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(Securities Code: 2002)

June 4, 2019

## To Those Shareholders with Voting Rights

Nobuki Kemmoku  
Director and President  
**Nisshin Seifun Group Inc.**  
25, Kanda-Nishiki-cho 1-chome,  
Chiyoda-ku, Tokyo JAPAN

## CONVOCAION NOTICE OF THE 175<sup>th</sup> ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 175<sup>th</sup> Ordinary General Meeting of Shareholders of Nisshin Seifun Group Inc. (the “Company”). The meeting will be held as described below.

If you are unable to attend the meeting, you can exercise your voting rights by one of the following methods. Please review the “Reference Documents for the General Meeting of Shareholders,” and exercise your voting rights **by 5:30 p.m. (JST), Tuesday, June 25, 2019.**

### [Voting in Writing (by Postal Mail)]

Please indicate your vote for or against each of the proposals on the enclosed Voting Rights Exercise Form, and return the form by no later than the aforementioned deadline for the exercise of voting rights.

### [Voting Electronically (via the Internet)]

Please refer to the enclosed “Exercising your Voting Rights via the Internet” and “How to use ‘Smart Exercise,’ the website for exercising your voting rights using a smartphone,” and vote for or against each of the proposals at the voting rights exercise website by no later than the aforementioned deadline for the exercise of voting rights.

- 1. Date and Time:** Wednesday, June 26, 2019 at 10:00 a.m. (Reception from 8:30 a.m.)
- 2. Place:** Tokyo Marriott Hotel, B1 The GOTENYAMA Ballroom  
4-7-36, Kitashinagawa, Shinagawa-ku, Tokyo
- 3. Agenda of the Meeting:**
- Matters to be reported:**
1. Business Report and Consolidated Financial Statements for the 175<sup>th</sup> fiscal term (from April 1, 2018 to March 31, 2019) and results of audits on the Consolidated Financial Statements by the Independent Auditor and the Audit & Supervisory Board
  2. Non-consolidated Financial Statements for the 175<sup>th</sup> fiscal term (from April 1, 2018 to March 31, 2019)
- Proposals to be resolved:**
- Proposal No. 1:** Dividends from Surplus
- Proposal No. 2:** Amendment of Parts of the Articles of Incorporation
- Proposal No. 3:** Election of Ten (10) Directors (Excluding Directors Who Are Members of the Audit & Supervisory Committee)
- Proposal No. 4:** Election of Four (4) Directors Who Are Members of the Audit & Supervisory Committee
- Proposal No. 5:** Setting of the Annual Aggregate Limit of Remuneration for Directors (Excluding Directors Who Are Members of the Audit & Supervisory Committee)
- Proposal No. 6:** Setting of the Annual Aggregate Limit of Remuneration for Directors Who Are Members of the Audit & Supervisory Committee

**Proposal No. 7: Decision on Amount and Details of Stock-Based Remuneration for Directors  
(Excluding Directors Who Are Members of the Audit & Supervisory  
Committee)**

**4. Matters concerning the Exercise of Voting Rights**

Handling of multiple voting

- (1) If you exercise your voting rights via the Internet more than once, your final vote shall be deemed valid.
- (2) If you exercise your voting rights by two different methods, that is, via the Internet as well as by mailing the Voting Rights Exercise Form, the vote via the Internet shall be deemed valid.

**5. Other Matters concerning this Convocation Notice**

Of the documents to be provided with this Convocation Notice, “Subscription Rights to Shares” in the Business Report, the Consolidated Statement of Changes in Net Assets, the Notes to the Consolidated Financial Statements, the Non-consolidated Statement of Changes in Net Assets, and the Notes to the Non-consolidated Financial Statements are provided on the Company’s website (<https://www.nisshin.com/english/shareholders/meeting.html>) in accordance with laws and regulations and Article 15 of the Company’s Articles of Incorporation, and they are therefore not attached herewith.

The Business Report, the Consolidated Financial Statements, and the Non-consolidated Financial Statements audited by the Audit & Supervisory Board Members, and the Consolidated Financial Statements and the Non-consolidated Financial Statements audited by the Independent Auditor consist of the items posted on the Company’s aforementioned website, as well as the documents included with this Convocation Notice.

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- If you are attending the meeting in person, please present the enclosed Voting Rights Exercise Form at the reception desk on arrival at the meeting. To conserve paper resources, please bring this Convocation Notice with you.
  - If a proxy is attending the meeting on your behalf, the proxy shall present written proof of his/her power of representation and the Voting Rights Exercise Form at the reception desk on arrival at the meeting. You may appoint only one proxy, who shall be a shareholder of the Company with voting rights.
  - Modifications, if any, to the Business Report, Consolidated Financial Statements, Non-consolidated Financial Statements and the Reference Documents for the General Meeting of Shareholders will be posted on the Company’s website (<https://www.nisshin.com/ir/stock/meeting/>).

## **Business Report**

(From April 1, 2018 to March 31, 2019)

### **1. Overview of the Corporate Group**

#### **(1) Business Progress and Results**

##### [1] Business Environment and Performance of the Group

During the fiscal year ended March 31, 2019, the Japanese economy recovered modestly, primarily atop improvement in the national employment and personal income environment. Nevertheless, uncertainty over the future continued, fueled by trade friction between the United States and China, coupled with a concern about slower economic growth in China.

Under these conditions, the Group 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. Setting the final year of the “NNI-120 II” medium-term management plan (the year ending March 31, 2021) as a milestone, the Group continued to execute growth strategies designed to successfully complete the plan. As part of this push, the Group purchased Allied Pinnacle Pty Ltd., a company that has built a solid position as a market leader in wheat flour, etc. with operations across Australia. Further, the Group decided to acquire additional shares in Tokatsu Foods Co., Ltd., one of the outstanding companies in the supply of a wide array of prepared dishes in the Japanese market, possessing both a nationwide network of production bases and broad production expertise.

With respect to operating results, consolidated net sales for the fiscal year ended March 31, 2019, increased 4.7% year on year to ¥565,343 million. Along with effects from wheat flour price revisions in the domestic flour milling business, net sales were helped by progress on large-scale construction projects in the engineering business. In terms of profits, operating profit decreased 1.0% year on year to ¥26,916 million. This largely reflected strategic costs related to the Group’s future, most notably costs incurred in the purchase of Allied Pinnacle Pty Ltd., and came despite growth in shipments of commercial wheat flour resulting from strategic investments in Canada and Thailand, higher shipments of raw materials for pharmaceuticals, and steady progress on construction projects in the engineering business, coupled with cost reduction efforts company-wide. Ordinary profit was up 0.8% to ¥32,062 million, primarily atop dividend income received. Profit attributable to owners of parent for the year rose 4.4% to ¥22,268 million, and included a contribution from the sale of investment securities.

With respect to dividends, one of the Company’s basic policies is to maintain a payout ratio of at least 40% on a consolidated basis and to seek to continuously increase the amount of dividends. Consequently, in line with initial forecasts, the Company plans to pay a full-year dividend of ¥32 per share, up ¥3 from the previous fiscal year.

##### [2] Review of Operations of the Group

In the domestic market, the Group strove to strengthen sales promotion activities and enhance productivity in all of its business fields, as well as continuously implementing cost reductions and ensuring appropriate profits commensurate with purchasing costs. The Group aggressively implemented measures to expand its business foundations in overseas markets as well.

In new product development, the Group continued to develop high-value-added products that are novel and unique, while also focusing on new market development.

Moreover, in order to deliver high-quality, safe and reliable products, the Group strove for further improvement and enhancement of its quality control systems.

The following is a review of operations by business segment of the Group.

#### **Flour Milling Segment**

In the flour milling business, although we made progress in sales expansion, including bringing new products to market, shipments of commercial wheat flour in Japan were lower year on year, reflecting an adverse market environment. Also in June 2018 and again in December 2018, the Group revised its commercial wheat flour prices in response to the government’s decision to change the prices of five classes of imported wheat. On average, the government’s price for imported wheat rose 3.5% in April 2018 and 2.2% in October 2018.

The price of bran, a byproduct of the milling process, remained strong throughout the period.

In the overseas business, sales were up year on year, largely reflecting increased shipments from augmented production capacity at Canadian subsidiary Rogers Foods Ltd.’s Chilliwack Plant and the purchase of a flour milling plant in Thailand by Nisshin-STC Flour Milling Co., Ltd. Elsewhere, construction to boost by approximately 70% the production capacity of U.S. subsidiary Miller Milling Company, LLC’s Saginaw Plant has concluded, and full-scale operations began in January 2019. In addition, in April 2019, the Group purchased

Allied Pinnacle Pty Ltd., a company that has built a solid position as a market leader in wheat flour, etc. in Australia.

As a result, net sales of the Flour Milling Segment increased 4.7% year on year to ¥245,943 million, lifted by effects from various factors including wheat flour price revisions in the domestic business and increased shipments from strategic investments in Canada and Thailand in the overseas business. Operating profit, meanwhile, decreased 7.8% to ¥9,179 million, mainly due to costs related to the purchase of Allied Pinnacle Pty Ltd., despite robust prices for bran in the domestic business, increased shipments of commercial wheat flour in the overseas business and cost reductions due to strategic investments.

### **Processed Food Segment**

In the processed food business, amid continued belt-tightening behavior among consumers, for household-use products, in addition to vigorously progress in developing and launching high-value-added products with “convenient,” “authentic” and “healthy” as keywords, we enacted initiatives designed to stimulate consumption. Among other measures, these sales promotion measures included tie-ins to digital marketing. In commercial-use products, we launched new products tailored to customer needs and carried out proposal activities geared toward garnering new customers. Also, in response to revised prices for commercial wheat flour due to the government’s decision to revise the prices of imported wheat, the Group in July 2018 and again in January 2019 revised prices for its household-use wheat flour and commercial prepared mix products, etc. In the overseas business, there was steady shipment growth in the prepared mix business. This performance resulted in improved sales in the processed food business year on year. Elsewhere, in June 2018 we established Vietnam Nisshin Technomic Co., Ltd. with the aim of building a market for commercial-use prepared mix in Vietnam. Construction is moving forward for the plant scheduled to begin operating in 2019.

In the prepared dishes and other prepared foods business, we are supplying and are steadily expanding a comprehensive prepared dishes and other prepared foods business that can provide full lineups across wide-ranging categories of products. These efforts stimulated sales growth year on year. Elsewhere, in March 2019, we made the decision to acquire additional shares in comprehensive prepared dish supplier Tokatsu Foods Co., Ltd. This move is set to convert Tokatsu Foods into a consolidated subsidiary in July 2019.

In the yeast and biotechnology business, sales were higher year on year atop growth in shipments of curry and other fillings for the bread making and restaurant markets, coupled with increased shipments of raw materials for diagnostic pharmaceuticals. Meanwhile, construction is moving apace on a yeast plant in India being developed by overseas subsidiary Oriental Yeast India Pvt. Ltd., with a scheduled completion date of summer 2020.

In the healthcare foods business, sales were higher year on year, reflecting growth in shipments of raw materials for pharmaceuticals and consumer products.

As a result, net sales of the Processed Food Segment increased 1.9% year on year to ¥258,783 million, primarily atop growth in shipments in the prepared dishes and other prepared foods business and the healthcare foods business. Operating profit decreased 0.4% to ¥13,421 million, as benefits from sales growth were offset by higher personnel and logistics costs, along with increased strategic costs, including advertising and other promotion expenses.

### **Others Segment**

In the pet food business, sales were lower year on year despite the launch of new products and other sales expansion efforts, including marketing campaigns, reflecting adverse market condition.

In the engineering business, sales increased year on year, mainly due to steady progress on large-scale construction projects in the mainstay plant engineering business.

In the mesh cloths business, sales were down year on year, reflecting weaker shipments of screen printing materials.

As a result, net sales of the Others Segment increased 18.2% year on year to ¥60,616 million, and operating profit increased 13.1% to ¥4,088 million, primarily atop increased plant construction sales in the engineering business.

## **(2) Issues to be Addressed**

### **[1] Basic Management Policy**

The Group has been operating and striving to expand its business under the corporate principle of “contributing to a healthy and fruitful life for all” which is founded on the guiding philosophies of “the basis of business is built on trust” and to be “in tune with the changing business climate.” Each of our Group companies endeavors to always provide health-conscious products and services, and is committed to earning customer trust under the corporate slogan of “delivering good health and reliability.”

In light of these basic philosophies, the Group makes it a basic management policy to maximize its long-term corporate value, and carries out group management by strategically allocating resources concentrated on our

core and growing business.

Furthermore, we pursue self-innovation as well as fulfill our social responsibility by implementing internal control systems, reinforcing compliance, ensuring food safety, protecting the environment, and contributing to social activities, etc. We have been striving to gain active support from each of our various stakeholders including shareholders, customers, business partners, employees and society.

## [2] Medium- to Long-term Management Strategies and Target Indicators

Focusing on the future, the Group 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 driven by highly complex and rapid shifts in society for the next 10 to 20 years, and launched new initiatives. With this long-term vision as our compass for the future, we will press ahead with New Nisshin Innovation activities based on the ongoing medium-term management plan, “NNI-120 II,” as a milestone, which is scheduled to conclude in the fiscal year ending March 31, 2021 and targets net sales of ¥750 billion, operating profit of ¥30 billion, and earnings per share (EPS) of ¥80.

As for long-term vision, we will build a system which demonstrates the Group’s “comprehensive capabilities” toward our goal to realize our future grand design. At the same time, we take this opportunity to emphasize “customer-oriented policy,” implement growth strategies based on the pillars of “remodeling existing businesses” and “enhancing the Group business portfolio,” and further reinforce management functions which support the aforesaid initiatives. Furthermore, we will work to further raise the profit level and establish “a solid and firm position in the domestic food industry” as “a globally-operating company that assists ‘healthy lifestyle’ and plays a critical role in building ‘the food infrastructure’ of the future.”

Furthermore, we will focus on 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.” We aim for a payout ratio of 40% or more on a consolidated basis and seek to continuously increase the amount of dividends, while intending to repurchase treasury shares in a flexible manner taking into account cash flows and demand for funds for strategic investments.

The Group will execute these strategies developed to realize the long-term vision so as to achieve further growth in earnings per share (EPS) through efforts in both profit growth and capital policy planning. We also strive to ensure and improve that our return on equity (ROE) exceeds capital cost, while striking a balance between capital efficiency and financial stability.

We will further strengthen the link between “the realization of corporate philosophy” and “the maximization of corporate value” by pursuing management in a manner that develops a strong link between our business strategies and contributions to environment (E) and society (S), which are associated with business sustainability, while enhancing governance (G), which serves as a discipline to improve corporate value. We seek to achieve the goal of developing a corporate group blessed with ongoing active support from all stakeholders.

## [3] Management Environment and Issues to be Addressed

The business environment surrounding Japan’s food industry is changing drastically, including fluctuating exchange rates and prices of cereal and natural resources against a backdrop of volatile world affairs, market contraction as the country’s population declines, and growing concern over labor shortage. In addition, the trend for negotiating free trade agreements is anticipated to further accelerate depending on the progress of international trade negotiations.

Under these circumstances, the Group will continue to fulfill its mission of securing the stable supply of safe and reliable wheat flour and other foods, and delivering safe and reliable products in each business. At the same time, we will seek to realize the long-term vision and speedily pursue business growth by strengthening cooperation among our operating companies in Japan and overseas, which will further generate the Group’s comprehensive capabilities. We will identify the environmental changes being brought about by social issues and technological innovations, turn them into business opportunities, and achieve sustainable growth. At the same time, we will contribute to the realization of a sustainable society by creating a cycle that contributes to society through the additional value that the Group itself produces.

### 1. Domestic Business Strategies

Regarding the flour milling business, we will strengthen customer relationships through the development of products that accurately capture customer needs and by promoting value-added services that offer total solutions to customers, and continue our efforts to stably supply safe and reliable products.

In the processed food business, we will pursue measures to boost brand loyalty by launching new products to address needs arising from an increase in eating alone, demand for easy-to-prepare meals, and increased health consciousness, coupled with aggressive sales promotional efforts. We will also

undertake the task of optimizing our business portfolio including the effort to expand the frozen foods business, which is a growing sector.

