175th Fiscal Term (April 1, 2018 to March 31, 2019)

Securities Report

Nisshin Seifun Group Inc.

Contents

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Locations where filings are available for public inspection	Tokyo Stock Exchange, Inc. (2-1, Nihonbashi-Kabutocho, Chuo-ku, Tokyo)

Part A: Company Information

[1] Company Overview

(1) Principal Business Performance Indicators

1. Consolidated business performance indicators

Fiscal term		171st	172nd	173rd	174th	175th
Years ended March 31		2015	2016	2017	2018	2019
Net sales	(millions of yen)	526,144	556,701	532,040	540,094	565,343
Ordinary profit	(millions of yen)	25,544	28,099	30,329	31,800	32,062
Profit attributable to owners of parent	(millions of yen)	16,036	17,561	19,466	21,339	22,268
Comprehensive income	(millions of yen)	50,988	14,140	28,457	25,148	17,043
Net assets	(millions of yen)	378,715	386,485	406,805	413,794	418,848
Total assets	(millions of yen)	547,096	548,120	555,337	591,512	594,754
Net assets per share	(yen)	1,218.49	1,237.64	1,303.45	1,344.68	1,359.49
Earnings per share	(yen)	53.28	58.25	64.50	71.47	74.98
Fully diluted earnings per share	(yen)	53.22	58.15	64.43	71.40	74.90
Equity ratio	(%)	67.1	68.1	70.9	67.5	67.9
Return on equity	(%)	4.6	4.8	5.1	5.4	5.5
Price-earnings ratio (p/e)	(times)	26.54	30.71	25.75	29.51	33.88
Cash flows from operating activities	(millions of yen)	25,107	35,839	35,361	42,869	39,873
Cash flows from investing activities	(millions of yen)	(43,636)	(12,201)	(5,240)	(18,067)	(19,184)
Cash flows from financing activities	(millions of yen)	4,331	(9,446)	(11,470)	(18,593)	(10,567)
Cash and cash equivalents at end of year	(millions of yen)	59,897	72,960	90,837	98,461	107,374
Number of employees [average number of part-time employees]	(persons)	6,146 [2,073]	6,440 [2,501]	6,324 [2,089]	6,545 [2,351]	6,760 [2,622]

Notes:

1. Consumption taxes and other taxes are not included in net sales.
2. On October 1, 2014, the Company conducted a 1.1-for-1 stock split of shares of common stock. Net assets per share, earnings per share and fully diluted earnings per share are calculated by deeming the stock split to have occurred at the beginning of the 171st fiscal term.
3. When calculating net assets per share from the 174th fiscal term, Company shares held by The Master Trust Bank of Japan, Ltd. as trust assets for the stock-based remuneration plan are included in the treasury shares excluded from the number of shares of common stock issued and outstanding at the end of the fiscal year. Furthermore, when calculating earnings per share and fully diluted earnings per share, Company shares held by The Master Trust Bank of Japan, Ltd. as trust assets for the stock-based remuneration plan are included in the treasury shares excluded when calculating the average number of shares of common stock during the fiscal year.
4. "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) has been applied from the start of the fiscal year ended March 31, 2019. As a result, the Company has adopted a methodology whereby deferred tax assets are disclosed under "Investments and other assets," and deferred tax liabilities are disclosed under "Non-current liabilities."
   Principal management indicators prior to the previous fiscal year are shown following retroactive restatement of relevant figures based on this methodology.

2. Non-consolidated business performance indicators

Fiscal term		171st	172nd	173rd	174th	175th
Years ended March 31		2015	2016	2017	2018	2019
Net sales	(millions of yen)	16,744	18,924	25,221	30,056	25,077
Ordinary profit	(millions of yen)	6,536	8,402	14,509	18,911	13,874
Profit	(millions of yen)	6,835	8,158	14,608	19,556	14,987
Paid-in capital	(millions of yen)	17,117	17,117	17,117	17,117	17,117
Shares issued and outstanding	(thousand shares)	304,357	304,357	304,357	304,357	304,357
Net assets	(millions of yen)	279,564	279,608	295,488	299,620	300,019
Total assets	(millions of yen)	310,602	310,248	329,827	336,153	371,633
Net assets per share	(yen)	927.14	926.09	977.65	1,008.14	1,008.91
Total dividends per share (interim dividend amount)	(yen) (yen)	22.00 (10.00)	24.00 (12.00)	26.00 (13.00)	29.00 (14.00)	32.00 (16.00)
Earnings per share	(yen)	22.70	27.05	48.39	65.48	50.44
Fully diluted earnings per share	(yen)	22.68	27.01	48.34	65.41	50.39
Equity ratio	(%)	89.9	90.1	89.5	89.1	80.7
Return on equity	(%)	2.5	2.9	5.1	6.6	5.0
Price-earnings ratio (p/e)	(times)	62.29	66.14	34.33	32.21	50.36
Dividend payout ratio	(%)	92.9	88.7	53.7	44.3	63.4
Number of employees [average number of part-time employees]	(persons)	298 [27]	296 [29]	297 [30]	305 [38]	337 [44]
Total shareholder return (Benchmark: TOPIX Total Return Index)	(%) (%)	139.3 (130.6)	178.0 (116.5)	168.1 (133.6)	214.4 (154.8)	259.3 (147.0)
Share-price highs	(yen)	1,352 □ 1,484	2,056	1,895	2,334	2,573
Share-price lows	(yen)	1,101 □ 987	1,365	1,444	1,631	2,078

Notes:

1. Consumption taxes and other taxes are not included in net sales.
2. On October 1, 2014, the Company conducted a 1.1-for-1 stock split of shares of common stock. Net assets per share, earnings per share and fully diluted earnings per share are calculated by deeming the stock split to have occurred at the beginning of the 171st fiscal term.
   For its 171st fiscal term, the Company paid a total annual dividend of ¥22.00 per share, consisting of an interim dividend of ¥10.00 per share prior to the stock split of October 1, 2014 and a year-end dividend of ¥12.00 per share after the stock split.
   Figures marked by "□" for the 171st fiscal term denote highest and lowest ex-rights share price after the rights-off due to the stock split.
3. Share-price highs and lows are prices for the Company's shares listed on the First Section of the Tokyo Stock Exchange.
4. When calculating net assets per share from the 174th fiscal term, Company shares held by The Master Trust Bank of Japan, Ltd. as trust assets for the stock-based remuneration plan are included in the treasury shares excluded from the number of shares of common stock issued and outstanding at the end of the fiscal year. Furthermore, when calculating earnings per share and fully diluted earnings per share, Company shares held by The Master Trust Bank of Japan, Ltd. as trust assets for the stock-based remuneration plan are included in the treasury shares excluded when calculating the average number of shares of common stock during the fiscal year.
5. "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) has been applied from the start of the fiscal year ended March 31, 2019. As a result, the Company has adopted a methodology whereby deferred tax assets are disclosed under "Investments and other assets," and deferred tax liabilities are disclosed under "Non-current liabilities."
   Principal management indicators prior to the previous fiscal year are shown following retroactive restatement of relevant figures based on this accounting standard.

(2) History

The predecessor of Nisshin Seifun Group Inc. was Tatebayashi Flour Milling Co., Ltd., a company established in 1900 to specialize in the manufacture and sales of wheat flour. In 1908, Tatebayashi Seifun bought Nisshin Flour Milling Co., Ltd., and changed its name to that of the Company it acquired.

Nisshin Flour Milling Co., Ltd. expanded operations steadily through plant constructions, mergers, and acquisitions. After World War II, the Company undertook extensive rationalization of its core flour milling operations and diversified its business into several areas. This process eventually created a corporate group that incorporated new businesses comprising processed food, compound feed, pet food, pharmaceuticals and engineering.

In July 2001, the Nisshin Seifun Group adopted a holding company structure, under which the Company holds all shares in each operating company covering the Group's principal business fields: flour milling, processed food, compound feed, pet food, and pharmaceuticals.

Date	Event
October 1900	Tatebayashi Flour Milling Co., Ltd. established in Tatebayashi (Gunma).
February 1908	Acquired Nisshin Flour Milling Co., Ltd.; company name changed to that of acquired entity.
February 1926	Construction of the Tsurumi Plant completed.
1934	Nippon Bolting Cloth, Co., Ltd. (predecessor of NBC Meshtec Inc.) established.
1949	Reconstruction and expansion of plants damaged during World War II largely completed.
May 1949	Shares listed on the Tokyo Stock Exchange.
February 1961	Compound feed production and research operations of affiliate Nisshin Feed Co., Ltd. absorbed by Nisshin Flour Milling Co., Ltd.
September 1963	Research operations in Tokyo and Osaka consolidated into a new facility, the Central Research Laboratory in Oimachi (now Fujimino), Saitama.
July 1965	Acquired Nisshin Nagano Chemical Co., Ltd., which was renamed Nisshin Chemicals Co., Ltd.
October 1965	Prepared mix production and research operations of affiliate Nisshin Foods Co., Ltd. absorbed by Nisshin Flour Milling Co., Ltd.
December 1966	Established Nisshin-DCA Foods Inc., a joint venture with DCA Food Industries Inc. of the U.S. (later renamed Nisshin Technomic Co., Ltd. in 1997).
February 1968	Construction of food production lines within the Nagoya Plant completed.
October 1970	Nisshin Pet Food Co., Ltd. established.
April 1972	Nisshin Engineering Co., Ltd. established.
April 1978	Fresh Food Service Co., Ltd. established.
October 1987	Operations of Nisshin Foods Co., Ltd. and Nisshin Chemicals Co., Ltd. absorbed by Nisshin Flour Milling Co., Ltd. in a merger.
March 1988	Thai Nisshin Seifun Co., Ltd., a joint venture, established in Thailand; operations commenced in January 1989.
September 1989	Canadian flour milling company Rogers Foods Ltd. acquired by Nisshin Flour Milling Co., Ltd.
October 1989	The Nasu Research Center established in Nasu (now Nasu Shiobara), Tochigi, by transferring operations from Second Central Research Laboratory.
September 1990	The Chiba Plant expanded to include a fourth flour milling facility (Mill D).
August 1991	Nisshin-STC Flour Milling Co., Ltd., a joint venture, established in Thailand; operations started in March 1993.
September 1994	The Higashinada Plant expanded to include a third flour milling facility (Mill C).
April 1996	Nisshin Kyorin Pharmaceutical Co., Ltd., a joint venture with Kyorin Pharmaceutical Co., Ltd., commenced operations. (Nisshin Kyorin Pharmaceutical Co., Ltd., merged with Kyorin Pharmaceutical Co., Ltd., the former joint venture partner of Nisshin Pharma Inc., in October 2008.)
October 1996	Medallion Foods, Inc. established in the U.S.
October 1997	Frozen food operations of Nisshin Flour Milling Co., Ltd. transferred to newly established Nisshin Foods Co., Ltd.
March 1998	Head office relocated to Chiyoda-ku, Tokyo.
April 1999	Operations of Nisshin Technomic Co., Ltd. absorbed by Nisshin Flour Milling Co., Ltd. in a merger.
October 1999	Management stake in SANKO Co., Ltd. acquired by Nisshin Flour Milling Co., Ltd.
July 2001	New corporate entity created with operating companies (Nisshin Flour Milling Inc., Nisshin Foods Inc., Nisshin Feed Inc., Nisshin Petfood Inc., and Nisshin Pharma Inc.) under a holding company (Nisshin Seifun Group Inc.)
April 2002	Qingdao Nisshin Seifun Foods Co., Ltd. established in China.
October 2002	The Tsurumi Plant of Nisshin Flour Milling Inc. expanded to include a seventh flour milling facility (Mill G).
April 2003	Acquired additional shares in Oriental Yeast Co., Ltd., making it a consolidated subsidiary.

Date	Event
October 2003	Operations commenced at Marubeni Nisshin Feed Co., Ltd. (an affiliate accounted for by the equity method), a joint venture created through the merger of Nisshin Feed Inc. with Marubeni Feed Co., Ltd.
March 2004	Initio Foods Inc. established.
December 2004	A new flour milling facility constructed by Rogers Foods Ltd. in Chilliwack, British Columbia, Canada.
July 2005	Shin Nisshin Seifun Foods (Qingdao) Co., Ltd. established in China. Started full-scale operations in April 2007.
October 2005	Initio Foods Inc. took over SANKO Co., Ltd. in a merger.
November 2005	Established Jinzhu (Yantai) Food Research and Development Co., Ltd., a joint venture with Nichirei Corporation, in China. The venture commenced operations in October 2006.
June 2007	Shin Nisshin Seifun Foods (Qingdao) Co., Ltd. took over Qingdao Nisshin Seifun Foods Co., Ltd. in a merger.
January 2008	Thai Nisshin Technomic Co., Ltd. opened the R&D Office Center & Sales Office at in Thailand.
February 2008	OYC Shanghai Co., Ltd. (later renamed Nisshin Seifun OYC (Shanghai) Co., Ltd. in 2011), established in China.
September 2008	The Higashinada Plant of Nisshin Flour Milling Inc. expanded its flour milling facilities (Mills D and E).
July 2009	The Tatebayashi Plant of Nisshin Foods Inc. expanded its prepared mix production line.
December 2010	Through tender offers for the shares and other methods, additionally acquired shares in consolidated subsidiaries Oriental Yeast Co., Ltd., and NBC Meshtec Inc. to obtain 100% ownership.
May 2011	Acquired additional shares in Hanshin Silo Co., Ltd., and made it a consolidated subsidiary.
January 2012	Oriental Yeast India Pvt. Ltd. established in India.
March 2012	Acquired U.S.-based flour milling company Miller Milling Company, LLC.
October 2012	Established Nisshin Seifun Premix Inc.
November 2012	Opened the Nisshin Seifun (Flour Milling) Museum in Tatebayashi, Gunma.
December 2012	Acquired shares of Tokatsu Foods Co., Ltd. (an affiliate accounted for by the equity method)
February 2013	Acquired a flour milling business in New Zealand, which was subsequently launched as Champion Flour Milling Ltd.
April 2013	Began full-scale business at PT. Indonesia Nisshin Technomic in Indonesia.
June 2013	Established Vietnam Nisshin Seifun Co., Ltd. in Vietnam; operations commenced in October 2014.
February 2014	The Fukuoka Plant of Nisshin Flour Milling Inc. came on-line.
May 2014	Miller Milling Company, LLC acquired four flour milling plants in the U.S.
June 2014	Established Nisshin Seifun Turkey Makarna Ve Gida Sanayi Ve Ticaret A.S. in Turkey as a joint venture with Marubeni Corporation and Nuh'un Ankara Makarnasi Sanayi Ve Ticaret A.S.; operations commenced in May 2015.
May 2015	The Chita Plant of Nisshin Flour Milling Inc. expanded its flour milling facilities (Mill C).
May 2015	The Kobe Frozen Foods Plant of Ma•Ma-Macaroni Co., Ltd., commenced operations.
January 2016	Acquired shares of Joyous Foods Co., Ltd., and made it a consolidated subsidiary.
March 2018	Nisshin-STC Flour Milling Co., Ltd. acquired a flour milling plant in Thailand.
June 2018	Established Vietnam Nisshin Technomic Co., Ltd. in Vietnam.
January 2019	Line expansion at the Saginaw Plant of Miller Milling Company, LLC.

(3) Business Overview

The Nisshin Seifun Group consists of 48 subsidiaries and 10 affiliates accounted for by the equity method. The following is a description of the businesses of the Group and the relationships among the subsidiaries and affiliates within their respective business segments. Business groupings are the same as those described in "Notes to the Consolidated Financial Statements" of "(1) Consolidated Financial Statements, etc." in "[5] Financial Accounts."

Nisshin Seifun Group is a specified listed company stipulated in Article 49, Paragraph 2 of Cabinet Office Regulations pertaining to regulations regarding the trade of marketable securities. Accordingly, standards for determining the relative insignificance of material facts with respect to insider trading regulations are decided based on consolidated figures.

1. Flour Milling Segment

Nisshin Flour Milling Inc., a consolidated subsidiary, produces wheat flour and bran, a by-product, and sells them through sales agents. Fresh Food Service Co., Ltd., a consolidated subsidiary, primarily sells frozen foods and their ingredients and operates restaurants serving food using wheat flour-based commercial ingredients. It purchases wheat flour and other ingredients from Nisshin Flour Milling Inc. Yamajo Shoji Co., Ltd., a consolidated subsidiary, and Ishikawa Co., Ltd., an affiliate accounted for by the equity method, are Nisshin Flour Milling Inc. sales agents. Ishikawa Co., Ltd. also sells packaging materials to Nisshin Flour Milling Inc.

Miller Milling Company, LLC in the United States, Rogers Foods Ltd. in Canada, Nisshin-STC Flour Milling Co., Ltd. in Thailand and Champion Flour Milling Ltd. in New Zealand, all of which are consolidated subsidiaries, produce wheat flour and sell it in the North American, Asian and Oceanian markets, respectively.

2. Processed Food Segment

Nisshin Foods Inc., a consolidated subsidiary, produces and sells prepared mix and other processed food products. It sells wheat flour for household use purchased from Nisshin Flour Milling Inc., pasta, pasta sauces and frozen foods from production subsidiaries, and other processed foods procured from companies outside the Nisshin Seifun Group. Nisshin Seifun Premix Inc., a consolidated subsidiary, produces and sells prepared mix. Ma•Ma-Macaroni Co., Ltd., a consolidated subsidiary, produces pasta and frozen foods which it sells through Nisshin Foods Inc. Initio Foods Inc., a consolidated subsidiary, produces and sells frozen and prepared foods and also directly operates concessions in department stores. Joyous Foods Co., Ltd., a consolidated subsidiary, produces and sells processed noodles.

Thai Nisshin Technomic Co., Ltd., a consolidated subsidiary in Thailand, manufactures prepared mix and sells it in Southeast Asia. Shin Nisshin Seifun Foods (Qingdao) Co., Ltd., a consolidated subsidiary in China, manufactures prepared mix and sells it in mainland China. PT. Indonesia Nisshin Technomic, a consolidated subsidiary in Indonesia sells prepared mix in Southeast Asia. Medallion Foods, Inc., a consolidated subsidiary in the United States, and Nisshin Seifun Turkey Makarna Ve Gida Sanayi Ve Ticaret A.S., a consolidated subsidiary in Turkey, produce pasta, Thai Nisshin Seifun Co., Ltd., a consolidated subsidiary in Thailand, produces pasta sauce and frozen food and Vietnam Nisshin Seifun Co., Ltd., a consolidated subsidiary, produces pasta sauce. Nisshin Foods Inc. is the primary importer and seller of these products in Japan. In June 2018, the Company established Vietnam Nisshin Technomic Co., Ltd., a consolidated subsidiary, to produce and sell prepared mix for commercial use in Vietnam.

Oriental Yeast Co., Ltd., a consolidated subsidiary, manufactures and sells biochemical products and food ingredients for bread, etc. , as well as operating a life science business.

Nisshin Pharma Inc., a consolidated subsidiary, manufactures and sells healthcare foods and pharmaceuticals.

Tokatsu Foods Co., Ltd., an affiliate accounted for by the equity method, produces and sells cooked foods, including *bento* lunch boxes, prepared foods and others.

3. Others Segment

Nisshin Petfood Inc., a consolidated subsidiary, manufactures and sells pet foods.

Nisshin Engineering Inc., a consolidated subsidiary, undertakes design, contracted construction and management of production and processing facilities for grain, food products, and chemical products. In addition, it manufactures and sells powder-processing machines and engages in powder-processing, as well as engaging in contracted construction for some Nisshin Seifun Group companies.

NBC Meshtec Inc., a consolidated subsidiary, manufactures and sells mesh cloths and forming filters.

Marubeni Nisshin Feed Co., Ltd., an affiliate accounted for by the equity method, manufactures and sells compound feed.

Japan Logistic Systems Corp., an affiliate accounted for by the equity method, is engaged in overland freight shipping and storage. It ships and stores some of the Group's products. Nisshin Grain Silo Inc. and Hanshin Silo Co., Ltd., both consolidated subsidiaries as well as Chiba Kyodo Silo Co., Ltd., an affiliate accounted for by the equity method, are engaged in handling and storage operations for grain. Shinwa Development Co., Ltd., a consolidated subsidiary, operates sports facilities.

The following diagram illustrates the structure of the Nisshin Seifun Group.

* In April 2019, the Company acquired all shares of PFG Topcol Pty Ltd., the parent company of Australia-based flour milling company Allied Pinnacle Pty Ltd.

Also, in July 2019, the Company will acquire additional shares of affiliated company Tokatsu Foods Co., Ltd., with plans to convert it to a subsidiary.

Nisshin Seifun Group Structure

Nisshin Seifun Group Inc. (Holding company)

Flour Milling Segment

Domestic	Overseas

⦿ Nisshin Flour Milling Inc.
  ⦿ Fresh Food Service Co., Ltd.
  ⦿ Yamajo Shoji Co., Ltd.
  ○ Ishikawa Co., Ltd.
	⦿ Miller Milling Company, LLC
	⦿ Champion Flour Milling Ltd.
	⦿ Rogers Foods Ltd.
	⦿ Nisshin-STC Flour Milling Co., Ltd.
	⦿ NSTC Trading Co., Ltd.

Processed Food Segment

Domestic	Overseas

(Processed food business)
⦿ Nisshin Foods Inc.
  ⦿ Nisshin Seifun Premix Inc.
  ⦿ Ma•Ma-Macaroni Co., Ltd.
  ⦿ Initio Foods Inc.
  ⦿ Joyous Foods Co., Ltd.
	⦿ Thai Nisshin Technomic Co., Ltd.
	⦿ Shin Nisshin Seifun Foods (Qingdao) Co., Ltd.
	⦿ PT. Indonesia Nisshin Technomic
	⦿ Vietnam Nisshin Technomic Co., Ltd.
	⦿ Medallion Foods, Inc.
	⦿ Nisshin Seifun Turkey Makarna Ve Gida Sanayi Ve Ticaret A.S.
	⦿ Thai Nisshin Seifun Co., Ltd.
	⦿ Vietnam Nisshin Seifun Co., Ltd.

(Yeast and biotechnology business)
⦿ Oriental Yeast Co., Ltd.
  ⦿ Pany Delica Co., Ltd.
  ⦿ OYC Foods Net Co., Ltd.
  ⦿ Nihon Bioresearch Inc.
  ⦿ Kitayama Labes Co., Ltd.
  ⦿ Oriental Bio Service Inc.
  ⦿ KBT Oriental Co., Ltd.
	⦿ OYC Americas, Inc.
	⦿ OYC EU B.V.
	⦿ Oriental Yeast India Pvt. Ltd.
	⦿ Nisshin Seifun OYC (Shanghai) Co., Ltd.

(Healthcare foods business) ⦿ Nisshin Pharma Inc.	
○ Tokatsu Foods Co., Ltd.	

Others Segment

○ Jinzhu (Yantai) Food Research and Development Co., Ltd.

Domestic	Overseas
(Pet food business) ⦿ Nisshin Petfood Inc.	
(Engineering business) ⦿ Nisshin Engineering Inc.	
(Mesh cloths business) ⦿ NBC Meshtec Inc. ⦿ NBC Metalmesh Inc.	⦿ PT. NBC Indonesia ⦿ NBC Meshtec Americas Inc. ⦿ NBC (Shanghai) Mesh Co., Ltd. ⦿ NBC Meshtec (Thailand) Co., Ltd.
○ Marubeni Nisshin Feed Co., Ltd.	

○ Japan Logistic Systems Corp.
  ⦿ Nisshin Grain Silo Inc.
  ⦿ Hanshin Silo Co., Ltd.
  ○ Chiba Kyodo Silo Co., Ltd.
  ⦿ Shinwa Development Co., Ltd.	

Customers

⦿ Consolidated subsidiaries
○ Subsidiaries and affiliates accounted for by the equity method

(4) Subsidiaries and Affiliates

Name	Location	Paid-in capital (millions of yen)	Main businesses	Share of voting rights (indirect ownership) (%)	Details of relationship	
					Concurrent directors	Comments
Consolidated subsidiaries						
Nisshin Flour Milling Inc.	Chiyoda-ku, Tokyo	14,875	Production and sales of wheat flour	100.0	Present	The Company provides a partial loan for working capital, etc. and rents commercial land, buildings and office space
Miller Milling Company, LLC	Minnesota, U.S.	86	Production and sales of wheat flour	100.0 (100.0)	Present	None
Champion Flour Milling Ltd.	Auckland, New Zealand	3,491	Production and sales of wheat flour	100.0 (75.0)	Present	None
Nisshin Foods Inc.	Chiyoda-ku, Tokyo	5,000	Sales of pasta, wheat flour for household use, frozen foods, other products Production and sales of prepared mix	100.0	Present	The Company provides a partial loan for working capital, etc. and rents commercial land and office space
Nisshin Seifun Premix Inc.	Chuo-ku, Tokyo	400	Production and sales of prepared mix	100.0 (100.0)	Present	The Company rents commercial land and office space
Ma•Ma-Macaroni Co., Ltd.	Utsunomiya, Tochigi	350	Production and sales of pasta and frozen foods	68.6 (53.6)	Present	None
Initio Foods Inc.	Chiyoda-ku, Tokyo	487	Production and sales of frozen foods and prepared dishes Direct operation of concessions in department stores	100.0 (63.0)	Present	The Company provides partial loan for working capital and rents office space
Joyous Foods Co., Ltd.	Kamisato-machi, Kodama-gun, Saitama	50	Production and sales of processed noodles, etc.	65.1	Present	None
Oriental Yeast Co., Ltd.	Itabashi-ku, Tokyo	2,617	Production and sales of food ingredients for bread, etc., biochemical products and other products; life science business	100.0	Present	The Company provides partial loan for working capital, etc.
Nisshin Pharma Inc.	Chiyoda-ku, Tokyo	2,689	Production and sales of healthcare foods and pharmaceuticals, etc.	100.0	Present	The Company provides a partial loan for working capital, etc. and rents office space
Nisshin Petfood Inc.	Chiyoda-ku, Tokyo	1,315	Production and sales of pet foods	100.0	Present	The Company provides a partial loan for working capital and rents buildings and office space
Nisshin Engineering Inc.	Chuo-ku, Tokyo	107	Design, contracted construction and management of production facilities and other facilities, sales of powder-processing machines	100.0	Present	The Company rents office space
NBC Meshtec Inc.	Hino, Tokyo	1,992	Production and sales of mesh cloths and forming filters	100.0	Present	The Company provides a partial loan for working capital, etc.
35 other consolidated subsidiaries						
Affiliates accounted for by the equity method						
Marubeni Nisshin Feed Co., Ltd.	Chuo-ku, Tokyo	5,500	Production and sales of compound feed	40.0	Present	The Company rents commercial land and buildings
Tokatsu Foods Co., Ltd.	Kohoku-ku, Yokohama, Kanagawa	100	Production and sales of such cooked foods as *bento* lunch boxes and prepared foods	49.0	Present	None
Japan Logistic Systems Corp.	Shinagawa-ku, Tokyo	3,145	Overland freight shipping and storage	25.6 (20.6)	Present	None
7 other companies						

Notes:

1. Nisshin Flour Milling, Inc., Champion Flour Milling Ltd., Nisshin Foods Inc., Oriental Yeast Co., Ltd., Nisshin Pharma Inc., NBC Meshtec Inc., Nisshin-STC Flour Milling Co., Ltd., Nisshin Seifun Turkey Makarna Ve Gida Sanayi Ve Ticaret A.S., Oriental Yeast India Pvt. Ltd. and PT. NBC Indonesia are specified subsidiaries of Nisshin Seifun Group Inc. Nisshin-STC Flour Milling Co., Ltd., Nisshin Seifun Turkey Makarna Ve Gida Sanayi Ve Ticaret A.S., Oriental Yeast India Pvt. Ltd. and PT. NBC Indonesia are included in other consolidated subsidiaries.
2. Japan Logistic Systems Corp. also submits separate regulatory filings.
3. Figures in parentheses in the percentage of voting rights column indicate shares attributable to indirect ownership.

4. Financial data for subsidiaries accounting for more than 10% of consolidated net sales (excluding any sales transactions between consolidated subsidiaries) are shown in the table below.

(Millions of yen)

Company name	Net sales	Ordinary profit	Profit	Net assets	Total assets
Nisshin Flour Milling, Inc.	174,927	9,880	7,038	72,913	144,421
Miller Milling Company, LLC	58,213	411	279	35,350	48,239
Nisshin Foods Inc.	117,001	5,959	4,308	30,288	62,447
Oriental Yeast Co., Ltd.	65,489	4,283	3,277	20,064	48,601

Figures presented for Miller Milling Company, LLC, are consolidated with those of NSGI Holdings Inc., the holding company that has a 100% equity interest in Miller Milling Company, LLC. Additionally, from the fiscal year ended March 31, 2019, Miller Milling Company, LLC changed its fiscal year-end from December 31 to March 31. Figures for net sales, ordinary profit and profit are shown for the 12-month period of April 1, 2018 to March 31, 2019.

5. In April 2019, the Company acquired all shares of PFG Topcol Pty Ltd., the parent company of Australia-based flour milling company Allied Pinnacle Pty Ltd.

   Also, in July 2019, the Company will acquire additional shares of affiliated company Tokatsu Foods Co., Ltd. (previously 49% of voting rights held), with plans to convert it to a wholly owned subsidiary.

(5) Employees

1. Consolidated level

(As of March 31, 2019)

Business segment	Number of employees	
Flour Milling	1,642	[109]
Processed Food	3,845	[2,075]
Others	876	[356]
Corporate (across the Group divisions)	397	[81]
Total	6,760	[2,622]

Note:
Numbers refer to full-time employees only. Additional figures for the average numbers of part-time staff employed during the fiscal year are provided in square brackets.

2. Non-consolidated level

(As of March 31, 2019)

Number of employees	Average age (years)	Average length of service (years)	Average annual pay (yen)
337 [44]	42.6	17.3	8,653,428

Notes:
1. Numbers refer to full-time employees only. An additional figure for the average number of part-time staff employed during the fiscal year is provided in square brackets.
2. Average annual pay includes bonuses and any non-standard wages.
3. Employees of Nisshin Seifun Group Inc. are entirely included in Corporate (across the Group divisions).

3. Labor unions

Nisshin Seifun Group workers are members of in-house unions, including the Nisshin Flour Milling Workers’ Union. There are no matters to report regarding labor-management relations.

[2] Review of Operations and Financial Position

(1) Management Policies, Management Environment and Issues to be Addressed

All matters relating to the future in the sections below are based on the current views of the Nisshin Seifun Group as of the date of filing this Securities Report in Japanese (June 26, 2019).

1. Basic management policies

The Nisshin Seifun Group espouses two corporate philosophies: "the basis of business is built on trust" and to be "in tune with the changing climate." In combination with the principle "to contribute to a healthy and fruitful life for all," these philosophies have formed the foundation for the Group to achieve continued growth and expansion of its businesses. In addition, the Group has adopted "Delivering Good Health and Reliability" as its corporate slogan. This expresses the commitment that every Nisshin Seifun Group member firm should strive to deliver products and services that contribute positively to health and build consumer trust.

Based on this philosophy, the Group specifies long-term maximization of corporate value as the key business goal. Group management prioritizes the investment of resources in core operations and businesses with growth potential.

The Group also promotes internal reform while fulfilling its corporate social responsibilities in terms of enhancing its internal control systems, legal and regulatory compliance, food safety, environmental protection and social contribution. The Nisshin Seifun Group is fully committed to gaining the support of all stakeholders, including shareholders, customers, business partners, employees and local communities.

2. Medium- to long-term management strategies, target management indicators

The Group has set out its long-term vision, "NNI 'Compass for the Future' —Toward a New Stage—Maximizing Group-wide Capabilities and Effecting Business Model Change," and launched new initiatives, taking into account anticipated structural changes driven by highly complex and rapid shifts in society for the next 10 to 20 years. With this long-term vision as our compass for the future, we will press ahead with New Nisshin Innovation activities based on the ongoing medium-term management plan, "NNI-120 II," as a milestone, which is scheduled to conclude in the fiscal year ending March 31, 2021 and targets net sales of ¥750 billion, operating profit of ¥30 billion, and earnings per share (EPS) of ¥80.

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

Furthermore, we will focus on enhancing the stable distribution of profits from a long-term perspective to shareholders who share with us "the values created through generations since the establishment of the Company." We aim for a payout ratio of 40% or more on a consolidated basis and seek to continuously increase the amount of dividends, while intending to repurchase treasury shares in a flexible manner, taking into account cash flows and demand for funds for strategic investments.

The Group will execute these strategies developed to realize the long-term vision so as to achieve further growth in earnings per share (EPS) through efforts in both profit growth and capital policy planning. We also strive to 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 are challenging ourselves to develop a corporate group that enjoys ongoing active support from all stakeholders.

3. Management environment and issues to be addressed

The business environment surrounding Japan's food industry is changing drastically, including fluctuating exchange rates and prices of cereal and natural resources against a backdrop of volatile world affairs, market contraction as the country's population declines, and growing concern over labor shortage. In addition, trends driving free trade are expected to accelerate further as international trade negotiations gain momentum.

Under these circumstances, the Nisshin Seifun Group will continue to fulfill its mission of securing stable supplies of safe and reliable wheat flour and other staple foods, and delivering safe and reliable products in each business. At the same time, we aim to achieve our long-term vision and move quickly to pursue business growth by further utilizing our group-wide capabilities by strengthening cooperation among our operating companies in Japan as well as overseas. We are creating sustainable growth by recognizing the changes in the business environment caused by technological innovation and evolving social issues, and turning these changes into business opportunities. This contributes to building a sustainable society by creating a cycle of value creation that benefits both the Group and society.

(1) Domestic business strategies

Regarding the flour milling business, we will develop products that accurately capture customer needs and promote value-added services that offer total solutions to customers, further strengthening customer relationships. In this way, we will continue our efforts to stably supply safe and reliable products.

In the processed food business, we are taking measures to boost brand loyalty by aggressively promoting new products launched to respond to the needs of consumers arising from an increase in eating alone, demand for meals that are easy to prepare, and growing health consciousness. At the same time, we will optimize our business portfolio through efforts to further expand in the growth fields of the frozen food product business.

In the prepared dishes and other prepared foods business, steps are underway to move to a business model that can produce sophisticated products with great efficiency. In March 2019, the Company opted to purchase additional shares of Tokatsu Foods Co., Ltd., a leader in the supply of a comprehensive range of prepared dishes to the Japanese market. With this acquisition, we anticipate the conversion of Tokatsu Foods into a consolidated subsidiary in July 2019.

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

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

(2) Overseas business strategies

In the flour milling business, we are committed to achieving independent growth in local markets via sales expansion measures that leverage the Group's strengths in flour milling technology and proposal capabilities. Construction to boost by approximately 70% the production capacity of U.S. subsidiary Miller Milling Company, LLC's Saginaw Plant has concluded, and full-scale operations began in January 2019. In addition, in April 2019, the Company purchased Allied Pinnacle Pty Ltd., which is the leading company in Australia's wheat flour market (excluding flour used in starch production and other industrial applications). In this way, we are continuing to aggressively pursue strategic investments to expand our business foundations outside of Japan.

In the processed food business, we envisage further expansion of the commercial prepared mix business, given projected growth in the Asian market. Currently, construction is moving forward for a plant at Vietnam Nisshin Technomic Co., Ltd. to develop the growing market for commercial-use prepared mix in Vietnam. Plant operations are scheduled to begin in 2019. In terms of production, along with bolstering cost competitiveness, by utilizing our global optimal production system as a base, we are leveraging the production technology and expertise in high-level quality control cultivated by the Group over many years to pursue additional business expansion in pasta, pasta sauces and frozen foods.

In the yeast and biotechnology businesses, in a bid to enter the Indian market, where demand for yeast for bread making is rising, Oriental Yeast India Pvt. Ltd. is making progress in constructing a yeast plant scheduled for completion in summer of 2020. Our goal is to promote business expansion by supplying the local market with high-quality products.

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 Company's own proprietary efforts or through M&A and alliance opportunities.

(3) R&D strategies and cost strategies

The Group adopts 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. High value-added products that, from a customer perspective, are novel and unique will be developed continuously. In research, we will clarify our priority research domains in order to promote the commercialization and practical application of research results. At the same time, we will establish research themes closely aligned with business strategies to increase efficiency and speed. We will examine and promote enhanced efficiency through practical use of automation technology to address issues caused by labor shortage.

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

(4) Measures addressing systemic changes in wheat policy, and others

The Group expects reduced border import control mechanisms for wheat and wheat-related products as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (TPP-11 Agreement) and the Japan-EU EPA come into effect, and for competition with imported products from related countries to intensify. On the other hand, wheat from the U.S., which is not a signatory to the agreements, will maintain its markup (gain collected by government upon import), resulting in wheat price disparities depending on the importing country, as well as concerns about their impact on related industries. As the trend toward free trade further accelerates, including through negotiations on the Japan-United States Trade Agreement on Goods, etc., the Group will take appropriate steps to stay abreast of upcoming changes as they emerge, while continuing to develop a robust corporate structure domestically and abroad that will enable it to prevail against the global competition.

(5) Corporate social responsibility (CSR)

The Nisshin Seifun 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 increasingly essential role in society. To this end, the Group established a Social Committee to put its "Nisshin Seifun Group Corporate Code of Conduct and Employee Action Guidelines" into practice and to promote initiatives to facilitate the implementation.

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

With respect to compliance, the Group complies with relevant laws and regulations, social norm and corporate internal rules and regulations, and strives to develop and expand its businesses while being engaged in fair and open competition. Regarding quality assurance (QA), to ensure the delivery to customers of safe and reliable products, we are strengthening our hand in the areas of food safety and food defense. The CR (Consumer Relations) Office, which is charged with the responsibilities of identifying consumer mindsets and social trends while providing timely and appropriate direction as to what actions need to be taken, will actively collect 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 staple foods, we have enhanced our disaster preparations through our business continuity planning (BCP).

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

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

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

In these ways, the Group will continue to fulfill its corporate social responsibilities.

4. Basic policies regarding control of the corporation

(1) Brief description of the basic policies

As a provider of food, the Company believes that its chief responsibility, as well as a source of generating corporate value and one of its fundamentals, is to contribute to providing safe food on a continuous basis, namely by ensuring high levels of safety and the quality of its products, along with the stable supply of wheat flour and other foods staples for the people. To continue to secure and improve the Company's corporate value, which is girded by this responsibility, and the common interests of the shareholders, it is essential to ensure high levels of safety and product quality, as well as stable supply, among other duties. If any person, failing to understand this, buys up the Company's shares and acts in ways contrary to a sustainable and systematic medium- to long-term business policy, such actions would cause damage to the Company's corporate value and the common interests of the shareholders. Moreover, there are other forms of stock purchase that might do harm to the Company's corporate value and the common interests of the shareholders.

In order to properly manage the above issues, the Company believes that the advanced disclosure of sufficient information must be made, such as: the management policies and business plans envisioned by a potential purchaser of the Company's shares; the possible impact of the proposed acquisition on the Company's shareholders, the management of the Nisshin Seifun Group and all of the Group's stakeholders; and the purchaser's views regarding corporate social responsibility, including the matters of ensuring the stable supply of wheat flour and other dietary staples of the people and food safety. Also, a reasonable length of time to review such proposal and ample capacity to negotiate with such purchaser must also be ensured.

(2) Measures that contribute to the effective utilization of the Company's assets, structuring of the appropriate form of the business group and the realization of other basic policies on control of the corporation

As a pure holding company, the Company is responsible for proposing management strategies for the Group, the efficient distribution of management resources and the auditing and monitoring of business activities. By optimizing the markets of each operating company, the Company has guaranteed a high level of safety and quality for products, as well as ensuring a steady supply. Moreover, through the mutual strengthening of corporate value between operating companies, the corporate value of the Group as a whole has been improved.

Under the above system, the Group aims to maintain and improve a high level of technological capability, including the manufacturing technology and development and analysis capabilities required to support product safety and quality. The Group will implement ongoing and systematic capital expenditure from a long term perspective. At the same time, the Group will focus on employee training that can ensure and improve levels of specialist skills, the introduction of ongoing auditing and instruction systems related to product quality and facilities, internal controls, and the construction and ongoing implementation of compliance systems. We will also work hard to build and maintain trust relationships with the Company's stakeholders, including our customers and local society.

(3) Measures to prevent a decision on the Company's financial and business policies from being controlled by a party who is deemed 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 adopted a plan to take certain 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 Allotments of Subscription Rights to Shares for Securing and Improving Corporate Value of the Company and the Common Interests of the Shareholders," which was approved by the 174th Ordinary General Meeting of Shareholders held on June 27, 2018. The outline of the Plan is as follows.

