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To Shareholders

# Business Report 2019

(April 1, 2018 to March 31, 2019)



## HAPPY MENU TO YOU!

Code: 2002



**Nobuki Kemmoku**  
Representative Director and President



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

Last year, the Nisshin Seifun Group formulated “NNI ‘Compass for the Future’—Toward a New Stage— Maximizing Group-wide Capabilities and Effecting Business Model Change,” and is moving quickly with steps in line with our grand design to become “a globally-operating company that assists ‘healthy lifestyles’ and plays a critical role in building ‘the food infrastructure’ of the future.” We are making clear strides in the push to enhance competitiveness, as seen with our purchase of a major flour milling company in Australia, our differentiation strategy in processed foods, and expansion of the Group’s prepared dishes and other prepared foods business. Furthermore, in a bid to realize a more robust corporate governance structure, we adopted a new management structure (Company structure with an Audit & Supervisory Committee) following a resolution at this year’s General Meeting of Shareholders. We continue to promote what we call “New Nisshin Innovation” (NNI) activities as we strive to maximize corporate value.

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

June 2019

**Q What was the backdrop to the transition this year to a new management structure?**

The Group views a more robust corporate governance structure as a key part of the “Development of organizational structure for enhancing capacity to execute growth strategies” highlighted in our long-term vision; this prompted the decision to transition to a Company structure with an Audit & Supervisory Committee governance model. Along with moving to a company that has an Audit & Supervisory Committee, whose membership includes directors who also hold voting rights on the Board of Directors, we have increased the proportion of outside directors, which should strengthen the oversight functions of the Board of Directors with respect to business execution status. At the same time, having an Audit & Supervisory Committee responsible for ensuring the appropriateness and validity of business execution will improve management transparency, while the Internal Audit Department was brought under the authority of the Audit & Supervisory Committee to conduct more vigorous audits. In another change, we redefined the authority of executive directors in ways that will speed up management decision-making, with an eye to improving operational

flexibility. With these steps, our aim is to enhance both the Company’s sustainable growth and its medium- to long-term corporate value even further.

**Q Can you discuss business performance and progress on business strategies for the fiscal year ended March 31, 2019?**

Our market environment was challenging, marked by extremely hot summer temperatures, as well as the impact of Japan’s population decline and belt-tightening behavior among consumers. In these conditions, we saw favorable shipments in both the prepared dishes and other prepared foods business, a growth field where the Group is strengthening its hand, and in high-value-added products like “Nisshin Cooking Flower®.” Among other successes, we saw firm exports of raw materials for pharmaceuticals to the US, together with steady progress on construction projects in the engineering business, as businesses built on Group strengths led performance that culminated in sales growth.



Also this term, we moved aggressively to make strategic investments in Japan and abroad that will usher

in future growth. Overseas, we decided to purchase Allied Pinnacle Pty Ltd. (Allied Pinnacle – see page 3), a leading company that holds the top share in Australia’s wheat flour market (excluding flour used in starch production and other industrial applications). Furthermore, we chose to acquire additional shares in Tokatsu Foods Co., Ltd., a company with a nationwide production network in Japan and broad production expertise, and intend to make it a consolidated subsidiary this July.

In another move, starting in January 2019, we launched a new advertising project (see page 4). Along with “HAPPY MENU TO YOU!” as the communication message for the project, we are using TV commercials starring actress Fumino Kimura and tie-in events to further boost brand image. We hope you will watch and enjoy if you have not already. Taken together, these efforts resulted in net income growth for the fiscal year ended March 31, 2019. As we look ahead, our focus is on further expansion in business performance through steps to maximize results from the measures we enact.



