

Growing Value from Wheat



Nisshin Seifun Group Integrated Report 2020

Publisher

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Where it all began

Nisshin Flour Milling founder Teiichiro Shoda said,
“We must always remember that a business is connected to society.
A company that works solely for its own benefit will not survive for very long.
Trust is the foundation of all business.”
The Nisshin Seifun Group’s strong devotion to fulfilling our social responsibility and generating sustainable growth is rooted in these words from the Company’s inception and remains in our DNA to this day.
We will remain true to our founding spirit as we seek to continue growing as a global corporate group.

In conducting business, all activities must be rooted in a desire to do one’s best for society

Teiichiro Shoda
Founder, Nisshin Flour Milling Inc.

Corporate Principle

As we develop our consumer goods business for the global market, we will remain committed to our guiding philosophies of “the basis of business is built on trust” and to “be in tune with the changing business climate,” along with our corporate principle to “contribute to a healthy and fruitful life for all.”

Corporate Code of Conduct

- 1. Seek continuous growth through sound business activities
- 2. Develop and provide reliable, safe, and high-quality products and services
- 3. Respect humanity
- 4. Comply with social norms, laws, and regulations, and promote fair business activities
- 5. Promote good public relations
- 6. Encourage environmental protection
- 7. Promote activities that contribute to society
- 8. Promote the local management of international operations
- 9. Realize the role and responsibilities of management to achieve our stated purposes in the Corporate Code of Conduct and Employee Action Guidelines*

* Our Corporate Code of Conduct and Employee Action Guidelines are available online at our website. <https://www.nisshin.com/english/company/code.html>

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Editorial Policy
This report was prepared to communicate the Nisshin Seifun Group’s corporate value and strengths to stakeholders in an easy to understand format. The report also presents the Group’s long-term vision and the initiatives and other activities the Group is engaged in to realize its vision. Every effort has been made to ensure the presentation is simple and easy to understand and includes graphics to help illustrate important topics.

[Period Represented]
The primary period covered in this Integrated Report is the Company’s fiscal year 2020, beginning April 1, 2019 and ending March 31, 2020. When considered helpful to understanding, some content also covers periods before and after fiscal year 2020.

[Scope of the Report]
This report covers the 82 companies of the Nisshin Seifun Group as of the end of March 2020, including Nisshin Seifun Group Inc., and its consolidated subsidiaries and equity-method affiliates. Information that does not apply to all companies of the Group is duly indicated and the pertinent organizations are provided.

[Forward-Looking Statements]
The content of this report was prepared based on various assumptions. The report does not represent a guarantee for the presented future target figures or management strategy objectives.

Group Companies
The icons and colors below represent each of our seven businesses.

-  **Flour Milling Business**
-  **Processed Food Business**
-  **Yeast and Biotechnology Business**
-  **Healthcare Foods Business**
-  **Prepared Dishes and Other Prepared Foods Business**
-  **Engineering Business**
-  **Mesh Cloth Business**



Nobuki Kemmoku
Representative Director and President

The Nisshin Seifun Group is dedicated to fulfilling its mission to “contribute to a healthy and fruitful life for all.”

Nisshin Seifun is celebrating the 120th year since its founding in 1900. Since the beginning, the Company has constantly transformed itself following its guiding philosophies of “the basis of business is built on trust” and “being in tune with the changing business climate” and the corporate principle to “contribute to a healthy and fruitful life for all.” We believe that “business transformation is the only way to survive and will lead to further development.”

Our principles are steeped in history, so our mission takes a uniquely evolving form rooted to these historical principles. Soon after the Company was created, we mechanized the flour milling operation to provide a stable supply of high-quality domestic wheat flour, and in the post-war period we contributed to improving daily diets and enriching the country’s food culture. We are also responding to the recent diversification in consumer food needs and tastes, while always “contributing to a healthy and fruitful life for all.”

We believe that the Group’s ability to thrive and grow is also because of the trust and support we receive from our shareholders, customers, business partners, employees, and all of our other stakeholders. We would like to express our sincere gratitude to all of our stakeholders for their long-standing support.

The year 2020 has been tumultuous with the worldwide COVID-19 pandemic. The outbreak has greatly affected the business environment, shaking the foundations of society and the economy and making the future more uncertain than ever. The Group understands that in these circumstances it is even more critical to ensure a stable supply of wheat flour and other foods and for all of its businesses to fulfill our mission to provide safe and reliable products. In addition, our top priority is ensuring the safety of the employees who are fulfilling that mission.

As we responded to the global pandemic and the sudden changes in the business environment, we have also been setting in place the structure to harness the Group’s full power to become “a globally-operating company that assists healthy lifestyles and plays a critical role in building the food infrastructure of the future” as described in the long-term vision “NNI ‘Compass for the Future’—Toward a New Stage—Maximizing Group-wide Capabilities and Effecting Business Model Change” which was announced in 2018. At the same time, we remained rigorously customer-oriented, advanced our growth strategies centered on overhauling the business models of our existing businesses and enhancing our Group business portfolio, and further enhancing the administrative functions supporting those developments.

We are actively adapting to the changing environment caused by social issues and technological advances to realize sustained growth for the Company, and we will use the added-value we produce to create a cycle of positive contributions that help realize a sustainable society.

We look forward to your ongoing support as we seek to maximize our corporate value and continue to be a corporate group meriting the full support of our stakeholders.

1900-1930s

Establishing a steady supply of high-quality, domestically produced wheat flour

Teiichiro Shoda established Tatebayashi Flour Milling Co., Ltd. in 1900 after recognizing in the late 1800s that the future lay in mechanized milling when watermills were still common in Japan. In 1913, he embarked on a four-month journey to observe and learn from the latest processes in Europe and the United States. After seeing the critical role that chemical research played in wheat and wheat flour in Europe, he returned to Japan and set up the Company's first chemical laboratory. He also built the Tsurumi Plant, which was one

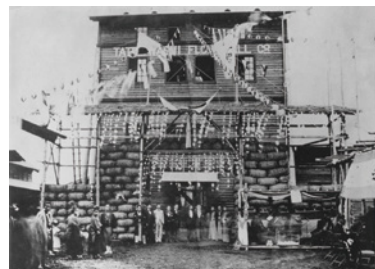
of Japan's largest plants and was strategically located on the coast to facilitate efficient import and export shipments and streamline management. The knowledge and vision he formed during his overseas tour are the foundation of the Company's modern wheat milling operations. He also established new companies to domestically produce yeast and mesh sieves for flour milling businesses.

Modernizing and industrializing the manufacturing structure

Beginning of domestic mechanical flour milling operations

Since 1900

Founding of the Tatebayashi Flour Milling Co., Ltd.



Opening Ceremony of the Tatebayashi Flour Milling Co., Ltd.

1908

The current company name was adopted after the merger with Nisshin Flour Milling Co., Ltd.

1913

Teiichiro Shoda embarked on inspection tours in Europe and the United States.

1914

Laboratory research begun at the chemical laboratory set up at the head office. Nisshin Seifun became the first in Japan to apply chemical technology to flour milling operations.



1918

The original chemical laboratory that later became the Central Research Laboratory (now part of the Kamifukuoka Research Laboratories) established.

1926

Tsurumi Plant constructed to develop the Japanese flour milling industry. Located on the coast of Japan, the plant was equipped with state-of-the-art flour milling technologies.



Focus on R&D to improve the quality of wheat flour

1929

The establishment of Oriental Yeast Co., Ltd., made it the pioneer of Japanese yeast production.



1934

Nippon Bolting Cloth Co., Ltd. (precursor of NBC Meshtec Inc.) established to domestically produce the silk sieves essential to improving wheat flour quality.



1940-1960s

Contributed to improving diets and a flourishing food culture

Four days after WWII ended, Company president Hidesaburo Shoda established a Reconstruction Committee with himself as the chair and commenced measures to rebuild the industry. In four short years, the Company's all-out effort rehabilitated all of the Company's plants that were damaged in the war. Keenly aware that the Japanese flour milling industry had fallen behind due to the war, the Company equipped the Tsurumi Plant with the latest

pneumatic mill equipment in 1957, and all plants were modernized with the same equipment within just five years. During Japan's ensuing period of strong economic growth, the Company focused its operations into flour milling, which was becoming a growing part of Japanese food culture, while also responding to changes in social trends and diversifying into new fields.

Post-War reconstruction period

Promoting bread and wheat flour products after the War

1941

Nosan Kagaku Kenkyukai (now The Foundation for Dietary Scientific Research) established to contribute to improved diets in Japan.

1945

Company activities devoted to alleviating the post-war food crisis.

1953

Quality control introduced to operations.

1955

Household-use size packages for wheat flour introduced and household-use macaroni products launched.



1957

Installing the latest pneumatic milling technology vastly enhanced product quality.



1959

Pharmaceuticals manufacturing and sales began.

1960

Formula feed manufacturing and sales launched.

1962

Nisshin Foods Inc. established to manufacture and sell premixes for household use.

Responding to shift in consumer needs from volume to quality

1963

Construction of the Central Research Laboratory completed (now part of the Kamifukuoka Research Laboratories).



1965

Nisshin Chemicals Co., Ltd. established (now Nisshin Pharma Inc.).

1966

Nisshin DCA Foods Co., Ltd. established (now Nisshin Seifun Premix Co., Ltd.) and full-fledged manufacture and sale of donut mix for commercial use started.

1970-1990s

Responding to diversifying lifestyles

The Company continued to diversify its business activities, including establishing new pet food and engineering companies. The Food Consumer Center was also created to disseminate correct food knowledge and respond to inquiries.

When the Plaza Accord of 1985 triggered a sharp appreciation in the value of the yen, then Company president Osamu Shoda reformed the Group business structure to respond to the rapidly changing business environment of internationalization, changing manufacturing structures, and diversifying consumption trends. The

NI-90 action plan he formulated and launched based on core principles of change and execution has become the driving force of all subsequent management plans.

The Company established overseas production bases in Thailand and Canada in anticipation of economic globalization. The Company expanded beyond the conventional processed foods and frozen foods and into the prepared dish and chilled foods business, expanding our product offerings to cover all temperature ranges.

Rapid economic growth

Diversifying business with a priority on dialogue with customers

1970
Nisshin Petfood Inc. established.

1972
Nisshin Engineering Inc. established.

1973
Food Consumer Center (now the Customer Service Office) established to provide information and respond to customer inquiries.

Launched the Moving Cooking Class (now the Flour Homemade Cooking Class).

1974
Achieved the world's first mass production of coenzyme Q10.

1977
Patented our groundbreaking frozen noodle manufacturing method and created the new market for frozen noodles.



1986
Launch of the Ma•Ma Spaghetti Pronto product with shortened boiling time.



1987
Launch of the Nisshin Innovation (NI) Initiative.

Developing business in overseas markets to be an international competitor

1988
Thai Nisshin Seifun Co., Ltd. established. Production of pasta sauce in Thailand began.

1989
Canadian flour milling company Rogers Foods Ltd. acquired, marking the first acquisition of an overseas flour milling company in the post-war era.



1991
Thai Nisshin DCA Co., Ltd. (now Thai Nisshin Technomic Co., Ltd.) and Nisshin-STC Flour Milling Co., Ltd. established to produce B to B premixes in anticipation of a growing market in Southeast Asia.

1993
Entered the household-use frozen food market introducing several products, including Ma•Ma Frozen Cooked Spaghetti.



Tsukuba Research Center (now the Cereal Science Research Center of Tsukuba) established to advance R&D of fundamental cereal technology.

Globalization of the Japanese economy

2000-2020

Full-fledged overseas business development to prepare for growing food needs worldwide

In the 100th anniversary of its founding, the Company divided into a holding company and independent operating companies in 2001 to create additional value. We have been aggressively expanding our overseas operations since 2012 when we established operations in the United States, the world's largest flour milling market of the developed countries. In 2013, we began operations in New Zealand and in 2019 took a major step toward our long-term vision to be a global company engaged in "food infrastructure" with the acquisition of Australia's largest flour milling company. We are also

developing overseas by expanding the Yeast and Biotechnology Business in India and by establishing a new company in Turkey as part of our global pasta production structure.

At the same time, we are continuing to expand the Prepared Dishes and Other Prepared Foods Business in Japan. We are also constructing a full lineup of prepared foods and have brought in as subsidiaries the manufacturing and sales companies Joyous Foods Co., Ltd. and Tokatsu Foods Co., Ltd., which produce pre-cooked noodles, *onigiri* rice balls, *bento* lunch boxes, sandwiches, salads, and other prepared foods.

Declining birthrate and aging population, and borderless world economy

1999
Entered the prepared dish and chilled foods business to offer new food choices.

Harnessing Group-wide capabilities to provide even more value

2000
Celebrated our 100th anniversary.

2001
Nisshin Flour Milling Co., Ltd. split into a holding company and operating companies.

So-Shoku Club established to promote communication with business partners.



2004
Initio Foods Inc. established with the aim of developing it into the Group's core company for prepared dishes and foods business.

2008
International ISO 14001 certification received for the Group's environmental management systems.

2009
Consumer Relations Office established to oversee consumer affairs.

2010
Hokkaido Wheat Center established in Kitami, Hokkaido to raise the quality of Hokkaido-grown wheat and advance domestic wheat production.

2012
Oriental Yeast India Pvt. Ltd. established to expand operations in biotechnology (diagnostics reagents).

Business expanded into the United States with the acquisition of Miller Milling Company, LLC of the United States.



2013
Flour milling operation acquired in New Zealand, and Champion Flour Milling Ltd. established.

2014
Nisshin Seifun Turkey Makarna Ve Gida Sanayi Ve Ticaret A.S. established. Global production network of pasta products realized.

2016
Pre-cooked noodle manufacturer and seller Joyous Foods Co., Ltd. made a subsidiary.

2018
Launch of the long-term vision "NNI 'Compass for the Future.'"

2019
Allied Pinnacle Pty Ltd. acquired, making Nisshin Seifun the largest flour maker in Oceania.

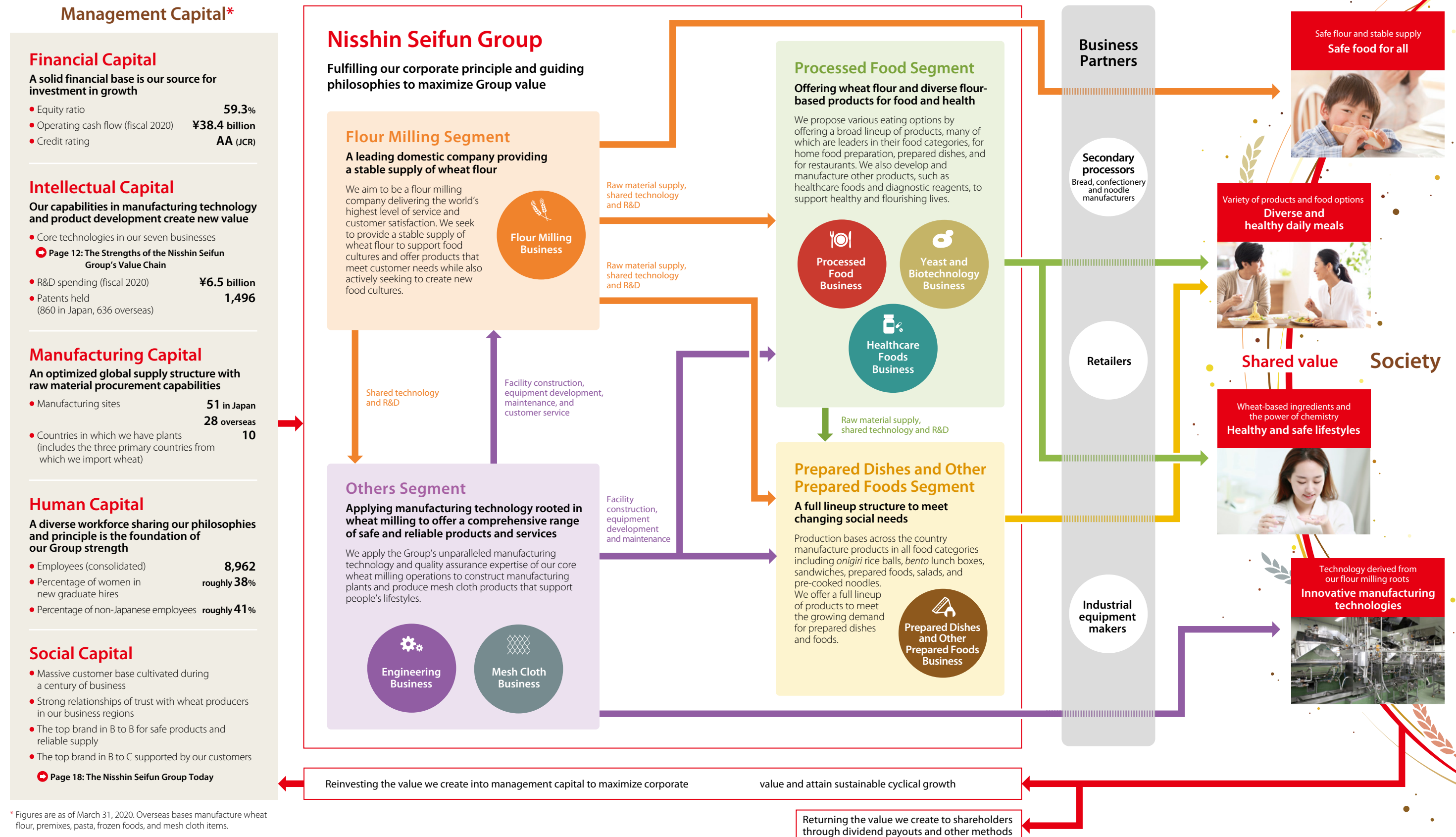


Comprehensive prepared dish and delicatessen food manufacturer Tokatsu Foods Co., Ltd. made a subsidiary. Full lineup structure established for delicatessen and prepared foods.

2020
Pet food sales business of Nisshin Petfood Inc. sold.

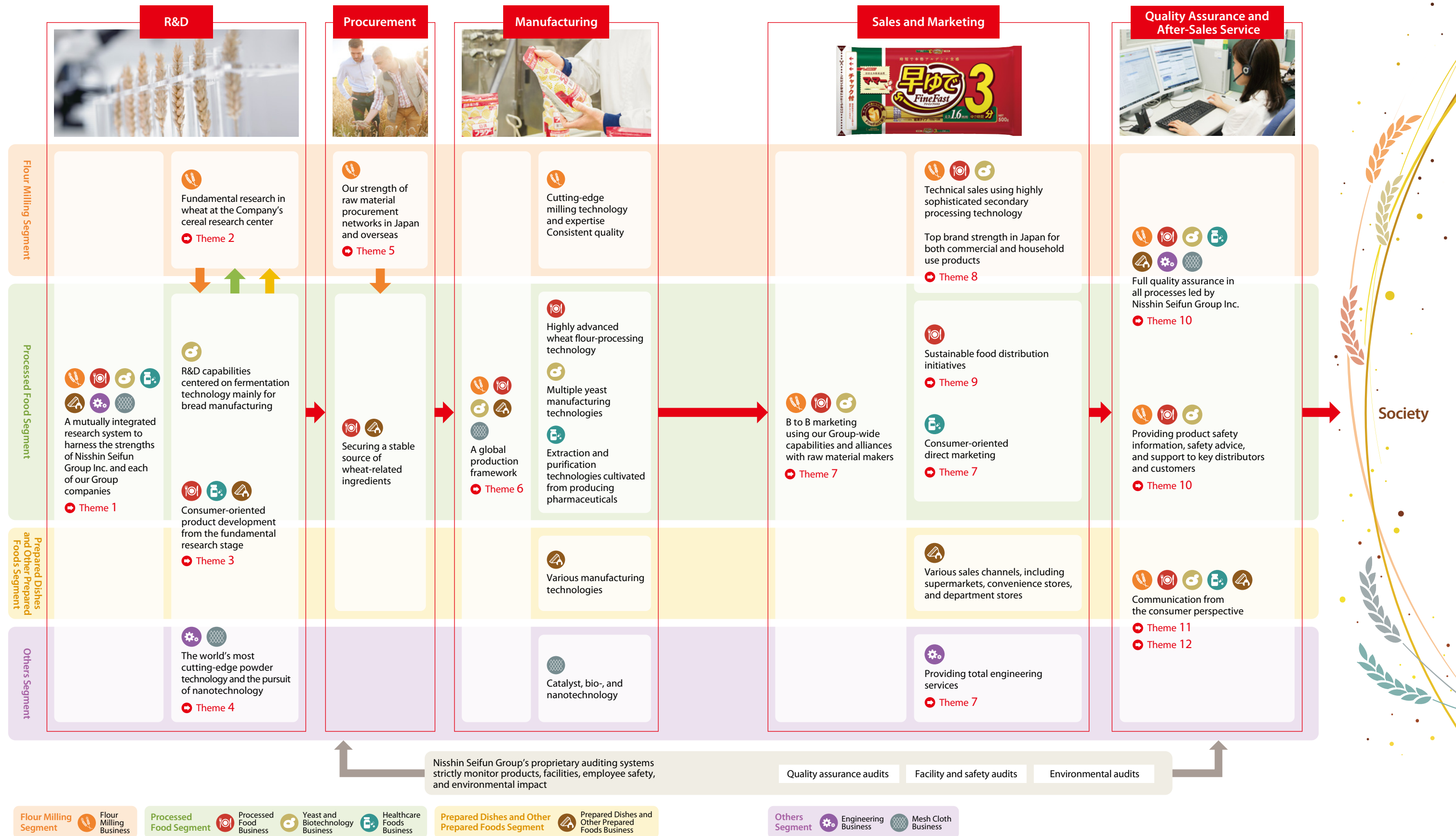
Interlinking our diversified wheat businesses to provide safe, reliable, and healthy products for any occasion or lifestyle

We are pursuing a variety of businesses to leverage the technology and networks we have developed as the leading flour milling corporate group supporting the food infrastructure in Japan. With safety and reliability as our highest priority, our mission is to create and offer a wide range of value by providing products and services that “contribute to a healthy and fruitful life for all.”



We create diversified added value through a unique value chain combining each company's strengths and our overall capabilities

We have a unique value chain that creates diversified added value for society by linking the strengths of Nisshin Seifun Group companies in each area of R&D, procurement, manufacturing, sales and marketing, quality assurance, and after-sales service.



R&D

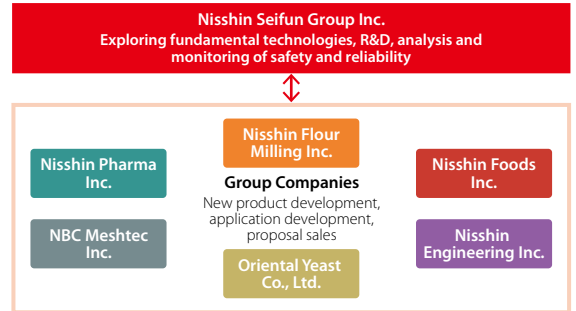
Theme 1

Applying the Group's internal and external strengths and R&D to specific business needs

All business segments

The Nisshin Seifun Group has a mutually integrated research system designed to harness the strengths of Nisshin Seifun Group Inc. and each of our companies. The Group has highly refined capabilities in all phases of R&D from fundamental research to developing products that are delicious, simple, and convenient, through to developing secondary processing technologies to align with the customer's perspective. By quickly acquiring the patent rights to property resulting from our research and prioritizing its strategic use in our business activities, we preserve our competitive advantage and satisfy our customers with our unparalleled product quality. As of March 31, 2020, we held 860 patents in Japan and 636 overseas. We also seek to generate new value through collaborative research, open innovation, and other methods to incorporate input from outside the Group.

R&D structure



Theme 2

Deepening our understanding of wheat with fundamental cereal research

Flour Milling Segment

The Cereal Science Research Center of Tsukuba, established by Nisshin Seifun in 2007, is one of only a handful of R&D facilities around the world taking a scientific approach to investigating the specific features of wheat and other cereals and applying its findings to develop new flour milling technologies. The research center seeks to identify the

characteristics of wheat ingredients to develop secondary processing techniques (such as breadmaking processes) based on those characteristics and to develop the functional attributes of wheat. In addition to in-house Group research, the center also incorporates expertise from outside the Group, such as by actively engaging in joint research with public institutions in Japan and abroad and participating in collaborative industry-academia R&D projects.

At the request of the Cereals & Grains Association, an international group at the forefront of grain science, a laboratory researcher presented at the association's annual symposium in November 2019 on the behavior of the dietary fiber arabinoxylan in wheat during the breadmaking process. The research results are planned to be submitted to an international industry journal.

