Summary of Financial Statements for the Year Ended March 31, 2019 [Japanese Standards]

May 14, 2019

Listed Company Name: Nisshin Seifun Group Inc. Registered on Tokyo Stock Exchange
Code: 2002 URL: https://www.nisshin.com
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Date to hold the Ordinary General Meeting of Shareholders to approve results: June 26, 2019
Date to start distributing dividends: June 27, 2019
Date to submit the Securities Report: June 26, 2019
Supplementary documents for this summary of financial statements: Yes
Results briefing for financial results: Yes (for analysts and institutional investors)

(Figures shown are rounded down to the nearest million yen.)

1. Consolidated Financial Results for the Year Ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(1) Consolidated Business Results

(The percentages indicate the rates of increase or decrease compared with the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2019	565,343	4.7	26,916	(1.0)	32,062	0.8	22,268	4.4
Fiscal 2018	540,094	1.5	27,200	6.6	31,800	4.8	21,339	9.6

(Note) Comprehensive income: Fiscal 2019: ¥17,043 million (down 32.2%)
Fiscal 2018: ¥25,148 million (down 11.6%)

	Earnings per share	Fully diluted earnings per share	Return on shareholders' equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal 2019	74.98	74.90	5.5	5.4	4.8
Fiscal 2018	71.47	71.40	5.4	5.5	5.0

(Reference) Equity in earnings of affiliates: Fiscal 2019: ¥1,647 million Fiscal 2018: ¥1,771 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2019	594,754	418,848	67.9	1,359.49
March 31, 2018	591,512	413,794	67.5	1,344.68

(Reference) Equity capital: Fiscal 2019: ¥403,937 million Fiscal 2018: ¥399,278 million
(Note) "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) has been applied from the start of fiscal 2019, the year ended March 31, 2019. Relevant figures for the previous consolidated fiscal year are presented following retroactive application of this accounting standard.

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal 2019	39,873	(19,184)	(10,567)	107,374
Fiscal 2018	42,869	(18,067)	(18,593)	98,461

2. Dividends

	Dividend per share					Total dividends paid (annual)	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1Q End	2Q End	3Q End	Year-End	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal 2018	—	14.00	—	15.00	29.00	8,617	40.6	2.2
Fiscal 2019	—	16.00	—	16.00	32.00	9,510	42.7	2.4
Fiscal 2020 (forecast)	—	17.00	—	17.00	34.00		43.4	

3. Forecast of Consolidated Business Results for the Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(The full-year percentages indicate the rates of increase or decrease compared with the previous fiscal year; the percentages for the first half are comparisons with the same period of the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	346,000	21.7	13,900	(3.5)	14,700	(12.6)	14,800	33.2	49.81
Full year	725,000	28.2	30,000	11.5	31,700	(1.1)	23,300	4.6	78.42

* Notes

(1) Changes in important subsidiaries during the fiscal year ended March 31, 2019 (changes in specified subsidiaries involving a change in the scope of consolidation): None

(2) Changes in accounting policies, changes in accounting estimates and revisions restated

1) Changes in accounting policies associated with the revisions of accounting standards, etc.: None

2) Changes in accounting policies other than the above: None

3) Changes in accounting estimates: None

4) Revisions restated: None

(3) Number of shares issued and outstanding (common stock)

1) Number of shares issued and outstanding (including treasury shares)	As of March 31, 2019	304,357,891	As of March 31, 2018	304,357,891
2) Number of treasury shares	As of March 31, 2019	7,234,479	As of March 31, 2018	7,426,065
3) Average number of shares outstanding	Fiscal 2019	297,016,222	Fiscal 2018	298,575,490

* Audits by certified public accountants or independent account auditors are not required for earnings reports.

* Statement regarding the proper use of financial forecasts and other special remarks

(1) The statements contained in this document are based on various assumptions and do not constitute any guarantee or definite promise that projections of future performance or related business policies will actually be realized. For details of assumptions for financial forecasts and other related matters, please refer to “1. Review of Business Performance (4) Outlook” on page 6 of the Attachment.

(2) Supplementary materials for this report and results briefing materials can be found on the Company’s website.

ATTACHMENT

Contents

I. Review of Business Performance

(1) Business Performance

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 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, and included a contribution from the sale of investment securities.