Advertising project with Fumino Kimura sharing the joy of cooking

I want to also take a moment to discuss the return of profits to shareholders. For the fiscal year ended March 31, 2019, we set the annual dividend at ¥32 per share, or ¥3 per share more than in the previous fiscal year. For the year ending March 31, 2020, we plan to raise that by an additional ¥2 to ¥34 per

share, resulting in an actual dividend increase for a seventh consecutive term. In this way, we remain committed to both strategic investments that will lead to sustainable growth and more robust shareholder returns.

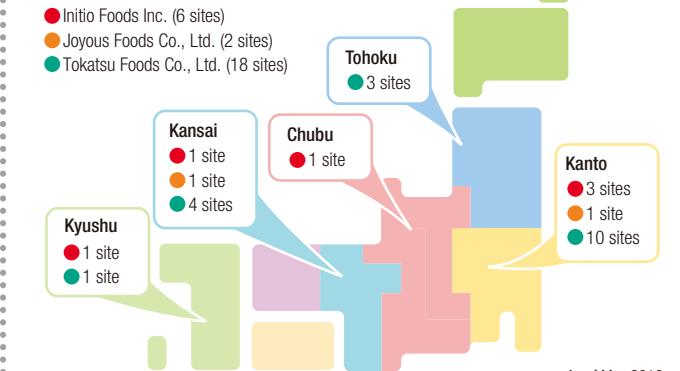
**Q You also have plans to strengthen the prepared dishes and other prepared foods business, correct?**

Demand for prepared dishes has grown tremendously, reflecting increases in the number of seniors and single-person households, the social advancement of women and other changes in lifestyle trends. In fact, in 2017, the prepared dish market finally topped ¥10 trillion. In 2004, the Company established Initio Foods Inc., a supplier of Japanese prepared dishes to supermarkets, as the core company of the prepared dishes and other prepared foods business. In 2012, we entered a capital tie-up with Tokatsu Foods Co., Ltd., a company involved in a deli prepared dish business and a frozen prepared dish business centered on delivery

routes. In 2016, we added pre-cooked noodle production and sales company Joyous Foods Co., Ltd. as a subsidiary. Through these moves, we established a “full lineup structure for prepared food products”, allowing the Group to supply products in every category including prepared dishes, cooked rice, sandwiches and pre-cooked noodles. In a bid to expand this business further, in March 2019, we moved to acquire additional shares in Tokatsu Foods Co., Ltd., and plan to convert it into a consolidated subsidiary this July. By highlighting Group-wide capabilities and focusing on areas like product development and production process automation, we will switch to “a highly practical business model” and entrench our position as “a comprehensive producer of prepared dishes and other prepared foods”.



**(Production Sites)**



As of May 2019

**Feature 1**

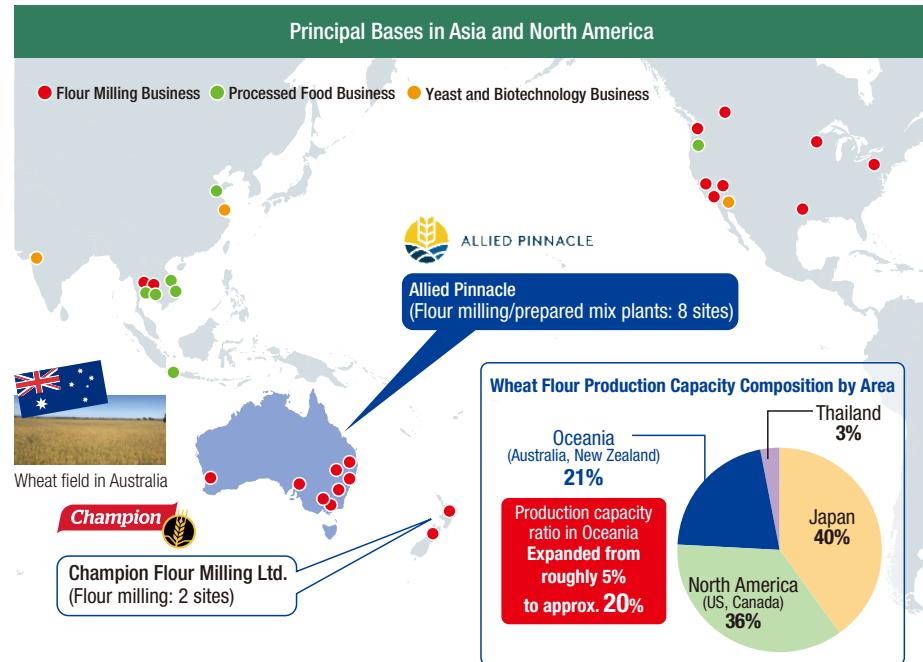
**Purchase of Australia's Largest Flour Milling Company Allied Pinnacle  
Nisshin Seifun Group Takes Giant Leap to Largest Flour Milling Company in Oceania**