In prepared dishes and other prepared foods business, we plan to switch to a highly practical business model that strives to provide delicious flavor while realizing a high level of production efficiency. In March 2019, the Group decided to purchase additional shares of Tokatsu Foods Co., Ltd., one of Japan's finest comprehensive prepared dishes suppliers. As a result, the company is expected to become a consolidated subsidiary of the Company in July.

In the yeast, biotechnology, healthcare foods, pet foods, engineering and mesh cloths businesses, our plan is to seek growth by product and technology developments that will culminate in groups of businesses with real presence in their respective industries.

We will appropriately address the increasingly serious issue of labor shortage in Japan by using robots and AI, as well as by making improvements to business processes using new technologies such as automation technologies.

## 2. Overseas Business Strategies

In the flour milling business, we are committed to achieving independent growth in local markets via sales expansion measures that leverage the Group's strengths in flour milling technology and proposal capabilities. In January 2019, construction to boost the production capacity of U.S. subsidiary Miller Milling Company, LLC's Saginaw Plant by approximately 70% has been completed, and it began full-fledged operation. Furthermore, in April, the Group acquired Allied Pinnacle Pty Ltd., a leading company with the top share in Australia's flour market (excluding industrial uses such as starch production). We continue to expand our overseas business foundations by proactively making strategic investments.

In the processed food business, we envisage further expansion of the commercial prepared mix business given projected growth in the Asian market. The Group is also advancing with construction of a Vietnam Nisshin Technomic Co., Ltd.'s plant, which is expected to begin operation this year, to cultivate Vietnam's growing commercial prepared mix market. In terms of production, along with bolstering cost competitiveness by utilizing our global optimal production system as a base, we are leveraging production technology and expertise in high-level quality control built up by the Group over many years to pursue further expansion in pasta, pasta sauce and frozen foods businesses, etc.

In the yeast and biotechnology business, a yeast production plant is under construction by Oriental Yeast India Pvt. Ltd., which will be completed in summer of 2020, to allow us to enter into the Indian market that is experiencing growing demand for yeast used in bread baking. We aim to expand business by supplying our high-quality products locally.

Moreover, in the flour milling, processed food, and bakery-related businesses in particular, we will move with speed to promote business expansion in new domains, either through the Group's own proprietary efforts or through M&A and alliance opportunities.

## 3. R&D Strategies and Cost Strategies

The Group takes on the perspective of its customers in the development of new products, and is engaged in the creation of basic and core technologies in new domains. In terms of the development of new products, high value-added products from a customer perspective that are novel and unique will be developed continuously. In research, we will clarify our priority research domains in order to promote the commercialization and practical application of research results. At the same time, we will establish research themes closely aligned with business strategies to increase efficiency and speed. We will examine and promote enhanced efficiency through practical use of automation technology to address issues caused by labor shortage, etc.

Regarding raw material and energy markets, for which significant fluctuations are expected to continue, the Group will work to reduce production and procurement costs and build an operational foundation that properly reflects changing costs.

## 4. Measures Addressing Systemic Changes in Wheat Policy, and Others

The Group expects degraded border import control mechanisms for wheat and wheat-related products as the result of the taking effect of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (TPP-11 Agreement) and of the Japan-EU EPA, and for competition with imported products from related countries to intensify. On the other hand, wheat from the U.S., which is not a signatory to the Agreement, will maintain its markup (gain collected by government upon import), resulting in wheat price disparities depending on the importing country as well as concerns about their impact on related industries. As the trend for negotiating free trade agreements further accelerates, as represented by the Japan-United States Trade Agreement on goods negotiations, and so forth, the Group will take appropriate steps to stay abreast of

changes as they emerge, while continuing to develop a robust corporate structure domestically and abroad that will enable it to win out against global competition.

#### 5. Corporate Social Responsibility (CSR)

The Group has fulfilled its corporate social responsibilities (CSR) as a corporate citizen in all its business activities and retains its status as a corporate entity that plays an essential role in society. To this end, the Group established a Social Committee to put its “Nisshin Seifun Group Corporate Code of Conduct and Employee Action Guidelines” into practice and to promote initiatives to facilitate the implementation.

The Group has positioned promoting CSR activities such as enhancing compliance, establishing quality assurance systems and conducting environmental conservation, and implementing internal control systems to the fullest extent, as one of its top management priorities and is taking thoroughgoing steps to ensure a Group-wide commitment.

With respect to compliance, the Group complies with relevant laws and regulations, social norm and corporate internal rules and regulations, and strives to develop and expand its businesses while being engaged in fair and open competition.

Regarding quality assurance (QA), to ensure the delivery to customers of safe and reliable products, we are strengthening our hand in the areas of food safety and food defense. The CR (Consumer Relations) Office, which is charged with the responsibilities of identifying consumer mindsets and social trends while providing timely and appropriate direction as to what actions need to be taken, actively collects relevant consumer administrative information as well as consumer opinion and their needs. In this manner, every effort is made to enhance Group customer relations. Furthermore, to secure the stable supply of safe and reliable wheat flour and other foods, we have enhanced our disaster preparations through our business continuity planning (BCP).

Regarding environmental conservation, we have always taken the initiative in working to reduce the environmental burden through energy saving, reduction of waste and responding to power-related issues.

For internal control, the Group is doing more than what is required by the Financial Instruments and Exchange Act through extensive maintenance of its internal control systems group-wide. These systems are monitored by a dedicated department to maintain their integrity and seek further improvements.

Furthermore, the Group, as a member of society, is widely involved in activities contributing to society. We are engaged in supporting reconstruction of the earthquake-affected areas, and making regional contributions through the Nisshin Seifun (Flour Milling) Museum as a regional tourism resource and an educational asset.

The Group remains committed to fulfilling its corporate social responsibilities.

The Group will steadily tackle the above challenges and ensure the further development of the Group. Our shareholders' continued support is greatly appreciated.

**(3) Consolidated Business Results and Summary of Assets** (Millions of yen unless otherwise noted)

Fiscal term Fiscal Years ended March 31	172 <sup>nd</sup> FY2016	173 <sup>rd</sup> FY2017	174 <sup>th</sup> FY2018	175 <sup>th</sup> FY2019 (Current)
Net sales	556,701	532,040	540,094	565,343
Ordinary profit	28,099	30,329	31,800	32,062
Profit attributable to owners of parent	17,561	19,466	21,339	22,268
Earnings per share (¥)	58.25	64.50	71.47	74.98
Total assets	548,120	555,337	591,512	594,754
Net assets	386,485	406,805	413,794	418,848

Note: “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) has been applied from the beginning of the fiscal year ended March 31, 2019 and thus the classification method has been modified. Deferred tax assets are disclosed under investment and other assets, and deferred tax liabilities disclosed under non-current liabilities.

The amounts of total assets for the 174<sup>th</sup> term and before shown above are the figures that have been reclassified to reflect this change in presentation.

**(4) Capital Expenditures**

The capital expenditures for the fiscal year ended March 31, 2019 decreased ¥1,470 million from the previous fiscal year to ¥18,233 million, based on actual expenditures.

The principal capital expenditures were made in the expansion of production capacity, including the construction of a yeast production plant of Oriental Yeast India Pvt. Ltd. and construction work on the addition of a production line at the Saginaw Plant of Miller Milling Company, LLC.

**(5) Financing**

The Group did not raise major additional funds in terms of capital increases or bond issues during the fiscal year ended March 31, 2019.



## (6) Major Subsidiaries and Acquisition

### [1] Major Subsidiaries and Affiliates

Company Name	Capital Stock	Share of Voting Rights	Main Businesses
(Subsidiaries)	¥ million	%	
Nisshin Flour Milling Inc.	14,875	100.0	Production and sales of wheat flour
Miller Milling Company, LLC	86	100.0	Production and sales of wheat flour
Champion Flour Milling Ltd.	3,491	100.0	Production and sales of wheat flour
Nisshin Foods Inc.	5,000	100.0	Sales of pasta, wheat flour for household use, frozen foods, and other products; production and sales of prepared mix products
Nisshin Seifun Premix Inc.	400	100.0	Production and sales of prepared mix products
Ma•Ma-Macaroni Co., Ltd.	350	68.6	Production and sales of pasta and frozen foods
Initio Foods Inc.	487	100.0	Production and sales of prepared dishes and frozen foods; direct operation of concessions in department stores
Joyous Foods Co., Ltd.	50	65.1	Production and sales of cooked noodle, and other products
Oriental Yeast Co., Ltd.	2,617	100.0	Production and sales of food ingredients for bread, etc., biochemical products and other products; life science business
Nisshin Pharma Inc.	2,689	100.0	Production and sales of healthcare foods, pharmaceuticals, and other products
Nisshin Petfood Inc.	1,315	100.0	Production and sales of pet foods
Nisshin Engineering Inc.	107	100.0	Design, contracted construction and supervision of food production facilities, etc.; sales of machinery for powder grinding
NBC Meshtec Inc.	1,992	100.0	Production and sales of mesh cloths and forming filters
(Affiliates)			
Marubeni Nisshin Feed Co., Ltd.	5,500	40.0	Production and sales of compound feed
Tokatsu Foods Co., Ltd.	100	49.0	Production and sales of cooked foods such as bento lunch boxes and other prepared foods

Note: The voting rights in Miller Milling Company, LLC, and Nisshin Seifun Premix Inc. are held by subsidiaries of the Company. In addition, the voting rights in Champion Flour Milling Ltd., Ma•Ma-Macaroni Co., Ltd., and Initio Foods Inc., are held by the Company and its subsidiaries.

### [2] Status of Significant Acquisition

In April 2019, the Company and its subsidiary, Nisshin Flour Milling Inc., acquired all outstanding shares of PFG Topco1 Pty Ltd., the parent company of Allied Pinnacle Pty Ltd. in Australia, aiming to expand the flour milling business overseas.

The Company intends to make its affiliate, Tokatsu Foods Co., Ltd., a subsidiary by the acquisition of additional shares in July 2019 in order to further expand the prepared dishes and other prepared foods, and frozen foods businesses.

**(7) Principal Businesses** (As of March 31, 2019)

The following is a description of the businesses and their principal products, etc., of the Group. The Company, as the holding company, controls and manages the Group companies operating these businesses.

Business Segment	Principal Products, etc.
Flour Milling Segment	wheat flour, bran
Processed Food Segment	prepared mix products, wheat flour for household use, pasta, pasta sauce, frozen foods, prepared foods, food ingredients for bread, etc., biochemical products, life science business, healthcare foods
Others Segment	pet foods; design, supervision and contracted construction of facilities; mesh cloths

**(8) Principal Offices** (As of March 31, 2019)

[1] The Company

The Company Head Office (Chiyoda-ku, Tokyo)  
Institutes and Laboratories (Fujimino)  
Research Center for Production and Technology  
Research Center for Basic Science Research and Development  
QE Center

[2] Flour Milling Segment

Nisshin Flour Milling Inc. Head Office (Chiyoda-ku, Tokyo)  
Cereal Science Research Center of Tsukuba (Tsukuba)  
Sapporo Sales Department (Sapporo), Sendai Sales Department (Sendai)  
Kanto Sales Department (Chuo-ku, Tokyo), Tokyo Sales Department (Chuo-ku, Tokyo)  
Nagoya Sales Department (Nagoya), Osaka Sales Department (Osaka)  
Chushikoku Sales Department (Okayama), Fukuoka Sales Department (Fukuoka)  
Hakodate Plant (Hakodate), Chiba Plant (Chiba), Tsurumi Plant (Kawasaki)  
Nagoya Plant (Nagoya), Chita Plant (Chita), Higashinada Plant (Kobe)  
Okayama Plant (Okayama), Sakaide Plant (Sakaide), Fukuoka Plant (Fukuoka)  
Miller Milling Company, LLC Head Office (Minnesota, U.S.A.)  
Winchester Plant (Virginia, U.S.A.), Fresno Plant (California, U.S.A.)  
Los Angeles Plant (California, U.S.A.), Oakland Plant (California, U.S.A.)  
Saginaw Plant (Texas, U.S.A.), New Prague Plant (Minnesota, U.S.A.)  
Champion Flour Milling Ltd. Head Office (New Zealand)  
Mt. Maunganui Plant (New Zealand), Christchurch Plant (New Zealand)

[3] Processed Food Segment

Nisshin Foods Inc. Head Office (Chiyoda-ku, Tokyo)  
Hokkaido Sales Department (Sapporo), Tohoku Sales Department (Sendai)  
Metropolitan Sales Department (Chuo-ku, Tokyo)  
Wide Area Sales Department (Chuo-ku, Tokyo)  
Chubu Sales Department (Nagoya), Kansai Sales Department (Osaka)  
Chushikoku Sales Department (Hiroshima), Kyushu Sales Department (Fukuoka)  
Tatebayashi Plant (Tatebayashi)  
Nisshin Seifun Premix Inc. Head Office (Chuo-ku, Tokyo)  
Nagoya Plant (Nagoya)  
Ma•Ma-Macaroni Co., Ltd. Head Office (Utsunomiya)  
Utsunomiya Plant (Utsunomiya), Kobe Plant (Kobe)  
Initio Foods Inc. Head Office (Chiyoda-ku, Tokyo)  
Kumagaya Plant (Kumagaya), Shiraoka Plant (Shiraoka)  
Nagoya Plant (Ichinomiya), Higashi-Osaka Plant (Higashi-Osaka)  
Joyous Foods Co., Ltd. Head Office (Saitama)  
Kodama Plant (Kodama-gun, Saitama), Kyoto Plant (Kuse-gun, Kyoto)  
Oriental Yeast Co., Ltd. Head Office (Itabashi-ku, Tokyo)  
Tokyo Plant (Itabashi-ku, Tokyo), Osaka Plant (Suita), Biwa Plant (Nagahama)  
Nisshin Pharma Inc. Head Office (Chiyoda-ku, Tokyo)  
Health Care Research Center (Fujimino), Ueda Plant (Ueda)

[4] Others Segment

Nisshin Petfood Inc. Head Office (Chiyoda-ku, Tokyo)

Nisshin Engineering Inc. Head Office (Chuo-ku, Tokyo)

NBC Meshtec Inc. Head Office (Hino)

Yamanashi Tsuru Plant (Tsuru), Shizuoka Kikugawa Plant (Kikugawa)

**(9) Employees of the Group** (As of March 31, 2019)

Business Segment	Number of Employees	Year-on-Year Change
Flour Milling Segment	1,642	35
Processed Food Segment	3,845	113
Others Segment	876	45
Corporate (Across the Group divisions)	397	22
Total	6,760	215

**(10) Major Creditors and Loans Payable** (As of March 31, 2019)

There are no major creditors.

## 2. Outline of the Company

### (1) Shares (As of March 31, 2019)

- [1] Total number of shares authorized to be issued 932,856,000 shares
- [2] Total number of shares issued and outstanding 304,357,891 shares  
(Including 7,131,636 shares of treasury shares)
- [3] Number of shareholders 19,332  
(Decreased 1,342 from the previous term-end)

#### [4] Major shareholders (Top 10)

Name	Number of Shares Held	Shareholding Ratio
	(thousands)	%
The Master Trust Bank of Japan, Ltd. (Trust Account)	30,622	10.3
Nippon Life Insurance Company	19,387	6.5
Yamazaki Baking Co., Ltd.	16,988	5.7
Japan Trustee Services Bank, Ltd. (Trust Account)	15,011	5.0
Mizuho Bank, Ltd.	10,447	3.5
Mitsubishi Corporation	8,448	2.8
Marubeni Corporation	6,284	2.1
Sumitomo Corporation	6,091	2.0
Sumitomo Mitsui Banking Corporation	5,585	1.8
The Norinchukin Bank	5,432	1.8

Note: The Company is excluded from the major shareholders listed above although it holds 7,131,636 treasury shares. Treasury shares are not included in shareholding ratio calculation.

### (2) Subscription Rights to Shares

The status of subscription rights to shares is provided on the Company's website (<https://www.nisshin.com/english/shareholders/meeting.html>).