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

(Year-on-year Comparison)

(Millions of yen)

	Fiscal 2018	Fiscal 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%

[Business Overview by Segment]

1) Flour Milling Segment

(Millions of yen)

	Fiscal 2018	Fiscal 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)

	Fiscal 2018	Fiscal 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 behavior among consumers, for household-use products, in addition to progress in developing and launching high-value-added products with "simple," "authentic" and "healthy" as keywords, we enacted initiatives designed to stimulate consumption. Among other measures, these sales promotion measures included tie-ins to digital marketing. In commercial-use products, we launched new products tailored to customer needs and carried out proposal activities geared toward garnering new customers. Also, in response to revised prices for commercial wheat flour due to the government's decision to revise the prices of imported wheat, the 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)

	Fiscal 2018	Fiscal 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) Financial Position

(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 fiscal 2019, 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) Cash Flows

1) Overview of the Fiscal Year Ended March 31, 2019

The status of consolidated cash flows for the fiscal year ended March 31, 2019, was as follows.

(Millions of yen)

	Fiscal 2018	Fiscal 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) Cash-flow Indicators

The main cash flow indicators for the Nisshin Seifun Group are as follows:

	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
Equity ratio (%)	68.1	70.9	67.5	67.9
Market value–based equity ratio (%)	98.5	90.3	105.9	126.9
Ratio of interest-bearing debt to operating cash flow (years)	0.5	0.4	0.4	0.4
Interest coverage ratio (times)	185.9	218.8	197.2	154.9

Notes:

Equity ratio = Equity capital / Total assets

Market value-based equity ratio = Market capitalization / Total assets

Ratio of interest-bearing debt to operating cash flow = Interest-bearing debt / Operating cash flow

Interest coverage ratio = Operating cash flow / Interest expense

1. All of the above cash-flow indicators are calculated on a consolidated basis.
2. Market capitalization is calculated by multiplying the closing share price on the final trading day of the fiscal year by the total number of outstanding shares (excluding treasury shares) as of the corresponding fiscal year-end.
3. Operating cash flow equals net cash provided by operating activities as stated in the consolidated statements of cash flows. Interest-bearing debt refers to bonds and debt as stated in the consolidated balance sheets. Interest expense is equal to interest payments as stated in the consolidated statements of cash flows.
4. “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) has been applied from the start of fiscal 2019, the year ended March 31, 2019. Consequently, the equity ratio and the market value-based equity ratio for the previous consolidated fiscal years are presented following retroactive application of this accounting standard.

(4) Outlook

1) Outlook for the Fiscal Year Ending March 31, 2020

With the “NNI-120 II” medium-term management plan, set to conclude in the fiscal year ending March 31, 2021, as a milestone, the entire Group is working together to achieve the objectives outlined in the Group’s long-term vision, “NNI ‘Compass for the Future’.”

Regarding forecasts for the fiscal year ending March 31, 2020, forecasts include anticipated business results from Allied Pinnacle Pty Ltd., a company we purchased in April 2019, and from the scheduled conversion of Tokatsu Foods Co., Ltd. into a consolidated subsidiary in July 2019. We are projecting a total of ¥67.0 billion in goodwill from the acquisition of both companies, with related depreciation expense (anticipated depreciation period: 10 years) similarly accounted for in our estimates. Calculations have also incorporated strategic costs for the future, including PMI expenses, advertising and other promotion expenses, R&D expenses and personnel costs for both companies. Consequently, consolidated net sales for the fiscal year ending March 31, 2020 are forecast to rise 28.2% year on year to ¥725,000 million, operating profit is projected to climb 11.5% to ¥30,000 million, and ordinary profit is expected to decrease 1.1% to ¥31,700 million, while profit attributable to owners of parent is expected to increase 4.6% to ¥23,300 million.

Regarding goodwill accompanying purchase of Allied Pinnacle Pty Ltd. and conversion of Tokatsu Foods Co., Ltd. into a consolidated subsidiary, the amount of goodwill currently projected may change pending the result of asset evaluations. Any subsequent revision to forecasts will be properly disclosed as warranted.

2) Cash Flow Outlook for the Next Fiscal Year

Regarding cash flow in the fiscal year ending March 31, 2020, standby funding earmarked for strategic investments and an increase in capital from profit attributable to owners of parent of ¥23,300 million will be used primarily for strategic investments, such as the purchase of Allied Pinnacle Pty Ltd., and the return of profits to shareholders through the payment of dividends (representing a real increase for a seventh consecutive term). Consequently, cash and cash equivalents as of March 31, 2020 are expected to be lower compared to levels as of the end of the fiscal year ended March 31, 2019.