Theme 3

Fundamental research contributing to consumers' lives

Processed Food Segment

Nisshin Foods' Nisshin Cooking Flower® flour has received numerous awards, including the Excellent Product Award 2015 from The Japan Food Journal and the Good Design Award 2016 from Japan Institute of Design Promotion. Packaged in a specially designed container, Nisshin Cooking Flower® flour is the result of fundamental research in powder processing and other techniques.

The Nisshin Seifun Group continues to advance fundamental research aimed at creating new consumer products.

Theme 4

The world's most sophisticated powder technology

Others Segment

The Engineering Business uses the world's most advanced technology refined over many years with the ability to manufacture ultrafine powder with granules smaller than 1 micron. The business is engineering powder grinding, classification, and nanoparticle processing technologies for the full range from small-lot trial production to mass manufacturing.



A powder classifier

Procurement and Manufacturing

Theme 5

Optimized procurement for stable supply

Flour Milling Segment

Cereal procurement for flour milling involves close communications with growers, including verifying the wheat growing conditions in the production area. We have a strong presence in wheat producing regions overseas, including five plants in the United States, two in Canada, and seven in Australia, including the addition of Australia's largest flour milling company in April 2019. These are the three main countries from which wheat is exported to Japan, and maintaining production sites in each country increases our competitive advantage by enabling us to stay on top of the latest wheat information and techniques.

In addition to vastly increasing our production capacity overseas, we are enhancing the efficiency of our wheat procurement in Japan, where roughly 90% of wheat is imported, and strengthening our production structure by consolidating our manufacturing operations at our major plants located on the coast of Japan.

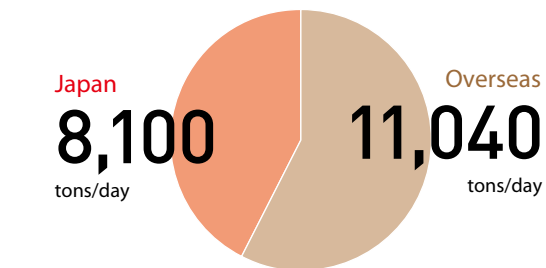


The Tsurumi Plant

North America's mature market to Australia, Thailand, and India where we expect continuing growth.

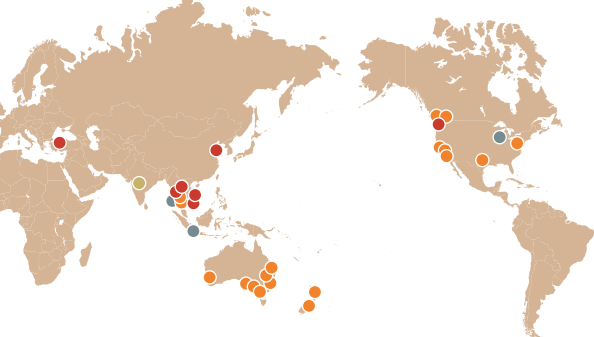
The Processed Food Business has manufacturing sites for pasta sauce in Thailand and Vietnam where it sources the high quality materials available in the region; for pasta in the United States and Turkey where it procures high quality durum wheat; and for B to B premixes in China, Thailand, and Vietnam where there are large numbers of frozen food producers. The Mesh Cloth Business has production bases in Indonesia and Thailand and is aggressively developing its overseas operations. We are formulating global production networks optimized for each type of product based on the availability of quality ingredients and the needs of our customers.

Flour production capacity (raw wheat basis as of March, 2020)



Main Nisshin Seifun Group production bases worldwide (as of March, 2020*)

● Flour Milling Business ● Processed Food Business
● Yeast and Biotechnology Business ● Mesh Cloth Business



*Includes the yeast plant under construction in India

Sales and Marketing

Theme 7

The ability to make proposals according to market changes

Flour Milling Segment, Processed Food Segment, Others Segment

We are seeking to create new food cultures to meet the increasing variety of consumer needs for our commercial-use products. One way we do this is by working with food ingredient makers through the So-Shoku Club website created to communicate with makers of products for commercial use and share information about new products and menus. Led by the Flour Milling Business and linked with the Processed Food Business and Yeast and Biotechnology Business, we work with our customers to resolve issues and explore business opportunities.



The So-Shoku Club website

We always approach the development of products for household use from the consumer's perspective as we seek to propose products and open new markets with offerings for home preparation that are truly delicious, enjoyable, simple, convenient, healthy, and matched to the needs of the times.

In the Healthcare Foods Business, we are responding to the health needs of society by using the sophisticated technology cultivated in our pharmaceuticals business to develop new healthcare foods while focusing on direct marketing to consumers.

The Engineering Business emphasizes close communication with customers and offers total engineering services with plant construction managers remaining in charge of projects through post-construction maintenance.



Bottle series products

MaMa Quick Cook Spaghetti series

The Nisshin Pharma official online store

Theme 8

Japan's leading brand in commercial and household wheat flour products

Flour Milling Segment, Processed Food Segment

The Flour Milling Business's commercial wheat flour boasts a commanding 40% share of the domestic market. The Processed Food Business has numerous products holding top market share, including the Nisshin Series of powder products featuring Nisshin Cooking Flower® flour in a convenient bottle package, Nisshin Kotsunoiranai (easy-made) Tempura Mix, the MaMa series of dry pasta, and Ao-No-Dokutsu Spaghetti for pasta lovers.



Core products for household use

Theme 9

Achieving sustainable food logistics

Processed Food Segment

Nisshin Foods Inc. is one of a group of domestic food manufacturers that are formulating the Food Logistics Intelligent Network to establish an efficient and stable logistics system for an all-encompassing supply chain for the Japanese food industry. In April 2019, five of the group companies established a joint logistics company to operate on a nationwide scale. The food producers are joining forces to create sustainable food logistics operations that help alleviate the impact of a shortage of truck drivers and rising fuel prices while also helping protect the environment by reducing CO₂ emissions.

Quality Assurance and After-Sales Service

Theme 10

Full quality assurance in all processes

All business segments

Food safety management system and Quality Assurance Controllers ensure the safety of all processes from product development and raw material procurement through manufacturing and distribution. The Nisshin Seifun Group's Quality Exam (QE) Center verifies, inspects, and advises all Group companies on the safety of new raw

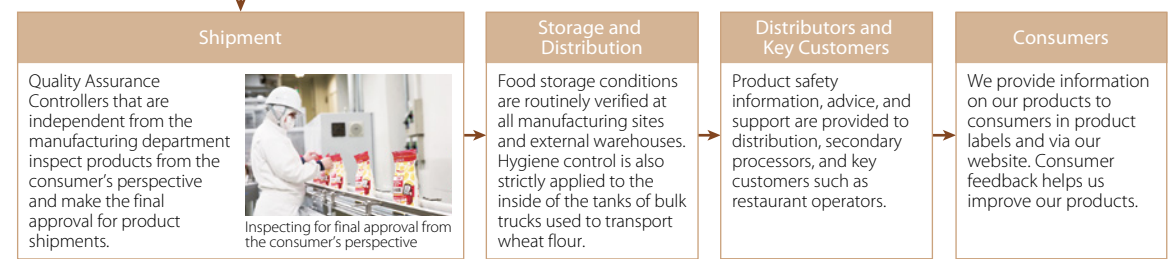
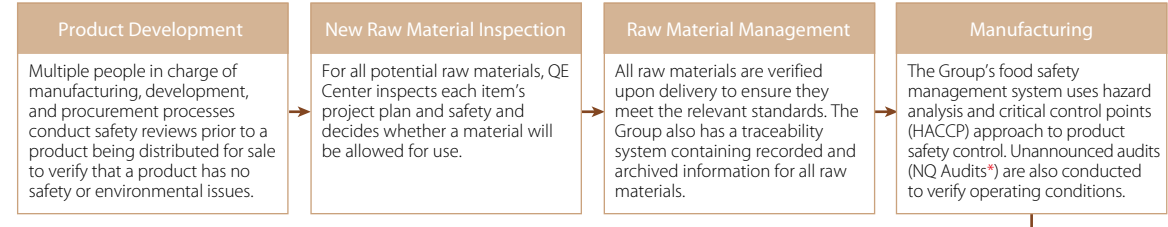
materials and final products to be released into the market and continues monitoring the safety of existing products.

Each company also has Quality Assurance Controllers that are independent from the manufacturing department to provide a third-party approach to verifying quality and approving products for final shipment, for which they have the same power of authority as plant managers.

The safety and reliability of products as well as food defense are also ensured through auditing and monitoring of business sites.

Quality control throughout the food supply chain

* NQ Audit = Nisshin Quality Assurance Audit



Theme 11

Communication from the consumer perspective

Flour Milling Segment, Processed Food Segment, Prepared Dishes and Other Prepared Foods Segment

The Consumer Relations (CR) Office is in charge of creating an organizational structure that promotes consumer-oriented management to facilitate business activities that reflect the consumer perspective. The office, which is under the direct supervision of the Group president, engages in dialogue with consumer groups and presents classes and seminars for adults and children.

Theme 12

Listening to the voice of the consumer

Processed Food Segment

The Processed Food Business's household-use products operation, the Healthcare Foods Business, and the Pet Food Business maintain customer service offices to receive opinions and comments directly from the consumers that are their customers.

Feedback advice, information, and opinions are communicated to the relevant company departments to enable quick and accurate responses. Customer feedback is invaluable for us to create additional value and improve our services.

A solid presence in a range of markets

Flour Milling Segment



We are the leading company in the domestic milling industry and are working to increase productivity and maintain stable supply. Overseas, we have production bases in North America, Oceania, and Asia, and our production capacity overseas has grown to surpass our capacity in Japan.

Market rank of wheat flour sales in Japan (weight basis)

No.1
(38.9% market share)

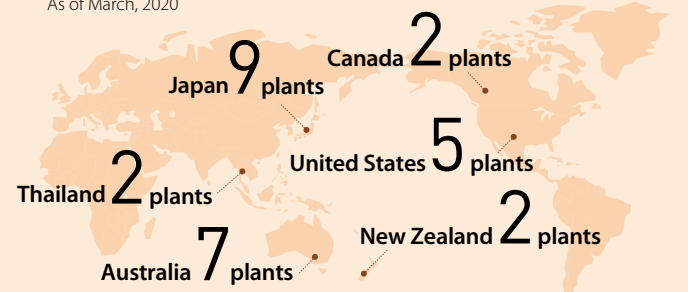
Source: Nikkan Keizai Tsushin Co., Ltd. (fiscal 2020)



Overseas Production Capacity Ratio

60% 27 plants in 6 countries

As of March, 2020



Productivity of milling operations in Japan
Flour Production Volume Per Employee (fiscal 2019)

3,700 tons per employee

(Industry average: 1,714 tons per employee)

Source: Ministry of Agriculture, Forestry and Fisheries



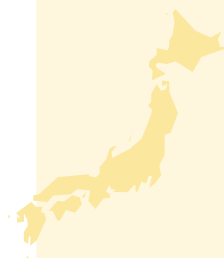
Prepared Dishes and Other Prepared Foods Segment



Prepared Dishes and Other Prepared Foods Business focuses on applying the Group-wide capabilities in product development and manufacturing process automation to offer a full lineup of products in a wide variety of categories.

Number of manufacturing sites in Japan
As of March, 2020

25



Others Segment



The Engineering Business has technologies and expertise spanning powder processing, equipment production and sales, and plant construction. The business has earned the trust of its customer base and is steadily expanding earnings outside of the Group as well.

Plant sales outside the Group
(Annual average for fiscal 2018–2020)

97%

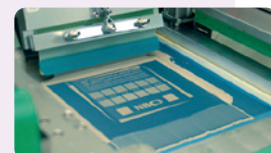


The Mesh Cloth Business has advanced its technology from basic nets to a wide range of mesh cloths. The business supplies high-performance mesh cloth for screen-printing applications in markets around the world, primarily to the electronics industry.

Global share of mesh cloth for screen-printing applications

Source: Company research

20%



Processed Food Segment



The Processed Food Business offers a wide variety of delicious and easy to prepare ambient temperature and frozen products for consumers. The business is expanding from Japan to worldwide.

Overseas sales of B to B premixes

Comparison to before the NNI-120 Medium-term Management Plan



Wheat flour
68.9%



Market rank of the domestic household-use products

No.1

Source: Intage SRI data*



Okonomiyaki pancake flour
43.1%



Karaage deep-fry mix
59.6%



Tempura mix
55.8%



Frozen pasta
41.1%



Pasta sauce
34.0%



Pasta
44.5%



As Japan's first manufacturer of bread yeast, the Yeast and Biotechnology Business contributes to a vibrant bread market by constantly seeking new technologies and developing and supplying yeast products from the customer's perspective.

Domestic rank of yeast production volume

No.1

(approximately 50% market share)

Source: Company research



The Healthcare Foods Business uses its original technologies for R&D, manufacturing, and sales of safe and high-quality healthcare foods, functional food ingredients, and pharmaceutical raw materials using original technologies.

Number of patent applications in Japan

No.3

(100 applications)

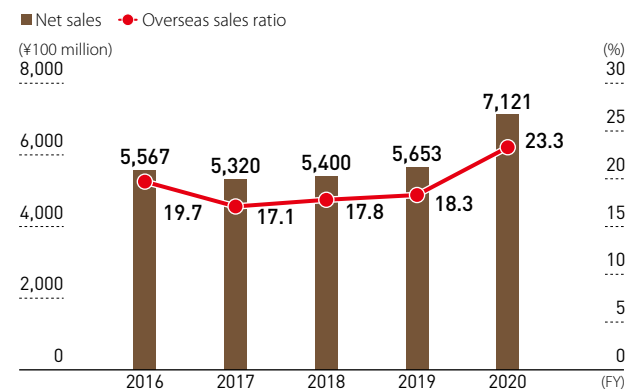
Domestic healthcare foods makers (single companies)
Source: Company research (fiscal 2011–2020)



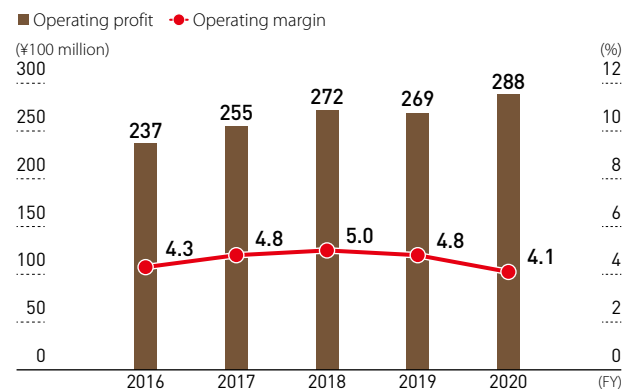
* Percentages represent the percentage of total market sales for fiscal 2020 (April 2019 to March 2020). The data periods for the No. 1 market shares for flour, pasta (spaghetti), pasta sauce, and frozen pasta (frozen cooked spaghetti and sauce) are fiscal 2020 (April 2019 to March 2020), okonomiyaki pancake flour fiscal 2019–2020 (April 2018–March 2020), and karaage deep-fry mix and tempura mix fiscal 2018–2020 (April 2017–March 2020).

Financial Highlights

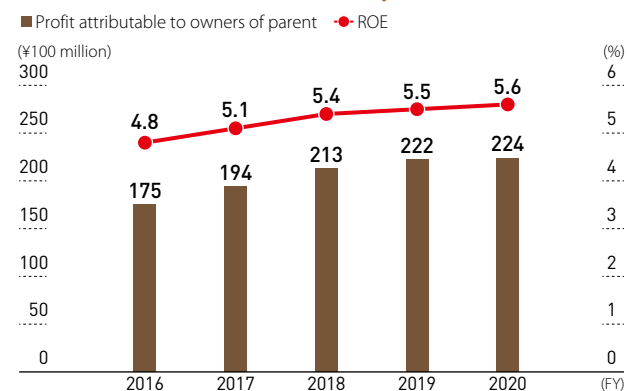
Net sales*1



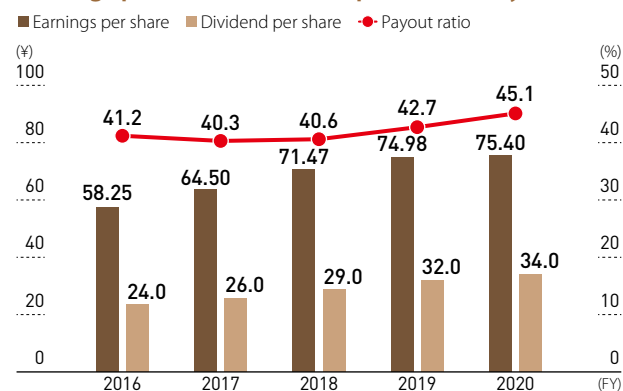
Operating profit*1



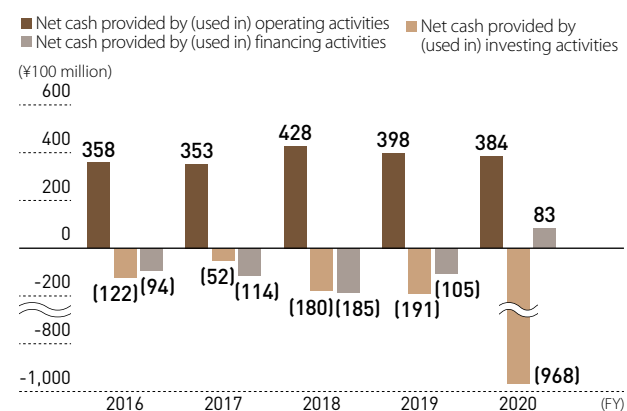
Profit attributable to owners of parent*1 / ROE



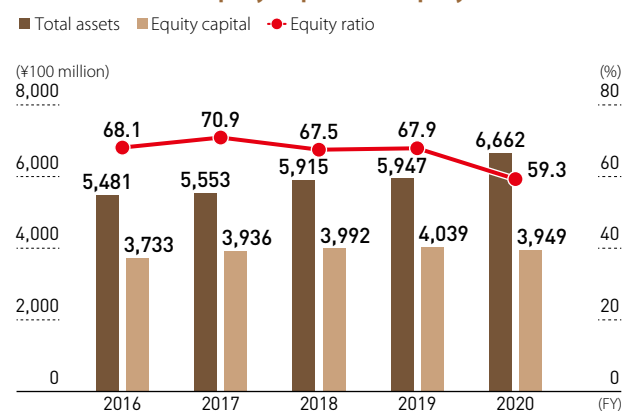
Earnings per share / Dividend per share / Payout ratio



Cash flows*1



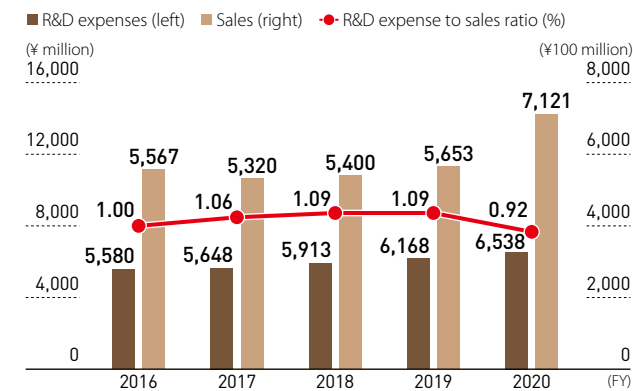
Total assets*1 / Equity capital*1 / Equity ratio



*1 Amounts rounded down to nearest hundred million, R&D expenses are rounded down to the nearest million yen *2 Scope of calculation: Nisshin Seifun Group Inc., Nisshin Flour Milling Inc., Nisshin Foods Inc., Oriental Yeast Co., Ltd., Nisshin Pharma Inc., Nisshin Petfood Inc., Nisshin Engineering Inc., NBC Meshtec Inc. *3 Percentage of non-Japanese employees does not include temporary employees. *4 Incidence rate of accidents that resulted in missed work applies to the manufacturing and research departments of Nisshin Seifun Group Inc., Nisshin Flour Milling Inc., Nisshin Foods Inc., Oriental Yeast Co., Ltd., Nisshin Pharma Inc., Nisshin Petfood Inc., Nisshin Engineering Inc., and NBC Meshtec Inc. The incidence rate of accidents that resulted in missed work represents the frequency of accidents and indicates the number of casualties due to occupational accidents during the equivalent of one million actual working hours. Reference: The incidence rate of accidents that resulted in missed work in manufacturing operations in 2019 was 1.20.

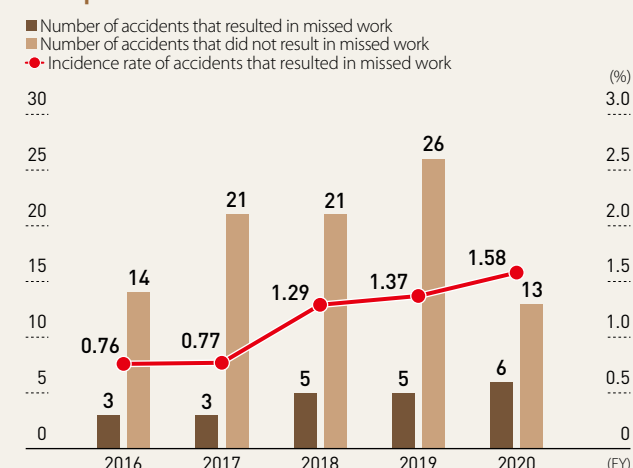
Financial Highlights

R&D Expenses*1



The Group's R&D is organized on individual R&D operations at Nisshin Seifun Group Inc. and each operating company, with each conducting R&D focused on their specific business areas. This organizational structure enables each R&D operation to actively engage in close collaboration with research institutions and other entities inside and outside the Group, which increases R&D efficiency and accelerates commercialization of R&D outcomes. The ratio of R&D expenses to sales decreased year-on-year in fiscal 2020 due to the substantial boost in sales from the conversion of Allied Pinnacle Pty Ltd. and Tokatsu Foods Co., Ltd., into consolidated subsidiaries.

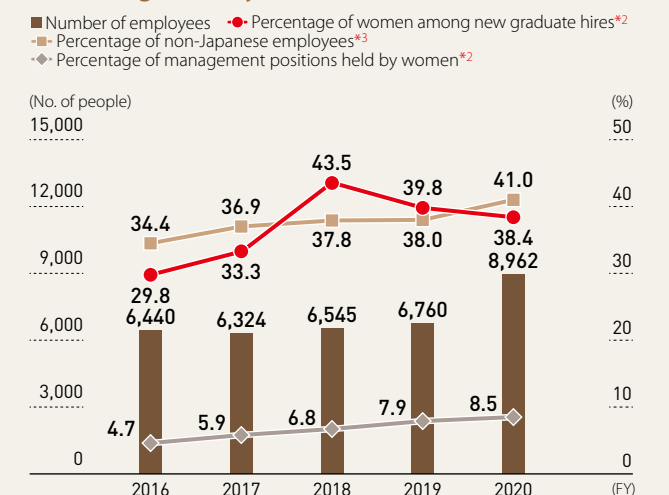
Occupational accidents*4



The Nisshin Seifun Group seeks to create safe work environments at all of its Group companies from a unified approach to occupational health and safety. The Group continuously works to reduce work-related accidents and disasters by annually applying the PDCA cycle as mandated in its Health and Safety Management Policy. The Group has not had a fatality in its operations for over 30 years.

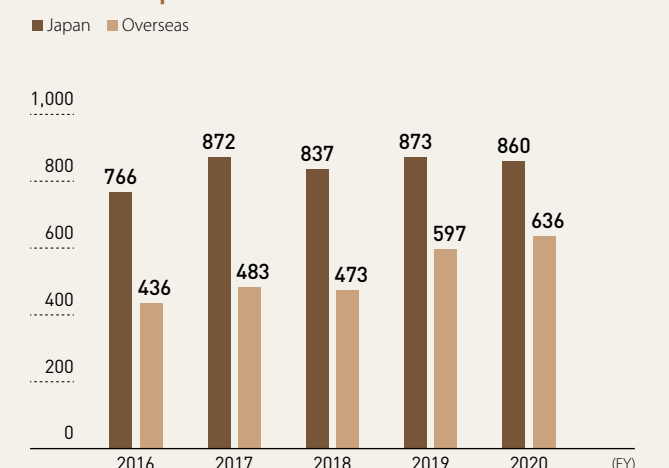
Non-Financial Highlights

Promoting diversity



The Group has made promoting women in the workplace a priority management strategy. The strategy includes a percentage target for women when hiring new college graduates and actively supporting career advancement for women. The percentage of non-Japanese personnel in our workforce is growing as we develop our global operations, and the Group is accordingly forming work environments that respect different values and local cultures, traditions, and customs.

