteria in the *Enterococcus* family are one type of lactic-acid bacilli. Joint research by the Company and academic partners revealed that, in the case of cats, *Enterococcus* family bacteria are the good bacteria that decline as cats age.

Make a video starring your cat!

We set up online the “Onedari No Kiwami Movie Maker,” a free and easy application for making original videos of your cat for viewing on a smartphone. With story mode videos that mimic getting messages or phone calls from your cat, this is must-see cuteness for any cat lover!



Report on Individual Shareholders' Tour of the Nisshin Flour Milling Inc. Higashinada Plant

We held an individual shareholders' tour of the Nisshin Flour Milling Inc. Higashinada Plant on March 16, 2018.



Announcement of Individual Shareholders' Tour of the Nisshin Flour Milling Inc. Tsurumi Plant in September 2018

We will hold an individual shareholders' tour of the Nisshin Flour Milling Inc. Tsurumi Plant. Individual shareholders who hold 500 or more of the Company's shares as of March 31, 2018 are eligible to attend.

Scheduled date and times for each tour

September 20, 2018 (Thursday)
1. 9:00 am to 12:00 pm (assemble at JR Kawasaki Station at 8:30 am)
2. 2:00 pm to 5:00 pm (assemble at JR Kawasaki Station at 1:30 pm)

Venue

Nisshin Flour Milling Inc. Tsurumi Plant (3-1 Okawa-cho, Kawasaki-ku, Kawasaki City, Kanagawa Prefecture, Japan)

* The tour will assemble and disperse at JR Kawasaki Station on the day.

Participation fee

Free of charge (However, please be advised that the transportation fee to and from the point of assembly is at the participant's own cost.)

Number of participants

A total of 70 participants for each tour (shareholders may be accompanied by one other person)

* Please be advised that a lottery system to select participants shall apply in the event the number of applicants exceeds the maximum number of permissible participants.

* Accompanying person must be in junior high school or older.

Points to remember when submitting an application

- Changes may occur in the tour program, or the tour may be postponed or cancelled due to weather conditions or other unforeseen circumstances.
- The plant does not offer barrier-free access.
- The plant tour is planned for approximately one hour on foot. Portions of the tour path will have ascending and descending stairways.
- The Company may use photographs taken during the tour in its in-house magazine, business report and other publications.

Application method

Please complete all necessary items of the attached application form and return by postal mail.

Entries close on July 27, 2018 (Friday)

* Application postcards have been sent to shareholders who hold 500 or more of the Company's shares as of March 31, 2018.

Inquiries

Plant Tour Service Representative (Nisshin Seifun Group Inc.)

0120-087-078

- * Available within Japan only.
- * Weekdays 9:30 am to 5:30 pm (Excluding Saturday, Sunday and public holidays)
- * This inquiry telephone line shall be available until September 20, 2018 (Thursday).

The handling of personal information

Personal shareholder information and information on individuals accompanying shareholders obtained through the receipt of applications to participate in the tour shall not be used for any other purpose.

Celebrating 5 Years Since the Opening of Nisshin Milling Museum!

Themed around wheat and wheat flour, Nisshin Milling Museum celebrated its fifth year in operation since opening its doors in November 2012 in Tatebayashi City (Gunma Prefecture), where Nisshin Flour Milling was founded. Capturing everything from the dawn of mechanical flour milling during the Meiji era through to cutting-edge milling technologies, the milling museum brings together a wide band of knowledge spanning flour milling; as such, a visit to the hands-on museum is a valuable experience even from a global perspective. Furthermore, the museum has won numerous accolades, reflecting praise earned for its overall layout, renovation based on innovative restoration techniques, and other features. In five years, the museum has counted some 67,000 visitors through its doors. Going forward, guided by our motto of providing a beautiful space together with simple and intuitive programs, we will add even more features to this facility.

