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(Securities Code: 2002)

June 3, 2020

## 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 176<sup>th</sup> ORDINARY GENERAL MEETING OF SHAREHOLDERS

This is to notify you that the 176<sup>th</sup> Ordinary General Meeting of Shareholders of Nisshin Seifun Group Inc. (the “Company”) will be held as described below.

In order to prevent the spread of the novel coronavirus, we request that shareholders refrain from attending the meeting in person. Instead, to exercise your voting rights, please review the “Reference Documents for the General Meeting of Shareholders,” and exercise your voting rights by one of the following methods **no later than 5:30 p.m. (JST), Wednesday, June 24, 2020.**

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

Please indicate your vote for or against the proposal 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 the proposal at the voting rights exercise website by no later than the aforementioned deadline for the exercise of voting rights.

- 1. Date and Time:** Thursday, June 25, 2020 at 10:00 a.m. (Reception from 9:00 a.m.)  
**2. Place:** Tokyo Marriott Hotel, B1 The GOTENYAMA Ballroom  
4-7-36, Kitashinagawa, Shinagawa-ku, Tokyo

If there are any changes to the above times, place, or any other items, as a result of the novel coronavirus pandemic, etc., the information will be posted on the Company’s website (<https://www.nisshin.com/ir/stock/meeting/>).

### 3. Agenda of the Meeting:

- Matters to be reported:**
1. Business Report and Consolidated Financial Statements for the 176<sup>th</sup> fiscal term (from April 1, 2019 to March 31, 2020) and results of audits on the Consolidated Financial Statements by the Independent Auditor and the Audit & Supervisory Committee
  2. Non-consolidated Financial Statements for the 176<sup>th</sup> fiscal term (from April 1, 2019 to March 31, 2020)
- Proposal to be resolved:** Election of Ten (10) 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 Committee, 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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- 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/>).
  - **For information with respect to the year-end dividend from surplus for the fiscal year ended March 31, 2020, please refer to the “Notice of Dividends from Surplus” at the end of this Convocation Notice.**

**In order to prevent the spread of the novel coronavirus, this year we request that you exercise your voting rights, in writing or via the Internet, and refrain from coming to the meeting in person.**

- This year, in order to prevent the spread of the novel coronavirus, we will greatly reduce the number of seats available at the meeting, compared with previous years. We will therefore require those wishing to attend in person to **register in advance**. If you wish to attend in person, please read “Advance Registration for Attendance in Person,” provided in the enclosed “The Novel Coronavirus Infection Prevention Measures at the 176<sup>th</sup> Ordinary General Meeting of Shareholders,” and submit an application for your registration during the application period for advance registration. Due to the limited number of seats available, a random lottery will be carried out if there are more applications than seats available. An Admission Ticket will be sent to those who have been successfully registered. If you are attending the meeting in person, please present the Admission Ticket and the enclosed Voting Rights Exercise Form at the reception desk on arrival at the meeting. 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.)
- This year, we will be accepting questions regarding the Agenda of the Meeting in advance as the number of people that can attend the meeting will be limited due to restrictions on the number of seats. For information regarding procedures and others, please see the enclosed “The Novel Coronavirus Infection Prevention Measures at the 176<sup>th</sup> Ordinary General Meeting of Shareholders.”
- Please see the enclosed “The Novel Coronavirus Infection Prevention Measures at the 176<sup>th</sup> Ordinary General Meeting of Shareholders” for points to note regarding attendance in person.
- **Please note that the place, time, operating methods, etc., of the meeting is subject to change depending on the state of the novel coronavirus pandemic, etc. If there are any changes, the information will be posted on the Company’s website (<https://www.nisshin.com/ir/stock/meeting/>).**

## **Business Report**

(From April 1, 2019 to March 31, 2020)

### **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, 2020, amid a modest recovery in the Japanese economy, both the economy and social infrastructure faced serious and widening challenges from the impact of a global pandemic triggered by a novel coronavirus from the start of the year. The economic environment is now one of extreme uncertainty, with the future economic outlook difficult to predict.

Under these conditions, the Group placed highest priority on its corporate mission of ensuring the stable supply of foods involving wheat flour, as well as the safety of the employees who support this mission. In each business, the Group took decisive steps for building the foundation for further growth through initiatives to realize its long-term vision called “NNI ‘Compass for the Future’—Toward a New Stage—Maximizing Group-wide Capabilities and Effecting Business Model Change,” setting as a milestone the medium-term management plan, “NNI-120 II,” which is scheduled to conclude in the fiscal year ending March 31, 2021. As part of this push, in April 2019 the Group acquired Allied Pinnacle Pty Ltd., a company engaged in wheat flour-related operations across Australia. This move was followed in July by the conversion of comprehensive prepared dishes supplier Tokatsu Foods Co., Ltd. into a consolidated subsidiary. Meanwhile, the Group transferred the business of consolidated subsidiary Nisshin Petfood Inc. to Petline Co., Ltd. in March 2020.

With respect to performance, consolidated net sales for the fiscal year ended March 31, 2020, increased 26.0% year on year to ¥712,180 million. This result primarily reflected effects from the new consolidation of Allied Pinnacle Pty Ltd. and Tokatsu Foods Co., Ltd. In terms of profits, operating profit increased 7.2% year on year to ¥28,852 million. In addition to the absence of temporary expenses posted in the previous year related to the acquisition of Allied Pinnacle Pty Ltd., profit was lifted by brisk performance in the prepared dishes and other prepared foods business, which included new consolidation, as well as in the existing raw materials for pharmaceuticals and engineering businesses. These factors ultimately offset the impact of profit deterioration in the U.S. flour milling business, integration-related expenses accompanying M&A activity, and higher personnel and logistics costs. In terms of sales, amid weak domestic consumption overall, the Group saw a rise in sales of certain household-use products driven by the growing impact of the novel coronavirus pandemic. For the U.S. flour milling business, which faces a tough competitive environment, the Group has developed a time line for a turnaround to a growth trajectory for the business although the effects of the pandemic are uncertain. In contrast, ordinary profit was down 2.0% to ¥31,434 million. This result primarily reflected interest payments borne by Allied Pinnacle Pty Ltd. Profit attributable to owners of parent rose 0.6% to ¥22,407 million, as the gain on the conversion of Tokatsu Foods Co., Ltd. into a consolidated subsidiary upon its step acquisition outweighed an impairment loss which was posted as a precautionary measure to account for a temporary downturn in the U.S. flour milling business’ performance.

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 raise dividends on an ongoing basis. Consequently, in line with initial forecasts, the Company decided to pay a full-year dividend of ¥34 per share, up ¥2 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.