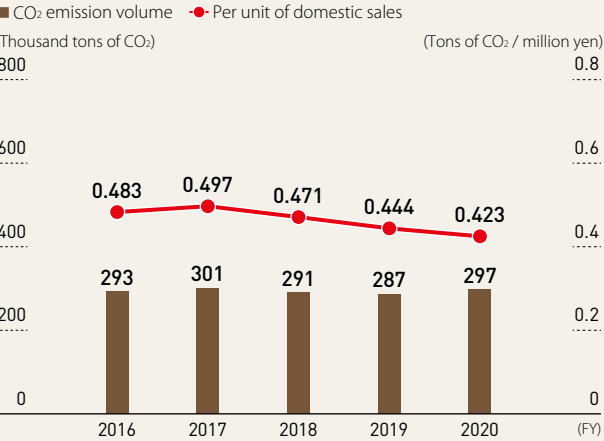
Number of patents held



The Group considers the management of its intellectual property as a key source of its competitive advantages and integrates intellectual property management into its business and R&D strategies. We steadfastly reserve the rights of our management assets, such as our technologies and brands, and fully respect the rights of third parties. The Nisshin Seifun Group is a leader in the Japanese food industry in terms of the number of patents held.

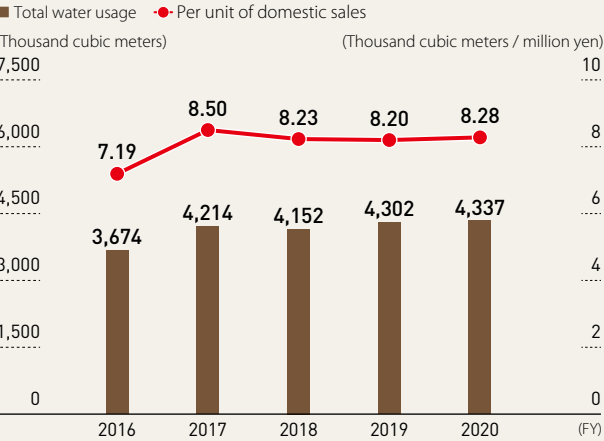
Non-Financial Highlights

CO₂ emission volume*^{5, 6}



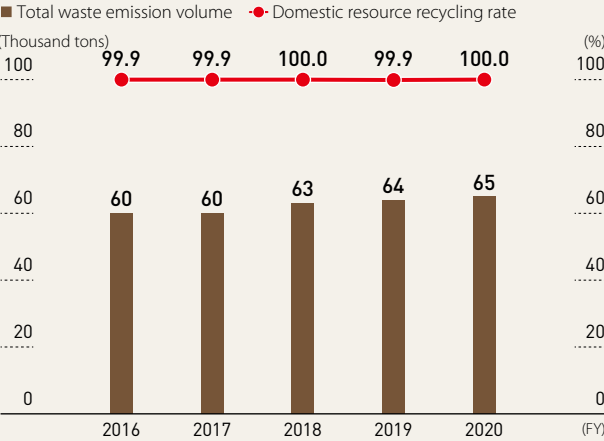
The Group has set medium-term targets*⁷ for reducing CO₂ emissions produced by the Group's business activities, in all aspects from manufacturing to the provision of products and services. The Group is updating and installing energy-efficient equipment at business sites in Japan and overseas to continue improving our energy performance.

Water consumption*⁵



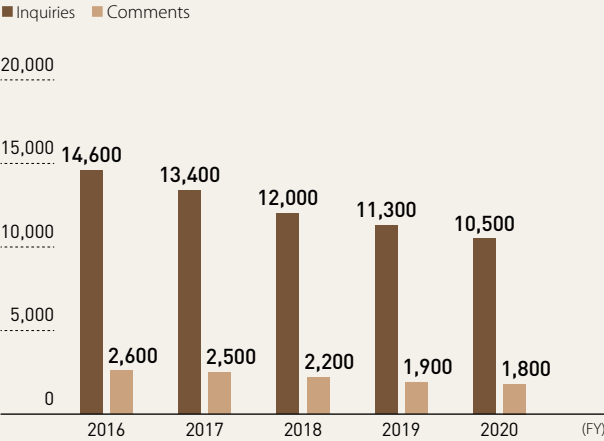
The Nisshin Seifun Group recognizes the close relation between its business activities and water resources and carries out initiatives, including risk assessments to ensure water resources are used effectively. The Group seeks to reduce water usage through stringent daily management by consolidating manufacturing into highly efficient production lines, revising our product composition, carefully planning production operations with the aim of reducing the water usage per unit of sales. We are examining setting water consumption indicators to give us an even clearer picture of the Group's water usage as we continue to improve our water efficiency.

Total waste emission volume*^{5, 8} / Resource recycling rate*^{5, 9}



The Group has limited waste emissions through ongoing initiatives to reduce and effectively recycle waste from its manufacturing processes. We will continue to efficiently use resources to support a recycling-based society.

Number of inquiries to the Customer Service Office



The Group seeks to accurately and promptly understand customer needs to improve its products and services and convenes a monthly Quality Improvement Meeting and a weekly Customer Feedback Review Meeting. The Group also continuously seeks to increase product safety at its manufacturing sites.

*⁵ Nisshin Seifun Group Inc. and 47 domestic and overseas consolidated subsidiaries (excluding 21 companies of Allied Pinnacle Group and four companies of the Tokatsu Foods Group, both of which were acquired and consolidated after April 1, 2019) *⁶ The domestic emissions factor is calculated using the average electricity generated by the 10 general power transmission and distribution companies. Overseas operation site emission volume is calculated using OECD figures. *⁷ The Nisshin Seifun Group medium-term environmental target is to reduce CO₂ emissions in Japan by 26% and reduce overseas per-unit emissions by 7.8% by fiscal 2031 compared to emission levels in fiscal 2014. The basic unit reduction targets for CO₂ and energy resources overseas are set in accordance with each country's government policy and requirements. *⁸ Industrial waste + municipal waste + recovered valuable material *⁹ (Material recycling volume + thermal recycling volume) / total waste emissions

Part 1 Value Creation Strategy

Based on our enduring foundational values, the Nisshin Seifun Group continuously takes up the challenge of creating new value to drive ongoing growth.

Greater growth ahead



Pursuing long-term sustainability centered on meeting new lifestyle needs

In 2018, the Group formulated the long-term vision “NNI ‘Compass for the Future’” to communicate throughout the Company and to the public our vision for the Company’s future and how we will achieve it. I would like to share with you the steps we are taking to realize the long-term vision and the progress we made in the fiscal year ended March 2020.

Nobuki Kemmoku

Representative Director and President



Fulfilling the long-term vision

Maximizing Group-wide capabilities from its combined management resources to advance the growth strategy

Harnessing the Group’s overall capability is key to realizing the growth in the long-term vision. Our Group-wide capability will be realized by bringing together the Group’s various management resources to serve as the foundation for advancing our business strategies. The Group-wide capability will be the driving force of our competitive strategy, which will center on integrating and applying the strengths of each Group company to create new value. This will be the foundation for strengthening the collaboration in our development, procurement, manufacturing, distribution, sales, and quality assurance operations to create a new system of a cross value chain with a focus squarely on customer and market needs. We will maximize the Group’s capabilities by using our strengths in three types of collaboration: intra-business, inter-business and external.

Our R&D activities are a prime example of the power

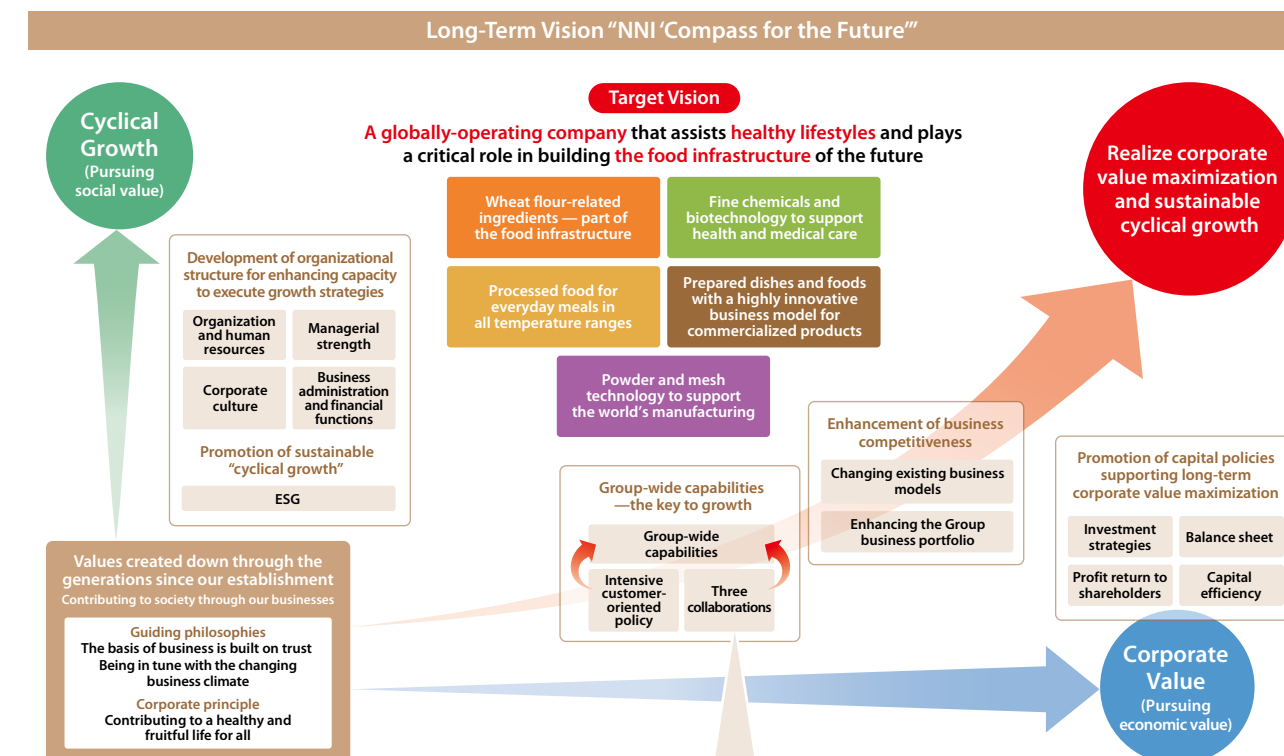
of our Group-wide capabilities. The R&D Department is constantly sharing and utilizing the technologies and expertise of group companies to develop products needed in specific markets, such as health-promoting products and high value-added products. The department also brings in new technologies from outside our organization to develop new and unique products that deliver high value-added features to our customers.

We are taking two approaches to enhancing our business competitiveness in our growth strategy to fulfill our corporate vision. The first approach is to overhaul the business models of our existing businesses to establish a solid revenue base. We are reconfiguring the business models of our existing businesses to focus on pressing management issues, such as accommodating Japan’s aging and decreasing population and new international trade

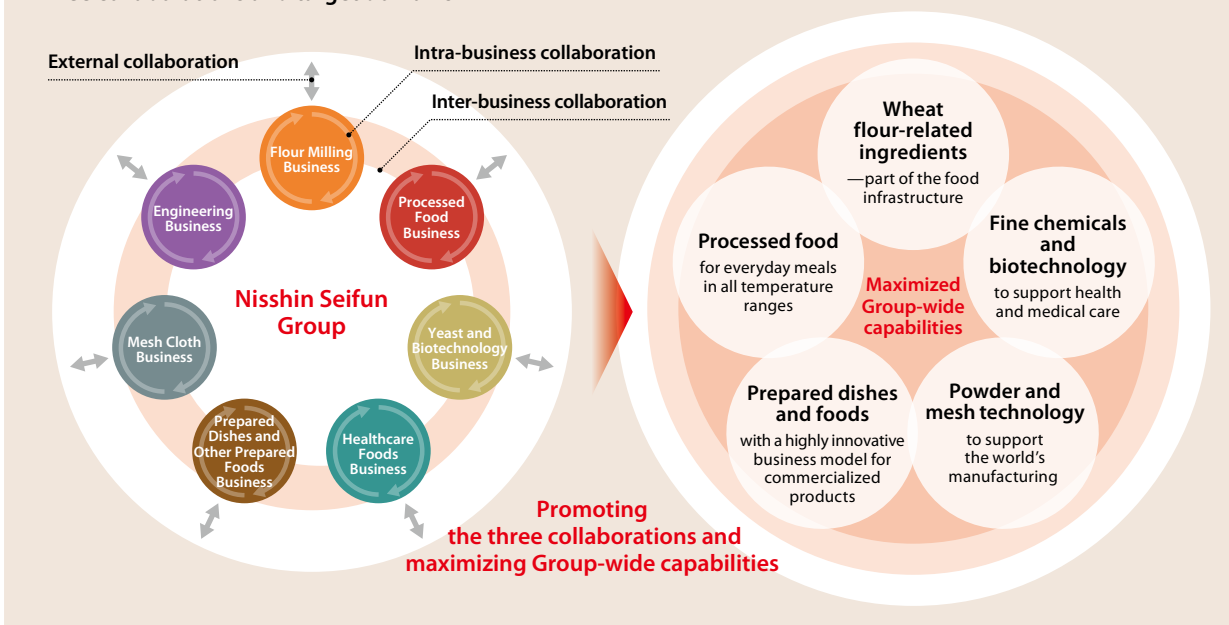
agreements. We are also advancing business strategies to prepare the businesses for market changes with the diversifying needs for simple & convenient and healthy products and innovations arising from new technologies.

The second approach to enhancing our business competitiveness is to strengthen the Group business

portfolio to maximize our corporate value. We are stepping up efforts to strengthen the business portfolio by fortifying the core businesses that are our profit base, investing resources in growth fields, creating greater group synergies, and reorganizing the Group toward profitability and growth potential.



Three collaborations and target domains



Activity report for fiscal year ended March 2020

Accelerated growth investment and expanded business base

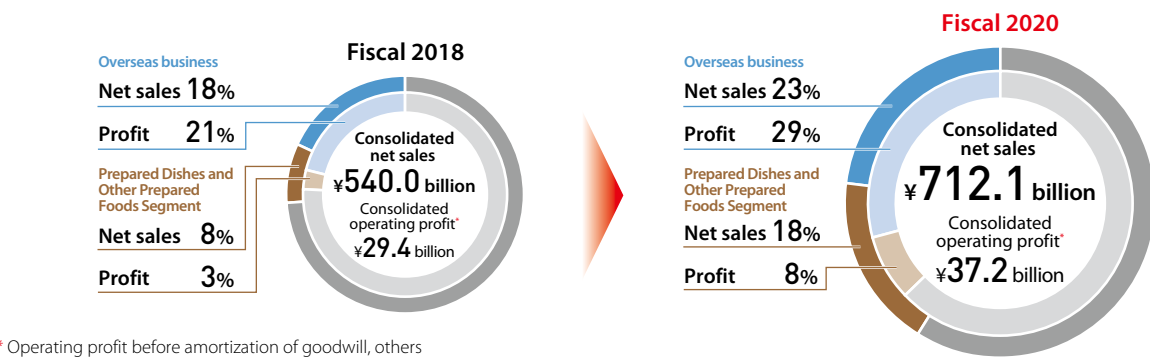
In the fiscal year ended March 31, 2020, we made unprecedented changes that transformed the Group by steadily advancing the two growth strategies of overhauling the business models of our existing businesses and enhancing the Group business portfolio set forth in our long-term vision and by expanding our business foundation for future growth.

We began the year by expanding our overseas wheat flour business with the addition in April 2019 of Allied Pinnacle Pty Ltd., Australia's leading maker of wheat flour commanding roughly 40% of the Australian market (excluding industrial-use products, such as starch). There were three specific strategies behind the acquisition: 1) Australia is a growing market where the population is increasing, and introducing the Group's technology and expertise can accelerate our business growth; 2) establishing a local base in a major wheat-producing country can strengthen our raw material procurement capabilities for the Japanese market; and 3) linking the company to the Group's existing bases in Asia and Oceania will support stable business growth for our wheat flour ingredient products for bakeries. We have been rapidly expanding our flour milling business on all sides of the Pacific Ocean—in North America, Oceania, and Asia—since 2012, and the addition of Allied Pinnacle lifted the overseas sales ratio of our Flour Milling Business to 48%. The overseas flour milling business will continue to be the primary driver of our growth strategy for the Group, and while the intensifying competition and declining profits of the flour milling business in the United States was a concern in the previous fiscal year, the business measures we implemented have gained traction and our business performance in the region is recovering.

In July 2019, in the Prepared Dishes and Other Prepared Foods Segment, we acquired additional shares of Tokatsu Foods, and made it a consolidated subsidiary. The company is a leading manufacturer of prepared dishes with wide-ranging expertise and a nationwide production network in Japan. Bringing the company deeper into the fold instantly increased the scale of our Prepared Dishes and Other Prepared Foods Segment closer to the level of the core Flour Milling Segment and Processed Food Segment. The market for prepared dishes and other prepared foods in Japan is growing at about a 2% annual pace, even as the overall food market is forecast to contract due to the changing social structure of a declining population and aging society. We are establishing a business model for pursuing delicious foods with high manufacturing efficiency. We will do this by fusing the Group's R&D and technological capabilities to quickly grow the market and increase the high value-added of our products by improving functionality, such as offering longer shelf lives, and creating appealing flavor choices, and also by accelerating the automation of our production systems to improve efficiency.

We will also continue to reconfigure the business models of our core domestic businesses by introducing automation and new technologies for low-cost manufacturing operations to enhance our competitiveness amid the changing demographics in Japan and the changing international trade landscape. In addition, we will execute a high value-added strategy that focuses product development on creating products with high value-added features, such as being simple & convenient and healthy, from the customer's perspective. Another key move to strengthen our business portfolio was the sale of the pet food business in March 2020.

Sales ratios of the growth businesses (overseas business, Prepared Dishes and Other Prepared Foods Segment) in the two years since introducing the long-term vision



COVID-19 impact and response

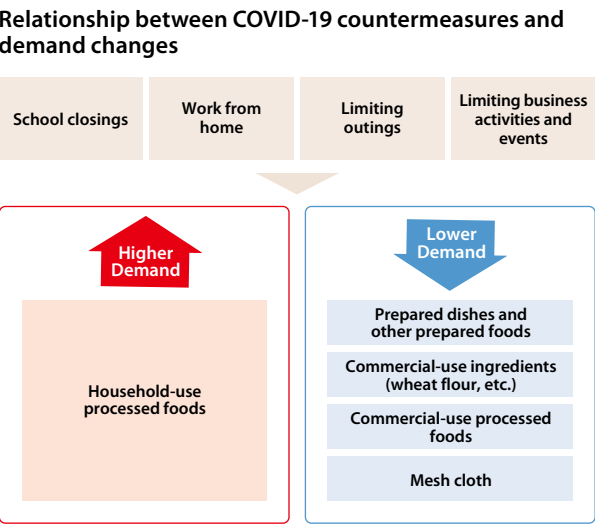
Fulfilling our social mission of stable supply of staple foods

The ongoing worldwide COVID-19 pandemic is significantly impacting our business. When the virus started spreading, the stay-at-home conditions led to increased demand in the Processed Food Business for wheat flour for household use, premixes, and pasta as people began eating in more and more. At the same time, demand declined in the Flour Milling and Processed Food Businesses for commercial products and in the Prepared Dishes and Other Prepared Foods Business in urban and resort areas. Overseas, the flour milling and premix businesses in Southeast Asia and Oceania were impacted by reduced demand as people stayed home. Economic stagnancy is also having a particularly strong impact in Southeast Asia on demand for higher priced wheat flour items. In India, the construction of the new yeast plant has been suspended due to the nationwide lockdown, and as yet there is no timeframe for returning to full construction activity.

In these circumstances, the Group's mission steadfastly remains to provide a stable supply of wheat flour and staple foods to maintain a functioning society in the countries where we do business. We believe that is also the foundation of our corporate value and are prioritizing measures to ensure continuous production, a secure supply of raw materials, and steady distribution. The Group has a business continuity plan (BCP) to ensure our operations continue running and we can provide a stable supply of products during emergency situations, such as a major natural disaster.

When the first cases of COVID-19 began appearing

outside of China in mid-January 2020, we activated the New Influenza BCP and I took charge of the COVID-19 Pandemic Task Force set up at the Group headquarters. We immediately implemented several measures to ensure employee safety and maintain a stable supply of products. We initiated a crisis management system at our production and other sites and took various steps to keep our employees safe, including revising our work regulations, enabling work-at-home for the Group headquarters and the sales departments, staggering work hours for departments needing employees at their offices, and revising our plant work structures to ensure continuous operation at full capacity. (For more details, please see our feature article on page 36.)



During and after COVID-19

Preparing for changes in society

At this time, when the COVID-19 pandemic will end is still unknown. We are also unable to make a reasonable prediction for how demand for food items might be after the pandemic. Under the present conditions with coronavirus still prevalent, we are seeing growing demand for home food preparation, non-contact food distribution, and food delivery. We have responded to these changes in the demand landscape by having our Group businesses prioritize responding effectively to their most urgent issues and all of our businesses are already engaging in specific

measures. The Processed Food Business, for example, is implementing various measures geared to new lifestyles. The business has introduced a system to flexibly raise production to meet the rising demand for home food preparation as people spend more time at home, and is also developing products to meet needs associated with home food preparation. In addition, the business is actively engaging in digital marketing to promote sales and further developing its e-commerce and delivery operations to strengthen its growth channels.

Initiatives to address social issues

Stepping up ESG initiatives and establishing sustained cyclical growth

The Group's business environment is entering a period of major change, and we believe that in 10 or 20 years the structure of society will be completely different than it is now. Strengthening our corporate governance, which also serves as a guideline for raising corporate value, will be key to adapting to the changing social structure and realizing sustainability for the Group. We need to tie the new value chain more deeply to our environmental and social activities, while also creating stronger links between fulfilling our corporate principles and maximizing corporate value. Based on this perspective, in 2019, the Group identified its Five CSR Priorities (materiality) and made them high-priority management issues.

Around the world, abnormal weather incidents have been occurring virtually every year recently. One of the Group's issues of materiality is preparing for climate change and water resource issues. These two issues are of extreme importance to the Group not just for the natural disasters they could cause where we do business and in

wheat-producing regions, but also for the direct and indirect effects they could have at all stages of the Group's supply chain, including the impact they could have on our ability to procure a stable supply of wheat. We are currently examining various potential scenarios with the aims of ensuring we are appropriately prepared and of setting long-term targets for 2050 to achieve the goals of the Paris Agreement.

We regard social issues as new business opportunities, and I would like to create a cycle where we contribute to society by using our business to address social issues and in turn create social value. Building corporate value in this way is called "cyclical growth." We believe this type of growth will lead us to our long-term vision to be a globally-operating company that assists healthy lifestyles and plays a critical role in building the food infrastructure of the future. We will continue using all of our business activities to help realize a sustainable society and to be a corporate group supported by all stakeholders.

What is cyclical growth?

Cyclical growth is turning changes in the business environment into business opportunities that support sustained business growth for the Group which then contributes to society through the value-added the Group creates.



Our capital policy is designed so we will continue to be a company with value for society

Forecast for Fiscal 2021 performance and COVID-19 impact

We believe this era of the "new normal" of living with the presence of COVID-19 is going to continue for some time with rising and falling waves of infections. The increase in home cooking as telecommuting becomes more common and the decrease in restaurant dining and purchases of prepared foods, which is partially due to travel restrictions,

are both having a major impact on our profits. We anticipate a strong impact from the COVID-19 pandemic in fiscal 2021 (year ending March 31, 2021) and forecast year-on-year declines in net sales of 2% to ¥700.0 billion, operating profit 10% to ¥26.0 billion, and earnings per share 24% to ¥57.

Investment strategy

The Group actively invests in management resources, which we consider to be the source of the competitive advantage that will enable us to realize sustained growth. We are also specifically focusing on strategic capital investment, M&A, and other investments to expand our business while also steadfastly applying our policy of systematically allocating funds to human resources, technology, and R&D. The key element to establishing sustainability for the Company is securing the sustainability of our personnel, technology, facilities, and the raw materials we need. In the eight years from 2012 to 2019, we generated consistent operating cash flow totaling approximately ¥280 billion, and we maintained roughly the same amount of investment cash flow, including ¥170 billion for strategic investments (see

page 30), which we used to lay the foundation for ongoing stable cash flow in the future. During that period, we also provided ¥70 billion in shareholder returns through steady increases in dividend distributions and stock repurchases. Last year, we simultaneously made two major M&A moves in areas that will drive the Group's growth—the overseas flour milling business and the Prepared Dishes and Other Prepared Foods Business. In the Flour Milling Business, in April we acquired the Australian milling company Allied Pinnacle Pty Ltd. (acquisition cost: ¥46.8 billion) and in July in the Prepared Dishes and Other Prepared Foods Business we acquired shares and made leading prepared dish maker Tokatsu Foods Co., Ltd. a consolidated subsidiary (acquisition cost: ¥15.0 billion).