Previous Awards

Oct. 2013: "FY2013 Good Design Award" for overall facility

Feb. 2014: "FY2013 Award for Outstanding Structure with Earthquake-resistance Upgrades" for main building

Mar. 2015: "24th Annual BELCA Prize (Best Renovation Category)"



Main Building, describing the history of the Nisshin Seifun Group



New Wing, showing how flour is milled today using cutting-edge technology



Flour Milling Laboratory Class where participants enjoy the milling process using miniature milling machines

Location: 6-1 Sakaemachi, Tatebayashi City, Gunma Prefecture 374-0052

Tel.: 0276-71-2000

Hours: 10:00 am - 4:30 pm (entry until 4:00 pm)

Holidays: Mondays and year-end/New Year's holidays

Admission: ¥200 for adults, ¥100 for children (elementary and junior high school)



Relaxing Japanese garden

Cookie Topping Class Now Open!

With finding delicious ways to eat wheat flour as a key theme, at the milling museum, we regularly offer a "cookie topping class" where participants cut out their own cookie dough design, decorate it with provided toppings and bake it. Come try it for yourself!



For details, visit

<https://www.nisshin.com/museum/main.html>

*Participation fee and museum admission fee required

Four Seasons on Full Display at the Japanese Garden

Sixty different plants can be found in the Japanese garden, where visitors can enjoy the scenery of the changing seasons together with roughly 90 types of fauna.* To protect this habitat for abundant plant and animal life at the milling museum, we engage in environmental preservation efforts based on the Group's basic policy with respect to the environment.

*Based on survey results as of July 2016.



Rhododendron



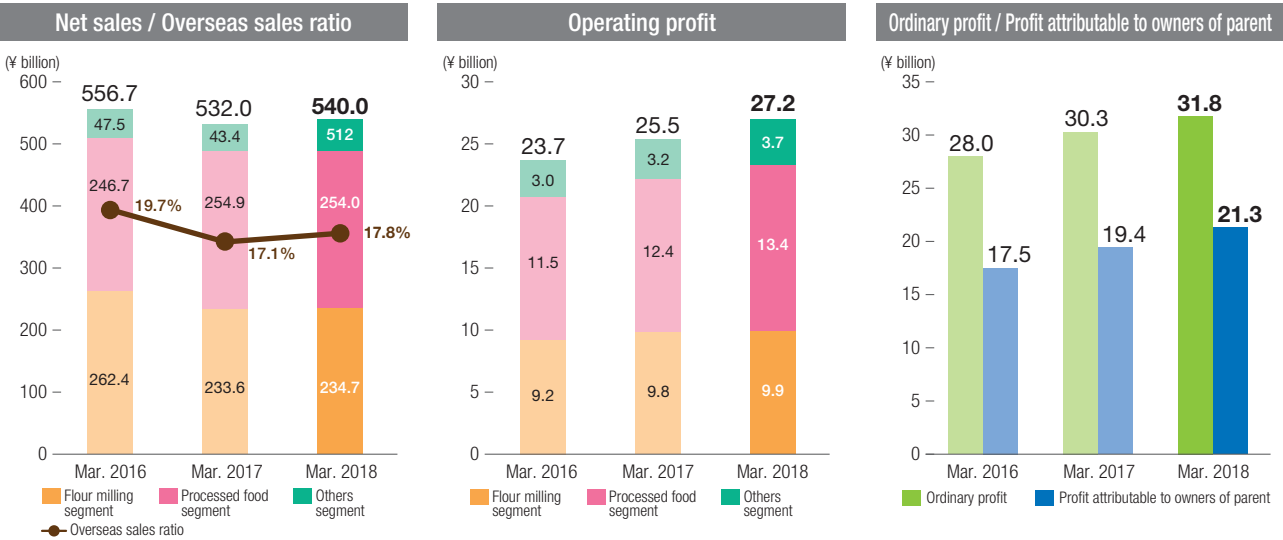
Common bluebottle

Consolidated Financial Summary

(¥ billion)

	Mar. 2016	Mar. 2017	Mar. 2018
Net sales	556.7	532.0	540.0
Overseas sales	109.4	91.2	96.2
Overseas sales ratio (%)	19.7%	17.1%	17.8%
Operating profit	23.7	25.5	27.2
Ordinary profit	28.0	30.3	31.8
Profit attributable to owners of parent	17.5	19.4	21.3
Earnings per share (¥)	58	64	71
Total assets	550.3	557.5	593.4
Net assets	386.4	406.8	413.7
Net assets per share (¥)	1,237	1,303	1,344
Dividend per share (¥)	24	26	29

(Note) Figures shown are rounded down to the nearest hundred million yen (nearest yen for per share figures).