1) The Board of Directors shall ask any party who attempts a Specified Acquisition to present a written Acquisition Proposal to ask for a resolution of the Board of Directors not to take countermeasures including the gratis allotment of the Subscription Rights to Shares defined in Paragraph 6 below (hereinafter "the Confirmation Resolution") against that proposal. In order to implement prompt operation of the Plan, the Board of Directors may establish a reply deadline and request the provision of additional information in respect to any parties making a proposal in connection with a Specified Acquisition. Even in this case, the reply deadline shall be set with a maximum limit of 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 expiry of such reply deadline. "Specified Acquisition" means: a) an act of purchasing the Company's share certificates, etc., that would result in the holdings of 20% or more of the Company's share certificates, etc. (including similar acts as specified by the Board of Directors); or b) an act of commencing a tender offer that would result in the holdings of 20% or more of the Company's share certificates, etc. "Acquisition Proposal" means a document that contains 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) i. or v. that is reasonably demanded by the Company.
2) Upon receiving the Acquisition Proposal, the Board of Directors shall promptly submit it to the Corporate Value Committee, which is composed 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 (hereinafter referred to as a "Recommendation Resolution") recommending that the Board of Directors passes a Confirmation Resolution in regard to said Acquisition Proposal. The Recommendation Resolution shall be passed by a majority of all members, and the results of 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 the compensation and set no upper limit to the number of shares to be purchased) upon the receipt of the Acquisition Proposal from the Board of Directors. Only when reasonable grounds exist, the period for the deliberation and discussion may be extended to a maximum 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 can satisfy the Company's purposes of securing and improving corporate value and the common interests of the shareholders. The Corporate Value Committee must issue a Recommendation Resolution for Acquisition Proposals that meet all of the below requirements and that secure and improve the corporate value of the Company and the common interests of shareholders.
   i. 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 provides a benefit to the Proposed Acquirer (including its group companies or other

related parties, same applies below) to the detriment of the Company, such as temporary control of the Company's management enabling transfer of the Company's material assets;

c. Diversion of the Company's assets to secure or repay debts of the Proposed Acquirer;

d. Actions that unjustly harm fundamentals essential to generation of the Company's medium- to long-term corporate value, such as 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 future years; and other types of action causing harm to the cooperative relationships of the Company's stakeholders, including the Company's shareholders, business partners, customers and employees.

ii. The scheme and content of the deal proposed by the Acquisition Proposal comply with the relevant laws and regulations.

iii. The scheme and content of the deal proposed by the Acquisition Proposal do not threaten to have the effect of compelling shareholders to sell their shares.

iv. 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 made in other ways, by complying with the procedures specified by the Plan.

v. The period for the Company to deliberate the Acquisition Proposal is secured (including deliberation and presentation of its 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 or a maximum of 90 business days for Acquisition Proposals other than those that specify only cash in the Japanese currency as compensation and set no upper limit to the number of shares to be purchased. Furthermore, if there are reasonable grounds to exceed these respective periods, a maximum of 30 business days will additionally be allowed.

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 clearly against the Directors' duty of care. Countermeasures, such as a Gratis Allotment of Subscription Rights to Shares, cannot be taken against the Acquisition Proposal for which the Confirmation Resolution is made.

6) In the event that the Specified Acquirer—which is defined as a person or company that executed the Specified Acquisition and failed to obtain the Confirmation Resolution by the time such acquisition was executed—appears, the Board of Directors shall disclose the identifying of the appearance of the Specified Acquirer and issue a resolution that identifies and determines the necessary conditions for effecting a gratis allotment of Subscription Rights to Shares, including the record and effective dates for such allotment, and execute the gratis allotment of Subscription Rights to Shares after publicly announcing details of matters that have been determined. "Subscription Rights to Shares" is defined as the subscription rights to shares whose exercise is restricted for the Specified Acquirer and its related parties, which are collectively defined as the Specified Acquirer.

   In such a case that it is revealed that the ratio of holdings of the Company's share certificates, etc., by the Specified Acquirer falls below 20% by the date that is specified elsewhere by the Board of Directors and which should be earlier than three business days prior to the record date for the gratis allotment, the Board of Directors can defer the effect of a gratis allotment of Subscription Rights to Shares.

7) In the case that a gratis allotment of Subscription Rights to Shares is effected, the Company shall implement the gratis allotment of Subscription Rights to Shares to all shareholders, except the Company, as of the record date for the gratis allotment at a ratio of one Subscription Right to Share for every one share of the Company's common stock held, and the number of shares to be issued per one Subscription Right to Share will not exceed two and be determined elsewhere by the Board of Directors. The value of assets invested to exercise one Subscription Right to Share shall be ¥1 multiplied by the number of shares to be issued per one Subscription Right to Share.

8) Exercisable Subscription Rights to Shares can be acquired by the Company. For the Subscription Rights to Shares held by shareholders other than the Specified Acquirer, 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 Share. For other Subscription Rights to Shares, this is accomplished in exchange for Subscription Rights to Shares with restriction on transfer (restriction on the exercise of the rights by the Specified Acquirer) of the same number as the Subscription Rights to Shares that are acquired by the Company.

(4) Judgment of the Board of Directors and its reasons

The Plan complies with the basic policies described in Item (1) above, and it is carefully devised as follows to ensure its reasonability. 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 174th Ordinary General Meeting of Shareholders 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 Audit & Supervisory Committee

Members) is one year and the timing of reelection is concurrent among all Directors. In addition, the resolution on dismissal of Directors has the same weight as that of 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 Outside Directors of the Company, shall deliberate the Acquisition Proposal, under legal obligations as the Directors of the Company, to determine if the proposal meets the purposes of securing and improving the Company's corporate value and the common interests of the shareholders. It is also required that the Board of Directors makes a Confirmation Resolution upon receipt of a Recommendation Resolution to that effect from the Corporate Value Committee, unless there are particular reasons that are clearly against the Directors' duty of care.

4) To enhance the objectivity of judgment relating to the Plan, the Corporate Value Committee must issue a Recommendation Resolution in certain cases, as specified in Paragraph (3) above.

5) Subject to approval at 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 environments surrounding the Company.

6) The validity of an Approval Resolution at the General Meeting of Shareholders 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 reflections on 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."

(2) Business and Other Risks

Risks that could have an impact on the business performance, share price and financial position of the Nisshin Seifun Group are outlined below.

All matters relating to the future in the sections below are based on the current views of the Nisshin Seifun Group as of the date of filing this Securities Report in Japanese (June 26, 2019).

1. Economic conditions and industry environment

The Nisshin Seifun Group continues to work to reinforce its earnings base so as to minimize the impact of economic and industry conditions on business results. However, increased competition in the Japanese domestic market may cause shipment levels to fluctuate or prices of the Company's major products to decline. Other risks include losses caused by the failure of investment or business partners.

2. Progress of international trade negotiations and wheat policy reform

The Nisshin Seifun Group has carried out structural reforms aimed at building a robust Group structure.

The trend toward free trade is accelerating, as illustrated most clearly by the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (TPP-11 Agreement) and the Japan-EU EPA coming into effect, as well as the negotiations for the Japan-United States Trade Agreement on Goods, etc. Going forward, changes in demand for wheat and related products, together with reduced border import control mechanisms, could impact wheat flour-related industries, including the Company's flour milling and processed food businesses.

In addition, following a review by the government of its wheat policy, etc., our flour milling and processed food businesses remain subject to possible risks generated by: changes to the status quo of the Japanese government's trade strategy, including the management procedures (purchase, stockpiling and sale, etc.) of wheat; domestic flour and flour-related secondary processing market disruptions; and the realignment of related industries.

3. Product safety

Growing concerns over food safety put increasing pressure on the food industry to ensure the safety of the food it supplies. The Nisshin Seifun Group is strengthening measures designed to safeguard its product quality assurance systems, including both upgrading actual systems and food defense measures, but events beyond the scope of the Company's projection due to external and other factors could lead to product recalls or the discovery of defective items.

4. Sharp increases in raw materials prices

The Nisshin Seifun Group continues to aim to develop low-cost operations to ensure that earnings are more resistant to the possibility of future wheat market deregulation. Nevertheless, the Company may not be in a position to achieve cost reductions in the event of fluctuations in raw material market conditions, movements in distribution costs as a result of crude oil price hikes and higher purchasing costs due to increases in the prices of such essential input materials as packaging. In addition, the Group's business performance could be adversely affected if a significant rise in the cost of purchasing raw materials and products due to an increase in imported wheat prices and other reasons was not offset by revisions in the selling prices of wheat flour, processed foods and other products.

5. Foreign exchange movements

Although the Nisshin Seifun Group uses currency forwards and other hedging tools to minimize the impact of foreign exchange movements on results, the sourcing of some raw materials and other inputs from overseas exposes some Group operations to the risk of variance in purchasing costs due to currency market fluctuations, particularly in processed food. The operational performance and financial position of overseas operations may also vary due to changes in the value of the yen. In the flour milling business, the level of prices for imported bran, which vary according to foreign exchange movements, also affects the price of bran, a milling by-product.

6. Contract manufacturing

The Nisshin Seifun Group contracts out the manufacturing of some products to optimize production efficiency. Although the Company makes strenuous efforts to ensure that contract manufacturers adhere to the same levels of quality control and input purchase stability, the Company remains exposed to the risk of the business failure of subcontractors due to circumstances beyond its control. Any such eventuality could result in higher purchasing costs or an interruption in product supply.

7. Information and system-related risks

The Nisshin Seifun Group has established appropriate levels of management controls for its internal systems. Problems encountered with the operation of these systems have the potential to interrupt supplies to customers or to incur extra costs. Although the Nisshin Seifun Group maintains proper controls to thwart viruses and other computer-related problems and manage IT systems, any unforeseen attacks by viruses, cyberterrorism or unauthorized access to internal systems have the potential to interrupt supplies to customers. Other information- and system-related risks include the leakage of operationally sensitive data or confidential personal information, which could also result in higher costs or damage to the Company's reputation.

8. Alliances with other companies and realization of corporate acquisition benefits

The Nisshin Seifun Group forms alliances with other domestic and global companies and conducts corporate acquisitions as part of efforts to optimize use of management resources, as well as to realize growth and expansion. The inability to progress as initially planned with respect to alliances or businesses post acquisition could result in the failure to realize expected benefits.

Furthermore, with respect to goodwill accompanying corporate acquisitions and other intangible assets, the failure to realize anticipated investment returns, due to low profitability stemming from the absence of expected cash flows from such assets, could result in substantial impairment losses. Such occurrence could have an adverse impact on the Group's financial position and business performance.

9. Facility security and natural disasters

The Nisshin Seifun Group continues to work to upgrade its safety and site management systems to ensure the security of production plants and other facilities and to prevent accidents such as fires or explosions. We are implementing seismic strengthening initiatives and liquefaction countermeasures at our mainstay plants to prevent any injury to personnel or damage to facilities should such natural disasters as earthquakes, storms and floods occur. The Group is also undertaking a review of its capabilities including the additional formulation of a business continuity plan (BCP) in response to the future envisioned incidence of a major earthquake or other natural disaster. However, events beyond the scope of the Company's projections, including developments such as epidemics or pandemics of new strains of influenza and other diseases, could lead to damage or to the interruption of product supplies to customers.

10. Legal regulations and lawsuits

The Group is subject to a host of legal regulations in conducting its business activities. For this reason, the Group has developed a compliance system and is making progress in enhancing that structure further. Nevertheless, unforeseen changes in laws and regulations in Japan or other countries, as well as lawsuits and other actions brought against the Group, could limit the Group's business activities or could potentially trigger expenses required to address such changes or litigation.

11. Overseas business

Although the Nisshin Seifun Group makes efforts to prevent accidents at its overseas operations, the performance of these businesses is subject to various economic and political risks, as well as constraints on business activities due to terrorism or the outbreak of civil unrest, and risks associated with developments such as epidemics or pandemics of new strains of influenza and other diseases, that could result in a downturn in the overseas business, thus hampering business continuation efforts.

12. Intellectual property

The Nisshin Seifun Group possesses trademarks, patents and other vital intellectual property, and strives to preserve its business advantages. These efforts notwithstanding, the inability to acquire, safeguard and defend intellectual property as intended could damage the Group's businesses, products and brands, which could negatively affect the Group's business activities. Similarly, infringement of the Group's intellectual property rights by other companies, or claims triggering lawsuits that the Group has infringed the intellectual property rights of another company, could adversely impact business activities or result in expenses required to address such cases.

13. Environmental management

The environmental impact of the Nisshin Seifun Group's businesses is relatively low compared to other industries. Nevertheless, the Company continues to make assiduous efforts to improve the environmental profile of the Nisshin Seifun Group's business activities in terms of environmental management systems, energy efficiency and waste reduction. Nevertheless, changes or enhancements beyond the scope of Group projections in legal regulations pertaining to the environment could result in expenses required to address such issues. Furthermore, in the event that the Group is unable to respond appropriately to address global environmental issues, the Group's brand value could diminish, which would negatively impact business activities.

14. Human resource retention

To achieve sustainable growth, the Group is taking steps to promote model change in existing businesses and enhance its business portfolio, with the goal of bolstering business competitiveness. Along with retaining and training the diverse and talented human resources required for this effort, the Group is striving to prepare work environments that amply highlight the skills of its employees. However, in the event that human resources critical to the Group's businesses cannot be retained due to a decline in the working population, employment outlook volatility or related concerns, this could cause the Group's competitiveness to decline over the long term.

(3) Management's Analysis of Financial Position, Performance and Cash Flows

The following is a summary and analysis by management of the Group's financial position, performance and cash flows (hereinafter, "business performance") for the fiscal year ended March 31, 2019. All matters relating to the future in the sections below are based on the current views of the Nisshin Seifun Group as of the date of filing this Securities Report in Japanese (June 26, 2019).

1. Significant accounting policies and estimates

The Consolidated Financial Statements of the Nisshin Seifun Group are prepared in conformance with accounting standards that are generally accepted in Japan.

In preparing the Consolidated Financial Statements, the Nisshin Seifun Group makes necessary estimates and assumptions that have a material impact on the reported values of assets and liabilities as of the balance-sheet date, the disclosure of contingent liabilities, and the reported values of income and expenditure. While the Company makes such estimates and assumptions based on various factors deemed rational based on the analysis of historical performance and business conditions, the uncertainties inherent in the estimation process mean that actual performance can differ from forecasts and assumptions.

Significant accounting policies adopted for preparation of the Group's Consolidated Financial Statements are found under "[5] Financial Accounts 1 (1) Notes to the Consolidated Financial Statements, Basis of Presentation of Consolidated Financial Statements."

2. Financial Position, Review of Financial Performance and Management's Recognitions, Analysis and Opinions."

(1) Review of financial performance and analysis

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

Under these conditions, the Group formulated a long-term vision called "NNI 'Compass for the Future' —Toward a New Stage— Maximizing Group-wide Capabilities and Effecting Business Model Change," taking into account anticipated structural changes in society for the next 10 to 20 years. Setting the final year of the "NNI-120 II" medium-term management plan (the year ending March 31, 2021) as a milestone, the Group continued to execute growth strategies designed to successfully complete the plan. As part of this push, the Group purchased Allied Pinnacle Pty Ltd., a company that has built a solid position as a market leader in wheat flour and related products with operations across Australia. Further, the Group decided to acquire additional shares in Tokatsu Foods Co., Ltd., a leader in the supply of a wide array of prepared dishes in the Japanese market, possessing both a nationwide network of production bases and broad production expertise.

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

(Year-on-year Comparison)

(Millions of yen)

	Year ended March 31, 2018	Year ended March 31, 2019	Difference	Change
Net sales	540,094	565,343	25,248	104.7%
Operating profit	27,200	26,916	(284)	99.0%
Ordinary profit	31,800	32,062	262	100.8%
Profit attributable to owners of parent	21,339	22,268	929	104.4%

Financial performance, recognitions and analysis by business segment from the perspective of management are described below.

Net Sales and Operating Profit – Year Ended March 31, 2019

(Millions of yen)

	Net sales		Operating profit	
	Results	Difference	Results	Difference
Flour Milling Segment	245,943	11,143	9,179	(778)
Processed Food Segment	258,783	4,783	13,421	(51)
Others Segment	60,616	9,321	4,088	474
Adjustment	–	–	226	70
Consolidated total	565,343	25,248	26,916	(284)

Notes:

1. Net sales reported after elimination of intersegment transactions.
2. Operating profit adjustment refers to intersegment transaction eliminations.

1) Flour Milling Segment

(Millions of yen)

	Year ended March 31, 2018	Year ended March 31, 2019	Difference	Change
Net sales	234,799	245,943	11,143	104.7%
Operating profit	9,957	9,179	(778)	92.2%

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

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

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

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

2) Processed Food Segment

(Millions of yen)

	Year ended March 31, 2018	Year ended March 31, 2019	Difference	Change
Net sales	254,000	258,783	4,783	101.9%
Operating profit	13,473	13,421	(51)	99.6%

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

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

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

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

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

3) Others Segment

(Millions of yen)

	Year ended March 31, 2018	Year ended March 31, 2019	Difference	Change
Net sales	51,295	60,616	9,321	118.2%
Operating profit	3,613	4,088	474	113.1%

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

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

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

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

(2) Overview and Analysis of Financial Position for the Year Ended March 31, 2019

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019	Difference
Current assets	260,751	268,170	7,418
Non-current assets	330,761	326,583	(4,177)
Total assets	591,512	594,754	3,241
Current liabilities	114,189	114,806	616
Non-current liabilities	63,528	61,098	(2,429)
Total liabilities	177,718	175,905	(1,812)
Total net assets	413,794	418,848	5,053
Total liabilities and net assets	591,512	594,754	3,241

The status of assets, liabilities and net assets on a consolidated basis at the end of the fiscal year ended March 31, 2019, was as follows. Furthermore, the accounting standard "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) has been applied from the start of the year ended March 31, 2019. Relevant figures for the previous consolidated fiscal year are presented following retroactive application of this accounting standard.

Current assets increased ¥7,418 million from the previous fiscal year-end to ¥268,170 million, due largely to increases in cash and deposits. Non-current assets decreased ¥4,177 million to ¥326,583 million, primarily due to increases in property, plant and equipment, specifically investment in construction to boost the production capacity of U.S. subsidiary Miller Milling Company, LLC's Saginaw Plant and construction of a yeast plant in India by Oriental Yeast India Pvt. Ltd., as well as a decline in valuation difference on available-for-sale securities. As a result, total assets increased ¥3,241 million from the previous fiscal year-end to ¥594,754 million. Meanwhile, current liabilities rose ¥616 million to ¥114,806 million, mainly reflecting increases in short-term loans payable. Non-current liabilities decreased ¥2,429 million to ¥61,098 million, primarily due to a decrease in deferred tax liabilities in response to the decline in valuation difference on available-for-sale securities. As a result, total liabilities decreased ¥1,812 million from the previous fiscal year-end to ¥175,905 million. Net assets increased ¥5,053 million to ¥418,848 million, including an increase due to profit attributable to owners of parent for the year, a decrease due to the payment of dividends, and a decrease in accumulated other comprehensive income.

(3) Factors with Important Effects on Group Business Performance

Factors with important effects on the Group's business performance are listed under "2. Business and Other Risks."

3. Analysis of Cash Flow Status, Capital Financing and Liquidity

(1) Cash flows

(Millions of yen)

	Year ended March 31, 2018	Year ended March 31, 2019	Difference
Net cash provided by (used in) operating activities	42,869	39,873	(2,996)
Net cash provided by (used in) investing activities	(18,067)	(19,184)	(1,116)
Net cash provided by (used in) financing activities	(18,593)	(10,567)	8,026
Effect of exchange rate changes on cash and cash equivalents	1,415	(202)	(1,617)
Net increase (decrease) in cash and cash equivalents	7,624	9,920	2,295
Increase (decrease) in cash and cash equivalents resulting from change of fiscal year-end of subsidiaries	–	(1,006)	(1,006)
Cash and cash equivalents at end of period	98,461	107,374	8,913

Net cash provided by (used in) operating activities

Net cash provided by operating activities was ¥39,873 million for the fiscal year ended March 31, 2019 (compared to ¥42,869 million a year earlier). An increase in cash and cash equivalents mainly due to profit before income taxes of ¥33,113 million and depreciation and amortization of ¥14,951 million exceeded a decrease in cash and cash equivalents largely owing to an increase in operating capital and the payment of income taxes.

Net cash provided by (used in) investing activities

Net cash used in investing activities was ¥19,184 million (compared to ¥18,067 million a year earlier), mainly the result of ¥18,233 million for the purchase of property, plant and equipment and intangible assets, including for the construction of a yeast plant at Oriental Yeast India Pvt. Ltd. and the construction of a new production line at the Saginaw Plant of Miller Milling Company, LLC. This exceeded a cash inflow of ¥1,706 million in proceeds from sales of investment securities.

Subtracting net cash used in investing activities from net cash provided by operating activities, free cash flow came to an inflow of ¥20,689 million (compared to ¥24,802 million a year earlier).

Net cash provided by (used in) financing activities

To distribute profits to shareholders, the Company paid dividends of ¥9,209 million. Consequently, net cash used in financing activities was ¥10,567 million (compared to ¥18,593 million a year earlier).

As described above, cash provided by operating activities was allocated to strategic capital investment and the payment of dividends as returns to shareholders. At the end of the fiscal year ended March 31, 2019, consolidated cash and cash equivalents totaled ¥107,374 million. While cash and cash equivalents initially rose ¥9,920 million from the previous fiscal year-end, this was partially offset by a decrease of ¥1,006 million accompanying a change in the fiscal year-end of several consolidated subsidiaries.

(2) Capital financing and liquidity

Total consolidated debt amounted to ¥16.3 billion at the end of March 2019. Based on the operating cash flow and the balance of cash and cash equivalents, the Nisshin Seifun Group regards the current level of internal liquidity as ample for financing.

Under the Group’s long-term vision, "NNI ‘Compass for the Future’ ―Toward a New Stage― Maximizing Group-wide Capabilities and Effecting Business Model Change," we will take assertive steps to ramp up capital investments, M&A activity, human capital training, technology development and other areas for sustainable growth. At the same time, the Group 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.” Specifically, 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 Company will report expenses for the purchase of Allied Pinnacle Pty Ltd. in the fiscal year ending March 31, 2020. For plans regarding upcoming major capital expenditures, refer to [3] Facilities and Capital Expenditures, (3) Facility Construction and Disposal Plans, (1) “Construction of major facilities, etc.”

While seeking the right balance between improving capital efficiency and financial stability, the Group will secure the needed capital for these activities from both internal and external funding sources. To secure funds internally, the Group previously introduced a cash management system (CMS), under which the funds of consolidated subsidiaries in Japan are managed on an integrated basis, coupled with current measures to extensively minimize assets. As for the external sources, the Group will procure interest-bearing debt and other funding by taking advantage of its sound financial position.

4. Status of implementation of the "NNI-120 II" medium-term management plan and analysis and consideration of its content from management's perspective

i. "NNI-120 II" medium-term management plan performance targets and capital policies

In the fiscal year ended March 31, 2016, the Group formulated "NNI-120 II" as a medium-term management plan with clearly defined targets running through to the end of the March 31, 2021 fiscal year. Together with a focus on restructuring the earnings foundation in core businesses, the plan calls for independent business growth, including that of acquired businesses, coupled with new strategic investments (M&A, capital expenditures) and other measures, as the Group aims for solid profit growth. Performance targets for the fiscal year ending March 31, 2021 are detailed below.

<Performance Targets for Year Ending March 31, 2021>

・ Net sales	¥750.0 billon	(Compared to March 31, 2015 fiscal year: ¥526.1 billion)	* Average annual growth rate: 6%
・ Operating profit	¥30.0 billion	(Compared to March 31, 2015 fiscal year: ¥20.4 billion)	* Average annual growth rate: 7%
・ EPS	¥80	(Compared to March 31, 2015 fiscal year: ¥53)	* For EPS (earnings per share), aiming for annual growth rate of 8% enabled by profit growth and capital policies

Similarly, while seeking the right balance between improving capital efficiency and financial stability, the Group promotes strategic investments for future growth and formulated capital policies, outlined below, with a much more proactive stance than ever before regarding shareholder returns.

<Capital Policies>

・ Set a payout ratio of at least 40% on a consolidated basis, and seek to continuously increase the amount of dividends.

・ Flexibly repurchase own shares.

ii. Status of target achievement for the "NNI-120 II" medium-term management plan

In terms of performance targets for the fiscal year ending March 31, 2021 stipulated in the plan, the Group for the fiscal year ended March 31, 2019 reported an annual growth rate of 1.8% versus the comparison year for net sales (performance target: annual growth rate of 6%), 7.1% for operating profit (performance target: 7%), and 8.9% (performance target: 8%) for earnings per share (EPS). Thus, while performance for net sales was lower than the target, both operating profit and earnings per share (EPS) marked progress well above the targeted figures.

Where capital policies are concerned, the annual dividend for the fiscal year ended March 31, 2019 was ¥32 per share, with a payout ratio of 42.7%. The Group continues to raise the dividend paid, guided by one of the basic policies of the medium-term management plan of a payout ratio of at least 40%.

5. Status of Production, Orders Received and Sales Performance

a. Production

Production values by segment during the fiscal year ended March 31, 2019 are as follows.

(Millions of yen)

Segment name	Year ended March 31, 2018	Year ended March 31, 2019	Change (%)
Flour Milling	226,739	237,386	4.7
Processed Food	137,773	144,063	4.6
Others	25,638	25,724	0.3
Total	390,152	407,174	4.4

Notes:

1. The above financial amounts use average sales prices during the fiscal year under review. Intersegment transactions have been eliminated.
2. Figures do not include consumption taxes.

b. Orders received

The Company does not produce a significant volume based on orders and this item is therefore omitted.

c. Sales

Sales values by segment during the fiscal year ended March 31, 2019 are as follows.

(Millions of yen)

Segment name	Year ended March 31, 2018	Year ended March 31, 2019	Change (%)
Flour Milling	234,799	245,943	4.7
Processed Food	254,000	258,783	1.9
Others	51,295	60,616	18.2
Total	540,094	565,343	4.7

Notes:

1. Intersegment transactions have been eliminated.
2. Transactions with major business partners and the ratio of corresponding sales to total sales are shown in the table below.

(Millions of yen)

Business partner	Year ended March 31, 2018		Year ended March 31, 2019	
	Value	Proportion (%)	Value	Proportion (%)
Mitsubishi Corp.	61,944	11.5	63,426	11.2

3. Figures do not include consumption taxes.

The status of changes in the prices of major raw materials and the selling prices of major products are described in “(2) Financial Position, Review of Financial Performance and Management’s Recognitions, Analysis and Opinions.”

(4) Legal and Contractual Matters

(1) Purchase of Allied Pinnacle Pty Ltd.

At a meeting of the Board of Directors held February 27, 2019, the Company and subsidiary Nisshin Flour Milling Inc. resolved to purchase PFG Topco 1 Pty Limited (PFG), the parent company of Australian flour milling company Allied Pinnacle Pty Limited (Allied Pinnacle). For this acquisition, the Company and its subsidiary concluded a share purchasing agreement to acquire 100% of PFG shares from Pacific Equity Partners, an Australian private equity fund on the same day.

The share purchase contract is outlined below.

(1) Type of acquisition

Direct acquisition by the Company and Nisshin Flour Milling of all shares of PFG, the parent company of Allied Pinnacle.

(2) Percentage of voting rights

Nisshin Seifun Group: 20%, Nisshin Flour Milling: 80%

The Company conducted the above acquisition on April 1, 2019.

For details, refer to [5] Financial Accounts, (1) Consolidated Financial Statements, etc., 1. Consolidated Financial Statements [Notes to the Consolidated Financial Statements] [Material Subsequent Events].

(2) Acquisition of Shares in Tokatsu Foods Co., Ltd.

At a meeting of the Board of Directors held March 26, 2019, the Company resolved and concluded a share transfer agreement to acquire from other external shareholders 51% of the existing shares of common stock of the Company’s affiliate Tokatsu Foods Co., Ltd. (Tokatsu Foods), a comprehensive supplier of prepared dishes.

The Company plans to conduct the above acquisition on July 4, 2019.

For details, refer to [5] Financial Accounts, (1) Consolidated Financial Statements, etc., 1. Consolidated Financial Statements [Notes to the Consolidated Financial Statements] [Additional Information].

(5) Research and Development

The Nisshin Seifun Group (the Company and its consolidated subsidiaries) operates various research and development (R&D) facilities. As part of the Company's organizational structure, the Research Center for Basic Science Research and Development focuses primarily on the research of basic technologies. The Research Center for Production and Technology focuses mainly on the development of production technology and nanotechnology for adoption in each of the Group's business operations. Consolidated subsidiaries operate separate R&D organizations with specialized functions tailored to each business field. These subsidiaries are: Nisshin Flour Milling Inc. (in the Flour Milling Segment); Nisshin Foods Inc., Oriental Yeast Co., Ltd., Nisshin Pharma Inc. (in the Processed Food Segment); Nisshin Petfood Inc., Nisshin Engineering Inc., and NBC Meshtec Inc. (in the Others Segment).

R&D program goals vary widely. All Group R&D organizations seek to identify prospective ingredients for new products and undertake basic research to create new technology. They also create new products to meet market needs and preferences and develop food processing technologies while improving existing products, automating production systems, and developing and applying powder and granular technologies. The Nisshin Seifun Group also actively seeks to further cooperation among Group research centers, and with other research institutions, to enhance specialist research expertise and promote adoption of the latest technical innovations. Through these efforts, the Group aggressively seeks to conduct highly effective R&D activities that generate new business opportunities.

Consolidated R&D expenditures totaled ¥6,168 million in the fiscal year ended March 31, 2019.

This figure also includes ¥1,190 million in research spending that cannot be attributed to any particular segment.

The following is an overview of the main R&D programs and results in the fiscal year under review.

1. Flour Milling Segment

Research in this segment is centered on the New Product Development Center and the Cereal Science Research Center of Tsukuba. These centers collaborate with the Company's Research Center for Basic Science Research and Development and the Research Center for Production and Technology to conduct R&D focused on the development of new flour-processing technologies, and grain science and grain flour-processing technologies focused on wheat and wheat flour. Major achievements include the launch of *Kintoun*, a flour specifically for commercially produced, homestyle *udon* noodles that delivers noodles that look and taste delicious, with a luscious cream color and a soft, chewy texture. We also held the industry's first international symposium focused on grain science in January 2019.

R&D expenditures attributable to the Flour Milling Segment totaled ¥612 million.

2. Processed Food Segment

Led by Nisshin Foods Inc.'s Processed Foods Division, and in collaboration with the Company's Research Center for Basic Science Research and Development and the Research Center for Production and Technology, R&D in this segment is focused on developing new processed foods across all temperature ranges, including prepared mix products, dried noodles, pastas, microwavable retort pouch foods, frozen foods, prepared dishes and other prepared foods. Major achievements include the launch of *Nisshin Hotcake Mix Gokumochi® The Bran*, a new household-use product developed in response to growing health consciousness, made using a healthy whole-wheat flour mixture, for those who enjoy a fluffy yet moist texture. The foods division of Oriental Yeast Co., Ltd. engaged in the R&D of baking yeasts and other ingredients for bakery products, as well as agents for improving quality and preservation through its Laboratory of Yeast & Fermentation and four flour-based food product development centers. The biotechnology division, meanwhile, conducted R&D through the Nagahama Institute for Biochemical Science and the CS Development division of the Nagahama Plant on regenerative medicine-related products, among others. Nisshin Pharma Inc.'s Health Care Research Center concentrated mainly on developing various health foods and the development of functional food ingredients through alliances with government and academic institutions. Major achievements include steps to upgrade the *Bificolon* series of officially labeled functional food products, using proprietary technology to deliver live Bifidobacterium cultures to the colon to regulate function by improving the colon environment.

R&D expenditures attributable to the Processed Food Segment totaled ¥3,610 million.

3. Others Segment

Nisshin Petfood Inc. conducts R&D at its Nasu Research Center that addresses the pet's health functioning and preferences. Major achievements include two entries from the *JP Style Dietics* brand of pet foods developed to combat common pet illnesses in Japan. For dogs, this included *Digestive Aid*, a therapeutic food for dogs suffering from esophageal issues, and for cats *Kidney Keep Wet Type*, a therapeutic food for cats with kidney disease. In cooperation with the Company's Research Center for Production and Technology, Nisshin Engineering Inc.'s Powder-Processing Business Department conducts R&D programs on various types of machinery for powder grinding and classification and technologies for producing nano-particles using thermal plasma. In addition, NBC Meshtec Inc. conducts R&D efforts to develop new products and materials for screen-printing and industrial use.

R&D expenditures attributable to the Others Segment totaled ¥754 million.

[3] Facilities and Capital Expenditures

(1) Capital Expenditures

The Nisshin Seifun Group (the Company and its consolidated subsidiaries) makes capital investment with the aim of raising production capacity and ensuring product safety. The following is a breakdown of capital expenditures for the fiscal year ended March 31, 2019, based on actual expenditures.

	Year ended March 31, 2019 (millions of yen)	Year-on-year change (%)
Flour Milling	8,748	(12.3)
Processed Food	8,400	(3.7)
Others	1,177	9.2
Subtotal	18,326	(7.3)
Elimination/common-use	(92)	–
Total	18,233	(7.5)

Capital investments in the Flour Milling Segment were focused primarily on construction of a new production line at the Saginaw Plant of Miller Milling Company, LLC, where full-scale operations began in January 2019, as well as increasing production capacity and enhancing product safety.

Capital investments in the Processed Food Segment were focused primarily on construction of a yeast plant at Oriental Yeast India Pvt. Ltd., as well as increasing production capacity and enhancing product safety.

Capital investments in the Others Segment were principally made to increase production capacity.

(2) Principal Facilities

The main facilities of the Nisshin Seifun Group (the Company and its consolidated subsidiaries) are listed in the tables below.

1. Nisshin Seifun Group Inc. and domestic consolidated subsidiaries

(As of March 31, 2019)

Company name	Site name (location)	Business segment	Facility type/purpose	Book value (millions of yen)					Number of employees (persons)
				Buildings and structures	Machinery, equipment and vehicles	Land (thousand m^2)	Other	Total	
Nisshin Flour Milling Inc.	Tsurumi Plant (Kawasaki-ku, Kawasaki)	Flour Milling	Wheat flour production	4,810	2,360	5,594 (81)	211	12,976	124 [3]
Nisshin Flour Milling Inc.	Fukuoka Plant (Chuo-ku, Fukuoka)	Flour Milling	Wheat flour production	3,333	1,884	3,454 (25)	102	8,774	42 [1]
Nisshin Flour Milling Inc.	Higashinada Plant (Higashinada-ku, Kobe)	Flour Milling	Wheat flour production	4,349	1,217	1,803 (30)	182	7,552	87 [1]
Nisshin Flour Milling Inc.	Chiba Plant (Mihama-ku, Chiba)	Flour Milling	Wheat flour production	1,881	1,015	294 (43)	117	3,309	74 [1]
Nisshin Flour Milling Inc.	Chita Plant (Chita)	Flour Milling	Wheat flour production	3,346	1,867	68 (33)	202	5,485	58 [1]
Nisshin Foods Inc.	Tatebayashi Plant (Tatebayashi)	Processed Food	Prepared mix production	906	664	245 (27)	65	1,881	41 [41]
Nisshin Seifun Premix Inc.	Nagoya Plant (Nakagawa-ku, Nagoya)	Processed Food	Prepared mix production	812	615	47 (13)	59	1,535	61 [12]
Ma•Ma-Macaroni Co., Ltd.	Utsunomiya Plant (Utsunomiya)	Processed Food	Pasta production	573	1,382	27 (23)	69	2,053	58 [226]
Ma•Ma-Macaroni Co., Ltd.	Kobe Plant (Higashinada-ku, Kobe)	Processed Food	Production of frozen foods	1,308	680	393 (16)	48	2,431	29 [115]
Joyous Foods Co., Ltd.	Kodama Plant (Kamisatomachi, Kodama-gun, Saitama)	Processed Food	Production of processed noodles	785	644	1,060 (85)	276	2,767	49 [258]
Joyous Foods Co., Ltd.	Kyoto Plant (Kumiyamacho, Kuse-gun, Kyoto)	Processed Food	Production of processed noodles	717	817	779 (16)	78	2,393	47 [420]
Oriental Yeast Co., Ltd.	Tokyo Plant (Itabashi-ku, Tokyo)	Processed Food	Yeast manufacture	870	883	0 (11)	178	1,931	45 [15]
Oriental Yeast Co., Ltd.	Osaka Plant (Suita)	Processed Food	Production of yeast and other items	1,210	859	(Note 4) 167 (22) [5]	107	2,345	95 [28]
Oriental Yeast Co., Ltd.	Biwa Plant (Nagahama, Shiga)	Processed Food	Production of flour paste, *kansui* powder, baking powders and other items	855	397	709 (36)	38	2,000	37 [21]
Pany Delica Co., Ltd.	Head Office and Tomisato Plant (Tomisato, Chiba)	Processed Food	Production of fillings and mayonnaise	717	338	708 (23)	58	1,823	65 [33]
NBC Meshtec Inc.	Yamanashi Tsuru Plant (Tsuru)	Others	Production of mesh cloths and forming filters	913	1,104	447 (35)	280	2,745	237 [102]

Company name	Site name (location)	Business segment	Facility type/purpose	Book value (millions of yen)					Number of employees (persons)
				Buildings and structures	Machinery, equipment and vehicles	Land (thousand m²)	Other	Total	
NBC Meshtec Inc.	Shizuoka Kikugawa Plant (Kikugawa)	Others	Production of mesh cloths and forming filters	834	177	1,032 (69)	18	2,062	37 [10]
Nisshin Seifun Group Inc.	Head Office and Institutes and Laboratories (Chiyoda-ku, Tokyo, Fujimino, Saitama and others)		Office, and research and development	3,364	606	10,011 (40)	990	14,973	321 [48]

2. Overseas subsidiaries

(As of March 31, 2019)

Company name	Site name (location)	Business segment	Facility type/purpose	Book value (millions of yen)					Number of employees (persons)
				Buildings and structures	Machinery, equipment and vehicles	Land (thousand m²)	Other	Total	
Rogers Foods Ltd.	Chilliwack Plant (Canada)	Flour Milling	Wheat flour production	2,144	1,633	28 (41)	98	3,905	59 [0]
Miller Milling Company, LLC	Winchester Plant (U.S.)	Flour Milling	Wheat flour production	1,830	2,485	447 (80)	212	4,975	46 [1]
Miller Milling Company, LLC	Fresno Plant (U.S.)	Flour Milling	Wheat flour production	383	1,567	236 (130)	172	2,359	35 [3]
Miller Milling Company, LLC	Los Angeles Plant (U.S.)	Flour Milling	Wheat flour production	929	549	757 (23)	236	2,472	38 [4]
Miller Milling Company, LLC	Oakland Plant (U.S.)	Flour Milling	Wheat flour production	927	1,616	1,440 (51)	137	4,121	42 [0]
Miller Milling Company, LLC	Saginaw Plant (U.S.)	Flour Milling	Wheat flour production	4,086	4,580	76 (26)	28	8,771	38 [6]
Champion Flour Milling Ltd.	Christchurch Plant (New Zealand)	Flour Milling	Wheat flour production	512	404	579 (15)	100	1,597	58 [2]
Champion Flour Milling Ltd.	Maunganui Plant (New Zealand)	Flour Milling	Wheat flour production	375	399	(Note 4) − [14]	334	1,109	62 [3]
Nisshin-STC Flour Milling Co., Ltd.	Phra Pradaeng Plant (Thailand)	Flour Milling	Wheat flour production	706	544	270 (15)	84	1,605	125 [0]
Nisshin-STC Flour Milling Co., Ltd.	Amphoe Si Racha Plant (Thailand)	Flour Milling	Wheat flour production	378	530	188 (21)	117	1,213	54 [0]

Notes:

1. Book values in the “Other” column refer to the total for tools, furniture and fixtures, construction in progress and lease assets.
2. There were no principal facilities that were not in operation as of March 31, 2019.
3. Numbers of employees in square brackets refer to part-time workers.
4. The Company leases some or all of its machinery, equipment, vehicles, land and buildings from parties other than consolidated companies. The area of land leased is presented separately within square brackets.

(3) Facility Construction and Disposal Plans

Capital expenditure plans by the Nisshin Seifun Group (the Company and its consolidated subsidiaries) primarily aim to raise production capacity and ensure product safety, etc.