**Through collaboration with Group sites worldwide and highlighting Group-wide capabilities, we are bolstering the global reach of our business in wheat flour-related ingredients.**

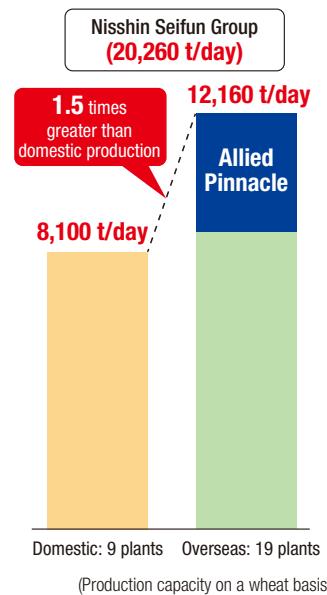
Prominent Australian flour milling company Allied Pinnacle  ALLIED PINNACLE has a powerful domestic business base. Australia continues to be a growth market, with annual population growth of roughly 1.6%. With the introduction of the Group's technology and expertise, we anticipate even further business growth ahead. As a major wheat-producing nation, Australia is the third largest exporter of wheat to Japan, after the US and Canada. The purchase of Allied Pinnacle will enable the development of a procurement network of local farmers and grain companies, making it possible to strengthen the Group's raw material procurement capabilities for Australian wheat. Furthermore, Allied Pinnacle has a full lineup of prepared mix products, centered on wheat flour, and bakery-related ingredients (jams, fondants, flavours, etc.), giving it an advantage in its ability to propose comprehensive options tailored to client needs. By promoting global collaboration with our existing flour milling and prepared mix business sites, we intend to reinforce the development of our business in wheat flour-related ingredients for bakeries across Asia and the entire Oceania region.



Picton Plant (outside Sydney)



**Nisshin Seifun Group Wheat Flour Production Capacity**



**Feature 2**

**Delivering Happiness to Every Customer  
– Debut of the “HAPPY MENU Project”**

There's Something Magical About Cooking!

**HAPPY MENU TO YOU!**

**From 2019, the Group launched its “HAPPY MENU Project,” with “HAPPY MENU TO YOU!” as a communication message along with a variety of Group advertisements.**

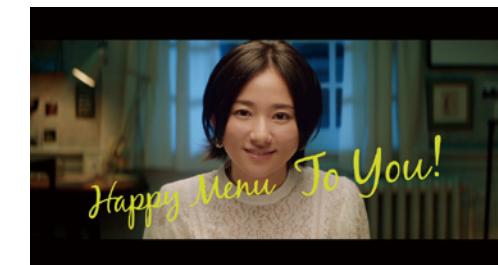
*Some days are just ordinary. Others, nothing seems to go quite right. And on some days, you just feel a little down. Whatever the day, spending time cooking is just the thing to get you back into your rhythm. Those moments of sheer joy and pleasure happen not just when having a cooked dish, but throughout the entire cooking process.*

Along with “HAPPY MENU TO YOU!” as a communication message embodying this sentiment, the Nisshin Seifun Group is delivering happiness to everyone through products that stimulate a host of cooking ideas, from easy-to-make to intricate menu items.