(5) Basic Policy on Profit Distribution and Dividends for Fiscal 2019 and Fiscal 2020

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

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

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.” We will focus on enhancing the stable distribution of profits from a long-term perspective to shareholders who share with us “the values created down through the generations since the establishment of the Company,” based on the policy concerning the long-term vision. 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.

For the fiscal year ending March 31, 2020, the Company, in line with the aforementioned policy of profit distribution, plans to increase the dividend per share by ¥2 from the fiscal year ended March 31, 2019 to pay an annual dividend of ¥34 per share. This will culminate in a projected actual dividend increase for a seventh consecutive term.

Furthermore, the Company has established a system of providing special privileges to shareholders who own 500 shares or more of the Company’s stock as at March 31.

II. Basic Policy Regarding Selection of Accounting Standards

Regarding the voluntary adoption of international financial reporting standards (IFRS), in light of a variety of available information, the Nisshin Seifun Group’s policy at this time is to continue to investigate eventual adoption, with close consideration of the potential impact of the global comparability and application of financial data.

III. Consolidated Financial Statements and Related Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	Fiscal 2018 (As of March 31, 2018)	Fiscal 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	71,882	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	55,979	58,308
Machinery, equipment and vehicles, net	38,700	41,393
Land	42,208	42,611
Construction in progress	10,337	10,030
Other, net	3,716	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	158,211	149,659
Net defined benefit asset	238	277
Deferred tax assets	5,754	6,064
Other	3,329	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)

	Fiscal 2018 (As of March 31, 2018)	Fiscal 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)

	Fiscal 2018 (April 1, 2017 to March 31, 2018)	Fiscal 2019 (April 1, 2018 to March 31, 2019)
Net sales	540,094	565,343
Cost of sales	378,742	401,584
Gross profit	161,352	163,759
Selling, general and administrative expenses	134,152	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	1,007	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	605	457
Impairment loss	129	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)

	Fiscal 2018 (April 1, 2017 to March 31, 2018)	Fiscal 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	2,478	(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

Fiscal 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

Fiscal 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)

	Fiscal 2018 (April 1, 2017 to March 31, 2018)	Fiscal 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 dividends 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	98,461	107,374

(5) Notes to the Consolidated Financial Statements

[Going Concern Considerations]

There are no applicable matters to be reported.

[Changes in Matters Fundamental to Preparation of the Consolidated Financial Statements]

[Changes in 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.

[Changes in matters regarding the fiscal term 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 fiscal 2019, the year ended March 31, 2019, the Company will adopt 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.

[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 fiscal 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."

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.

[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 largely the same as those adopted for use in the preparation of the consolidated financial statements. Segment profit figures are the same as operating profit figures. Intersegment sales and transfers are based on market prices.

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 (Note 4)	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.
4. “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) has been applied from the start of fiscal 2019, the year ended March 31, 2019. Segment assets for the previous consolidated fiscal year are presented following retroactive application of this accounting standard.

[Per Share Information]

(Yen)

	Fiscal 2018 (April 1, 2017 to March 31, 2018)	Fiscal 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

Notes

1. The basis of calculation for net assets per share

	Fiscal 2018 (As of March 31, 2018)	Fiscal 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

2. The basis of calculation for earnings per share and fully diluted earnings per share

	Fiscal 2018 (April 1, 2017 to March 31, 2018)	Fiscal 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 fiscal 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]

[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
   (1) 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

   (2) 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.

   (3) Date of merger

   April 1, 2019

   (4) Legal form of merger

   Share acquisition at cash value

   (5) Post-merger name

   PFG Topco 1 Pty Limited

   (6) Percentage of voting rights acquired

   100%

   (7) 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 574 million
Acquisition cost		AUD 574 million

Note: The amount of compensation for the share acquisition represents a rough estimate at the initial point of acquisition. The Company is set to determine this amount following an adjustment based on net interest-bearing debt and other items present upon conclusion of the acquisition.

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.

[Additional Information]

[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

   (1) 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)

   (2) 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.

   (3) Date of merger (scheduled)

   July 4, 2019

   (4) Legal form of merger

Share acquisition at cash value

(5) Post-merger name

Tokatsu Foods Co., Ltd.

(6) 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%)

(7) 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.