**(3) Members of the Boards**

[1] Directors and Audit &amp; Supervisory Board Members (As of March 31, 2019)

Title	Name	Position	Significant Positions Concurrently Held
Representative Director and President	Nobuki Kemmoku		Director and Chairman, Nisshin Flour Milling Inc.
Representative Director and Vice President	Masao Nakagawa	In charge of Corporate Planning Division, and Finance and Accounting Division	
Representative Director and Vice President	Michinori Takizawa	In charge of General Administration Division	
Managing Director	Takashi Harada	Division Executive, R&D and Quality Assurance Division	
Managing Director	Akira Mori	Division Executive, Finance and Accounting Division	
Director	Satoshi Odaka	Division Executive, Technology and Engineering Division	
Director	Masashi Koike	Division Executive, Corporate Planning Division	
Director	Naoto Masujima	Division Executive, General Administration Division	
Director	Masashi Nakagawa		Director and President (Representative Director), Oriental Yeast Co., Ltd.
Director	Takao Yamada		Director and President (Representative Director), Nisshin Flour Milling Inc.
Director	Kiyoshi Sato		Director and President (Representative Director), Nisshin Pharma Inc.
Director	Yuji Koike		Director and President (Representative Director), Nisshin Foods Inc.
Director	Kenji Takihara		Director, Nisshin Flour Milling Inc. Outside Director, Japan Logistic Systems Corp.
Director	Akio Mimura		Senior Advisor, Honorary Chairman, Nippon Steel & Sumitomo Metal Corporation Chairman, The Japan Chamber of Commerce and Industry Chairman, The Tokyo Chamber of Commerce and Industry Outside Director, Development Bank of Japan Inc. Outside Director, Tokio Marine Holdings, Inc. Outside Director, Japan Post Holdings Co., Ltd. Outside Director, INCJ, Ltd.
Director	Kazuhiko Fushiya		Chairman, The Institute of Internal Auditors – Japan
Audit & Supervisory Board Member (Full-time)	Yukihiro Kumazawa		

Title	Name	Position	Significant Positions Concurrently Held
*Audit & Supervisory Board Member (Full-time)	Shoh Ohuchi		
Audit & Supervisory Board Member	Tetsuo Kawawa		Attorney; Proprietor, Kawawa Law Offices
Audit & Supervisory Board Member	Satoshi Ito		Certified Public Accountant; Proprietor, Ito Certified Public Accountant Offices Outside Director, Sumitomo Mitsui Banking Corporation
Audit & Supervisory Board Member	Motoo Nagai		Outside Audit & Supervisory Board Member (Full-time), Nissan Motor Co., Ltd. Outside Director, Organo Corporation

- Notes: 1. Directors Akio Mimura and Kazuhiko Fushiya are Outside Directors.
2. Audit & Supervisory Board Members Tetsuo Kawawa, Satoshi Ito, and Motoo Nagai are Outside Audit & Supervisory Board Members.
3. The Company selects all of the Outside Directors and Outside Audit & Supervisory Board Members as Independent Directors and Independent Audit & Supervisory Board Members, respectively, in accordance with its “Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members” (posted on the Company’s website ([https://www.nisshin.com/uploads/governance\\_is.pdf](https://www.nisshin.com/uploads/governance_is.pdf))) formulated pursuant to criteria concerning independence as defined by the Tokyo Stock Exchange, providing the necessary notification thereto.
4. Audit & Supervisory Board Member Shoh Ohuchi has work experience in finance and accounting at the Company and substantial knowledge of finance and accounting.
5. Audit & Supervisory Board Member Satoshi Ito, who has the qualification as a Certified Public Accountant, has substantial knowledge of finance and accounting.
6. Changes in Directors and Audit & Supervisory Board Members of the Company and the positions thereof, during the fiscal year ended March 31, 2019, are stated as follows.  
Mr. Kazuya Yoshinare retired from his position as Audit & Supervisory Board Member as of June 27, 2018, due to expiration of his term of office. Audit & Supervisory Board Member with an asterisk was newly elected at the 174<sup>th</sup> Ordinary General Meeting of Shareholders held on the same day and assumed office.
7. The following is a list of changes in significant positions concurrently held in the fiscal year ended March 31, 2019.
- |          |             |  |
|----------|-------------|--|
| Director | Akio Mimura | Retired as a Senior Advisor, Honorary Chairman, Nippon Steel & Sumitomo Metal Corporation (June 24, 2018)<br>Took office as a Senior Advisor, Honorary Chairman, Nippon Steel & Sumitomo Metal Corporation (June 25, 2018)<br>Took office as an Outside Director, INCJ, Ltd. (September 21, 2018)<br>Resigned as an Outside Director, Innovation Network Corporation of Japan (September 24, 2018) |
|----------|-------------|--|
8. Nippon Steel & Sumitomo Metal Corporation, the company at which Director Akio Mimura concurrently holds a post, changed its company name to Nippon Steel Corporation as of April 1, 2019.

[2] Outline of liability limitation agreement

The Company has concluded an agreement with each Director (excluding executive Directors, etc.) and each Audit & Supervisory Board Member which limits the amount of liability for damages set forth in Article 423, Paragraph 1 of the Companies Act to the sum of the amount set forth in each item of Article 425, Paragraph 1 thereof, provided that the duties of each are performed in good faith and without gross negligence on the part thereof.

[3] Amount of remuneration for Directors and Audit & Supervisory Board Members  
Total amount of remuneration for Directors and Audit & Supervisory Board Members for the fiscal year ended March 31, 2019

Directors: Fifteen (15)	¥382 million
Audit & Supervisory Board Members: Six (6)	¥53 million
Outside Directors and Outside Audit & Supervisory Board Members: Five (5) (Included in the above)	¥48 million

- Notes: 1. The above number of Audit & Supervisory Board Members includes one (1) Audit & Supervisory Board Member who retired from office during the fiscal year ended March 31, 2019.
2. The total amount of remuneration for Directors includes expenses associated with the subscription rights to shares granted in the form of stock option as remuneration and expenses associated with the stock-based remuneration plan for the fiscal year ended March 31, 2019.

[4] Outside Directors and Outside Audit & Supervisory Board Members

1. Significant positions concurrently held in other companies, etc. and relationship between the Company and said companies, etc.

Significant positions concurrently held in other companies, etc., are mentioned above [1] and there is no significant business relationship or special relationship between the Company and the above-identified companies of concurrently held positions.

2. Principal activities in the fiscal year ended March 31, 2019

1) Director Akio Mimura

Mr. Mimura attended 11 out of 13 meetings of the Board of Directors held in the fiscal year ended March 31, 2019. He made remarks, asked questions and contributed opinions regarding purposes and contents of matters resolved and reported from a managerial perspective with broad experience.

2) Director Kazuhiko Fushiya

Mr. Fushiya attended all meetings of the Board of Directors held in the fiscal year ended March 31, 2019. He made remarks, asked questions and contributed opinions regarding purposes and contents of matters resolved and reported based on experience and discernment acquired through holding important posts at the Ministry of Finance (MOF), etc.

3) Audit & Supervisory Board Member Tetsuo Kawawa

Mr. Kawawa attended all meetings of the Board of Directors and the Audit & Supervisory Board held in the fiscal year ended March 31, 2019. He made remarks, asked questions and contributed opinions regarding purposes and contents of matters resolved and reported mainly from a technical perspective as an attorney.

4) Audit & Supervisory Board Member Satoshi Ito

Mr. Ito attended all meetings of the Board of Directors and the Audit & Supervisory Board held in the fiscal year ended March 31, 2019. He made remarks, asked questions and contributed opinions regarding purposes and contents of matters resolved and reported mainly from a technical perspective as a Certified Public Accountant.

5) Audit & Supervisory Board Member Motoo Nagai

Mr. Nagai attended all meetings of the Board of Directors and the Audit & Supervisory Board held in the fiscal year ended March 31, 2019. He made remarks, asked questions and contributed opinions regarding purposes and contents of matters resolved and reported, drawing on his experience and insights gained through his career as a manager of financial institutions.

#### (4) Independent Auditor

[1] Name of the independent auditor: Deloitte Touche Tohmatsu LLC

[2] Compensation to the independent auditor for the fiscal year ended March 31, 2019

- |  |              |
|--|--------------|
| 1. Compensation paid to the independent auditor  | ¥59 million  |
| 2. Total of cash and other financial profits payable by the Company and its subsidiaries | ¥191 million |

Notes: 1. The audit contract between the Company and the independent auditor does not and practically cannot separate the amount of compensation for the audit under the Companies Act from the amount of compensation for the audit under the Financial Instruments and Exchange Act. Therefore, the compensation described in the above 1 is the sum of both amounts.

2. Some subsidiaries of the Company have their financial statements and related documents audited by auditors other than Deloitte Touche Tohmatsu LLC.

[3] Content of non-audit services

The Company and its subsidiaries entrust to the independent auditor the services including advice and guidance on accounting and internal control matters which can be defined as non-audit services that are other than the services defined in Article 2, Paragraph 1 of the Certified Public Accountants Act.

[4] Reasons for the Audit & Supervisory Board's approval on compensation to the independent auditor

The Audit & Supervisory Board has given its approval as prescribed under Article 399, Paragraph 1 of the Companies Act, as the compensation to the independent auditor was considered reasonable based on the verification and review of the relevant matters including details of the audit plan in the fiscal year under review, the status of execution of duties by the independent auditor and the basis of calculating the estimated compensation.

[5] Policy for decisions on dismissal or non-reappointment of independent auditor

The Audit & Supervisory Board will dismiss the independent auditor in the event that any of the reasons stipulated in each item of Article 340, Paragraph 1 of the Companies Act are deemed applicable to the independent auditor and such action is considered necessary, subject to the unanimous consent of the Audit & Supervisory Board Members.

In addition, the Audit & Supervisory Board will decide the details of a proposal for the dismissal or non-reappointment of the independent auditor to be submitted to the General Meeting of Shareholders, as stipulated in Article 344 of the Companies Act, in the event that any of the reasons stipulated in Article 340 of the Companies Act, or any concomitant reasons, are deemed applicable to the independent auditor and such action is considered necessary. Furthermore, the Audit & Supervisory Board may also decide the details of a proposal for the non-reappointment of the independent auditor to be submitted to the General Meeting of Shareholders, as stipulated in Article 344 of the Companies Act, in the event that the non-reappointment of the independent auditor is considered appropriate in overall consideration of various factors including the audit quality provided and the status of execution of duties by the independent auditor.



### 3. Systems and Policies of the Company

#### (1) Systems to Ensure Appropriate Business Execution and the Status of Operation of Systems Concerned

The internal control systems of the Company are based on the establishment of a chain of command and clarification of authority and responsibility in operational departments, management control by the department heads or managers in operational departments, internal checks between departments (i.e. operations division and accounting division), and are put in place for implementation in accordance with the basic policies resolved by the Board of Directors. Details of the basic policies and outline of the implementation status thereof are as follows.

[1] Systems for ensuring the compliance of the performance of duties of directors and employees of the Company and its subsidiaries with laws and the Articles of Incorporation

- 1) The Nisshin Seifun Group has formulated the “Nisshin Seifun Group Corporate Code of Conduct and Employee Action Guidelines.” The presidents and directors of the Company and its subsidiaries must recognize their duty to comply with the Corporate Code of Conduct and Employee Action Guidelines and take the lead in following the rules and publicizing them to the people concerned. The presidents and directors must also endeavor to understand internal and external opinions at all times and adjust their internal systems accordingly to enhance their effectiveness, while promoting corporate ethics throughout their companies.
- 2) Audit & Supervisory Board Members of the Company and its subsidiaries audit the performance of duties by each director, and oversee directors to verify whether they construct and operate the internal control systems in an appropriate manner.
- 3) The Internal Audit Department, directly supervised by the Representative Director of the Company, leads efforts to enhance and operate the internal control systems of the Nisshin Seifun Group. As an independent organization, the Internal Audit Department evaluates the internal control systems of the Nisshin Seifun Group and performs internal audits of the Group’s business operations.
- 4) The Social Committee of the Company addresses all the Nisshin Seifun Group’s corporate social responsibility (CSR) issues by discussing a comprehensive range of CSR issues, including corporate ethics and compliance, promoting practical CSR measures at the Group and ensuring awareness of compliance with laws, the Articles of Incorporation and social norms.
- 5) The Nisshin Seifun Group shall not bow to unreasonable demands of antisocial forces that threaten the order and safety of civil society and takes organized countermeasures in collaboration with external specialized institutions.
- 6) The Company operates and maintains the Compliance Hotline System, which was established as a measure for the Nisshin Seifun Group employees, etc., to directly report any acts of non-compliance so that such acts can be detected early and dealt with.

(Status of operation)

- 1) The Nisshin Seifun Group has introduced the “Nisshin Seifun Group Corporate Code of Conduct and Employee Action Guidelines” in the Group companies including overseas subsidiaries and affiliates as the Group’s common basis for discipline, whereby striving to ensure awareness of these guidelines.
- 2) The Company is promoting awareness among employees of the “Nisshin Seifun Group Corporate Code of Conduct and Employee Action Guidelines” along with the Compliance Hotline System through human resources training programs.
- 3) The Internal Audit Department of the Company is conducting the internal control evaluation at each Group company and verifying the level of awareness and the status of compliance with the internal rules.
- 4) The Company held two meetings of the Social Committee during the fiscal year ended March 31, 2019 to discuss a comprehensive range of CSR issues, including compliance, thereby promoting the Nisshin Seifun Group’s CSR measures.
- 5) The Company also organizes the Normative Ethics Committee, whereby ensuring that no illegal payment is made to antisocial forces and examining the appropriateness of donations.

[2] Rules and systems for managing the danger of loss to the Company and its subsidiaries

- 1) For issues concerning business operations at the Nisshin Seifun Group, approval and reporting procedures must be determined according to their level of importance, impact, etc., and evaluation of such issues, including risk assessment thereof, are made in advance.
- 2) In line with the Nisshin Seifun Group Risk Management Rules, the Nisshin Seifun Group conducts the risk evaluation and reviews measures against risks, and the Company’s Risk Management Committee supervises the overall risk management efforts of the Nisshin Seifun Group by confirming and providing guidance to ensure that its subsidiaries have appropriate control over the risks that are evaluated by themselves, and that no risks are ignored.
- 3) In line with the Nisshin Seifun Group Crisis Control Rules, employees, etc., must report any emergence

or possibility of crises to a specified contact within the Nisshin Seifun Group to ensure the early detection and handling of the danger of loss.

Should crises occur, the Company must set up a countermeasures headquarters immediately to handle such crises in an appropriate manner to minimize damages.

- 4) Audit & Supervisory Board Members of the Company and its subsidiaries must take the necessary measures, such as giving advice and making recommendations to directors, whenever they recognize the possibility that each director may bring about significant damage or serious accidents.

(Status of operation)

- 1) Each Nisshin Seifun Group company conducts the risk evaluation and reviews measures against risks in accordance with the Nisshin Seifun Group Risk Management Rules. In addition, a planning subcommittee of the Risk Management Committee of the Company conducts the Group-wide verification of the results of the review at each Group company and reports the results to the Risk Management Committee for deliberation thereat.
- 2) An internal reporting system is in place in line with the Nisshin Seifun Group Crisis Control Rules, whereby employees, etc., of the Nisshin Seifun Group may report any emergence or possibility of crises to a specified contact desk.

- [3] Systems for ensuring that the duties of directors of the Company and its subsidiaries are performed efficiently

- 1) For the Company and its subsidiaries, the range of responsibility and authority is clarified, for example, by identifying matters to be resolved by and reported to the Board of Directors and matters of request for approval of presidents and directors in charge. This enables directors to perform their duties in a prompt and appropriate manner.
- 2) The Nisshin Seifun Group clarifies its business strategies and their potential directions, according to which the Group companies formulate their profit plans on a yearly basis. The term of office of directors is set at one year to clarify their responsibilities. The Board of Directors reviews business performance on a monthly basis, and discusses and implements measures to improve performance.

(Status of operation)

- 1) The Nisshin Seifun Group formulated a long-term vision called “NNI ‘Compass for the Future’ — Toward a New Stage—Maximizing Group-wide Capabilities and Effecting Business Model Change.” In order to achieve its medium-term management plan “NNI-120 II,” which is scheduled to conclude in the fiscal year ending March 31, 2021, during the long-term vision, the Group will move with speed to execute growth strategies, including pursuing products and services offering higher added value and sales expansion, greater cost competitiveness in tandem with safety and reliability, and strategic investments in growth fields.
- 2) Each Group company formulates its profit plans for the fiscal year in line with its business strategies, while implementing measures to improve performance based on the monthly business performance review at its Board of Directors.