Actress Fumino Kimura is featured as our “HAPPY MENU Ambassador” for the project. For the TV commercials Ms. Kimura, herself accomplished in the kitchen, plays a down-to-earth character who shares with viewers the many different charms of cooking.

In the first phase of the project, a new Group TV commercial

broadcast from January 2019, we use a stage musical concept to share the joy, pleasure and various delights of cooking with viewers. The commercial was also uploaded to video sharing site YouTube and other digital media in the hopes of encouraging greater knowledge of the Nisshin Seifun Group among consumers.



“HAPPY MENU TO YOU!” TV commercial (Kitchen Musical edition)

Visit this specially created website for TV commercials and events related to the project.



Nisshin Foods Inc.

## Enjoy the New Pairing Pasta More Delicious, More Fun Meals with the “Ma•Ma Palette” Series!

With the number of single-person households and those with two working adults growing, we are answering the increasing need for easy-to-cook meals and smaller serving sizes with the launch of the new “Ma•Ma Palette” series of pasta and pasta sauce combinations. The ability to easily pair the desired type of pasta with one’s sauce of choice results in meal times that are delicious, enjoyable and a cut above the ordinary.

!!16 Different Combinations to Enjoy!!

### 4 Types of Pasta

Authentic fettucine ready from a small pot in just 5 minutes



Ma•Ma Palette Plain Fettucine



Ma•Ma Palette Tomato-flavored Fettucine



Ma•Ma Palette Whole Wheat Fettucine



Ma•Ma Palette Spinach-flavored Fettucine

The compact round shape results in pasta that boils and separates easily! Designed as a convenient single serving



### 4 Types of Pasta Sauce

No need to heat, just add to boiled pasta



Ma•Ma Palette Mushroom Creamy Bolognaise



Ma•Ma Palette Shrimp Tomato Cream



Ma•Ma Palette Smoked Cheese Carbonara



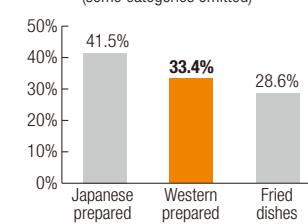
Ma•Ma Palette Scallop Lemon Cream

Sauce flavors that pair well with fettucine

## Smart Support for Elegant Dining – The “Smart Table” Frozen Western-style Dish Series

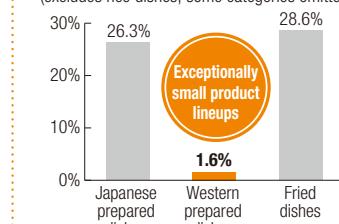
To meet ongoing growth in demand anticipated for “prepared dishes,” we launched 4 new products in the “Smart Table” series of frozen Western-style dishes. Packaged with a convenient serving tray, these products offer smart support for a variety of dining situations.

### Intended Use, by Prepared Dish Type (some categories omitted)



■ Response to “Which type of dish do you intend to use or would like to see more of?” from November 2018 Web-based survey by Nisshin Seifun Group; individuals using more than 1 prepared dish per week; n=6,458

### Prepared Dish Item Composition for 8 Major Supermarkets (excludes rice dishes; some categories omitted)



■ “Full-scale Move in Prepared Dishes and Fast-food Market to ‘Address Dinner Demand’” 2017 comprehensive survey of supermarket prepared dishes/convenience store and fast-food product strategies/development trends, TPC Marketing Research Corp.



Smart Table – Seven Delightful Vegetables Bagna Cauda-style



Smart Table – Ravioli & Ripened Tomato Sauce

Nisshin Pharma Inc.

## “Bificolon S” – Delivering More Live Bifidobacterium to the Colon

Revamp of the Popular “Food with Function Claims” Product!