As of March 31, 2019, funds which are planned to be allocated for the construction of facilities (actual expenditure) amounted to ¥23,000 million. Plans call for this entire sum to be mainly financed internally from cash flows.

Plans for construction or disposal of major facilities at the end of the fiscal year ended March 31, 2019 are listed below.

1. Construction of major facilities, etc.

Company name	Location	Business segment	Facility type/purpose	Planned investment amount		Funds procurement method	Scheduled commencement / completion		Increased capacity after completion
				Total amount (millions of yen)	Amount already paid (millions of yen)		Commencement	Completion	
Oriental Yeast India Pvt. Ltd.	Maharashtra, India	Processed Food	Yeast manufacture	15,700	6,640	Internal cash flow	July 2017	Summer 2020	100 tons per day

2. Disposal of major facilities, etc.

No applicable matters to report.

[4] Other Matters Related to Nisshin Seifun Group Inc.

(1) Share-Related Matters

1. Total number of shares, etc.

(1) Total number of shares authorized to be issued

Share type	Total number of shares authorized to be issued (shares)
Common stock	932,856,000
Total	932,856,000

(2) Total number of shares issued and outstanding

Share type	Shares issued and outstanding on March 31, 2019	Shares issued and outstanding at date of filing (June 26, 2019)	Exchanges on which stock is listed / Certified associations of financial instruments dealers to which the Company is affiliated	Comments
Common stock	304,357,891	304,357,891	Tokyo Stock Exchange (First Section)	Common stock is the standard type of shares issued by the Company without limitations on the shareholders' rights, and 100 shares form a minimum trading unit (MTU).
Total	304,357,891	304,357,891	–	–

2. Subscription rights to shares, etc.

(1) Stock option scheme

<Subscription rights to shares granted on August 16, 2012>

Subscription rights to shares granted for the Company's executive officers and certain directors of the Company's consolidated subsidiaries (excluding any overseas subsidiaries) as stipulated in Articles 236, 238, and 239 of the Companies Act.

Dates of authorizing resolutions	Date of the special resolution at the General Meeting of Shareholders: June 27, 2012 Date of the resolution of the Board of Directors: July 26, 2012
Number and description of persons granted the subscription rights to shares	Executive officers of the Company and certain directors of its consolidated subsidiaries (excluding any overseas subsidiaries), totaling 44 persons
Number of the subscription rights to shares granted (Note 1)	17 [12] (Note 2)
Type, description and number of shares with new subscription rights (Note 1)	Common stock 20,570 [14,520] (Notes 3, 7)
Amount payable on the exercise of the subscription rights to shares (Note 1)	¥958,320 per subscription right to shares (Notes 4, 7)
Exercise period (Note 1)	August 17, 2014 – August 1, 2019
Issuance price and capital increase per share on the exercise of the subscription rights to shares (Note 1)	Issuance price per share: ¥792 Capital increase per share: ¥396 (Note 7)
Exercise conditions of the subscription rights to shares (Note 1)	(Note 5)
Transfer conditions of the subscription rights to shares (Note 1)	Approval of the Board of Directors is required for the acquisition of any subscription rights to shares by means of transfer.
Issuance of the subscription rights to shares as a result of reorganization (Note 1)	(Note 6)

Notes:

1. Description denotes content as of the end of the fiscal year under review (March 31, 2019). Changes in description from the end of the fiscal year as of one month prior to the date of submission (May 31, 2019) are stated in brackets [ ]. There were no further changes in description for other matters as of one month prior to submission.
2. The number of shares corresponding to each subscription right to shares shall equal 1,210.
3. Common stock is the standard type of shares issued by the Company without limitations on the shareholders' rights, and 100 shares form a minimum trading unit.
4. In the event of a stock split or share consolidation subsequent to the date of granting the subscription rights to shares (hereinafter referred to as the "grant date"), the amount payable on the exercise of the subscription rights to shares (hereinafter referred to as the "exercise price") shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{1}{\text{Split/consolidation ratio}}$$

In addition, in the event of any new share issuance or treasury shares disposals at less than market price (excluding any share issuance or treasury shares disposals associated with the exercising of the subscription rights to shares) subsequent to the grant date, the exercise price shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{\text{Number of shares already issued} + \dfrac{\text{Number of newly issued shares} \times \text{Amount paid per share}}{\text{Share price prior to new issuance}}}{\text{Number of shares already issued} + \text{Number of newly issued shares}}$$

"Number of shares already issued" in the above formula shall equal the total number of shares outstanding, less the number of shares of treasury shares owned by the Company. In the case of treasury shares disposals, "Number of newly issued shares" in the above formula shall be taken to mean "Number of shares of treasury shares in disposal," "Amount paid per share" shall be taken to mean "Disposal value per share," and "Share price prior to new issuance" shall be taken to mean "Share price prior to disposal."

Furthermore, in the event, subsequent to the grant date, of unavoidable reasons that require the adjustment of the exercise price, such as if the Company conducts a merger (except that the Company ceases to exist due to the merger) or becomes a full-ownership parent company as a result of the stock exchange, the Company reserves the right to adjust the exercise price within a reasonable range.

5. (1) Persons granted an allotment of the subscription rights to shares (hereinafter referred to as the "holders") must be a director or an executive officer of the Company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) at the time that the subscription right to shares is exercised. However, the holders that are no longer a director or an executive officer of the Company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) may exercise the subscription rights to shares up to two years from the date when the holder retired from the Company or the beginning date of the exercise period, whichever comes later.

   (2) A designated successor that inherits the subscription rights to shares on the death of the holder may own and exercise such subscription rights

to shares on the same terms, provided proof of inheritance and other ownership procedures are completed within 10 months of the death of the original holder. However, another person may not inherit such subscription rights to shares on the death of the new holder.

(3) The subscription rights to shares may not be sold, pawned, or otherwise disposed of under any circumstances.

(4) The subscription rights to shares shall be subject to immediate forfeiture under any circumstances that are deemed to invalidate vesting rights, including, but not limited to: the dismissal of the holder from the position as director or executive officer; voluntary resignation from such post (except for reasons of illness or injury); imprisonment or worse for a criminal offense; or appointment to a directorship or senior advisory position at a company that is a direct competitor of the Company or one of its subsidiaries.

6. If any contracts and/or plans concerning reorganization of the Nisshin Seifun Group specify the issuance of the subscription rights to shares on the stock of any companies generated as a result of reorganization schemes as described below, such subscription rights to shares shall be issued according to the ratio of said reorganization.

(1) Merger, only if the Company ceases to exist.
The surviving company in the merger or a company established as a result of merger

(2) Corporate demerger through absorption
A company that absorbs and inherits all or part of the rights and obligations the Company has concerning a particular business, as a result of corporate demerger

(3) Corporate demerger through establishment
A company newly established as a result of corporate demerger

(4) Stock exchange
A company that acquires all of the Company's shares issued and outstanding

(5) Stock transfer
A company established as a result of stock transfer

7. On October 1, 2013, the Company conducted a 1.1-for-1 stock split of shares of common stock and on October 1, 2014, the Company conducted a 1.1-for-1 stock split of shares of common stock. For this reason, the number of shares with new subscription rights, the amount payable on the exercise of the subscription rights to shares, and the issuance price and capital increase per share on the exercise of the subscription rights to shares have been adjusted accordingly.

<Subscription rights to shares granted on August 20, 2013>

Subscription rights to shares granted as part of the remuneration for directors as stipulated in Article 361 of the Companies Act.

Dates of authorizing resolutions	Date of the ordinary resolution at the General Meeting of Shareholders: June 26, 2013 Date of the resolution of the Board of Directors: July 30, 2013
Number and description of persons granted the subscription rights to shares	14 directors of the Company
Number of the subscription rights to shares granted (Note 1)	22 (Note 2)
Type, description and number of shares with new subscription rights (Note 1)	Common stock 26,620 (Notes 3, 7)
Amount payable on the exercise of the subscription rights to shares (Note 1)	¥1,224,520 per subscription right to shares (Notes 4, 7)
Exercise period (Note 1)	August 21, 2015 – August 3, 2020
Issuance price and capital increase per share on the exercise of the subscription rights to shares (Note 1)	Issuance price per share: ¥1,012 Capital increase per share: ¥506 (Note 7)
Exercise conditions of the subscription rights to shares (Note 1)	(Note 5)
Transfer conditions of the subscription rights to shares (Note 1)	Approval of the Board of Directors is required for the acquisition of any subscription rights to shares by means of transfer.
Issuance of the subscription rights to shares as a result of reorganization (Note 1)	(Note 6)

Notes:

1. Description denotes content as of the end of the fiscal year under review (March 31, 2019). As there was no change in description from the end of the fiscal year as of one month prior to the date of submission (May 31, 2019), any further description as of one month prior to submission has been omitted.
2. The number of shares corresponding to each subscription right to shares shall equal 1,210.
3. Common stock is the standard type of shares issued by the Company without limitations on the shareholders' rights, and 100 shares form a minimum trading unit.
4. In the event of a stock split or share consolidation subsequent to the date of granting the subscription rights to shares (hereinafter referred to as the "grant date"), the amount payable on the exercise of the subscription rights to shares (hereinafter referred to as the "exercise price") shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{1}{\text{Split/consolidation ratio}}$$

In addition, in the event of any new share issuance or treasury shares disposals at less than market price (excluding any share issuance or treasury shares disposals associated with the exercising of the subscription rights to shares) subsequent to the grant date, the exercise price shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{\text{Number of shares already issued} + \dfrac{\text{Number of newly issued shares} \times \text{Amount paid per share}}{\text{Share price prior to new issuance}}}{\text{Number of shares already issued} + \text{Number of newly issued shares}}$$

"Number of shares already issued" in the above formula shall equal the total number of shares outstanding, less the number of shares of treasury shares owned by the Company. In the case of treasury shares disposals, "Number of newly issued shares" in the above formula shall be taken to mean "Number of shares of treasury shares in disposal," "Amount paid per share" shall be taken to mean "Disposal value per share," and "Share price prior to new issuance" shall be taken to mean "Share price prior to disposal."

Furthermore, in the event, subsequent to the grant date, of unavoidable reasons that require the adjustment of the exercise price, such as if the Company conducts a merger (except that the Company ceases to exist due to the merger) or becomes a full-ownership parent company as a result of the stock exchange, the Company reserves the right to adjust the exercise price within a reasonable range.

5. (1) Persons granted an allotment of the subscription rights to shares (hereinafter referred to as the "holders") must be a director or an executive officer of the Company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) at the time that the subscription right to shares is exercised. However, the holders that are no longer a director or an executive officer of the Company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) may exercise the subscription rights to shares up to two years from the date when the holder retired from the Company or the beginning date of the exercise period, whichever comes later.
   (2) A designated successor that inherits the subscription rights to shares on the death of the holder may own and exercise such subscription rights to shares on the same terms, provided proof of inheritance and other ownership procedures are completed within 10 months of the death of the original holder. However, another person may not inherit such subscription rights to shares on the death of the new holder.
   (3) The subscription rights to shares may not be sold, pawned, or otherwise disposed of under any circumstances.
   (4) The subscription rights to shares shall be subject to immediate forfeiture under any circumstances that are deemed to invalidate vesting rights, including, but not limited to: the dismissal of the holder from the position as director or executive officer; voluntary resignation from such post

(except for reasons of illness or injury); imprisonment or worse for a criminal offense; or appointment to a directorship or senior advisory position at a company that is a direct competitor of the Company or one of its subsidiaries.

6. If any contracts and/or plans concerning reorganization of the Nisshin Seifun Group specify the issuance of the subscription rights to shares on the stock of any companies generated as a result of reorganization schemes as described below, such subscription rights to shares shall be issued according to the ratio of said reorganization.
   (1) Merger, only if the Company ceases to exist.
   The surviving company in the merger or a company established as a result of merger
   (2) Corporate demerger through absorption
   A company that absorbs and inherits all or part of the rights and obligations the Company has concerning a particular business, as a result of corporate demerger
   (3) Corporate demerger through establishment
   A company newly established as a result of corporate demerger
   (4) Stock exchange
   A company that acquires all of the Company's shares issued and outstanding
   (5) Stock transfer
   A company established as a result of stock transfer
7. On October 1, 2013, the Company conducted a 1.1-for-1 stock split of shares of common stock and on October 1, 2014, the Company conducted a 1.1-for-1 stock split of shares of common stock. For this reason, the number of shares with new subscription rights, the amount payable on the exercise of the subscription rights to shares, and the issuance price and capital increase per share on the exercise of the subscription rights to shares have been adjusted accordingly.

Subscription rights to shares granted for the Company’s executive officers and certain directors of the Company’s consolidated subsidiaries (excluding any overseas subsidiaries) as stipulated in Articles 236, 238, and 239 of the Companies Act.

Dates of authorizing resolutions	Date of the special resolution at the General Meeting of Shareholders: June 26, 2013 Date of the resolution of the Board of Directors: July 30, 2013
Number and description of persons granted the subscription rights to shares	Executive officers of the Company and certain directors of its consolidated subsidiaries (excluding any overseas subsidiaries), totaling 45 persons
Number of the subscription rights to shares granted (Note 1)	24 (Note 2)
Type, description and number of shares with new subscription rights (Note 1)	Common stock 29,040 (Notes 3, 7)
Amount payable on the exercise of the subscription rights to shares (Note 1)	¥1,224,520 per subscription right to shares (Notes 4, 7)
Exercise period (Note 1)	August 21, 2015 – August 3, 2020
Issuance price and capital increase per share on the exercise of the subscription rights to shares (Note 1)	Issuance price per share: ¥1,012 Capital increase per share: ¥506 (Note 7)
Exercise conditions of the subscription rights to shares (Note 1)	(Note 5)
Transfer conditions of the subscription rights to shares (Note 1)	Approval of the Board of Directors is required for the acquisition of any subscription rights to shares by means of transfer.
Issuance of the subscription rights to shares as a result of reorganization (Note 1)	(Note 6)

Notes:

1. Description denotes content as of the end of the fiscal year under review (March 31, 2019). As there was no change in description from the end of the fiscal year as of one month prior to the date of submission (May 31, 2019), any further description as of one month prior to submission has been omitted.
2. The number of shares corresponding to each subscription right to shares shall equal 1,210.
3. Common stock is the standard type of shares issued by the Company without limitations on the shareholders’ rights, and 100 shares form a minimum trading unit.
4. In the event of a stock split or share consolidation subsequent to the date of granting the subscription rights to shares (hereinafter referred to as the “grant date”), the amount payable on the exercise of the subscription rights to shares (hereinafter referred to as the “exercise price”) shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{1}{\text{Split/consolidation ratio}}$$

In addition, in the event of any new share issuance or treasury shares disposals at less than market price (excluding any share issuance or treasury shares disposals associated with the exercising of the subscription rights to shares) subsequent to the grant date, the exercise price shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{\text{Number of shares already issued} + \dfrac{\text{Number of newly issued shares} \times \text{Amount paid per share}}{\text{Share price prior to new issuance}}}{\text{Number of shares already issued} + \text{Number of newly issued shares}}$$

“Number of shares already issued” in the above formula shall equal the total number of shares outstanding, less the number of shares of treasury shares owned by the Company. In the case of treasury shares disposals, “Number of newly issued shares” in the above formula shall be taken to mean “Number of shares of treasury shares in disposal,” “Amount paid per share” shall be taken to mean “Disposal value per share,” and “Share price prior to new issuance” shall be taken to mean “Share price prior to disposal.”

Furthermore, in the event, subsequent to the grant date, of unavoidable reasons that require the adjustment of the exercise price, such as if the Company conducts a merger (except that the Company ceases to exist due to the merger) or becomes a full-ownership parent company as a result of the stock exchange, the Company reserves the right to adjust the exercise price within a reasonable range.

5. (1) Persons granted an allotment of the subscription rights to shares (hereinafter referred to as the “holders”) must be a director or an executive officer of the Company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) at the time that the subscription right to shares is exercised. However, the holders that are no longer a director or an executive officer of the Company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) may exercise the subscription rights to shares up to two years from the date when the holder retired from the Company or the beginning date of the exercise period, whichever comes later.
   (2) A designated successor that inherits the subscription rights to shares on the death of the holder may own and exercise such subscription rights to shares on the same terms, provided proof of inheritance and other ownership procedures are completed within 10 months of the death of the original holder. However, another person may not inherit such subscription rights to shares on the death of the new holder.
   (3) The subscription rights to shares may not be sold, pawned, or otherwise disposed of under any circumstances.
   (4) The subscription rights to shares shall be subject to immediate forfeiture under any circumstances that are deemed to invalidate vesting rights, including, but not limited to: the dismissal of the holder from the position as director or executive officer; voluntary resignation from such post

(except for reasons of illness or injury); imprisonment or worse for a criminal offense; or appointment to a directorship or senior advisory position at a company that is a direct competitor of the Company or one of its subsidiaries.

6. If any contracts and/or plans concerning reorganization of the Nisshin Seifun Group specify the issuance of the subscription rights to shares on the stock of any companies generated as a result of reorganization schemes as described below, such subscription rights to shares shall be issued according to the ratio of said reorganization.
   (1) Merger, only if the Company ceases to exist.
   The surviving company in the merger or a company established as a result of merger
   (2) Corporate demerger through absorption
   A company that absorbs and inherits all or part of the rights and obligations the Company has concerning a particular business, as a result of corporate demerger
   (3) Corporate demerger through establishment
   A company newly established as a result of corporate demerger
   (4) Stock exchange
   A company that acquires all of the Company's shares issued and outstanding
   (5) Stock transfer
   A company established as a result of stock transfer
7. On October 1, 2013, the Company conducted a 1.1-for-1 stock split of shares of common stock and on October 1, 2014, the Company conducted a 1.1-for-1 stock split of shares of common stock. For this reason, the number of shares with new subscription rights, the amount payable on the exercise of the subscription rights to shares, and the issuance price and capital increase per share on the exercise of the subscription rights to shares have been adjusted accordingly.

<Subscription rights to shares granted on August 19, 2014>

Subscription rights to shares granted as part of the remuneration for directors as stipulated in Article 361 of the Companies Act.

Dates of authorizing resolutions	Date of the ordinary resolution at the General Meeting of Shareholders: June 26, 2014 Date of the resolution of the Board of Directors: July 29, 2014
Number and description of persons granted the subscription rights to shares	14 directors of the Company
Number of the subscription rights to shares granted (Note 1)	43 (Note 2)
Type, description and number of shares with new subscription rights (Note 1)	Common stock 47,300 (Notes 3, 7)
Amount payable on the exercise of the subscription rights to shares (Note 1)	¥1,274,900 per subscription right to shares (Notes 4, 7)
Exercise period (Note 1)	August 20, 2016 – August 2, 2021
Issuance price and capital increase per share on the exercise of the subscription rights to shares (Note 1)	Issuance price per share: ¥1,159 Capital increase per share: ¥580 (Note 7)
Exercise conditions of the subscription rights to shares (Note 1)	(Note 5)
Transfer conditions of the subscription rights to shares (Note 1)	Approval of the Board of Directors is required for the acquisition of any subscription rights to shares by means of transfer.
Issuance of the subscription rights to shares as a result of reorganization (Note 1)	(Note 6)

Notes:

1. Description denotes content as of the end of the fiscal year under review (March 31, 2019). As there was no change in description from the end of the fiscal year as of one month prior to the date of submission (May 31, 2019), any further description as of one month prior to submission has been omitted.
2. The number of shares corresponding to each subscription right to shares shall equal 1,100.
3. Common stock is the standard type of shares issued by the Company without limitations on the shareholders' rights, and 100 shares form a minimum trading unit.
4. In the event of a stock split or share consolidation subsequent to the date of granting the subscription rights to shares (hereinafter referred to as the "grant date"), the amount payable on the exercise of the subscription rights to shares (hereinafter referred to as the "exercise price") shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{1}{\text{Split/consolidation ratio}}$$

In addition, in the event of any new share issuance or treasury shares disposals at less than market price (excluding any share issuance or treasury shares disposals associated with the exercising of the subscription rights to shares) subsequent to the grant date, the exercise price shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{\text{Number of shares already issued} + \dfrac{\text{Number of newly issued shares} \times \text{Amount paid per share}}{\text{Share price prior to new issuance}}}{\text{Number of shares already issued} + \text{Number of newly issued shares}}$$

"Number of shares already issued" in the above formula shall equal the total number of shares outstanding, less the number of shares of treasury shares owned by the Company. In the case of treasury shares disposals, "Number of newly issued shares" in the above formula shall be taken to mean "Number of shares of treasury shares in disposal," "Amount paid per share" shall be taken to mean "Disposal value per share," and "Share price prior to new issuance" shall be taken to mean "Share price prior to disposal."

Furthermore, in the event, subsequent to the grant date, of unavoidable reasons that require the adjustment of the exercise price, such as if the Company conducts a merger (except that the Company ceases to exist due to the merger) or becomes a full-ownership parent company as a result of the stock exchange, the Company reserves the right to adjust the exercise price within a reasonable range.

5. (1) Persons granted an allotment of the subscription rights to shares (hereinafter referred to as the "holders") must be a director or an executive officer of the Company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) at the time that the subscription right to shares is exercised. However, the holders that are no longer a director or an executive officer of the Company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) may exercise the subscription rights to shares up to two years from the date when the holder retired from the Company or the beginning date of the exercise period, whichever comes later.

(2) A designated successor that inherits the subscription rights to shares on the death of the holder may own and exercise such subscription rights to shares on the same terms, provided proof of inheritance and other ownership procedures are completed within 10 months of the death of the original holder. However, another person may not inherit such subscription rights to shares on the death of the new holder.

(3) The subscription rights to shares may not be sold, pawned, or otherwise disposed of under any circumstances.

(4) The subscription rights to shares shall be subject to immediate forfeiture under any circumstances that are deemed to invalidate vesting rights, including, but not limited to: the dismissal of the holder from the position as director or executive officer; voluntary resignation from such post

(except for reasons of illness or injury); imprisonment or worse for a criminal offense; or appointment to a directorship or senior advisory position at a company that is a direct competitor of the Company or one of its subsidiaries.

6. If any contracts and/or plans concerning reorganization of the Nisshin Seifun Group specify the issuance of the subscription rights to shares on the stock of any companies generated as a result of reorganization schemes as described below, such subscription rights to shares shall be issued according to the ratio of said reorganization.
   (1) Merger, only if the Company ceases to exist.
   The surviving company in the merger or a company established as a result of merger
   (2) Corporate demerger through absorption
   A company that absorbs and inherits all or part of the rights and obligations the Company has concerning a particular business, as a result of corporate demerger
   (3) Corporate demerger through establishment
   A company newly established as a result of corporate demerger
   (4) Stock exchange
   A company that acquires all of the Company's shares issued and outstanding
   (5) Stock transfer
   A company established as a result of stock transfer
7. On October 1, 2014, the Company conducted a 1.1-for-1 stock split of shares of common stock. For this reason, the number of shares with new subscription rights, the amount payable on the exercise of the subscription rights to shares, and the issuance price and capital increase per share on the exercise of the subscription rights to shares have been adjusted accordingly.

Subscription rights to shares granted for the Company's executive officers and certain directors of the Company's consolidated subsidiaries (excluding any overseas subsidiaries) as stipulated in Articles 236, 238, and 239 of the Companies Act.

Dates of authorizing resolutions	Date of the special resolution at the General Meeting of Shareholders: June 26, 2014 Date of the resolution of the Board of Directors: July 29, 2014
Number and description of persons granted the subscription rights to shares	Executive officers of the Company and certain directors of its consolidated subsidiaries (excluding any overseas subsidiaries), totaling 44 persons
Number of the subscription rights to shares granted (Note 1)	106 [101] (Note 2)
Type, description and number of shares with new subscription rights (Note 1)	Common stock 116,600 [111,100] (Notes 3, 7)
Amount payable on the exercise of the subscription rights to shares (Note 1)	¥1,274,900 per subscription right to shares (Notes 4, 7)
Exercise period (Note 1)	August 20, 2016 – August 2, 2021
Issuance price and capital increase per share on the exercise of the subscription rights to shares (Note 1)	Issuance price per share: ¥1,159 Capital increase per share: ¥580 (Note 7)
Exercise conditions of the subscription rights to shares (Note 1)	(Note 5)
Transfer conditions of the subscription rights to shares (Note 1)	Approval of the Board of Directors is required for the acquisition of any subscription rights to shares by means of transfer.
Issuance of the subscription rights to shares as a result of reorganization (Note 1)	(Note 6)

Notes:

1. Description denotes content as of the end of the fiscal year under review (March 31, 2019). Changes in description from the end of the fiscal year as of one month prior to the date of submission (May 31, 2019) are stated in brackets [ ]. There were no further changes in description for other matters as of one month prior to submission.
2. The number of shares corresponding to each subscription right to shares shall equal 1,100.
3. Common stock is the standard type of shares issued by the Company without limitations on the shareholders' rights, and 100 shares form a minimum trading unit.
4. In the event of a stock split or share consolidation subsequent to the date of granting the subscription rights to shares (hereinafter referred to as the "grant date"), the amount payable on the exercise of the subscription rights to shares (hereinafter referred to as the "exercise price") shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{1}{\text{Split/consolidation ratio}}$$

In addition, in the event of any new share issuance or treasury shares disposals at less than market price (excluding any share issuance or treasury shares disposals associated with the exercising of the subscription rights to shares) subsequent to the grant date, the exercise price shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\begin{array}{c}\text{Post-}\\\text{adjustment}\\\text{exercise}\\\text{price}\end{array} = \begin{array}{c}\text{Pre-}\\\text{adjustment}\\\text{exercise}\\\text{price}\end{array} \times \frac{\begin{array}{c}\text{Number of}\\\text{shares already}\\\text{issued}\end{array} + \dfrac{\text{Number of newly issued shares} \times \text{Amount paid per share}}{\text{Share price prior to new issuance}}}{\text{Number of shares already issued} + \text{Number of newly issued shares}}$$

"Number of shares already issued" in the above formula shall equal the total number of shares outstanding, less the number of shares of treasury shares owned by the Company. In the case of treasury shares disposals, "Number of newly issued shares" in the above formula shall be taken to mean "Number of shares of treasury shares in disposal," "Amount paid per share" shall be taken to mean "Disposal value per share," and "Share price prior to new issuance" shall be taken to mean "Share price prior to disposal."

Furthermore, in the event, subsequent to the grant date, of unavoidable reasons that require the adjustment of the exercise price, such as if the Company conducts a merger (except that the Company ceases to exist due to the merger) or becomes a full-ownership parent company as a result of the stock exchange, the Company reserves the right to adjust the exercise price within a reasonable range.

5. (1) Persons granted an allotment of the subscription rights to shares (hereinafter referred to as the "holders") must be a director or an executive officer of the Company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) at the time that the subscription right to shares is exercised. However, the holders that are no longer a director or an executive officer of the Company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) may exercise the subscription rights to shares up to two years from the date when the holder retired from the Company or the beginning date of the exercise period, whichever comes later.
   (2) A designated successor that inherits the subscription rights to shares on the death of the holder may own and exercise such subscription rights to shares on the same terms, provided proof of inheritance and other ownership procedures are completed within 10 months of the death of the original holder. However, another person may not inherit such subscription rights to shares on the death of the new holder.
   (3) The subscription rights to shares may not be sold, pawned, or otherwise disposed of under any circumstances.
   (4) The subscription rights to shares shall be subject to immediate forfeiture under any circumstances that are deemed to invalidate vesting rights, including, but not limited to: the dismissal of the holder from the position as director or executive officer; voluntary resignation from such post

(except for reasons of illness or injury); imprisonment or worse for a criminal offense; or appointment to a directorship or senior advisory position at a company that is a direct competitor of the Company or one of its subsidiaries.

6. If any contracts and/or plans concerning reorganization of the Nisshin Seifun Group specify the issuance of the subscription rights to shares on the stock of any companies generated as a result of reorganization schemes as described below, such subscription rights to shares shall be issued according to the ratio of said reorganization.
   (1) Merger, only if the Company ceases to exist.
   The surviving company in the merger or a company established as a result of merger
   (2) Corporate demerger through absorption
   A company that absorbs and inherits all or part of the rights and obligations the Company has concerning a particular business, as a result of corporate demerger
   (3) Corporate demerger through establishment
   A company newly established as a result of corporate demerger
   (4) Stock exchange
   A company that acquires all of the Company's shares issued and outstanding
   (5) Stock transfer
   A company established as a result of stock transfer
7. On October 1, 2014, the Company conducted a 1.1-for-1 stock split of shares of common stock. For this reason, the number of shares with new subscription rights, the amount payable on the exercise of the subscription rights to shares, and the issuance price and capital increase per share on the exercise of the subscription rights to shares have been adjusted accordingly.

<Subscription rights to shares granted on August 19, 2015>

Subscription rights to shares granted as part of the remuneration for directors as stipulated in Article 361 of the Companies Act.

Dates of authorizing resolutions	Date of the ordinary resolution at the General Meeting of Shareholders: June 25, 2015 Date of the resolution of the Board of Directors: July 30, 2015
Number and description of persons granted the subscription rights to shares	14 directors of the Company
Number of the subscription rights to shares granted (Note 1)	81 (Note 2)
Type, description and number of shares with new subscription rights (Note 1)	Common stock 81,000 (Note 3)
Amount payable on the exercise of the subscription rights to shares (Note 1)	¥1,748,000 per subscription right to shares (Note 4)
Exercise period (Note 1)	August 20, 2017 – August 1, 2022
Issuance price and capital increase per share on the exercise of the subscription rights to shares (Note 1)	Issuance price per share: ¥1,748 Capital increase per share: ¥874
Exercise conditions of the subscription rights to shares (Note 1)	(Note 5)
Transfer conditions of the subscription rights to shares (Note 1)	Approval of the Board of Directors is required for the acquisition of any subscription rights to shares by means of transfer.
Issuance of the subscription rights to shares as a result of reorganization (Note 1)	(Note 6)

Notes:

1. Description denotes content as of the end of the fiscal year under review (March 31, 2019). As there was no change in description from the end of the fiscal year as of one month prior to the date of submission (May 31, 2019), any further description as of one month prior to submission has been omitted.
2. The number of shares corresponding to each subscription right to shares shall equal 1,000.
3. Common stock is the standard type of shares issued by the Company without limitations on the shareholders' rights, and 100 shares form a minimum trading unit.
4. In the event of a stock split or share consolidation subsequent to the date of granting the subscription rights to shares (hereinafter referred to as the "grant date"), the amount payable on the exercise of the subscription rights to shares (hereinafter referred to as the "exercise price") shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{1}{\text{Split/consolidation ratio}}$$

In addition, in the event of any new share issuance or treasury shares disposals at less than market price (excluding any share issuance or treasury shares disposals associated with the exercising of the subscription rights to shares) subsequent to the grant date, the exercise price shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{\text{Number of shares already issued} + \dfrac{\text{Number of newly issued shares} \times \text{Amount paid per share}}{\text{Share price prior to new issuance}}}{\text{Number of shares already issued} + \text{Number of newly issued shares}}$$

"Number of shares already issued" in the above formula shall equal the total number of shares outstanding, less the number of shares of treasury shares owned by the Company. In the case of treasury shares disposals, "Number of newly issued shares" in the above formula shall be taken to mean "Number of shares of treasury shares in disposal," "Amount paid per share" shall be taken to mean "Disposal value per share," and "Share price prior to new issuance" shall be taken to mean "Share price prior to disposal."

Furthermore, in the event, subsequent to the grant date, of unavoidable reasons that require the adjustment of the exercise price, such as if the Company conducts a merger (except that the Company ceases to exist due to the merger) or becomes a full-ownership parent company as a result of the stock exchange, the Company reserves the right to adjust the exercise price within a reasonable range.

5. (1) Persons granted an allotment of the subscription rights to shares (hereinafter referred to as the "holders") must be a director or an executive officer of the Company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) at the time that the subscription right to shares is exercised. However, the holders that are no longer a director or an executive officer of the Company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) may exercise the subscription rights to shares up to two years from the date when the holder retired from the Company or the beginning date of the exercise period, whichever comes later.

   (2) A designated successor that inherits the subscription rights to shares on the death of the holder may own and exercise such subscription rights to shares on the same terms, provided proof of inheritance and other ownership procedures are completed within 10 months of the death of the original holder. However, another person may not inherit such subscription rights to shares on the death of the new holder.

   (3) The subscription rights to shares may not be sold, pawned, or otherwise disposed of under any circumstances.

   (4) The subscription rights to shares shall be subject to immediate forfeiture under any circumstances that are deemed to invalidate vesting rights, including, but not limited to: the dismissal of the holder from the position as director or executive officer; voluntary resignation from such post (except for reasons of illness or injury); imprisonment or worse for a criminal offense; or appointment to a directorship or senior advisory

position at a company that is a direct competitor of the Company or one of its subsidiaries.

6. If any contracts and/or plans concerning reorganization of the Nisshin Seifun Group specify the issuance of the subscription rights to shares on the stock of any companies generated as a result of reorganization schemes as described below, such subscription rights to shares shall be issued according to the ratio of said reorganization.
   (1) Merger, only if the Company ceases to exist.
   The surviving company in the merger or a company established as a result of merger
   (2) Corporate demerger through absorption
   A company that absorbs and inherits all or part of the rights and obligations the Company has concerning a particular business, as a result of corporate demerger
   (3) Corporate demerger through establishment
   A company newly established as a result of corporate demerger
   (4) Stock exchange
   A company that acquires all of the Company's shares issued and outstanding
   (5) Stock transfer
   A company established as a result of stock transfer

Subscription rights to shares granted for the Company's executive officers and certain directors of the Company's consolidated subsidiaries (excluding any overseas subsidiaries) as stipulated in Articles 236, 238, and 239 of the Companies Act.

Dates of authorizing resolutions	Date of the special resolution at the General Meeting of Shareholders: June 25, 2015 Date of the resolution of the Board of Directors: July 30, 2015
Number and description of persons granted the subscription rights to shares	Executive officers of the Company and certain directors of its consolidated subsidiaries (excluding any overseas subsidiaries), totaling 45 persons
Number of the subscription rights to shares granted (Note 1)	169 (Note 2)
Type, description and number of shares with new subscription rights (Note 1)	Common stock 169,000 (Note 3)
Amount payable on the exercise of the subscription rights to shares (Note 1)	¥1,748,000 per subscription right to shares (Note 4)
Exercise period (Note 1)	August 20, 2017 – August 1, 2022
Issuance price and capital increase per share on the exercise of the subscription rights to shares (Note 1)	Issuance price per share: ¥1,748 Capital increase per share: ¥874
Exercise conditions of the subscription rights to shares (Note 1)	(Note 5)
Transfer conditions of the subscription rights to shares (Note 1)	Approval of the Board of Directors is required for the acquisition of any subscription rights to shares by means of transfer.
Issuance of the subscription rights to shares as a result of reorganization (Note 1)	(Note 6)

Notes:

1. Description denotes content as of the end of the fiscal year under review (March 31, 2019). As there was no change in description from the end of the fiscal year as of one month prior to the date of submission (May 31, 2019), any further description as of one month prior to submission has been omitted.
2. The number of shares corresponding to each subscription right to shares shall equal 1,000.
3. Common stock is the standard type of shares issued by the Company without limitations on the shareholders' rights, and 100 shares form a minimum trading unit.
4. In the event of a stock split or share consolidation subsequent to the date of granting the subscription rights to shares (hereinafter referred to as the "grant date"), the amount payable on the exercise of the subscription rights to shares (hereinafter referred to as the "exercise price") shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{1}{\text{Split/consolidation ratio}}$$

In addition, in the event of any new share issuance or treasury shares disposals at less than market price (excluding any share issuance or treasury shares disposals associated with the exercising of the subscription rights to shares) subsequent to the grant date, the exercise price shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{\text{Number of shares already issued} + \dfrac{\text{Number of newly issued shares} \times \text{Amount paid per share}}{\text{Share price prior to new issuance}}}{\text{Number of shares already issued} + \text{Number of newly issued shares}}$$

"Number of shares already issued" in the above formula shall equal the total number of shares outstanding, less the number of shares of treasury shares owned by the Company. In the case of treasury shares disposals, "Number of newly issued shares" in the above formula shall be taken to mean "Number of shares of treasury shares in disposal," "Amount paid per share" shall be taken to mean "Disposal value per share," and "Share price prior to new issuance" shall be taken to mean "Share price prior to disposal."

Furthermore, in the event, subsequent to the grant date, of unavoidable reasons that require the adjustment of the exercise price, such as if the Company conducts a merger (except that the Company ceases to exist due to the merger) or becomes a full-ownership parent company as a result of the stock exchange, the Company reserves the right to adjust the exercise price within a reasonable range.

5. (1) Persons granted an allotment of the subscription rights to shares (hereinafter referred to as the "holders") must be a director or an executive officer of the Company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) at the time that the subscription right to shares is exercised. However, the holders that are no longer a director or an executive officer of the Company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) may exercise the subscription rights to shares up to two years from the date when the holder retired from the Company or the beginning date of the exercise period, whichever comes later.
   (2) A designated successor that inherits the subscription rights to shares on the death of the holder may own and exercise such subscription rights to shares on the same terms, provided proof of inheritance and other ownership procedures are completed within 10 months of the death of the original holder. However, another person may not inherit such subscription rights to shares on the death of the new holder.
   (3) The subscription rights to shares may not be sold, pawned, or otherwise disposed of under any circumstances.
   (4) The subscription rights to shares shall be subject to immediate forfeiture under any circumstances that are deemed to invalidate vesting rights, including, but not limited to: the dismissal of the holder from the position as director or executive officer; voluntary resignation from such post (except for reasons of illness or injury); imprisonment or worse for a criminal offense; or appointment to a directorship or senior advisory

position at a company that is a direct competitor of the Company or one of its subsidiaries.

6. If any contracts and/or plans concerning reorganization of the Nisshin Seifun Group specify the issuance of the subscription rights to shares on the stock of any companies generated as a result of reorganization schemes as described below, such subscription rights to shares shall be issued according to the ratio of said reorganization.
   (1) Merger, only if the Company ceases to exist.
       The surviving company in the merger or a company established as a result of merger
   (2) Corporate demerger through absorption
       A company that absorbs and inherits all or part of the rights and obligations the Company has concerning a particular business, as a result of corporate demerger
   (3) Corporate demerger through establishment
       A company newly established as a result of corporate demerger
   (4) Stock exchange
       A company that acquires all of the Company's shares issued and outstanding
   (5) Stock transfer
       A company established as a result of stock transfer

<Subscription rights to shares granted on August 15, 2016>

Subscription rights to shares granted as part of the remuneration for directors as stipulated in Article 361 of the Companies Act.

Dates of authorizing resolutions	Date of the ordinary resolution at the General Meeting of Shareholders: June 28, 2016 Date of the resolution of the Board of Directors: July 26, 2016
Number and description of persons granted the subscription rights to shares	14 directors of the Company
Number of the subscription rights to shares granted (Note 1)	107 (Note 2)
Type, description and number of shares with new subscription rights (Note 1)	Common stock 107,000 (Note 3)
Amount payable on the exercise of the subscription rights to shares (Note 1)	¥1,753,000 per subscription right to shares (Note 4)
Exercise period (Note 1)	August 16, 2018 – August 1, 2023
Issuance price and capital increase per share on the exercise of the subscription rights to shares (Note 1)	Issuance price per share: ¥1,753 Capital increase per share: ¥877
Exercise conditions of the subscription rights to shares (Note 1)	(Note 5)
Transfer conditions of the subscription rights to shares (Note 1)	Approval of the Board of Directors is required for the acquisition of any subscription rights to shares by means of transfer.
Issuance of the subscription rights to shares as a result of reorganization (Note 1)	(Note 6)

Notes:

1. Description denotes content as of the end of the fiscal year under review (March 31, 2019). As there was no change in description from the end of the fiscal year as of one month prior to the date of submission (May 31, 2019), any further description as of one month prior to submission has been omitted.
2. The number of shares corresponding to each subscription right to shares shall equal 1,000.
3. Common stock is the standard type of shares issued by the Company without limitations on the shareholders' rights, and 100 shares form a minimum trading unit.
4. In the event of a stock split or share consolidation subsequent to the date of granting the subscription rights to shares (hereinafter referred to as the "grant date"), the amount payable on the exercise of the subscription rights to shares (hereinafter referred to as the "exercise price") shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{1}{\text{Split/consolidation ratio}}$$

In addition, in the event of any new share issuance or treasury shares disposals at less than market price (excluding any share issuance or treasury shares disposals associated with the exercising of the subscription rights to shares) subsequent to the grant date, the exercise price shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{\text{Number of shares already issued} + \dfrac{\text{Number of newly issued shares} \times \text{Amount paid per share}}{\text{Share price prior to new issuance}}}{\text{Number of shares already issued} + \text{Number of newly issued shares}}$$

"Number of shares already issued" in the above formula shall equal the total number of shares outstanding, less the number of shares of treasury shares owned by the Company. In the case of treasury shares disposals, "Number of newly issued shares" in the above formula shall be taken to mean "Number of shares of treasury shares in disposal," "Amount paid per share" shall be taken to mean "Disposal value per share," and "Share price prior to new issuance" shall be taken to mean "Share price prior to disposal."