- [4] Systems for ensuring that proper business operations are conducted within the Nisshin Seifun Group that consists of the Company and its subsidiaries

- 1) The Nisshin Seifun Group has adopted a holding company structure under which the holding company, the Company, oversees and evaluates the actions of subsidiaries with the best interests of the shareholders in mind.
- 2) For important issues concerning the business operations of subsidiaries, the Nisshin Seifun Group sets the standards for issues to be discussed by or reported to the Board of Directors of the Company.
- 3) The Nisshin Seifun Group has formulated the “Nisshin Seifun Group Corporate Code of Conduct and Employee Action Guidelines,” in which the Corporate Principle, the Basic Management Policy, the Basic Stance toward Stakeholders, the Corporate Code of Conduct and Employee Action Guidelines are specified, and awareness of them throughout the Group is promoted.
- 4) The procedures and methods for creation of the Nisshin Seifun Group’s financial reports, including the consolidated financial statements, are stipulated to eliminate wrongful acts and errors and ensure the reliability of such reports.
- 5) Audit & Supervisory Board Members of the Company and subsidiaries hold meetings of the Audit & Supervisory Board Members’ Liaison Committee of the Nisshin Seifun Group, and share issues to be addressed.
- 6) The Company provides special audits, such as of facilities, safety, environment and quality assurance, for the Nisshin Seifun Group.
- 7) The Internal Audit Department, directly supervised by the Representative Director of the Company, leads efforts to enhance and operate the internal control systems of the Nisshin Seifun Group.

As an independent organization, the Internal Audit Department evaluates the internal control systems of the Nisshin Seifun Group and perform internal audits of the Group's business operations.

- 8) Each subsidiary of the Nisshin Seifun Group establishes its own Internal Control Committee, headed by the president, which leads efforts to enhance and operate its internal control systems.

(Status of operation)

- 1) For important issues concerning the business operations of subsidiaries, the Nisshin Seifun Group refers issues to be discussed by or reported to the Board of Directors of the Company in accordance with the "Matters to be Resolved by and Reported to the Board of Directors" as well as the "Standards for Issues Concerning Subsidiaries to be Discussed by the Board of Directors."
- 2) With respect to the internal controls for the purpose of ensuring the reliability of financial reporting, operation procedures at each Group company are documented in order to verify the presence of effective control under the Nisshin Seifun Group's unified policy, while the Internal Audit Department evaluates the status of enhancement and operation of such controls.
- 3) With respect to the internal controls for purposes other than financial reporting, specialized departments of the Company conduct audits on respective areas, including facilities, safety, environmental conservation and quality assurance, to verify that each operation is implemented appropriately.

- [5] Systems for ensuring the preservation and management of information in relation to the Company's directors' performance of their duties

The minutes of the meetings of Board of Directors, approval documents, and other documents and information relating to the performance of duties by directors are preserved and managed appropriately as confidential information in accordance with the relevant regulations.

(Status of operation)

The minutes of the meetings of Board of Directors and approval documents of the Company are preserved and managed appropriately as confidential information in accordance with the Confidential Information Management Rules.

- [6] Provisions concerning the employees requested to assist the Company's Audit & Supervisory Board Members in performing their duties, the independence of such employees from directors and ensuring the effectiveness of directions given to such employees

- 1) The Audit & Supervisory Board appoints Audit & Supervisory Board Member assistants who assist Audit & Supervisory Board Members in performing their duties. The Audit & Supervisory Board Member assistants assist Audit & Supervisory Board Members in performing audits under the direction of Audit & Supervisory Board Members, and personnel changes and other matters concerning the Audit & Supervisory Board Member assistants require the consent of Audit & Supervisory Board Members.
- 2) Directors pay close attention to ensure that no unreasonable constraints exist that could potentially hinder the independence of the Audit & Supervisory Board Member assistants in performing their duties.

(Status of operation)

Audit & Supervisory Board Member assistants who are independent from Directors assist Audit & Supervisory Board Members in performing their duties in order to enhance the effectiveness of the audit function of the Audit & Supervisory Board Members. In addition, the Company pays close attention to ensure that no unreasonable constraints that could potentially hinder the independence of the Audit & Supervisory Board Member assistants in performing their duties are exercised by Directors.

- [7] Systems for reporting to Audit & Supervisory Board Members of the Company by directors and employees of the Company, directors, Audit & Supervisory Board Members and employees of its subsidiaries and individuals who receive reports from these individuals

- 1) Audit & Supervisory Board Members of the Company attend the meetings of the Board of Directors and other important meetings, including meetings of the Group Management Meeting, the Credit Management Committee, and the Normative Ethics Committee, and state their opinions as appropriate.
- 2) The Audit & Supervisory Board of the Company may ask for reporting from the independent auditors, directors, the Internal Audit Department and others at its meetings as the need arises.
- 3) When directors of the Company or its subsidiaries recognize anything that could cause significant damage or serious accidents to their respective companies, they shall immediately report that to their respective Audit & Supervisory Board Members. At the same time, Audit & Supervisory Board Members of each subsidiary shall also report that to the Company's Audit & Supervisory Board Members.
- 4) The results of audits conducted by subsidiaries' Audit & Supervisory Board Members shall also be reported to the Company's Audit & Supervisory Board.
- 5) The results of internal control evaluations and internal audits conducted by the Company's Internal

Audit Department are also reported to the Company's Audit & Supervisory Board.

- 6) The results of special audits by the Company, such as of facilities, safety, environment and quality assurance, are also reported to the Company's Audit & Supervisory Board.
- 7) Any information obtained through the Compliance Hotline is reported immediately to Audit & Supervisory Board Members of the Company.
- 8) Documents for taking over the duties of outgoing Division Executives of the Company and the presidents of its subsidiaries are submitted to the Audit & Supervisory Board of the Company.
- 9) All approval documents of the Company and its subsidiaries are returned to their respective Audit & Supervisory Board Members.

(Status of operation)

- 1) Audit & Supervisory Board Members of the Company attend the meetings of the Board of Directors and other important meetings, including the Group Management Meetings and the Credit Management Committee meetings, and state their opinions as appropriate.
- 2) Audit & Supervisory Board Members and the Internal Audit Department of the Company report to each other information including audit results as they conduct audits, while Audit & Supervisory Board Members and dedicated audit staff at the Group's main operating companies report their audit results to the Audit & Supervisory Board Members and the Internal Audit Department of the Company, whereby enhancing mutual collaboration.
- 3) Audit & Supervisory Board Members of the Company held two meetings of the Audit & Supervisory Board Members' Liaison Committee of the Nisshin Seifun Group during the fiscal year ended March 31, 2019, as attended by the Audit & Supervisory Board Members of the Group's main operating companies and the Internal Audit Department, exchanging opinions on audit cases in an effort to share awareness of the issues to be addressed and enhance audit quality across the Group.

- [8] Systems for ensuring that individuals reporting to the Company's Audit & Supervisory Board Members will not be treated disadvantageously for such reporting

Individuals reporting any of the previously addressed items, including those reporting via the Compliance Hotline, will not be treated disadvantageously, through personnel systems or in any other way, for such reporting.

(Status of operation)

The Compliance Hotline Rules stipulate a provision to the effect that individuals who used the Compliance Hotline for the purpose of whistle-blowing shall not be treated disadvantageously, and such provision is posted on the Company's Intranet and communicated across the board.

- [9] Provisions regarding policies guiding procedures for the prepayment or reimbursement of expenses incurred by the Company's Audit & Supervisory Board Members in the execution of their duties and other expenses incurred in the execution of such duties or related obligations

Anticipated expenses incurred by the Audit & Supervisory Board Members in the execution of their duties are budgeted; expenses incurred or related obligations beyond the budget, excluding such expenses deemed unnecessary for execution of the duties of the Audit & Supervisory Board Members, shall be dealt with immediately by the Company pursuant to Article 388 of the Companies Act.

(Status of operation)

Anticipated expenses incurred by the Audit & Supervisory Board Members of the Company in the execution of their duties are budgeted, and expenses incurred beyond the budget are dealt with immediately by the Company pursuant to Article 388 of the Companies Act.

- [10] Other systems for ensuring that the audits of Audit & Supervisory Board Members of the Company are conducted efficiently

Audit & Supervisory Board Members hold regular meetings with representative directors, and exchange opinions on prospective challenges and risks for the Company, as well as the status of the environment for audits by Audit & Supervisory Board Members and other important audit issues.

(Status of operation)

Audit & Supervisory Board Members of the Company hold regular meetings with representative director and exchange opinions on important audit issues, etc.

## **(2) Basic Policies Regarding Control of the Corporation**

- [1] Basic policies

As a corporate group involved in food, the Company believes that it is the responsibility of the Group as a whole, and also a source and a foundation of corporate value, to guarantee a high level of safety and quality in our products, and to consistently ensure the stable supply of food, including wheat flour and

other staple foods for the people. In order to sustainably secure and improve the Company's corporate value and the common interests of the shareholders in light of these responsibilities, it is essential that we guarantee a high level of safety and quality in our products, provide a stable supply of food, and so on. Any party which, failing to understand this, buys up shares of the Company and acts in a way that goes against a sustainable and systematic medium- to long-term management policy, may damage the Company's corporate value and the common interests of the shareholders. Depending on the conditions, there are other types of share acquisitions that also could damage the Company's corporate value or the common interests of the shareholders.

In order to properly manage the above issues, we believe that it is necessary to ensure advance and sufficient disclosure of information concerning the content of any management policies and business plans planned by an acquirer of the Company's shares, the impact of the proposed acquisition on the Company's shareholders and the management of the Group, the impact on the numerous parties affected by the Group, and the acquirer's philosophy regarding social responsibility, including securing stable supplies of wheat flour and other staple foods for the people, and food safety, as well as to ensure a reasonable period of investigation and bargaining power.

- [2] Measures that contribute to the effective utilization of the Company's assets, structuring of the appropriate form of the business group and others for the realization of the basic policies regarding control of the corporation

As a pure holding company for the Group, the Company plans management strategies for the Group, allocates its managerial resources efficiently, and audits and oversees the Group's business operations. Our operating companies optimize themselves according to the markets in which they operate, and by doing so, they secure high levels of safety and quality, as well as a stable supply for their products, thus mutually improving their corporate value, and, in turn, the corporate value of the entire Group.

Under this structure, the Group aims to secure and enhance its high levels of production technologies, and capacities for development and analysis that underpin the safety and quality of its products. The Group also makes ongoing well-planned capital investments, from a long-term perspective; provides employee education to enhance employees' professional abilities; introduces audit and instructional systems as to quality assurance and production facilities on a continuous basis; builds and enhances systems for internal control and legal compliance; and endeavors to maintain trustful relations with stakeholders, including business partners/customers and local communities.

- [3] Measures to prevent a decision regarding the Company's financial and business policies from being controlled by a party who is deemed to be inappropriate, according to the basic policies

With the aim of securing and improving the corporate value of the Company and the common interests of the shareholders, the Company has introduced measures using a gratis allotment of subscription rights to shares (hereinafter, "the Plan"), in line with Article 49 of its Articles of Incorporation and the "Renewal of the Resolution to Approve Gratis Allotment of Subscription Rights to Shares for Securing and Improving Corporate Value of the Company and the Common Interests of the Shareholders," as approved at the 174<sup>th</sup> Ordinary General Meeting of Shareholders held on June 27, 2018. The outline of the Plan is as follows.

- 1) The Board of Directors shall request that parties intending to implement a Specified Acquisition make an advance written submission of an Acquisition Proposal, and seek a resolution of the Board of Directors not to implement countermeasures, including the gratis allotment of the Subscription Rights to Shares defined in Paragraph 6) below (hereinafter, "the Confirmation Resolution") against that proposal. Parties intending to implement the Specified Acquisition shall make an advance submission of an Acquisition Proposal, and seek a Confirmation Resolution. In order to implement prompt operation of the Plan, the Board of Directors may establish a reply period, and request the provision of additional information in respect to any parties making a proposal regarding a Specified Acquisition, to the Company. Even in this case, the reply period shall be set with an upper limit of within 60 business days, starting from the day on which the provision of information was requested of the Proposed Acquirer by the Board of Directors, and the Corporate Value Committee shall commence its deliberation and discussion upon the expiry of such reply period.

"Specified Acquisition" means i) an act of purchasing the Company's share certificates, etc., that would result in the ratio of holdings reaching or exceeding 20% of the Company's share certificates, etc. (including similar acts as specified by the Board of Directors), or ii) an act of commencing a tender offer on the Company's share certificates, etc., that would result in the ratio of possessions reaching or exceeding 20% of the Company's share certificates, etc. An "Acquisition Proposal" means a written proposal that contains information reasonably requested by the Company, including the Company's management policies and business plans after said acquisition, evidence used to calculate prices, proof of acquisition funds, any possible impact on the Company's stakeholders, and information related to

- Items 4) A) through E) below.
- 2) Upon receiving the Acquisition Proposal, the Board of Directors shall promptly put it before the Corporate Value Committee, which consists only of the Outside Directors and the Outside Audit & Supervisory Board Members of the Company.
  - 3) The Corporate Value Committee shall investigate said Acquisition Proposal and discuss whether or not to pass a resolution recommending that the Board of Directors passes a Confirmation Resolution in regard to said Acquisition Proposal (hereinafter, "Recommendation Resolution"). The Recommendation Resolution shall be passed by a majority of all members of the Corporate Value Committee, and the results of that said Recommendation Resolution shall be disclosed. The period for such deliberation and discussion by the Corporate Value Committee shall be a maximum of 60 business days (or a maximum of 90 business days for Acquisition Proposals other than those that specify only cash in Japanese currency as consideration and set no upper limit on the number of shares to be purchased) after the Acquisition Proposal is received by the Board of Directors. Only when reasonable grounds exist, the period for the deliberation and discussion may be extended by an upper limit of 30 business days. However, in this case, the grounds for the extension and the intended extension period will be disclosed.
  - 4) Deliberations and discussion regarding the Recommendation Resolution by the Corporate Value Committee shall be made by faithfully forming an accurate judgment as to whether the Acquisition Proposal secures and improves the Company's corporate value and the common interests of the shareholders. The Corporate Value Committee must issue a Recommendation Resolution for an Acquisition Proposal that meets all of the below requirements and secures and improves the Company's corporate value and the common interests of the shareholders.
    - A) The acquisition does not fall under any of the following types of action:
      - (a) Buyout of the Company's shares to demand that the Company or its related party purchase said shares at an inflated price;
      - (b) Management that achieves an interest for the Proposed Acquirer (including its group company or other related party, hereinafter the same shall apply) to the detriment of the Company, such as temporary control of the Company's management for transfer of the Company's material assets;
      - (c) Diversion of the Company's assets to secure or repay debts of the Proposed Acquirer; and
      - (d) Action unjustly causing harm to an important foundation of the creation of the Company's medium- to long-term corporate value, such as the action of taking temporary control of the Company's management to decrease the assets, funds, etc., that are required for the Company's business expansion, product development, etc., for years ahead, and the action of causing harm to the cooperative relations with the Company's shareholders, business partners, customers, employees, etc.
    - B) The scheme, content, etc., of the deal proposed by the Acquisition Proposal comply with the relevant laws and regulations.
    - C) The scheme and content of the deal proposed by the Acquisition Proposal do not threaten to have the effect of compelling shareholders of the Company to sell their shares.
    - D) The true information necessary for deliberations on the Acquisition Proposal is provided in the appropriate timing, such as upon request of the Company, and sincere responses are otherwise made in compliance with the procedures specified by the Plan.
    - E) The period for the Company to deliberate the Acquisition Proposal is secured (including deliberation and presentation of alternative proposals to the Company's shareholders). This period is specified as a maximum of 60 business days upon the receipt of the Acquisition Proposal, a maximum of 90 business days for Acquisition Proposals other than those that specify only cash in Japanese currency as consideration and set no upper limit on the number of shares to be purchased, and an upper limit extension of 30 business days applies if required on reasonable grounds.
  - 5) A Confirmation Resolution of the Company's Board of Directors shall be made according to the Recommendation Resolution of the Corporate Value Committee. In case the Corporate Value Committee issues the Recommendation Resolution, the Board of Directors must make the Confirmation Resolution promptly, unless there are particular reasons that are obviously against the directors' duty of care. The Gratis Allotment of Subscription Rights to Shares cannot be taken against the Acquisition Proposal for which the Confirmation Resolution is made.
  - 6) If a Specified Acquirer—which is defined as a party implementing a Specified Acquisition which has not obtained a Confirmation Resolution at the time when a Specified Acquisition was implemented—appears, the Board of Directors shall, in addition to disclosing the fact that a Specified Acquirer has appeared, implement the gratis allotment of Subscription Rights to Shares, after passing a resolution to designate a record date for the gratis allotment, an effective date for the gratis allotment, and other necessary matters in respect to the gratis allotment of Subscription Rights to Shares and publicizing the items of the resolution. "Subscription Rights to Shares" are defined as the subscription

rights to shares with restrictions on the exercise of such rights by Specified Acquirer and its related parties, which are collectively defined as the Specified Acquirer and Related Parties.