The prepared dishes and other prepared foods business, which had previously been a part of the Processed Food Segment, is listed separately as an independent business segment, as both the qualitative and quantitative importance of the business increased after the conversion of Tokatsu Foods Co., Ltd. into a consolidated subsidiary, necessitating enhancement of the management system of the prepared dishes and other prepared foods business. Accordingly, this change has been applied retroactively to recalculate figures for the previous fiscal year for the sake of comparison.

## **Flour Milling Segment**

In the flour milling business in Japan, despite an adverse market environment mainly characterized by continued belt-tightening behavior among consumers, we made progress in attracting new customers, keeping shipments of commercial wheat flour flat year on year. Also, in July 2019 and again in January 2020, we revised our 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 declined 1.7% in April 2019 and 8.7% in October 2019.

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

In the overseas flour milling business, sales rose dramatically year on year, largely reflecting effects from the new consolidation of Allied Pinnacle Pty Ltd. In the U.S. flour milling business, where market conditions remain challenging, increased production capacity at key production plants in the U.S. and Canada was completed, and so in December 2019 we closed the Minnesota-based New Prague Plant which had previously been used to adjust supply to meet demand in North America. We have developed a timeline for turning this business around to a growth trajectory, with plans to concentrate management resources in growth regions and reinforce business foundations even further.

As a result, net sales of the Flour Milling Segment increased 24.7% year on year to ¥306,745 million. Operating profit increased 1.6% to ¥9,326 million, as the absence of effects from expenses related to acquisitions incurred in the previous year and robust prices for bran in the domestic business overcame a downturn in performance triggered by sales competition in the U.S.

## **Processed Food Segment**

In the processed food business, for household-use products, amid continued belt-tightening behavior among consumers, we have moved aggressively to develop and launch high-value-added products with "easy-to-prepare and convenient," "authentic" and "healthy" as keywords. Additionally, we implemented initiatives designed to stimulate consumption, including event co-sponsorship, TV commercials and other advertising activities. Elsewhere, we implemented price revisions for household-use wheat flour in February 2020, in response to factors including price revisions for commercial-use wheat flour due to revised government prices for imported wheat enacted in October 2019. In commercial-use products, we launched new products tailored to customer needs and carried out proposal activities geared toward garnering new customers. In the overseas business, January 2020 saw the start in Vietnam of operations at a new plant for commercial-use prepared mix owned by Vietnam Nisshin Technomic Co., Ltd. Beyond these highlights, the pandemic caused by the novel coronavirus also triggered growth in demand for household-use products toward the end of the fiscal year, leading to higher sales year on year in the processed food business.

In the yeast and biotechnology business, sales were lower year on year, reflecting a decline in shipments of bread making ingredients, etc. Furthermore, construction had been 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. The start date for operations, however, may be delayed due to the impact of the novel coronavirus pandemic.

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 1.4% year on year to ¥217,959 million. Operating profit rose 0.4% to ¥12,895 million, as effects from revenue growth mainly in the healthcare foods business offset an increase in strategic costs, including expenses for the launch of a yeast plant in India in the yeast and biotechnology business and other advertising and promotion expenses, coupled with higher logistics costs.

## **Prepared Dishes and Other Prepared Foods Segment**

In the prepared dishes and other prepared foods business, while unstable summer weather led to weaker sales of prepared noodles, along with lower sales toward the fiscal year-end stemming from the novel coronavirus pandemic, effects from the new consolidation of Tokatsu Foods Co., Ltd. lifted sales substantially higher year on year.

As a result, net sales of the Prepared Dishes and Other Prepared Foods Segment increased 197.1% year on year to ¥129,967 million, and operating profit increased 203.7% to ¥1,736 million.

## **Others Segment**

In the pet food business, sales were lower year on year despite the launch of campaigns and other sales expansion efforts, reflecting market contraction characterized by a decline in dog ownership. At the end of March 2020, the Group transferred this business to Petline Co., Ltd.

In the engineering business, sales were lower year on year due to a decline in large-scale projects.

In the mesh cloths business, sales were down from a year earlier, reflecting lower shipments of screen printing materials, etc.

As a result, net sales of the Others Segment decreased 5.1% year on year to ¥57,507 million, while operating profit increased 14.9% to ¥4,698 million, primarily atop extensive construction cost control 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**

The Group 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, to realize the future grand design in its long-term vision, “NNI ‘Compass for the Future’ —Toward a New Stage—Maximizing Group-wide Capabilities and Effecting Business Model Change.”

As for long-term vision, we will build a system which demonstrates the Group’s “comprehensive capabilities” toward our goal to be “a globally-operating company that assists ‘healthy lifestyles’ and plays a critical role in building ‘the food infrastructure’ of the future.” At the same time, we will 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 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 will also strive to improve our return on equity (ROE) and ensure 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**

In the food industries in Japan and overseas, the pandemic of the novel coronavirus is threatening social and economic foundations and having a tremendous impact on the business environment, including fluctuating exchange rates and prices of cereal and natural resources. The amount of future uncertainty has reached unprecedented levels. In addition, the trend in Japan for negotiating free trade agreements is anticipated to accelerate depending on the progress of international trade negotiations.

Regarding management environment, issues to be addressed, and handling of said issues, there may be future changes based on the impact of the novel coronavirus on business operation.

Under these circumstances, the Group recognizes the growing importance of the fulfillment of its mission to continue to secure the stable supply of foods involving wheat flour, and delivering safe and reliable products in each business, and will strive to ensure the safety of its employees who support these missions. We will prioritize to address the sudden changes to the business environment resulting from the novel coronavirus pandemic and the measures being taken in response to it. At the same time, we will seek to realize the long-term vision by strengthening cooperation among our operating companies in Japan and overseas, which will further generate the

Group's comprehensive capabilities. We will take on the environmental changes being brought about by social issues and technological innovations 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 customer needs, with the themes of "easy-to-prepare and convenient," "authentic," and "healthy," coupled with aggressive sales promotional efforts. We will also undertake the task of optimizing our business portfolio including the effort to further expand the frozen foods business, which is a growing sector.

In the prepared dishes and other prepared foods business, we started a new business structure by converting Tokatsu Foods Co., Ltd., one of Japan's finest comprehensive prepared dish suppliers, into a consolidated subsidiary in July 2019. With this new structure, we will switch to a highly practical business model that strives to provide delicious flavor while realizing a high level of production efficiency.

In the yeast, biotechnology, healthcare foods, engineering and mesh cloths businesses, etc., 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. In March 2020, following the Group's long-term vision and anticipating further development of the industry as a whole, we transferred the business of Nisshin Petfood Inc., a consolidated subsidiary, to Petline Co., Ltd., to transfer brand value and other value developed through years in the pet food business.