Furthermore, in the event, subsequent to the grant date, of unavoidable reasons that require the adjustment of the exercise price, such as if the Company conducts a merger (except that the Company ceases to exist due to the merger) or becomes a full-ownership parent company as a result of the stock exchange, the Company reserves the right to adjust the exercise price within a reasonable range.

5. (1) Persons granted an allotment of the subscription rights to shares (hereinafter referred to as the "holders") must be a director or an executive officer of the Company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) at the time that the subscription right to shares is exercised. However, the holders that are no longer a director or an executive officer of the Company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) may exercise the subscription rights to shares up to two years from the date when the holder retired from the Company or the beginning date of the exercise period, whichever comes later.
   (2) A designated successor that inherits the subscription rights to shares on the death of the holder may own and exercise such subscription rights to shares on the same terms, provided proof of inheritance and other ownership procedures are completed within 10 months of the death of the original holder. However, another person may not inherit such subscription rights to shares on the death of the new holder.
   (3) The subscription rights to shares may not be sold, pawned, or otherwise disposed of under any circumstances.
   (4) The subscription rights to shares shall be subject to immediate forfeiture under any circumstances that are deemed to invalidate vesting rights, including, but not limited to: the dismissal of the holder from the position as director or executive officer; voluntary resignation from such post (except for reasons of illness or injury); imprisonment or worse for a criminal offense; or appointment to a directorship or senior advisory

position at a company that is a direct competitor of the Company or one of its subsidiaries.

6. If any contracts and/or plans concerning reorganization of the Nisshin Seifun Group specify the issuance of the subscription rights to shares on the stock of any companies generated as a result of reorganization schemes as described below, such subscription rights to shares shall be issued according to the ratio of said reorganization.
   (1) Merger, only if the Company ceases to exist.
   The surviving company in the merger or a company established as a result of merger
   (2) Corporate demerger through absorption
   A company that absorbs and inherits all or part of the rights and obligations the Company has concerning a particular business, as a result of corporate demerger
   (3) Corporate demerger through establishment
   A company newly established as a result of corporate demerger
   (4) Stock exchange
   A company that acquires all of the Company's shares issued and outstanding
   (5) Stock transfer
   A company established as a result of stock transfer

Subscription rights to shares granted for the Company's executive officers and certain directors of the Company's consolidated subsidiaries (excluding any overseas subsidiaries) as stipulated in Articles 236, 238, and 239 of the Companies Act.

Dates of authorizing resolutions	Date of the special resolution at the General Meeting of Shareholders: June 28, 2016 Date of the resolution of the Board of Directors: July 26, 2016
Number and description of persons granted the subscription rights to shares	Executive officers of the Company and certain directors of its consolidated subsidiaries (excluding any overseas subsidiaries), totaling 47 persons
Number of the subscription rights to shares granted (Note 1)	222 (Note 2)
Type, description and number of shares with new subscription rights (Note 1)	Common stock 222,000 (Note 3)
Amount payable on the exercise of the subscription rights to shares (Note 1)	¥1,753,000 per subscription right to shares (Note 4)
Exercise period (Note 1)	August 16, 2018 – August 1, 2023
Issuance price and capital increase per share on the exercise of the subscription rights to shares (Note 1)	Issuance price per share: ¥1,753 Capital increase per share: ¥877
Exercise conditions of the subscription rights to shares (Note 1)	(Note 5)
Transfer conditions of the subscription rights to shares (Note 1)	Approval of the Board of Directors is required for the acquisition of any subscription rights to shares by means of transfer.
Issuance of the subscription rights to shares as a result of reorganization (Note 1)	(Note 6)

Notes:

1. Description denotes content as of the end of the fiscal year under review (March 31, 2019). As there was no change in description from the end of the fiscal year as of one month prior to the date of submission (May 31, 2019), any further description as of one month prior to submission has been omitted.
2. The number of shares corresponding to each subscription right to shares shall equal 1,000.
3. Common stock is the standard type of shares issued by the Company without limitations on the shareholders' rights, and 100 shares form a minimum trading unit.
4. In the event of a stock split or share consolidation subsequent to the date of granting the subscription rights to shares (hereinafter referred to as the "grant date"), the amount payable on the exercise of the subscription rights to shares (hereinafter referred to as the "exercise price") shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{1}{\text{Split/consolidation ratio}}$$

In addition, in the event of any new share issuance or treasury shares disposals at less than market price (excluding any share issuance or treasury shares disposals associated with the exercising of the subscription rights to shares) subsequent to the grant date, the exercise price shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{\text{Number of shares already issued} + \dfrac{\text{Number of newly issued shares} \times \text{Amount paid per share}}{\text{Share price prior to new issuance}}}{\text{Number of shares already issued} + \text{Number of newly issued shares}}$$

"Number of shares already issued" in the above formula shall equal the total number of shares outstanding, less the number of shares of treasury shares owned by the Company. In the case of treasury shares disposals, "Number of newly issued shares" in the above formula shall be taken to mean "Number of shares of treasury shares in disposal," "Amount paid per share" shall be taken to mean "Disposal value per share," and "Share price prior to new issuance" shall be taken to mean "Share price prior to disposal."

Furthermore, in the event, subsequent to the grant date, of unavoidable reasons that require the adjustment of the exercise price, such as if the Company conducts a merger (except that the Company ceases to exist due to the merger) or becomes a full-ownership parent company as a result of the stock exchange, the Company reserves the right to adjust the exercise price within a reasonable range.

5. (1) Persons granted an allotment of the subscription rights to shares (hereinafter referred to as the "holders") must be a director or an executive officer of the Company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) at the time that the subscription right to shares is exercised. However, the holders that are no longer a director or an executive officer of the Company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) may exercise the subscription rights to shares up to two years from the date when the holder retired from the Company or the beginning date of the exercise period, whichever comes later.
   (2) A designated successor that inherits the subscription rights to shares on the death of the holder may own and exercise such subscription rights to shares on the same terms, provided proof of inheritance and other ownership procedures are completed within 10 months of the death of the original holder. However, another person may not inherit such subscription rights to shares on the death of the new holder.
   (3) The subscription rights to shares may not be sold, pawned, or otherwise disposed of under any circumstances.
   (4) The subscription rights to shares shall be subject to immediate forfeiture under any circumstances that are deemed to invalidate vesting rights, including, but not limited to: the dismissal of the holder from the position as director or executive officer; voluntary resignation from such post (except for reasons of illness or injury); imprisonment or worse for a criminal offense; or appointment to a directorship or senior advisory

position at a company that is a direct competitor of the Company or one of its subsidiaries.

6. If any contracts and/or plans concerning reorganization of the Nisshin Seifun Group specify the issuance of the subscription rights to shares on the stock of any companies generated as a result of reorganization schemes as described below, such subscription rights to shares shall be issued according to the ratio of said reorganization.
   (1) Merger, only if the Company ceases to exist.
   The surviving company in the merger or a company established as a result of merger
   (2) Corporate demerger through absorption
   A company that absorbs and inherits all or part of the rights and obligations the Company has concerning a particular business, as a result of corporate demerger
   (3) Corporate demerger through establishment
   A company newly established as a result of corporate demerger
   (4) Stock exchange
   A company that acquires all of the Company's shares issued and outstanding
   (5) Stock transfer
   A company established as a result of stock transfer

(2) Description of the rights plan

There are no applicable matters to be reported.

(3) Status of other new subscription rights to shares, etc.

There are no applicable matters to be reported.

3. Exercise of bonds, etc., with subscription rights to shares with an amended exercise price

There are no applicable matters to be reported.

4. Changes in shares issued and outstanding and in capital

Date	Change in shares issued and outstanding (thousands)	Total number of shares issued and outstanding after change (thousands)	Change in paid-in capital (millions of yen)	Paid-in capital balance (millions of yen)	Change in legal capital surplus (millions of yen)	Legal capital surplus balance (millions of yen)
October 1, 2014	27,668	304,357	–	17,117	–	9,500

Note:

On October 1, 2014, the Company conducted a 1.1-for-1 stock split of shares of common stock.

5. Ownership and share distribution

(As of March 31, 2019)

Category	Shareholders and ownership status (N.B. Minimum trading unit [MTU] = 100 shares)								Sub-MTU share holdings (shares)
	Government (national and local) entities	Financial institutions	Financial instruments dealers	Other institutions	Foreign institutions, etc.		Individuals and other shareholders	Total	
					Non-individual	Individuals			
Numbers of shareholders (persons)	–	96	26	332	515	4	16,271	17,244	–
Numbers of shares held (MTUs)	–	1,387,897	50,000	706,966	455,400	40	439,180	3,039,483	409,591
Ratio to total shares (%)	–	45.66	1.65	23.26	14.98	0.00	14.45	100.00	–

Notes:

1. Treasury shares holdings of 7,131,636 shares consist of 71,315 MTUs listed under “Individuals and other shareholders” and 136 shares listed under “Sub-MTU share holdings.” All of these treasury shares are listed in the shareholder register. As of March 31, 2019, total beneficial ownership of treasury shares was equivalent to 7,131,289 shares. The treasury shares do not include 21,900 shares held by The Master Trust Bank of Japan, Ltd. as trust assets for the stock-based remuneration plan.
2. Shares nominally held under the name of Japan Securities Depository Center, Inc. account for 24 MTUs in the column marked “Other institutions” and 27 shares in the column marked “Sub-MTU share holdings.”

6. Major shareholders

(As of March 31, 2019)

Name	Address	Number of shares held (thousands)	Shareholding as a proportion of total shares outstanding (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	30,622	10.30
Nippon Life Insurance Company	5-12, Imabashi 3-chome, Chuo-ku, Osaka	19,387	6.52
Yamazaki Baking Co., Ltd.	10-1, Iwamotocho 3-chome, Chiyoda-ku, Tokyo	16,988	5.71
Japan Trustee Services Bank, Ltd. (Trust Account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	15,011	5.05
Mizuho Bank, Ltd.	5-5, Otemachi 1-chome, Chiyoda-ku, Tokyo	10,447	3.51
Mitsubishi Corporation	3-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	8,448	2.84
Marubeni Corporation	7-1, Nihonbashi 2-chome, Chuo-ku, Tokyo	6,284	2.11
Sumitomo Corporation	3-2, Otemachi 2-chome, Chiyoda-ku, Tokyo	6,091	2.04
Sumitomo Mitsui Banking Corporation	1-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo	5,585	1.87
The Norinchukin Bank	13-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo	5,432	1.82
Total	–	124,300	41.82

Notes:

1. In addition to the above, the Company holds 7,131,000 treasury shares.
2. The Large Shareholding Report (Report of Changes) made available to the public on April 13, 2018, contained the information listed below regarding shares held by MUFG Bank, Ltd. and two joint shareholder companies as of April 9, 2018. However, because the Company was unable to verify the actual number of shares held as of the end of the fiscal year under review (March 31, 2019), these companies were omitted from the list of major shareholders.
   The content of the aforementioned Large Shareholding Report (Report of Changes) was as follows:

Name	Address	Number of shares held (thousands)	Shareholding as a proportion of total shares outstanding (%)
MUFG Bank, Ltd.	7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	3,849	1.26
Mitsubishi UFJ Trust and Banking Corporation	4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo	8,454	2.78
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	12-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo	3,478	1.14
Total	–	15,783	5.19

3. The Large Shareholding Report (Report of Changes) made available to the public on December 21, 2018, contained the information listed below regarding shares held by Sumitomo Mitsui Trust Bank, Limited and two joint shareholder companies as of December 14, 2018. However, because the Company was unable to verify the actual number of shares held as of the end of the fiscal year under review (March 31, 2019), these companies were omitted from the list of major shareholders.
   The content of the aforementioned Large Shareholding Report (Report of Changes) was as follows:

Name	Address	Number of shares held (thousands)	Shareholding as a proportion of total shares outstanding (%)
Sumitomo Mitsui Trust Bank, Limited	4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo	2,419	0.79
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1, Shibakoen 1-chome, Minato-ku, Tokyo	6,080	2.00
Nikko Asset Management Co., Ltd.	7-1, Akasaka 9-chome, Minato-ku, Tokyo	7,825	2.57
Total	–	16,325	5.36

4. The Large Shareholding Report made available to the public on February 6, 2019, contained the information listed below regarding shares held by BlackRock Japan Co., Ltd. and seven joint shareholder companies as of January 31, 2019. However, because the Company was unable to verify the actual number of shares held as of the end of the fiscal year under review (March 31, 2019), these companies were omitted from the list of major shareholders.
   The content of the aforementioned Large Shareholding Report was as follows:

Name	Address	Number of shares held (thousands)	Shareholding as a proportion of total shares outstanding (%)
BlackRock Japan Co., Ltd.	8-3, Marunouchi 1-chome, Chiyoda-ku, Tokyo	5,203	1.71
BlackRock Fund Managers Limited	12 Throgmorton Avenue, London EC2N 2DL, United Kingdom	370	0.12
BlackRock (Luxembourg) S.A.	35a Avenue, JF Kennedy, L-1855, Luxembourg	488	0.16
BlackRock Life Limited	12 Throgmorton Avenue, London EC2N 2DL, United Kingdom	325	0.11
BlackRock Asset Management Ireland Limited	1st Floor, 2 Ballsbridge Park, Ballsbridge, Dublin 4, D04 YW83, Ireland	967	0.32
BlackRock Fund Advisors	400 Howard Street, San Francisco, California, United States	3,110	1.02
BlackRock Institutional Trust Company, N.A.	400 Howard Street, San Francisco, California, United States	3,593	1.18
BlackRock Investment Management (UK) Limited	12 Throgmorton Avenue, London EC2N 2DL, United Kingdom	1,167	0.38
Total	–	15,227	5.00

5. The Large Shareholding Report (Report of Changes) made available to the public on April 5, 2019, contained the information listed below regarding shares held by Nomura International plc and its shareholder company Nomura Asset Management Co., Ltd. as of March 29, 2019. However, because the Company was unable to verify the actual number of shares held as of the end of the fiscal year under review (March 31, 2019), these companies were omitted from the list of major shareholders.
   The content of the aforementioned Large Shareholding Report (Report of Changes) was as follows:

Name	Address	Number of shares held (thousands)	Shareholding as a proportion of total shares outstanding (%)
Nomura International plc	1 Angel Lane, London EC4R 3AB, United Kingdom	2,896	0.95
Nomura Asset Management Co., Ltd.	12-1, Nihonbashi 1-chome, Chuo-ku, Tokyo	16,060	5.28
Total	–	18,956	6.23

7. Voting rights

(1) Distribution within shares issued and outstanding

(As of March 31, 2019)

Category	Number of shares	Number of voting rights	Comments
Shares with no voting rights	–	–	–
Shares with restricted voting rights (treasury shares, etc.)	–	–	–
Shares with restricted voting rights (other)	–	–	–
Shares with full voting rights (treasury shares, etc.)	(Treasury shares) Common stock 7,131,200	–	Common stock is the standard type of shares issued by the Company without limitations on the shareholders' rights, and 100 shares form a minimum trading unit.
	(Mutually held shares) Common stock 271,200	–	As above
Shares with full voting rights (other)	Common stock 296,545,900	2,965,459	As above
Sub-MTU (minimum trading unit) share holdings	Common stock 409,591	–	–
Total number of shares issued and outstanding	304,357,891	–	–
Total voting rights of all shareholders	–	2,965,459	–

Notes:

1. "Shares with full voting rights (other)" above includes 2,400 shares (24 voting rights) nominally held under the name of Japan Securities Depository Center, Inc. (JASDEC), 300 shares (3 voting rights) listed under Company ownership in the register of shareholders but without any beneficial owner, and 21,900 shares (219 voting rights) held by The Master Trust Bank of Japan, Ltd. as trust assets for the stock-based remuneration plan.
2. "Number of shares" for "Sub-MTU share holdings" above includes, in addition to 27 shares nominally held under the name of Japan Securities Depository Center, Inc. (JASDEC), and 47 shares listed under Company ownership in the register of shareholders but without any beneficial owner, treasury shares owned by the Company and mutually held shares shown below.

Treasury shares

Nisshin Seifun Group Inc.	89 shares

Mutually held shares

Japan Logistic Systems Corp.	55 shares
Chiba Kyodo Silo Co., Ltd.	45 shares

(2) Treasury shares

(As of March 31, 2019)

Shareholders' name	Shareholders' address	Number of shares held under own name	Number of shares held under other name	Total number of shares held	Shareholding as proportion of total shares outstanding (%)
Treasury shares					
Nisshin Seifun Group Inc.	25, Kanda-Nishiki-cho 1-chome, Chiyoda-ku, Tokyo	7,131,200	–	7,131,200	2.34
Mutually held shares					
Ishikawa Co., Ltd.	2-10, Shimagami-cho 1-chome, Hyogo-ku, Kobe	168,900	–	168,900	0.05
Chiba Kyodo Silo Co., Ltd.	16, Shinminato, Mihama-ku, Chiba	95,700	–	95,700	0.03
Japan Logistic Systems Corp.	19-17, Ebara 1-chome, Shinagawa-ku, Tokyo	6,600	–	6,600	0.00
Total	–	7,402,400	–	7,402,400	2.43

Note:

"Treasury shares" above does not include 300 shares listed under Company ownership in the register of shareholders but without any beneficial owner, and 21,900 shares held by The Master Trust Bank of Japan, Ltd. as trust assets for the stock-based remuneration plan.

8. Director and Employee Shareholding System

On May 12, 2017, the Board of Directors passed a resolution to adopt a new stock-based remuneration plan (hereinafter, "the new plan") available to the Company's directors and executive officers, and the directors of principal subsidiaries (hereinafter, "eligible directors and others"). On June 28, 2017, the 173rd Ordinary General Meeting of Shareholders passed a resolution authorizing the adoption of this new plan for the Company's directors. In conjunction with the Company's transition to a company structure with an audit & supervisory committee, the 175th Ordinary General Meeting of Shareholders held on June 26, 2019, passed a resolution that re-established the remuneration framework for Directors (excluding Audit & Supervisory Committee Members) associated with the new plan. The adoption of this new plan for the directors of principal subsidiaries was subject to resolutions by the individual General Meetings of Shareholders of the respective subsidiaries.

(1) Overview of the New Plan

Eligibility for the new plan is limited to Directors (excluding Audit & Supervisory Committee Members) and Executive Officers of the Company, and Directors of major subsidiaries (hereinafter, "eligible Directors and others"). The number of Company shares granted is calculated based on a set formula derived from the stock remuneration base amount set out according to the positions and other factors of the eligible directors and others. The Company shares are acquired through a trust (hereinafter, "the trust") established by the Company, using the amount of money that the Company and its principal subsidiaries will contribute, and are vested with eligible directors and others through the trust.

For Company shares delivered annually to the eligible directors and others through this new plan, a transfer restriction period (i.e., period prohibiting the transfer, establishment of security interests and other treatment) is to be established based on share delivery regulations for 3 years from the date of delivery. For eligible directors and others, this restriction will heighten their desire to contribute to improvement in corporate value over the medium to long term, while raising management awareness from the viewpoint of shareholders through shared interest in profit with shareholders.

(2) Trust Contract

- Trust type: Specified, individually operated trust of money other than money trust
- Trust purpose: Incentive benefit for eligible directors and others
- Settlor: Nisshin Seifun Group Inc.
- Trustee: Mitsubishi UFJ Trust and Banking Corporation (Joint trustee: The Master Trust Bank of Japan, Ltd.)
- Beneficiaries: Individuals qualifying as beneficiaries among eligible directors and others
- Trust administrator: Third party with no conflict of interest with the Company or its principal subsidiaries (certified public accountant)
- Trust contract date: May 16, 2017
- Trust period: From May 16, 2017 to July 31, 2020 (forecast)

- Launch date for plan: July 1, 2017
- Handling of voting rights: Not exercisable
- Type of shares for acquisition: Common shares of the Company
- Monetary value of trust: ¥550 million (incl. trust remuneration and expenses)
- Share acquisition period: Amounts below are the maximum purchasable amount of Company shares for each period
  - FY2017: approx. ¥160 million
    From July 6, 2017 to July 20, 2017
  - FY2018: approx. ¥190 million
    From July 6, 2018 to July 9, 2018
  - FY2019: approx. ¥190 million (forecast)
    From July 5, 2019 (forecast) to July 19, 2019 (forecast)
- Share purchase method: Purchase via stock market
- Rights holder: Nisshin Seifun Group Inc.
- Residual assets: Residual assets receivable by the Company, as the rights holder, are to be within the scope of funds used for trust preparation, after deduction of funds for the purchase of shares from trust funds.

(3) Upper Limit of Total Number of Shares Scheduled for Acquisition by Eligible Directors and Others

The total number of Company shares granted to eligible directors and others as the share granting portion based on this new plan is 800,000 shares for consecutive three-year period.

(4) Scope of Individuals Eligible for Beneficiary Rights and Other Rights Under This New Plan

Individuals from among eligible directors and others who meet qualifying beneficiary criteria

(2) Acquisitions of Treasury Shares

[Type of shares, etc.]   Acquisitions of common stock according to Article 155, Paragraph 7 of the Companies Act

1. Stock acquisitions by resolution of the Ordinary General Meeting of Shareholders

There are no applicable matters to be reported.

2. Stock acquisitions by resolution of the Board of Directors

There are no applicable matters to be reported.

3. Stock acquisitions not based on resolutions of the Ordinary General Meeting of Shareholders or the Board of Directors

Item	Number of shares	Total value (yen)
Treasury shares acquired in the year ended March 31, 2019	1,194	2,748,675
Treasury shares acquired during the term	197	502,728

Note:

The treasury shares acquired during the term does not include shares acquired by purchasing sub-MTU (minimum trading unit) shares during the period from June 1, 2019, to the date of filing the original Japanese version of this report.

4. Disposals or holdings of acquired treasury shares

Item	Year ended March 31, 2019		During the term	
	Number of shares	Total value of disposals (yen)	Number of shares	Total value of disposals (yen)
Shares of acquired treasury shares that went on offer	–	–	–	–
Treasury shares retired	–	–	–	–
Shares of acquired treasury shares involved in transfers accompanying merger, share exchange or corporate demerger	–	–	–	–
Other (Exercise of subscription rights to shares) (Sale upon request of sub-MTU share holdings)	 210,660 20	 262,986,620 45,746	 11,550 –	 11,166,100 –
Shares of treasury shares held	7,131,289	–	7,119,936	–

Notes:

1. The number of treasury shares retired during the term reflects neither the exercise of the subscription rights to shares between June 1, 2019 and the filing of this report, nor the sale upon request of sub-MTU share holdings.
2. The number of treasury shares held during the term reflects neither the exercise of the subscription rights to shares between June 1, 2019 and the filing of this report, nor the purchase or sale upon request of sub-MTU share holdings.
3. The number of treasury shares held for the year ended March 31, 2019 and during the term does not include shares held by The Master Trust Bank of Japan, Ltd. as trust assets for the stock-based remuneration plan.

(3) Dividend Policy

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 continuous payment of dividends based on a targeted payout ratio of at least 40% on a consolidated basis.

In principle, the Company intends to pay dividends twice a year: interim and fiscal year-end. The Company's Articles of Incorporation prescribe that matters related to the payment of dividends may be decided by the Board of Directors, as well as the General Meeting of Shareholders according to the provision of Article 459, Paragraph 1 of the Companies Act, unless otherwise stipulated by law, and that the payment of interim dividends as provided for by Article 454, Paragraph 5 of the Companies Act may be effected by a resolution of the Board of Directors, with the date of record for such dividends being September 30.

As a further return of profits to shareholders, the Company paid a full-year dividend of ¥32 per share, an increase of ¥3 from the previous fiscal year. Since there was no adjustment made to the dividend per share following a stock split in the fiscal year ended March 31, 2014, effectively increasing dividends for the year, there has effectively been an actual increase in dividends for six consecutive terms. As a result, the dividend payout ratio for the fiscal year was 42.7% on a consolidated basis (63.4% on a non-consolidated basis) and the rate of dividends to net assets was 2.4% on a consolidated basis (3.2% on a non-consolidated basis).

Under the Group's long-term vision, "NNI 'Compass for the Future' —Toward a New Stage— Maximizing Group-wide Capabilities and Effecting Business Model Change," we will take assertive steps to ramp up capital investments, M&A activity, human resource training, technology development and other areas for sustainable growth. At the same time, the Group will move to strengthen stable returns from a long-term perspective to shareholders who share with us "the values created through generations since the establishment of the Company." 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 demand for funds for strategic investments.

Note:
Payment of dividends for which the date of record falls during the fiscal year ended March 31, 2019 is as follows.

Authorizing resolution	Total dividends (millions of yen)	Dividend per share (yen)
Resolution of the Board of Directors made on October 29, 2018	4,754	16
Resolution of the Ordinary General Meeting of Shareholders made on June 26, 2019	4,755	16

(4) Corporate Governance and Other Matters

1. Corporate governance

This section provides an overview of corporate governance at the Company and the Nisshin Seifun Group. All data are accurate as of the date of filing the original Japanese version of this report (June 26, 2019).

(1) Corporate governance systems

<Basic policy on corporate governance>

The Nisshin Seifun Group espouses two corporate philosophies, “the basis of business is built on trust” and to be “in tune with the changing climate.” Underpinned by a corporate principle of “to contribute to a healthy and fruitful life for all,” the Group’s mission is to stably supply safe and reliable food centering on wheat flour. Based on this corporate philosophy, the Company aims to realize sustainable growth and maximize long-term corporate value. Hence, the Company’s basic policy on corporate governance focuses on building a functional management system and maintaining accountability and transparency. The policy also emphasizes that the Company respects the position of all stakeholders, including shareholders, and promotes management that is highly transparent and carries out agile and appropriate decision-making. Under this philosophy, the Company fulfills its duties to a wide range of stakeholders, including shareholders who have entrusted us with management of the Company. In addition, the Company has defined its “basic policy on corporate governance” to realize effective governance that will lead to sustainable growth and medium- to long-term creation of corporate value.

<Description of the Company’s corporate governance systems and reasons for adopting such systems>

Following approval of required changes to the Articles of Incorporation at the Ordinary General Meeting of Shareholders held on June 26, 2019, the Company transitioned from a company structure with a board of corporate auditors to one with an audit & supervisory committee. Reasons for the transition are detailed below.

· Along with transitioning to a company structure with an audit & supervisory committee, whereby Directors who are Audit & Supervisory Committee Members retain decision-making authority on the Board of Directors, the percentage of Outside Directors has been increased to strengthen the supervisory functions of the Board of Directors with respect to business execution and related matters.

· The Audit & Supervisory Committee, of which Outside Directors comprise over half of its members, is responsible for auditing the appropriateness and propriety of business execution, resulting in even greater management transparency; meanwhile, placing the Internal Audit Department under the direct authority of the Audit & Supervisory Committee is designed to promote more robust audits.

· The authority of Executive Directors has been refined and the speed of management decision-making increased, with the aim of improving flexibility in business execution.

These changes seek to further enhance the Company’s sustainable growth and its medium- to long-term corporate value. Other matters regarding corporate governance are detailed below.

1) Reasons for adopting a holding company structure

The Company evaluates and supervises operating subsidiaries from the standpoint of a shareholder, and has adopted a holding company structure with the objective of executing Group management that ensures strategic utilization of management resources and effective governance. In the execution of Company operations, there is clear management accountability and the Company uses a system that promotes timely and appropriate decision-making.

2) Management system

The Company has the Board of Directors as a body for making important managerial decisions and supervising operational execution. Six Outside Directors are appointed to provide opinions to management from a highly independent third-party perspective. Refer to (2) below for more details regarding the composition of the Board of Directors. Company president Nobuki Kemmoku serves as chair of the Board of Directors.

The Company adopts an Executive Officer system to expedite the execution of business operations. In addition, the Company has the Group Management Meeting, which mainly consists of Executive Officers who discuss and exchange opinions as to important matters regarding the management of the Nisshin Seifun Group and the group companies. The Group Management Meeting is comprised of Company president Nobuki Kemmoku; Vice President and Executive Officer Masao Nakagawa and Michinori Takizawa; Managing Director and Executive Officers Takashi Harada, Akira Mori, Satoshi Odaka, Masashi Koike, Naoto Masujima and Koichi Iwasaki; full-time Audit & Supervisory Committee Member Shoh Ohuchi; and others appointed by the Company president, Nobuki Kemmoku, who serves as chair for the meeting. The Group Management Meeting meets twice a month, in principle, and whenever the need arises.

3) Auditing system

The Company's Audit & Supervisory Committee consists of Outside Directors who are Audit & Supervisory Committee Members (Mr. Tetsuo Kawawa, Mr. Satoshi Ito and Ms. Mieko Tomita) and an Internal Director who is a full-time Audit & Supervisory Committee Member (Shoh Ohuchi). Full-time Audit & Supervisory Committee Member Shoh Ohuchi serves as chair of the committee. In addition to attending important Company meetings, including meetings of the Board of Directors, in accordance with the Audit Standards and Audit Plan, the Audit & Supervisory Committee Members meet regularly with the Company's Representative Directors and other officers to audit the executive performance of Directors. One member of the Audit & Supervisory Committee is appointed on a full-time basis, and holds a concurrent appointment as an audit and supervisory Committee Member of the Company's principal subsidiaries, and carries out audits of Nisshin Seifun Group companies. Principal subsidiaries each have an audit and supervisory committee, and members of these committees attend regular meetings of the Nisshin Seifun Group Audit & Supervisory Liaison Committee to share audit and risk-related information. In terms of personnel and systems to support the Group's auditing structure, a secretariat has been established to support auditing by the Audit & Supervisory Committee Members. In addition, the Company appoints several employees with extensive practical business experience at the Company and have held posts above a certain level to specialist positions for auditing Group companies. The Company and its major subsidiaries have an independent auditing contract with Deloitte Touche Tohmatsu LLC, which conducts audits as stipulated in the Companies Act and the Financial Instruments and Exchange Act under that contract.

4) Committee structure voluntarily established in relation to the corporate governance system

The Company has an Outside Directors' Council. This Council comprises all Outside Directors (including Outside Directors who are Audit & Supervisory Committee Members), and is used as a forum for members to share information. The Council also discusses and offers advice on the appointment of Representative Directors and outside officers, in response to consultations from the Board of Directors, and remuneration policy for senior management (including Executive Directors, Executive Officers and presidents of major operating companies). Council membership consists of Mr. Kazuhiko Fushiya, Mr. Akio Mimura, Mr. Motoo Nagai, Mr. Tetsuo Kawawa, Mr. Satoshi Ito and Ms. Mieko Tomita, with Mr. Fushiya serving as chair. Furthermore, the Company has established a Corporate Value Committee. Refer to "[2] Review of Operations and Financial Position, (1) Management Policies, Management Environment and Issues to be Addressed, 4. Basic policies regarding control of the corporation" for more information. The membership of the Corporate Value Committee comprises all Outside Directors, with Mr. Kazuhiko Fushiya serving as chair.

5) Reasons for adopting the corporate governance systems

Reasons for the transition to a company structure with an audit & supervisory committee are stated above. To maximize the effect of the holding company structure, the Company's Board of Directors comprises (i) directors who exclusively belong to the holding company and are responsible for functions that unify the overall Group; (ii) Directors who concurrently hold the position of managing major operating companies, being familiar with the market environment and having experienced management skills for those businesses; iii) Outside Directors who possess an independent, third-party viewpoint, and iv) Directors with decision-making authority on the Board of Directors who are also Audit & Supervisory Committee Members responsible for auditing the appropriateness and propriety of business execution. We believe that this structure is suitable for promoting management that respects the standpoint of each stakeholder group, including shareholders, maintains a high degree of transparency, and carries out timely and appropriate decision-making. The Company appoints Outside Directors, who offer opinions at Board of Directors meetings based on extensive experience and broad knowledge. Their opinions are delivered from the same viewpoint as the Company's shareholders and the general society surrounding the Company, and such opinions are extremely important for examining the management of the Company.

<Outline of limited liability contract>

Pursuant to the provision of Article 427, Paragraph 1 of the Companies Act, the Company holds a limited liability contract with Directors (excluding Executive Directors) to the effect that the maximum amount of liability as stipulated in Article 423, Paragraph 1 of the Companies Act shall be the sum of the amounts stipulated in each item of Article 425, Paragraph 1 of the Companies Act, as long as they perform their duties in good faith and without gross negligence.

<Basic policy on internal control systems and status>

The internal control systems of the Company establish the hierarchical command structure and clarify authority and responsibility while putting in place management control of department heads or managers in operational departments, internal checks between departments (i.e. operations division and accounting division), as well as the following systems.

1) Systems to ensure the duties of directors and employees of the Company and its subsidiaries are performed in compliance with law and the Articles of Incorporation

(a) 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 recognize their duty to comply with said Code and Guidelines, and shall take the lead in following said rules and publicizing them to the people concerned. Said presidents and directors shall also endeavor to grasp internal and external opinion at all times, and adjust their internal systems accordingly to enhance their effectiveness, while promoting corporate ethics throughout their companies.

(b) The Audit & Supervisory Committee of the Company and its subsidiaries shall audit the performance of duties by each director, and oversee and verify whether directors construct and operate systems for internal control in an appropriate manner.

(c) The Internal Audit Department, directly supervised by the Audit & Supervisory Committee of the Company, shall lead the enhancement and operation of the Nisshin Seifun Group's internal control systems.
As an independent organization, the Internal Audit Department shall evaluate the internal control systems of the Nisshin Seifun Group and perform internal audits of the Group's business operations.

(d) The Company's Social Committee shall address all 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, providing education on CSR throughout the Group and ensuring recognition of and compliance with laws, the Articles of Incorporation and social norms.

(e) The Nisshin Seifun Group shall not bow to unreasonable demands of antisocial forces that could threaten the order and safety of civil society and shall take organized countermeasures in collaboration with specialized institutions.

(f) The Company shall operate and maintain the Compliance Hotline, which was established as a measure for Nisshin Seifun Group employees, etc., to directly report any acts of non-compliance so that such acts can be early detected and dealt with.

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

(a) In the Nisshin Seifun Group, issues concerning business operations, approval and reporting procedures shall be determined according to their level of importance, impact, etc., and evaluation of such issues, including risk assessment thereof, shall be made in advance.

(b) In the Nisshin Seifun Group, in line with the Nisshin Seifun Group Risk Management Rules, in parallel with evaluation and review of risks, the Company's Risk Management Committee shall supervise the overall risk management efforts of the Nisshin Seifun Group by confirming and providing guidance to ensure that subsidiaries have appropriate control over the risks that subsidiaries recognize, analyze, and evaluate, and that no risks are left unnoticed.

(c) In the Nisshin Seifun Group, in line with the Nisshin Seifun Group Crisis Control Rules, any emergence of crises or fear thereof shall be reported by employees, etc. 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 shall immediately set up countermeasures headquarters to handle them in an appropriate manner to minimize damages.

(d) The Audit & Supervisory Committee of the Company and its subsidiaries shall take the necessary measures, such as advice and recommendation, whenever they recognize the possibility that each director may bring about a significant loss or serious accidents.

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

(a) 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.

(b) The Nisshin Seifun Group clarifies its business strategies and their potential direction, according to which each subsidiary formulates its profit plans on a yearly basis. The term of office of directors (excluding Directors who are Audit & Supervisory Committee Members) shall be 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.

4) Systems for ensuring that proper business operations are conducted within the group of companies that consists of the Company and its subsidiaries

(a) The Nisshin Seifun Group has adopted a holding company structure under Nisshin Seifun Group Inc., whereby the Company, as the holding company constantly oversees and evaluates the actions of subsidiaries with the best interests of the shareholders in mind.

(b) For important issues concerning the business operations of subsidiaries, standardized criteria determine the matters to be submitted for discussion or report to the Company's Board of Directors.

(c) The Nisshin Seifun Group "Corporate Code of Conduct and Employee Action Guidelines" stipulate and specify the Corporate Principle, the Basic Management Policy, the Basic Attitude toward Stakeholders, and the Corporate Code of Conduct and Employee Action Guidelines, and awareness of these throughout the Group is promoted.

(d) The procedures and methods for creation of the Group's financial reports, including the consolidated financial statements, are stipulated to eliminate wrongful acts and errors and ensure the reliability of consolidated financial statements and other financial reporting from the Nisshin Seifun Group.

(e) The Audit & Supervisory Committee of the Company and its subsidiaries hold regular meetings of Nisshin Seifun Group Audit & Supervisory Liaison Committee to exchange opinions on audit cases, etc., and share issues to be addressed.

(f) The Company provides special audits, such as of facilities, safety, environment and quality assurance for the Nisshin Seifun Group.

(g) The Internal Audit Department, directly supervised by the Audit & Supervisory Committee of the Company, shall lead the enhancement and operation of the Nisshin Seifun Group's internal control systems.
As an independent organization, the Internal Audit Department shall evaluate the internal control systems of the Nisshin Seifun Group and perform internal audits of the Group's business operations.

(h) The subsidiaries of the Nisshin Seifun Group have their own Internal Control Committee, headed by the president, which leads efforts to enhance and operate their internal control systems.

5) Systems for ensuring the preservation and management of information in relation to the performance of the duties of the directors of the Company

The minutes of Board of Directors' meetings, request for managerial decision, and other documents and information relating to the directors' performance of their duties shall be preserved and managed appropriately as confidential information in accordance with the relevant regulations.

6) Provisions concerning the individuals assisting the Audit & Supervisory Committee Members in performing their duties, their independence from directors (excluding Directors who are Audit & Supervisory Committee Members), and ensuring the efficacy of directions given to such individuals by the Audit & Supervisory Committee Members

(a) An Audit & Supervisory Committee Secretariat has been established to assist the Audit & Supervisory Committee in performing its duties. The secretariat assists the Audit & Supervisory Committee in performing audits under the direction of the committee. Personnel changes concerning the members of the Audit & Supervisory Committee Secretariat require the consent of the Audit & Supervisory Committee.

(b) Directors (excluding Directors who are Audit & Supervisory Committee Members) pay close attention to ensuring that no unreasonable constraints exist that could potentially hinder the independence of the Audit & Supervisory Committee Secretariat in the performance of its duties.

7) Systems for reporting to the Audit & Supervisory Committee of the Company by the directors (excluding Directors who are Audit & Supervisory Committee Members) and employees of the Company, the directors, auditors and employees of subsidiaries, and individuals who receive reports from these individuals

(a) The Audit & Supervisory Committee Members of the Company attend the meetings of the Board of Directors and other important meetings, including meetings of the Group Management Meeting, the Credit Management Committee and the Normative Ethics Committee, and state their opinions as appropriate.

(b) The Audit & Supervisory Committee of the Company may ask for reporting from the independent accounting auditors, the directors, the Internal Audit Department and others, whenever such necessity arises.

(c) When Directors of the Company or its subsidiaries recognize anything that could cause remarkable damage or serious accidents to their respective companies, they shall immediately report that to their respective Audit & Supervisory Boards or auditors, with subsequent reporting by the respective Audit & Supervisory Board Members to the Company's Audit & Supervisory Committee.

(d) The results of audits conducted by subsidiaries' Audit & Supervisory Board Members shall also be reported to the Company's Audit & Supervisory Committee.

(e) The results of internal control system evaluations and internal audits conducted by the Company's Internal Audit Department are also reported to the Company's Audit & Supervisory Committee.

(f) The results of specialized audits, equipment and safety audits, environmental audits, and quality assurance audits, are also reported to the Company's Audit & Supervisory Committee.

(g) Any information obtained through the Compliance Hotline is reported immediately to the Company's Audit & Supervisory Committee.

(h) Documents for taking over the duties of the executive managers of the Company's divisions and the presidents of its subsidiaries are submitted to the Company's Audit & Supervisory Committee.

(i) All circular requisitions of the Company and its subsidiaries are transmitted to all of the Audit & Supervisory Committee Members or auditors of each respective company.

8) System for ensuring individuals reporting to the Company's Audit & Supervisory Committee can do so without fear of reprisal for doing so

Individuals reporting any of the previously addressed items, including those reporting via the Compliance Hotline, will face no reprisals, through personnel systems or in any other way, for such reporting.

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 fulfillment of related responsibilities

Anticipated expenses incurred by the Audit & Supervisory Committee Members in the execution of their duties are budgeted; expenses incurred beyond those budgeted, 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.