If it is revealed that the ratio of holdings of the Company's share certificates, etc., by the Specified Acquirer falls below 20% by a date that is to be specified elsewhere by the Board of Directors, which shall be earlier than the record date for the gratis allotment (the Board of Directors does not intend to stipulate a day on or later than 3 business days prior to the record date for the gratis allotment.), and in some other cases, the Board of Directors may choose not to effect a gratis allotment of Subscription Rights to Shares.

- 7) If a gratis allotment of Subscription Rights to Shares is effected, the Company shall allot Subscription Rights to Shares to all common shareholders, except the Company, as of the record date for the gratis allotment, at a ratio of one Subscription Right to Shares for every one share of the Company's common stock held, and the number of shares to be issued per one Subscription Right to Shares will not exceed two, and be determined elsewhere by the Board of Directors. The value of assets contributed to exercise one Subscription Right to Shares shall be one yen, multiplied by the number of shares to be issued per one Subscription Right to Shares.
- 8) The Subscription Rights to Shares will have an acquisition clause by which the unexercised Subscription Rights to Shares can be acquired by the Company. For the Subscription Rights to Shares held by shareholders other than the Specified Acquirer and Related Parties, this is accomplished in exchange for common shares of the Company of a number equal to the integral part of the number of said Subscription Rights to Shares multiplied by the number of shares to be issued per Subscription Right to Shares. For other Subscription Rights to Shares, this is accomplished in exchange for subscription rights to shares with restriction on transfer (and with restriction on the exercise of the rights by the Specified Acquirer and Related Parties) of a number equal to the number of said Subscription Rights to Shares.

[4] Judgment of the Board of Directors, and its reasons

The Plan complies with the basic policies described above, and the following special methods are to be implemented as a way of increasing its rationality. Therefore, the Plan protects the corporate value of the Company and the common interests of the shareholders, and does not pursue the personal interests of the Company's management.

- 1) The Plan received prior approval of the shareholders at the 174<sup>th</sup> Ordinary General Meeting of Shareholders held on June 27, 2018, pursuant to the provision of Article 49 of the Company's Articles of Incorporation.
- 2) The term of office of the Company's Directors is one (1) year, and the timing of reelection is concurrent among all Directors. In addition, a resolution on dismissal of Directors may be passed by an ordinary resolution at a General Meeting of Shareholders. Therefore, the Plan can be abolished by a resolution of the Board of Directors through the election or dismissal of Directors, by an ordinary resolution at a single General Meeting of Shareholders.
- 3) To secure the neutrality of judgment relating to the Plan, the Corporate Value Committee, composed only of the Company's Outside Directors and Outside Audit & Supervisory Board Members, shall deliberate the Acquisition Proposal, under legal obligations as the Directors or the Audit & Supervisory Board Members of the Company, to determine if the proposal secures and improves the Company's corporate value and the common interests of the shareholders. It is also required that the Board of Directors make a Confirmation Resolution, upon receipt of a Recommendation Resolution to that effect from the Corporate Value Committee, unless there are particular reasons that are obviously against the directors' duty of care.
- 4) To enhance the objectivity of judgment relating to the Plan, the Plan specifies when the Corporate Value Committee must issue a Recommendation Resolution, as stated in [3] above.
- 5) Subject to approval resolution of the General Meeting of Shareholders, the Plan can be revised every year by a resolution of the Board of Directors. This allows the Plan to adjust itself to the development of the related laws and regulations, and various other business circumstances surrounding the Company.
- 6) The validity of an approval resolution is three years from the date of the General Meeting of Shareholders. Upon the passage of three years, the Board of Directors will present a Plan that reflects any revisions, including reflection of its supplementary conditions, for approval by the shareholders.
- 7) The Plan satisfies all of the requirements for legality (to avoid suspension of the issuance of subscription rights to shares, etc.) and rationality (to gain the understanding of shareholders, investors and other stakeholders) specified in the "Securing and/or Improving Corporate Value and Common Interests of Shareholders: Takeover Defense Guidelines" released on May 27, 2005, by the Ministry of Economy, Trade and Industry and the Ministry of Justice. Moreover, the Plan is in accordance with the recommendations of the June 30, 2008 report of the Ministry of Economy, Trade and Industry's

Corporate Value Study Group, entitled “Takeover Defense Measures in Light of Recent Environmental Changes.”

### **(3) Policy on Dividends from Surplus**

The Company aims to meet the expectations of shareholders to distribute profits, taking into consideration the current and future profitability of its business and financial position, by undertaking the payment of dividends based on a targeted payout ratio of at least 40% on a consolidated basis.

As a further return of profits to shareholders, the Company plans to pay a full-year dividend of ¥32 per share, an increase of ¥3 from the previous fiscal year. Accordingly, the Company will submit to the Ordinary General Meeting of Shareholders a proposal for the distribution of surplus to pay a year-end dividend of ¥16 per share. As a result, dividends paid are expected to increase for six consecutive terms since the fiscal year ended March 31, 2014, the fiscal year in which total dividends paid were increased instead of making adjustment to the dividend per share following the stock splits.

We will focus on enhancing 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” based on the policy concerning the long-term vision of “NNI ‘Compass for the Future’ —Toward a New Stage— Maximizing Group-wide Capabilities and Effecting Business Model Change.” More precisely, we aim for a payout ratio of 40% or more on a consolidated basis and seek to continuously increase the amount of dividends, while intending to repurchase treasury shares in a flexible manner taking into account cash flows and strategic needs for investment funds.

End



## CONSOLIDATED FINANCIAL STATEMENTS

### Consolidated Balance Sheet

(As of March 31, 2019)

(Millions of yen)

Item	Amount	Item	Amount
<b>(ASSETS)</b>		<b>(LIABILITIES)</b>	
<b>Current assets</b>	<b>268,170</b>	<b>Current liabilities</b>	<b>114,806</b>
Cash and deposits	101,974	Notes and accounts payable – trade	54,936
Notes and accounts receivable – trade	76,245	Short-term loans payable	9,535
Securities	7,336	Income taxes payable	5,217
Inventories	73,348	Accrued expenses	19,963
Other	9,497	Other	25,153
Allowance for doubtful accounts	(232)		
<b>Non-current assets</b>	<b>326,583</b>	<b>Non-current liabilities</b>	<b>61,098</b>
<b>Property, plant and equipment</b>	<b>156,317</b>	Long-term loans payable	6,771
Buildings and structures, net	58,308	Deferred tax liabilities	24,664
Machinery, equipment and vehicles, net	41,393	Provision for repairs	1,464
Land	42,611	Net defined benefit liability	21,169
Construction in progress	10,030	Long-term deposits received	5,492
Other, net	3,974	Other	1,536
		<b>Total liabilities</b>	<b>175,905</b>
<b>Intangible assets</b>	<b>10,462</b>	<b>(NET ASSETS)</b>	
Goodwill	5,016	<b>Shareholders' equity</b>	<b>338,303</b>
Other	5,446	<b>Capital stock</b>	<b>17,117</b>
		<b>Capital surplus</b>	<b>12,882</b>
<b>Investments and other assets</b>	<b>159,802</b>	<b>Retained earnings</b>	<b>319,705</b>
Investment securities	149,659	<b>Treasury shares</b>	<b>(11,403)</b>
Net defined benefit asset	277		
Deferred tax assets	6,064	<b>Accumulated other comprehensive income</b>	<b>65,634</b>
Other	3,924	<b>Valuation difference on available-for-sale securities</b>	<b>62,669</b>
Allowance for doubtful accounts	(122)	<b>Deferred gains or losses on hedges</b>	<b>(393)</b>
		<b>Foreign currency translation adjustment</b>	<b>4,086</b>
		<b>Remeasurements of defined benefit plans</b>	<b>(728)</b>
		<b>Subscription rights to shares</b>	<b>167</b>
		<b>Non-controlling interests</b>	<b>14,743</b>
		<b>Total net assets</b>	<b>418,848</b>
<b>Total assets</b>	<b>594,754</b>	<b>Total liabilities and net assets</b>	<b>594,754</b>

**Consolidated Statement of Income**  
(For the Fiscal Year Ended March 31, 2019)

(Millions of yen)

Item	Amount	
<b>Net sales</b>		565,343
<b>Cost of sales</b>		401,584
<b>Gross profit</b>		<b>163,759</b>
<b>Selling, general and administrative expenses</b>		136,842
<b>Operating profit</b>		<b>26,916</b>
<b>Non-operating income</b>		
Interest income	458	
Dividend income	2,655	
Share of profit of entities accounted for using equity method	1,647	
Rent income	275	
Other	715	5,751
<b>Non-operating expenses</b>		
Interest expenses	257	
Loss on disaster	108	
Other	239	605
<b>Ordinary profit</b>		<b>32,062</b>
<b>Extraordinary income</b>		
Gain on sales of non-current assets	201	
Gain on sales of investment securities	1,379	1,581
<b>Extraordinary losses</b>		
Loss on retirement of non-current assets	457	
Impairment loss	72	529
<b>Profit before income taxes</b>		<b>33,113</b>
<b>Income taxes – current</b>	<b>9,417</b>	
<b>Income taxes – deferred</b>	<b>109</b>	<b>9,526</b>
<b>Profit</b>		<b>23,586</b>
<b>Profit attributable to non-controlling interests</b>		<b>1,317</b>
<b>Profit attributable to owners of parent</b>		<b>22,268</b>

**NON-CONSOLIDATED FINANCIAL STATEMENTS****Non-consolidated Balance Sheet**

(As of March 31, 2019)

(Millions of yen)

Item	Amount	Item	Amount
<b>(ASSETS)</b>		<b>(LIABILITIES)</b>	
<b>Current assets</b>	<b>86,720</b>	<b>Current liabilities</b>	<b>47,250</b>
Cash and deposits	82,583	Lease obligations	153
Accounts receivable – trade	252	Accounts payable – other	351
Prepaid expenses	215	Accrued expenses	1,942
Income taxes receivable	2,757	Deposits received	44,558
Other	910	Provision for directors' bonuses	78
		Other	166
<b>Non-current assets</b>	<b>284,912</b>		
<b>Property, plant and equipment</b>	<b>24,209</b>	<b>Non-current liabilities</b>	<b>24,362</b>
Buildings, net	5,964	Lease obligations	335
Structures, net	445	Deferred tax liabilities	20,453
Machinery and equipment, net	598	Provision for retirement benefits	3,288
Vehicles, net	11	Other	285
Tools, furniture and fixtures, net	434		
Land	16,188	<b>Total liabilities</b>	<b>71,613</b>
Leased assets, net	506	<b>(NET ASSETS)</b>	
Construction in progress	60	<b>Shareholders' equity</b>	<b>254,196</b>
		<b>Capital stock</b>	<b>17,117</b>
<b>Intangible assets</b>	<b>395</b>	<b>Capital surplus</b>	<b>9,726</b>
Leasehold right	80	Legal capital surplus	9,500
Software	219	Other capital surplus	226
Leased assets	36	<b>Retained earnings</b>	<b>238,747</b>
Other	59	Legal retained earnings	4,379
		Other retained earnings	234,367
<b>Investments and other assets</b>	<b>260,308</b>	Reserve for dividends	2,000
Investment securities	85,905	Reserve for advanced depreciation of non-current assets	2,632
Shares of subsidiaries and associates	132,800	General reserve	170,770
Investments in capital	326	Retained earnings brought forward	58,965
Investments in capital of subsidiaries and associates	1,093	<b>Treasury shares</b>	<b>(11,395)</b>
Long-term loans receivable from subsidiaries and associates	39,756	<b>Valuation and translation adjustments</b>	<b>45,655</b>
Other	449	<b>Valuation difference on available-for-sale securities</b>	<b>45,741</b>
Allowance for doubtful accounts	(25)	<b>Deferred gains or losses on hedges</b>	<b>(86)</b>
		<b>Subscription rights to shares</b>	<b>167</b>
		<b>Total net assets</b>	<b>300,019</b>
<b>Total assets</b>	<b>371,633</b>	<b>Total liabilities and net assets</b>	<b>371,633</b>

## Non-consolidated Statement of Income

(For the Fiscal Year Ended March 31, 2019)

(Millions of yen)

Item	Amount	
<b>Operating revenue</b>		25,077
<b>Operating expenses</b>		13,599
<b>Operating profit</b>		<b>11,478</b>
<b>Non-operating income</b>		
Interest income	410	
Dividend income	1,994	
Other	37	2,442
<b>Non-operating expenses</b>		
Interest expenses	20	
Commitment fee	24	
Other	2	46
<b>Ordinary profit</b>		<b>13,874</b>
<b>Extraordinary income</b>		
Gain on sales of investment securities	1,281	
Gain on sales of non-current assets	201	1,483
<b>Extraordinary losses</b>		
Loss on retirement of non-current assets	31	31
<b>Profit before income taxes</b>		<b>15,326</b>
<b>Income taxes – current</b>	<b>259</b>	
<b>Income taxes – deferred</b>	<b>79</b>	<b>339</b>
<b>Profit</b>		<b>14,987</b>

## Reference Documents for the General Meeting of Shareholders

### Proposals and References

#### **Proposal No. 1: Dividends from Surplus**

Regarding dividends from the Company's surplus, the Company wishes to meet shareholders' expectations with dividends based on a dividend payout ratio of at least 40% on a consolidated basis, while taking into account its current and future earnings status and financial position.

The Company proposes the year-end dividend from the surplus for the fiscal year under review as detailed below. This will result in the annual dividend, consisting of the interim and year-end dividends, of ¥32 per share for the fiscal year ended March 31, 2019, an increase of ¥3 from the previous fiscal year.

If this proposal is approved, the Company will have achieved an increase in dividends for six consecutive fiscal years since the fiscal year ended March 31, 2014, in which an actual increase in dividends was offered through stock split without making adjustment to the dividend per share.

(1) Type of dividend

Cash

(2) Matters related to the allocation of dividend and total amount thereof

¥16 per share of the Company's common stock

Total amount of dividends: ¥4,755,625,632

(3) Effective date of dividend payment

June 27, 2019

**Proposal No.2: Amendment of Parts of the Articles of Incorporation**

1. Reason for the Amendment

The Company intends to adopt a company structure with an audit & supervisory committee in order to achieve sustainable corporate growth and to further enhance medium- and long-term corporate value by further improving its corporate governance systems, including strengthening the effectiveness of monitoring by the Board of Directors, promoting transparency of management, enhancing auditing functions and expediting the execution of business operations. Accordingly, we propose to enact the following provisions relating to the Audit & Supervisory Committee and its members, and to delete the provisions relating to the Audit & Supervisory Board and its members, along with other required changes.

2. Details of the Amendment

The Articles, in their current forms as well as the proposed amendments thereto, are described below.

The resolution on this proposal shall become effective at the conclusion of this Ordinary General Meeting of Shareholders.

(Underlining indicates changes.)