We will appropriately address the 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 further growth in local markets via sales expansion measures that leverage the Group's strengths in flour milling technology and proposal capabilities. In April 2019, 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-use prepared mix business given projected growth in the Asian market. In January 2020, the construction work was completed on a new commercial-use prepared mix plant at Vietnam Nisshin Technomic Co., Ltd. in Vietnam, and the plant has started operations. 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. 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. Due to the spread of the novel coronavirus, operations at the plant may be launched later than the initial plan of summer 2020.

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. Furthermore, we will enhance 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 procurement and production costs and build an operational foundation that properly reflects changing costs.

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

As the result of the taking effect of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (TPP-11 Agreement), the Japan-EU EPA, and the Trade Agreement between Japan and the U.S., the Group expects degraded border import control mechanisms for wheat-related products and for competition with imported products from related countries to intensify, even though markups (gains collected by government upon import) of wheat from the U.S., Canada, and Australia had already begun falling. As the trend for negotiating free trade agreements further accelerates, 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.

In order to strengthen governance, the Group has built and is maintaining a sound and effective corporate governance system, as a company with an audit & supervisory committee. With respect to compliance, the Group complies with relevant laws and regulations, social norms, and corporate internal rules and regulations, and strives to develop its businesses while being engaged in fair and open competition. 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 work toward further improvements.

The Group has also identified “CSR priorities (materiality)” such as providing safe and healthy food and addressing climate change, and has positioned them as one of its top management priorities. We will undertake a Group-wide initiative by creating a dedicated department, the CSR Management Office.

With respect to providing safe and healthy food, 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 been taking the initiative in enhancing our disaster and pandemic preparations through our business continuity planning (BCP).

Regarding responses to climate change, we have set Group-wide CO<sub>2</sub> emissions reduction targets to reach by the fiscal year ending March 31, 2031, and we are working to reduce our environmental impact mainly through the introduction of high-energy equipment in plants, and joint deliveries with other companies. In product development, we also engage in environmentally conscious product design, reducing the amount of energy envisioned for use up to and including the cooking stage, reducing plastic usage, and improving recycling performance.

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	173 <sup>rd</sup> FY2017	174 <sup>th</sup> FY2018	175 <sup>th</sup> FY2019	176 <sup>th</sup> FY2020 (Current)
Net sales	532,040	540,094	565,343	712,180
Ordinary profit	30,329	31,800	32,062	31,434
Profit attributable to owners of parent	19,466	21,339	22,268	22,407
Earnings per share (¥)	64.50	71.47	74.98	75.40
Total assets	555,337	591,512	594,754	666,215
Net assets	406,805	413,794	418,848	409,042

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 175<sup>th</sup> fiscal term and thus the classification method has been modified. Deferred tax assets are disclosed under investment and other assets, and deferred tax liabilities are disclosed under non-current liabilities.

The amounts of total assets for the 174<sup>th</sup> fiscal 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, 2020 increased ¥3,685 million from the previous fiscal year to ¥21,919 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.

**(5) Financing**

During the fiscal year ended March 31, 2020, the Company issued domestic unsecured straight bonds for a total of ¥20 billion in July 2019. The Company also borrowed AUD 450 million, as a major borrowing, to repay the external borrowings of PFG Topco1 Pty Ltd., which became a wholly owned subsidiary of the Group in April 2019, although the Company completed repayment of said borrowing during the fiscal year under review.

## (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.	14,917	100.0	Production and sales of wheat flour
Miller Milling Company, LLC	86	100.0	Production and sales of wheat flour
Allied Pinnacle Pty Ltd.	9,689	100.0	Production and sales of wheat flour, prepared mix products, bakery-related ingredients, and other products
Champion Flour Milling Ltd.	3,491	100.0	Production and sales of wheat flour
Nisshin Foods Inc.	5,006	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	68.8	Production and sales of pasta and frozen foods
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
Tokatsu Foods Co., Ltd.	100	100.0	Production and sales of cooked foods such as bento lunch boxes and other prepared foods
Joyous Foods Co., Ltd.	50	85.1	Production and sales of prepared noodle, and other products
Initio Foods Inc.	487	100.0	Production and sales of prepared foods and frozen foods; direct operation of concessions in department stores
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

- Notes: 1. During the fiscal year ended March 31, 2020, the Company and its subsidiary, Nisshin Flour Milling Inc., acquired all outstanding shares of PFG Topcol Pty Ltd., the parent company of Allied Pinnacle Pty Ltd. in Australia.
2. During the fiscal year ended March 31, 2020, the Company acquired additional shares of its affiliate, Tokatsu Foods Co., Ltd., to convert it into a subsidiary.
3. The voting rights in Miller Milling Company, LLC, Allied Pinnacle Pty Ltd., 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., Joyous Foods 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 Topcol Pty Ltd., the parent company of Allied Pinnacle Pty Ltd. in Australia, aiming to expand the flour milling business overseas.

The Company made 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.

At the end of March 2020, the Company's subsidiary, Nisshin Petfood Inc., transferred its sales business, etc.,

to its newly established company, followed by transfer of all of the new company's shares to Petline Co., Ltd.

**(7) Principal Businesses** (As of March 31, 2020)

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, and wheat flour-related products
Processed Food Segment	prepared mix products, wheat flour for household use, pasta, pasta sauce, frozen foods, food ingredients for bread, etc., biochemical products, life science business, healthcare foods
Prepared Dishes and Other Prepared Foods Segment	cooked foods such as bento lunch boxes, other prepared foods, and prepared noodles
Others Segment	pet foods; design, supervision and contracted construction of facilities; mesh cloths

**(8) Principal Offices** (As of March 31, 2020)

[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.)