Message from the Chief Financial Officer

To continue fulfilling our mission and social responsibility to provide a stable supply of staple foods, the Group must carefully control its capital structure while maintaining a balance between improving capital efficiency and preserving our financial stability.

The Nisshin Seifun Group's strategic investment

The Nisshin Seifun Group has initiated approximately ¥170 billion in strategic investment over eight years of the NNI-120 medium-term management plan. Resources will be allocated primarily toward establishing sustainable profit growth and developing growth businesses.

Key strategic investments fiscal 2013–2020

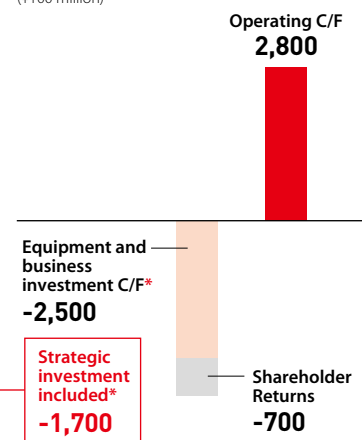
Strategic investments include constructing a yeast plant at Oriental Yeast India Pvt. Ltd.

Figures in parentheses are approximate anticipated investment amounts (¥100 million)

Japan	Construction of the Fukuoka Plant	(100)
	Expansion of the Chita Plant	(60)
	Construction of a frozen processed food plant at the Kobe manufacturing site of Ma-Ma Macaroni Co., Ltd.	(28)
	Increase of share capital holding and making a consolidated subsidiary of Tokatsu Foods Co., Ltd.	(226)
	Acquisition of Joyous Foods Co., Ltd.	(32)
Overseas	Purchase and expansion of the facilities of Miller Milling Company, LLC	(420)
	Purchase of Champion Flour Milling Ltd.	(35)
	Expansion of the Chilliwack plant of Rogers Foods Ltd.	(34)
	Purchase of the Sriracha plant of Nisshin-STC Flour Milling Co., Ltd.	(17)
	Purchase of Allied Pinnacle Pty Ltd.	(468)
	Construction of a pasta plant at Nisshin Seifun Turkey Makarna Ve Gida Sanayi Ve Ticaret A.S.	(24)
	Construction of a pasta sauce plant at Vietnam Nisshin Seifun Co., Ltd.	(15)
	Construction of a premix plant at Vietnam Nisshin Technomic Co., Ltd.	(17)
	Construction of a yeast plant at Oriental Yeast India Pvt. Ltd.	(157)

Cumulative cash flows fiscal 2013–2020

(¥100 million)



* Includes ¥10 billion to acquire Miller Milling Company, LLC in March 2012

Approach to increasing capital efficiency

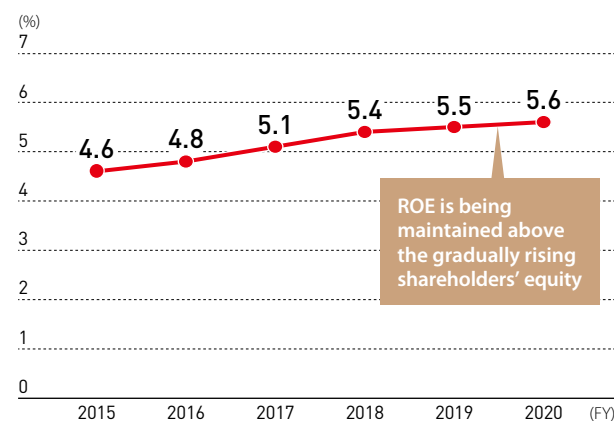
The performance indicator that we are currently focusing on with stakeholders inside and outside the Company is return on equity (ROE), which we endeavor to maintain above the cost of shareholders' equity. In other words, we intend to maintain and increase the equity spread.

We recorded ROE of 5.6% in fiscal 2020, enabling us to secure a reasonable equity spread. However, the importance of continuing to increase our profits, which is the numerator in the ROE equation, is very clear, and that is the reason we are continuing to focus on investing for business growth.

At the same time, our weighted average cost of capital (WACC) after the large-scale investment we conducted last year shows that our capital structure has changed from a balance sheet that was cash-rich to one that actively and flexibly utilizes debt capital (loan capital). We also recognize the influence of corporate value volatility (beta) in the calculation of equity costs. We

consider the fluctuation range in the earnings of our core business as our volatility, and openly disclose our earnings and other results so investors can have a full and clear understanding of our business performance.

ROE



Reducing balance of strategically held shares

We are committed to the food industry imperative to ensure safe and reliable products, and our primary mission is to provide a stable supply of wheat flour and other products through our core flour milling operation. Fulfilling this mission requires forming and strengthening long-term, stable relationships with business partners in our manufacturing, sales, and other processes. Built on trust established during our long history, our current partner relationships will continue to be a vital element of our business in the future.

The Board of Directors annually reviews the status of the business partners of which we have accumulated strategic shares in the process of relationship building. The Board reviews our business transactions with the companies along with their financial status, shareholder returns, creditworthiness, and other items, and weighs the benefits and capital cost of holding the shares to verify the suitability of retaining the shares from a long-term perspective. Shareholdings that the Board of Directors determine to have no rational reason to be retained will be methodically reduced.

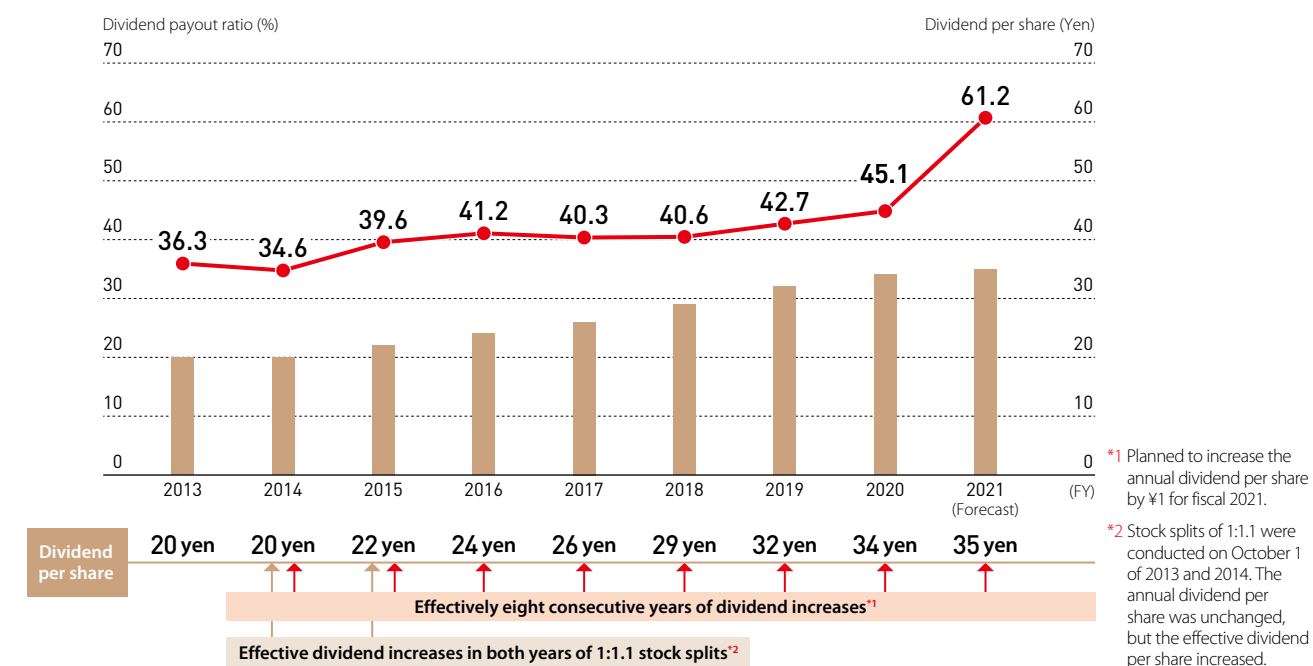
Returning profit to shareholders

We have a long-term commitment to steadily increasing profits return to shareholders who share in our long-standing "foundational value." Specifically, we intend to continue raising the dividend payments based on a benchmark consolidated payout ratio of a minimum of 40%. Another way we can meet shareholder expectations for profit sharing is by flexibly repurchasing Company shares, while also considering our cash flow and liquidity needs for strategic investments.

We increased the annual dividend payment by ¥2 to

¥34 per share for fiscal 2020 (year ended March 31, 2020). In line with our basic policy, we plan to increase the annual dividend payment by ¥1 to ¥35 per share for fiscal 2021. The increase in fiscal 2021 will effectively represent the eighth straight year of increased dividend since the stock split in fiscal 2014 when we increased the total dividend payout amount but did not change the dividend per share amount. We believe raising our profit level will enable us to continue increasing the dividend amount by maintaining a dividend payout ratio of 40% or higher.

Dividend per share and dividend payout ratio



^{*1} Planned to increase the annual dividend per share by ¥1 for fiscal 2021.

^{*2} Stock splits of 1:1.1 were conducted on October 1 of 2013 and 2014. The annual dividend per share was unchanged, but the effective dividend per share increased.

The future of the Prepared Dishes and Other Prepared Foods Business

Harnessing Group synergies for a stronger business

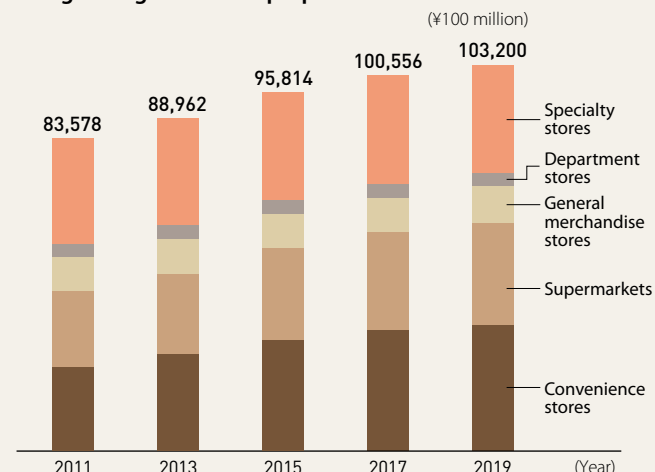


Trends in the prepared dishes and foods market

Annually growing market amid changing views on foods prepared outside the home as society evolves

The changes in Japanese society stemming from the increasing number of women in the workforce, declining birthrate and aging population, and the growing number of single-person households are increasing customer needs for quicker food preparation and single-person meals. The market for convenient and simple prepared foods has been steadily growing each year, and in 2019 it had expanded by 20% from 2011. There are five primary consumer categories for prepared foods, and growing our business requires that we provide a wide range of offerings to each channel.

The growing market for prepared foods



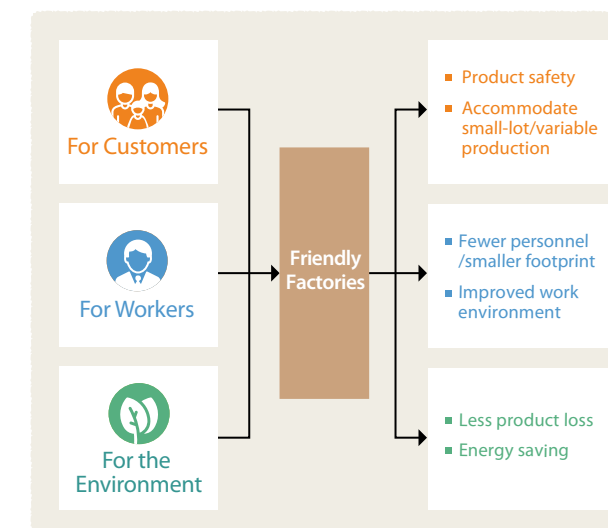
Source: Prepared Meal White Paper 2020, Japan Ready-made Meal Association

Advance automation to be a “friendly factory” offering new value

Prepared Dishes and Other Prepared Foods is by far the Company's largest segment in scale, with some 25 production sites and 10,000 employees, including part-time workers. Factories producing sandwiches, *bento* lunch boxes, *onigiri* rice balls, and other products for convenience stores operate 24 hours a day, 365 days a year.

We will be introducing automation to prepare for a labor shortage in Japan and are looking in the longer term to reduce the labor needed in our factories by roughly half. The Nisshin Seifun Group Inc. research laboratory and Nisshin Engineering are studying plans for installing and utilizing automation to improve production efficiency and capacity. We are aiming to create social and economic value by establishing “friendly factories” for our customers, workers, and the environment.

Future vision for prepared dish factories



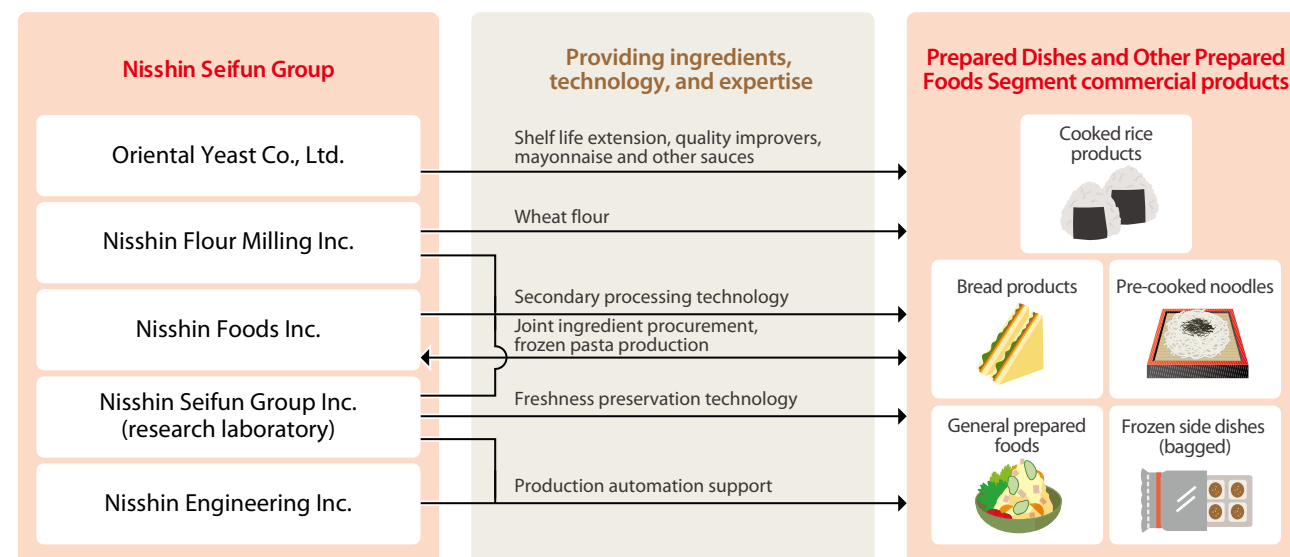
Leveraging Group capabilities to be a leading prepared food provider

The Prepared Dishes and Other Prepared Foods Segment is utilizing its accumulated product development and production expertise coupled with the Group's ingredients and processing and production technologies in the Flour Milling and Processed Food Businesses to build a full lineup structure for each of the five product categories in the market for prepared dishes and foods.

The Group is applying these competitive advantages to

propose, produce, and provide products through its sales channels to each consumer category, including convenience stores, supermarkets, and general merchandise stores. These initiatives and the increased stake in Tokatsu Foods Co., Ltd. in July 2019 have lifted the segment's share of overall Group sales from 8% in fiscal 2018 to 18% in fiscal 2020 and turned the segment into a driver of the Group's business growth.

Harnessing the Group-wide capabilities to offer a full lineup structure



Case study of benefits: Automation

Extending the expiration date of prepared foods

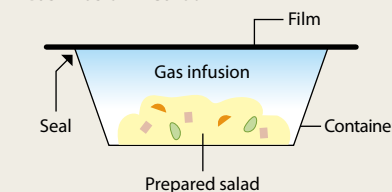


Expiration date:

Extended by one day

Automated packaging technology infuses and seals in a gas that preserves the freshness of prepared salads. Preserving the freshness can extend the expiration date by about one day, which can reduce food loss. Longer expiration dates will boost sales and enable centralized production.

Gas infusion method



* This gas infusion technology was realized through research and development by the Prepared Dishes and Other Prepared Foods Segment and the Nisshin Seifun Group Inc. research laboratory.

Automated weighing and portioning



Productivity improvement:

90 dishes per hour to 360 dishes per hour

Automating the weighing and portioning of prepared foods, such as potato salad, increased efficiency from 90 dishes per hour when done manually to 360 dishes per hour.



Automated portioning

Automatic supply of inner trays for pre-cooked noodle containers



Productivity improvement:

+8% (1,800 dishes per hour)

Automating the placement of inner trays used to separate seasonings from pre-cooked noodles in containers improved production line speed by 8% to 1,800 dishes per hour.



Inner tray feeder

Developing the overseas flour milling business

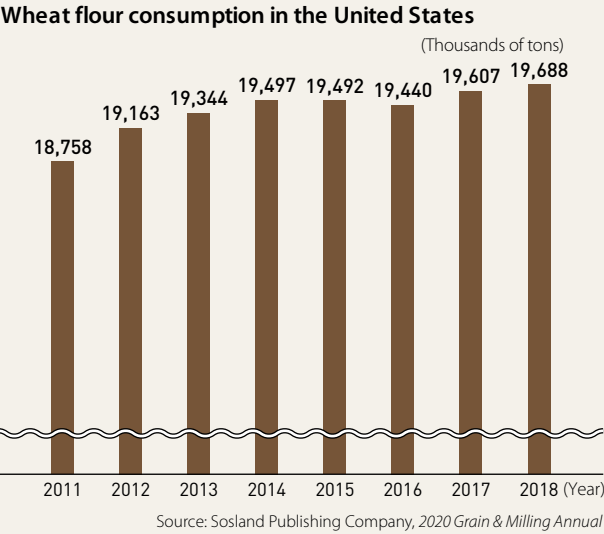
Differentiation strategy for all of North America



Background to our entry into the United States

Preparing for global growth by establishing business in the largest flour market in the developed countries

We are aggressively developing our overseas flour milling operations to make it the Group's primary growth driver. Establishing a flour milling operation in the United States is an essential stepping stone to building our global business because of the country's large and developed market—the United States produces about four times more flour than Japan and supplies roughly half of all of the wheat imported to Japan.



Full-fledged entry into the North American market

Acquisition of Miller Milling Company, LLC

The first expansion of the Nisshin Seifun Group's flour milling business into North America was the acquisition of Rogers Foods Ltd. of Canada in 1989. In 2012, leveraging the deep business expertise gained in Canada, we entered into the United States market with the acquisition of Miller Milling Company, LLC.

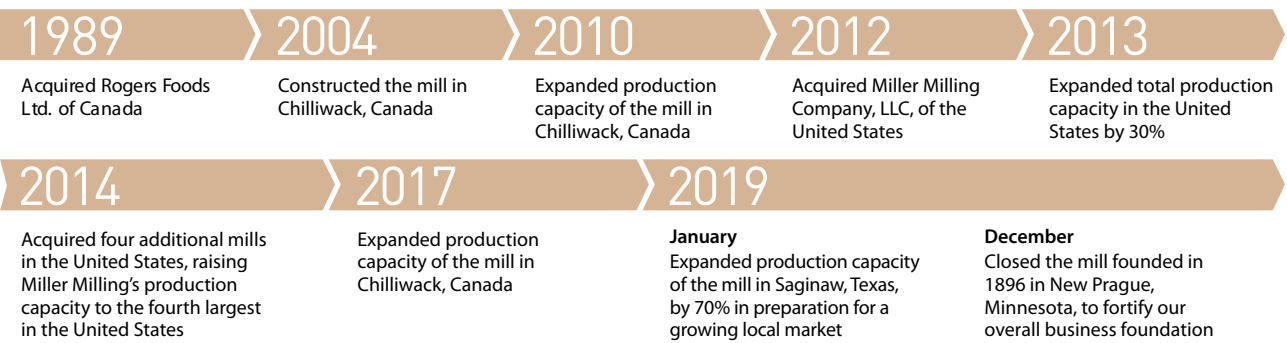
The flour milling market in North America is the largest in the developed world and is expected to continue expanding as the population grows. We therefore set strengthening the Group's business in the region centered on Miller Milling's operations as a high priority.

When we acquired the company in 2012, Miller Milling was operating two mills near the main consumer regions in the Northeastern and Western United States. The following year, we increased the company's production capacity by 30%, and in

2014 we acquired four additional mills. These acquisitions made Miller Milling the fourth largest flour miller by volume in the United States.

In January 2019, we increased the production capacity of the Saginaw Mill in Texas by 70% in preparation to meet rising demand with the growth in the local population. Later, in December, we made the strategic decision to close the mill in New Prague, Minnesota, which had been operating since 1896 but was serving as a backup for the more modern and efficient plants. The strategic allocation of mills allows us to concentrate management resources in areas with high growth potential and provides a corporate structure upon which we can further strengthen our business foundation.

Building our flour milling business in North America



New value statement driving our management reform and product development

Competition in the United States flour milling market intensified significantly in 2019, making it a very challenging year for millers. To reinvigorate our business performance, Miller Milling drastically revised its management structure in November and adopted a new "Do the Right Thing" value statement aimed at creating more integrated manufacturing and sales management. We are also emphasizing team building throughout the organization and seeking to cultivate an awareness that all employees participate in the management of the company. In addition, we have adopted down-to-earth management using a data-based scientific approach and emphasizing stronger customer relations, internal process reform, and employee education.

The United States is presently experiencing a further spread of COVID-19. We have created a dedicated Task Force

Team to guide our countermeasure efforts throughout the organization, and operations have continued uninterrupted in all areas, including purchasing, manufacturing, and sales. The team's diligent efforts are slowly but surely putting our business performance back on track.

We are taking a medium-to-long-term approach to business development. Part of this is focusing on offering distinctive products beyond the standard wheat flour, such as organic flour and durum wheat products. Wheat flour is a commodity product that is susceptible to price competition, and we will construct a product portfolio that also encompasses specialty products, which are resilient to price competition. We are also actively collaborating with Group companies to fill out our lineup of new products as well as examining potential new business domains.

Actively working with Group companies to create a differentiation strategy

The Nisshin Seifun Group is actively working with group companies to generate new business opportunities and plans to execute a differentiation strategy across North America. This will include deepening the connections between the manufacturing and sales operations of Miller Milling and Rogers Foods in Canada with the aim of advancing a unified drive to increase our presence on the West Coast of North America. In addition, the Group network of business bases in Oceania, Asia, and other regions, whose businesses are orchestrated by parent company Nisshin Flour Milling Inc., will also be harmonized for maximum effect while we begin developing and launching new product and cultivating new demand.



Manufacturing managers of Miller Milling Company and Rogers Foods discussing flour milling technologies and best practices

Pursuing our long-term vision of ensuring stable supply and ongoing growth

We are an "essential business" that must meet society's expectations to continue operating without interruption, and have accordingly taken strict measures to protect against COVID-19. The team's cohesiveness has improved dramatically as we have all come together to overcome the crisis. Our energy is focused in a positive direction as we take on new challenges and seek to create value. We will continue using the Group's global network to establish a unique position in the market and aim for further growth.



Takuya Mitani
President and CEO
Miller Milling Company, LLC

Nisshin Seifun Group COVID-19 countermeasures

Prompt response to the changing environment to ensure a stable food supply

Fulfilling our social mission to provide a stable supply of staple foods

The Nisshin Seifun Group's social mission from its very beginning has been to provide a stable supply of staple foods and all of its food products. We consider this mission to be the primary source of our corporate value and have constructed a crisis response system and business continuity plans to ensure our mission is fulfilled in all circumstances. The entire Group is currently engaged in an all-out effort to respond to the COVID-19 pandemic and maintain a stable supply of products.

Operations under the crisis management framework

The Nisshin Seifun Group, in accordance with its Risk Management Rules, maintains a Risk Management Committee that supervises risk management throughout the Group and executes routine risk management practices. We have a two-tier system for risk situations that also includes a set of Crisis Control Rules and a crisis control mechanism that triggers immediate communication when a crisis event occurs and enables an effective initial response.

When the first COVID-19 patients began appearing outside of China in mid-January 2020, the Group immediately went into crisis control mode and in early February set up at Nisshin Seifun Group Inc. a COVID-19 Task Force chaired by the Company president. The Task Force is closely monitoring developments and directing virus prevention measures throughout the Group. All Group manufacturing sites and

other operations in Japan and overseas are currently operating under the crisis management framework, and a reporting system is in place for immediately notifying the Task Force if an employee tests positive for the virus.