Current Article	Proposed Amendment
<p>CHAPTER 4 DIRECTORS AND BOARD OF DIRECTORS</p> <p>(Number) Article 18 The Company shall not have more than <u>fifteen (15)</u> Directors.</p> <p>(Election) Article 19 19.1 All the Directors shall be elected at a shareholders meeting.</p> <p>19.2 To elect Directors, the presence of shareholders representing at least one-third (1/3) of the voting rights of the shareholders who may exercise voting rights on the issue is required.</p> <p>19.3 Cumulative voting shall not be applied to a resolution to elect Directors.</p> <p>(Term of Office) Article 20 The term of office of each Director shall expire at the close of the Ordinary General Meeting of Shareholders which will be convened in respect to the last fiscal year ending within one (1) year after their election to the office.</p> <p>(Remuneration, etc.) Article 21 Remuneration, bonuses, and other economic benefits received from the Company as compensation for the execution of the Directors' duties (<u>"Remuneration, etc."</u>) shall be determined by a resolution at a shareholders meeting.</p>	<p>CHAPTER 4 DIRECTORS AND BOARD OF DIRECTORS</p> <p>(Number) Article 18 <u>18.1</u> The Company shall not have more than <u>fourteen (14)</u> Directors. <u>18.2</u> <u>Of the aforementioned Directors, the Company shall not have more than four (4) Directors who are members of the Audit &amp; Supervisory Committee.</u></p> <p>(Election) Article 19 19.1 All the Directors shall be elected at a shareholders meeting, <u>separating Directors who are members of the Audit &amp; Supervisory Committee from Directors who are not members of such committee.</u></p> <p>19.2 To elect Directors, the presence of shareholders representing at least one-third (1/3) of the voting rights of the shareholders who may exercise voting rights on the issue is required.</p> <p>19.3 Cumulative voting shall not be applied to a resolution to elect Directors.</p> <p>(Term of Office) Article 20 <u>20.1</u> The term of office of each Director (<u>excluding any Director who is a member of the Audit &amp; Supervisory Committee</u>) shall expire at the close of the Ordinary General Meeting of Shareholders which will be convened in respect to the last fiscal year ending within one (1) year after their election to the office. <u>20.2</u> <u>The term of office of each Director who is a member of the Audit &amp; Supervisory Committee shall expire at the close of the Ordinary General Meeting of Shareholders which will be convened in respect to the last fiscal year ending within two (2) years after their election to the office.</u></p> <p>(Remuneration, etc.) Article 21 Remuneration, bonuses, and other economic benefits received from the Company as compensation for the execution of the Directors' duties shall be determined by a resolution at a shareholders meeting, <u>separating Directors who are members of the Audit &amp; Supervisory Committee from Directors who are not members of such committee.</u></p>

<p>from Article 22 to 23 (provisions omitted)</p> <p>(Convocation of a Board of Directors Meeting) Article 24 Notice for convening a Board of Directors meeting shall be given to each Director <u>and Audit &amp; Supervisory Board Member</u> no later than three (3) days prior to the date of the meeting; however, in the case of an emergency, this period may be shortened.</p> <p>from Article 25 to 26 (provisions omitted)  (newly established)</p>	<p>from Article 22 to 23 (no change)</p> <p>(Convocation of a Board of Directors Meeting) Article 24 Notice for convening a Board of Directors meeting shall be given to each Director no later than three (3) days prior to the date of the meeting; however, in the case of an emergency, this period may be shortened.</p> <p>from Article 25 to 26 (no change)</p> <p><u>(Delegation of Decision on Execution of Important Operations)</u> <u>Article 27</u> <u>Pursuant to the provisions of Article 399-13, Paragraph 6 of the Companies Act, the Company may, by a resolution of the Board of Directors, delegate all or part of decisions regarding the execution of important operations (excluding the matters set forth in items of Article 399-13, Paragraph 5 of the Companies Act).</u></p>
<p>from <u>Article 27 to 30</u> (provisions omitted)</p> <p><u>CHAPTER 5 AUDIT &amp; SUPERVISORY BOARD MEMBERS AND AUDIT &amp; SUPERVISORY BOARD</u></p> <p>(Establishment of <u>Audit &amp; Supervisory Board Members and Audit &amp; Supervisory Board</u>) <u>Article 31</u> The Company shall have <u>Audit &amp; Supervisory Board Members</u> and shall set up <u>an Audit &amp; Supervisory Board</u>.</p> <p>(Number) <u>Article 32</u> The Company shall not have more than five (5) <u>Audit &amp; Supervisory Board Members</u>.</p> <p>(Election) <u>Article 33</u> 33.1 <u>All of the Audit &amp; Supervisory Board Members shall be elected at a shareholders meeting.</u> 33.2 <u>To elect Audit &amp; Supervisory Board Members, the presence of shareholders representing at least one-third (1/3) of the voting rights of the shareholders who may exercise voting rights on the issue is required.</u></p> <p>(Term of Office) <u>Article 34</u> The term of office of each <u>Audit &amp; Supervisory Board Member</u> shall expire at the close of the <u>Ordinary General Meeting of Shareholders</u> which will be convened in respect to the last fiscal year ending within four (4) years after their election to the office.</p> <p>(Remuneration, etc.) <u>Article 35</u> <u>Remuneration, etc. of the Audit &amp; Supervisory Board Members shall be determined by a resolution at a shareholders meeting.</u></p>	<p>from <u>Article 28 to 31</u> (no change)</p> <p><u>CHAPTER 5 AUDIT &amp; SUPERVISORY COMMITTEE</u></p> <p>(Establishment of <u>Audit &amp; Supervisory Committee</u>) <u>Article 32</u> The Company shall set up <u>an Audit &amp; Supervisory Committee</u>.</p> <p>(deleted)</p> <p>(deleted)</p> <p>(deleted)</p> <p>(deleted)</p>
<p>(Full-time <u>Audit &amp; Supervisory Board Members and Senior Audit &amp; Supervisory Board Members</u>) <u>Article 36</u> 36.1 The full-time <u>Audit &amp; Supervisory Board Members</u> shall be designated by a resolution of <u>the Audit &amp; Supervisory Board</u>. 36.2 <u>The Senior Audit &amp; Supervisory Board Members may be appointed by a resolution of the Audit &amp; Supervisory Board.</u></p>	<p>(Full-time <u>Audit &amp; Supervisory Committee Members</u>) <u>Article 33</u> The full-time <u>Audit &amp; Supervisory Committee Members</u> may be designated by a resolution of <u>the Audit &amp; Supervisory Committee</u>.</p>

<p>(Convocation of <u>an Audit &amp; Supervisory Board Meeting</u>)  <u>Article 37</u>  Notice for convening <u>an Audit &amp; Supervisory Board meeting</u> shall be given to each <u>Audit &amp; Supervisory Board Member</u> no later than three (3) days prior to the date of the meeting; however, in the case of an emergency, this period may be shortened.</p> <p>(Requirement of Resolution at <u>an Audit &amp; Supervisory Board Meeting</u>)  <u>Article 38</u>  Unless otherwise provided by applicable laws and regulations, a resolution at <u>an Audit &amp; Supervisory Board meeting</u> shall be made by a majority vote of <u>the Audit &amp; Supervisory Board Members present</u>.</p> <p>(Rules of <u>the Audit &amp; Supervisory Board</u>)  <u>Article 39</u>  Any and all matters relating to <u>the Audit &amp; Supervisory Board</u> shall be governed by and subject to the rules provided by <u>the Audit &amp; Supervisory Board</u>.</p> <p>(<u>Exemption from Liabilities of Audit &amp; Supervisory Board Members</u>)  <u>Article 40</u>  40.1 Pursuant to the provisions of Article 426, Paragraph 1 of the <u>Companies Act, the Company may, by a resolution of the Board of Directors, exempt an Audit &amp; Supervisory Board Member (including a person who was formerly an Audit &amp; Supervisory Board Member) from their liability for damages set forth in Article 423, Paragraph 1 of the Companies Act, to the extent legally allowed.</u>  40.2 Pursuant to the provisions of Article 427, Paragraph 1 of the <u>Companies Act, the Company may enter into an agreement with individual Audit &amp; Supervisory Board Members which limits their liability for damages as set forth in Article 423, Paragraph 1 of the Companies Act; provided, however, that the maximum amount of liability for damages under such an agreement shall be as prescribed by laws and regulations.</u></p> <p>from <u>Article 41 to 49</u>  (provisions omitted)    (newly established)</p>	<p>(Convocation of <u>an Audit &amp; Supervisory Committee Meeting</u>)  <u>Article 34</u>  Notice for the convening <u>an Audit &amp; Supervisory Committee meeting</u> shall be given to each <u>Audit &amp; Supervisory Committee Member</u> no later than three (3) days prior to the date of the meeting; however, in the case of an emergency, this period may be shortened.</p> <p>(Requirement of Resolution at <u>an Audit &amp; Supervisory Committee Meeting</u>)  <u>Article 35</u>  A resolution at <u>an Audit &amp; Supervisory Committee meeting</u> shall be made by a majority vote of <u>the Audit &amp; Supervisory Committee Members present at the meeting where the majority of the members entitled to participate in the vote are present</u>.</p> <p>(Rules of <u>the Audit &amp; Supervisory Committee</u>)  <u>Article 36</u>  Any and all matters relating to <u>the Audit &amp; Supervisory Committee</u> shall be governed by and subject to the rules provided by <u>the Audit &amp; Supervisory Committee</u>.</p> <p style="text-align: center;">(deleted)</p> <p>from <u>Article 37 to 45</u>  (no change)</p> <p><u>Supplementary Provision</u>  (<u>Transitional Measures relating to Exemption from Liabilities of Audit &amp; Supervisory Board Members</u>)  Pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, the Company may, by a resolution of <u>the Board of Directors, exempt an Audit &amp; Supervisory Board Member (including a person who was formerly an Audit &amp; Supervisory Board Member) from their liability for damages resulting from acts taken before the close of the 175th Ordinary General Meeting of Shareholders held on June 26, 2019 set forth in Article 423, Paragraph 1 of the Companies Act, to the extent legally allowed.</u></p>
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**Proposal No. 3: Election of Ten (10) Directors (Excluding Directors Who Are Members of the Audit & Supervisory Committee)**

At the conclusion of this Ordinary General Meeting of Shareholders, the terms of office of all fifteen (15) Directors will expire. Meanwhile, the Company intends to adopt a company structure with an audit & supervisory committee subject to the approval of Proposal No. 2: “Amendment of Parts of the Articles of Incorporation.”

Therefore, we propose that ten (10) Directors (excluding Directors who are members of the Audit & Supervisory Committee) be elected.

The resolution on this proposal shall come into effect on the condition that the amendments to the Articles of Incorporation as proposed under Proposal No. 2: “Amendment of Parts of the Articles of Incorporation” come into force.

The candidates for Directors (excluding Directors who are members of the Audit & Supervisory Committee) are as follows.

No.	Name		Current Position and Responsibility in the Company	Attendance at meetings of the Board of Directors (Times)
1	Nobuki Kemmoku	Renomination	Director and President	13/13 (100%)
2	Michinori Takizawa	Renomination	Director and Vice President (In charge of General Administration Division)	13/13 (100%)
3	Takashi Harada	Renomination	Managing Director and Division Executive (R&D and Quality Assurance Division)	13/13 (100%)
4	Akira Mori	Renomination	Managing Director and Division Executive (Finance and Accounting Division)	12/13 (92.3%)
5	Takao Yamada	Renomination	Director	13/13 (100%)
6	Yuji Koike	Renomination	Director	12/13 (92.3%)
7	Akio Mimura	Renomination Outside Director Independent Director	Director	11/13 (84.6%)
8	Kazuhiko Fushiya	Renomination Outside Director Independent Director	Director	13/13 (100%)
9	Koichi Iwasaki	New candidate	Executive Officer and Division Executive (Business Development Division)	—
10	Motoo Nagai	New candidate Outside Director Independent Director	Audit & Supervisory Board Member	13/13 (100%)

No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company [Significant Positions Concurrently Held]	Number of the Company's Shares Held
1	Renomination	April 1984      Joined the Company September 2011    Managing Director, Nisshin Flour Milling Inc. June 2012      Executive Officer June 2013      Director Senior Managing Director, Nisshin Flour Milling Inc. April 2015      Director and President, Nisshin Flour Milling Inc. June 2015      Managing Director April 2017      Director and President (to the present) Director and Chairman, Nisshin Flour Milling Inc. (to the present) [Director and Chairman, Nisshin Flour Milling Inc.]	49,705 shares
	Nobuki Kemmoku (February 13, 1961)		
Reason for selecting the candidate for Director			
The Company selected Mr. Nobuki Kemmoku as candidate for Director as he has a wealth of experience and excellent track record in management of the flour milling business and also has been leading the holding company's management as President of the Company, and thus is considered to possess the requisite skills and qualities for the Company to pursue sustainable growth and medium- to long-term enhancement of corporate value.			
2	Renomination	April 1976      Joined the Company July 2001      General Manager (Legal Group of General Administration Division) June 2005      Executive Officer and General Manager (Legal Group of General Administration Division) June 2006      Executive Officer and General Manager (Legal Department of General Administration Division) June 2009      Executive Officer and General Manager (Internal Control Department) July 2011      Executive Officer and Division Executive (Corporate Planning Division) June 2012      Director and Division Executive (Corporate Planning Division) June 2013      Managing Director and Division Executive (General Administration Division) June 2015      Senior Managing Director and Division Executive (General Administration Division) April 2017      Director, Vice President and Division Executive (General Administration Division) June 2017      Director and Vice President (In charge of General Administration Division) (to the present)	51,463 shares
	Michinori Takizawa (March 27, 1954)		
Reason for selecting the candidate for Director			
The Company selected Mr. Michinori Takizawa as candidate for Director as he has a wealth of experience and excellent track record in corporate management in general including legal affairs, human resources and general administration, and thus is considered to possess the requisite skills and qualities for the Company to pursue sustainable growth and medium- to long-term enhancement of corporate value.			

No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company [Significant Positions Concurrently Held]		Number of the Company's Shares Held
3	Renomination	April 1979	Joined the Company	36,270 shares
	Takashi Harada (February 9, 1957)	June 2008	Manager (Tsurumi Plant), Nisshin Flour Milling Inc.	
June 2009		Executive Officer Director and Manager (Tsurumi Plant), Nisshin Flour Milling Inc.		
June 2010		Director and Division Executive (R&D and Quality Assurance Division)		
June 2015		Managing Director and Division Executive (R&D and Quality Assurance Division) (to the present)		
Reason for selecting the candidate for Director				
The Company selected Mr. Takashi Harada as candidate for Director as he has a wealth of experience and excellent track record in the areas including research and development as well as quality assurance, and thus is considered to possess the requisite skills and qualities for the Company to pursue sustainable growth and medium- to long-term enhancement of corporate value.				
4	Renomination	April 1979	Joined the Company	31,460 shares
	Akira Mori (December 16, 1956)	June 2010	General Manager (Finance Department of Finance and Accounting Division)	
		June 2012	Executive Officer and General Manager (Finance Department of Finance and Accounting Division)	
		June 2013	Director and Division Executive (Corporate Planning Division)	
		June 2015	Managing Director and Division Executive (Corporate Planning Division)	
April 2017	Managing Director and Division Executive (Finance and Accounting Division) (to the present)			
Reason for selecting the candidate for Director				
The Company selected Mr. Akira Mori as candidate for Director as he has a wealth of experience and excellent track record in the areas including accounting, finance and corporate planning, and thus is considered to possess the requisite skills and qualities for the Company to pursue sustainable growth and medium- to long-term enhancement of corporate value.				
5	Renomination	April 1983	Joined the Company	25,996 shares
	Takao Yamada (September 27, 1960)	June 2011	Director and General Manager (Tokyo Sales Department), Nisshin Flour Milling Inc.	
		June 2012	Executive Officer	
		June 2013	Director (to the present) Managing Director and Division Executive (Sales Division), Nisshin Flour Milling Inc.	
		April 2015	Senior Managing Director and Division Executive (Sales Division), Nisshin Flour Milling Inc.	
		April 2017	Director and President, Nisshin Flour Milling Inc. (to the present)	
[Director and President (Representative Director), Nisshin Flour Milling Inc.]				
Reason for selecting the candidate for Director				
The Company selected Mr. Takao Yamada as candidate for Director as he has a wealth of experience and excellent track record in management of the flour milling business, and thus is considered to possess the requisite skills and qualities for the Company to pursue sustainable growth and medium- to long-term enhancement of corporate value.				