Allied Pinnacle Pty Ltd. Head Office (New South Wales, Australia)

Kingsgrove Plant (New South Wales, Australia), Picton Plant (New South Wales, Australia)

Tennyson Plant (Queensland, Australia), Altona Plant (Victoria, Australia),

Kensington Plant (Victoria, Australia), Tullamarine Plant (Victoria, Australia),

North Fremantle Plant (Western Australia, Australia)

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)

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] Prepared Dishes and Other Prepared Foods Segment

Tokatsu Foods Co., Ltd. Head Office (Yokohama)  
 Ashikaga Plant (Ashikaga), Kawaguchi Plant (Kawaguchi)  
 Sayama Plant (Sayama), Chiba Kashiwa Plant (Kashiwa)  
 Yachiyo Plant (Yachiyo), Yokohama Tsurumi Plant (Yokohama)  
 Tsuzuki Plant (Yokohama), Yamakita Plant (Ashigarakami-gun, Kanagawa)  
 Joyous Foods Co., Ltd. Head Office (Saitama)  
 Kodama Plant (Kodama-gun, Saitama), Kyoto Plant (Kuse-gun, Kyoto)  
 Initio Foods Inc. Head Office (Chiyoda-ku, Tokyo)  
 Kumagaya Plant (Kumagaya), Shiraoka Plant (Shiraoka)  
 Nagoya Plant (Ichinomiya), Higashi-Osaka Plant (Higashi-Osaka)  
 Kyushu Plant (Miyaki-gun, Saga)

[5] 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, 2020)**

Business Segment	Number of Employees	Year-on-Year Change
Flour Milling Segment	2,574	932
Processed Food Segment	3,532	184
Prepared Dishes and Other Prepared Foods Segment	1,547	1,050
Others Segment	911	35
Corporate (Across the Group divisions)	398	1
Total	8,962	2,202

Note: The Prepared Dishes and Other Prepared Foods Segments, which had previously been a part of the Processed Food Segment, is listed separately as a business segment, as both the qualitative and quantitative importance of the business increased after the conversion of Tokatsu Foods Co., Ltd. into a consolidated subsidiary, followed by enhancement of the management system of the prepared dishes and other prepared foods business. Accordingly, this change has been applied retroactively to recalculate figures for the end of the previous fiscal year for the sake of comparison.

The number of employees has increased by 2,202 compared to the end of the previous fiscal year. This is primarily due to the conversion of Allied Pinnacle Pty Ltd., Tokatsu Foods Co., Ltd. and its three subsidiaries into consolidated subsidiaries.

**(10) Major Creditors and Loans Payable (As of March 31, 2020)**

Creditor	Outstanding balance of loans payable
Nippon Life Insurance Company	¥10,000 million
Mizuho Bank, Ltd.	¥9,560 million

Note: In addition to the above, there is an outstanding balance of ¥5,300 million in syndicated loans.

## 2. Outline of the Company

### (1) Shares (As of March 31, 2020)

- [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 6,960,249 shares of treasury shares)
- [3] Number of shareholders 25,668  
(Increased 6,336 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)	33,169	11.1
Nippon Life Insurance Company	19,387	6.5
Yamazaki Baking Co., Ltd.	16,988	5.7
Japan Trustee Services Bank, Ltd. (Trust Account)	16,709	5.6
Mizuho Bank, Ltd.	10,447	3.5
Mitsubishi Corporation	6,648	2.2
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 6,960,249 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 (As of March 31, 2020)

Title	Name	Position	Significant Positions Concurrently Held
Representative Director and President	Nobuki Kemmoku		Director and Chairman, Nisshin Flour Milling Inc.
Representative Director, Vice President and Executive Officer	Michinori Takizawa	In charge of General Administration Division	
Director and Managing Executive Officer	Takashi Harada	Division Executive, R&D and Quality Assurance Division	
Director and Managing Executive Officer	Akira Mori	Division Executive, Finance and Accounting Division	
*Director and Managing Executive Officer	Koichi Iwasaki	Division Executive, Business Development Division	Director and Chairman (Representative Director), Tokatsu Foods Co., Ltd.
Director and Managing Executive Officer	Takao Yamada		Director and President (Representative Director), Nisshin Flour Milling Inc.
Director and Managing Executive Officer	Yuji Koike		Director and President (Representative Director), Nisshin Foods Inc.
Director	Akio Mimura		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.
Director	Kazuhiko Fushiya		Chairman, The Institute of Internal Auditors – Japan
*Director	Motoo Nagai		Outside Director, Nissan Motor Co., Ltd. Outside Director, Organo Corporation
*Director (Full-time Audit & Supervisory Committee Member)	Shoh Ohuchi		
*Director (Audit & Supervisory Committee Member)	Tetsuo Kawawa		Attorney; Proprietor, Kawawa Law Offices
*Director (Audit & Supervisory Committee Member)	Satoshi Ito		Certified Public Accountant; Proprietor, Ito Certified Public Accountant Offices
*Director (Audit & Supervisory Committee Member)	Mieko Tomita		Attorney; Senior Partner, Nishi & Partners Attorneys and Counselors at Law

- Notes: 1. The Company adopted a company structure with an audit & supervisory committee at the conclusion of the 175th Ordinary General Meeting of Shareholders held on June 26, 2019.
2. Three Directors (Akio Mimura, Kazuhiko Fushiya, and Motoo Nagai) and three Directors (Audit & Supervisory Committee Members) (Tetsuo Kawawa, Satoshi Ito, and Mieko Tomita) are Outside Directors.
3. The Company selects all of the Outside Directors as Independent Directors in accordance with its

“Independence Standards for Outside Directors” (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. Director (Full-time Audit & Supervisory Committee Member) Shoh Ohuchi has work experience in finance and accounting at the Company and substantial knowledge of finance and accounting.
5. Director (Audit & Supervisory Committee Member) Satoshi Ito, who has the qualification as a Certified Public Accountant, has substantial knowledge of finance and accounting.
6. The Company has elected a full-time Audit & Supervisory Committee Member to enhance the effectiveness of audits.
7. Changes in Directors and Audit & Supervisory Board Members of the Company and the positions thereof, during the fiscal year ended March 31, 2020, are stated as follows.
  - 1) Mr. Masao Nakagawa, Mr. Satoshi Odaka, Mr. Masashi Koike, Mr. Naoto Masujima, Mr. Masashi Nakagawa, Mr. Kiyoshi Sato, and Mr. Kenji Takihara retired from their positions as Directors, and Mr. Yukihiro Kumazawa, Mr. Shoh Ohuchi, Mr. Tetsuo Kawawa, Mr. Satoshi Ito, and Mr. Motoo Nagai retired from their positions as Audit & Supervisory Board Members, as of June 26, 2019, due to expiration of their term of office. Directors and Directors (Audit & Supervisory Committee Members) with asterisks were newly elected at the 175th Ordinary General Meeting of Shareholders held on the same day and assumed office.
  - 2) Mr. Michinori Takizawa assumed office of Vice President and Executive Officer, and Mr. Takashi Harada, Mr. Akira Mori, Mr. Koichi Iwasaki, Mr. Takao Yamada, and Mr. Yuji Koike assumed office of Managing Executive Officer as of June 26, 2019.
8. The following is a list of changes in significant positions concurrently held in the fiscal year ended March 31, 2020.
 