“Bificolon” has sold a total of more than 1 million units<sup>1</sup> since its launch in 2012. The product has now been relaunched as “Bificolon S,” based on a new patented<sup>2</sup> compound for delivering more live bifidobacterium cultures to the colon.



1. Cumulative unit sales of the “Bificolon” series from May 2012 to November 2017
2. Patent no. 6457963; invention name “Colon delivery capsule formulation”

Nisshin Pharma Direct Online  
<https://www.nisshin-pharma.com/>  
Tel: 0120-240-410  
(Operator hours: 9 am-9 pm, except year-end and New Year Holidays)  
FAX: 0120-240-470  
\* Available within Japan only



Nisshin Petfood Inc.

## A Taste So Good, Your Dog Will Beg for “Motto Motto (more more)”!

“Puchinu motto motto” Now on Sale

“Puchinu motto motto,” the new companion product to the “Puchinu” brand of gourmet products for small dogs, answers a dog’s vigorous appetite, while giving owners even more pleasure and delight in feeding their beloved pet. The full product line includes 7 varieties of dry and soft foods.



Puchinu motto motto Dry (all 5 varieties)

**Report on Individual Shareholders' Tour of the Nisshin Milling Museum**

We held tours of Nisshin Milling Museum for individual shareholders on March 20, 2019 (Wednesday).



**Announcement of Individual Shareholders' Tour of the Nisshin Flour Milling Inc. Tsurumi Plant in September 2019**

We will hold an individual shareholders' tour of the Nisshin Flour Milling Inc. Tsurumi Plant. Individual shareholders who hold 500 or more of the Company's shares as of March 31, 2019 are eligible to attend.

- Scheduled date and times for each tour** **September 27, 2019 (Friday)**  
 1. 9:00 am to 12:00 pm (assemble at JR Kawasaki Station at 8:30 am)  
 2. 2:00 pm to 5:00 pm (assemble at JR Kawasaki Station at 1:30 pm)
- Venue** **Nisshin Flour Milling Inc. Tsurumi Plant (3-1 Okawa-cho, Kawasaki-ku, Kawasaki City, Kanagawa Prefecture, Japan)**  
 \* The tour will assemble and disperse at JR Kawasaki Station on the day.
- Participation fee** **Free of charge** (However, please be advised that the transportation fee to and from the point of assembly is at the participant's own cost.)
- Number of participants** **A total of 70 participants for each tour (shareholders may be accompanied by one other person)**  
 \* Please be advised that a lottery system to select participants shall apply in the event the number of applicants exceeds the maximum number of permissible participants.  
 \* Accompanying person must be in junior high school or older.

**Application method** Please complete all necessary items of the attached application form and return by postal mail.  
**Entries close on July 26, 2019 (Friday)**  
 \* Application postcards have been sent to shareholders who hold 500 or more of the Company's shares as of March 31, 2019

**Inquiries** **Plant Tour Service Representative (Nisshin Seifun Group Inc.)**  
 **0120-087-078**  
 \* Available within Japan only.  
 \* Weekdays 9:30 am to 5:30 pm (Excluding Saturday, Sunday and public holidays)  
 \* This inquiry telephone line shall be available until September 27, 2019 (Friday).

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

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

**Nisshin Milling Museum – Contributing to Communities and Society**

Located in Tatebayashi City (Gunma Prefecture), the birthplace of Nisshin Flour Milling, the Nisshin Milling Museum with its wheat and wheat flour-themed exhibits is an invaluable corporate culture facility even from a global perspective. The site intuitively explains both the history and cutting-edge technologies of the Nisshin Seifun Group, while also serving as a social learning resource offering PR activities aimed at the public and facility operation closely tied to the local communities.



**The Upgraded “Flour Milling Laboratory Class” 2.0**

The “Flour Milling Laboratory Class” is a popular workshop that allows participants to use miniature versions of machinery to readily experience the flour milling process.