10) Other systems for ensuring that the audits by Audit & Supervisory Committee of the Company are conducted efficiently

The Audit & Supervisory Committee holds regular meetings with representative directors, and exchange opinions on prospective challenges and risks for the Company, as well as the status of the environment for audits by the Audit & Supervisory Committee and other important auditing issues.

<Basic policy and status of efforts for elimination of antisocial forces>

The Nisshin Seifun Group shall not bow to unreasonable demands of antisocial forces that could threaten the order and safety of civil society and shall take organized countermeasures in collaboration with specialized institutions. The Group's detailed efforts to achieve this are as follows.

(a) The Nisshin Seifun Group Corporate Code of Conduct calls for strict compliance with all relevant laws and social norms, while the Employee Action Guidelines call upon employees to maintain a resolute attitude to reject unreasonable demands from antisocial forces.

(b) Within the Nisshin Seifun Group Inc., an office for control of countermeasures against unreasonable demands and a person responsible for the rejection of such demands are provided to collect information about antisocial forces and to take organized countermeasures in collaboration with specialized institutions. In addition, educational opportunities on ethics and compliance are provided to have the organized countermeasures effectively in place throughout the Group.

(c) Within the Nisshin Seifun Group Inc., a Normative Ethics Committee, comprised of members from Group companies, and Social Norms Committees at key subsidiaries, have been established. The committees thoroughly review each case to ensure a resolute attitude to reject unreasonable requests from antisocial forces, and to confirm that no illegal payoffs or other such actions occur.

<Status of risk management systems>

As mentioned in "Basic policy on internal control systems and status" above, the Group has risk management systems as follows.

To ensure that the Company fulfills its social responsibilities, the Nisshin Seifun Group has formulated the Nisshin Seifun Group Corporate Code of Conduct and Employee Action Guidelines. The Company undertakes Group-wide training and other educational activities to ensure that all employees understand and abide by this code of conduct. Environmental and other specialist audits are undertaken as a further check of the code's effectiveness. The Company has also established a Compliance Hotline System that allows employees to communicate directly with external legal counsel or internal departments regarding any compliance-related matters.

Separately, the Nisshin Seifun Group has established the Nisshin Seifun Group Risk Management Rules and the Crisis Control Rules to prevent crisis occurrence and ensure that appropriate actions are taken in the event of any such emergency, as well as to give clear definitions of risk management and crisis. The Company has also set up the Risk Management Committee as a center for overseeing the efforts of risk management throughout the Nisshin Seifun Group. All Nisshin Seifun Group employees are obliged to report any crisis to the Company's call center so that the information can be relayed swiftly to senior management. The system aims to ensure that any damage caused is minimal due to prompt initial action.

(2) The number of Directors

The Company's Articles of Incorporation prescribe that the number of the Company's Directors be not more than 14, of which not more than 4 are Audit & Supervisory Committee Members.

(3) Requirements for a resolution on the appointment of Directors

The Company's Articles of Incorporation prescribe that a resolution on the appointment of Directors who are Audit & Supervisory Committee Members and other Directors (categorized separately) be adopted by a majority of the voting rights of shareholders attending the General Meeting of Shareholders who collectively hold one-third or more of all voting rights. Cumulative voting shall not be applied to pass a resolution on the appointment of Directors.

(4) The bodies that make a decision on the payment of dividends, etc.

To enable the Company to maintain a dynamic capital stance, the Company's Articles of Incorporation prescribe that matters specified in all items of Article 459, Paragraph 1 of the Companies Act, including those related to the payment of dividends, may be decided by the Board of Directors, as well as the General Meeting of Shareholders, unless otherwise stipulated by law.

(5) The body that makes a decision on the payment of interim dividends

To enable the expeditious return of profits to shareholders, the Company's Articles of Incorporation prescribe that the payment of interim dividends as stipulated in Article 454, Paragraph 5 of the Companies Act, for which the date of record is September 30 each year, may be enabled by a resolution of the Board of Directors.

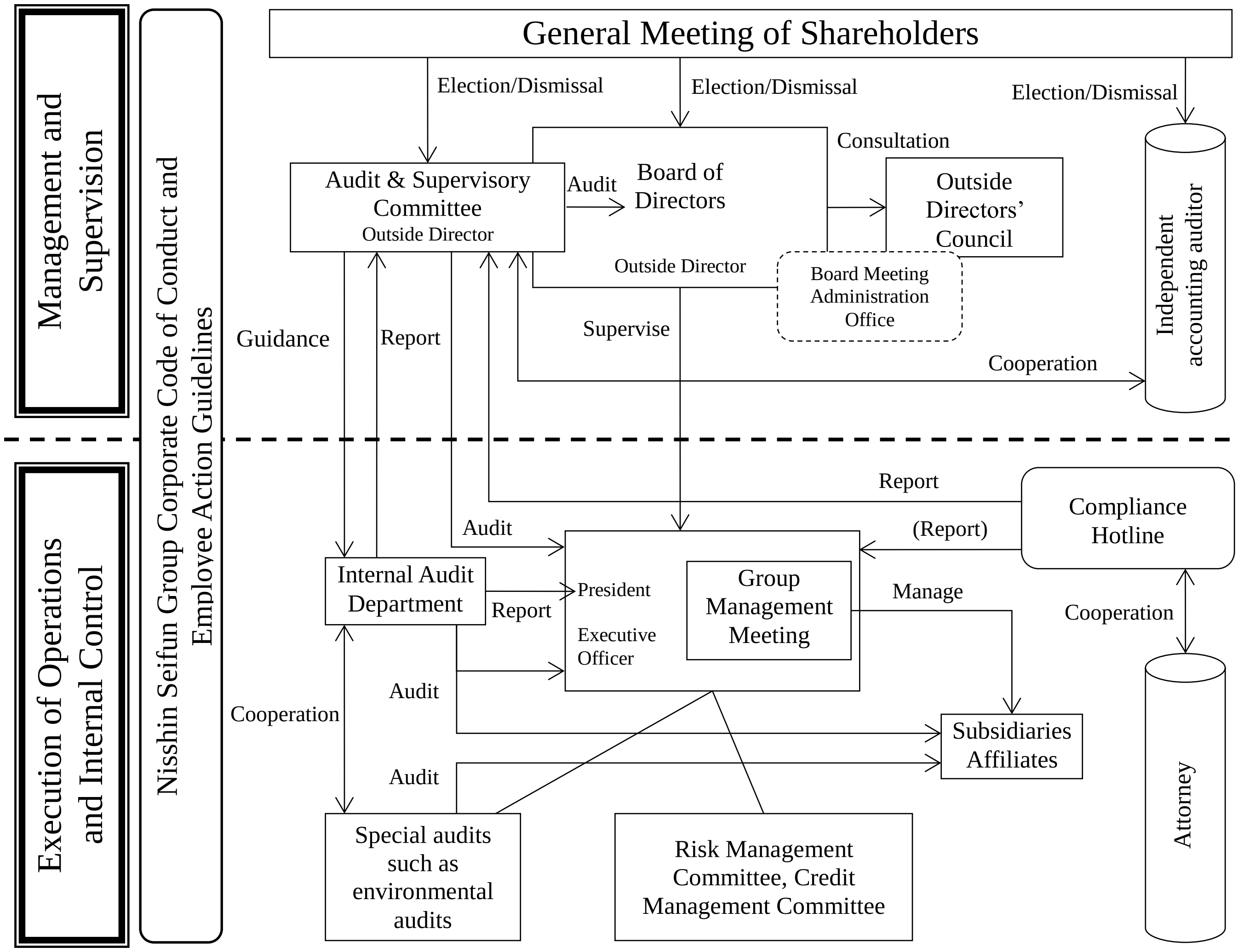
(6) Requirements for a special resolution by the General Meeting of Shareholders

To ensure the integrity of deliberation on matters for special resolution at the General Meeting of Shareholders as defined in Article 309, Paragraph 2 of the Companies Act, the Company's Articles of Incorporation prescribe that such special resolution be adopted by two-thirds or more of the voting rights of shareholders attending the General Meeting of Shareholders who collectively hold one-third or more of all voting rights.

(7) Exemption from liabilities for Directors

To ensure that the Directors and Audit & Supervisory Committee Members perform their expected roles in an appropriate manner by limiting the liabilities they assume to a reasonable range, the Company's Articles of Incorporation prescribe that Directors (including former ones) and Audit & Supervisory Committee Members (including former ones) may be exempt from the liabilities for damages as defined in Article 423, Paragraph 1 of the Companies Act to a statutorily acceptable degree by a resolution of the Board of Directors in accordance with Article 426, Paragraph 1 of said Act.

The diagram below sets out the structure of the Nisshin Seifun Group for management/supervision, execution of operations, and internal control.



2. Directors and Audit & Supervisory Committee Members

(1) Directors and Audit & Supervisory Committee Members

[Male: 13, Female: 1 (percentage of female officers 7.1%)]

Title and position	Name	Date of birth	Career		Term of office	Share holding (thousands)
Representative Director and President	Nobuki Kemmoku	February 13, 1961	Apr. 1984 Sep. 2011 Jun. 2012 Jun. 2013 Jun. 2013 Apr. 2015 Jun. 2015 Apr. 2017 Apr. 2017	Joined the Company Managing Director, Nisshin Flour Milling Inc. Executive Officer Director Senior Managing Director, Nisshin Flour Milling Inc. Director and President, Nisshin Flour Milling Inc. Managing Director Director and President (to the present) Director and Chairman, Nisshin Flour Milling Inc. (to the present)	Note 4	49
Representative Director, Vice President and Executive Officer In charge of General Administration Division	Michinori Takizawa	March 27, 1954	Apr. 1976 Jul. 2001 Jun. 2005 Jun. 2006 Jun. 2009 Jul. 2011 Jun. 2012 Jun. 2013 Jun. 2015 Apr. 2017 Jun. 2017 Jun. 2019	Joined the Company General Manager, Legal Affairs Group (General Administration Division) Executive Officer and General Manager, Legal Affairs Group (General Administration Division) Executive Officer and General Manager (Legal Department of General Administration Division) Executive Officer and General Manager (Internal Control Department) Executive Officer and Division Executive (Corporate Planning Division) Director and Division Executive (Corporate Planning Division) Managing Director and Division Executive (General Administration Division) Senior Managing Director and Division Executive (General Administration Division) Director, Vice President and Division Executive (General Administration Division) Director and Vice President (In charge of General Administration Division) Director, Vice President and Executive Officer (In charge of General Administration Division) (to the present)	Note 4	51
Director, Managing Executive Officer and Division Executive, R&D and Quality Assurance Division	Takashi Harada	February 9, 1957	Apr. 1979 Jun. 2008 Jun. 2009 Jun. 2009 Jun. 2010 Jun. 2015 Jun. 2019	Joined the Company Manager (Tsurumi Plant), Nisshin Flour Milling Inc. Executive Officer Director and Manager (Tsurumi Plant), Nisshin Flour Milling Inc. Director and Division Executive (R&D and Quality Assurance Division) Managing Director and Division Executive (R&D and Quality Assurance Division) Director, Managing Executive Officer and Division Executive (R&D and Quality Assurance Division) (to the present)	Note 4	36

Title and position	Name	Date of birth	Career		Term of office	Share holding (thousands)
Director, Managing Executive Officer and Division Executive, Finance and Accounting Division	Akira Mori	December 16, 1956	Apr. 1979	Joined the Company	Note 4	31
			Jun. 2010	General Manager (Finance Department of Finance and Accounting Division)		
			Jun. 2012	Executive Officer and General Manager (Finance Department of Finance and Accounting Division)		
			Jun. 2013	Director and Division Executive (Corporate Planning Division)		
			Jun. 2015	Managing Director and Division Executive (Corporate Planning Division)		
			Apr. 2017	Managing Director and Division Executive (Finance and Accounting Division)		
			Jun. 2019	Director, Managing Executive Officer and Division Executive (Finance and Accounting Division) (to the present)		
Director, Managing Executive Officer and Division Executive, Business Development Division	Koichi Iwasaki	September 12, 1956	Apr. 1980	Joined the Company	Note 4	47
			Jun. 2007	Director and Division Executive (Sales Division), Nisshin Foods Inc.		
			Jun. 2010	Executive Officer		
			Jun. 2010	Managing Director and Division Executive (Sales Division), Nisshin Foods Inc.		
			Jun. 2012	Director		
			Jun. 2012	Director and President, Nisshin Foods Inc.		
			Jun. 2014	Managing Director		
			Jun. 2015	Director, Tokatsu Foods Co., Ltd.		
			Jun. 2017	Executive Officer		
			Jun. 2017	Director and Vice Chairman, Tokatsu Foods Co., Ltd. (to the present)		
			Jun. 2019	Director, Managing Executive Officer and Division Executive (Business Development Division) (to the present)		
Director and Managing Executive Officer	Takao Yamada	September 27, 1960	Apr. 1983	Joined the Company	Note 4	25
			Jun. 2011	Director and General Manager (Tokyo Sales Department), Nisshin Flour Milling Inc.		
			Jun. 2012	Executive Officer		
			Jun. 2013	Director		
			Jun. 2013	Managing Director and Division Executive (Sales Division), Nisshin Flour Milling Inc.		
			Apr. 2015	Senior Managing Director and Division Executive (Sales Division), Nisshin Flour Milling Inc.		
			Apr. 2017	Director and President, Nisshin Flour Milling Inc. (to the present)		
			Jun. 2019	Director and Managing Executive Officer (to the present)		
Director and Managing Executive Officer	Yuji Koike	January 16, 1960	Apr. 1983	Joined the Company	Note 4	19
			Jun. 2014	Executive Officer		
			Jun. 2014	Director and President, Nisshin Petfood Inc.		
			Jun. 2017	Director		
			Jun. 2017	Director and President, Nisshin Foods Inc. (to the present)		
			Jun. 2019	Director and Managing Executive Officer (to the present)		

Title and position	Name	Date of birth	Career		Term of office	Share holding (thousands)
Director	Akio Mimura	November 2, 1940	Apr. 1963 Jun. 1993 Apr. 1997 Apr. 2000 Apr. 2003 Jun. 2006 Apr. 2008 Jun. 2009 Oct. 2012 Jun. 2013 Nov. 2013 Jun. 2018 Apr. 2019	Joined Fuji Iron & Steel Co., Ltd. Director, Nippon Steel Corporation Managing Director, Nippon Steel Corporation Representative Director and Executive Vice President, Nippon Steel Corporation Representative Director and President, Nippon Steel Corporation Audit & Supervisory Board Member Representative Director and Chairman, Nippon Steel Corporation Director (to the present) Director and Senior Advisor, Nippon Steel & Sumitomo Metal Corporation Senior Advisor, Nippon Steel & Sumitomo Metal Corporation Senior Advisor and Honorary Chairman, Nippon Steel & Sumitomo Metal Corporation Senior Advisor and Honorary Chairman, Nippon Steel & Sumitomo Metal Corporation Senior Advisor and Honorary Chairman, Nippon Steel Corporation (to the present)	Note 4	43
Director	Kazuhiko Fushiya	January 26, 1944	Apr. 1967 Jul. 1999 Jul. 2001 Jul. 2002 Jan. 2006 Feb. 2008 Jan. 2009 Jun. 2009 Jun. 2015	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)	Note 4	2
Director	Motoo Nagai	March 4, 1954	Apr. 1977 Apr. 2005 Apr. 2007 Apr. 2011 Jun. 2011 Apr. 2014 Jun. 2014 Jun. 2015 Jun. 2019	Joined Industrial Bank of Japan, Limited (IBJ) 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)	Note 4	–
Director (Full-time Audit & Supervisory Committee Member)	Shoh Ohuchi	February 13, 1961	Apr. 1983 Jun. 2014 Jun. 2015 Jun. 2018 Jun. 2019	Joined the Company General Manager (Finance Department of Finance and Accounting Division) Executive Officer and General Manager (Finance Department of Finance and Accounting Division) Audit & Supervisory Board Member Director (Full-time Audit & Supervisory Committee Member) (to the present)	Note 5	14

Title and position	Name	Date of birth	Career		Term of office	Share holding (thousands)
Director (Audit & Supervisory Committee Member)	Tetsuo Kawawa	June 15, 1947	Apr. 1975 Apr. 1996 Aug. 2002 Sep. 2002 Jun. 2007 Jun. 2019	Qualified as an attorney Managing Partner, Kawawa Law Offices (to the present) Member of Legislative Council of the Ministry of Justice (Modernization of Company Act) Specially designated member of the Judicial System Research Board, Japan Federation of Bar Associations Audit & Supervisory Board Member Director (Audit & Supervisory Committee Member) (to the present)	Note 5	–
Director (Audit & Supervisory Committee Member)	Satoshi Ito	July 25, 1942	Jan. 1967 Dec. 1970 Sep. 1978 Oct. 1993 Aug. 2001 Apr. 2002 Mar. 2007 Jun. 2010 Jun. 2019	Joined Arthur Andersen & Co., Japan Branch Qualified as a Certified Public Accountant Partner, Arthur Andersen & Co. Representative Partner, Asahi & Co. (currently KPMG AZSA LLC) Proprietor, Ito Certified Public Accountant Offices (to the present) Specially Appointed Professor, Institute of Accounting Research, Chuo University Retired as a Specially Appointed Professor, Institute of Accounting Research, Chuo University Audit & Supervisory Board Member Director (Audit & Supervisory Committee Member) (to the present)	Note 5	–
Director (Audit & Supervisory Committee Member)	Mieko Tomita	August 15, 1954	Apr. 1980 Apr. 1980 Apr. 2001 Apr. 2017 Jun. 2019	Qualified as an attorney Joined Nishi and Iseki Law Office (Currently Nishi & Partners Attorneys and Counselors at Law) Civil Conciliation Commissioner, Tokyo District Court (to the present) Senior Partner, Nishi & Partners Attorneys and Counselors at Law (to the present) Director (Audit & Supervisory Committee Member) (to the present)	Note 5	–
Total						323

Notes:

1. The Company transitioned to a company structure with an audit & supervisory committee on June 26, 2019, following passage of a resolution to change its Articles of Incorporation at the Ordinary General Meeting of Shareholders held on the same date.
2. Directors Akio Mimura, Kazuhiko Fushiya and Motoo Nagai are Outside Directors.
3. Directors Tetsuo Kawawa, Satoshi Ito and Mieko Tomita are Outside Directors who are Audit & Supervisory Committee Members.
4. The term of office began when elected at the Ordinary General Meeting of Shareholders on June 26, 2019, and ends at the closing of the Ordinary General Meeting of Shareholders concerning the fiscal year ending March 31, 2020.
5. The term of office began when elected at the Ordinary General Meeting of Shareholders on June 26, 2019, and ends at the closing of the Ordinary General Meeting of Shareholders concerning the fiscal year ending March 31, 2021.
6. The following change in Representative Director occurred at the conclusion of the Ordinary General Meeting of Shareholders on June 26, 2019.
   Representative Director retirement: Mr. Masao Nakagawa (former Representative Director and Vice President)

7. The Company adopts an Executive Officer system to expedite the execution of business operations. The list of Executive Officers, excluding those serving concurrently as Director and Executive Officer, is detailed below.

Title and position	Name
Vice President and Executive Officer	Masao Nakagawa
Managing Executive Officer and Division Executive, Technology and Engineering Division	Satoshi Odaka
Managing Executive Officer and Division Executive, Corporate Planning Division	Masashi Koike
Managing Executive Officer and Division Executive, General Administration Division	Naoto Masujima
Managing Executive Officer Director and President, Oriental Yeast Co., Ltd.	Masashi Nakagawa
Managing Executive Officer Director and President, Nisshin Pharma Inc.	Kiyoshi Sato
Managing Executive Officer Managing Director, Nisshin Flour Milling Inc.	Kenji Takihara
Managing Executive Officer Managing Director, Nisshin Foods Inc.	Takahiko Iwahashi
Executive Officer and Deputy Division Executive (R&D and Quality Assurance Division) Managing Director, Nisshin Foods Inc.	Yasuo Ito
Executive Officer, Deputy Division Executive (Technology and Engineering Division) and General Manager (Production and Technology Development Department of Business Development Division)	Tadashi Fuyuki
Executive Officer and General Manager (Accounting Department of Finance and Accounting Division)	Eiichi Suzuki
Executive Officer, General Manager (Human Resources and Labor Relations Planning Office of General Administration Division) and General Manager (Labor Relations Department of General Administration Division)	Hironori Kurosu
Executive Officer Managing Director, Nisshin Flour Milling Inc.	Shigeru Kotani
Executive Officer Managing Director, Nisshin Foods Inc.	Koji Shintani
Executive Officer Managing Director, Nisshin Flour Milling Inc.	Kazuyoshi Watanabe
Executive Officer Director, Nisshin Flour Milling Inc.	Satoshi Sekiguchi

(2) Status of Outside Directors

The Company has six Outside Directors, of whom three are Audit & Supervisory Committee Members.

There are no conflicts of interest of a personal, financial or trading nature that could affect general shareholders between the Outside Directors and the Company.

Outside Directors Akio Mimura and Kazuhiko Fushiya provide appropriate advice on and supervise the Company's execution of business operations from an independent standpoint. Outside Director Motoo Nagai was newly appointed at the Ordinary General Meeting of Shareholders on June 26, 2019, based on the determination that he will provide appropriate advice on and supervise the Company's execution of business operations from an independent standpoint.

Tetsuo Kawawa, Satoshi Ito and Mieko Tomita were newly appointed as Outside Directors who are Audit & Supervisory Committee Members at the Ordinary General Meeting of Shareholders on June 26, 2019, based on the determination that these individuals will perform audits and supervision of the Company's management from an independent, objective standpoint.

In light of the Company's aims of achieving sustainable growth and improving medium- to long-term corporate value, Akio Mimura was regarded as appropriate for the position of Outside Director because his extensive experience and insight as a corporate manager were believed to enable him to provide appropriate advice on and supervision of the Company's execution of business operations. Similarly, Kazuhiko Fushiya was regarded as appropriate for the position of Outside Director because he held important positions in the Ministry of Finance and has accumulated extensive experience and possesses highly professional expertise, which will enable him to provide appropriate advice on and supervision of the Company's execution of business operations. Motoo Nagai was selected as Outside Director as he has a wealth of experience and broad-based insight gained through management of financial institutions, and thus is considered to possess the requisite skills and qualities for the Company to pursue sustainable growth and medium- to long-term enhancement of corporate value.

Outside Director Tetsuo Kawawa, who is also an Audit & Supervisory Committee Member, was considered appropriate for the position from a viewpoint of legal compliance, drawing on his wealth of knowledge and experience as an attorney, and thus is considered to qualify as an Audit & Supervisory Committee Member in charge of auditing and supervising the Company's operational execution from an objective standpoint. Outside Director Satoshi Ito, who is also an Audit & Supervisory Committee Member, was considered appropriate for the position due to the ability to draw on his extensive auditing experience as a Certified Public Accountant and high-level expertise in finance and accounting, and thus is considered to qualify as an Audit & Supervisory Committee Member in charge of auditing and supervising the Company's operational execution from an objective standpoint. Outside Director Mieko Tomita, who is also a member of the Audit & Supervisory Committee, was considered appropriate for the position due to a wealth of knowledge and experience as an attorney, and based on her knowledge and experience, she is considered to qualify as an Audit & Supervisory Committee Member in charge of auditing and supervising the Company's operational execution from an objective standpoint.

The Board Meeting Administration Office acts as liaison for the Outside Directors, including those who are Audit & Supervisory Committee Members. Care is taken over the timing of the distribution of reports and reference materials for Board of Directors meetings, and overall explanations are provided in advance for agenda items. Where necessary, divisions with responsibility related to agenda items provide explanations in advance. Based on such preparative arrangements, the Outside Directors, including those who are Audit & Supervisory Committee Members, attend meetings of the Board of Directors and, as appropriate, express their opinions and ask questions about the matters reported and resolved at the meetings. Outside Directors who are Audit & Supervisory Committee Members are assisted by an Audit & Supervisory Committee Secretariat established to assist the committee in the performance of its duties. The secretariat prepares reports and reference materials for Audit & Supervisory Committee meetings, and in cases where explanations regarding agenda items are necessary, these are provided by full-time Audit & Supervisory Committee Members or the secretariat.

(3) Supervision and audits by Outside Directors and mutual collaboration between internal audits, Audit & Supervisory Committee audits and independent audits, and relationship to internal control systems

Outside Directors who are Audit & Supervisory Committee Members receive reports on the auditing situation from full-time Audit & Supervisory Committee Members, as well as reports on implementation of internal audits from the Internal Audit Department. Audit & Supervisory Committee Members also regularly attend liaison meetings with the independent auditor.

Furthermore, pursuant to criteria concerning independence as defined by the Tokyo Stock Exchange, the Company has stipulated the following "Criteria regarding the independence of Outside Directors and Outside Audit & Supervisory Committee Members" detailed below.

<Criteria regarding the independence of Outside Directors and Outside Audit & Supervisory Committee Members>

To be regarded as independent, Outside Directors of the Company must not be associated with any of the criteria stipulated below.

1) The party regards the Company as a major business partner or executive thereof, or the party is one of the

Company’s major business partners or an executive thereof (excluding individuals highlighted in 2) below).

* “Party regards the Company as a major business partner” refers to parties who, in the most recent fiscal year, received payments from the Company totaling 2% of annual consolidated net sales (including functional equivalents to net sales, same herein) or ¥100 million, whichever is larger.
* “Party is one of the Company’s major business partners” refers to parties who, in the most recent fiscal year, made payments to the Company totaling at least 2% of the Company’s annual consolidated net sales (in the case of financial institutions from which the Company has obtained loans, this applies only to those institutions on which the Company is so reliant for its fund procurement that they are considered indispensable and irreplaceable).

2) Consultants, accounting specialists and legal specialists who receive significant monetary sums or other assets beyond remuneration as Directors or Audit & Supervisory Committee Members from the Company (this includes parties associated with organizations that receive the aforementioned assets, such as corporations, unions and professional offices).
   * “Significant monetary sums or other assets” refer to monetary sums or assets (excluding remuneration for Directors and Audit & Supervisory Committee Members) that, in the most recent fiscal year, accounted for at least 10% or at least ¥10 million, whichever is larger, of the party’s annual net sales.
3) Any party to which any of items (a) through (c) recently applies.
   (a) Parties fitting either 1) or 2) above
   (b) Directors from the Company’s parent company, whether executive or non-executive
   (c) Executives from the Company’s sibling companies
   * Cases for which “any of items (a) through (c) recently applies” refer to cases in which any of the reasons stated in (a) through (c) can be viewed to substantively apply currently to a given party; this suggests that at the time that the agenda for the General Meeting of Shareholders was decided by the Company’s Board of Directors, any one of items (a) through (c) applied to a party put forward as an independent candidate standing for election as an Outside Director.

4) Parents or other close relatives of parties to whom any of the following (a) through (e) apply (excluding non-vital parties).
   (a) Parties fitting items 1) through 3) above
   (b) Executives from the Company’s subsidiaries
   (c) Directors from the Company’s parent company, whether executive or non-executive
   (d) Executives from the Company’s sibling companies
   (e) Parties to whom (b) recently apply, or parties who recently were an executive of the Company
   * Whether the term “non-vital” applies is determined by criteria stipulated in Article 74, Paragraph 4, Section 6 (x) of the Ordinance for Enforcement of the Companies Act; specifically, for parties to whom 1) above applies, this refers to parties of the director or general manager class of each company or partner; for parties to whom 2) above applies, this refers to certified public accounts affiliated with each relevant independent corporate auditing firm, or attorneys affiliated with each relevant law office (including so-called “associates”).
   * The term “close relatives” refers to parental-level relatives. The term “close relatives” is not applicable to parties for whom such familial relationships have been dissolved as a result of divorce or other official means.

3. Status of Audits

(1) Status of Audits by the Audit & Supervisory Committee

The Company has organized an Audit & Supervisory Committee consisting of four Audit & Supervisory Committee Members, who conduct audits of Directors in the performance of their duties in accordance with the Audit Standards and the Audit Plan.

The Audit & Supervisory Committee also holds regular meetings with the Representative Directors and the Directors and Executive Officers in charge of administrative, legal affairs and accounting and financial matters to exchange opinions on important auditing issues. One member of the Audit & Supervisory Committee is appointed on a full-time basis, and holds concurrent appointments as an Audit and Supervisory Committee Member of the Company’s principal subsidiaries, and carries out audits of Nisshin Seifun Group companies. The Audit & Supervisory Committee Secretariat has been established to assist the Audit & Supervisory Committee in performance of its duties. Additionally, the Company appoints several employees with extensive practical business experience at the Company and have held posts above a certain level to specialist positions for auditing Group companies.

Audit & Supervisory Committee Member Shoh Ohuchi has experience in accounting and finance work. Audit & Supervisory Committee Member Satoshi Ito has the qualification of Certified Public Accountant (CPA).

(2) Status of internal audits

1) Internal Audit Department organization, personnel and procedures

As a division for conducting internal audits, the Internal Audit Department has a staff of 21 people, coupled with 21 expert personnel in charge of audits covering specialized areas such as facilities, safety, environmental protection and quality assurance. These individuals are responsible for overseeing internal audits to ensure the appropriateness of operations by the Nisshin Seifun Group companies.

2) Collaboration between Audit & Supervisory Committee, Internal Audit Department and the independent auditor

As a body under the direct authority of the Audit & Supervisory Committee, the Internal Audit Department reports as needed on auditing results to the Audit & Supervisory Committee. Meanwhile, members of the audit and supervisory boards and specialized auditing staff of principal Group subsidiaries report auditing results to Audit & Supervisory Committee and Internal Audit Department. Through this process, each of these parties works to enhance mutual cooperation. The full-time Audit & Supervisory Committee Member, together with members of the audit and supervisory boards of principal subsidiaries and the Internal Audit Department, regularly hold meetings of the Nisshin Seifun Group Audit & Supervisory Committee Members' Liaison Committee. At these meetings, opinions are exchanged on auditing case studies, and efforts are focused on sharing awareness of problems and raising the quality of auditing across the Group as a whole.

The Company and its major subsidiaries have an independent auditing contract with Deloitte Touche Tohmatsu LLC, which conducts audits as stipulated in the Companies Act and the Financial Instruments and Exchange Act under that contract. Audit & Supervisory Committee Members and the Internal Audit Department hold regular liaison meetings with the Company's contracted independent auditor, Deloitte Touche Tohmatsu LLC, and receive reports and explanations on the audit plan and the results of audits. They also strive to maintain adequate cooperation with the independent auditor, including through the exchange of necessary information.

(3) Status of Independent Audits

1) Names of independent auditor and certified public accountants conducting audits, composition of assistants

The Company and its major subsidiaries have an independent auditing contract with Deloitte Touche Tohmatsu LLC, which conducts audits as stipulated in the Companies Act and the Financial Instruments and Exchange Act under that contract. The Certified Public Accountants who lead the independent audit of the accounts for the Company are Yasuyoshi Ichikawa, Atsushi Numata and Shinji Dobata. The support staff for the auditing team (including audits of consolidated subsidiaries) consists of 20 CPAs and 19 others.

2) Reasons for appointment of independent auditor (including selection policies and conditions for termination of services)

a) Policies for decisions to terminate or not reappoint independent auditor

Prior to transitioning to a company structure with an audit & supervisory committee, the Audit & Supervisory Board defined the policies stipulated below. Following the transition, the Audit & Supervisory Committee has defined policies with the same content.

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 344 of the Companies Act, in the event that any of the reasons stipulated in Article 340 of the Companies Act, or any concomitant reasons, are deemed applicable to the independent auditor and such action is considered necessary. Furthermore, the Audit & Supervisory 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 344 of the Companies Act, in the event that the non-reappointment of the independent auditor is considered appropriate in overall consideration of various factors, including the audit quality provided and the status of execution of duties by the independent auditor.

b) Reasons for appointment of independent auditor

Prior to transitioning to a company structure with an audit & supervisory committee, the Audit & Supervisory Board, in line with board standards for selection and evaluation of independent accounting auditors, conducted a comprehensive examination of candidates in terms of their independence, quality control structure and global accounting framework. Accordingly, the Company retained the services of Deloitte Touche Tohmatsu LLC as independent accounting auditor.

3) Transfer of independent auditors

The Company replaced its independent accounting auditor as described below.

Consolidated financial statements and financial statements for the Company’s 173rd fiscal term

Ernst & Young ShinNihon LLC

Consolidated financial statements and financial statements for the Company’s 174th fiscal term

Deloitte Touche Tohmatsu LLC

The following matters were printed in the extraordinary report.

a) Names of certified public accountants and others involved in the transfer

Names of certified public accountants and others selected　Deloitte Touche Tohmatsu LLC

Names of certified public accountants and others resigning　Ernst & Young ShinNihon LLC

b) Transfer date

June 28, 2017

c) Most recent date that resigning certified public accountants and others assumed their roles

June 28, 2016

d) Matters pertaining to opinions offered in audit reports from the last three years by resigning certified public accountants and others

None to report.

e) Transfer decision, rationale and timeline

The Company’s independent accounting auditor, Ernst & Young ShinNihon LLC, concluded its contract and resigned with the conclusion of the 173rd Ordinary General Meeting of Shareholders held on June 28, 2017. The Audit & Supervisory Board, giving due consideration to the continuous years of audits the independent accounting auditor perform, and in line with board standards for selection and evaluation of independent accounting auditors, conducted a comprehensive examination of candidates in terms of their independence, quality control structure and global accounting framework. Accordingly, the Company retained the services of Deloitte Touche Tohmatsu LLC as independent accounting auditor, and anticipates that this selection will bring new insights with regard to audit performance.

f) Opinions of the resigning certified public accountants and others pertaining to matters printed in the audit report and other sources regarding the rationale and timeline discussed in (e) above

Response received to the effect that there were no particular opinions offered.

4) Summary and details of evaluation of independent auditor conducted by Audit & Supervisory Board and members

Prior to transitioning to a company structure with an audit & supervisory committee, an evaluation of the independent auditor was conducted at a meeting of the Audit & Supervisory Board in May 2019. Following a comprehensive examination in terms of independence, quality control structure and global accounting framework, the evaluation found the audits performed by the independent auditor to be appropriate.

5) Details of Compensation for Audits

The Company applies a pass-through mechanism for regulations stipulated in (56) d (f) i-iii of the notes to Formula No. 2 of the “Cabinet Office Order on Disclosure of Corporate Affairs,” amended as per “Cabinet Office Order to Partially Amend the Cabinet Office Order on Disclosure of Corporate Affairs” (Cabinet Office Order No. 3, January 31, 2019).

a) Payments made to the Certified Public Accountants and others involved in the audits of the Company and its consolidated subsidiaries

Category	Year ended March 31, 2018		Year ended March 31, 2019	
	Payments for certified auditing services (millions of yen)	Payments for services other than certified auditing (millions of yen)	Payments for certified auditing services (millions of yen)	Payments for services other than certified auditing (millions of yen)
The Company	52	5	59	8
Consolidated subsidiaries	110	13	121	2
Total	162	18	180	10

Non-audit services performed for the Company and its consolidated subsidiaries consist mainly of advice and guidance regarding accounting and internal control systems.

b) Other important payments

(For the year ended March 31, 2018)

Some consolidated subsidiaries of the Company paid compensation of ¥43 million for audit certification services to the "member farm" of Deloitte Touche Tohmatsu Limited (e.g., the same network of certified public accountants).

(For the year ended March 31, 2019)

Some consolidated subsidiaries of the Company paid compensation of ¥87 million for audit certification services to the "member farm" of Deloitte Touche Tohmatsu Limited (e.g., the same network of certified public accountants).

c) Policy for determining the audit fee

There is no applicable policy, but the audit fee is basically determined according to the scale of the companies audited and the number of days required for the audit, etc.

d) Reasons for the Audit & Supervisory Board's approval on compensation to the independent auditor

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

4. Remuneration of executives

1) The amounts of remuneration for executives and matters regarding policy for the method of determining such amounts

1) The Company's policy for remuneration of Directors was established with reference to three key factors, functioning to (1) retain talented human resources, (2) offer remuneration at levels appropriate to the Company's size and business domains, and (3) to provide a healthy incentive to improve the Company's medium- to long-term corporate value. A fixed proportion of remuneration consists of variable remuneration reflecting business performance, thus taking into consideration both level of contribution to the Group and level of contribution to medium- to long-term basic Group strategies.

Reflecting this intent, in order that remuneration for the Company's internal Directors (excluding Audit & Supervisory Committee Members) functions as a healthy incentive for sustainable growth, it is the Company's policy that remuneration should comprise a combination of the following components: (i) fixed remuneration based on seniority role or position (basic remuneration); (ii) variable remuneration reflecting contribution to past business performance (bonus); and (iii) stock-based remuneration reflecting future business performance with the objective of promoting management that focuses on shareholder value.

2) By a resolution at the 173rd Ordinary General Meeting of Shareholders held on June 28, 2017, the Company set the maximum annual amounts of remuneration for Directors (consisting of a fixed basic portion according to his/her position and a variable performance-based portion) at ¥400 million (applicable to 15 Directors for the most recent fiscal year). Also, by a resolution at the 162nd Ordinary General Meeting of Shareholders held on June 28, 2006, the Company set the maximum annual amounts of remuneration for Audit & Supervisory Board Members at ¥90 million (applicable to six Audit & Supervisory Board members for the most recent fiscal year, including one who retired during the most recent fiscal year).

Furthermore, regarding the stock-based remuneration plan (also referred to as "the stock-based portion of remuneration" or "the plan" below) for the Company's Directors and Executive Officers, and Directors of principal subsidiaries, by a resolution at the 173rd Ordinary General Meeting of Shareholders held on June 28, 2017, the total number of the Company's shares granted to Directors of the Company as the stock-based portion of remuneration is capped at 350,000 shares for any consecutive three fiscal years. Additionally, based on the plan, the total amount of the Company's contribution to the trust for these shares and the total amount of the monetary benefit portion payable is capped at ¥300 million for every consecutive three fiscal-year period for the portion of the Company's salary pool for Directors (applicable to 15 Directors for the most recent fiscal year).

At the 175th Ordinary General Meeting of Shareholders held on June 26, 2019, the Company transitioned to a company structure with an audit & supervisory committee. At the same meeting, the Company by resolution set the maximum annual amount of remuneration for Directors (excluding Audit & Supervisory Committee Members), consisting of fixed remuneration (basic remuneration) and variable remuneration (bonus) at ¥400 million (of this, maximum annual amount of ¥60 million for Outside Directors; applicable to 10 Directors, excluding those who are also Audit & Supervisory Committee Members (including three Outside Directors) at the conclusion of the 175th Ordinary General Meeting of Shareholders). The maximum annual amount of remuneration for Directors who are also Audit & Supervisory Committee Members was set by resolution at ¥90 million (applicable to four Directors who are Audit & Supervisory Committee Members at the conclusion of the 175th Ordinary General Meeting of Shareholders). At the 175th Ordinary General Meeting of Shareholders, the Company by resolution again established a remuneration framework for the stock-based remuneration plan applicable to the Company's Directors (excluding those who are Audit & Advisory Committee Members), which applied to 10 Directors (including three Outside Directors) at the conclusion of the meeting. The cap for the total number of the Company's shares granted for any consecutive three fiscal-year period (the first three-year period of which runs from the conclusion of the 173rd Ordinary General Meeting of Shareholders to the conclusion of the Ordinary General Meeting of Shareholders scheduled for June 2020) and the total amount of the Company's contribution to the trust for these shares and the total amount of the monetary benefit portion payable based on the plan are identical to those set by resolution at the 173rd meeting.

3) Regarding the proportional composition of remuneration, 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. Based on a fundamental approach to offer an appropriate remuneration mix commensurate with this line of business, the Company's basic policy sets the starting line for the remuneration components – (1) fixed remuneration (basic remuneration), (2) variable remuneration (bonus), and (3) stock-based remuneration – is 70:15:15, with the amount and ratio of (2) and (3) variable based on business performance.

The Company believes that while Outside Directors (excluding Audit & Supervisory Committee Members) are asked to function in a supervisory role with respect to management, it is also important to offer an appropriate set of incentives to improve the Company's medium- to long-term corporate value. Remuneration thus consists of fixed remuneration (basic remuneration) and stock-based remuneration. Remuneration for Directors who are also Audit & Supervisory Committee Members consists of fixed remuneration (basic remuneration) only.