Director	Motoo Nagai	Retired as an Outside Audit & Supervisory Board Member, Nissan Motor Co., Ltd. Took office as an Outside Director, Nissan Motor Co., Ltd. (June 25, 2019)
Director (Audit & Supervisory Committee Member)	Satoshi Ito	Retired as an Outside Director, Sumitomo Mitsui Banking Corporation (June 27, 2019)
Director	Koichi Iwasaki	Retired as a Director and Vice Chairman, Tokatsu Foods, Co., Ltd. Took office as a Director and Chairman (Representative Director), Tokatsu Foods, Co., Ltd. (July 4, 2019)
9. The Company has adopted the executive officer system in order to expedite the execution of business operations. As of March 31, 2020, there were sixteen (16) Executive Officers excluding those serving concurrently as Directors.

[2] Outline of liability limitation agreement

The Company has concluded an agreement with each Director (excluding Executive Directors, etc.) 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, 2020

Directors (excluding Directors who are members of the Audit & Supervisory Committee): Seventeen (17)	¥296 million
Directors (Audit & Supervisory Committee Members): Four (4)	¥32 million
Audit & Supervisory Board Members: Five (5)	¥13 million
Outside Directors and Outside Audit & Supervisory Board Members: Six (6) (Included in the above)	¥58 million

Notes: 1. The Company adopted a company structure with an audit & supervisory committee at the conclusion of the 175th Ordinary General Meeting of Shareholders held on June 26, 2019. The amount of remuneration of Audit & Supervisory Board Members covers the period prior to this transition, while the amount of remuneration of Directors (Audit &

- Supervisory Committee Members) covers the period after this transition.
2. The above number of Directors (excluding Directors who are members of the Audit & Supervisory Committee) and Audit & Supervisory Board Members includes seven (7) Directors and five (5) Audit & Supervisory Board Members who retired from office during the fiscal year ended March 31, 2020.
  3. The total amount of remuneration for Directors (excluding Directors who are members of the Audit & Supervisory Committee) includes expenses associated with the stock-based remuneration plan for the fiscal year ended March 31, 2020.

[4] Outside Directors

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, 2020

- 1) Director Akio Mimura

Mr. Mimura attended all meetings of the Board of Directors held in the fiscal year ended March 31, 2020. 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, 2020. 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) Director 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, 2020. 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) Director (Audit & Supervisory Committee Member) Tetsuo Kawawa

Mr. Kawawa attended all meetings of the Board of Directors, the Audit & Supervisory Board, and the Audit & Supervisory Committee held in the fiscal year ended March 31, 2020. 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.

- 5) Director (Audit & Supervisory Committee Member) Satoshi Ito

Mr. Ito attended all meetings of the Board of Directors, the Audit & Supervisory Board, and the Audit & Supervisory Committee held in the fiscal year ended March 31, 2020. 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.

- 6) Director (Audit & Supervisory Committee Member) Mieko Tomita

Ms. Tomita attended 9 out of 10 meetings of the Board of Directors and the Audit & Supervisory Committee, respectively, held since she assumed office as a Director (Audit & Supervisory Committee Member). She 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) 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, 2020

- |  |              |
|--|--------------|
| 1. Compensation paid to the independent auditor  | ¥64 million  |
| 2. Total of cash and other financial profits payable by the Company and its subsidiaries | ¥233 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 Committee's approval on compensation to the independent auditor

The Audit & Supervisory Committee has given its approval as prescribed under Article 399, Paragraph 1 and 3 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 Committee 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 Committee Members.

In addition, the Audit & Supervisory Committee 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 399-2, Paragraph 3, Item 2 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 Committee 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 399-2, Paragraph 3, Item 2 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) The Audit & Supervisory Committee of the Company and Audit & Supervisory Board Members of 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 Audit & Supervisory Committee 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 and internal audit at each Group company and verifying the level of awareness and the status of compliance with the internal rules.
- 4) The Company held meetings of the Social Committee 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) The Audit & Supervisory Committee of the Company and Audit & Supervisory Board Members of 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, Directors and Executive Officers in charge of respective business divisions. 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 (excluding Directors who are members of the Audit & Supervisory Committee) 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) In conjunction with the adoption of a company structure with an audit & supervisory committee, the Company revised the authority of its Executive Directors to expedite management decision making and to enhance the flexibility of the execution of business operations.
- 2) The Nisshin Seifun Group has set the fiscal year ending March 31, 2021, the final year of its medium-term management plan, “NNI-120 II,” as a milestone, and is working to build the foundations for further growth, in an effort to achieve the vision that is upheld in the long-term vision, “NNI ‘Compass for the Future’ —Toward a New Stage—Maximizing Group-wide Capabilities and Effecting Business Model Change.”
- 3) 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 Committee Members of the Company and Audit & Supervisory Board Members of subsidiaries hold regular meetings of the Audit & Supervisory Liaison Committee of the Nisshin Seifun Group to exchange opinions on audit cases 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 Audit & Supervisory Committee 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 and Reported to 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 general business processes, the Internal Audit Department conducts internal audits, and the specialized departments of the Company conduct audits on respective areas, including facilities, safety, environmental conservation and quality assurance, thereby verifying 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, approval documents, and other 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 who assist the Company's Audit & Supervisory Committee in performing its duties, the independence of such employees from Directors (excluding Directors who are members of the Audit & Supervisory Committee) and ensuring the effectiveness of the Audit & Supervisory Committee's directions given to such employees.

- 1) The Company establishes an Audit & Supervisory Committee Secretariat to assist the Audit & Supervisory Committee in performing its duties. The Audit & Supervisory Committee Secretariat assists the Audit & Supervisory Committee in performing audits under the Committee's direction. Personnel changes and other matters concerning the members of the Audit & Supervisory Committee Secretariat require the consent of the Audit & Supervisory Committee.
- 2) Directors (excluding Directors who are members of the Audit & Supervisory Committee) pay close attention to ensure that no unreasonable constraints exist that could potentially hinder the independence of the Audit & Supervisory Committee Secretariat in performing its duties.

(Status of operation)

The Audit & Supervisory Committee Secretariat, which is independent from Directors (excluding Directors who are members of the Audit & Supervisory Committee), assists the Audit & Supervisory Committee in performing its duties in order to enhance the effectiveness of the audit function of the Committee. In addition, the Company pays close attention to ensure that there are no unreasonable constraints by Directors (excluding Directors who are members of the Audit & Supervisory Committee) that could potentially hinder the independence of the Audit & Supervisory Committee Secretariat in performing its duties.