(Note) Intersegment transaction eliminations are included in "Others segment" of operating profit.

Corporate Data

Corporate name: Nisshin Seifun Group Inc.
Head office: 25, Kanda-Nishiki-cho 1-chome, Chiyoda-ku, Tokyo
Foundation: October 1900
Paid-in capital: ¥17,117,856,746 (As of March 31, 2018)
Board of Directors: (As of June 27, 2018)
Representative Director and President Nobuki Kemmoku
Representative Director and Vice President Masao Nakagawa
Representative Director and Vice President Michinori Takizawa
Managing Director Takashi Harada
Managing Director Akira Mori
Director Satoshi Odaka
Director Masashi Koike
Director Naoto Masujima
Director Masashi Nakagawa
Director Takao Yamada
Director Kiyoshi Sato
Director Yuji Koike
Director Kenji Takihara
Director Akio Mimura
Director Kazuhiko Fushiya
Audit & Supervisory Board Member (Full-time) Yukihiko Kumazawa
Audit & Supervisory Board Member (Full-time) Shoh Ohuchi
Audit & Supervisory Board Member Tetsuo Kawawa
Audit & Supervisory Board Member Satoshi Ito
Audit & Supervisory Board Member Motoo Nagai

Stock Information (As of March 31, 2018)

- Total number of issuable shares:** 932,856,000 shares
- Total number of shares issued and outstanding:** 304,357,891 shares
- Number of shareholders:** 20,674 (a decrease of 1,671 shareholders from the end of the previous fiscal year)
- Composition of shareholders (Shareholders by type)**



Investor Information

Fiscal year: April 1 to March 31 of the following year
Date of record for year-end dividends (profit dividends) on retained earnings: 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.
Share trading unit: 100 shares
Custodian of shareholder register: Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo Japan
Contact information: Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Department 8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-0063, Japan Tel: 0120-782-031 (toll-free) * Available within Japan only.

Special Privileges for Shareholders

Special privileges
Eligible shareholders may select either a gift pack of products from Nisshin Foods, or a product from Nisshin Pharma.
Eligible Shareholders
Shareholders with shareholdings of 500 or more of the Company's shares as of March 31 each year.
A guide will be sent out separately to eligible shareholders early in July with information on how to apply for the special offer.

Notice

- Application for various share-related procedures**
Please file applications for various share-related procedures such as change of address, designation of a method to receive dividends, request to purchase shares in less than the allotted trading unit and sale of such additional shares at the following places.
1. Shareholders with an account at a securities company → Please contact your securities company.
Note: To apply to receive dividends after the period for dividend distribution, as well as request to purchase shares in less than the allotted trading unit registered at the special account and sale of additional less-than-a-unit shares to those registered at the special account, please contact Sumitomo Mitsui Trust Bank, Limited.
- 2. Shareholders registered at the special accounts → Please contact Sumitomo Mitsui Trust Bank, Limited.**
- Dividend Statement**
The Dividend Statement that we send you at the time of the dividend payment concurrently serves as the Payment Notification Statement based on a provision of the Act on Special Measures Concerning Taxation. Therefore, you can use it as documentation for filing your income tax return.
We ask the shareholders who file an income tax return to retain the Statement.

NISSHIN SEIFUN GROUP INC.

25, Kanda-Nishiki-cho 1-chome, Chiyoda-ku, Tokyo
URL <https://www.nisshin.com>



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