Employee safety and continuing operations

We have implemented various measures to protect employee health and maintain continuing operations. Employees wear masks at work, check their temperatures and disinfect their hands when they arrive at the worksites. In addition, non-essential and non-urgent large meetings and domestic and overseas business trips are suspended, digital tools are being used to maintain and improve work efficiency, and employees have the options of working on staggered schedules or at home.

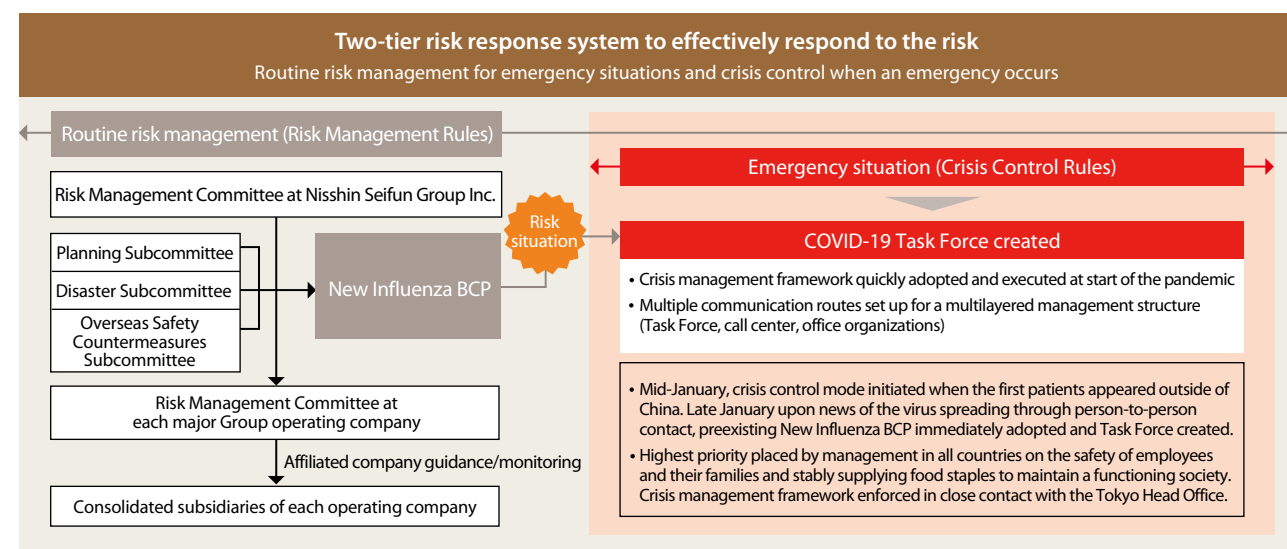


PT. NBC Indonesia
Larger buses have been engaged to transport employees, and social distancing is enforced with open seats and a maximum of 50% capacity.



Initio Foods Inc.
Cafeteria tables are partitioned and talking is minimized to prevent potential transmission.

Risk management system and COVID-19 prevention measures



Offering value amid fluctuating demand and changing lifestyles

The impact of COVID-19 on the Group

The COVID-19 pandemic is having both positive and negative impacts on the Nisshin Seifun Group.

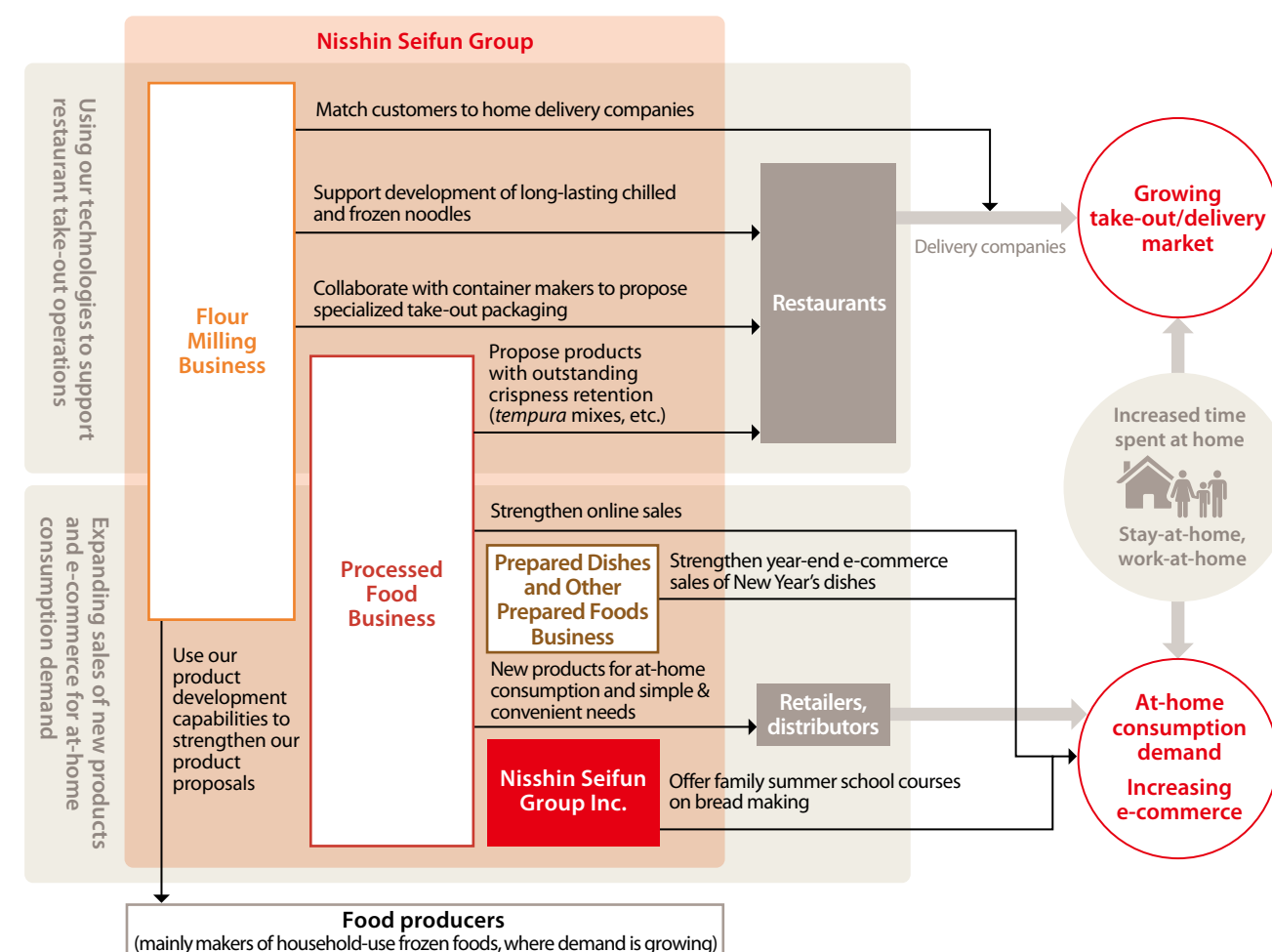
For wheat flour and other commercial-use food ingredients, demand continues to be strong for instant noodles and similar items but overall is slightly below last year, reflecting the sluggish consumption nationwide and reduced inbound tourism. Conditions are severe for commercial-use processed foods as demand from the restaurant industry has decreased significantly.

At the same time, school closures and government requests for people to stay at home led to increased demand related to home food preparation, and demand is up substantially for pasta, pasta sauces, and premixes. The Group has strengthened its supply structure, adjusted its delivery operations, and implemented other measures to ensure it will continue fulfilling its mission to maintain a stable supply of products.

Anticipating changes in consumer behavior

The Nisshin Seifun Group is responding to the business conditions during the COVID-19 pandemic by securing input materials and constructing a manufacturing network that will ensure our ability to provide a stable supply of products as well

as by conducting sales negotiations online. We are also launching business reform projects and taking other steps internally to reconsider our work practices in light of the changing conditions. Demand is also evolving, and we expect the changing lifestyles to expand the food take-out and delivery market, increase demand for at-home consumption, and increase the volume of e-commerce. We are preparing all of our businesses for changes like these in consumer food demand and in their sales channels. In the Flour Milling Business, for example, we are supporting development and providing information for products targeting the take-out market as well as helping to pair our customers with home delivery companies. The Processed Food Business has introduced several new products, including new *Ao-No-Dokutsu* series products designed to meet demand for at-home consumption with a "dining in" atmosphere and the new Nisshin *Okonomiyaki* in a Cup Set catering to needs for even easier-to-prepare meals. We will continue responding to changes in consumer food demand, applying our technologies to develop new products, and strengthening our sales to channels where we anticipate growth to offer products with new value for new lifestyles.





Group strength built from diverse capabilities



Part 2 Value Creation Strategy by Segment

Taking wheat flour as the starting point, Nisshin Seifun Group has developed seven diverse business segments. We are striving to enhance our business competitiveness in order to realize our long-term vision.

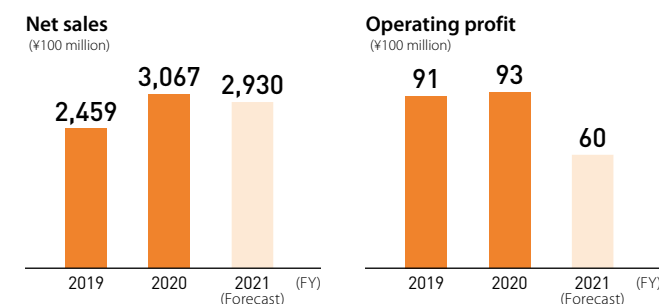
At a Glance

Forecasts for the fiscal year ending March 31, 2021 are as of October 27, 2020. Net sales and operating profit figures are rounded down to the nearest ¥100 million.

Segment

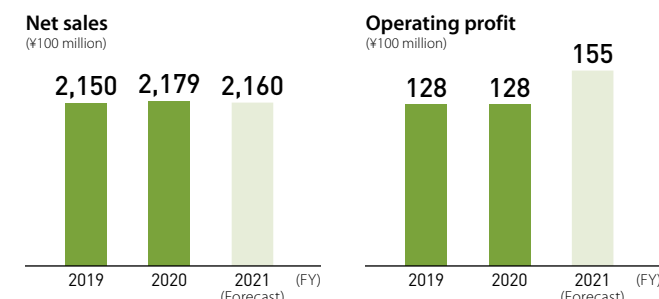
Flour Milling Segment

Share of net sales (FY2021 forecast) **42%**



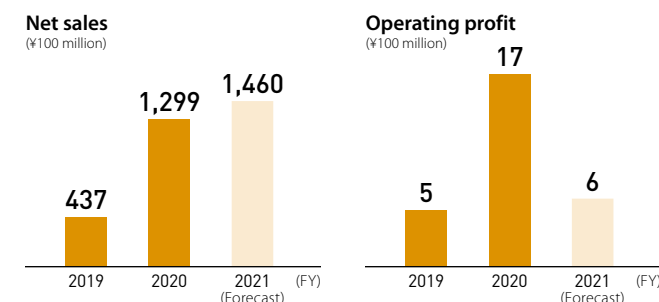
Processed Food Segment

Share of net sales (FY2021 forecast) **31%**



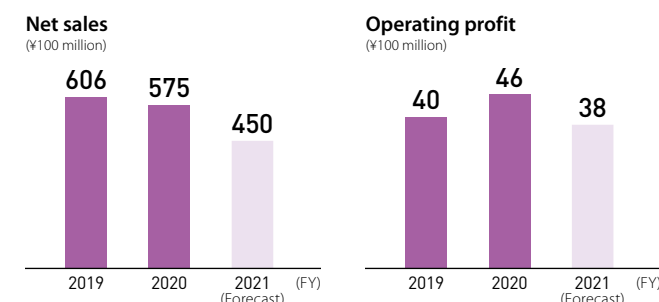
Prepared Dishes and Other Prepared Foods Segment

Share of net sales (FY2021 forecast) **21%**



Others Segment

Share of net sales (FY2021 forecast) **6%**



Results for the fiscal year ended March 31, 2020 and forecasts for the fiscal year ending March 31, 2021

In the fiscal year ended March 31, 2020, overall net sales increased due in part to the consolidation of Allied Pinnacle Pty Ltd. Operating profit increased despite weaker results in the United States amid intensifying competition and other factors, as it was supported by favorable domestic wheat bran prices and from the disappearance of the acquisition-related expenses recorded in the previous fiscal year related to the purchase of Allied Pinnacle.

For the fiscal year ending March 31, 2021, we forecast a decline in net sales largely owing to reduced domestic and overseas shipments of commercial wheat flour during the COVID-19 pandemic. We forecast a decline in operating profit as a recovery in profit in the United States is more than offset by ongoing low domestic and overseas shipments of commercial wheat flour during the COVID-19 pandemic and reduced sales revenue owing to the sales composition in Japan and Australia.

In the fiscal year ended March 31, 2020, net sales increased on growth in shipments of processed foods and other products and increased exports of raw materials for pharmaceuticals. Operating profit also increased from reduced costs for sales growth strategies associated with the improved high value-added of processed food products along with the increased exports of raw materials for pharmaceuticals. These increases more than offset rising distribution costs and expenses for personnel, advertising and promotion, and R&D strategies.

For the fiscal year ending March 31, 2021, we forecast a decline in net sales as increasing exports of raw materials for pharmaceuticals are more than offset by shipment declines for commercial-use products in the Processed Food Business due to the COVID-19 pandemic. We forecast an increase in operating profit on increased exports of raw materials for pharmaceuticals and improved cost management.

In the fiscal year ended March 31, 2020, net sales increased from the operation of the Kyushu Plant, which produces primarily prepared Japanese dishes, and from the consolidation of Tokatsu Foods Co., Ltd. These overcame the sluggish sales of pre-cooked noodles during the unseasonable summer weather. Operating profit increased largely due to the consolidation of Tokatsu Foods.

For the fiscal year ending March 31, 2021, we forecast net sales increasing from the contribution of the newly consolidated Tokatsu Foods, which we expect to more than offset an anticipated decline in shipments of prepared dishes due to decreased demand, particularly in urban and resort areas during the COVID-19 pandemic. We forecast a decline in operating profit from decreased shipments during the pandemic.

In the fiscal year ended March 31, 2020, net sales declined from the level in the previous fiscal year which was boosted by large construction projects in the Engineering Business. Operating profit increased, supported by rigorous project management in the Engineering Business.

For the fiscal year ending March 31, 2021, we forecast net sales declining due to the sale of the pet food business and a temporary decrease in equipment installations in the Engineering Business. We forecast a decline in operating profit owing to the transfer of the Pet Food Business and reduced sales in the Engineering Business.

Flour Milling Segment



Flour Milling Business

Takao Yamada
Director and President
Nisshin Flour Milling Inc.



Commercial wheat flour

Fortifying our business base in Japan and accelerating the expansion of our business overseas

We will use our advanced milling technologies and low-cost operations to differentiate our brand and establish an unassailable position in the domestic wheat flour market.

Overseas, we will adapt technology cultivated in Japan to local markets to elevate our presence in each region and to accelerate the strengthening and expansion of the revenue base.

Strengths

- Advanced milling technology and expertise
- A leading company with high market share and a wide-ranging product line
- Highly refined product and process development capabilities derived from our wheat research
- Ability to offer customers a comprehensive lineup of products
- Technology designed to meet the needs of local overseas markets

Opportunities and Risks

- A contracting domestic flour market due to international trade agreements and the dwindling population
- Diversifying food preferences and growing shift to health-oriented and high value-added products
- Increasing demand for flour due to growing populations and rising incomes, particularly in developing countries

Growth Strategies for the Long-Term Vision

- Establish low-cost operations by optimizing the production system and integrating new technologies to set our production cost base at a level that will give us a global competitive advantage
- Establish an overwhelming leading position in the domestic flour market by meeting customer needs
- Develop new businesses, including by applying our unique technologies to further expand business overseas

Review of fiscal 2020 and initiatives for fiscal 2021

Japan

In fiscal 2020, we expanded product sales by using our advanced wheat milling technologies to offer products with high value-added and that met health needs. We also reduced our power consumption and improved our production efficiency by installing automation and new technologies.

In fiscal 2021, we will promote sales of high value-added products and strengthen our communication and responsiveness as a flour miller while flexibly adjusting to changes in the markets. While the COVID-19 pandemic persists, we will ensure a stable supply of staple food by continuing to operate our production sites at full capacity and maintaining a 2.3-month stockpile of wheat in line with the national trade policy. We will also promote wheat demand by supporting customer efforts to develop take-out products and disseminate related information geared to current consumer behavior and by helping our customers partner with home delivery service operators.

Overseas

USA: Miller Milling Company, LLC

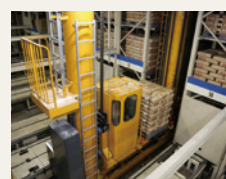
Miller Milling improved its production efficiency and sales margins in fiscal 2020 and turned earnings back onto a rising trend in the fourth quarter. In fiscal 2021, the company will seek to firmly establish the earnings growth by continuing to improve its production efficiency and sales margins and by expanding sales of specialty products, such as organic products.

Australia: Allied Pinnacle Pty Ltd.

Since the April 2019 acquisition, Allied Pinnacle has struggled to secure profits due to rising distribution costs and an unexpected drop in demand caused by a forest fire and sluggish sales at major customers. In fiscal 2021, the company anticipates a potential impact from the COVID-19 pandemic reducing demand for premixes and bakery-related raw materials, but will continue efforts to reestablish its earnings foundation by lowering costs through steps to raise production efficiency and improve logistics operations.

Low-cost operations for a global competitive advantage

We expect the market for flour in Japan to contract due to the major changes in the business environment caused by international trade agreements like the Trans-Pacific Partnership along with Japan's declining population and diversifying food preferences. In response to these changes, we are consolidating our production operations into major plants located in coastal areas accessible to raw material bulk carriers that provide cost competitive logistics capabilities. We are also introducing automation to all of our processes, such as building automated three-dimensional warehouses and utilizing unmanned forklifts at our storage and delivery operations. In addition, we are integrating AI and other new technologies into our production operations to improve efficiency and establish a low-cost structure that will give us a global competitive advantage.



Automated product handling at a three-dimensional warehouse

Processed Food Segment



Processed Food Business

Yuji Koike
Director and President
Nisshin Foods Inc.



Wheat flour for household use, frozen pasta, and dry pasta



Increasing our offerings of high value-added products for a changing market

We are solidifying our earnings foundation to counter the expected shrinking market from Japan's aging and decreasing population by filling out our lineups of high value-added health-function, simple, and convenient products while also

improving our cost competitiveness. At the same time, we are accelerating our expansion into overseas markets to capture demand from the growing global population and rapidly developing emerging markets.

Strengths

- Strong brand power and several products with top market share in Japan
- Consumer trust in the high quality, safety, and reliability of our products
- Product development and technical services geared to domestic and overseas markets
- Abundant proprietary technology and expertise accumulated through research and technology development

Opportunities and Risks

- Shrinking market from population decline in Japan
- Increasing trends for simple, convenient, quicker, and one-person meals and health consciousness
- Persistent rises in labor costs, logistics costs, and raw material prices
- Growing global population and economic growth in developing countries in Asia
- Changes in international trade conditions

Growth Strategies for the Long-Term Vision

- Maintain and strengthen the earnings base of ambient temperature household-use products while converting the business structure to B to B premix business and frozen foods business
- Expand our high value-added products with simple & convenient, authentic, and healthy features to create value and become a true R&D-driven company
- Advance and accelerate the development of overseas business for the "overseas push"

Review of fiscal 2020 and initiatives for fiscal 2021

Japan

In fiscal 2020, we expanded our offerings of high value-added products by developing and marketing products following the concepts of simple & convenient, authentic, and healthy. Our new convenient offerings included Ma•Ma Palette, a full-bodied pasta that can be prepared in a small pot. Under the healthy concept, we introduced the Healthy and Delicious Series featuring our first products with functional claims. We also launched a new initiative to promote the use of environmentally friendly products with our refill packages for Nisshin Cooking Flower® flour. The packages bear the mark of The Nature Conservation Society of Japan, and we are donating a portion of the profits to the society.

In fiscal 2021, we will further strengthen the development and marketing of value-added products. We will also continue to create new products designed for the changing lifestyles during the COVID-19 pandemic, such as the recent releases in the *Ao-No-Dokutsu* brand series, including

oven-baked penne, cheese dip, and frozen single-dish Grazia catering to at-home consumption, and the new Nisshin Cup Set series meeting needs for even easier-to-prepare meals. We will also continue to increase our production capacity to meet the growing demand for household-use products and to ensure a stable supply of products.

Overseas

In fiscal 2020, we launched operations of the Group's first premix plant in Vietnam, which will serve as a supply base for the expanding ASEAN market. In fiscal 2021, we will strengthen relations with our overseas clients, particularly in the rapidly growing markets of China and the ASEAN countries, to build our bakery and restaurant chain supply business. We will also seek to partner with Japan-affiliated businesses in the region by collaborating with the sales departments in Japan for commercial-use products.

New Vietnam premix plant launches our expansion into the ASEAN market

Vietnam Nisshin Technomic Co., Ltd. began operations at its new premix plant in January 2020. The economic growth in ASEAN has fueled rapid growth in the market for premix in recent years as the restaurant industry, convenience stores, and other consumer options have become more modernized. The market in Vietnam has been growing at a remarkable pace as it is a promising market itself with a population of roughly 100 million while also offering an abundant labor force that has helped it become a major production site of processed foods for export. The new plant in Vietnam gives us a second supply base of B to B premix in the ASEAN region with Thai Nisshin Technomic Co., Ltd., which further strengthens our business foundation in the region and enables us to accelerate our business development overseas.



The new Vietnam Nisshin Technomic premix plant

Processed Food Segment



Yeast and Biotechnology Business

Masashi Nakagawa
Director and President
Oriental Yeast Co., Ltd.



Yeast products



Wide range of food ingredients and high value-added biotechnology

We develop and supply yeast, fillings, mayonnaise, and other ingredients to customers ranging from bread and confectionery companies to prepared dish makers and restaurant operators.

The biotechnology business uses our proprietary biotechnology to manufacture and sell diagnostic and research reagents, while also providing support services for R&D of pharmaceuticals in Japan and overseas.

Strengths

Processed Food

- Wide-ranging lineup of food ingredients
- Strong R&D capabilities
- Strong proposal capabilities based on our ingredients and technologies
- Vast archive of yeast strains

Biotechnology

- Strong global brand power in the diagnostic reagent and medical industries and in academia
- Highly refined R&D and manufacturing capabilities
- Vibrant customer bases in Japan and overseas

Opportunities and Risks

Processed Food

- Shrinking market from population decline in Japan
- Growing world population, changing logistics conditions and diversifying food preferences in Asia

Biotechnology

- Expanding markets from world population growth
- Increasing need for preventive medicines accompanying the aging population in Japan
- Advances in polymer and regenerative medicines

Growth Strategies for the Long-Term Vision

Processed Food

- Enhance earning capability by expanding business for our yeast and other ingredients in Japan and overseas

Biotechnology

- Grow the biotechnology business by developing high value-added diagnostic reagents, culture media, reagents, and testing services in Japan and overseas

Review of fiscal 2020 and initiatives for fiscal 2021

Japan

In fiscal 2020, the yeast business struggled during its 90th year of operation as the bread industry faced an overall challenging environment. However, we continued expanding and strengthening its offerings for prepared dish makers and restaurant operators with various new items, including products with longer shelf lives.

In fiscal 2021, we will focus on maintaining our solid position in the bread market and developing sales channels and new business in other markets. We will also actively work to expand sales of liquid diet featuring yeast functions and sales to the beverage industry.

Overseas

In fiscal 2020, we introduced various items at an exhibition for

export products, including products for use in bread and ramen and discoloration inhibitors for fruits. Construction of the new plant at subsidiary Oriental Yeast India Pvt. Ltd. also progressed during the year. In the biotechnology business, orders were particularly strong for base materials for culture media and continued strong for diagnostic reagents and testing services.

Construction of the yeast plant in India has been suspended due to the nationwide lock-down and the ban on entry from overseas during the COVID-19 pandemic. Once construction fully recommences, we expect the plant to start operations about six months later. In the biotechnology business, we will continue seeking to expand sales of diagnostic reagents and base materials for culture media, and will focus on expanding the support business in the regenerative medicine field.

Establishment of the international Productive Aging Consortium

Oriental Yeast is participating as a lead company of the Productive Aging Consortium, a joint venture established on November 20, 2019. The consortium was created by the Teijin Group healthcare company NOMON Co., Ltd., and includes Meiji Holdings Co., Shimadzu Corporation, and Teijin Limited.

The companies are combining their experience and expertise across industries to break down hurdles to “productive aging” and to extend healthy life expectancy so people can look forward to living long and full lives.