- [7] Systems for reporting to the Audit & Supervisory Committee of the Company by Directors (excluding Directors who are members of the Audit & Supervisory Committee) and employees of the Company, Directors, Audit & Supervisory Board Members and employees of its subsidiaries and individuals who receive reports from these individuals

- 1) The Audit & Supervisory Committee of the Company has the members attend the meetings of the Board of Directors and other important meetings, including those of the Group Management Meeting, the Credit Management Committee, and the Normative Ethics Committee. The Audit & Supervisory Committee Members state their opinions as appropriate at the above-mentioned important meetings.
- 2) The Audit & Supervisory Committee of the Company may ask for reporting from the independent auditors,

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

(Status of operation)

- 1) Audit & Supervisory Committee 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) The Audit & Supervisory Committee 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 Committee and the Internal Audit Department of the Company, whereby enhancing mutual collaboration.
- 3) Audit & Supervisory Committee Members of the Company held two meetings of the Audit & Supervisory Liaison Committee of the Nisshin Seifun Group during the fiscal year ended March 31, 2020, 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 Committee 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 Committee 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 Committee 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 Committee Members, shall be dealt with immediately by the Company pursuant to Article 399-2, Paragraph 4 of the Companies Act.

(Status of operation)

Anticipated expenses incurred by the Audit & Supervisory Committee 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 399-2, Paragraph 4 of the Companies Act.

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

The Audit & Supervisory Committee holds regular meetings with Representative Directors, and exchanges opinions on prospective challenges and risks for the Company, as well as the status of the environment for audits by the Audit & Supervisory Committee and other important audit issues.

(Status of operation)

The Audit & Supervisory Committee of the Company holds regular meetings with Representative Directors and exchanges 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 45 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 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 45 of the Company’s Articles of Incorporation.
- 2) The term of office of the Company’s Directors (excluding Directors who are members of the Audit & Supervisory Committee) 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, shall deliberate the Acquisition Proposal, under legal obligations as the Directors 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 will pay a full-year dividend of ¥34 per share, an increase of ¥2 from that of the previous fiscal year, with the meeting of the Board of Directors held on May 14, 2020 resolving that the Company distribute its surplus to pay a year-end dividend of ¥17 per share. As a result, dividends paid have increased for seven 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, 2020)

(Millions of yen)

Item	Amount	Item	Amount
<b>(ASSETS)</b>		<b>(LIABILITIES)</b>	
<b>Current assets</b>	<b>238,980</b>	<b>Current liabilities</b>	<b>131,058</b>
Cash and deposits	49,710	Notes and accounts payable – trade	53,730
Notes and accounts receivable – trade	92,236	Short-term loans payable	18,078
Securities	7,523	Income taxes payable	5,829
Inventories	79,854	Accrued expenses	21,814
Other	10,180	Other	31,605
Allowance for doubtful accounts	(524)		
<b>Non-current assets</b>	<b>427,234</b>	<b>Non-current liabilities</b>	<b>126,114</b>
<b>Property, plant and equipment</b>	<b>208,487</b>	Bonds	20,000
Buildings and structures, net	69,597	Long-term loans payable	15,226
Machinery, equipment and vehicles, net	48,769	Lease obligations	30,989
Land	45,791	Deferred tax liabilities	29,055
Construction in progress	13,682	Provision for repairs	1,335
Right-of-use assets	23,285	Net defined benefit liability	22,443
Other, net	7,360	Long-term deposits received	5,577
		Other	1,485
		<b>Total liabilities</b>	<b>257,172</b>
<b>Intangible assets</b>	<b>68,716</b>	<b>(NET ASSETS)</b>	
Goodwill	42,743	<b>Shareholders' equity</b>	<b>350,926</b>
Other	25,972	<b>Capital stock</b>	<b>17,117</b>
		<b>Capital surplus</b>	<b>12,638</b>
<b>Investments and other assets</b>	<b>150,030</b>	<b>Retained earnings</b>	<b>332,342</b>
Investment securities	135,739	<b>Treasury shares</b>	<b>(11,172)</b>
Net defined benefit asset	308		
Deferred tax assets	9,059	<b>Accumulated other comprehensive income</b>	<b>44,069</b>
Other	5,048	<b>Valuation difference on available-for-sale securities</b>	<b>56,970</b>
Allowance for doubtful accounts	(126)	<b>Deferred gains or losses on hedges</b>	<b>(53)</b>
		<b>Foreign currency translation adjustment</b>	<b>(11,689)</b>
		<b>Remeasurements of defined benefit plans</b>	<b>(1,158)</b>
		<b>Subscription rights to shares</b>	<b>137</b>
		<b>Non-controlling interests</b>	<b>13,908</b>
		<b>Total net assets</b>	<b>409,042</b>
<b>Total assets</b>	<b>666,215</b>	<b>Total liabilities and net assets</b>	<b>666,215</b>

**Consolidated Statement of Income**  
(For the Fiscal Year Ended March 31, 2020)

(Millions of yen)

Item	Amount	
<b>Net sales</b>		712,180
<b>Cost of sales</b>		512,356
<b>Gross profit</b>		<b>199,824</b>
<b>Selling, general and administrative expenses</b>		170,971
<b>Operating profit</b>		<b>28,852</b>
<b>Non-operating income</b>		
Interest income	496	
Dividend income	2,867	
Share of profit of entities accounted for using equity method	1,789	
Rent income	295	
Other	846	6,294
<b>Non-operating expenses</b>		
Interest expenses	3,163	
Other	547	3,711
<b>Ordinary profit</b>		<b>31,434</b>
<b>Extraordinary income</b>		
Gain on sales of non-current assets	104	
Gain on sales of investment securities	212	
Gain on step acquisitions	7,272	
Gain on sale of businesses	1,336	8,925
<b>Extraordinary losses</b>		
Loss on retirement of non-current assets	599	
Impairment loss	5,224	
Business restructuring expenses	1,028	
Other	212	7,064
<b>Profit before income taxes</b>		<b>33,296</b>
<b>Income taxes – current</b>	<b>11,040</b>	
<b>Income taxes – deferred</b>	<b>(1,414)</b>	<b>9,625</b>
<b>Profit</b>		<b>23,670</b>
<b>Profit attributable to non-controlling interests</b>		<b>1,263</b>
<b>Profit attributable to owners of parent</b>		<b>22,407</b>

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

(As of March 31, 2020)

(Millions of yen)