No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company [Significant Positions Concurrently Held]	Number of the Company's Shares Held
6	Renomination  Yuji Koike (January 16, 1960)	April 1983      Joined the Company June 2014      Executive Officer Director and President, Nisshin Petfood Inc. June 2017      Director (to the present) Director and President, Nisshin Foods Inc. (to the present) [Director and President (Representative Director), Nisshin Foods Inc.]	19,731 shares
	Reason for selecting the candidate for Director  The Company selected Mr. Yuji Koike as candidate for Director as he has a wealth of experience and excellent track record as a business manager, and thus is considered to possess the requisite skills and qualities for the Company to pursue sustainable growth and medium- to long-term enhancement of corporate value.		
7	Renomination Outside Director Independent Director  Akio Mimura (November 2, 1940)	April 1963      Joined Fuji Iron & Steel Co., Ltd. June 1993      Director, Nippon Steel Corporation (NSC) April 1997      Managing Director, NSC April 2000      Representative Director and Executive Vice President, NSC April 2003      Representative Director and President, NSC June 2006      Audit & Supervisory Board Member April 2008      Representative Director and Chairman, NSC June 2009      Director (to the present) October 2012    Director and Senior Advisor, Nippon Steel & Sumitomo Metal Corporation (NSSMC) June 2013      Senior Advisor, NSSMC November 2013    Senior Advisor, Honorary Chairman, NSSMC June 2018      Senior Advisor, Honorary Chairman, NSSMC April 2019      Senior Advisor, Honorary Chairman, Nippon Steel Corporation (to the present) [Senior Advisor, Honorary Chairman, Nippon Steel Corporation] [Chairman, The Japan Chamber of Commerce and Industry] [Chairman, The Tokyo Chamber of Commerce and Industry] [Outside Director, Development Bank of Japan Inc.] [Outside Director, Tokio Marine Holdings, Inc.] [Outside Director, Japan Post Holdings Co., Ltd.] [Outside Director, INCJ, Ltd.]	43,770 shares
	Reason for selecting the candidate for Outside Director  The Company selected Mr. Akio Mimura as candidate for Outside Director as he currently provides appropriate advice and supervision over the Company's business execution, based on his wealth of experience and broad-based insight as corporate executive, and thus is considered to possess the requisite skills and qualities for the Company to pursue sustainable growth and medium- to long-term enhancement of corporate value.		

No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company [Significant Positions Concurrently Held]	Number of the Company's Shares Held
8	Renomination Outside Director Independent Director  Kazuhiko Fushiya (January 26, 1944)	April 1967      Joined the Ministry of Finance July 1999      Commissioner, National Tax Agency July 2001      Deputy Governor, National Life Finance Corporation July 2002      Assistant Chief Cabinet Secretary January 2006    Commissioner, Board of Audit of Japan February 2008   Commissioner (President), Board of Audit of Japan January 2009    Retired June 2009      Audit & Supervisory Board Member June 2015      Director (to the present) [Chairman, The Institute of Internal Auditors - Japan]	2,600 shares
Reason for selecting the candidate for Outside Director  The Company selected Mr. Kazuhiko Fushiya as candidate for Outside Director as he currently provides appropriate advice and supervision over the Company's business execution, based on a wealth of experience and high-level expertise gained through his career in the Ministry of Finance and other governmental organizations where he held important positions, and thus is considered to possess the requisite skills and qualities for the Company to pursue sustainable growth and medium- to long-term enhancement of corporate value. Although Mr. Fushiya has no experience in participating directly in corporate management, except by serving as Outside Director or Outside Audit & Supervisory Board Member, he is believed, for the aforementioned reasons, to be capable of adequately fulfilling the duties of Outside Director.			
9	New candidate  Koichi Iwasaki (September 12, 1956)	April 1980      Joined the Company June 2007      Director and Division Executive (Sales Division), Nisshin Foods Inc. June 2010      Executive Officer Managing Director and Division Executive (Sales Division), Nisshin Foods Inc. June 2012      Director Director and President, Nisshin Foods Inc. June 2014      Managing Director June 2015      Director, Tokatsu Foods Co., Ltd. June 2017      Executive Officer Director and Vice Chairman, Tokatsu Foods Co., Ltd. (to the present) June 2019      Executive Officer and Division Executive (Business Development Division) (to the present) [Director and Vice Chairman, Tokatsu Foods Co., Ltd.]	47,270 shares
Reason for selecting the candidate for Director  The Company selected Mr. Koichi Iwasaki as candidate for Director as he has a wealth of experience and excellent track record in management of the prepared dishes and other prepared foods business, as well as processed food business, and thus is considered to possess the requisite skills and qualities for the Company to pursue sustainable growth and medium- to long-term enhancement of corporate value.			

No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company [Significant Positions Concurrently Held]	Number of the Company's Shares Held
10	New candidate Outside Director Independent Director  Motoo Nagai (March 4, 1954)	April 1977      Joined Industrial Bank of Japan, Limited April 2005      Executive Officer, Mizuho Corporate Bank, Ltd. April 2007      Managing Executive Officer, Mizuho Corporate Bank, Ltd. April 2011      Deputy President - Executive Officer, Mizuho Trust & Banking Co., Ltd. June 2011      Deputy President (Representative Director) and Deputy President - Executive Officer, Mizuho Trust & Banking Co., Ltd. April 2014      Commissioner, Mizuho Trust & Banking Co., Ltd. June 2014      Retired as Commissioner, Mizuho Trust & Banking Co., Ltd. June 2015      Audit & Supervisory Board Member (to the present) [Outside Audit & Supervisory Board Member (Full-time), Nissan Motor Co., Ltd.] [Outside Director, Organo Corporation]	0 shares
Reason for selecting the candidate for Outside Director			
The Company selected Mr. Motoo Nagai as candidate for Outside Director as he has a wealth of experience and broad-based insight gained through management of financial institutions, and thus is considered to possess the requisite skills and qualities for the Company to pursue sustainable growth and medium- to long-term enhancement of corporate value.			

- Notes: 1. No actual conflict of interest exists between the Company and any of the above candidates.
2. Under the provision of Article 427, Paragraph 1 of the Companies Act, the Company has concluded liability limitation agreements with both Mr. Akio Mimura and Mr. Kazuhiko Fushiya which limit the amount of liability for damages set forth in Article 423, Paragraph 1 thereof, to the sum of the amount set forth in each item of Article 425, Paragraph 1 thereof, provided that their duties are performed in good faith and without gross negligence on their parts.
3. Under the provision of Article 427, Paragraph 1 of the Companies Act, the Company is planning to conclude a liability limitation agreement with Mr. Motoo Nagai which limits the amount of liability for damages set forth in Article 423, Paragraph 1 thereof, to the sum of the amount set forth in each item of Article 425, Paragraph 1 thereof, provided that his duties are performed in good faith and without gross negligence on his part.
4. Information on candidates for Outside Directors
- (1) Mr. Akio Mimura, Mr. Kazuhiko Fushiya and Mr. Motoo Nagai are candidates for Outside Directors. The Company selects them as Independent Directors due to them satisfying the "Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members," which are stipulated by the Company based on the requirements for independent directors/audit & supervisory board members set forth by the Tokyo Stock Exchange (and posted on the Company's website ([https://www.nisshin.com/uploads/governance\\_is.pdf](https://www.nisshin.com/uploads/governance_is.pdf))) and has provided the necessary notification thereto. Mr. Motoo Nagai was with Mizuho Trust & Banking Co., Ltd., until June 2014, and Mizuho Corporate Bank, Ltd. (currently, Mizuho Bank, Ltd.), until March 2011. This, however, should not affect his independency because the Company's transactions with each of the banks are negligible (less than 1% of the Company's non-consolidated operating profit for the latest fiscal year).
- (2) Mr. Akio Mimura is currently an Outside Director for the Company, whose term in office will be about ten years at the time of the conclusion of this Ordinary General Meeting of Shareholders. Furthermore, he was an Outside Audit & Supervisory Board Member for the Company before his appointment as an Outside Director and so has been with the Company for about thirteen years since his appointment as an Outside Audit & Supervisory Board Member.
- (3) Mr. Kazuhiko Fushiya is currently an Outside Director for the Company, whose term in office will be about four years at the time of the conclusion of this Ordinary General Meeting of Shareholders. Furthermore, he was an Outside Audit & Supervisory Board Member for the Company before his appointment as an Outside Director and so has been with the Company for about ten years since his appointment as an Outside Audit & Supervisory Board Member.
- (4) Mr. Motoo Nagai is currently an Outside Audit & Supervisory Board Member for the Company, whose term in office will be about four years at the time of the conclusion of this Ordinary General Meeting of Shareholders. At the conclusion of this meeting, he will retire as an Audit & Supervisory Board Member of the Company.
- (5) Mr. Motoo Nagai is scheduled to retire from the office of outside audit & supervisory board member (full-time) of Nissan Motor Co., Ltd. at the conclusion of its ordinary general meeting of shareholders to be held in June 2019 and will assume the office of outside director of said company.
- (6) Organo Corporation, for which Mr. Motoo Nagai serves as outside director, had been short of the requisite number of outside audit & supervisory board members as set forth by laws and regulations until a substitute audit & supervisory board member assumed the office of outside audit & supervisory board member on April 13, 2016 as the replacement

of the person who was appointed as an outside audit & supervisory board member at the ordinary general meeting of shareholders thereof, held on June 26, 2015, because it was found that the person originally elected for the position had failed to meet the requirements for the said position. Mr. Motoo Nagai had not been aware of the matter until it was found that the said audit & supervisory board member was ruled unfit to serve as an outside audit & supervisory board member. However, Mr. Motoo Nagai has regularly provided suggestions at meetings of the board of directors and other such meetings from the standpoint of compliance with laws and regulations, and after becoming aware of the issue, he has appropriately fulfilled his duties by assisting to expedite the procedures involving the resignation of the said audit & supervisory board member and appointment of a substitute audit & supervisory board member as well as rendering his services for a smooth transition.

- (7) Nissan Motor Co., Ltd. (“Nissan”), for which Mr. Motoo Nagai serves as outside audit & supervisory board member (full-time), received process improvement orders on March 26, 2018 and process improvement directives on December 19, 2018 from the Ministry of Land, Infrastructure, Transport and Tourism related to the company’s non-conformities in the final inspection process at its vehicle manufacturing plants in Japan. In addition, Nissan was indicted on charges for violating the Financial Instruments and Exchange Act for allegedly making false disclosures regarding the director’s remuneration in annual securities reports submitted in the past years, and a former director of Nissan was also indicted on charges of violating the Companies Act, etc. Mr. Motoo Nagai had not been aware of these issues until the underlying causes for the indictments became known. However, Mr. Motoo Nagai has regularly provided suggestions at meetings of the board of directors and other such meetings from the standpoint of compliance with laws and regulations, and after becoming aware of these issues, he has appropriately fulfilled his duties by providing instructions regarding thorough investigation and prevention of reoccurrence of such misconduct.

**Proposal No. 4: Election of Four (4) Directors Who Are Members of the Audit & Supervisory Committee**

The Company intends to adopt a company structure with an audit & supervisory committee subject to the approval of Proposal No. 2: “Amendment of Parts of the Articles of Incorporation.”

Therefore, we propose that four (4) Directors who are members of the Audit & Supervisory Committee be elected.

Furthermore, we have received consent from the Audit & Supervisory Board concerning this proposal.

The resolution on this proposal shall come into effect on the condition that the amendments to the Articles of Incorporation as proposed under Proposal No. 2: “Amendment of Parts of the Articles of Incorporation” come into force.

The candidates for Directors who are members of the Audit & Supervisory Committee are as follows.

No.	Name		Current Position and Responsibility in the Company	Attendance at meetings of the Board of Directors (Times)
1	Shoh Ohuchi	New candidate	Audit & Supervisory Board Member	10/10 (100%)
2	Tetsuo Kawawa	New candidate Outside Director Independent Director	Audit & Supervisory Board Member	13/13 (100%)
3	Satoshi Ito	New candidate Outside Director Independent Director	Audit & Supervisory Board Member	13/13 (100%)
4	Mieko Tomita	New candidate Outside Director Independent Director	—	—



No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company [Significant Positions Concurrently Held]		Number of the Company's Shares Held
1	New candidate  Shoh Ohuchi (February 13, 1961)	April 1983 June 2014  June 2015  June 2018	Joined the Company General Manager (Finance Department of Finance and Accounting Division) Executive Officer and General Manager (Finance Department of Finance and Accounting Division) Audit & Supervisory Board Member (to the present)	14,740 shares
Reason for selecting the candidate for Director who is a member of the Audit & Supervisory Committee  The Company selected Mr. Shoh Ohuchi as candidate for Director who is a member of the Audit & Supervisory Committee, as he has been diligently performing the audit duties of the Company as an Audit & Supervisory Board Member, drawing on his wealth of experience and excellent track record in accounting, finance, and auditing, and thus is considered to qualify for the office of Audit & Supervisory Committee Member in charge of auditing and supervising the Company's operational execution from an objective standpoint.				
2	New candidate Outside Director Independent Director  Tetsuo Kawawa (June 15, 1947)	April 1975 April 1996  August 2002  September 2002  June 2007  [Attorney; Proprietor, Kawawa Law Offices]	Qualified as an attorney Proprietor, Kawawa Law Offices (to the present) Member, the Corporation Law (Modernization) Subcommittee, Legislative Council of the Ministry of Justice Member, the Special Commission of the Judicial Advisory Committee of the Japan Federation of Bar Associations Audit & Supervisory Board Member (to the present)	0 shares
Reason for selecting the candidate for Outside Director who is a member of the Audit & Supervisory Committee  The Company selected Mr. Tetsuo Kawawa as candidate for Outside Director who is a member of the Audit & Supervisory Committee, as he has been diligently performing the audit duties of the Company as an Outside Audit & Supervisory Board Member from a viewpoint of legal compliance, drawing on his wealth of knowledge and experience as an attorney, and thus is considered to qualify for the office of Audit & Supervisory Committee Member in charge of auditing and supervising the Company's operational execution from an objective standpoint. Although Mr. Kawawa has no experience in participating directly in corporate management, except by serving as Outside Audit & Supervisory Board Member, he is believed, for the aforementioned reasons, to be capable of adequately fulfilling the duties of Outside Director who is a member of the Audit & Supervisory Committee.				

No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company [Significant Positions Concurrently Held]	Number of the Company's Shares Held
3	New candidate Outside Director Independent Director  Satoshi Ito (July 25, 1942)	January 1967 December 1970 September 1978 October 1993  August 2001 April 2002 March 2007 June 2010  [Certified Public Accountant; Proprietor, Ito Certified Public Accountant Offices] [Outside Director, Sumitomo Mitsui Banking Corporation]	Joined Arthur Andersen & Co., Japan branch Qualified as a Certified Public Accountant Partner, Arthur Andersen & Co. Representative Partner, Asahi & Co. (Currently KPMG AZSA LLC ) Proprietor, Ito Certified Public Accountant Offices (to the present) Specially Appointed Professor, Institute of Accounting Research, Chuo University Retirement as a Specially Appointed Professor, Institute of Accounting Research, Chuo University Audit & Supervisory Board Member (to the present) 0 shares
	Reason for selecting the candidate for Outside Director who is a member of the Audit & Supervisory Committee  The Company selected Mr. Satoshi Ito as candidate for Outside Director who is a member of the Audit & Supervisory Committee, as he has been diligently performing the audit duties of the Company as an Outside Audit & Supervisory Board Member, drawing on his extensive auditing experience as a Certified Public Accountant and high-level expertise in finance and accounting, and thus is considered to qualify for the office of Audit & Supervisory Committee Member in charge of auditing and supervising the Company's operational execution from an objective standpoint. Although Mr. Ito has no experience in participating directly in corporate management, except by serving as Outside Director or Outside Audit & Supervisory Board Member, he is believed, for the aforementioned reasons, to be capable of adequately fulfilling the duties of Outside Director who is a member of the Audit & Supervisory Committee.		
4	New Candidate Outside Director Independent Director  Mieko Tomita (August 15, 1954)	April 1980  April 2001 April 2017  [Attorney; Senior Partner, Nishi & Partners Attorneys and Counselors at Law]	Qualified as an attorney Joined Nishi and Iseki Law Office (Currently Nishi & Partners Attorneys and Counselors at Law) Civil Conciliation Commissioner, Tokyo District Court (to the present) Senior Partner, Nishi & Partners Attorneys and Counselors at Law (to the present) 0 shares
	Reason for selecting the candidate for Outside Director who is a member of the Audit & Supervisory Committee  The Company selected Ms. Mieko Tomita as candidate for Outside Director who is a member of the Audit & Supervisory Committee, as she has a wealth of knowledge and experience as an attorney, and based on her knowledge and experience, she is considered to qualify for the office of Audit & Supervisory Committee Member in charge of auditing and supervising the Company's operational execution from an objective standpoint. Although Ms. Tomita has no experience in participating directly in corporate management, except by serving as Outside Audit & Supervisory Board Member, she is believed, for the aforementioned reasons, to be capable of adequately fulfilling the duties of Outside Director who is a member of the Audit & Supervisory Committee.		