Five companies are tackling issues associated with a graying society



Healthcare Foods Business

Kiyoshi Sato
Director and President
Nisshin Pharma Inc.



Healthcare food products



Meeting the growing need for healthcare food products and fine chemicals

Growing health awareness is fueling ongoing growth in the healthcare food market. We are focusing on strengthening our brand and meeting customer needs by developing nutritional supplements, foods with function claims, and healthcare foods.

We are also using our unique technologies to develop and market high quality raw materials for pharmaceuticals. At the same time, we are configuring a manufacturing structure network that will enable us to provide a stable supply of products to meet the growing demand.

Strengths

- Dual sales channels of B to B for pharmaceutical raw materials and B to C for mail order sales
- Fully integrated structure from in-house raw material R&D through manufacture and sale of consumer products
- Advanced pharmaceutical business technologies and quality assurance structure based on good manufacturing practices (GMP)

Opportunities and Risks

- The aging society, increasing use of self-medication, and growing e-commerce
- Increasing awareness of healthy diets and the food with function claims system
- Diversifying consumer needs and demand for high value-added products
- Expanding market for raw materials for pharmaceutical products “EPA-E”
- Growing number of generic products
- Application of our technologies to materials for new fields

Growth Strategies for the Long-Term Vision

- Broaden the development of materials beyond our current businesses and into new fields and generate Group synergies to cultivate growth drivers for the future

Review of fiscal 2020 and initiatives for fiscal 2021

Healthcare Foods Business

We made significant progress reforming our business model in fiscal 2020. We streamlined the sales channels for our healthcare foods, which enabled us to acquire new customers, and we also promoted sales by issuing new newsletters and conducting direct mailing campaigns to increase customer awareness of our products. In addition, we refreshed our mainstay Bificolon product and gathered new customers through TV commercials and other promotions.

In fiscal 2021, we aim to increase Bificolon S customers by tapping into the growing health awareness and rise in mail-order usage amid the worldwide COVID-19 pandemic. At the same time, we will develop products to follow Bificolon S and continue working to raise recognition of the LivLon brand. We have also introduced aluminum pouch packages that use fewer resources and provide the added convenience of customers being able to receive the products in their mailboxes.

Pharmaceuticals raw material EPA-E business

In fiscal 2020, demand steadily grew at our business partner in the United States for the antihyperlipidemic drug Vascepa® after it received approval in the United States for additional indication. To meet this demand, we established a solid manufacturing structure by securing the necessary raw material suppliers, improving production efficiency, and optimizing staff allocation.

In addition to stronger Vascepa® demand, in fiscal 2021, we will also take steps to prepare for substantial changes in the business environment including from new competitors. While maintaining steady production and shipment operations, we are examining ways to reformulate our manufacturing structure for the future. While continuing to develop our current healthcare materials, we will also pursue development of materials for new fields where we can leverage our technologies.

Product development geared to customer needs and strengthening the LivLon brand

In the growing market for healthcare foods, we are differentiating ourselves by utilizing our technologies and materials to develop new products and strengthen our brand. In November 2019, we refreshed our Eye Support Plus product by elevating it from a dietary supplement to a food with function claims. We also refreshed the long-selling coenzyme Q10 series, which we introduced in 1967. In February 2020, we released water-soluble coenzyme Q10 food supplement products that

enable three times more absorption into the body than the standard fat-soluble coenzyme Q10. The water-soluble Q10 and the EPA + DHA product that was updated in July with mailable aluminum pouches. We are strengthening these and other products in the LivLon brand to expand our business and be the company that our customers look to for reliable quality in their healthcare needs.

Prepared Dishes and Other Prepared Foods Segment



Prepared Dishes and Other Prepared Foods Business

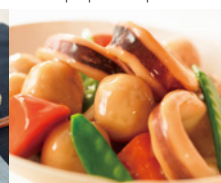
Koichi Iwasaki
Director, Managing Executive Officer and Division
Executive Business Development Division
Nisshin Seifun Group Inc.



Pre-cooked noodles



A prepared Japanese dish



A business model pursuing delicious foods and high manufacturing efficiency

The market for prepared dishes and foods is expanding with the increase in working couple households and the aging population. The Nisshin Seifun Group is approaching this as a growth market, and in 2019 began offering a full lineup of products in all categories, including *bento* lunch boxes, *onigiri*

rice balls, and sandwiches. We are developing our production and supply networks across Japan to best utilize our technology development and raw material procurement capabilities for a business model pursuing both delicious foods and high manufacturing efficiency.

Strengths

- Nationwide manufacturing and distribution structure and top-class manufacturing plants and workforce in Japan
- A full lineup structure providing products in every prepared food category
- A product development structure encompassing the Group's R&D and technology development activities
- The ability to use the Group's raw material procurement

Opportunities and Risks

- Change in wage-earner demographics with more women workers, people working at home, and single-person households
- Lifestyle changes accompanying the declining birthrate and aging population in Japan
- Shrinking markets and increasing labor shortage due to population decline
- Accelerating technological innovation, such as in automation, robotics, and AI

Growth Strategies for the Long-Term Vision

- Formulate a potent business model driven by developing delicious food offerings and highly efficient manufacturing operations

Review of fiscal 2020 and initiatives for fiscal 2021

Initio Foods Inc. launched operations of its Kyushu plant in May 2019, expanding its product area from prepared Japanese dishes to *bento* lunch boxes, *onigiri* rice balls, and other rice-based offerings. In July, we raised Tokatsu Foods Co., Ltd. to consolidated subsidiary status. These developments give us a complete lineup of products for the prepared dishes and foods market with Initio Foods Inc. supplying primarily prepared Japanese dishes, Joyous Foods Co., Ltd. offering pre-cooked noodles, and Tokatsu Foods Co., Ltd. delivering *onigiri* rice balls, *bento* lunch boxes, sandwiches, prepared dishes and salads.

In fiscal 2021, we expect the stay-at-home conditions during the COVID-19 pandemic early in the year to reduce demand at convenience stores and similar operations, but the lifting of the state of emergency status should allow sales to gradually return to near-normal levels. We are "shifting to a highly innovative business model" that pursues both delicious foods and high manufacturing efficiency by strengthening our product lineup catering to the needs of our customers and society, advancing R&D for longer product shelf lives, and examining the practical use of automation technology.

Enhancing the quality assurance system and applying comprehensive quality control

We are working with Nisshin Engineering to enhance the quality assurance system in the Prepared Dishes and Other Prepared Foods Business. One step we have taken is to install numerous cameras in our manufacturing areas specifically for quality assurance monitoring of the site conditions and the movement of people both inside and outside the plant grounds. All video is monitored and archived at each plant's general office.

In addition, all individuals are given body temperature checks before entering plant areas and are strictly required to thoroughly wash their hands. All entryways are also controlled by IC door locks.



Video streams from quality assurance cameras



Hygienic check at an entryway

Others Segment



Engineering Business

Hiroshi Murata
President
Nisshin Engineering Inc.



Food manufacturing plant



Powder classifier



Using our powder technologies to expand our engineering services

The plant engineering business is steadily growing by meeting needs for plant automation and integration of IoT for food manufacturing plants while also expanding into other fields. We are using our world-class powder technologies to increase sales of our unique equipment and expand our powder processing business. In fiscal 2020, we used our strengths in powder and granular material technologies and plant design from the user's perspective to advance construction projects for food, cosmetics, and pharmaceuticals plants, grain and biomass power generation fuel silos, and transport facilities. We also actively sold powder-processing machines. Business was

particularly favorable for construction of food and cosmetics plants. We expect the environment for new orders for plants to continue strong into the medium and long terms and to be accompanied by growing need for automation in food plants. Fiscal 2021 will also bring a temporary lull in orders between completed and new projects while the COVID-19 pandemic may cause some capital investment to be put off. With this outlook, we will seek to improve our profitability by further incorporating IT and strengthening our risk management. We will also fortify our sales in the fields of advanced electronic materials, such as for 5G, and of food for household use.

Strengths

- Abundant experience in plant engineering and powder handling
- System of the same manager remaining in charge of all customer support from sales to maintenance
- The Nisshin Seifun Group's world-class powder technologies and R&D structure for plant automation
- Customer perspective approach to R&D

Opportunities and Risks

- Increasing competition for food manufacturing plant construction due to a shrinking market for food products as Japan's population declines
- Growing demand for plant automation and IoT integration as new technologies emerge
- Maturing of the powder market
- Growing demand for leading electronic materials

Growth Strategies for the Long-Term Vision

- Develop the plant engineering business for food manufacturing plants needing automation and new technologies, and leverage our specialized powder technologies to sell original equipment and expand the powder processing business

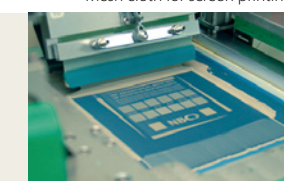


Mesh Cloth Business

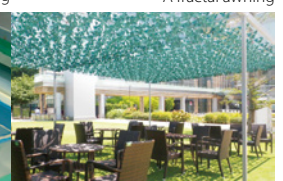
Tetsuya Kaji
President
NBC Meshtec Inc.



Mesh cloth for screen printing



A fractal awning



Providing high value-added products using our state-of-the-art mesh technology

We are using our strong product development and manufacturing technology capabilities to create a wide variety of high-performance mesh cloth offerings. In fiscal 2020, our screen-printing business for solar panels was strong but overall sales remained essentially flat with the previous fiscal year owing to sluggish sales of electronic circuit meshes for home appliances and filters for automobiles, both of which were affected by the US-China trade friction. In fiscal 2021, we expect the COVID-19 pandemic to continue impacting demand for screens and molded plastics products due to the

suspension of operations in the automotive industry in Japan and overseas. We plan to strengthen our development, manufacturing, and sales structures while also reforming our cost structure in the growth fields of 5G communications and mesh products for the water treatment industry as well as for high-performance products, such as electrode printing for solar panels, which is attracting solid demand. In addition, we are creating new businesses to expand into new areas like the environmental, medical, health, and hygiene fields, where we anticipate growing demand for mesh cloth technologies.

Strengths

- Development and manufacturing technologies for high-performance mesh for thinning and refining
- Catalyst, bio-, and nanotechnologies enabling us to develop products with dust proofing, antifouling, water repelling, antibacterial and antiviral functions
- Integrated mesh and molding technologies

Opportunities and Risks

- Growing demand in new areas, such as the environmental, medical, health, and hygiene fields
- Increasing demand for high-performance mesh for electronic communications devices created by advances in new technologies
- Changes in supply chains or demand triggered by trade friction or geopolitical risk

Growth Strategies for the Long-Term Vision

- Construct a dual business and manufacturing structure using our proprietary technologies for high performance advanced industrial materials and general-purpose mesh materials, and establish NBC Meshtec Inc. as the world's leading company for mesh materials

Building a foundation for 20 years in the future

Part 3 The Foundation of Value Creation

The Group is focusing on fortifying its management foundation for value creation by strengthening its governance and pursuing five CSR priorities (materiality) to create a sustainably developing society and maximize the Group's long-term corporate value.



Kazuhiko Fushiya
Outside Director

Michinori Takizawa
Vice President & Executive Officer

Dialogue with an Outside Director 1: Governance

We will continue improving our corporate governance in accordance with the changes in society and our growth as a global corporation.

Outside Director Kazuhiko Fushiya and Representative Vice President & Executive Officer Michinori Takizawa recently talked about the current status of the corporate governance system, evaluations of risk management and the effectiveness of the Board of Directors, and issues and expectations for strengthening governance in the future.

Constantly working to strengthen the corporate governance system

Takizawa Our corporate governance reached a major turning point in 2001. That was when we adopted a holding company structure so we could evaluate and supervise our subsidiary companies from the shareholders' perspective and execute Group operations by strategically using management resources and ensuring effective corporate governance. Last year, we became a Company with Audit & Supervisory Committee with the aim of strengthening the Board of Directors' supervisory function and enhancing the auditing function to increase management transparency. The Board of

Directors presently consists of eight internal members and six external members, and the Audit and Supervisory Committee has one internal member and three external members.

Fushiya I have been attending Board of Director meetings since 2009, first as an Audit & Supervisory Board Member and since 2015 as an Outside Director. I believe we have made real progress strengthening corporate governance. However, society's view of governance is constantly evolving as seen with the adoption of a Corporate Governance Code in 2015 under the Abenomics "third arrow" growth strategy

to stimulate private investment. External evaluations of the effectiveness of our corporate governance change depending on how quickly our Company as well as our competitors respond to governance issues. I've even heard that the Corporate Governance Code, which was amended in 2018, will again be reviewed from various perspectives. We must not be complacent. We need to continue modifying and updating our corporate governance to keep pace with the changing values of society, such as pertaining to environmental, social and governance (ESG) investment, the sustainable

Taking offensive and defensive approaches to risk management

Takizawa The Group has been accelerating its business growth overseas in recent years through M&A and by establishing new business bases as it seeks to fulfill its long-term vision. The Board of Directors will need to take a global perspective and have deep discussions about minimizing risk as the Company pursues business growth opportunities overseas. Our outside directors have contributed a wide variety of pertinent options and suggestions informed by their broad experiences, insight, and specialized expertise, which have spurred lively discussions at the meetings of the Board. I think these discussions have enabled us to make timely and cogent decisions.

We will encounter many uncertainties and risks as we advance our businesses overseas, and it will be essential for management to do their utmost to anticipate and manage those risks. What is your view of the Company's risk management?

Fushiya My impression is that the risk management is extremely thorough for strategic investments, which are aimed at boosting profits and raising corporate value to meet stakeholder expectations. Management always envisions multiple scenarios and analyzes potential risk and avoidance



development goals (SDGs), workstyle reform, and digital transformation (DX).

Our employees are deeply versed in our corporate principle and guiding philosophies. In the 120 years since the Company was founded, we have persisted through wars, earthquakes, and various adverse circumstances by always facing social issues head on and creating a wide variety of value. What is more, I believe the reason we have been able to achieve sustainable growth and increase our corporate value is because our corporate governance is functioning properly.

measures. However, risks come in many forms and there are a growing number of risks that are hard to predict and that could have a major impact on our business, such as has been occurring with the intensified natural disasters and the COVID-19 pandemic. We must constantly review the risks, maintain the flexibility to respond to any situation, and ensure we have options for actions. It will also be important to objectively evaluate both the strategic risks and whether the value creation model presented in this integrated report works as planned.

The Company also fortified internal controls for the Nisshin Seifun Group Inc. and its consolidated subsidiaries with the introduction of the internal control reporting system in 2008. In addition to internal control assessments and internal audits to verify that the internal controls are functioning properly, the Company also has several specialized auditing systems covering both financial and non-financial aspects in all areas, such as audits for quality assurance, equipment and safety, and environmental performance. I believe the Company has a robust system for anticipating and preventing risk. The Internal Audit Department, which is directly supervised by the Audit & Supervisory Committee, will play a key role by contributing both "defensive governance" to discover improprieties and protect corporate value and "offensive governance" by taking reasonable risks that will help improve productivity and corporate value. As the Company's global business grows, it will also need to make its auditing systems more global.

Ensuring and improving the effectiveness of the Board of Directors

Takizawa We started conducting Board of Directors effectiveness evaluations in 2016 to identify issues in the Board's operation and function and to incorporate suggestions by the Board Members for ways to improve. This has led to many changes, including when we became a Company with Audit & Supervisory Committee changing the criteria for selecting the matters discussed by the Board and ensuring sufficient discussion time for important agenda items. As an outside director, how do you view the effectiveness of the Board of Directors?

Fushiya I think the Board of Directors is making a significant effort to ensure its effectiveness. Outside directors are fully briefed in advance on all agenda items for the meetings. When we are in the meetings, we have a thorough understanding of the business background, potential risks, and issues so we do not just play a formal role in the decision-making, we can contribute to meaningful discussions about business execution that lead to the final decisions. Meaningful discussions are the foundation for ensuring an effective Board of Directors. I would like the Company to continue providing all the information necessary for the outside directors to fulfill their responsibility.

I also think that making the Board of Directors even more effective is essential to achieving sustained growth and



maximizing our long-term corporate value. What plans do you have for improving the Board's effectiveness?

Takizawa The risks that companies face are becoming increasingly complicated, and I think that will require Boards of Directors to have an even stronger monitoring function. For the Company's important measures and priority issues, we will share information on the direction, timeline, and expected impacts on our businesses from the initial stages, and also report on the status of business execution, including business continuity plans, environmental response, and overviews of individual businesses. I also want the Board of Directors to consider items that are not required to be submitted to the Board to add active discussion related to the monitoring of business execution.

Strengthening governance for sustained growth and greater corporate value

Takizawa As an outside director, how do you think we can make our governance system stronger?

Fushiya For a company, sustaining growth and increasing corporate value are essential. We must always be asking what kind of governance system we need and how we can ensure it functions properly. The Board of Directors must therefore be deeply involved in all auditing functions and obtain accurate information. The Board also must use the information and findings from the internal audits to identify and take action against issues at the early stages. Doing so will improve the

Board's effectiveness in the truest sense and strengthen corporate governance. The Board should never be content with things as they are and must always be looking for issues and ways to improve.

Takizawa As we have broadened the Group's business content and become more globalized, we have found that every organization needs its own type of corporate governance. We will continue implementing measures to increase the Board of Directors' effectiveness and improve corporate value. Thank you for joining me today.

Corporate governance structure

Basic approach to corporate governance

The mission of the Group (the Company and its subsidiaries and affiliates) is to stably provide safe and reliable “shoku” (food), including flour, following the corporate principle of “contributing to a healthy and fruitful life for all,” which is founded on our guiding philosophies of “the basis of business is built on trust” and “being in tune with the changing business climate.”

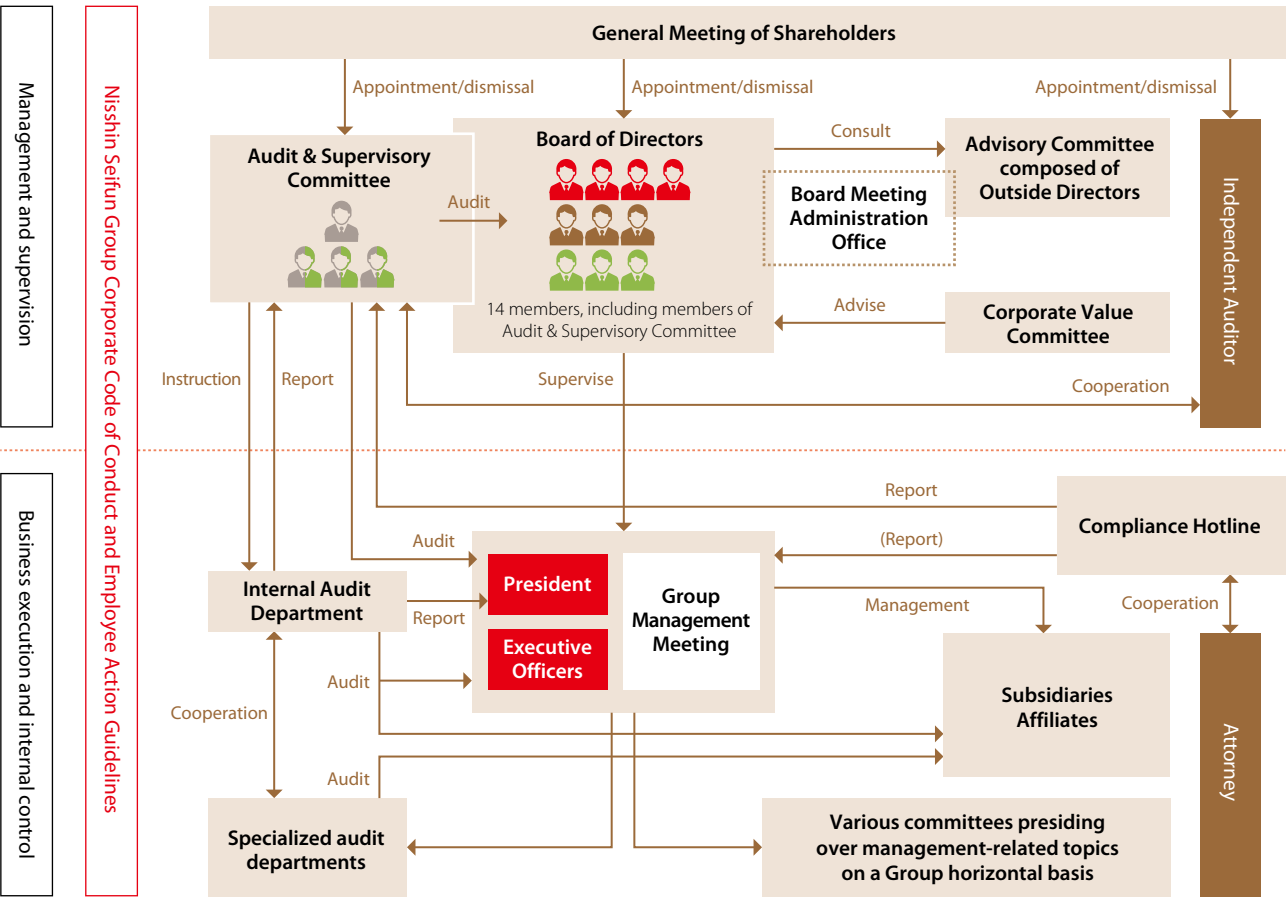
In keeping with this basic principle and the aim of realizing sustainable corporate growth and maximizing long-term corporate value, the Company’s basic approach to corporate governance is: (i) to develop an efficient management system and clarify management responsibility; and (ii) to promote management that respects the status of each stakeholder, beginning with our shareholders, and achieve transparent, timely and appropriate decision-making.

Transition to a Company with an Audit & Supervisory Committee

In 2019, we changed from a Company with an Audit & Supervisory Board to a Company with an Audit & Supervisory Committee. The purpose of the change was to better position the Company to deal with anticipated developments in the business environment by further strengthening our corporate governance to enable us to maximize our corporate value and realize sustained cyclical growth.

Other changes include the Audit & Supervisory Committee including one full-time member, establishing an Audit & Supervisory Committee Administration Office, and placing the Internal Audit Department under the committee’s direct supervision. These changes allow us to continue our effective operational audits and accommodate external auditors while strengthening the auditing structure by adding an internal control structure to our organizational audits.

Diagram of corporate governance structure



- Directors who belong exclusively to the holding company and evaluate and oversee the actions of operating companies
- Directors who concurrently manage major operating companies, who are familiar with the market environment and who have the experience and management skills required to oversee those businesses
- Outside Directors who are Audit & Supervisory Committee Members auditing the legality and appropriateness of business operations and who are in a position to oversee the management of the Company from independent and third-party viewpoints
- Outside Directors who are in a position to oversee the management of the Company from independent and third-party viewpoints
- Directors who have voting rights on the Board of Directors and are Audit & Supervisory Committee Members who conduct audits of business operations from the perspectives of legality and appropriateness

Board of Directors

The Company has a Board of Directors as the supervisory body for decision-making on important matters of management policy and business execution. Six Outside Directors who meet the independence criteria have been appointed to the Board of Directors in order to benefit from their wide-ranging opinions and advice on management from a third-party perspective, and to strengthen the supervision of business execution.

Both male and female directors with differing backgrounds have been appointed, including some with overseas business experience, so as to ensure Board diversity.

Group Management Meeting

The Company holds Group Management Meetings, composed primarily of Executive Officers who discuss and exchange opinions as to important matters regarding the execution of business operations of the Nisshin Seifun Group and its Group companies. The Group Management Meeting convenes twice a month as a general rule, and whenever the need arises.

Audit & Supervisory Committee, Internal Audit Department

The Company has set up an Audit & Supervisory Committee comprising a total of four Directors—three Outside Directors and one Inside Director. The Audit & Supervisory Committee Members attend important meetings, including those of the Board of Directors, hold regular meetings with the Representative Directors, and audit the execution of business by the Directors, in accordance with the Board’s auditing standards and audit plans. One Inside Director serving as a full-time Audit & Supervisory Committee member and as an Audit & Supervisory Board member at major subsidiaries conducts audits of the Group companies.

The Company also appoints auditors for the main business subsidiaries, who regularly hold an “Audit & Supervisory Liaison Committee of the Nisshin Seifun Group” to share audit and risk information. In addition, an Audit & Supervisory Committee Administration Office has been established to support the work of the Audit & Supervisory Committee, so as to further enhance the audit system.

The Internal Audit Department is under the direct control of the Audit & Supervisory Committee and performs audits as instructed. It also carries out internal control assessments.

Corporate Value Committee

We have established a Corporate Value Committee, which consists solely of Outside Directors. The committee deliberates on acquisition proposals submitted to the Company from the perspective of whether the acquisition

proposal secures and improves the Company’s corporate value and the common interests of the shareholders. The results of deliberation of the Corporate Value Committee have binding force on the Board of Directors, provided that there are no circumstances that clearly run counter to the duty of care of the Board of Directors, thereby ensuring neutrality of management decisions concerning acquisitions.