4) Regarding remuneration for each Director (excluding Audit & Supervisory Committee Members), to ensure objectivity and propriety in the amount of remuneration, the remuneration standards for each management class are determined after referencing the results of surveys by external institutions pertaining to remuneration standards by management class for publicly listed companies in Japan with market capitalization comparable to that of the Company. These remuneration standards take into account factors such as the responsibilities specific to the management class and the significance of its impact on Group management. Furthermore, to enhance both the independence and objectivity of the remuneration decision-making process, the approach regarding remuneration for Directors, including the proportional composition of remuneration, is discussed by the Outside Directors' Council, a body comprised of independent Outside Directors. Based on these policies and discussions, further deliberations are conducted by the Board of Directors, with the remuneration for each Director determined by a resolution based primarily on a decision by the board president (President Nobuki Kemmoku). Decisions by the president are based on the aforementioned remuneration standards. Remuneration for Audit & Supervisory Board Members is decided by the full-time Audit & Supervisory Board Member (Mr. Yukihiro Kumazawa), following discussions with the Audit & Supervisory Board Members and in accordance with remuneration standards for Audit & Supervisory Board Members. Following the transition to a company structure with an audit & supervisory committee, remuneration for Directors who are Audit & Supervisory Committee Members is decided after discussions with Directors who are Audit & Supervisory Committee Members.

5) For variable remuneration (bonus), consolidated ordinary profit is used as a key indicator of Company business performance, thereby encouraging management that aims to improve upon prior-year performance. The amount paid, and the net increase or decrease from the previous year, is determined by the year-on-year percent change in consolidated ordinary profit. For the fiscal year under review, consolidated ordinary profit was ¥32.0 billion (up 0.8% year on year).

6) For details on stock-based remuneration, refer to "[4] Other Matters Related to Nisshin Seifun Group Inc., (1) Share-Related Matters, 8. Director and Employee Shareholding System."

2) Total amounts of remuneration by category of executives, category of remuneration and number of eligible executives

Category of executives	Total amounts of remuneration (millions of yen)	Total amounts by category of remuneration (millions of yen)				Number of eligible executives
		Fixed remuneration (Basic remuneration)	Variable remuneration (Bonuses)	Stock-based remuneration	Stock options	
Directors (excluding Outside Directors)	361	229	78	51	2	13
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	26	26	–	–	–	3
Outside executives	48	46	–	2	0	5

In line with adoption of the stock-based remuneration plan, no new shares with subscription rights have been issued as stock options from 2017.

3) The total amounts of remuneration paid to individual executives of the Company

This information is not disclosed because there were no individual executives who received remuneration of ¥100 million or more.

5. Status of stocks held

(1) Classification standards and approach to stocks for investment

Stocks for investment held solely for pure investment are held for the purpose of gaining profits from fluctuations in the value of all such stocks or from stock-related dividends. Stocks for investment held for purposes other than pure investment are held for the purpose of facilitating or strengthening business partnerships and joint ventures, and for developing or strengthening long-term, stable trading relationships.

(2) Stocks for investment held for purposes other than pure investment

a. Ownership policy, method for examining ownership rationale, and details of examination of propriety of holding stocks from individual issuers by the Board of Directors

(Ownership policy)

Holding for specific policy purposes occurs in cases in which the recognized rationale is that ownership will contribute to improvement in medium- to long-term corporate value, from the perspective of facilitating or strengthening business partnerships and joint ventures, and developing or strengthening long-term, stable trading relationships.

(Method for examining ownership rationale and details of examination by the Board of Directors)

For individual stocks, after confirming the appropriateness of the purpose of ownership, as well as trading situation, earnings and financial situation, shareholder return, and creditworthiness, the Board of Directors conducts a comparison of anticipated benefit of ownership with risk and capital cost, so that it can verify the rationality of holding such shares each year.

b. Number of issuers and carrying value

	Number of issuers (Issuer)	Carrying value (millions of yen)
Unlisted stocks	9	27
Stocks other than unlisted stocks	34	85,877

(Issuers experiencing increased ownership during the fiscal year under review)

	Number of issuers (Issuer)	Total acquisition cost for increase in number of shares (millions of yen)	Reason for increase in number of shares
Unlisted stocks	1	14	Funding to expand business scale
Stocks other than unlisted stocks	1	1	Purchase to maintain and strengthen trading relationships

(Issuers experiencing decreased ownership during the fiscal year under review)

	Number of issuers (Issuer)	Total sale cost for decrease in number of shares (millions of yen)
Unlisted stocks	–	–
Stocks other than unlisted stocks	6	1,587

c. Information regarding specific stocks for investment, number of shares deemed as shareholding for each issuer and carrying value

Specific stocks for investment

Issuer	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2018	Purpose for ownership, quantitative effect of ownership (see Note 1) and reason for increase in number of shares	Company shares owned?
	Number of shares held	Number of shares held		
	Carrying value (millions of yen)	Carrying value (millions of yen)		
Yamazaki Baking Co., Ltd.	11,062,343	11,062,343	The Group sells merchandise and products to the issuer (including its group companies), and this stock ownership is designed to maintain and expand such business transactions (including indirect ones).	Yes
	20,293	23,693		
NISSIN FOODS HOLDINGS CO., LTD.	1,264,982	1,264,982	The Group sells merchandise and products to the issuer’s group companies, and this stock ownership is designed to maintain and expand such business transactions (including indirect ones).	Yes
	9,646	9,119		
Mitsubishi Corporation	3,038,474	3,038,474	The Group sells merchandise and products to the issuer (including its group companies), and this stock ownership is designed to maintain and expand such business transactions (including indirect ones).	Yes
	9,596	8,834		
Nichirei Corporation	2,719,750	2,719,750	The Group sells merchandise and products to the issuer’s group companies, and this stock ownership is designed to maintain and expand such business transactions (including indirect ones).	Yes
	7,468	7,555		
Sumitomo Corporation	4,180,244	4,180,244	The Group sells merchandise and products to the issuer (including its group companies), and this stock ownership is designed to maintain and expand such business transactions (including indirect ones).	Yes
	6,600	7,463		
Kikkoman Corporation	660,486	660,486	The Group sells merchandise and products to the issuer’s group companies, and this stock ownership is designed to maintain and expand such business transactions (including indirect ones).	Yes
	3,619	2,783		
SHIMIZU CORPORATION	2,947,000	2,947,000	There is a contract relationship of construction and maintenance transactions between the Group and the issuer (including its group companies), and this stock ownership is designed to maintain and expand such business transactions.	Yes
	2,870	2,814		
Eurogerm S.A.	634,580	634,580	This stock ownership is designed to solidify the business alliance concerning bread improvers and others in Asia between the Group and the issuer.	No
	2,747	2,612		
Sumitomo Mitsui Financial Group, Inc.	674,394	674,394	There is a relationship of financial transactions between the Group and the issuer’s group companies, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.	No
	2,657	3,059		
Marubeni Corporation	3,135,511	3,135,511	The Group sells merchandise and products to the issuer (including its group companies), and this stock ownership is designed to maintain and expand such business transactions (including indirect ones).	Yes
	2,458	2,427		
Hosokawa Micron Corporation	500,000	500,000	This stock ownership is designed to solidify the business alliance concerning the powder-processing machine and plant engineering businesses between the Group and the issuer.	No
	2,436	3,822		

Issuer	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2018	Purpose for ownership, quantitative effect of ownership (see Note 1) and reason for increase in number of shares	Company shares owned?
	Number of shares held	Number of shares held		
	Carrying value (millions of yen)	Carrying value (millions of yen)		
Mitsubishi UFJ Financial Group, Inc.	4,127,150	4,127,150	There is a relationship of financial transactions between the Group and the issuer's group companies, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.	No
	2,341	2,955		
Nippon Express Co., Ltd.	320,800	320,800	There is a relationship of logistics transactions between the Group and the issuer (including its group companies), and this stock ownership is designed to maintain and expand such business transactions.	Yes
	2,008	2,244		
Kewpie Corporation	689,100	689,100	The Group and the issuer (including its group companies) have a relationship of purchasing materials and others, and this stock ownership is designed to maintain and expand such business relationship.	Yes
	1,796	2,011		
KYORIN Holdings, Inc.	754,000	754,000	The Group sells merchandise and products to the issuer's group companies, and this stock ownership is designed to maintain and expand such business transactions.	No
	1,658	1,527		
Toppan Printing Co., Ltd.	(Note 2) 947,500	1,895,000	There is a relationship of purchasing transactions for packaging materials and other products between the Group and the issuer (including its group companies), and this stock ownership is designed to maintain and strengthen the aforementioned relationship.	Yes
	1,600	1,671		
Hakuhodo DY Holdings Inc.	734,600	734,600	This ownership is designed to effectively engage in advertising and promotion activities of the Group through group companies of the issuer.	No
	1,286	1,099		
Nisshinbo Holdings Inc.	1,139,800	1,139,800	The Group sells merchandise and products to the issuer's group companies, and this stock ownership is designed to maintain and expand such business transactions (including indirect ones).	Yes
	1,083	1,689		
Sumitomo Mitsui Trust Holdings, Inc.	192,033	192,033	There is a relationship of financial transactions between the Group and the issuer's group companies, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.	No
	797	836		
The Gunma Bank, Ltd.	1,507,620	1,507,620	There is a relationship of financial transactions between the Group and the issuer, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.	Yes
	696	944		
DENTSU INC.	130,400	130,400	This ownership is designed to effectively engage in advertising and promotion activities of the Group through the issuer (including group companies).	Yes
	605	604		
Mizuho Financial Group, Inc.	2,946,513	2,946,513	There is a relationship of financial transactions between the Group and the issuer's group companies, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.	No
	510	572		

Issuer	Fiscal year ended March 31, 2019 Number of shares held Carrying value (millions of yen)	Fiscal year ended March 31, 2018 Number of shares held Carrying value (millions of yen)	Purpose for ownership, quantitative effect of ownership (see Note 1) and reason for increase in number of shares	Company shares owned?
Tokio Marine Holdings, Inc.	59,770 320	59,770 292	There is a relationship of insurance transactions between the Group and the issuer's group companies, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.	No
Sompo Holdings, Inc.	43,312 175	43,312 178	There is a relationship of insurance transactions between the Group and the issuer's group companies, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.	No
The Nisshin OilliO Group, Ltd.	50,820 171	50,820 147	The Group and the issuer (including its group companies) have a relationship of purchasing materials and others, and this stock ownership is designed to maintain and expand such business relationship.	Yes
YAMAE HISANO Co., Ltd.	93,602 109	92,371 117	[Purpose for ownership] The Group sells merchandise and products to the issuer (including its group companies), and this stock ownership is designed to maintain and expand such business transactions (including indirect ones). [Reason for increase in number of shares] To maintain and expand trading relationships	Yes

Issuer	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2018	Purpose for ownership, quantitative effect of ownership (see Note 1) and reason for increase in number of shares	Company shares owned?
	Number of shares held	Number of shares held		
	Carrying value (millions of yen)	Carrying value (millions of yen)		
The Chiba Bank, Ltd.	127,338	127,338	There is a relationship of financial transactions between the Group and the issuer, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.	Yes
	80	108		
The 77 Bank, Ltd.	42,521	42,521	There is a relationship of financial transactions between the Group and the issuer, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.	Yes
	69	108		
Maruhachi Warehouse Company, Limited	65,800	72,700	Investment in the issuer of the investment stock will enable the Group to identify logistics industry trends, and strengthen its relationship of logistics transactions.	No
	49	63		
Sojitz Corporation	123,527	123,527	The Group sells merchandise and products to the issuer (including its group companies), and this stock ownership is designed to maintain and expand such business transactions (including indirect ones).	Yes
	49	41		
Dai-ichi Life Holdings, Inc.	23,000	23,000	There is a relationship of insurance transactions between the Group and the issuer’s group companies, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.	No
	37	46		
MS&AD Insurance Group Holdings, Inc.	8,241	8,241	There is a relationship of insurance transactions between the Group and the issuer’s group companies, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.	No
	27	27		
Meiji Machine Co., Ltd.	18,354	18,354	The Group purchases machinery and equipment from the issuer, and this stock ownership is designed to maintain and strengthen such business relationship.	Yes
	5	6		
Nomura Holdings, Inc.	404	404	There is a relationship of financial transactions between the Group and the issuer’s group companies, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.	No
	0	0		
Suruga Bank, Ltd.	–	833,910	There is a relationship of financial transactions between the Group and the issuer, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.	Yes
	–	1,334		
The Hyakugo Bank, Ltd.	–	1,360,013	There is a relationship of financial transactions between the Group and the issuer, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.	Yes
	–	682		
Oriental Land Co., Ltd.	–	40,000	The Group sells merchandise and products to the issuer, and this stock ownership is designed to maintain and expand such business transactions (including indirect ones).	No
	–	418		
The Awa Bank, Ltd.	–	371,865	There is a relationship of financial transactions between the Group and the issuer, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.	Yes
	–	257		

Issuer	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2018	Purpose for ownership, quantitative effect of ownership (see Note 1) and reason for increase in number of shares	Company shares owned?
	Number of shares held	Number of shares held		
	Carrying value (millions of yen)	Carrying value (millions of yen)		
The Hyakujushi Bank, Ltd.	–	220,496	There is a relationship of financial transactions between the Group and the issuer, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.	Yes
	–	78		

Notes

1. This item is not shown due to difficulty in listing the quantitative effect of ownership for individual issuers. In February 2019, the Board of Directors examined the quantitative effect of ownership based on (2) a. (Method for examining ownership rationale and details of examination by the Board of Directors) above.
2. Toppan Printing Co., Ltd. executed a 2-for-1 reverse stock split of common shares on October 1, 2018.
3. A "—" denotes no ownership of the issuer's stock.

(3) Stocks for investment held solely for pure investment

There are no applicable matters to be reported.

[5] Financial Accounts

1. Basis of presentation for consolidated and non-consolidated financial statements

(1) The Company's consolidated financial statements are prepared in conformity with the "Regulations Concerning Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" (Ministry of Finance Regulation No. 28, 1976).

(2) The non-consolidated financial statements are prepared in conformity with the "Regulations Concerning Terminology, Forms, and Preparation Methods of Financial Statements (Ministry of Finance Regulation No. 59, 1963) (hereinafter, "Regulations on Financial Statements.")

As a company designated for the submission of financial statements prepared in accordance with special provision, the Company prepares its financial statements pursuant to Article 127 of the Regulations on Financial Statements.

2. Independent auditing of financial statements

Pursuant to the provisions of Article 193-2, Paragraph 1, of the Financial Instruments and Exchange Act, the Company arranged for the auditing firm Deloitte Touche Tohmatsu LLC to conduct independent audits of the consolidated and non-consolidated financial statements of the Company for the fiscal year under review (April 1, 2018 to March 31, 2019; the 175th fiscal term).

3. Particular efforts to secure the appropriateness of the consolidated financial statements and other financial reports

The Company conducts efforts to secure the appropriateness of the consolidated financial statements and other financial reports. Specifically, the Company endeavors to acquire information that would ensure a good understanding of the corporate accounting standards and keep itself updated on any changes in the accounting standards by participating in the Financial Accounting Standards Foundation and educational opportunities provided by said Foundation, accounting firms and other institutions, as well as subscribing to accounting journals. In addition, the president of each consolidated subsidiary shall sign and seal a written oath to declare the appropriateness of the subsidiary's non-consolidated financial reports that constitute basic information for the preparation of the Company's consolidated financial statements after it is duly confirmed by the subsidiary's managers of the accounting and other related departments, and submit it to the president of the Company. As to such financial reports prepared within the Company, the responsible accounting managers and managers of other related departments shall sign and seal a written oath to declare their appropriateness upon due confirmation thereof, and submit it to the president of the Company.

(1) Consolidated Financial Statements, etc.

1. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Year ended March 31, 2018 (As of March 31, 2018)		Year ended March 31, 2019 (As of March 31, 2019)	
Assets				
Current assets				
Cash and deposits		91,635		101,974
Notes and accounts receivable – trade		79,676		76,245
Securities		7,857		7,336
Inventories	Note 1	71,882	Note 1	73,348
Other		9,892		9,497
Allowance for doubtful accounts		(193)		(232)
Total current assets		260,751		268,170
Non-current assets				
Property, plant and equipment				
Buildings and structures, net	Notes 2, 3	55,979	Notes 2, 3	58,308
Machinery, equipment and vehicles, net	Notes 2, 3	38,700	Notes 2, 3	41,393
Land		42,208		42,611
Construction in progress		10,337		10,030
Other, net	Note 2	3,716	Note 2	3,974
Total property, plant and equipment		150,942		156,317
Intangible assets				
Goodwill		5,623		5,016
Other		6,786		5,446
Total intangible assets		12,409		10,462
Investments and other assets				
Investment securities	Note 4	158,211	Note 4	149,659
Net defined benefit asset		238		277
Deferred tax assets		5,754		6,064
Other	Note 4	3,329	Note 4	3,924
Allowance for doubtful accounts		(125)		(122)
Total investments and other assets		167,408		159,802
Total non-current assets		330,761		326,583
Total assets		591,512		594,754

(Millions of yen)

	Year ended March 31, 2018 (As of March 31, 2018)	Year ended March 31, 2019 (As of March 31, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	58,492	54,936
Short-term loans payable	7,892	9,535
Income taxes payable	4,397	5,217
Accrued expenses	19,291	19,963
Other	24,115	25,153
Total current liabilities	114,189	114,806
Non-current liabilities		
Long-term loans payable	7,194	6,771
Deferred tax liabilities	27,184	24,664
Provision for repairs	1,159	1,464
Net defined benefit liability	20,782	21,169
Long-term deposits received	5,402	5,492
Other	1,804	1,536
Total non-current liabilities	63,528	61,098
Total liabilities	177,718	175,905
Net assets		
Shareholders’ equity		
Capital stock	17,117	17,117
Capital surplus	12,894	12,882
Retained earnings	306,415	319,705
Treasury shares	(11,695)	(11,403)
Total shareholders’ equity	324,732	338,303
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	69,467	62,669
Deferred gains or losses on hedges	(473)	(393)
Foreign currency translation adjustment	6,352	4,086
Remeasurements of defined benefit plans	(800)	(728)
Total accumulated other comprehensive income	74,546	65,634
Subscription rights to shares	189	167
Non-controlling interests	14,327	14,743
Total net assets	413,794	418,848
Total liabilities and net assets	591,512	594,754

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)		Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	
Net sales		540,094		565,343
Cost of sales	Notes 2, 3	378,742	Notes 1, 2, 3	401,584
Gross profit		161,352		163,759
Selling, general and administrative expenses	Notes 3, 4	134,152	Notes 3, 4	136,842
Operating profit		27,200		26,916
Non-operating income				
Interest income		305		458
Dividend income		2,412		2,655
Share of profit of entities accounted for using equity method		1,771		1,647
Rent income		284		275
Other		311		715
Total non-operating income		5,084		5,751
Non-operating expenses				
Interest expenses		221		257
Loss on disaster		–		108
Other		263		239
Total non-operating expenses		485		605
Ordinary profit		31,800		32,062
Extraordinary income				
Gain on sales of non-current assets	Note 5	1,007	Note 5	201
Gain on sales of investment securities		357		1,379
Total extraordinary income		1,365		1,581
Extraordinary losses				
Loss on retirement of non-current assets	Note 6	605	Note 6	457
Impairment loss	Note 7	129	Note 7	72
Total extraordinary losses		734		529
Profit before income taxes		32,430		33,113
Income taxes – current		8,664		9,417
Income taxes – deferred		1,096		109
Total income taxes		9,760		9,526
Profit		22,669		23,586
Profit attributable to non-controlling interests		1,330		1,317
Profit attributable to owners of parent		21,339		22,268

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Profit	22,669	23,586
Other comprehensive income		
Valuation difference on available-for-sale securities	3,945	(6,770)
Deferred gains or losses on hedges	(570)	95
Foreign currency translation adjustment	(1,118)	172
Remeasurements of defined benefit plans	109	44
Share of other comprehensive income of affiliates accounted for by the equity method	111	(85)
Total other comprehensive income	Note 1 2,478	Note 1 (6,543)
Comprehensive income	25,148	17,043
(Breakdown)		
Comprehensive income attributable to owners of parent	23,419	15,965
Comprehensive income attributable to non-controlling interests	1,728	1,077

(3) Consolidated Statements of Changes in Net Assets

Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	17,117	12,898	293,165	(2,026)	321,154
Changes of items during the period					
Dividends from surplus			(8,088)		(8,088)
Profit attributable to owners of parent			21,339		21,339
Purchase of treasury shares				(10,164)	(10,164)
Disposal of treasury shares		(3)		495	491
Change in ownership interest of parent due to transactions with non-controlling interests		0			0
Net changes of items other than shareholders' equity					
Total changes of items during the period	–	(3)	13,250	(9,669)	3,577
Balance at the end of current period	17,117	12,894	306,415	(11,695)	324,732

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	65,475	93	7,836	(939)	72,466	175	13,009	406,805
Changes of items during the period								
Dividends from surplus								(8,088)
Profit attributable to owners of parent								21,339
Purchase of treasury shares								(10,164)
Disposal of treasury shares								491
Change in ownership interest of parent due to transactions with non-controlling interests								0
Net changes of items other than shareholders' equity	3,991	(567)	(1,483)	138	2,079	13	1,318	3,411
Total changes of items during the period	3,991	(567)	(1,483)	138	2,079	13	1,318	6,988
Balance at the end of current period	69,467	(473)	6,352	(800)	74,546	189	14,327	413,794

Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	17,117	12,894	306,415	(11,695)	324,732
Changes of items during the period					
Dividends from surplus			(9,209)		(9,209)
Profit attributable to owners of parent			22,268		22,268
Purchase of treasury shares				(190)	(190)
Disposal of treasury shares		(37)		483	445
Change of fiscal term of consolidated subsidiaries			230		230
Change in ownership interest of parent due to transactions with non-controlling interests		26			26
Net changes of items other than shareholders' equity					
Total changes of items during the period	–	(11)	13,289	292	13,571
Balance at the end of current period	17,117	12,882	319,705	(11,403)	338,303

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	69,467	(473)	6,352	(800)	74,546	189	14,327	413,794
Changes of items during the period								
Dividends from surplus								(9,209)
Profit attributable to owners of parent								22,268
Purchase of treasury shares								(190)
Disposal of treasury shares								445
Change of fiscal term of consolidated subsidiaries								230
Change in ownership interest of parent due to transactions with non-controlling interests								26
Net changes of items other than shareholders' equity	(6,797)	80	(2,266)	72	(8,911)	(21)	415	(8,517)
Total changes of items during the period	(6,797)	80	(2,266)	72	(8,911)	(21)	415	5,053
Balance at the end of current period	62,669	(393)	4,086	(728)	65,634	167	14,743	418,848

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Net cash provided by (used in) operating activities		
Profit before income taxes	32,430	33,113
Depreciation and amortization	15,509	14,951
Impairment loss	129	72
Amortization of goodwill	1,224	1,324
Increase (decrease) in net defined benefit liability	(110)	381
Decrease (increase) in net defined benefit asset	(32)	(38)
Interest and dividend income	(2,717)	(3,113)
Interest expenses	221	257
Share of (profit) loss of entities accounted for using equity method	(1,771)	(1,647)
Loss (gain) on sales of investment securities	(357)	(1,379)
Decrease (increase) in notes and accounts receivable – trade	(10,217)	2,697
Decrease (increase) in inventories	(8,010)	(1,700)
Increase (decrease) in notes and accounts payable – trade	18,185	(2,666)
Other, net	5,607	1,314
Subtotal	50,092	43,567
Interest and dividend income received	3,704	4,049
Interest expenses paid	(217)	(257)
Income taxes paid	(10,710)	(7,485)
Net cash provided by (used in) operating activities	42,869	39,873
Net cash provided by (used in) investing activities		
Payments into time deposits	(4,369)	(1,425)
Proceeds from withdrawal of time deposits	5,128	513
Purchase of securities	(2,955)	(2,038)
Proceeds from sales of securities	2,970	2,052
Purchase of property, plant and equipment and intangible assets	(19,704)	(18,233)
Proceeds from sales of property, plant and equipment and intangible assets	898	44
Purchase of investment securities	(625)	(742)
Proceeds from sales of investment securities	858	1,706
Purchase of shares of subsidiaries and associates	(54)	(125)
Proceeds from sales of shares of subsidiaries and associates	122	–
Other, net	(334)	(935)
Net cash provided by (used in) investing activities	(18,067)	(19,184)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	–	75
Decrease in short-term loans payable	(3,253)	(1,636)
Proceeds from long-term loans payable	3,369	1,105
Proceeds from sales of treasury shares	339	297
Purchase of treasury shares	(10,164)	(190)
Cash dividends paid	(8,088)	(9,209)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	(180)
Other, net	(795)	(828)
Net cash provided by (used in) financing activities	(18,593)	(10,567)
Effect of exchange rate changes on cash and cash equivalents	1,415	(202)
Net increase (decrease) in cash and cash equivalents	7,624	9,920
Cash and cash equivalents at beginning of period	90,837	98,461
Increase (decrease) in cash and cash equivalents resulting from change of fiscal year-end of subsidiaries	–	(1,006)
Cash and cash equivalents at end of period	Note 1 98,461	Note 1 107,374

[Notes to the Consolidated Financial Statements]
[Basis of Presentation of Consolidated Financial Statements]

1. Scope of consolidation

(1) Consolidated subsidiaries: 48 companies

- Names of principal subsidiaries: Nisshin Flour Milling Inc., Miller Milling Company, LLC, Champion Flour Milling Ltd., Nisshin Foods Inc., Nisshin Seifun Premix Inc., Ma•Ma-Macaroni Co., Ltd., Initio Foods Inc., Joyous Foods Co., Ltd., Oriental Yeast Co., Ltd., Nisshin Pharma Inc., Nisshin Petfood Inc., Nisshin Engineering Inc., NBC Meshtec Inc.
- Of the remaining subsidiaries, Nisshin Managerial Technology Center Co., Ltd. and other three companies are not consolidated. The assets, net sales, profit/loss and retained earnings of each non-consolidated subsidiary are small, and the aggregate effect on the consolidated financial statements is immaterial.

(2) Changes in the scope of consolidation

- From the fiscal year ended March 31, 2019, newly established subsidiary Vietnam Nisshin Technomic Co., Ltd. is included within the scope of consolidation.

2. Scope of the equity method

(1) Subsidiaries and affiliates accounted for by the equity method: 10 (1 non-consolidated subsidiary and 9 affiliates)

- Names of principal subsidiaries and affiliates accounted for by the equity method: Marubeni Nisshin Feed Co., Ltd., Tokatsu Foods Co., Ltd., Japan Logistic Systems Corp.
- The contributions to consolidated profit/loss, consolidated retained earnings and other consolidated financial statements of three non-consolidated subsidiaries and five affiliates not accounted for by the equity method are negligible and immaterial in the aggregate.

(2) The financial statements for the accounting period of the company concerned are used in the cases of those subsidiaries and affiliates accounted for by the equity method whose accounting period differs from the consolidated accounting period.

3. Accounting periods of consolidated subsidiaries

For consolidated subsidiaries with accounting periods ending on either December 31 or January 31, the Company previously used the financial statements of subsidiaries available as of the respective dates, with adjustments for any material transactions occurring during the period between the subsidiary's fiscal year-end and the consolidated fiscal year-end. In a move to provide more accurate disclosure on the consolidated financial statements, from the year ended March 31, 2019, the Company adopted an approach whereby certain consolidated subsidiaries (Miller Milling Company, LLC and eight other companies) will adopt the consolidated fiscal year-end of March 31 or will conduct a provisional calculation of results as of March 31. Profit and losses for applicable consolidated subsidiaries from January 1, 2018 or February 1, 2018 to March 31, 2018 have been adjusted as changes in retained earnings. Changes in cash and cash equivalents are posted under "Increase (decrease) in cash and cash equivalents resulting from change of fiscal year-end of subsidiaries" in the consolidated statements of cash flows.

For Thai Nisshin Seifun Co., Ltd. and 11 other companies with accounting periods ending on December 31, due to this period falling within three months of the consolidated fiscal year-end (March 31), the Company will, as previously, use the financial statements of consolidated subsidiaries available as of the respective dates, with adjustments in consolidation for any material transactions occurring during the period between the subsidiary's fiscal year-end and the consolidated fiscal year-end.

4. Significant accounting principles

(1) Valuation standards and methodology for material assets

a. Securities

Held-to-maturity debt securities are stated at amortized cost.

Other securities

Securities with a readily determinable market value are stated at fair market value based on the quoted market price at the fiscal year-end (with any unrealized gains or losses being reported directly as a component of shareholders' equity and the cost of any securities sold being computed by the moving average method).

Securities with no readily determinable market value are stated at cost, with cost being determined by the moving average method.

b. Derivatives

Derivative financial instruments are stated at fair market value.

c. Inventories

Wheat flour and bran are stated at cost, with cost being determined mainly by the retail cost method, with balance sheet values reflecting write-downs for decreased profitability; other products are stated at cost, with cost being determined mainly by the periodic average method, with balance sheet values reflecting write-downs for decreased profitability.

Raw materials are stated at cost, with cost being determined by the first-in, first-out method, and balance sheet values reflecting write-downs for decreased profitability.

(2) Depreciation and amortization methods for material depreciable assets

a. Property, plant and equipment (excluding lease assets)

The Company and domestic consolidated subsidiaries mainly apply the declining balance method.

However, for buildings acquired on or after April 1, 1998 (excluding building fixtures) and building fixtures and structures acquired on or after April 1, 2016, they apply the straight-line method.

Foreign consolidated subsidiaries mainly apply the straight-line method.

b. Intangible assets (excluding lease assets)

Amortization is computed by the straight-line method.

Software used in-house is depreciated over its estimated useful life (within five years) based on the straight-line method.

c. Lease assets

Lease assets related to finance lease transactions that do not transfer ownership are depreciated using the straight-line method with estimated useful lives equal to lease terms, and zero residual values.

(3) Basis of material allowances

a. Allowance for doubtful accounts

The Company and domestic consolidated subsidiaries provide for possible credit losses stemming from monetary receivables. Estimates of irrecoverable amounts are based on historical loan-loss ratios for general receivables, and on a consideration of feasibly recoverable amounts in individual cases of suspected bad debt or other specific dubious accounts. Specific claims are generally deemed irrecoverable in the case of foreign consolidated subsidiaries.

b. Provision for repairs

In advance of expenses pertaining to regular maintenance and repair of plant and equipment, certain consolidated subsidiaries post the estimated amount of such expense anticipated at the end of the fiscal year under review.

(4) Accounting treatment of retirement benefits

Regarding its retirement benefit asset and liability, in order to maintain retirement benefits for employees leaving the Company and already retired pension recipients, the Company subtracts retirement benefit asset from its retirement benefit obligation, based on estimates as of the end of the fiscal year under review.

a. Imputation method for retirement benefit estimates

In calculating retirement benefit liability, the method for imputing the applicable period until the end of the fiscal year under review for the estimated retirement benefit is determined by the benefit calculation standard.

b. Treatment method for actuarial differences and expenses related to prior service cost

Prior service cost is amortized on a straight-line basis over a period equaling the average remaining service period of employees (mainly 15 years) expected to receive pension benefits as of the fiscal year-end.

Actuarial differences are amortized on a straight-line basis from the following fiscal year over a period equaling the average remaining service period of employees (mainly 15 years) expected to receive pension benefits as of the consolidated fiscal year-end.

(5) Significant hedging transactions

a. Hedging transactions are accounted for on a deferred basis. However, the contracted exchange rates are applied in the case of any monetary claims, obligations or similar items denominated in foreign currencies with assigned foreign currency forwards or other hedging instruments.

b. Hedging methods: Derivative transactions (including forward exchange contracts and currency purchase put/call options)

Hedged items: Any monetary receivables and payables and planned trading transactions that are denominated in foreign currencies.

c. The Company employs derivative financial instruments only for the aforementioned transactions purely to manage fluctuations in foreign currency exchange rates.

d. Hedging evaluation

Since hedging methods and the target of each hedging transaction share the same conditions that apply at the start of hedging activities and throughout subsequent periods, the Company’s hedging approach enables exchange rate fluctuations to be offset completely. Hence, the Company considers its hedging method to be highly effective.

(6) Goodwill amortization and amortization periods

Goodwill is amortized using the straight-line method over a period of mainly 10 years beginning with the day on which it is realized. However, when the amount of goodwill is immaterial, it is amortized in total in the year it is realized.

(7) Cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents as stated in the consolidated statements of cash flows consist of cash in hand, readily available deposits, and any short-term liquid investments with a maturity not exceeding three months at the time of purchase whose value is not subject to significant fluctuation risk.

(8) Accounting treatment of consumption tax

All accounting transactions are booked exclusive of any national or local consumption taxes.

[Accounting Standards Not Yet Applied, etc.]

- "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 30, 2018, Accounting Standards Board of Japan)
- "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 30, 2018, Accounting Standards Board of Japan)

(1) Overview

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) in the United States jointly developed comprehensive accounting standards for revenue recognition, and in May 2014 published "Revenue from Contracts with Customers" (IFRS 15 at IASB, Topic 606 at FASB). Given that IFRS 15 will be applied to fiscal years with dates on or after January 1, 2018 and Topic 606 will be applied to fiscal years with dates after December 15, 2017, the Accounting Standards Board of Japan (ASBJ) has developed comprehensive accounting standards for revenue recognition and published them along with the Implementation Guidance.

The basic policy of the ASBJ in developing accounting standards for revenue recognition is thought to be setting accounting standards, with the incorporation of the basic principles of IFRS 15 as a starting point, from a standpoint of comparability between financial statements, which is one of the benefits of ensuring consistency with IFRS 15, and to add alternative accounting treatments without losing comparability if there is an item that should be taken into account in practices, etc. that have been conducted in Japan.

(2) Planned date of application

To be applied at the beginning of the fiscal year ending March 31, 2022.

(3) Effect of application of the accounting standards, etc.

The monetary effect on consolidated financial statements is currently under review.

[Changes in Disclosure]

(Changes accompanying application of "Partial Amendments to Accounting Standard for Tax Effect Accounting")

"Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) has been applied from the start of current fiscal year. As a result, the Company has adopted a methodology whereby deferred tax assets are disclosed under "Investments and other assets," and deferred tax liabilities are disclosed under "Non-current liabilities."

As a result of this change, deferred tax assets (under current assets) decreased ¥4,690 million and deferred tax assets (under investments and other assets) increased ¥2,709 million in the consolidated balance sheets for the previous fiscal year, ended March 31, 2018. Similarly, the "Other" category under current liabilities, and deferred tax liabilities under non-current liabilities, decreased ¥68 million and ¥1,912 million, respectively.

Deferred tax assets and deferred tax liabilities arising from the same taxable entity have been offset on the balance sheets. Compared to prior to this accounting change, total assets declined by ¥1,981 million.

[Additional Information]

1. Acquisition-based merger

At a meeting of the Board of Directors held March 26, 2019, the Company resolved and concluded a share transfer agreement to acquire from other external shareholders 51% of the existing shares of common stock of the Company's affiliate Tokatsu Foods Co., Ltd. (Tokatsu Foods), a comprehensive supplier of prepared dishes. As a result of the acquisition, Tokatsu Foods is expected to become a consolidated subsidiary of the Company during the fiscal year ending

March 31, 2020.

(1) Outline of the merger

a. Name and business lines of acquired company

Name: Tokatsu Foods Co., Ltd.

Business lines: Freshly prepared dishes business (production and sales of bento boxes, seasoned rice balls, sandwiches, prepared dishes, noodles, salads and other prepared foods), frozen prepared dishes business (production and sales of commercial-use frozen bento boxes, frozen prepared dishes, frozen noodles)

b. Rationale for the merger

The Company has positioned the prepared dishes and other prepared foods business as a growth field, and is taking steps to groom it as one of the Group's core operations. In December 2012, the Company entered a capital tie-up with Tokatsu Foods, followed in January 2016 with the consolidation of Joyous Foods Co., Ltd., a supplier of prepared noodles, as a subsidiary. The Company conducted the current acquisition after determining that doing so would contribute to further expansion of its prepared dishes and other prepared foods and frozen foods businesses.

Established in 1968, Tokatsu Foods has a leading presence in Japan as a comprehensive supplier of prepared dishes, and has developed a deli prepared dishes business targeting convenience stores along with a delivery route-focused frozen prepared dishes business. Prior to the merger, the Company had, over many years, developed a collaborative relationship with Tokatsu Foods, both through outsourcing the production of deli prepared dishes and frozen foods to Tokatsu Foods, and through a capital tie-up. The current acquisition will further enhance these relations, with hopes to leverage the Group's basic research expertise and product development capabilities to stimulate expansion of the Group's prepared dishes and other prepared foods business and its frozen foods business.

c. Date of merger (scheduled)

July 4, 2019

d. Legal form of merger

Share acquisition at cash value

e. Post-merger name

Tokatsu Foods Co., Ltd.

f. Percentage of voting rights acquired

1. Shareholding prior to transfer	55,725 shares (No. of voting rights: 55,725) (Percentage of voting rights: 49%)
2. Shares for acquisition	58,000 shares (No. of voting rights: 58,000)
3. Shareholding following transfer	113,725 shares (No. of voting rights: 113,725) (Percentage of voting rights: 100%)

g. Principal evidence supporting acquisition decision

Following share acquisition at cash value, the Company will acquire 100% of voting rights.

(2) Acquisition cost and difference from total cost of individual transactions required for the acquisition

To be decided.

(3) Breakdown of acquisition cost and type of compensation

Cash and deposits for use in additional acquisition of shares ¥15,080 million

(4) Name and amount of principal acquisition-related expenses

To be decided.

(5) Method for procuring funds for payment

Acquisition funds supplied entirely from funds on hand.

(6) Amount of subsequent goodwill, reasons for occurrence, depreciation method and depreciation period

To be decided.

(7) Amount and principal breakdown of assets and liabilities assumed on date of merger

To be decided.

2. Stock-based remuneration plan

The Company has adopted a stock-based remuneration plan (hereinafter, “the plan”) available to the Company’s directors and executive officers, and the directors of principal subsidiaries (hereinafter, “eligible directors and others”).

For Company shares delivered annually to the eligible directors and others through this plan, a transfer restriction period has been established based on share delivery regulations for 3 years from the date of delivery. For eligible directors and others, this restriction will heighten their desire to contribute to improvement in corporate value over the medium to long term, while raising management awareness from the viewpoint of shareholders through shared interest in profit with shareholders.

In terms of accounting treatment, this plan is subject to “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc.” (PITF No. 30, March 26, 2015).

(1) Transaction overview

As part of this plan, the Company’s own shares granted to eligible directors and others are purchased via a trust established by the Company (hereinafter, “the trust”), using as funding money contributed by the Company and its principal subsidiaries, with shares subsequently vested with eligible directors and others through the trust. For eligible directors and others, the number of Company shares granted is calculated based on a set formula derived from the stock remuneration base amount set out according to the positions and other factors of the eligible directors and others. Both the number of shares granted and the amount of money required from the standpoint of tax settlement are provided as benefits on an annual basis.

(2) Company shares remaining in the trust

Depending on the carrying value of the trust (excluding money for attendant expenses), Company shares remaining in the trust are posted as part of “Treasury shares” under “Net assets.” As of March 31, 2018, the carrying value of such treasury shares was ¥7 million, accounting for 4,000 shares. As of March 31, 2019, the carrying value of such treasury shares was ¥46 million, accounting for 21,900 shares.

[Consolidated Balance Sheets]

1. Components of inventories are as follows.

	Year ended March 31, 2018 (As of March 31, 2018)	Year ended March 31, 2019 (As of March 31, 2019)
Merchandise and finished goods	¥24,241 million	¥24,681 million
Work in process	¥5,657 million	¥5,479 million
Raw materials and supplies	¥41,983 million	¥43,188 million

2. Accumulated depreciation of property, plant and equipment

	Year ended March 31, 2018 (As of March 31, 2018)	Year ended March 31, 2019 (As of March 31, 2019)
	¥275,602 million	¥284,258 million

3. Reduction entry of property, plant and equipment purchased with government subsidy and others

	Year ended March 31, 2018 (As of March 31, 2018)	Year ended March 31, 2019 (As of March 31, 2019)
Accumulated reduction entry of property, plant and equipment	¥351 million	¥351 million

4. Amounts corresponding to non-consolidated subsidiaries and affiliates are as follows.

	Year ended March 31, 2018 (As of March 31, 2018)	Year ended March 31, 2019 (As of March 31, 2019)
Investment securities	¥26,191 million	¥26,962 million
Others	¥170 million	¥163 million
[Investments in joint ventures included in the above]	[¥170 million]	[¥163 million]

[Consolidated Statements of Income]

1. Provision for loss on construction contracts included in cost of sales

	Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
	–	¥12 million

2. The value of inventories at the fiscal year-end represents the value after written down of the book value according to a decrease in profitability, and the following loss on revaluation of inventories is included in the cost of sales.

	Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
	¥512 million	¥425 million

3. R&D expenditures included in general and administrative expenses and manufacturing costs

	Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
	¥5,913 million	¥6,168 million

4. Major components of selling, general and administrative expenses are as follows.

	Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Sales freight expenses	¥35,668 million	¥35,968 million
Sales promotion expenses	¥40,669 million	¥40,707 million
Salaries	¥14,195 million	¥14,627 million
Bonuses and allowance	¥10,666 million	¥11,089 million
Retirement benefit expenses	¥1,248 million	¥1,309 million

5. Gain on sales of non-current assets

   Year ended March 31, 2018 (April 1, 2017 to March 31, 2018) and Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

   This figure mainly reflects gains on the sale of land.

6. Loss on retirement of non-current assets

   Year ended March 31, 2018 (April 1, 2017 to March 31, 2018) and Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

   This figure mainly reflects losses on the disposal of machinery and equipment.

7. Impairment losses

   Year ended March 31, 2018 (April 1, 2017 to March 31, 2018) and Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

   While impairment losses were posted, the figure has been omitted due to their immaterial impact.

[Consolidated Statements of Comprehensive Income]

1. Amount for reclassification adjustment pertaining to other comprehensive income and tax effect

	Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Valuation difference on available-for-sale securities		
Gain in the current period	¥5,725 million	¥(8,409) million
Reclassification adjustment	¥(5) million	¥(1,315) million
Before tax effect adjustment	¥5,719 million	¥(9,725) million
Tax effect	¥(1,773) million	¥2,954 million
Valuation difference on available-for-sale securities	¥3,945 million	¥(6,770) million
Deferred gains or losses on hedges		
Gain (Loss) in the current period	¥(813) million	¥134 million
Reclassification adjustment	¥(7) million	¥2 million
Before tax effect adjustment	¥(821) million	¥137 million
Tax effect	¥250 million	¥(41) million
Deferred gains or losses on hedges	¥(570) million	¥95 million
Foreign currency translation adjustment		
Gain in the current period	¥(1,118) million	¥172 million
Remeasurements of defined benefit plans		
Gain in the current period	¥(54) million	¥(5) million
Reclassification adjustment	¥205 million	¥63 million
Before tax effect adjustment	¥150 million	¥57 million
Tax effect	¥(41) million	¥(12) million
Remeasurements of defined benefit plans	¥109 million	¥44 million
Share of other comprehensive income of affiliates accounted for by the equity method		
Gain in the current period	¥111 million	¥(85) million
Total other comprehensive income	¥2,478 million	(6,543) million

[Consolidated Statements of Changes in Net Assets]

Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

1. Type and number of issued shares and treasury shares

(Thousands of shares)

	Number of shares at the beginning of the year	Increase in shares during the year	Decrease in shares during the year	Number of shares at the end of the year
Issued shares Common stock	304,357	–	–	304,357
Treasury shares Common stock	2,374	5,426	374	7,426

Notes:

1. Portion of the increase in common stock accounted for by treasury shares:
   5,334 thousand shares, as a result of purchasing treasury shares based on resolution of May 12, 2017 meeting of Board of Directors
   88 thousand shares, as a result of share delivery trust
   2 thousand shares, as result of repurchasing sub-MTU (minimum trading unit) shares
2. Portion of the decrease in common stock accounted for by treasury shares:
   0 thousand shares, as a result of sale of sub-MTU (minimum trading unit) shares
   84 thousand shares, as a result of share delivery trust
   290 thousand shares, as result of exercise of stock options
3. The treasury shares as of March 31, 2018 include 4,000 Company shares held by The Master Trust Bank of Japan, Ltd. as trust assets for the stock-based remuneration plan.

2. Subscription rights to shares and treasury subscription rights to shares

Category	Composition of the subscription rights to shares	Type of shares to be issued	Number of shares to be issued				Balance at the end of the year (millions of yen)
			At the beginning of the year	Increase during the year	Decrease during the year	At the end of the year	
Nisshin Seifun Group, Inc. (parent company)	Subscription rights to shares as stock options	–					189
Total		–					189

3. Dividends

(1) Dividends paid

The following resolution was made at the Ordinary General Meeting of Shareholders held on June 28, 2017.

- Dividends on common stock:
  - i) Total dividends to be paid ¥3,926 million
  - ii) Dividend per share ¥13
  - iii) Record date March 31, 2017
  - iv) Effective date June 29, 2017

The following resolution was made at the meeting of the Board of Directors held on October 26, 2017.

- Dividends on common stock:
  - i) Total dividends to be paid ¥4,161 million
  - ii) Dividend per share ¥14
  - iii) Record date September 30, 2017
  - iv) Effective date December 4, 2017

(Note) "Total dividends to be paid" includes dividends of ¥1 million for Company shares held by the Master Trust Bank of Japan, Ltd. as trust assets for the stock-based remuneration plan.

(2) Dividends for which the record date came during the year ended March 31, 2018, but for which the effective date will come after said period

The following resolution was made at the Ordinary General Meeting of Shareholders held on June 27, 2018.

- Dividends on common stock:
  - i) Total dividends to be paid ¥4,455 million
  - ii) Source of dividends Retained earnings
  - iii) Dividend per share ¥15

iv) Record date March 31, 2018

v) Effective date June 28, 2018

(Note) "Total dividends to be paid" includes dividends of ¥0 million for Company shares held by the Master Trust Bank of Japan, Ltd. as trust assets for the stock-based remuneration plan.

Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

1. Type and number of issued shares and treasury shares

(Thousands of shares)

	Number of shares at the beginning of the year	Increase in shares during the year	Decrease in shares during the year	Number of shares at the end of the year
Issued shares Common stock	304,357	–	–	304,357
Treasury shares Common stock	7,426	85	277	7,234

Notes:

1. Portion of the increase in common stock accounted for by treasury shares:
   84 thousand shares, as a result of share delivery trust
   1 thousand shares, as result of repurchasing sub-MTU (minimum trading unit) shares
2. Portion of the decrease in common stock accounted for by treasury shares:
   0 thousand shares, as a result of sale of sub-MTU (minimum trading unit) shares
   67 thousand shares, as a result of share delivery trust
   210 thousand shares, as result of exercise of stock options
3. The treasury shares as of March 31, 2019 include 21,000 Company shares held by The Master Trust Bank of Japan, Ltd. as trust assets for the stock-based remuneration plan.

2. Subscription rights to shares and treasury subscription rights to shares

Category	Composition of the subscription rights to shares	Type of shares to be issued	Number of shares to be issued				Balance at the end of the year (millions of yen)
			At the beginning of the year	Increase during the year	Decrease during the year	At the end of the year	
Nisshin Seifun Group, Inc. (parent company)	Subscription rights to shares as stock options	–					167
Total		–					167

3. Dividends

(1) Dividends paid

The following resolution was made at the Ordinary General Meeting of Shareholders held on June 27, 2018.

- Dividends on common stock:
  - i) Total dividends to be paid ¥4,455 million
  - ii) Dividend per share ¥15
  - iii) Record date March 31, 2018
  - iv) Effective date June 28, 2018

(Note) "Total dividends to be paid" includes dividends of ¥0 million for Company shares held by the Master Trust Bank of Japan, Ltd. as trust assets for the stock-based remuneration plan.

The following resolution was made at the meeting of the Board of Directors held on October 29, 2018.

- Dividends on common stock:
  - i) Total dividends to be paid ¥4,754 million
  - ii) Dividend per share ¥16
  - iii) Record date September 30, 2018
  - iv) Effective date December 7, 2018

(Note) "Total dividends to be paid" includes dividends of ¥1 million for Company shares held by the Master Trust Bank of Japan, Ltd. as trust assets for the stock-based remuneration plan.

(2) Dividends for which the record date came during the year ended March 31, 2019, but for which the effective date will come after said period

The following resolution was made at the Ordinary General Meeting of Shareholders held on June 26, 2019.

- Dividends on common stock:

i)	Total dividends to be paid	¥4,755 million
ii)	Source of dividends	Retained earnings
iii)	Dividend per share	¥16
iv)	Record date	March 31, 2019
v)	Effective date	June 27, 2019

(Note) "Total dividends to be paid" includes dividends of ¥0 million for Company shares held by the Master Trust Bank of Japan, Ltd. as trust assets for the stock-based remuneration plan.

[Consolidated Statements of Cash Flows]

1. The reconciliation between year-end balance of cash and cash equivalents and amounts stated in the consolidated balance sheets

	Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Cash and deposits	¥91,635 million	¥101,974 million
Securities	¥7,857 million	¥7,336 million
Total	¥99,493 million	¥109,310 million
Time deposits with maturities of more than three months	¥0 million	¥(916) million
Debt securities with maturities of more than three months	¥(1,032) million	¥(1,019) million
Cash and cash equivalents at end of period	¥98,461 million	¥107,374 million

[Leases]

1. Finance leases (for the lessee)

   Finance leases other than those that transfer ownership

   (1) Details of the lease assets

      a. Property, plant and equipment: mainly information system equipment (tools, furniture and fixtures)
      b. Intangible assets: software

   (2) Depreciation and amortization of the lease assets

   Depreciation and amortization of the lease assets is as described in “4. Significant accounting policies (2) Depreciation and amortization methods for material depreciable assets” under the Basis of Presentation of Consolidated Financial Statements.

2. Operating leases

   Future minimum lease commitments under non-cancelable operating leases

   (Lessee)

(Millions of yen)

	Year ended March 31, 2018 (As of March 31, 2018)	Year ended March 31, 2019 (As of March 31, 2019)
Due within one year	279	195
Due after one year	351	130
Total	630	325

(Lessor)

(Millions of yen)

	Year ended March 31, 2018 (As of March 31, 2018)	Year ended March 31, 2019 (As of March 31, 2019)
Due within one year	45	45
Due after one year	247	202
Total	292	247

[Financial Instruments]

1. Status of financial instruments

   (1) Policies on financial instruments

   The Group observes a fund management policy that cash reserves for future strategic investments and temporary surplus funds shall be managed in the form of time deposits with a fixed yield of interest and securities, and it shall not manage these funds to gain marginal gains in trades or for speculative purposes. As for fund procurement, the Group complies with the policy of financing with the most appropriate means, such as bank borrowings for short-term financial requirements, and bank borrowings, the issuance of corporate bonds and an increase in capital for long-term financial requirements, while taking into account market conditions and other factors.

   With regard to investment securities, it is the Company's policy to hold such shares in cases where the Company recognizes the rationality of holding shares and the contribution to the medium- to long-term corporate value of shareholdings from the perspective of making the pursuit of joint businesses and/or business alliances smoother and strengthening such relationships, and building and strengthening long-term, stable trading relationships.

   The Group utilizes derivative financial instruments to hedge its exposure to various risks described below and abides by a policy of not using them separately to gain marginal gains in trades or for speculative purposes.

   (2) Description of financial instruments, related risks and risk management system

   Cash and deposits is mainly managed as term deposits, and securities are mainly operated in the form of bonds. Both cash and securities are exposed to the credit risk of the relevant depository or issuer and the fluctuation risk of market prices. These risks are intended to be minimized and diversified using internal regulations at the respective Group companies by limiting such items as the target assets of fund management, the depository or the issuer, the period for management and the upper limit for management at each depository or issuer.

   Notes and accounts receivable – trade, as operating receivables, are exposed to the credit risk of the respective customers. To cope with this risk, the Group conducts maturity management and balance management by counterparty in accordance with the internal regulations at the respective Group companies and has established a system for periodically measuring the creditworthiness of major counterparties to quickly determine and mitigate any concerns on the collection of claims that might be caused by deteriorated financial conditions at a counterparty.

   Investment securities, which primarily consist of the shares relating to business or capital alliance relationships with the counterparties, are exposed to the risk of market price fluctuations. The Group has established a system of periodically measuring their market value, and, for shares held for specific policy purposes, confirming the appropriateness of the purpose of the shareholding, as well as trading situation, earnings and financial situation, shareholder return, and creditworthiness, coupled with a comparison of anticipated benefit of the shareholding with risk and capital cost, so that the Board of Directors can verify the rationality of holding such shares each year.

   Although notes and accounts payable – trade, as operating payables, are exposed to liquidity risk, most of them have a maturity for payment within one year. The Group therefore manages them by making each Group company prepare a cash-flow projection.

   As for derivative transactions, the Group uses forward foreign exchange contracts, currency options and the like to hedge against the adverse impact of future fluctuations in foreign currency exchange rates on specific foreign currency denominated assets and liabilities including notes and accounts receivable – trade and notes and accounts payable – trade. Meanwhile, some foreign consolidated subsidiaries use commodity futures and other financial instruments targeting wheat to hedge against the risk of future fluctuations in the market for wheat and other risks. These derivative transactions often entail a general market risk due to the fluctuation of rates.

   To reduce the exposure to market risk, derivative transactions beyond the targeted, real demand are forbidden by the internal regulations of each Group company, and the regulations set forth a certain percentage of allowable derivative transactions against the total relevant underlying trading amounts. Currency options are limited only to buying put/call options (long position) in accordance with the respective internal regulations. These transactions are traded by the Finance and Accounting Division of the Company mainly based on the instructions given by the governing department of the operating company that might suffer from the exchange-rate fluctuation risk. At several consolidated subsidiaries, they are traded by the department in charge of financial affairs at each company mainly based on the instructions given by the governing department. In managing the derivative transactions, the aforementioned Finance and Accounting Division of the Company or the department in charge of financial affairs at each company receives a notice of position balances on derivative transactions every month from the correspondent bank, checks how these balances agree with performance figures and reports the monitored results to the Division Executive of the Finance and Accounting Division of the Company or the director of the department in charge of financial affairs at each company and the responsible director of the governing department. The Group believes that the risk that the counterparty to its derivative transactions could default is almost insignificant as the Group enters into derivative transactions only with financial institutions of high caliber.

   (3) Supplemental explanation on the fair value of financial instruments, etc.

   The fair value of financial instruments includes the value reasonably calculated for those without market price, in addition to the value based on the market price. As several variable factors are incorporated in calculating the fair value, the resulting amount may vary depending on the different preconditions employed. The contract amounts, etc., regarding derivative transactions in “2. Fair value of financial instruments, etc.” are not necessarily indicative of the market risk with regard to derivative transactions.

2. Fair value of financial instruments, etc.

Carrying values in the consolidated balance sheets, fair values and the unrealized gains (losses) are presented as follows. Assets and liabilities, for which it is deemed difficult to measure the fair value, are not included in the following table. (Refer to Note 2.)

Year ended March 31, 2018 (As of March 31, 2018)

(Millions of yen)

	Carrying value	Fair value	Unrealized gains (losses)
(1) Cash and deposits	91,635	91,635	–
(2) Notes and accounts receivable – trade	79,676	79,676	–
(3) Securities and investment securities			
Other securities	135,910	135,910	–
Total assets	307,222	307,222	–
(1) Notes and accounts payable – trade	58,492	58,492	–
Total liabilities	58,492	58,492	–
Derivative transactions*			
1) Transactions for which hedge accounting has not been adopted	(35)	(35)	–
2) Transactions for which hedge accounting has been adopted	(680)	(680)	–
Total derivative transactions	(716)	(716)	–

* Net receivables and payables, which were derived from derivative transactions, are presented in net amounts, and any item for which the total becomes a net liability is indicated in parentheses.

Year ended March 31, 2019 (As of March 31, 2019)

(Millions of yen)

	Carrying value	Fair value	Unrealized gains (losses)
(1) Cash and deposits	101,974	101,974	–
(2) Notes and accounts receivable – trade	76,245	76,245	–
(3) Securities and investment securities			
Other securities	126,063	126,063	–
Total assets	304,283	304,283	–
(1) Notes and accounts payable – trade	54,936	54,936	–
Total liabilities	54,936	54,936	–
Derivative transactions*			
1) Transactions for which hedge accounting has not been adopted	(290)	(290)	–
2) Transactions for which hedge accounting has been adopted	(570)	(570)	–
Total derivative transactions	(861)	(861)	–

* Net receivables and payables, which were derived from derivative transactions, are presented in net amounts, and any item for which the total becomes a net liability is indicated in parentheses.

Note 1: Calculation method of the fair value of financial instruments and matters relating to securities and derivative transactions

Assets

(1) Cash and deposits and (2) Notes and accounts receivable – trade

As these assets are settled within a short time, the fair value thereof is almost equal to the carrying value. Accordingly, the calculation of the fair value of these assets is based on the carrying value concerned.

(3) Securities and investment securities

The calculation of the fair value of stocks is based on the prices traded at the stock exchange. The calculation of the fair value of bonds is based on the prices traded at the stock exchange or the prices presented by the correspondent financial institution. Refer to the Notes to [Securities] with regard to the notable matters regarding securities held by holding purpose.

Liabilities

(1) Notes and accounts payable – trade

As these liabilities are settled within a short time, the fair value is almost equal to the carrying value. Accordingly, the calculation of the fair value of these liabilities is based on the carrying value concerned.

Derivative transactions

Refer to the Notes to [Derivative Transactions].

Note 2: Carrying value of financial instruments for which it is deemed difficult to measure the fair value

(Millions of yen)

Classification	Year ended March 31, 2018 (As of March 31, 2018)	Year ended March 31, 2019 (As of March 31, 2019)
Unlisted stocks	27,363	28,165

The above unlisted stocks have no market prices and relevant future cash flows cannot be easily estimated and may require excessive estimation cost, and it is therefore deemed difficult to measure their fair value. Accordingly, they are not included in (3) Securities and investment securities.

Note 3: Redemption schedule for monetary receivables and securities with maturity dates after the consolidated closing date (March 31)

Year ended March 31, 2018 (As of March 31, 2018)

(Millions of yen)

	Due within one year	Due after one year but within five years
Cash and deposits	91,635	–
Notes and accounts receivable – trade	79,676	–
Securities and investment securities		
Other securities with maturity dates (government bonds)	7,866	–
Total	179,178	–

Year ended March 31, 2019 (As of March 31, 2019)

(Millions of yen)

	Due within one year	Due after one year but within five years
Cash and deposits	101,974	–
Notes and accounts receivable – trade	76,245	–
Securities and investment securities		
Other securities with maturity dates (government bonds)	7,353	–
Total	185,573	–

[Securities]

1. Securities classified as other securities

Year ended March 31, 2018 (As of March 31, 2018)

(Millions of yen)

	Item	Carrying value	Acquisition cost	Unrealized gains (losses)
Securities whose carrying value exceeds their acquisition cost	(1) Equity securities	128,052	28,479	99,572
	(2) Bonds:			
	a. Government and municipal bonds	691	691	0
	b. Corporate bonds	–	–	–
	c. Other	–	–	–
	(3) Other	–	–	–
	Subtotal	128,744	29,171	99,573
Securities whose carrying value does not exceed their acquisition cost	(1) Equity securities	–	–	–
	(2) Bonds:			
	a. Government and municipal bonds	7,165	7,166	(0)
	b. Corporate bonds	–	–	–
	c. Other	–	–	–
	(3) Other	–	–	–
	Subtotal	7,165	7,166	(0)
Total		135,910	36,337	99,572

Note:

The above “other securities” do not include unlisted stocks with a carrying value of ¥3,967 million because they have no market prices and may require excessive cost to estimate their future cash flows, and it is therefore regarded as extremely difficult to identify their current fair value.

Year ended March 31, 2019 (As of March 31, 2019)

(Millions of yen)

	Item	Carrying value	Acquisition cost	Unrealized gains (losses)
Securities whose carrying value exceeds their acquisition cost	(1) Equity securities	117,104	27,209	89,895
	(2) Bonds:			
	a. Government and municipal bonds	1,569	1,569	0
	b. Corporate bonds	–	–	–
	c. Other	–	–	–
	(3) Other	–	–	–
	Subtotal	118,674	28,778	89,895
Securities whose carrying value does not exceed their acquisition cost	(1) Equity securities	1,622	1,669	(47)
	(2) Bonds:			
	a. Government and municipal bonds	5,766	5,768	(1)
	b. Corporate bonds	–	–	–
	c. Other	–	–	–
	(3) Other	–	–	–
	Subtotal	7,389	7,438	(48)
Total		126,063	36,216	89,846

Note:

The above “other securities” do not include unlisted stocks with a carrying value of ¥3,969 million because they have no market prices and may require excessive cost to estimate their future cash flows, and it is therefore regarded as extremely difficult to identify their current fair value.

2. Sale of securities classified as other securities

Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(Millions of yen)

Type	Proceeds from sales	Total gain on sales	Total loss on sales
Equity securities	858	357	–

Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Millions of yen)

Type	Proceeds from sales	Total gain on sales	Total loss on sales
Equity securities	1,708	1,379	–

[Derivative Transactions]

1. Derivative transactions for which hedge accounting is not adopted

(1) Currency-related

Year ended March 31, 2018 (As of March 31, 2018)

(Millions of yen)

Classification	Type of transactions		Contract amounts	Portion due after one year	Fair value	Unrealized gains (losses)
Market transactions	Currency futures:					
	Buy:	Canadian dollar	896	–	29	29
Non-market transactions	Forward foreign exchange contracts:					
	Sell:	U.S. dollar	234	–	2	2
		Euro	39	–	0	0
	Buy:	U.S. dollar	503	–	(4)	(4)
		Euro	42	–	(0)	(0)
		Yen	1	–	(0)	(0)
		British pound	19	–	(0)	(0)
Total			1,737	–	28	28

Note:
Calculation of fair value is based on the closing prices of the relevant futures markets and the prices and other information presented by associated financial institutions and others.

Year ended March 31, 2019 (As of March 31, 2019)

(Millions of yen)

Classification	Type of transactions		Contract amounts	Portion due after one year	Fair value	Unrealized gains (losses)
Market transactions	Currency futures:					
	Buy:	Canadian dollar	1,079	–	(2)	(2)
Non-market transactions	Forward foreign exchange contracts:					
	Sell:	U.S. dollar	182	–	(0)	(0)
		Euro	33	–	0	0
	Buy:	U.S. dollar	911	–	(15)	(15)
		Euro	58	–	(0)	(0)
		Yen	1	–	0	0
		British pound	6	–	0	0
Total			2,274	–	(19)	(19)

Note:
Calculation of fair value is based on the closing prices of the relevant futures markets and the prices and other information presented by associated financial institutions and others.

(2) Commodity-related

Year ended March 31, 2018 (As of March 31, 2018)

(Millions of yen)

Classification	Type of transactions		Contract amounts	Portion due after one year	Fair value	Unrealized gains (losses)
Market transactions	Commodity futures:					
	Sell:	Wheat	2,773	102	45	45
	Buy:	Wheat	4,519	–	(110)	(110)
Total			7,292	102	(64)	(64)

Note:
Calculation of fair value is based on the closing prices of the relevant futures markets.

Year ended March 31, 2019 (As of March 31, 2019)

(Millions of yen)

Classification	Type of transactions		Contract amounts	Portion due after one year	Fair value	Unrealized gains (losses)
Market transactions	Commodity futures:					
	Sell:	Wheat	2,934	–	153	153
	Buy:	Wheat	6,018	–	(424)	(424)
Total			8,952	–	(271)	(271)

Note:
Calculation of fair value is based on the closing prices of the relevant futures markets.

2. Derivative transactions for which hedge accounting is adopted

(1) Currency-related

Year ended March 31, 2018 (As of March 31, 2018)

(Millions of yen)

Method of hedge accounting	Type of transactions		Major hedged items	Contract amounts	Portion due after one year	Fair value
Deferral hedge accounting	Forward foreign exchange contracts:		Anticipated foreign currency transactions			
	Sell:	U.S. dollar		1,099	–	23
	Forward foreign exchange contracts:		Anticipated foreign currency transactions			
	Buy:	U.S. dollar		4,687	–	(135)
		Thai baht		1,606	–	(3)
		Euro		935	105	(8)
		Indian rupee		6,681	2,709	(556)
Appropriation treatment	Forward foreign exchange contracts:		Accounts receivable			
	Sell:	U.S. dollar		131	–	–
	Forward foreign exchange contracts:		Accounts payable			
	Buy:	U.S. dollar		29	–	–
		Euro		2	–	–
Total				15,174	2,814	(680)

Notes:

1. Calculation of fair value is based on the prices and other information presented by associated financial institutions and others.
2. Because forward foreign exchange contracts subject to appropriation are handled as a unit with accounts receivable and accounts payable to be hedged, the fair value of those is included in the fair value of the relevant accounts receivable and accounts payable.

Year ended March 31, 2019 (As of March 31, 2019)

(Millions of yen)

Method of hedge accounting	Type of transactions		Major hedged items	Contract amounts	Portion due after one year	Fair value
Deferral hedge accounting	Forward foreign exchange contracts:		Anticipated foreign currency transactions			
	Sell:	U.S. dollar		1,535	–	(14)
	Forward foreign exchange contracts:		Anticipated foreign currency transactions			
	Buy:	U.S. dollar		3,710	–	26
		Thai baht		948	–	18
		Euro		537	–	(10)
		Indian rupee		2,709	–	(122)
		Australian dollar		46,836		(468)
Appropriation treatment	Forward foreign exchange contracts:		Accounts receivable			
	Sell:	U.S. dollar		195	–	–
	Forward foreign exchange contracts:		Accounts payable			
	Buy:	U.S. dollar		17	–	–
		Euro		1	–	–
Total				56,490	–	(570)

Notes:

1. Calculation of fair value is based on the prices and other information presented by associated financial institutions and others.
2. Because forward foreign exchange contracts subject to appropriation are handled as a unit with accounts receivable and accounts payable to be hedged, the fair value of those is included in the fair value of the relevant accounts receivable and accounts payable.

[Retirement Benefits]

1. Outline of retirement benefit plans

The Company and its consolidated subsidiaries provide a lump-sum retirement benefit plan (unfunded plan) and a defined-contribution pension plan to meet the retirement benefits of their employees. In addition, the Company and certain consolidated subsidiaries provide for a defined-benefit corporate pension plan (funded plan) limited to already retired pension recipients. Certain consolidated subsidiaries belong to multi-employer defined-benefit pension plans. Certain subsidiaries adopt a simplified method for calculating the retirement benefit obligation. Moreover, employees leaving the Company may in some cases receive an additional severance payment beyond that computed on the basis of the actuarial retirement benefit calculated using the relevant accounting standard.

2. Defined benefit plan (including multi-employer plans)

(1) Adjustment of balance of retirement benefit obligation at beginning and end of the year

	Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Retirement benefit obligation at beginning of year	¥27,294 million	¥26,015 million
Service cost	¥1,233 million	¥1,247 million
Interest expense	¥182 million	¥181 million
Actuarial loss	¥39 million	¥5 million
Retirement benefits payable	¥(2,588) million	¥(2,030) million
System changes	¥(145) million	–
Other	¥0 million	¥6 million
Retirement benefit obligation at end of the year	¥26,015 million	¥25,426 million

(2) Adjustment of balance of pension assets at beginning and end of the year

	Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Pension assets at beginning of year	¥6,618 million	¥5,470 million
Expected return on plan assets	¥73 million	¥40 million
Actuarial gain	¥(15) million	–
Retirement benefits payable	¥(1,262) million	¥(1,034) million
Employer contribution	¥57 million	¥56 million
Pension assets at end of year	¥5,470 million	¥4,534 million

Note:

Plan assets mainly pertain to a defined-benefit corporate pension plan limited to already retired pension recipients.

(3) Adjustment of balance of retirement benefit obligation and pension assets at end of year and net defined benefit liability and assets posted on the consolidated balance sheet

	Year ended March 31, 2018 (As of March 31, 2018)	Year ended March 31, 2019 (As of March 31, 2019)
Retirement benefit obligation for funded plans	¥5,350 million	¥4,349 million
Pension assets	¥(5,470) million	¥(4,534) million
	¥(120) million	¥(184) million
Retirement benefit obligation for unfunded plans	¥20,664 million	¥21,076 million
Net obligation and assets posted on consolidated balance sheet	¥20,544 million	¥20,892 million
Net defined benefit liability	¥20,782 million	¥21,169 million
Net defined benefit assets	¥(238) million	¥(277) million
Net liability and assets posted on consolidated balance sheet	¥20,544 million	¥20,892 million

(4) Retirement benefit expenses and detailed breakdown

	Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Service cost	¥1,233 million	¥1,247 million
Interest expense	¥182 million	¥181 million
Expected return on plan assets	¥(73) million	¥(40) million
Amortization of actuarial loss	¥450 million	¥308 million
Amortization of prior service cost	¥(245) million	¥(245) million
Retirement benefit expenses related to defined-contribution pension plan	¥1,547 million	¥1,451 million

Note:
The retirement benefit expenses incurred by the consolidated subsidiaries that adopt a simplified method of calculation are posted under service cost.

(5) Adjustments related to retirement benefits

A breakdown of items (prior to tax effect deduction) posted as adjustments related to retirement benefits is as follows.

	Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Prior service cost	¥(245) million	¥(245) million
Actuarial gain	¥395 million	¥303 million
Total	¥150 million	¥57 million

(6) Cumulative adjustments related to retirement benefits

A breakdown of items (prior to tax effect deduction) posted as cumulative adjustments related to retirement benefits is as follows.

	Year ended March 31, 2018 (As of March 31, 2018)	Year ended March 31, 2019 (As of March 31, 2019)
Unrecognized prior service cost	¥(1,081) million	¥(835) million
Unrecognized actuarial loss	¥2,256 million	¥1,953 million
Total	¥1,174 million	¥1,117 million

(7) Items related to pension assets

a. Breakdown of principal pension assets

The main categories by percentage of total pension assets are as follows.

	Year ended March 31, 2018 (As of March 31, 2018)	Year ended March 31, 2019 (As of March 31, 2019)
Regular accounts	50%	50%
Bonds	44%	43%
Other	6%	7%
Total	100%	100%

b. Method for setting long-term expected rate of return

The current and projected allocation of pension assets and the current and future long-term rates of return for the diverse assets that comprise the pool of pension assets are considered when determining the long-term expected rate of return on pension assets.

(8) Basic items for calculating actuarial differences

Basics for calculating principal actuarial differences for the fiscal year under review

	Year ended March 31, 2018 (As of March 31, 2018)	Year ended March 31, 2019 (As of March 31, 2019)
Discount rate	Mainly 0.9%	Mainly 0.9%
Long-term expected rate of return on plan assets	Mainly 1.0%	Mainly 1.0%

3. Defined contribution plan

The defined contribution of the Company and its consolidated subsidiaries was ¥875 million for the year ended March 31, 2018 and ¥942 million for the year ended March 31, 2019.

[Stock Options]

1. The account and the amount of expenses concerning stock options

(Millions of yen)

	Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Selling, general and administrative expenses	53	13

2. The amount recorded as profit owing to the non-exercise of rights resulting in forfeiture

(Millions of yen)

Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
1	0

3. Description and changes in the size of stock options

(1) Description of stock options

	2011 Plan	2012 Plan	2013 Plan
Category and number of grantees	13 directors and 10 executive officers (Note 1) of the Company and 42 directors of consolidated subsidiaries	15 directors and 9 executive officers (Note 1) of the Company and 35 directors of consolidated subsidiaries	14 directors and 10 executive officers (Note 1) of the Company and 35 directors of consolidated subsidiaries
Number of shares granted by stock type	424,710 shares of common stock (Note 2)	388,410 shares of common stock (Note 2)	373,890 shares of common stock (Note 2)
Grant date	August 18, 2011	August 16, 2012	August 20, 2013
Conditions for vesting	Not stated	Not stated	Not stated
Service period	Not specified	Not specified	Not specified
Exercisable period	August 19, 2013 – August 1, 2018	August 17, 2014 – August 1, 2019	August 21, 2015 – August 3, 2020

	2014 Plan	2015 Plan	2016 Plan
Category and number of grantees	14 directors and 10 executive officers (Note 1) of the Company and 34 directors of consolidated subsidiaries	14 directors and 10 executive officers (Note 1) of the Company and 35 directors of consolidated subsidiaries	14 directors and 11 executive officers (Note 1) of the Company and 36 directors of consolidated subsidiaries
Number of shares granted by stock type	337,700 shares of common stock (Note 3)	326,000 shares of common stock	339,000 shares of common stock
Grant date	August 19, 2014	August 19, 2015	August 15, 2016
Conditions for vesting	Not stated	Not stated	Not stated
Service period	Not specified	Not specified	Not specified
Exercisable period	August 20, 2016 – August 2, 2021	August 20, 2017 – August 1, 2022	August 16, 2018 – August 1, 2023

Notes:

1. These executive officers of the Company include those who concurrently serve as directors of consolidated subsidiaries.
2. The Company undertook a 1.1-for-1 common stock split on October 1, 2013. The Company also conducted a 1.1-for-1 stock split of shares of common stock on October 1, 2014. These figures concerning the number of shares in the above table reflect this stock split.
3. The Company undertook a 1.1-for-1 common stock split on October 1, 2014. These figures concerning the number of shares in the above table reflect this stock split.

(2) Changes in the size of stock options

The following describes changes in the size of stock options that existed during the fiscal year ended March 31, 2019. The number of stock options is translated into the number of shares.

1. Number of stock options

	2011 Plan (Note 1)	2012 Plan (Note 1)	2013 Plan (Note 1)	2014 Plan (Note 2)	2015 Plan	2016 Plan
Non-vested (shares):						
Outstanding at the end of the previous year	–	–	–	–	–	339,000
Granted during the year	–	–	–	–	–	–
Forfeited during the year	–	–	–	–	–	–
Vested during the year	–	–	–	–	–	339,000
Outstanding at the end of the year	–	–	–	–	–	–
Vested (shares):						
Outstanding at the end of the previous year	30,250	35,090	108,900	215,600	307,000	–
Vested during the year	–	–	–	–	–	339,000
Exercised during the year	24,200	14,520	53,240	51,700	57,000	10,000
Forfeited during the year	6,050	–	–	–	–	–
Outstanding at the end of the year	–	20,570	55,660	163,900	250,000	329,000

Notes:

1. The Company undertook a 1.1-for-1 common stock split on October 1, 2013, followed by another 1.1-for-1 common stock split on October 1, 2014. These figures concerning the number of shares in the above table reflect this stock split.
2. The Company undertook a 1.1-for-1 common stock split on October 1, 2014. These figures concerning the number of shares in the above table reflect this stock split.

2. Per share prices

(Yen)

	2011 Plan (Note 1)	2012 Plan (Note 1)	2013 Plan (Note 1)	2014 Plan (Note 2)	2015 Plan	2016 Plan
Exercise price	848	792	1,012	1,159	1,748	1,753
Average stock price upon exercise	2,237	2,207	2,347	2,369	2,263	2,396
Fair value per share at grant date	140	152	101	122	266	220

Notes:

1. The Company undertook a 1.1-for-1 common stock split on October 1, 2013, followed by another 1.1-for-1 common stock split on October 1, 2014. These figures concerning per share prices in the above table reflect this stock split.
2. The Company undertook a 1.1-for-1 common stock split on October 1, 2014. These figures concerning per share prices in the above table reflect this stock split.

4. Method for estimating the number of stock options vested

Because it is difficult to reasonably estimate the number of options that will expire in the future, the number of stock options vested only reflects the number of options that have actually expired.

[Tax Effect Accounting]

1. The principal components of deferred tax assets and deferred tax liabilities are as follows.

(Millions of yen)

	Year ended March 31, 2018 (As of March 31, 2018)	Year ended March 31, 2019 (As of March 31, 2019)
Deferred tax assets:		
Net defined benefit liability	6,158	6,282
Provision for bonuses	1,421	1,449
Investment securities, etc.	1,333	1,333
Intangible assets	1,322	1,329
Accrued sales incentives	1,119	1,064
Unrealized gains (losses) on non-current assets	1,023	965
Net operating loss carry forwards	514	897
Impairment loss on non-current assets	585	547
Inventories	516	470
Provision for repairs	353	446
Accrued enterprise tax	396	443
Unrealized gains (losses) on inventories	232	220
Depreciation and amortization	219	197
Other	1,712	2,064
Gross deferred tax assets	16,909	17,714
Valuation allowance	(2,564)	(2,783)
Deferred tax assets, net	14,344	14,931
Deferred tax liabilities:		
Valuation difference on available-for-sale securities	30,130	27,175
Reserve for advanced depreciation of non-current assets	1,874	1,869
Short-fall of depreciation and amortization	1,012	1,670
Retained earnings of associates	1,029	1,045
Securities returned from employee retirement benefits trust	964	964
Other	763	805
Deferred tax liabilities, net	35,774	33,530
Net deferred tax liabilities	21,430	18,599

2. The reconciliation between the statutory effective tax rate and the actual effective tax rate when there is a major difference between the statutory effective tax rate and the actual effective tax rate after the application of tax effect accounting is as follows.

Year ended March 31, 2018 (As of March 31, 2018)

The reconciliation between the statutory effective tax rate and the actual effective tax rate after the application of tax effect accounting is not shown because the difference between the statutory and actual effective tax rates was less than five hundredths of the statutory rate.

Year ended March 31, 2019 (As of March 31, 2019)

Statutory effective tax rate	30.6%
(Adjustments)	
Non-taxable permanent differences such as dividend income	(0.6)%
Non-deductible permanent differences such as entertainment expenses	0.7%
Income tax deductions	(1.5)%
Equity in earnings of affiliates	(1.5)%
Stock acquisition cost	1.0%
Other	0.1%
Actual effective tax rate after adoption of tax effect accounting	28.8%

[Segment Information, etc.]

[Segment information]

1. Outline of reportable segment

The Nisshin Seifun Group's reportable segments and the other businesses are components of the Group, for which discrete financial information is available and the operating results are regularly reviewed by the Company's Board of Directors to make decisions about resources to be allocated to and assess the performance of the segments.

The Company, as the holding company of the Group, plans and determines group strategies for, allocates resources to and assesses the performance of each of its businesses, which are classified by type of products and services in Flour Milling, Processed Food and Others.

The Group designates the Flour Milling and Processed Food segments as its reportable segments. Major products of the reportable segments are as follows.

Flour Milling:	Wheat flour, bran
Processed Food:	Prepared mix, wheat flour for household-use, pasta, pasta sauce, frozen food, prepared food, cake and bread ingredients, biochemical products, life science business, healthcare foods

2. Calculation methods of net sales, profit (loss), assets and other items for each reportable segment

The accounting methods used for reportable segments are the same as those discussed under "Basis of Presentation of Consolidated Financial Statements." Segment income figures are the same as operating profit figures. Intersegment sales and transfers are based on market prices.

"Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) has been applied from the start of the year ended March 31, 2019. Segment assets for the previous consolidated fiscal year are presented following retroactive application of this accounting standard.

3. Information about net sales, profit (loss), assets and other items for each reportable segment

Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(Millions of yen)

	Reportable segment			Others (Note 1)	Total	Adjustment (Note 2)	Carried on consolidated financial statements (Note 3)
	Flour Milling	Processed Food	Total				
Net sales							
Sales to external customers	234,799	254,000	488,799	51,295	540,094	–	540,094
Intersegment sales and transfers	15,958	406	16,365	2,675	19,040	(19,040)	–
Total	250,758	254,406	505,164	53,970	559,135	(19,040)	540,094
Segment profit	9,957	13,473	23,430	3,613	27,044	155	27,200
Segment assets	209,926	176,806	386,732	74,108	460,841	130,671	591,512
Other items							
Depreciation and amortization	8,607	5,579	14,186	1,577	15,764	(255)	15,509
Investment for affiliates accounted for by the equity method	2,965	6,760	9,725	16,258	25,983	–	25,983
Increase in property, plant and equipment and intangible assets	11,660	8,783	20,443	1,157	21,601	(116)	21,484

Notes:

1. Business segment of "Others" is excluded from reportable segment, which includes pet food, engineering, mesh cloths, handling and storage businesses.
2. Segment profit adjustment refers to intersegment transaction eliminations.
   The adjustment in segment assets of ¥130,671 million includes intersegment asset eliminations (-¥53,451 million) and the Group's assets (¥184,123 million): mainly, the Company's surplus operating capital (cash and deposits and securities) and investment securities.
3. Segment profit has been adjusted for the operating profit appearing in the consolidated statements of income.

Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Millions of yen)

	Reportable segment			Others (Note 1)	Total	Adjustment (Note 2)	Carried on consolidated financial statements (Note 3)
	Flour Milling	Processed Food	Total				
Net sales							
Sales to external customers	245,943	258,783	504,726	60,616	565,343	–	565,343
Intersegment sales and transfers	16,431	412	16,844	2,951	19,796	(19,796)	–
Total	262,375	259,196	521,571	63,568	585,139	(19,796)	565,343
Segment profit	9,179	13,421	22,601	4,088	26,689	226	26,916
Segment assets	209,818	183,790	393,609	72,255	465,864	128,889	594,754
Other items							
Depreciation and amortization	8,164	5,484	13,649	1,545	15,194	(243)	14,951
Investment for affiliates accounted for by the equity method	3,073	7,185	10,259	16,343	26,602	–	26,602
Increase in property, plant and equipment and intangible assets	8,209	9,410	17,619	1,239	18,858	(139)	18,719

Notes:

1. Business segment of “Others” is excluded from reportable segment, which includes pet food, engineering, mesh cloths, handling and storage businesses.
2. Segment profit adjustment refers to intersegment transaction eliminations.
   The adjustment in segment assets of ¥128,889 million includes intersegment asset eliminations (-¥87,070 million) and the Group’s assets (¥215,960 million): mainly, the Company’s surplus operating capital (cash and deposits and securities) and investment securities.
3. Segment profit has been adjusted for the operating profit appearing in the consolidated statements of income.

[Related information]

Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

1. Information by geographic segment

(1) Net sales

(Millions of yen)

Japan	U.S.	Other regions	Total
443,804	63,546	32,743	540,094

Note:

Net sales are classified based on customer location.

(2) Property, plant and equipment

(Millions of yen)

Japan	U.S.	Other regions	Total
111,725	21,871	17,346	150,942

2. Information by major customer

(Millions of yen)

Name of customer	Net sales	Related segment name
Mitsubishi Corporation	61,944	Flour milling, Processed food, Others

Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

1. Information by geographic segment

(1) Net sales

(Millions of yen)

Japan	U.S.	Other regions	Total
461,604	67,189	36,549	565,343

Note:
Net sales are classified based on customer location.

(2) Property, plant and equipment

(Millions of yen)

Japan	U.S.	Other regions	Total
110,629	24,405	21,282	156,317

2. Information by major customer

(Millions of yen)

Name of customer	Net sales	Related segment name
Mitsubishi Corporation	63,426	Flour milling, Processed food, Others

[Impairment loss of non-current assets by reportable segment]

Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(Millions of yen)

	Processed Food
Impairment loss	129

Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Millions of yen)

	Processed Food
Impairment loss	72

[Amortization of goodwill and unamortized balance by reportable segment]

Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(Millions of yen)

	Flour Milling	Processed Food	Total
Amortization for the year under review	1,054	170	1,224
Balance at the end of the year under review	5,309	313	5,623

Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Millions of yen)

	Flour Milling	Processed Food	Total
Amortization for the year under review	1,126	197	1,324
Balance at the end of the year under review	4,580	435	5,016

[Business transactions with related parties]

Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

1. Business transactions with related parties

(1) Business transactions between the Company and related parties

Officers and major shareholders of the Company (only in the case of individuals), etc.

Category	Name of company, etc. or individual	Location	Paid-in capital or investment (millions of yen)	Businesses/position	Share of voting rights (shares owned) (%)	Relationship with related parties	Nature of transactions	Transaction value (millions of yen)	Item	Year-end balance (millions of yen)
Officers and their close relatives	Akio Mimura	—	—	Director of the Company	(shares owned) direct ownership 0.0	—	Exercise of subscription rights to shares (Note 1)	11	—	—
Officers and their close relatives	Masashi Nakagawa	—	—	Director of the Company	(shares owned) direct ownership 0.0	—	Exercise of subscription rights to shares (Note 1)	10	—	—

Note:

1. The figure posted represents rights exercised during the fiscal year under review for stock options granted based on resolutions of the General Meeting of Shareholders held on June 26, 2013 and June 26, 2014, respectively. For the “Transaction value” the figure posted represents the number of shares granted from the exercise of rights for stock options during the fiscal year under review times the exercise price.

2. Notes concerning the parent company and significant affiliates

There are no applicable matters to be reported.

Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

1. Business transactions with related parties

(1) Business transactions between the Company and related parties

Officers and major shareholders of the Company (only in the case of individuals), etc.

Category	Name of company, etc. or individual	Location	Paid-in capital or investment (millions of yen)	Businesses/position	Share of voting rights (shares owned) (%)	Relationship with related parties	Nature of transactions	Transaction value (millions of yen)	Item	Year-end balance (millions of yen)
Officers and their close relatives	Yuji Koike	—	—	Director of the Company(Note 2)	(shares owned) direct ownership 0.0	—	Exercise of subscription rights to shares (Note 1)	10	—	—
Officers and their close relatives	Akio Mimura	—	—	Director of the Company	(shares owned) direct ownership 0.0	—	Exercise of subscription rights to shares (Note 1)	10	—	—

Notes:

1. The figure posted represents rights exercised during the fiscal year under review for stock options granted based on resolutions of the General Meeting of Shareholders held on June 26, 2014 and June 25, 2015, respectively. For the “Transaction value” the figure posted represents the number of shares granted from the exercise of rights for stock options during the fiscal year under review times the exercise price.
2. Appointed as Director and Managing Executive Officer on June 26, 2019.

2. Notes concerning the parent company and significant affiliates

There are no applicable matters to be reported.

[Per Share Information]

(Yen)

	Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Net assets per share	1,344.68	1,359.49
Earnings per share	71.47	74.98
Fully diluted earnings per share	71.40	74.90

2. The basis of calculation for net assets per share

	Year ended March 31, 2018 (As of March 31, 2018)	Year ended March 31, 2019 (As of March 31, 2019)
Total net assets, as stated on the consolidated balance sheets (millions of yen)	413,794	418,848
Net assets associated with common stock (millions of yen)	399,278	403,937
Major components of the difference (millions of yen):		
Subscription rights to shares	189	167
Non-controlling interests	14,327	14,743
Number of shares of common stock issued and outstanding (shares)	304,357,891	304,357,891
Number of treasury shares of common stock (shares)	7,426,065	7,234,479
Number of shares of common stock used in the calculation of net assets per share (shares)	296,931,826	297,123,412

3. The basis of calculation for earnings per share and fully diluted earnings per share

	Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Profit attributable to owners of parent, as stated on the consolidated statements of income (millions of yen)	21,339	22,268
Amount not attributable to owners of common stock (millions of yen)	–	–
Profit attributable to owners of parent associated with common stock (millions of yen)	21,339	22,268
Average number of shares of common stock during the year (shares)	298,575,490	297,016,222
Adjustment to profit attributable to owners of parent (millions of yen)	–	–
Main components of increase in number of shares of common stock used in calculation of fully diluted earnings per share (shares):		
Subscription rights to shares	307,190	306,092
Details of shares not included in calculation of fully diluted earnings per share due to non-dilutive effect	–	–

Note:

When calculating net assets per share, Company shares held by The Master Trust Bank of Japan, Ltd. as trust assets for the stock-based remuneration plan are included in the treasury shares excluded from the number of shares of common stock issued and outstanding at the end of the fiscal year. As of March 31, 2018, 4,000 Company shares were held in the aforementioned trust. As of March 31, 2019, 21,900 Company shares were held in the aforementioned trust.

Furthermore, when calculating earnings per share and fully diluted earnings per share, Company shares held by The Master Trust Bank of Japan, Ltd. as trust assets for the stock-based remuneration plan are included in the treasury shares excluded when calculating the average number of shares of common stock during the fiscal year. For the fiscal year ended March 31, 2018, the average number of shares of common stock for Company shares held in the aforementioned trust was 22,246 shares. For the fiscal year ended March 31, 2019, that figure was 31,808 shares.

[Material Subsequent Events]

1. Acquisition-based merger

At a meeting of the Board of Directors held February 27, 2019, the Company and subsidiary Nisshin Flour Milling Inc. (Nisshin Flour Milling) resolved to purchase PFG Topco 1 Pty Limited (PFG), the parent company of Australian flour milling company Allied Pinnacle Pty Limited (Allied Pinnacle). For this acquisition, the Company and its subsidiary concluded a share purchasing agreement to acquire 100% of PFG shares from Pacific Equity Partners, an Australian private equity fund. The acquisition took place on April 1, 2019.

(1) Outline of the merger

a. Name and business lines of acquired company

Name: PFG Topco 1 Pty Limited (holding company owning all shares of Allied Pinnacle)

Business lines: Production and sales of wheat flour, prepared mix, and bakery good-related ingredients

b. Rationale for the merger

In May 2018, the Nisshin Seifun Group formulated a long-term vision entitled "NNI 'Compass for the Future'." As part of this vision, the Group is working to further raise its profile as "a globally operating company that assists 'healthy lifestyles' and plays a critical role in building 'the food infrastructure' of the future." To this end, the Group has positioned the overseas flour milling business as one of its operations for driving growth.

In recent years, Nisshin Flour Milling has moved aggressively to expand its overseas business, purchasing U.S.-based Miller Milling Company, LLC in 2012, establishing Champion Flour Milling Ltd. in New Zealand in 2013 following the purchase of a flour milling operation there, and conducting the purchase of production assets of Thailand-based Pacific Flour Milling Co., Ltd. in 2018, among other actions. The Group's latest acquisition will further accelerate measures of this kind to expand its overseas business.

Australia's market for wheat flour used in breads, cakes, noodles and other products is supported by the high population growth rate in the developed world (approximately 1.6% annually), coupled with a strong economy boasting 26 years of continued positive growth, and rising demand for high-value-added products (organic products, etc.) in step with growing health consciousness among consumers. For these reasons, sustained market growth is anticipated going forward.

Allied Pinnacle is a leading company with a top share of Australia's wheat flour market (excluding flour used in starch production and other industrial applications), and also controls a significant share of the market for prepared mix and bakery good-related ingredients. Allied Pinnacle has business dealings with a number of major names in bread, confection and bakery good production, and has built a solid position in the wheat flour-related market.

Following the purchase, the combination of expertise possessed by both Allied Pinnacle and the Nisshin Seifun Group will enhance competitiveness as we seek to drive further business expansion forward. Similarly, we hope to create synergies between Allied Pinnacle and New Zealand-based Champion Flour Milling Ltd. that promote sales expansion and improved operational efficiency, taking advantage of the sales and distribution networks of both companies.

Additionally, the opportunity to develop business in Australia, a major wheat producer, as well as gather wheat-related information and create relationships with wheat producers and grain companies, is also extremely meaningful from the perspective of strengthening the Group's raw material procurement capabilities.

Furthermore, the overlapping of Allied Pinnacle's sales network with the Group's own sales channels will also enable the capture of demand not only in Oceania but in the Asia market, where the shift to a more western diet is occurring rapidly and demand for wheat flour is robust. For its part, the Group is reinforcing its foundations as a company responsible for "food infrastructure" in the promising Oceania and Asia markets, aiming to achieve both the maximization of corporate value and sustainable, cyclical growth.

c. Date of merger

April 1, 2019

d. Legal form of merger

Share acquisition at cash value

e. Post-merger name

PFG Topco 1 Pty Limited

f. Percentage of voting rights acquired

100%

g. Principal evidence supporting acquisition decision

Following share acquisition at cash value, the Company and Nisshin Flour Milling acquired 100% of voting rights.

(2) Breakdown of acquisition cost and type of compensation

Compensation for acquisition	Cash and deposits	AUD 589 million
Acquisition cost		AUD 589 million

(3) Name and amount of principal acquisition-related expenses

Advisory costs, etc. ¥1,100 million (estimate)

(4) Method for procuring funds for payment

Acquisition funds supplied entirely from funds on hand.

(5) Amount of subsequent goodwill, reasons for occurrence, depreciation method and depreciation period

To be decided.

(6) Amount and principal breakdown of assets and liabilities assumed on date of merger

To be decided.

(7) Other

To repay PFG's external borrowings, the Company on April 1, 2019 borrowed AUD450 million from Mizuho Bank, Ltd., and loaned the entire amount to PFG on the same date.

2. Issue of Corporate Bonds

At a meeting of the Board of Directors held June 20, 2019, the Company passed a comprehensive resolution detailed below regarding the issue of unsecured corporate bonds in Japan.

(1)	Total amount of issue:	Capped at ¥30 billion. However, multiple subscriptions and issues falling within the range of this cap may be conducted.
(2)	Issue period:	July 1, 2019 to June 30, 2020
(3)	Amount to be paid:	¥100 for every subscribed bond of ¥100
(4)	Interest rate:	Under +2% of the yield of Japanese government bonds in circulation with the same remaining years as the redemption period
(5)	Redemption period:	Within 20 years
(6)	Redemption method:	Lump-sum redemption upon maturity However, stipulations for purchase and retirement may be attached within the range of the above redemption period.
(7)	Application of funds:	Repayment of loans, redemption of commercial paper, capital expenditures, investment and financing, operating capital, purchase of treasury shares
(8)	Others:	Decisions regarding matters pertaining to each item of Article 676 of the Companies Act and all other necessary matters related to the issue of subscribed bonds are, within the ranges defined above, entrusted at the time of issue to the president. The details regarding such decisions shall be reported at the first meeting of the Board of Directors following the decision.

(5) Supplementary Consolidated Data

[Debentures]

There are no applicable matters to be reported.

[Borrowings]

Category	Balance at the beginning of the year [April 1, 2018] (millions of yen)	Balance at the end of the year [March 31, 2019] (millions of yen)	Average interest rate (%)	Repayment dates
Short-term loans payable	6,714	8,557	2.0783	–
Current portion of long-term loans payable	1,178	977	2.0004	–
Current portion of lease obligation	368	342	–	–
Long-term loans payable (excluding current portion)	7,194	6,771	2.5449	2020 – 2028
Lease obligation (excluding current portion)	665	760	–	2020 – 2031
Other interest-bearing liabilities	–	–	–	–
Total	16,120	17,410	–	–

Notes:

1. Components of long-term loans payable (excluding current portion) and lease obligation (excluding current portion) with repayments scheduled within five years after March 31, 2019 are detailed in the table below.

(Millions of yen)

	Within 1–2 years	Within 2–3 years	Within 3–4 years	Within 4–5 years
Long-term loans payable	1,325	1,174	1,180	1,186
Lease obligation	275	224	174	71

2. Average interest rates are computed as the weighted average interest rate on debt outstanding at the fiscal year-end. Average interest rates on lease obligations are not provided because the lease obligations stated on the consolidated balance sheet represent the amounts that do not deduct interest equivalents from total lease payments.
3. The Group (Nisshin Seifun Group Inc. and its consolidated subsidiaries) has entered into commitment line agreement with its principal financial institutions in order to ensure efficient procurement of working capital.

The total amount of commitment line agreements	¥28,367 million	
Balance outstanding as of March 31, 2019	¥4,499 million	
Credit facility fees for year ended March 31, 2019	¥22 million	(Amount included in "Other" category within non-operating expenses)

[Asset Retirement Obligations]

The balance of asset retirement obligations at the beginning and at the end of the fiscal year ended March 31, 2019 was less than 1/100th of the balance of liabilities and net assets at the beginning and at the end of the fiscal year ended March 31, 2019. Consequently, pursuant to Article 92-2 of the Regulations for Consolidated Financial Statements, this information has been omitted.

2. Others

Quarterly financial information for the year ended March 31, 2019

(Millions of yen)

(Cumulative period)	First Quarter	Second Quarter	Third Quarter	Year ended March 31, 2019
Net sales	141,271	284,289	429,472	565,343
Profit before income taxes	9,052	16,706	27,006	33,113
Profit attributable to owners of parent	6,083	11,108	18,117	22,268
Earnings per share (yen)	20.49	37.41	61.00	74.98

(Fiscal period)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Earnings per share (yen)	20.49	16.92	23.59	13.97

(2) Non-consolidated Financial Statements, etc.

1. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

(Millions of yen)

	Year ended March 31, 2018 (As of March 31, 2018)		Year ended March 31, 2019 (As of March 31, 2019)	
Assets				
Current assets				
Cash and deposits		38,557		82,583
Accounts receivable – trade	Note 1	245	Note 1	252
Prepaid expenses		191		215
Income taxes receivable		3,798		2,757
Other	Note 1	500	Note 1	910
Total current assets		43,294		86,720
Non-current assets				
Property, plant and equipment				
Buildings, net		6,140		5,964
Structures, net		463		445
Machinery and equipment, net		598		598
Vehicles, net		16		11
Tools, furniture and fixtures, net		425		434
Land		16,213		16,188
Lease assets, net		377		506
Construction in progress		35		60
Total property, plant and equipment		24,269		24,209
Intangible assets				
Leasehold right		93		80
Software		133		219
Lease assets		68		36
Other		58		59
Total intangible assets		354		395
Investments and other assets				
Investment securities		94,267		85,905
Shares of subsidiaries and associates		131,807		132,800
Investments in capital		326		326
Investments in capital of subsidiaries and associates		666		1,093
Long-term loans receivable from subsidiaries and associates		40,775		39,756
Other		416		449
Allowance for doubtful accounts		(25)		(25)
Total investments and other assets		268,235		260,308
Total non-current assets		292,859		284,912
Total assets		336,153		371,633

(Millions of yen)

	Year ended March 31, 2018 (As of March 31, 2018)		Year ended March 31, 2019 (As of March 31, 2019)	
Liabilities				
Current liabilities				
Lease obligations		192		153
Accounts payable – other		355	Note 1	351
Accrued expenses	Note 1	1,852	Note 1	1,942
Deposits received	Note 1	7,217	Note 1	44,558
Provision for directors' bonuses		75		78
Other		125		166
Total current liabilities		9,818		47,250
Non-current liabilities				
Lease obligations		139		335
Deferred tax liabilities		22,819		20,453
Provision for retirement benefits		3,400		3,288
Other		355		285
Total non-current liabilities		26,715		24,362
Total liabilities		36,533		71,613
Net assets				
Shareholders' equity				
Capital stock		17,117		17,117
Capital surplus				
Legal capital surplus		9,500		9,500
Other capital surplus		264		226
Total capital surpluses		9,764		9,726
Retained earnings				
Legal retained earnings		4,379		4,379
Other retained earnings				
Reserve for dividends		2,000		2,000
Reserve for advanced depreciation of non-current assets		2,562		2,632
General reserve		170,770		170,770
Retained earnings brought forward		53,257		58,965
Total retained earnings		232,970		238,747
Treasury shares		(11,688)		(11,395)
Total shareholders' equity		248,164		254,196
Valuation and translation adjustment				
Valuation difference on available-for-sale securities		51,363		45,741
Deferred gains or losses on hedges		(96)		(86)
Total valuation and translation adjustment		51,266		45,655
Subscription rights to shares		189		167
Total net assets		299,620		300,019
Total liabilities and net assets		336,153		371,633

(2) Non-consolidated Statements of Income

(Millions of yen)

	Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)		Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	
Operating revenue	Note 1	30,056	Note 1	25,077
Operating expenses	Notes 1, 2	13,305	Notes 1, 2	13,599
Operating profit		16,751		11,478
Non-operating income				
Interest income	Note 1	402	Note 1	410
Dividend income		1,773		1,994
Other	Note 1	32	Note 1	37
Total non-operating income		2,208		2,442
Non-operating expenses				
Interest expenses	Note 1	17	Note 1	20
Commitment fee		8		24
Other		21		2
Total non-operating expenses		48		46
Ordinary profit		18,911		13,874
Extraordinary income				
Gain on sales of non-current assets		839		201
Gain on sales of investment securities		357		1,281
Total extraordinary income		1,196		1,483
Extraordinary losses				
Loss on retirement of non-current assets		111		31
Total extraordinary losses		111		31
Profit before income taxes		19,996		15,326
Income taxes – current		156		259
Income taxes – deferred		283		79
Total income taxes		439		339
Profit		19,556		14,987

(3) Non-consolidated Statements of Changes in Net Assets

Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(Millions of yen)

	Shareholders' equity							
		Capital surplus			Retained earnings			
						Other retained earnings		
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surpluses	Legal retained earnings	Reserve for dividends	Reserve for advanced depreciation of non-current assets	General reserve
Balance at the beginning of current period	17,117	9,500	268	9,768	4,379	2,000	2,160	170,770
Cumulative effect of changes in accounting policies								
Balance at the beginning of the current period reflecting accounting changes	17,117	9,500	268	9,768	4,379	2,000	2,160	170,770
Changes of items during the period								
Provision of reserve for advanced depreciation of non-current assets							436	
Reversal of reserve for advanced depreciation of non-current assets							(34)	
Dividends from surplus								
Profit								
Purchase of treasury shares								
Disposal of treasury shares			(3)	(3)				
Net changes of items other than shareholders' equity								
Total changes of items during the period	–	–	(3)	(3)	–	–	401	–
Balance at the end of current period	17,117	9,500	264	9,764	4,379	2,000	2,562	170,770

	Shareholders' equity				Valuation and translation adjustment			Subscription rights to shares	Total net assets
	Retained earnings								
	Other retained earnings								
	Retained earnings brought forward	Total retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustment		
Balance at the beginning of current period	42,164	221,475	(2,018)	246,342	48,943	–	48,943	175	295,461
Cumulative effect of changes in accounting policies	27	27		27					27
Balance at the beginning of the current period reflecting accounting changes	42,191	221,502	(2,018)	246,369	48,943	–	48,943	175	295,488
Changes of items during the period									
Provision of reserve for advanced depreciation of non-current assets	(436)	–		–					–
Reversal of reserve for advanced depreciation of non-current assets	34	–		–					–
Dividends from surplus	(8,088)	(8,088)		(8,088)					(8,088)
Profit	19,556	19,556		19,556					19,556
Purchase of treasury shares			(10,164)	(10,164)					(10,164)
Disposal of treasury shares			495	491					491
Net changes of items other than shareholders' equity					2,419	(96)	2,323	13	2,336
Total changes of items during the period	11,065	11,467	(9,669)	1,794	2,419	(96)	2,323	13	4,131
Balance at the end of current period	53,257	232,970	(11,688)	248,164	51,363	(96)	51,266	189	299,620

Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' equity							
		Capital surplus			Retained earnings			
						Other retained earnings		
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surpluses	Legal retained earnings	Reserve for dividends	Reserve for advanced depreciation of non-current assets	General reserve
Balance at the beginning of current period	17,117	9,500	264	9,764	4,379	2,000	2,562	170,770
Changes of items during the period								
Provision of reserve for advanced depreciation of non-current assets							110	
Reversal of reserve for advanced depreciation of non-current assets							(40)	
Dividends from surplus								
Profit								
Purchase of treasury shares								
Disposal of treasury shares			(37)	(37)				
Net changes of items other than shareholders' equity								
Total changes of items during the period	–	–	(37)	(37)	–	–	69	–
Balance at the end of current period	17,117	9,500	226	9,726	4,379	2,000	2,632	170,770

	Shareholders' equity				Valuation and translation adjustment			Subscription rights to shares	Total net assets
	Retained earnings								
	Other retained earnings								
	Retained earnings brought forward	Total retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustment		
Balance at the beginning of current period	53,257	232,970	(11,688)	248,164	51,363	(96)	51,266	189	299,620
Changes of items during the period									
Provision of reserve for advanced depreciation of non-current assets	(110)	–		–					–
Reversal of reserve for advanced depreciation of non-current assets	40	–		–					–
Dividends from surplus	(9,209)	(9,209)		(9,209)					(9,209)
Profit	14,987	14,987		14,987					14,987
Purchase of treasury shares			(190)	(190)					(190)
Disposal of treasury shares			483	445					445
Net changes of items other than shareholders' equity					(5,621)	10	(5,611)	(21)	(5,632)
Total changes of items during the period	5,707	5,777	292	6,032	(5,621)	10	(5,611)	(21)	399
Balance at the end of current period	58,965	238,747	(11,395)	254,196	45,741	(86)	45,655	167	300,019

[Notes to the Non-consolidated Financial Statements]

[Significant Accounting Policies]

1. Valuation standards and methodology for securities
   (1) Held-to-maturity debt securities are stated at amortized cost.
   (2) Equity in subsidiaries and affiliates is stated at cost, with cost being determined by the moving average method.
   (3) Other securities:
   Securities with a readily determinable market value are stated at fair market value based on the quoted market price at the fiscal year-end (with any unrealized gains or losses being reported directly as a component of shareholders' equity and the cost of any securities sold being computed by the moving average method).
   Securities with no readily determinable market value are stated at cost, with cost being determined by the moving average method.

2. Valuation standards and methodology for derivatives
   Derivative financial instruments are stated at fair market value.

3. Depreciation and amortization methods for non-current assets
   (1) Depreciation on property, plant and equipment (excluding lease assets) is computed principally by the declining balance method. However, for buildings acquired on or after April 1, 1998 (excluding building fixtures) and building fixtures and structures acquired on or after April 1, 2016, they apply the straight-line method.
   (2) Amortization on intangible assets (excluding lease assets) is computed by the straight-line method.
   Software used in-house is depreciated over its estimated useful life (within five years) based on the straight-line method.
   (3) Lease assets
   Lease assets related to finance lease transactions that do not transfer ownership are depreciated using the straight-line method with estimated useful lives equal to lease terms, and zero residual values.

4. Basis of material allowances
   (1) Allowance for doubtful accounts
   The Company provides for possible credit losses stemming from monetary claims and other receivables. Estimates of irrecoverable amounts are determined by considering historical loan-loss ratios for general receivables and on a consideration of recoverable amounts on a case-by-case basis in instances of suspected bad debt or other dubious accounts.
   (2) Provision for directors' bonuses
   Provision is made for directors' bonuses based on the estimated amounts of payment at the end of the fiscal year.
   (3) Provision for retirement benefits
   The Company provides for employees and already retired pension recipients based on the estimated amounts of projected benefit obligation and the market value of the pension plan assets at the fiscal year-end.
   a. Imputation method for retirement benefit estimates
   In calculating retirement benefit liability, the method for imputing the applicable period until the end of the fiscal year under review for the estimated retirement benefit is determined by the benefit calculation standard.
   b. Treatment method for actuarial differences and expenses related to prior service cost
   Prior service cost is amortized on a straight-line basis over a period equaling the average remaining service period of employees (15 years) expected to receive pension benefits as of the fiscal year-end.
   Actuarial differences are amortized on a straight-line basis from the following fiscal year over a period equaling the average remaining service period of employees (15 years) expected to receive pension benefits as of the fiscal year-end.
   In the event that the amount of pension assets as of March 31, 2018 exceeds retirement benefit liabilities after deduction of actuarial differences, this amount will be included in "Other" under "Investments and other assets" as a prepaid pension cost.

5. Hedging transactions

(1) Hedging transactions are accounted for on a deferred basis. However, the contracted exchange rates are applied in the case of any monetary claims, obligations or similar items denominated in foreign currencies with assigned foreign currency forwards or other hedging instruments.

(2) Hedging methods: Derivative transactions (including forward exchange contracts and currency purchase put/call options)

Hedged items: Any monetary receivables and payables and planned trading transactions that are denominated in foreign currencies.

(3) The Company employs derivative financial instruments only for the aforementioned transactions purely to manage fluctuations in foreign currency exchange rates.

(4) Hedging evaluation

Since hedging methods and the target of each hedging transaction share the same conditions that apply at the start of hedging activities and throughout subsequent periods, the Company's hedging approach enables exchange rate fluctuations to be offset completely. Hence, the Company considers its hedging method to be highly effective.

6. Accounting treatment of retirement benefits

The accounting method for unrecognized actuarial losses related to retirement benefits and unsettled unrecognized prior service cost differs from the accounting method applied to these items in the consolidated financial statements.

7. Accounting treatment of consumption tax

All accounting transactions are booked exclusive of any national or local consumption taxes.

[Changes in Accounting Policies]

(Changes accompanying application of "Implementation Guidance on Tax Effect Accounting")

The Company applied "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018, Accounting Standards Board of Japan) from the beginning of the fiscal year under review, and subsequently reviewed the treatment of any taxable temporary difference pertaining to subsidiaries' shares.

Changes in accounting policy accompanying amendment of this implementation guidance have been applied retroactively; cumulative effects of changes in accounting policy are reflected in net assets as of the beginning of the previous fiscal year.

These changes had a negligible effect on the Company's financial statements.

[Changes in Disclosure]

1. Changes accompanying application of "Partial Amendments to Accounting Standard for Tax Effect Accounting"

"Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) has been applied from the start of the fiscal year ended March 31, 2019. As a result, the Company has adopted a methodology whereby deferred tax assets are disclosed under "Investments and other assets," and deferred tax liabilities are disclosed under "Non-current liabilities."

2. Non-consolidated Statements of Income

"Commission for purchase of treasury shares" posted as a separate line item under "Non-operating expenses" in the previous fiscal year, has been included in "Other" under "Non-operating expenses" from the fiscal year under review due to a lack of material importance.

[Additional Information]

1. Acquisition-based merger

At a meeting of the Board of Directors held March 26, 2019, the Company resolved and concluded a share transfer agreement to acquire from other external shareholders 51% of the existing shares of common stock of the Company's affiliate Tokatsu Foods Co., Ltd., a comprehensive supplier of prepared dishes.

Other information concerning this acquisition is posted in "Notes to the Consolidated Financial Statements [Additional Information]," and is thus omitted here.

2. Stock-based remuneration plan

The same information can be found under "Notes to the Consolidated Financial Statements [Additional Information]," and is thus omitted here.

[Non-consolidated Balance Sheets]

1. Monetary claims and obligations to affiliates

	Year ended March 31, 2018 (As of March 31, 2018)	Year ended March 31, 2019 (As of March 31, 2019)
Short-term claims	¥521 million	¥590 million
Short-term obligations	¥6,866 million	¥44,198 million

[Non-consolidated Statements of Income]

1. Transaction balance with affiliates

	Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Transaction balance from operating transactions		
Operating revenue	¥29,981 million	¥24,989 million
Operating expenses	¥789 million	¥793 million
Transaction balance from non-operating transactions	¥440 million	¥464 million

2. Major components of operating expenses are as follows.
All of the operating expenses are categorized as general and administrative expenses.

	Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Salaries	¥1,904 million	¥1,995 million
Bonuses and allowance	¥1,554 million	¥1,718 million
Retirement benefit expenses	¥117 million	¥139 million
Research study expenses	¥2,391 million	¥2,533 million
Advertising expenses	¥2,015 million	¥2,124 million
Depreciation and amortization	¥688 million	¥685 million
Other	¥4,632 million	¥4,401 million

[Securities]

Equity securities in subsidiaries and affiliates

Year ended March 31, 2018 (As of March 31, 2018)

(Millions of yen)

Type	Carrying value	Fair value	Unrealized gains (losses)
Equity securities in subsidiaries	–	–	–
Equity securities in affiliates	200	222	21
Total	200	222	21

Year ended March 31, 2019 (As of March 31, 2019)

(Millions of yen)

Type	Carrying value	Fair value	Unrealized gains (losses)
Equity securities in subsidiaries	–	–	–
Equity securities in affiliates	200	213	12
Total	200	213	12

Note: Carrying value of equity securities in subsidiaries and affiliates for which the fair value is not readily determinable

(Millions of yen)

Type	Year ended March 31, 2018 (As of March 31, 2018)	Year ended March 31, 2019 (As of March 31, 2019)
Equity securities in subsidiaries	121,878	122,871
Equity securities in affiliates	9,728	9,728

These equity securities are not included in “Equity securities in subsidiaries and affiliates” above because they do not have market price and considerable cost would be required to estimate their future cash flows; therefore, their fair value is regarded to be not readily determinable.

[Tax Effect Accounting]

1. The principal components of deferred tax assets and deferred tax liabilities are as follows.

(Millions of yen)

	Year ended March 31, 2018 (As of March 31, 2018)	Year ended March 31, 2019 (As of March 31, 2019)
Deferred tax assets:		
Provision for retirement benefits	1,040	989
Investment securities, etc.	509	510
Provision for bonuses	161	179
Other	372	349
Gross deferred tax assets	2,083	2,029
Valuation allowance	(601)	(600)
Deferred tax assets, net	1,482	1,428
Deferred tax liabilities:		
Valuation difference on available-for-sale securities	22,207	19,756
Reserve for advanced depreciation of non-current assets	1,129	1,160
Securities returned from employee retirement benefits trust	964	964
Deferred tax liabilities, net	24,302	21,881
Net deferred tax liabilities	22,819	20,453

2. The reconciliation between the statutory effective tax rate and the actual effective tax rate when there is a major difference between the statutory effective tax rate and the actual effective tax rate after the application of tax effect accounting is as follows.

	Year ended March 31, 2018 (As of March 31, 2018)	Year ended March 31, 2019 (As of March 31, 2019)
Statutory effective tax rate	30.8%	30.6%
(Adjustments)		
Dividend income and other items excluded from gross revenue	(29.4)%	(28.5)%
Entertainment expenses and other items not qualifying for deduction	1.0%	0.4%
Valuation allowance	(0.1)%	0.0%
Other	(0.1)%	(0.3)%
Actual effective tax rate after adoption of tax effect accounting	2.2%	2.2%

[Material Subsequent Events]

1. Acquisition-based merger

At a meeting of the Board of Directors held February 27, 2019, the Company and subsidiary Nisshin Flour Milling Inc. (Nisshin Flour Milling) resolved to purchase PFG Topco 1 Pty Limited (PFG), the parent company of Australian flour milling company Allied Pinnacle Pty Limited. For this acquisition, the Company and its subsidiary concluded a share purchasing agreement to acquire 100% of PFG shares from Pacific Equity Partners, an Australian private equity fund. The acquisition took place on April 1, 2019.

To ensure sufficient funds for the acquisition by Nisshin Flour Milling, the Company provided a loan of ¥36.0 billion to Nisshin Flour Milling on April 1, 2019.

Other information concerning this acquisition is posted in "Notes to the Consolidated Financial Statements [Material Subsequent Events]," and is thus omitted here.

2. Issue of Corporate Bonds

At a meeting of the Board of Directors held June 20, 2019, the Company passed a comprehensive resolution detailed below regarding the issue of unsecured corporate bonds in Japan.

(1)	Total amount of issue:	Capped at ¥30 billion. However, multiple subscriptions and issues falling within the range of this cap may be conducted.
(2)	Issue period:	July 1, 2019 to June 30, 2020
(3)	Amount to be paid:	¥100 for every subscribed bond of ¥100
(4)	Interest rate:	Under +2% of the yield of Japanese government bonds in circulation with the same remaining years as the redemption period
(5)	Redemption period:	Within 20 years
(6)	Redemption method:	Lump-sum redemption upon maturity However, stipulations for purchase and retirement may be attached within the range of the above redemption period.
(7)	Application of funds:	Repayment of loans, redemption of commercial paper, capital expenditures, investment and financing, operating capital, purchase of treasury shares
(8)	Others:	Decisions regarding matters pertaining to each item of Article 676 of the Companies Act and all other necessary matters related to the issue of subscribed bonds are, within the ranges defined above, entrusted at the time of issue to the president. The details regarding such decisions shall be reported at the first meeting of the Board of Directors following the decision.

(4) Supplementary Data

[Property, plant and equipment]

(Millions of yen)

Category	Asset type	Balance at the beginning of the year	Increase during the year	Decrease during the year	Depreciation and amortization during the year	Balance at the end of the year	Accumulated depreciation and amortization at the end of the year
Property, plant and equipment	Buildings	6,140	158	8	326	5,964	12,466
	Structures	463	29	0	47	445	1,259
	Machinery and equipment	598	177	29	147	598	1,494
	Vehicles	16	–	–	5	11	11
	Tools, furniture and fixtures	425	193	2	181	434	2,682
	Land	16,213	–	25	–	16,188	–
	Lease assets	377	350	0	220	506	886
	Construction in progress	35	640	615	–	60	–
	Total	24,269	1,550	681	929	24,209	18,800
Intangible assets	Leasehold rights	93	–	13	–	80	–
	Software	133	126	0	40	219	–
	Lease assets	68	9	–	41	36	–
	Other	58	0	–	0	59	–
	Total	354	136	14	82	395	–

Note:

Depreciation and amortization expenses of ¥325 million related to the Research Center for Basic Science Research and Development, QE Center and Research Center for Production and Technology are included in research study expenses.

[Other reserves]

(Millions of yen)

Category	Balance at the beginning of the year	Increase during the year	Decrease during the year	Balance at the end of the year
Allowance for doubtful accounts	25	–	–	25
Provision for directors' bonuses	75	78	75	78

2. [Major assets and liabilities]

Consolidated financial statements have been prepared, thus major assets and liabilities are omitted here.

3. Others

There are no applicable matters to be reported.

[6] Stock-related Administration

Fiscal year	From April 1 to March 31
Ordinary General Meeting of Shareholders	June
Record date (final dividend)	March 31
Record date (interim dividend)	September 30 March 31
Minimum trading unit (MTU)	100 shares
Purchase and sale of sub-MTU share holdings	
Handling office (main)	(Special account) Stock Transfer Agent Department, Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo JAPAN
Custodian of shareholder register	(Special account) Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo JAPAN
Handling locations	–
Share purchase/ sale commissions	Commission rates for purchase or sale of sub-MTU shares vary depending on the value per MTU (see below). For MTU values of ¥1,000,000 or less 1.150% For MTU values above ¥1,000,000 up to ¥5,000,000 0.900% For MTU values above ¥5,000,000 up to ¥10,000,000 0.700% For MTU values above ¥10,000,000 up to ¥30,000,000 0.575% For MTU values above ¥30,000,000 up to ¥50,000,000 0.375% (Commissions are rounded down to the nearest ¥1). The minimum value per MTU is set at ¥2,500.
Method of public notice	Public notice of the Company shall be given by electronic means; provided, however, that in the event accidents or other unavoidable reasons prevent public notice by electronic means, the notice can be given in the Nikkei newspaper. The electronic public notice is presented on the Company's Web site at https://www.nisshin.com.
Shareholder privileges	All shareholders of record as of March 31 with holdings of at least 500 shares are entitled to receive complimentary supplies of Nisshin Seifun Group products.

Note:
According to the Company's Articles of Incorporation, sub-MTU shareholders do not have any rights except for those listed in Article 189, Paragraph 2 of the Companies Act, the right of claim, the right to be allotted the shares and/or subscription rights to shares offered according to the number of shares held and the right to ask for sale of sub-MTU shares (top-up purchase) as stipulated in Article 166, Paragraph 1 of the Companies Act.

[7] Corporate Reference Data

(1) Information on the Parent Company of Nisshin Seifun Group Inc.

Nisshin Seifun Group Inc. has no parent company as stipulated in Article 24-7, Paragraph 1, of the Financial Instruments and Exchange Act.

(2) Other Reference Data

The following publications were issued by the Company (in Japanese) between the start of the fiscal year under review and the submittal of the Japanese version of this Securities Report.

(1)	Securities Report (including supplementary documentation) and Confirmation Letters	For the 174th fiscal term	Covering the period: April 1, 2017 to March 31, 2018	Submitted to Director, Kanto Local Finance Bureau: June 27, 2018
(2)	Internal Control Report (including supplementary documentation)			Submitted to Director, Kanto Local Finance Bureau: June 27, 2018
(3)	Quarterly Reports and Confirmation Letters	For the first quarter of the 175th fiscal term	Covering the period: April 1, 2018 to June 30, 2018	Submitted to Director, Kanto Local Finance Bureau: August 7, 2018
		For the second quarter of the 175th fiscal term	Covering the period: July 1, 2018 to September 30, 2018	Submitted to Director, Kanto Local Finance Bureau: November 7, 2018
		For the third quarter of the 175th fiscal term	Covering the period: October 1, 2018 to December 31, 2018	Submitted to Director, Kanto Local Finance Bureau: February 12, 2019
(4)	Shelf Registration Statement (share certificates, debenture bonds, etc.) and supplementary documentation			Submitted to Director, Kanto Local Finance Bureau: June 27, 2018 June 7, 2019
(5)	Amendments to Shelf Registration Statement			Submitted to Director, Kanto Local Finance Bureau: June 29, 2018 July 6, 2018 February 27, 2019
(6)	Extraordinary Report	According to the provision of Article 19, Paragraph 2, Item 9-2, "Outcome of the Exercise of Voting Rights at General Meetings of Shareholders" of the Cabinet Office Regulations, regarding the disclosure of corporate information		Submitted to Director, Kanto Local Finance Bureau: June 29, 2018
(7)	Amendment to Extraordinary Report	Report revising (6) above, the Extraordinary Report (Outcome of the Exercise of Voting Rights at General Meetings of Shareholders) submitted June 29, 2018.		Submitted to Director, Kanto Local Finance Bureau: July 6, 2018
(8)	Extraordinary Report	According to the provision of Article 19, Paragraph 2, Item 3, (change to a specified subsidiary company) and the provision of Article 19, Paragraph 2, Item 8-2, "(decisions to acquire subsidiaries)" of the Cabinet Office Regulations, regarding the disclosure of corporate information		Submitted to Director, Kanto Local Finance Bureau: February 27, 2019

Part B: Information on Corporate Guarantor for Nisshin Seifun Group Inc.

There are no applicable matters to be reported.