Item	Amount	Item	Amount
<b>(ASSETS)</b>		<b>(LIABILITIES)</b>	
<b>Current assets</b>	<b>24,286</b>	<b>Current liabilities</b>	<b>40,929</b>
Cash and deposits	20,983	Lease obligations	183
Accounts receivable – trade	253	Accounts payable – other	166
Prepaid expenses	205	Accrued expenses	1,912
Income taxes receivable	1,939	Deposits received	38,572
Other	904	Provision for directors' bonuses	47
		Other	47
<b>Non-current assets</b>	<b>361,511</b>		
<b>Property, plant and equipment</b>	<b>24,136</b>	<b>Non-current liabilities</b>	<b>51,790</b>
Buildings, net	5,719	Bonds	20,000
Structures, net	414	Long-term loans payable	10,000
Machinery and equipment, net	649	Lease obligations	472
Vehicles, net	8	Deferred tax liabilities	17,875
Tools, furniture and fixtures, net	509	Provision for retirement benefits	3,123
Land	16,186	Other	319
Leased assets, net	641		
Construction in progress	7	<b>Total liabilities</b>	<b>92,719</b>
		<b>(NET ASSETS)</b>	
<b>Intangible assets</b>	<b>596</b>	<b>Shareholders' equity</b>	<b>253,053</b>
Leasehold right	18	<b>Capital stock</b>	<b>17,117</b>
Software	286	<b>Capital surplus</b>	<b>9,702</b>
Leased assets	233	Legal capital surplus	9,500
Other	58	Other capital surplus	202
		<b>Retained earnings</b>	<b>237,397</b>
<b>Investments and other assets</b>	<b>336,777</b>	Legal retained earnings	4,379
Investment securities	77,495	Other retained earnings	233,018
Shares of subsidiaries and associates	165,262	Reserve for dividends	2,000
Investments in capital	326	Reserve for advanced depreciation of non-current assets	2,598
Investments in capital of subsidiaries and associates	1,093	General reserve	170,770
		Retained earnings brought forward	57,649
Long-term loans receivable from subsidiaries and associates	92,064	<b>Treasury shares</b>	<b>(11,164)</b>
Other	560	<b>Valuation and translation adjustments</b>	<b>39,888</b>
Allowance for doubtful accounts	(25)	<b>Valuation difference on available-for-sale securities</b>	<b>39,888</b>
		<b>Subscription rights to shares</b>	<b>137</b>
		<b>Total net assets</b>	<b>293,079</b>
<b>Total assets</b>	<b>385,798</b>	<b>Total liabilities and net assets</b>	<b>385,798</b>

## Non-consolidated Statement of Income

(For the Fiscal Year Ended March 31, 2020)

(Millions of yen)

Item	Amount	
<b>Operating revenue</b>		20,068
<b>Operating expenses</b>		14,714
<b>Operating profit</b>		<b>5,353</b>
<b>Non-operating income</b>		
Interest income	1,111	
Dividend income	2,113	
Other	98	3,322
<b>Non-operating expenses</b>		
Interest expenses	293	
Interest on bonds	53	
Bond issuance costs	111	
Other	27	486
<b>Ordinary profit</b>		<b>8,190</b>
<b>Extraordinary income</b>		
Gain on sales of investment securities	184	
Gain on sales of non-current assets	79	264
<b>Extraordinary losses</b>		
Loss on retirement of non-current assets	32	32
<b>Profit before income taxes</b>		<b>8,422</b>
<b>Income taxes – current</b>	<b>56</b>	
<b>Income taxes – deferred</b>	<b>(94)</b>	<b>(37)</b>
<b>Profit</b>		<b>8,460</b>

## Reference Documents for the General Meeting of Shareholders

### Proposal and References

#### **Proposal: 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 ten (10) Directors (excluding Directors who are members of the Audit & Supervisory Committee) will expire.

Therefore, we propose that ten (10) Directors (excluding Directors who are members of the Audit & Supervisory Committee) be elected. The Audit & Supervisory Committee has considered this proposal and expressed its opinion that there are no particular matters to be stated.

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, Vice President and Executive Officer (In charge of General Administration Division)	13/13 (100%)
3	Akira Mori	Renomination	Director, Managing Executive Officer and Division Executive (Finance and Accounting Division)	13/13 (100%)
4	Koichi Iwasaki	Renomination	Director, Managing Executive Officer and Division Executive (Business Development Division)	10/10 (100%)
5	Takao Yamada	Renomination	Director and Managing Executive Officer	13/13 (100%)
6	Yuji Koike	Renomination	Director and Managing Executive Officer	13/13 (100%)
7	Akio Mimura	Renomination Outside Director Independent Director	Director	13/13 (100%)
8	Kazuhiko Fushiya	Renomination Outside Director Independent Director	Director	13/13 (100%)
9	Motoo Nagai	Renomination Outside Director Independent Director	Director	13/13 (100%)
10	Satoshi Odaka	New candidate	Managing Executive Officer and Division Executive (Technology and Engineering Division)	—

Notes: 1. Attendance information for Mr. Koichi Iwasaki only includes meetings of the Board of Directors held since his appointment on June 26, 2019.

2. Attendance information for Mr. Motoo Nagai includes meetings of the Board of Directors held since his appointment on June 26, 2019, and meetings of the Board of Directors he attended as Audit & Supervisory Board Member before retiring from the office as of the same date.