Advisory Committee composed of Outside Directors

The Advisory Committee is composed entirely of Outside Directors, and has functions similar to a nomination committee and remuneration committee. The committee facilitates information exchange among the Outside Directors, and in response to a request for consultation from the Board of Directors, it discusses and advises on the appointment of Representative Directors and Outside Directors, the framework of Senior Management* remuneration and similar matters.

* Senior Management: Refers to Executive Directors, Executive Officers and directors and presidents of major operating companies, etc.

Committees

Nisshin Seifun Group Inc. has established a variety of committees to address management-related topics, as horizontal organizations comprising staff from different departments. Each committee makes decisions and offers proposals to management on particular issues, and promotes a range of measures.

Examples of committees chaired by the Group Director and President and Vice President

- Social Committee
- Risk Management Committee
- Brand Committee
- Work Style Reform Implementation Committee, etc.

Measures to fortify governance

2001	Adopted holding company system / Shortened Director term of office to one year / Introduced the executive officer system
2005	Established a dedicated internal control department / Abolished Officer retirement benefits system
2006	Appointed Outside Directors / Introduced an internal control system
2015	Formed the basic policy on corporate governance
2016	Introduced the Advisory Committee composed of Outside Directors / Initiated Board of Directors effectiveness evaluations
2017	Introduced a new Director and Executive Officer remuneration system / Established an internal audit system correlated with specialized environment, quality control, and equipment audits
2018	Established the Board Meeting Administration Office
2019	Adopted a Company with an Audit & Supervisory Committee structure / Reduced the number of Directors / Adopted a new Executive Officer System

In-depth specialized audits

Nisshin Seifun Group considers four categories of safety (the safety of people, products, equipment and the environment) as being the precondition to sound production activities, from the perspective of ensuring legal compliance and preventing accidents. Accordingly, the Group's audit structure consists not only of audits of Directors' work carried out by Audit & Supervisory Committee Members, and audits by the Internal Audit Department, but also various specialized audits performed by sections or departments with specialist viewpoints. Specialized audits include equipment/safety audits and environmental audits to ensure sound company operations, as well as quality assurance audits aimed at ensuring product safety based on quality assurance from the consumer's perspective. With the exception of certain audits, specialized audits are carried out without notice for the department being audited. The necessary guidance and improvements are made, and by extending these improvements horizontally across the Group, we aim to maintain and enhance the overall Group-wide level. The results of audits are also reported to the Audit & Supervisory Committee.

The Global Forum

The Group convenes an annual Global Forum attended by representatives from all of the Group's overseas subsidiaries. Since fiscal 2015, the Global Forum has provided an opportunity for the Group to share its management policies and the subsidiaries to share important issues as a way to develop and strengthen the management infrastructure of overseas subsidiaries for stronger global governance.

The Global Forum held in Seattle, USA, in fiscal 2020 provided a sweeping overview of the business conditions across the Group. Discussion topics included collaboration among subsidiaries developing global businesses, including the newly added Allied Pinnacle Pty Ltd. and Oriental Yeast India Pvt. Ltd., and a review of CSR and risk governance within the Group.

Operation of the Board of Directors

Director training

The Company provides its Directors with opportunities to acquire the necessary knowledge appropriate to their role in a governance body that is a critical part of a listed company. For example, the Company plans and holds workshops about the Companies Act, corporate governance and other issues, given by lawyers and other experts.

Topics of main workshops held to date

1. How to Manage Risk? Rethinking and Organizing

2. CSR Trends and Future Issues to be Tackled by Nisshin Seifun Group

3. The Role of Management: In an Era of Dramatic Change, Management Holds the Future in its Hands

The Company also provides and arranges training opportunities in order for Directors to acquire and update the professional expertise required to lead the industry. Making use of these opportunities, Directors deepen their understanding of their roles and responsibilities and endeavor to acquire and enhance the necessary knowledge and skills.

Follow-up system for Outside Directors

Contact with the Outside Directors is made through the Board Meeting Administration Office, which distributes the materials for the meeting in advance and provides Outside Directors with an overview of the proposals to be presented to the Board of Directors. In addition, the Company's applicable sections or departments explain the proposals to be presented to Outside Directors in advance, as necessary. For Outside Directors who are Audit & Supervisory Committee Members, the Audit & Supervisory Committee Administration Office drafts documents for the Audit & Supervisory Committee, and a full-time Audit & Supervisory Committee Member or the Audit & Supervisory Committee Administration Office provides explanations of the agenda as necessary.

Evaluation of the effectiveness of the Board of Directors

The Company initiated Board of Directors analysis and evaluations in fiscal 2016 with the objective of improving the effectiveness of the Board. Analysis and evaluations in fiscal 2020 consisted of a survey of all directors and individual interviews with some of the directors. The results of these were discussed by the Advisory Committee of Outside Directors and other committees and were further analyzed and assessed by the Board of Directors itself.

The evaluations were considered to show that the Board of Directors was functioning effectively. The Board configuration of diversity and size, the execution of proceedings by the committee Chair, the meeting deliberation time, the content of the question and answer sessions, and the frequency of meetings were all considered appropriate. The evaluations also found that steady progress is being made regarding issues identified in fiscal 2019, including revising the selection criteria for items to be discussed by the Board of Directors for the arrangement and consolidation of the agenda items and increasing monitoring projects for the transition to a Company with an Audit & Supervisory Committee.

At the same time, the revision to the arrangement and consolidation of agenda items is leading to awareness of other issues warranting submission for consideration by

the Board of Directors. The Company will continue to utilize various methods to analyze and evaluate the effectiveness of the Board of Directors.

Appointment and compensation of Directors

Appointment, dismissal and nomination

The appointment and dismissal of Senior Management is subject to deliberation and resolution by the Board of Directors, in which Outside Directors also participate. Additionally, the Board of Directors proactively engages in the establishment and implementation of a development plan for Senior Management, and appropriately oversees the systematic development of a succession plan. The appointment and dismissal of the Company's Representative Directors is discussed by the Advisory Committee, which is composed of all the Outside Directors, in addition to the Board of Directors.

The Company appoints six Independent Outside Directors to further enhance the fairness and transparency of corporate governance.

Remuneration

The Company determines Senior Management remuneration from the perspective of: (i) retaining outstanding human resources; (ii) setting an appropriate level of remuneration corresponding to the Company's scale and business category; and (iii) providing healthy incentives for increasing the medium-to-long-term corporate value of the Company. Management remuneration will include a variable performance-based portion, considering the degree of contribution to the Group and the medium-to-long-term basic strategy of the Group.

Based on the above approach of providing a mix of appropriate remuneration in line with the nature of the business, remuneration comprises a combination of the following: (i) a fixed basic portion corresponding to role; (ii) a variable portion (bonus) reflecting the individual's past performance contributions; and (iii) stock-based remuneration reflecting future performance aimed at

promoting shareholder-value-oriented management. The baseline mix of (i) to (iii) is around 70:15:15, and the amounts and ratios vary depending on performance.

The remuneration of Outside Directors (excluding Directors who are Audit & Supervisory Committee Members) comprises fixed remuneration (basic portion) and stock-based remuneration. While Outside Directors are required to perform a management supervisory role, we also consider it important to provide them with an appropriate incentive aimed at enhancing corporate value over the medium to long term. The remuneration of Directors who are Audit & Supervisory Committee Members comprises only fixed remuneration (basic portion).

Additionally, concerning the approach to the remuneration of Senior Management, an Advisory Committee composed of Independent Outside Directors discusses remuneration in response to a request for consultation from the Board of Directors, in order to strengthen independence and objectivity in the process of determining remuneration.

Strategically held shares

We are committed to the food industry imperative to ensure safe and reliable products, and our primary mission is to provide a stable supply of wheat flour and other products through our core flour milling operation. Fulfilling this mission requires forming and strengthening long-term, stable relationships with business partners in our manufacturing, sales, and other processes.

Strategically held shares will be retained to build relations of trust while we continue to conduct transactions with trading partners, and will be maintained if it is believed that holding such shares will contribute to improving the corporate value of the Group in the medium to long term. Specifically, it is deemed reasonable to retain strategically held shares from the perspective of facilitating and strengthening business alliances and joint ventures and from the perspective of building and strengthening long-term and stable business relationships.

Total remuneration by type for each director category (FY2020 actual)

Director category		Director (non A&S Committee member, non Outside Director)	Director (A&S Committee member, non Outside Director)	Auditor (non Outside Auditor)	Outside Director, Outside Auditor
Total remuneration (millions of yen)		265	12	6	58
Total remuneration by type (millions of yen)	Fixed remuneration (basic portion)	185	12	6	55
	Variable remuneration (bonus)	47	-	-	-
	Stock-based remuneration	32	-	-	3
Number of eligible directors		14	1	2	6

The Company reviews the purpose for the strategic holdings, our business transactions with the companies, and the companies’ profit position and financial status, shareholder returns, creditworthiness, and other items. The Company also weighs the benefits and capital cost of holding the shares to verify the suitability of retaining them from a medium and long-term perspective. Shareholdings that the Company determines to have no rational reason to be retained will be reduced.

Compliance

Basic approach

In October 2002, Nisshin Seifun Group enacted the Nisshin Seifun Group Corporate Code of Conduct and Employee Action Guidelines (Code & Guidelines), which set out our basic stance as a company and the basic attitude and code of behavior of our Directors and employees in their business activities.

We recognize that it is the role of the Presidents and Directors of Nisshin Seifun Group Inc., as well as of each Group company, to uphold the Code and Guidelines, to lead by example, and to ensure its thorough familiarization among related parties, so as to enforce corporate ethics. Should a situation arise that contravenes the Code and Guidelines, the president of the relevant company will work to resolve the issue, demonstrate that they are doing this, both internally and externally, investigate the causes and work to prevent recurrence. In addition, they will disclose information quickly and accurately to society, fulfil their accountability, and take firm disciplinary action (including against him- or herself where necessary) after first clarifying their authority and responsibility.

Compliance Hotline System

In the event that a case of misconduct, in contravention of laws or regulations, the Code & Guidelines, or an act that contravenes corporate ethics, occurs within the Group, or there is the possibility of such misconduct or act occurring, it is important that the person who learned of the matter reports this to and consults with their manager or others to resolve the matter in a systematic way, including liaising with their workplace and/or related departments. At the same time, measures to identify and deal with the issue via a different route are also necessary, so as to achieve a quick resolution without ignoring the problem and also prevent its occurrence in future.

The Group set up a Compliance Hotline System in 2003 and also provides an internal reporting service along with an external reporting service located at an independent law office. These systems allow reports to be

made anonymously, and have been designed to be easy to use for our employees. Received reports are investigated by a team composed of staff from related departments, according to the type of incident, while protecting the person who made the report so that they are not disadvantaged. In this way, investigations are conducted swiftly and the appropriate measures are taken.

Prevention of corruption

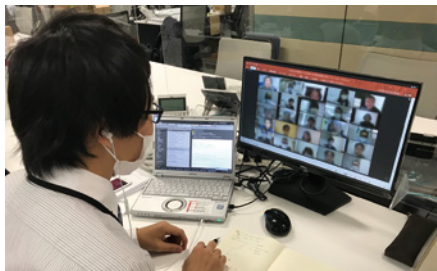
The Nisshin Seifun Group Code & Guidelines clearly promote fair corporate activities, and we are implementing initiatives to ensure that this is put into practice. Amid the tightening of anti-bribery regulations worldwide, in March 2019 we enacted the Nisshin Seifun Group Bribery & Corruption Prevention Policy to ensure Group compliance with anti-bribery legislation in various countries, including the Unfair Competition Prevention Act in Japan, the Foreign Corrupt Practices Act in the US, and The Bribery Act in the UK.

This policy forbids and seeks to prevent corrupt practices involving the abuse of authority or status to gain personal or organizational benefit, including bribery and corruption, embezzlement, breach of trust, the obstruction of justice, money laundering and insider trading.

Compliance training

Nisshin Seifun Group carries out compliance training once a year for three categories of employee: new hires, young employees and new managers (number of trainees in fiscal 2020: 87 new hires, 33 young employees, 76 new managers).

The training for new hires includes an explanation of the Code & Guidelines as well as the laws and regulations pertaining to corporate activities, such as the Antitrust Law and Subcontract Act, and internal rules, including those concerning the internal reporting system. The training for young employees includes group training and e-learning, an explanation of the laws and regulations affecting the Company, including insider trading and compliance. The training for new managers includes an explanation of the laws and regulations affecting the Company, including insider trading, and compliance, as well as recent case studies in order to promote an understanding of the significance and importance of compliance.



All employees participate in annual online compliance training

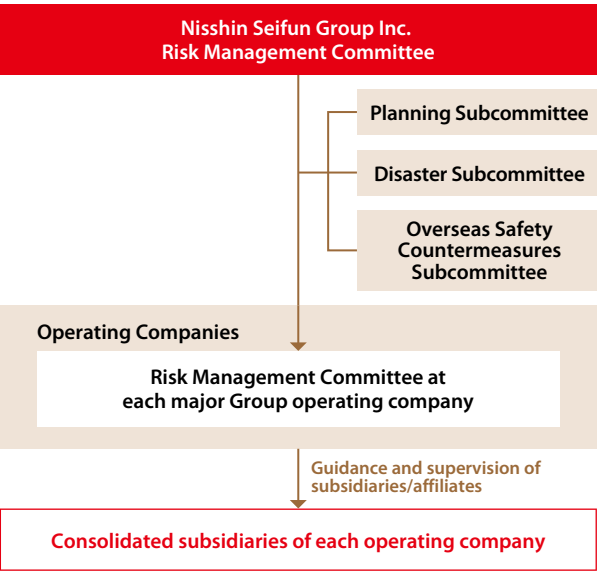
Risk Management and Crisis Control

Risk management structure

In 2008, Nisshin Seifun Group enacted the Risk Management Rules and Crisis Control Rules, and we are strengthening day-to-day risk management to ensure appropriate risk prevention, control, and response.

In addition, we have established a Risk Management Committee in which the president of Nisshin Seifun Group Inc. is Chair, the director in charge of the General Administration Division is Vice Chair, and the committee members are the presidents of the operating companies. This committee oversees risk management at the Group-wide level, and the activities of the committee are reported to the Group Management Meeting. Additionally, the Planning Subcommittee, Disaster Subcommittee and Overseas Safety Countermeasures Subcommittee are established as sub-bodies of the Risk Management Committee, which consider and propose specific measures for each issue. Based on this structure, we strive to implement risk management in Group operations so that we can effectively execute measures, such as quickly setting up a task force in the event of a major crisis, and safeguard business continuity and the stability of product supply.

Risk management structure



Response in case of extraordinary event

When an extraordinary event occurs that has or could have a serious impact on the Company’s business, such as a fire, natural disaster, incident or accident, the Group’s employees are obligated to contact the Company’s call center to make a report, in addition to a report via the usual

office organizational structure and chain of command. The received information is immediately reported to senior management and the appropriate first response measures are taken to minimize the impact.

The Group’s COVID-19 countermeasures are detailed in the corporate communication entitled “Feature 3: Nisshin Seifun Group COVID-19 countermeasures: Prompt response to the changing environment to ensure a stable food supply.” (See page 36).

Risk management at overseas operations

The Group’s Corporate Code of Conduct includes the item, “promotion of locally-rooted overseas operations.”

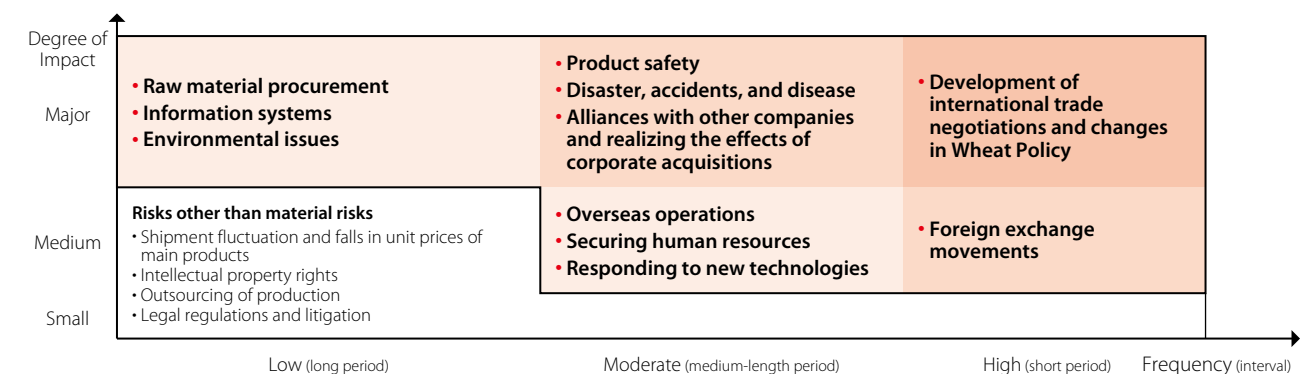
When launching an overseas business, we diligently ensure that we comply with the laws and regulations of the country, based on advice from local lawyers and other experts. We also maintain a risk management checklist, called the “Startup Kit,” to prevent risk when starting a new business. The Startup Kit requires the representative of the local subsidiary to verify that it is in compliance with local rules, including matters related to business licenses and approvals, labor terms such as compliance with minimum wages, the environment, health and safety, and payment of taxes.

Main extraordinary events subject to call center reporting

Type of extraordinary event	Specific example
1. Environmental management-related	Environmental contamination, pollution
2. Health and safety management-related	Fire at a plant, workplace accident
3. Natural disaster-related	Earthquake, volcanic eruption, windstorm/flood/snow damage
4. Product safety-related	Defective product, product incident
5. Finance-related	Investment loss, collapse of business partner or customer
6. Management-related	Illegal act, antisocial act
7. Labor affairs-related	Human rights issue, employee accident/criminal offense/ misconduct
8. Corporate intimidation and violence-related	Contamination of product by a third party, terrorism
9. Information systems-related	Leak of confidential information, computer virus
10. Overseas incident/ accident-related	Aircraft accident, kidnapping
11. PR and consumer-related	Inadequacy of response to the media or consumers

Primary material business risks

The Nisshin Seifun Group Inc. Risk Management Committee assessed Group risks in fiscal 2020. Risks determined as presenting a potentially significant impact on management based on the estimated degree and frequency (interval) of the impact are on the right (Page 57). The major material risks, potential impact on business management, and the Company's countermeasures are outlined below.



Risk	Impact on business management	Nisshin Seifun Group measures
Development of international trade negotiations and changes in Wheat Policy	<ul style="list-style-type: none"> Demand fluctuation and intensifying competition associated with lower border tariffs for wheat-related products in the domestic business Changes to the national trade policy and wheat management methods (procurement, inventory, sales methods) Instability in domestic wheat flour and flour-related secondary processing markets, reorganization of related sectors 	<ul style="list-style-type: none"> Prepare a global production network Adapt to changing customer requirements Realize low-cost operation using new technologies Further accelerate overseas business expansion
Product safety	<ul style="list-style-type: none"> Rising social concern about food safety and reliability Requests for compliance to stricter safety management standards Product recalls and/or defective items resulting from unforeseen events 	<ul style="list-style-type: none"> Educate and instruct employees involved in all operations from development to manufacturing, distribution, and sales based on "quality assurance from the consumer's perspective" Comprehensively assess the safety of new raw materials and products (safety reviews), strengthen food defense measures Acquire and maintain ISO, FSSC, and other certifications representing international standards for food safety management systems Comprehensively manage outsourced production to the same standards as in-house plants
Disaster, accidents, and disease	<ul style="list-style-type: none"> Large-scale natural disasters, such as earthquakes and storm and flood damage Fires or explosion Outbreak of a new infectious disease epidemic 	<ul style="list-style-type: none"> Seismic retrofitting of major plants, flood countermeasures Strengthen the accident prevention systems for fires and explosions (including conducting equipment and safety audits, establishing equipment safety regulations) Prepare a major earthquake business continuity plans (BCP) Prepare timelines for storm and flood damage Systematically review the national disaster assumptions in light of the increasing magnitude of disasters and review our countermeasures Prepare infection prevention measures and a BCP for new infectious diseases
Alliances with other companies and realizing the effects of corporate acquisitions	<ul style="list-style-type: none"> Unfulfilled anticipated outcome due to an alliance or post-acquisition business not proceeding as originally expected Booking of substantial impairment loss on intangible assets, such as goodwill associated with corporate acquisitions, owing to a drop in profitability preventing recovery of the investment amount 	<ul style="list-style-type: none"> Conduct thorough feasibility studies based on corporate guidelines prior to project proposals Build an effective M&A team structure Steadily continue or relaunch businesses immediately after forming an alliance or an acquisition Ensure comprehensive post-merger integration (PMI) activities
Overseas operations	<ul style="list-style-type: none"> Restricted or halted business activities resulting in diminished business performance and obstacles to business continuity caused by unexpected changes in political or economic changes, changes in laws and regulations, legal proceedings, terrorism or conflicts, or new infectious diseases 	<ul style="list-style-type: none"> Provide appropriate management and support for business operations based on local business conditions through the Overseas Safety Countermeasures Subcommittee, under the Nisshin Seifun Group Inc. Risk Management Committee, and assistance from external experts Create a training system for employees dispatched to the local sites
Foreign exchange movements	<ul style="list-style-type: none"> Rise in procurement costs for raw materials and products procured overseas Impact from overseas businesses on profit or financial condition due to fluctuation in yen conversion Impact of fluctuation in imported wheat bran prices on domestic wheat bran market 	<ul style="list-style-type: none"> Create a groupwide foreign exchange committee, establish rules for foreign exchange contract, and share information and discuss measures related to foreign exchange
Raw material procurement	<ul style="list-style-type: none"> Fluctuation in raw material market conditions, and rising prices due to increase in wages, distribution costs, or packaging material costs Negative impact if wheat flour and product sales prices are not adequately revised to reflect rises in procurement costs for raw materials or commercial products, such as a sharp increase in the price of imported wheat Decline in corporate brand value and competitiveness due to inadequate response to a social issue, such as an environmental or human rights issues related to raw material procurement 	<ul style="list-style-type: none"> Promote continuous, low-cost procurement and production operations Maintain the appropriate product value by developing new products geared to market changes and advancing high value-adding strategies Conduct fair and ethical trade transactions based on Responsible Procurement Policy in our business and, with the cooperation of suppliers, throughout the supply chain
Information systems	<ul style="list-style-type: none"> Impaired customer service due to a system operation problem, an unanticipated virus or cyber terrorism, or unauthorized data access Costs and damage to social credibility caused by an external leak of trade secrets or private information 	<ul style="list-style-type: none"> Conduct proactive information security activities (including training and drills) based on the Basic Rules on Information Security Gather security-related information Implement more advanced computer antivirus measures Construct an effective IT management system, including backing up mainframe servers
Environmental issues	<ul style="list-style-type: none"> Increased costs to bring the Group into compliance due to greater-than-anticipated changes in environmental legal regulations Negative impact on global resources and environmental conservation and diminished Group corporate brand value caused by Group inability to adequately respond to global environmental issues, such as food waste, waste plastic, and climate change 	<ul style="list-style-type: none"> Following the Nisshin Seifun Group Basic Environmental Policy, attain ISO 14001 certification for the Group and enhance the Group's environmental management systems Promote environmental conservation by setting medium-term environmental targets and initiatives for 2030 (focused on reducing CO₂ emissions and effective resource usage) "Efficiently handle product and packaging waste" by controlling and reusing food waste and promoting environmentally friendly design "Prepare for climate change and water resource issues" by reducing CO₂ emissions in our business operations
Securing human resources	<ul style="list-style-type: none"> Difficulty hiring and training human resources due to a shrinking labor force or changing employment conditions, and subsequent decline in Group competitiveness 	<ul style="list-style-type: none"> Strengthen recruitment activities Augment employee education and training Provide a healthy and gratifying work environment and effective labor management so all employees with diverse values can fully demonstrate their abilities Introduce automation, robotization, AI, and other technologies to improve production efficiency
Responding to new technologies	<ul style="list-style-type: none"> Reduced ability to develop appropriate new products or production technologies due to inadequate response to dramatic market changes and technological advances or changes Negative impact on our business performance caused by core technology obsolescence that slows our product shipments and diminishes corporate brand value 	<ul style="list-style-type: none"> Advance our technologies and train engineers for use in groupwide projects Use Group synergies to expand our technology domain Introduce external technology, such as from joint industry-government-academia research

We are focusing on a stable product supply and workstyle reforms, which have become even more important during the pandemic.