- Notes: 1. No actual conflict of interest exists between the Company and any of the above candidates.
2. Under the provision of Article 427, Paragraph 1 of the Companies Act, the Company is planning to conclude liability limitation agreements with Mr. Shoh Ohuchi, Mr. Tetsuo Kawawa, Mr. Satoshi Ito, and Ms. Mieko Tomita which limit the amount of liability for damages set forth in Article 423, Paragraph 1 thereof, to the sum of the amount set forth in each item of Article 425, Paragraph 1 thereof, provided that their duties are performed in good faith and without gross negligence on their parts.
3. Information on candidates for Outside Directors who are members of the Audit & Supervisory Committee  
(1) Mr. Tetsuo Kawawa, Mr. Satoshi Ito and Ms. Mieko Tomita are candidates for Outside Directors. The Company

selects them as Independent Directors due to them satisfying the “Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members,” which are stipulated by the Company based on the requirements for independent directors/audit & supervisory board members set forth by the Tokyo Stock Exchange (and posted on the Company’s website ([https://www.nisshin.com/uploads/governance\\_is.pdf](https://www.nisshin.com/uploads/governance_is.pdf))) and has provided the necessary notification thereto.

- (2) Mr. Tetsuo Kawawa is currently an Outside Audit & Supervisory Board Member for the Company, whose term in office will be about twelve years at the time of the conclusion of this Ordinary General Meeting of Shareholders.
- (3) Mr. Satoshi Ito is currently an Outside Audit & Supervisory Board Member for the Company, whose term in office will be about nine years at the time of the conclusion of this Ordinary General Meeting of Shareholders.
- (4) Mr. Satoshi Ito is scheduled to retire from the office of outside director of Sumitomo Mitsui Banking Corporation at the conclusion of its ordinary general meeting of shareholders to be held in June 2019.

**Proposal No. 5: Setting of the Annual Aggregate Limit of Remuneration for Directors (Excluding Directors Who Are Members of the Audit & Supervisory Committee)**

The aggregate amount of remuneration for Directors of the Company was capped at ¥400 million per annum (including ¥30 million per annum for Outside Directors) based on the resolution at the 173rd Ordinary General Meeting of Shareholders, held on June 28, 2017, which has remained in force to date. Meanwhile, the Company intends to adopt a company structure with an audit & supervisory committee subject to the approval of Proposal No. 2: “Amendment of Parts of the Articles of Incorporation.”

Therefore, we propose to abolish the current limit on the remuneration for Directors and cap the aggregate amount of remuneration for Directors (excluding Directors who are members of the Audit & Supervisory Committee) at ¥400 million per annum (including ¥60 million per annum for Outside Directors) factoring in various circumstances such as economic conditions and an increase in the number of Outside Directors.

In addition, shareholders are also requested to approve the resolution that the aforementioned aggregate amount of remuneration for Directors (excluding Directors who are members of the Audit & Supervisory Committee) do not include the portion of salary paid to Directors concurrently serving as employees for their performance of duties as employees, as before.

If Proposals No. 2 and No. 3 are approved as originally proposed, the number of Directors (excluding Directors who are members of the Audit & Supervisory Committee) will be ten (10) (including three (3) Outside Directors).

The resolution on this proposal shall come into effect on the condition that the amendments to the Articles of Incorporation as proposed under Proposal No. 2: “Amendment of Parts of the Articles of Incorporation” come into force.

**Proposal No. 6: Setting of the Annual Aggregate Limit of Remuneration for Directors Who Are Members of the Audit & Supervisory Committee**

The Company intends to adopt a company structure with an audit & supervisory committee subject to the approval of Proposal No. 2: “Amendment of Parts of the Articles of Incorporation.”

Therefore, we propose to cap the aggregate amount of remuneration for Directors who are members of the Audit & Supervisory Committee at ¥90 million per annum, factoring in various circumstances such as economic conditions.

If Proposals No. 2 and No. 4 are approved as originally proposed, the number of Directors who are members of the Audit & Supervisory Committee will be four (4).

The resolution on this proposal shall come into effect on the condition that the amendments to the Articles of Incorporation as proposed under Proposal No. 2: “Amendment of Parts of the Articles of Incorporation” come into force.

**Proposal No. 7: Decision on Amount and Details of Stock-Based Remuneration for Directors (Excluding Directors Who Are Members of the Audit & Supervisory Committee)**

The stock-based remuneration plan for the Directors (the “Plan”) was approved at the 173<sup>rd</sup> Ordinary General Meeting of Shareholders, held on June 28, 2017, and has been adopted by the Company thereafter. Meanwhile, the Company intends to adopt a company structure with an audit & supervisory committee subject to the approval of Proposal No. 2: “Amendment of Parts of the Articles of Incorporation.” Thus, we propose to set a new cap on the aggregate amount of remuneration for Directors (excluding Directors who are members of the Audit & Supervisory Committee) under the Plan.

The Plan is intended to promote motivation of the Directors (excluding Directors who are members of the Audit & Supervisory Committee) to contribute to enhanced medium- to long-term corporate value and the awareness of management with an emphasis on the shareholders through the interests of the Directors (excluding Directors who are members of the Audit & Supervisory Committee) aligned with those of the shareholders. The Company, therefore, believes the Plan merits adoption.

(\*)The details of the Plan we newly propose under this proposal are the same as those approved at the 173<sup>rd</sup> Ordinary General Meeting of Shareholders. According to the details approved at the 173<sup>rd</sup> Ordinary General Meeting of Shareholders, under the Plan, the maximum amount of sum of the amount to be contributed by the Company to the Trust and the monetary payment portion were set at a total of ¥300 million for consecutive three-year period (equivalent to ¥100 million per year), and the maximum number of Company shares to be vested with the Directors was set at 350 thousand shares in total for consecutive three-year period.

This proposal is to request approval to provide a stock-based remuneration to the Directors (excluding Directors who are members of the Audit & Supervisory Committee; hereinafter the same shall apply in this proposal) of the Company, separately from the remuneration amount to the Directors (up to ¥400 million a year, but excluding salary received by the Directors who serve concurrently as employees for their performance of duties as employees), for which the Company is seeking an approval of Proposal No. 5 “Setting of the Annual Aggregate Limit of Remuneration for Directors (Excluding Directors Who Are Members of the Audit & Supervisory Committee).”

The prospective number of Directors who will receive the remuneration under this Plan will be ten (10) (including three (3) Outside Directors), if Proposal No. 3 “Election of ten (10) Directors (Excluding Directors Who Are Members of the Audit & Supervisory Committee)” is approved as originally proposed.

The resolution on this proposal shall come into effect on the condition that the amendments to the Articles of Incorporation as proposed under Proposal No. 2: “Amendment of Parts of the Articles of Incorporation” come into force.

## Amount and Other Terms and Conditions of Remuneration under the Plan

### (1) Outline of the Plan

The Plan is a stock-based remuneration plan under which the Company shares (the “Share Granting Portion”), which are calculated by a specific calculation method (as stated in (3) below), and cash for tax purpose (the “Monetary Payment Portion”) are granted and vested each year in accordance with the Stock Remuneration Base Amount set out according to the positions and other factors of the Directors (as stated in (2) and thereafter). The Company shares for the Share Granting Portion are acquired through a Trust (as defined in (2) below) using the amount of money that Company will contribute to the Trust as the Director’s remuneration, and are vested with the Directors through the Trust.

[1] Persons who are entitled to the Company shares under this proposal	<ul style="list-style-type: none"> <li>• Directors (excluding Directors who are members of the Audit &amp; Supervisory Committee) of the Company</li> </ul>
[2] Number, etc. of the Company shares that will be vested under this proposal	
Maximum amount of sum of the amount to be contributed by the Company to the Trust and the Monetary Payment Portion (for the Directors of the Company, as stated in (3) below)	<ul style="list-style-type: none"> <li>• A total of ¥300 million for consecutive three-year period (equivalent to ¥100 million per year)</li> </ul>
Maximum number of Company shares to be vested with the Directors, and the acquisition method of the Company shares by the Trust (as stated in (3) below)	<ul style="list-style-type: none"> <li>• Up to 350 thousand shares in total for consecutive three-year period (approximately 0.12% of the total number of issued shares (as of March 31, 2019, after deducting treasury shares))</li> <li>• The Trust acquires the Company shares from the stock market or the Company (by disposal of treasury shares or issuance of new shares)</li> </ul>
[3] Timing of vesting of Company shares to the Directors, and restriction on transfer (as stated in (4) below)	<ul style="list-style-type: none"> <li>• For the Company shares vested each year through the Plan, a transfer restriction period (a period where transfer, creation of security interest or any other disposal is prohibited) of three years from vesting will be established.</li> </ul>

### (2) Establishment of Trust

The Company will establish a trust (which includes a provision for the extension of trust period, per the following paragraph) whose beneficiaries are Directors satisfying specific requirements and whose term of trust is approximately three years, by contributing the money necessary for the Plan, within the maximum amount approved by this Ordinary General Meeting of Shareholders (or by the 173<sup>rd</sup> Ordinary General Meeting of Shareholders and this Ordinary General Meeting of Shareholders for the initial applicable period commenced as of the conclusion of the 173<sup>rd</sup> Ordinary General Meeting of Shareholders held on June 28, 2017), and for each three consecutive years (the initial period shall be the period of three years from the conclusion of the 173<sup>rd</sup> Ordinary General Meeting of Shareholders held on June 28, 2017 until the conclusion of the Ordinary General Meeting of Shareholders to be held in June 2020, and, if the Plan is continued as per the following paragraph, then three years thereafter, hereinafter referred to as the “Covered Period”) (such trust shall be referred to as the “Trust”). The Trust will acquire the Company shares corresponding to the Share Granting Portion (as stated in (3) below) from the stock market or the Company (by disposal of treasury shares or issuance of new shares), using the trust money contributed by the Company, and in accordance with the instructions of the trust administrator. Directors will be granted the share granting points (as stated in (3) below) and be vested the Company shares during the Covered Period.

At the expiration of the term of the Trust, the term of the Trust may be extended for another three years and the Plan may be continued by amending the Trust agreement and entrusting additional money. In the case of continuing the Plan, the remaining shares may also be utilized in the trust with substantively the same purpose as the Trust. If so, the three years from the conclusion of the Ordinary General Meeting of Shareholders held in the year in which the Plan was continued will be the new Covered Period. For each extended Covered Periods, the Company will make contributions of the money required for the Plan, in the maximum amount approved by this Ordinary General Meeting of Shareholders, and will continue granting share granting points and vesting Company shares with the Directors.

(3) Calculation Method and Maximum Number, etc. of Company Shares to be Vested with the Directors

The Stock Remuneration Base Amount (\*1) will be determined for each Director depending on their positions and other factors. Further, [1] the Share Granting Portion and [2] the Monetary Payment Portion will be determined based on the Stock Remuneration Base Amount.

(\*1) The Stock Remuneration Base Amount will be decided by considering factors such as the responsibilities and details of the duties of the Directors, as well as balance to other monetary remuneration, so as to function appropriately as a mid- to long-term incentive plan.

[1] For the Share Granting Portion, share granting points calculated by the formula below will be granted to the incumbent Directors on a specified date of each year during the Covered Period. The Directors who satisfy the beneficiary conditions will be vested one Company share per one share granting point on a specified date of the same year (\*2).

$$\text{Share granting points (*3)} = (\text{Stock Remuneration Base Amount} \times \text{Share granting ratio (*4)}) / \text{Average acquisition cost per one share in such year}$$

(\*2) See \*5 below.

(\*3) Fractions less than the points equivalent to minimum trading units shall be disregarded.

(\*4) The share granting ratio shall be 70% or more and 100% or less.

The maximum number of Company shares to be vested with the Directors as the Share Granting Portion under the Plan will be 350 thousand shares for each Covered Period (three years) (\*5, \*6, \*7) (such maximum number is approximately 0.12% of the total number of issued shares (after deducting treasury shares), as of March 31, 2019).

(\*5) If a share split, allocation of shares without compensation, consolidation of shares or other similar events occur to the Company shares during the Covered Period, the share granting points and maximum number of shares will be adjusted through a reasonable method.

(\*6) This maximum number of shares includes the number of Company shares to be vested with the Outside Directors of the Company under this Plan. The maximum number of shares to be vested per Outside Director will be the number of Stock Remuneration Base Amount per Outside Director (see \*9 below) multiplied by the share granting ratio, and divided by the average acquisition costs for shares vested in such year.

(\*7) If the calculated vested shares exceed the maximum number of shares, such exceeded amount will not be vested with the Directors, and accordingly the money equivalent to such exceeded shares shall also not be provided as the Monetary Payment Portion stated in [2] below.



[2] For the Monetary Payment Portion, it shall be calculated as follows.

Amount of monetary payment =

Stock Remuneration Base Amount – (Number of vested shares × Average acquisition cost per one share in such year)

[3] The maximum amount of sum of the amount to be contributed to the Trust by the Company (\*8) and the Monetary Payment Portion under this Plan shall be a total of ¥300 million for Directors for each Covered Period (three years, equivalent to ¥100 million per year) (\*9).

(\*8) Amount contributed to the Trust includes the acquisition cost for shares to be vested to the Directors, as well as the trust fees and trust expenses.

(\*9) Out of this maximum amount, the maximum amount of Stock Remuneration Base Amount for the Outside Directors shall be ¥3 million per Outside Director for each Covered Period (equivalent to ¥1 million per year per person).

(4) Transfer Restriction Period

For the Company shares vested with the Directors under the Plan each year, a transfer restriction period (a period where transfer, creation of security interests or any other disposal is prohibited) of three years from vesting will be established based on the share vesting rules (\*10).

(\*10) If an illegal act or other misconduct occurs during the transfer restriction period, such Director may be required to make monetary compensation equivalent to the confiscated vested shares that are subject to the transfer restriction.

(5) Treatment of Voting Rights Related to the Company Shares under the Trust

Voting rights related to the Company shares under the Trust shall not be exercised during the Trust term to ensure the neutrality of the Company management.

(6) Treatment of Dividends of the Company Shares under the Trust

Dividends paid to the Trust with respect to the Company shares under the Trust will be allocated to trust fees and trust expenses.

(7) Other Details of the Plan

Other details of the Plan may be determined by the Board of Directors when the Trust is established, and whenever the Covered Period is extended, the Trust agreement is amended or additional money is contributed to the Trust.

(Reference)

Other than the provision of stock-based remuneration to the Company's Directors of which the Company requests an approval, the Company also provides stock-based remuneration to the Executive Officers of the Company, as well as the Directors of the major subsidiaries of the Company, such as Nisshin Flour Milling Inc. and Nisshin Foods Inc. If any Director of the Company concurrently serves as an Executive Officer of the Company or the Director of a subsidiary, the Company shares to be vested with them shall be limited within the maximum number of shares for which the Company requests an approval by this proposal (350 thousand shares for each Covered Period (three years), as stated above).

End