January 2019 saw the introduction of miniature versions of two new machines – a purifier for separating the endosperm (part that becomes wheat flour) from bran (kernel husk), and a pneumatic system – for a total of four machines to easily demonstrate flour milling technology to participants.



Pneumatic system



Purifier

Flour Milling Laboratory Class

Check here for detail info on class dates and times



**Hosting of Events for the Whole Family to Commemorate “Gunma Prefecture Residents Day”**

Every year on “Gunma Prefecture Residents Day” (Oct. 28), the Nisshin Milling Museum opens its doors free of charge and hosts events that the whole family can enjoy. In 2018, activities included hands-on play of the parasport game boccia, and a cookie-making class using ingredients from Nisshin Foods Inc. Thanks to excellent weather, visitors came in from around the prefecture and beyond, creating a great opportunity to build close ties with the facility.



Boccia demonstration

**What is “boccia”?**  
 Boccia is an official Paralympic event in which athletes toss or roll blue or red balls in an attempt to get closest to another ball that is white.

**Did You Know? Using “Fractal Shades” to Avoid Heatstroke**

“Fractal shades” are shades that recreate the shade and breeze flow of being surrounded by trees by incorporating the fractal concept of trees in nature, which cuts down the amount of sunlight pouring in while special openings allow both breezes and light to come through. Group company NBC Meshtec Inc. leverages its own proprietary weaving technology to fabricate and manufacture fabric used for these shades.

As attention turns to “fractal shades” as a practical solution for confronting the “heat island phenomenon” and other urban warming concerns, the Nisshin Seifun Group is committed to doing its part to help solve this social issue.

Fractal shade installed for an event held at Yokohama Red Brick Warehouse

Installing this eco-friendly product creates cool, treelike shade for outdoor events even in the heat of summer, helping keep spaces cool without the use of electricity or other fuel.



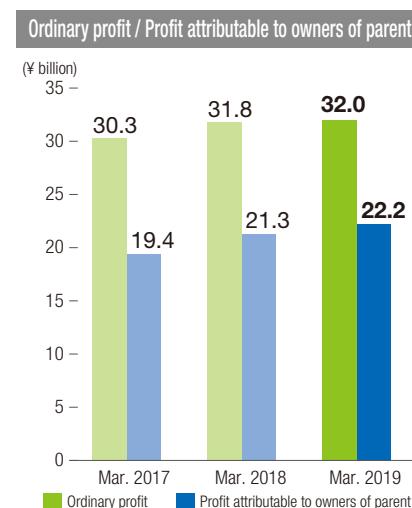
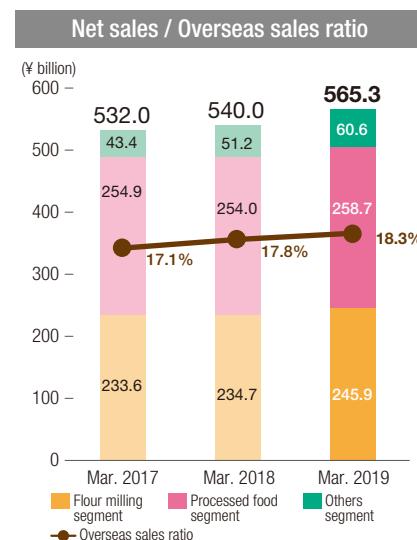
## Consolidated Financial Summary

(¥ billion)

	Mar. 2017	Mar. 2018	Mar. 2019
Net sales	532.0	540.0	565.3
Overseas sales	91.2	96.2	103.7
Overseas sales ratio (%)	17.1%	17.8%	18.3
Operating profit	25.5	27.2	26.9
Ordinary profit	30.3	31.8	32.0
Profit attributable to owners of parent	19.4	21.3	22.2
Earnings per share (¥)	64	71	74
Total assets	555.3	591.5	594.7
Net assets	406.8	413.7	418.8
Net assets per share (¥)	1,303	1,344	1,359
Dividend per share (¥)	26	29	32

(Notes) 1. Figures shown are rounded down to the nearest hundred million yen (nearest yen for per share figures).