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.]	57,505 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) June 2019        Director, Vice President and Executive Officer (In charge of General Administration Division) (to the present)	59,063 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	<p>April 1979      Joined the Company</p> <p>June 2010      General Manager (Finance Department of Finance and Accounting Division)</p> <p>June 2012      Executive Officer and General Manager (Finance Department of Finance and Accounting Division)</p> <p>June 2013      Director and Division Executive (Corporate Planning Division)</p> <p>June 2015      Managing Director and Division Executive (Corporate Planning Division)</p> <p>April 2017      Managing Director and Division Executive (Finance and Accounting Division)</p> <p>June 2019      Director, Managing Executive Officer and Division Executive (Finance and Accounting Division) (to the present)</p>	36,860 shares
	Akira Mori (December 16, 1956)		
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.			
4	Renomination	<p>April 1980      Joined the Company</p> <p>June 2007      Director and Division Executive (Sales Division), Nisshin Foods Inc.</p> <p>June 2010      Executive Officer Managing Director and Division Executive (Sales Division), Nisshin Foods Inc.</p> <p>June 2012      Director Director and President, Nisshin Foods Inc.</p> <p>June 2014      Managing Director</p> <p>June 2015      Director, Tokatsu Foods Co., Ltd.</p> <p>June 2017      Executive Officer Director and Vice Chairman, Tokatsu Foods Co., Ltd.</p> <p>June 2019      Director, Managing Executive Officer and Division Executive (Business Development Division) (to the present)</p> <p>July 2019      Director and Chairman, Tokatsu Foods Co., Ltd. (to the present)</p> <p>[Director and Chairman (Representative Director), Tokatsu Foods Co., Ltd.]</p>	54,500 shares
	Koichi Iwasaki (September 12, 1956)		
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
5	Renomination	<p>April 1983      Joined the Company</p> <p>June 2011      Director and General Manager (Tokyo Sales Department), Nisshin Flour Milling Inc.</p> <p>June 2012      Executive Officer</p> <p>June 2013      Director</p> <p>                    Managing Director and Division Executive (Sales Division), Nisshin Flour Milling Inc.</p> <p>April 2015      Senior Managing Director and Division Executive (Sales Division), Nisshin Flour Milling Inc.</p> <p>April 2017      Director and President, Nisshin Flour Milling Inc. (to the present)</p> <p>June 2019      Director and Managing Executive Officer (to the present)</p> <p>[Director and President (Representative Director), Nisshin Flour Milling Inc.]</p>	27,796 shares
	Takao Yamada (September 27, 1960)		
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.			
6	Renomination	<p>April 1983      Joined the Company</p> <p>June 2014      Executive Officer</p> <p>                    Director and President, Nisshin Petfood Inc.</p> <p>June 2017      Director</p> <p>                    Director and President, Nisshin Foods Inc. (to the present)</p> <p>June 2019      Director and Managing Executive Officer (to the present)</p> <p>[Director and President (Representative Director), Nisshin Foods Inc.]</p>	26,531 shares
	Yuji Koike (January 16, 1960)		
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, along with extensive expertise in the area of sales operation in the 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
7	Renomination Outside Director Independent Director  Akio Mimura (November 2, 1940)	April 1963 June 1993 April 1997 April 2000  April 2003 June 2006 April 2008 June 2009 October 2012  June 2013 November 2013 June 2018 April 2019  [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.]	Joined Fuji Iron & Steel Co., Ltd. Director, Nippon Steel Corporation (NSC) Managing Director, NSC Representative Director and Executive Vice President, NSC Representative Director and President, NSC Audit & Supervisory Board Member Representative Director and Chairman, NSC Director (to the present) Director and Senior Advisor, Nippon Steel & Sumitomo Metal Corporation (NSSMC) Senior Advisor, NSSMC Senior Advisor, Honorary Chairman, NSSMC Senior Advisor, Honorary Chairman, NSSMC Senior Advisor, Honorary Chairman, Nippon Steel Corporation (to the present)	43,970 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.				
8	Renomination Outside Director Independent Director  Kazuhiko Fushiya (January 26, 1944)	April 1967 July 1999 July 2001  July 2002 January 2006 February 2008  January 2009 June 2009 June 2015 [Chairman, The Institute of Internal Auditors - Japan]	Joined the Ministry of Finance Commissioner, National Tax Agency Deputy Governor, National Life Finance Corporation Assistant Chief Cabinet Secretary Commissioner, Board of Audit of Japan Commissioner (President), Board of Audit of Japan Retired Audit & Supervisory Board Member Director (to the present)	3,800 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.				

No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company [Significant Positions Concurrently Held]		Number of the Company's Shares Held
9	Renomination Outside Director Independent Director  Motoo Nagai (March 4, 1954)	April 1977 April 2005  April 2007 April 2011 June 2011 April 2014 June 2014 June 2015 June 2019 [Outside Director, Nissan Motor Co., Ltd.] [Outside Director, Organo Corporation]	Joined Industrial Bank of Japan, Limited Executive Officer, Mizuho Corporate Bank, Ltd. Managing Executive Officer, Mizuho Corporate Bank, Ltd. Deputy President - Executive Officer, Mizuho Trust & Banking Co., Ltd. Deputy President (Representative Director) and Deputy President - Executive Officer, Mizuho Trust & Banking Co., Ltd. Commissioner, Mizuho Trust & Banking Co., Ltd. Retired as Commissioner, Mizuho Trust & Banking Co., Ltd. Audit & Supervisory Board Member Director (to the present)	200 shares
Reason for selecting the candidate for Outside Director  The Company selected Mr. Motoo Nagai 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 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.				
10	New candidate  Satoshi Odaka (November 18, 1958)	April 1983 June 2007  April 2012 June 2012 June 2015 June 2019	Joined the Company General Manager (Technology and Engineering Department of Technology and Engineering Division) Director and Division Executive (Production Division), Nisshin Flour Milling Inc. Executive Officer Director and Division Executive (Technology and Engineering Division) Managing Executive Officer and Division Executive (Technology and Engineering Division) (to the present)	25,891 shares
Reason for selecting the candidate for Director  The Company selected Mr. Satoshi Odaka as candidate for Director as he has a wealth of experience and excellent track record in the areas including production management and technology development, 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 Mr. Akio Mimura, Mr. Kazuhiko Fushiya, and Mr. Motoo Nagai 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
- (1) Mr. Akio Mimura, Mr. Kazuhiko Fushiya, and Mr. Motoo Nagai are candidates for Outside Directors. The Company has selected them as Independent Directors due to their satisfying the "Independence Standards for Outside Directors," which are stipulated by the Company based on the criteria concerning independence 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))) with the necessary notification provided thereto.
- (2) Mr. Akio Mimura is currently an Outside Director for the Company, whose term in office will be about eleven 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 fourteen 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 five 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 eleven years since his appointment as an Outside Audit & Supervisory Board Member.
- (4) Mr. Motoo Nagai is currently an Outside Director for the Company, whose term in office will be about one year 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 five years since his appointment as an Outside Audit & Supervisory Board Member.
- (5) Japan Post Holdings Co., Ltd., for which Mr. Akio Mimura serves as an outside director, received process improvement orders by the Minister for Internal Affairs and Communications and the Financial Services Agency on December 27, 2019, due to improper sales for insurance, etc. by the company's subsidiaries. Mr. Akio Mimura had not been aware of these issues until the underlying causes for the orders became known. However, Mr. Akio Mimura has regularly provided suggestions at meetings of the board of directors and other such meetings from the standpoint of importance of group governance and internal control, 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.
- (6) Organo Corporation, for which Mr. Motoo Nagai serves as an 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 served as an outside audit & supervisory board member (full-time) until June 2019 and serves as an outside director from the same month, 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 received a surcharge payment order on February 27, 2020 from the Commissioner of the Financial Services Agency for making false disclosures regarding the director's remuneration in annual securities reports submitted in past years, etc. Due to such false disclosures regarding the director's remuneration, Nissan and former directors of Nissan were also indicted on charges of violating the Financial Instruments and Exchange Act (Crime of Submission of False Annual Securities Report). Furthermore, a former director of Nissan was indicted on charges for violating the Companies Act (Crime of an Aggravated Breach of Trust). 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.

End