2. "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 years are presented following retroactive application of this accounting standard.



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

## Corporate Data

Corporate name: Nisshin Seifun Group Inc.

Head office: 25, Kanda-Nishiki-cho 1-chome, Chiyoda-ku, Tokyo

Foundation: October 1900

Paid-in capital: ¥17,117,856,746 (As of March 31, 2019)

Board of Directors: (As of June 26, 2019)

Representative Director and President	Nobuki Kemmoku
Representative Director	Michinori Takizawa
Director	Takashi Harada
Director	Akira Mori
Director	Koichi Iwasaki
Director	Takao Yamada
Director	Yuji Koike
Director *	Akio Mimura
Director *	Kazuhiko Fushiya
Director *	Motoo Nagai

Director /Member of Audit & Supervisory Committee

Shoh Ohuchi

Director \*/Member of Audit & Supervisory Committee

Tetsuo Kawawa

Director \*/Member of Audit & Supervisory Committee

Satoshi Ito

Director \*/Member of Audit & Supervisory Committee

Mieko Tomita

\*Outside Director

## Stock Information (As of March 31, 2019)

■ Total number of issuable shares:

932,856,000 shares

■ Total number of shares issued and outstanding:

304,357,891 shares

■ Number of shareholders: 19,332 (a decrease of 1,342 shareholders from the end of the previous fiscal year)

■ Composition of shareholders (Shareholders by type)



## Investor Information

Fiscal year:

April 1 to March 31 of the following year

Date of record for year-end dividends (profit dividends) on retained earnings:

March 31

Date of record for interim dividends:

September 30

Ordinary general meeting of shareholders:

June

Method of public notice:

The Company posts notices via electronic notification on its website at <https://www.nisshin.com>

However, if electronic notification is not possible due to an accident or other unavoidable circumstances, notices will be published in the Nikkei newspaper.

Share trading unit:

100 shares

Custodian of shareholder register:

Sumitomo Mitsui Trust Bank, Limited  
4-1, Marunouchi 1-chome, Chiyoda-ku,  
Tokyo Japan

Contact information:

Sumitomo Mitsui Trust Bank, Limited  
Stock Transfer Agency Department  
8-4, Izumi 2-chome, Suginami-ku, Tokyo  
168-0063, Japan  
Tel: 0120-782-031 (toll-free)

\* Available within Japan only.

## Special Privileges for Shareholders

Special privileges

Eligible shareholders may select either a gift pack of products from Nisshin Foods, or a product from Nisshin Pharma.

Eligible Shareholders

Shareholders with shareholdings of 500 or more of the Company's shares as of March 31 each year.

A guide will be sent out separately to eligible shareholders early in July with information on how to apply for the special offer.

## Notice

● Application for various share-related procedures

Please file applications for various share-related procedures such as change of address, designation of a method to receive dividends, request to purchase shares in less than the allotted trading unit and sale of such additional shares at the following places.

1. Shareholders with an account at a securities company → Please contact your securities company.

Note: To apply to receive dividends after the period for dividend distribution, as well as request to purchase shares in less than the allotted trading unit registered at the special account and sale of additional less-than-a-unit shares to those registered at the special account, please contact Sumitomo Mitsui Trust Bank, Limited.

2. Shareholders registered at the special accounts → Please contact Sumitomo Mitsui Trust Bank, Limited.

● Dividend Statement

The Dividend Statement that we send you at the time of the dividend payment concurrently serves as the Payment Notification Statement based on a provision of the Act on Special Measures Concerning Taxation. Therefore, you can use it as documentation for filing your income tax return.

We ask the shareholders who file an income tax return to retain the Statement.

# **NISSHIN SEIFUN GROUP INC.**

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



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