Outside Director Mieko Tomita and Managing Executive Officer in charge of CSR Naoto Masujima share their views, with a focus on the importance, current activities, and future issues of two of the Group’s five CSR priorities: “provide safe and healthy food and responsible consumer communication” and “provide work environments that are healthy and fulfilling.”

The CSR priorities are a key strategy for medium and long-term growth

Masujima In 2019, we defined five social issues as our CSR priorities based on what society expects from us and their impacts on our businesses. One of our core management strategies is to use our businesses to help resolve these issues and create new value for society.

Tomita ESG initiatives have been attracting attention in recent years and are influencing the reputations that

companies hold among stakeholders. Our operations center on flour milling, and climate change and water issues can significantly impact our business. As a food manufacturer, we also must prioritize food loss and packaging waste, particularly of plastic materials, and investors and other stakeholders are looking at what we are doing to address those problems.



Naoto Masujima
Managing Executive Officer

Mieko Tomita
Outside Director

Stable supply of safe and reliable products is the cornerstone of our CSR

Tomita We are the leading provider of wheat flour—a staple ingredient—as well as pasta and other food products in Japan. Our mission is to provide a consistently safe and reliable supply of food products, and we take great pride in the support we receive from consumers both in Japan and around the world. Fulfilling our mission is our social responsibility and the source of our corporate value, and our dedication is evident in our first CSR priority “to provide safe and healthy food and responsible consumer information.” Our efforts for a safe and reliable food supply are guided by “quality assurance from the consumer’s perspective” and realized by practices based on very clear policies for our employees and toward our customers. From the standpoint of a director and as a consumer, I can say that the products can be fully trusted to be safe and reliable.

Masujima The Group’s mission to deliver a safe and reliable supply of food products is indeed the cornerstone of our CSR activities. We apply the “quality assurance from the consumer’s perspective” that you mentioned through a system that includes having a Quality Assurance Controller at every manufacturing site who will only authorize products meeting strict safety and reliability requirements to be shipped. We have a separate authorization system in which a Quality Assurance Controller is authorized to stop any delivery even if the plant manager has already approved it for shipment. We reinforce these practices with annual quality assurance audits to confirm the system is working effectively.

We seek to provide the highest level of food safety and reliability by engaging our own food safety management system meeting both our own high standard of “quality assurance from the consumer’s perspective” and global standards for food safety management systems. We were one of the first companies in the Japanese food industry to obtain



International Organization for Standardization (ISO) 22000 certification for food safety management systems and Food Safety System Certification (FSSC) 22000.

Tomita Ensuring a stable supply of products also requires preparing for natural disasters, and I know the company is actively making contingency plans for the prospect of increasingly stronger typhoons and earthquakes. Business continuity plans must be constantly revised and updated as the conditions change. Procuring raw materials is also critical to ensuring a stable supply. The company formulated a Responsible Procurement Policy last year, and I am eager to see what the Company will do in this area. I think stakeholders would be very receptive if the Company could be more proactive about communicating information about these activities.

Masujima We post information about our CSR activities on our website as well as in our CSR Fact Book, but I agree that actively disclosing information is essential. Our Consumer Relations (CR) Office is in charge of consumer communications, but I would like us to communicate more actively so consumers can have a better understanding of our objectives and activities.

Workstyle reform to boost competitiveness and attain sustainable growth

Masujima Our CSR activities are rooted in the Nisshin Seifun Group Corporate Code of Conduct and Employee Action Guidelines that we formulated to put our corporate principle into practice, but we earn the trust of our customers by each and every employee putting these guidelines into practice. In other words, the source of the trust in our company and our

greatest asset is our employees. If, as a company, we do not make full use of our employees’ abilities, we will not be able to grow sustainably. That is why providing work environments that are healthy and fulfilling is one of our CSR priorities.

We started full-scale workstyle reform in fiscal 2018 with the aim of creating workplaces and companies



where employees can grow and fulfill their potential and feel satisfaction in their jobs. We introduced IT to enhance productivity and adopted work-at-home and flextime programs without set core hours to support all types of work styles. The work structure is being revised again with the outbreak of the COVID-19 pandemic, but are there any specific activities or issues related to workstyle reform that you are focused on at present?

Tomita Many companies have been changing their work styles in recent years, but the improved productivity is a result of the changes, not the goal. It is important to create a work environment that enables employees to find work satisfaction and the company to increase its corporate competitiveness. The company conducts employee engagement surveys and management takes concrete action to address any issues that appear in the surveys. I believe that will help us become even more competitive.

The pandemic is forcing many of us to work from home, which is accelerating the adoption of new work structures and digitalization to support telecommuting. This will likely result in a wider diversity of workstyles. After the pandemic is over, it will be important to use these changes to create even more productive ways of working. There will certainly be challenges, such as with remote communication and employee education, particularly for young employees, but I would really like to see the new work structure accommodating diverse work styles lead to a healthy work environment that increases employee satisfaction while also raising efficiency and results even higher than before.

Masujima We have taken thorough measures to prevent the spread of the virus, which is essential to maintaining a stable supply of our food and other products but also of utmost importance for protecting the health of our employees. When the state of emergency was announced, virtually all of the head office and sales departments started working

from home. In some ways, the situation was similar to an emergency evacuation, which gave us some insight for how to be better prepared in the future. We have started a work reform project to review our preparedness.

Tomita The situation presented numerous challenges, but through it all the Board of Directors and other departments provided the outside directors with detailed reports on the status of the product supply system and plant operations. The reports let us see the situation from the top management’s perspective, and it was apparent just how confident everyone is in the Group’s production operations.

While responding to the pandemic, it is also important that management prepares a work environment for the future. It will be key, for example, to meet society’s expectations for diversity and inclusion. Many studies have found that companies that actively support diversity in the workplace become more competitive. In a society with a declining population, companies will need to prioritize creating workplaces that accommodate all types of people, including people with disabilities.

The Company is already taking steps in this area. One target of the Nisshin Seifun Group Inc. is for women to represent 15% of management, which is part of its measures to advance women in the workplace. In the future, I think the Company will need to set higher goals that apply to the whole Group. In fact, there are currently no female executive officers that came up through the Company. The food industry is a popular target for women looking for work, which means there should be a rich resource of talented individuals. I think it’s only a matter of time until women in the Company starting filling executive positions.

Masujima For many years, women have made up over 30% of our new hires. Women often have important responsibilities outside the workplace, such as childbirth, raising children, and nursing care, and we have created various programs to accommodate these needs so they can continue working. We understand that employees have a wide variety of circumstances that may affect their work, and I want to create a structure that enables them to remain at the Company.

Thank you very much for the discussion today. We touched on the two areas that are the main focus of our CSR priorities. We will continue focusing on our five CSR priorities as we work to realize sustainable development for society and Nisshin Seifun Group.

Initiatives for Sustainable Cyclical Growth

We have identified Group CSR Priorities in five focus areas where we are advancing “cyclical growth” as one of our management strategies. The CSR Priorities will be reviewed regularly based on changes in the social environment.

Five CSR priorities	Areas contributing to the SDGs
Provide safe and healthy food and responsible consumer information Based on our corporate slogan of “delivering good health and reliability,” Nisshin Seifun Group regards product quality assurance as the most critical duty of a food manufacturer, and our business is founded on “quality assurance from the consumer’s viewpoint.” With the advance of the ageing society and rising health awareness, and by leveraging the knowledge we have cultivated as a Group, we will focus our efforts on research and development of products and technologies that contribute to the consumer’s health and create and provide new value. In addition, we will promote consumer-orientated management with a rigorous focus on consumer and customer preferences.	
Enable secure and sustainable raw material procurement The stable supply of food that is consistently safe and of high quality is predicated on the stable and sustainable procurement of safe raw materials. To achieve this, it is necessary to implement procurement while fulfilling our social responsibility, both as a company and throughout the supply chain. Based on our Responsible Procurement Policy, we conduct procurement activities responsibly based on fair and ethical trading in collaboration with our suppliers.	
Efficiently handle product and packaging waste In order to make effective use of limited resources, Nisshin Seifun Group bears a duty to reduce food product waste. The product waste produced in-house is reused, but food loss arising at the stage of domestic distribution and consumption is increasing, and this needs to be tackled in cooperation with the supply chain and distribution channels. Plastic used as a material for packaging has accumulated as waste in our oceans and rivers, and there are concerns about its impact on the marine ecosystem and human health. Initiatives are needed to reduce the use of plastic, including the introduction of alternative materials and returnable, reusable packaging, together with the design of environmentally sound packaging.	
Prepare for climate change and water resource issues The impact of climate change is becoming more serious year on year. It is an issue that has an enormous impact on society, the environment and corporate activities on a global scale, transcending the generations, and initiatives urgently need to be elucidated. Recognizing that protection of the environment is a prerequisite for corporate survival and corporate activities, we will cut carbon dioxide emissions and also promote further environmental protection activities, including the efficient use of energy and water.	
Provide work environments that are healthy and fulfilling Japan is now faced with issues including a decrease in the working age population due to the declining birth rate and aging society, diversifying needs of working people, including having to balance their work with childcare and nursing care, and the need for measures to enhance productivity. Given these circumstances, increasing employment opportunities and creating environments in which people can be motivated and achieve their full potential are important issues, both in a social sense and for companies. The Group’s operations are becoming increasingly diverse and global. Our employees have various lifestyles and values, and we will promote work style reform so that they can, regardless of gender, individually achieve their potential, experience personal growth, and work in fulfilling office and company environments.	

Identification process With the cooperation of experts, we used the following steps to examine 60 issues and ultimately narrowed them down to the top five priority CSR issues for the Group.



For more information on activities related to our CSR Priority Issues, please visit our website. <https://www.nisshin.com/english/csr/>

Focus 1 Environmental issues

Revising our Basic Environmental Policy

Global environmental protection is an important social issue for human existence and prosperity, and is also the most critical management issue for a company doing business as a member of society. The Nisshin Seifun Group therefore aims to conduct free and active business that inherently protect the environment around the world. The Nisshin Seifun Group Basic Environmental Policy adopted in 1999 set forth the direction and tenor of our environmental conservation activities.

Society's demands to address environmental concerns have since grown considerably, particularly with the promulgation in 2015 of the Sustainable Development Goals (SDGs) and the Paris Agreement. In December 2019, we revised our Basic Environmental Policy to reflect the changing social situation and to strengthen our environmental management.

The main revisions were made to ensure that we

conduct all of our business activities with consideration of four global issues: responding to climate change, building a decarbonized society, conserving biodiversity, and effectively using water resources. We also wanted to promote the efficient use and cyclical reuse of resources, and therefore added "using renewable resources" to our directives for conserving resources, saving energy, and reducing, reusing, and recycling waste. In addition, we included "working with stakeholder engagement" to continuously improve our performance and realize the objectives under the policy.

The newly revised policy emphasizes that each employee acting responsibly contributes to realizing a sustainable global environment. To promote this concept, all employees receive a pocket-sized card printed with the environmental policy and participate in e-learning to be aware of the policy's new elements.

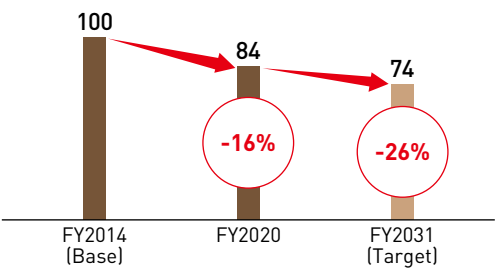
Prepare for climate change and water resource issues

Natural disasters caused by climate change affect the Group's business in multiple ways, not only the immediate impact on our business bases and the regions where we procure our wheat, but also the future threat they present to procuring raw materials and maintaining a stable supply of water.

To help mitigate climate change, the Group is taking steps to reduce CO₂ at all of its operating sites and has set medium-term targets to reduce overall CO₂ emissions by 26% in Japan and emissions intensity by 7.8% overseas by 2030 from the Group's levels in fiscal 2014. We are also helping to reduce household production of CO₂ by providing information to customers as well as products that take less preparation time.

We are also addressing the issues of water risk and

Nisshin Seifun Group domestic CO₂ emissions targets for FY2031 (Reduction from FY2014)



water stress. To ensure we use water efficiently, we regularly assess water risk in the areas where we procure raw materials and our manufacturing sites in Japan and overseas. We also monitor water usage and the status of wastewater management at all manufacturing sites.

In addition, to prepare for the possibility of more intense natural disasters in coming years and ensure our infrastructure is resilient and able to continue stably supplying food for consumers, we are conducting hazard analysis at all our business sites, creating disaster prevention measures using timelines, reinforcing our equipment and facilities for earthquakes and storm surges.



Solar panels installed at the Fresno plant of Miller Milling Company, LLC



The Nisshin Seifun Tsurumi Plant is strengthening its dock for large cargo ships and large wheat silos against earthquakes and tsunamis.

Efficiently handle product and packaging waste

The Nisshin Seifun Group's efforts to reuse food waste as feed and fertilizer enabled us to achieve zero production waste in Japan in fiscal 2014, and we have maintained that standard. In fiscal 2020, one year earlier than our target, we achieved our goal of zero production waste at each of our operating sites in Japan. We are now turning our attention to reducing food waste in the Group's supply chain. We are seeking the cooperation of our customers and suppliers to take steps to avoid wasting food and provide products with food volumes measured to be completely consumed.

We are also working to reduce the amount of plastic made from fossil fuels in our containers and packaging that are not reused. Our efforts to develop environmentally friendly packaging are focused on refill products, containers with reduced plastic content, and containers that use plant-derived materials.

Targets	Progress
Maintain the Group's zero production waste in Japan	Maintaining our standard of zero production waste
Aim to achieve zero production waste at all operating sites in Japan by FY2021	Achieved in FY2020



The Nisshin Seifun Group is seeking better methods of reducing plastic waste and is a member of the Japan Clean Ocean Material Alliance created by the Ministry of Economy, Trade and Industry and various industry groups and a participant in the Plastics Smart forum of the Ministry of the Environment.

Food products that generate less carbon during preparation

Preparing regular spaghetti that is 1.6mm thick usually requires boiling for seven minutes, but our finely-grooved FineFast spaghetti is ready to enjoy delicious al dente texture in just three minutes. Our frozen mini pancakes designed to be naturally thawed are even delicious without needing to be heated up. Developing products that require little or no additional energy for preparation reduces CO₂ emissions in the preparation stage.



Ma-Ma Quick Cook Spaghetti FineFast 2/3 size Nisshin Foods



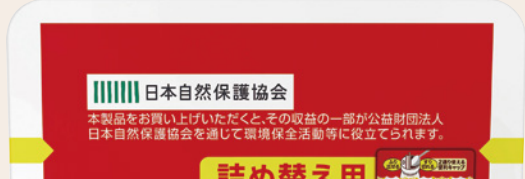
Frozen mini pancakes designed to be naturally thawed Nisshin Foods

Reducing packaging volume and plastic waste

The refill packages for the Nisshin Foods Cooking Bottle products use less plastic than plastic bottles, which helps reduce the amount of household plastic waste. We also conducted a special campaign during which we donated a portion of the profits from our refill products to the Nature Conservation Society of Japan to support their activities to protect loggerhead turtles and keep beaches clean.



Refill packages in the Cooking Bottle series (special campaign packaging) Nisshin Foods



Message informing consumers that a portion of the profits will be donated to the Nature Conservation Society of Japan

Focus 2

Work environments that are healthy and gratifying

Nisshin Seifun Group approach to cultivating human resources

The Group's greatest asset is its employees, who are vital to our business activities. The Group cannot achieve sustained growth without each and every employee feeling challenged and motivated to fulfill their potential. Since our founding, our guiding philosophy has been that "the basis of business is built on trust" and our basic policy on human resources is "respect for all people" and "mutual trust," with the concept of "Company and its employees are partners sharing growth and development." These principles are the foundation for the following activities to develop

our human resources.

- 1) Cultivate human resources that recognize new directions in times of change and that boldly and diligently forge ahead until they attain success
- 2) Cultivate human resources who embody "the basis of business is built on trust," and earn trust as an employee of the Group and as a citizen of society
- 3) Cultivate human resources with a broad international sense for management with a global perspective

Human resource development tailored to growth stages

We provide opportunities for employee growth based on each individual's growth stage in the following four ways.

1. On-the-job training

Based on on-the-job training using a goal-oriented management system, superiors train subordinates by sharing their strongpoints as well as the areas where they need to improve. Senior employees act as mentors for young employees to help them quickly build professional skills.

2. Off-the-job training

Off-the-job training consists of training based on the employee position, career planning, and assignments outside the Company. Programs provide knowledge and

skills appropriate for the individual's age, job category, and responsibilities.

3. Self-development support

Online learning tools and remote learning programs are provided to support employees eager to pursue self-development.

4. Rotation

A placement rotation system providing a variety of work experiences and interchanges across the Group develops business professionals with wide-ranging business acumen and perspectives.

Developing next-generation managers and specialization (case study)

■ Developing next-generation managers

Management personnel are developed through the Business Director Development Program that rotates individuals by age through a cycle of selection, education, training, and application. In fiscal 2019, we introduced the Nisshin-Manager's advanced program (N-Map). Employees selected from each group company are gathered to consider Group management issues of the group and the type of leaders the Group needs as well as to formulate and propose new ideas and businesses to current management.

■ Training group technical personnel

The Career Development Program for technical personnel is aimed at developing and effectively allocating highly specialized engineers deeply versed in the Group's technology strategy. The program includes regular meetings of human resource committees for each type of job category and, as needed, external training assignments and position rotation within the group.

Young engineers in their first six years in the Group, in particular, participate in regular training and career planning interviews.

■ Cultivating human resources with a global perspective

As the Group develops its overseas business, cultivating human resources with a global perspective and the ability to produce results in any environment is essential. The Group provides language training in English and other languages for employees in Japan and overseas, and in fiscal 2020 augmented these programs with group training in cross-cultural communication and global perspectives.



Training program to cultivate a global perspective

Creating a workplace that supports diversity

The Group aims to employ a diverse workforce and provide opportunities for all employees to fully exercise their talents with the objectives of stimulating innovation and creating value. We seek to create comfortable and gratifying workplaces by reforming the work structure to be flexible to various work styles, providing education sessions to promote mutual understand, and conducting and analyzing the N-Voice work engagement survey.

The Group promotes the active participation of women in our workforce as a pillar of our management strategy and has several women in executive- and management-level positions. Programs for female employees provide business training and work-life balance support. These programs are

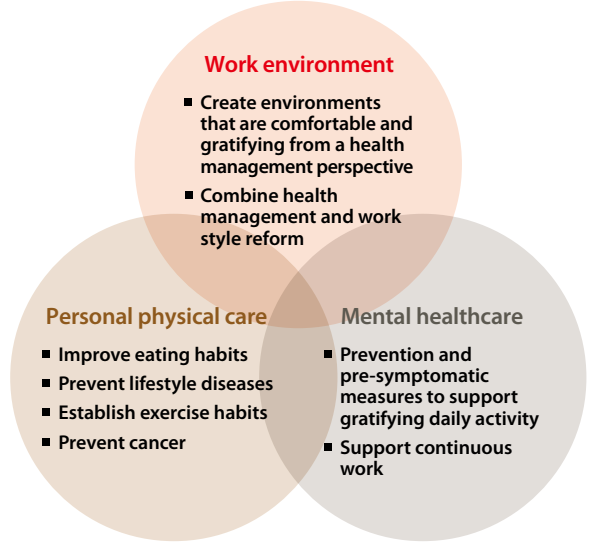
designed to promote rapid advancement to high-level positions in the Company, including a mentor system for female managers and executives and external training for female managers to receive training outside the Company.

We have also made various changes in recent years to make it easier to balance work and personal duties, including adopting a work-at-home system, shortened work hours for employees with small children, eliminating core time from our flextime system, and enabling hour-based paid holidays. In addition, we support employees experiencing life events such as childbirth and raising young children to find a balance with their work by helping to find daycare services and bringing together parents of small children.

Promoting health management

Our employees are communicating the value of health to the world by being healthy and energetic. That is the goal of the Group's health management that the Group and our employees are aiming to achieve. We have set three interrelated pillars as the foundation for health management—the work environment, personal physical care, and mental healthcare—along with key performance indicators. We are promoting health management as one of the key elements of the Group business plan and are seeking to create an environment that encourages employees to think about their personal health.

The three pillars of health management



The system for promoting health includes the Company president, General Administration Division executive, and personnel in charge of health management, who work with the corporate health insurance association and labor union to plan and decide various health measures.

In fiscal 2020, in September we introduced the "First Call" chat-type medical consultation service call providing free health consultation with doctors for Group employees and their families. In addition, our head office cafeteria and one other employee cafeteria offering nutritionally balanced meals received "healthy meal and dietary environment" certification (commonly known as Smart Meal). The Group further supports employee health through a health seminar and an e-learning program about mental health.

Since the start of fiscal 2021, we have been conducting web-based seminars about the importance of exercise and sleep to help ensure our employees remain healthy during the situation with the COVID-19 pandemic. The "First Call" service has also been expanded for counseling related to the coronavirus and, due to the difficulty visiting hospitals, for anonymous counseling on illness and health-related matters.



A Group health seminar

We aim to maximize corporate value and achieve sustainable cyclical growth for the Group over the long term from four perspectives: the holding company, which has overall control of the Group; the operating companies, which are at the heart of the Group and drive growth; the outside directors, who bring a fresh perspective on management of the Company and the public interest; and the members of the Audit & Supervisory Committee, who perform audits on the legality and appropriateness of business execution.

Directors



Nobuki Kemmoku
Representative Director and President

Board of Directors attendance
13/13 meetings (100%)

Reasons for appointment
The Company selected Mr. Nobuki Kemmoku as Director as he has a wealth of experience and excellent track record in management of the Flour Milling Business and also has been leading the holding company's management as President of the Company. He 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.

Career summary
Apr. 1984 Joined the Company
Sep. 2011 Managing Director, Nisshin Flour Milling Inc.
Jun. 2012 Executive Officer
Jun. 2013 Director
 Senior Managing Director, Nisshin Flour Milling Inc.
Apr. 2015 Director and President, Nisshin Flour Milling Inc.
Jun. 2015 Managing Director
Apr. 2017 Director and President (to present)
 Director and Chairman, Nisshin Flour Milling Inc. (to present)



Michinori Takizawa
Representative Director

Board of Directors attendance
13/13 meetings (100%)

Reasons for appointment
The Company selected Mr. Michinori Takizawa as Director as he has a wealth of experience and excellent track record in corporate management in general, including legal affairs, human resources and general administration. He 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.

Career summary
Apr. 1976 Joined the Company
Jul. 2001 General Manager (Legal Group of General Administration Division)
Jun. 2005 Executive Officer and General Manager (Legal Group of General Administration Division)
Jun. 2006 Executive Officer and General Manager (Legal Department of General Administration Division)
Jun. 2009 Executive Officer and General Manager (Internal Control Department)
Jul. 2011 Executive Officer and Division Executive (Corporate Planning Division)
Jun. 2012 Director and Division Executive (Corporate Planning Division)
Jun. 2013 Managing Director and Division Executive (General Administration Division)
Jun. 2015 Senior Managing Director and Division Executive (General Administration Division)
Apr. 2017 Director, Vice President and Division Executive (General Administration Division)
Jun. 2017 Director and Vice President (In charge of General Administration Division)
Jun. 2019 Director, Vice President and Executive Officer (In charge of General Administration Division) (to present)



Akira Mori
Director

Board of Directors attendance
13/13 meetings (100%)

Reasons for appointment
The Company selected Mr. Akira Mori as Director as he has a wealth of experience and excellent track record in areas including accounting, finance and corporate planning. He 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.

Career summary
Apr. 1979 Joined the Company
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)
Jun. 2020 Director, Senior Managing Executive Officer (In charge of Corporate Planning Division and Finance and Accounting Division) (to present)



Koichi Iwasaki
Director

Board of Directors attendance
10/10 meetings (100%)

Reasons for appointment
The Company selected Mr. Koichi Iwasaki as Director as he has a wealth of experience and excellent track record in management of the Prepared Dishes and Other Prepared Foods Business, as well as Processed Food Business. He 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.

Career summary
Apr. 1980 Joined the Company
Jun. 2007 Director and Division Executive (Sales Division), Nisshin Foods Inc.
Jun. 2010 Executive Officer
 Managing Director and Division Executive (Sales Division), Nisshin Foods Inc.
Jun. 2012 Director
 Director and President, Nisshin Foods Inc.
Jun. 2014 Managing Director
Jun. 2015 Director, Tokatsu Foods Co., Ltd.
Jun. 2017 Executive Officer
 Director and Vice Chairman, Tokatsu Foods Co., Ltd.
Jun. 2019 Director, Managing Executive Officer and Division Executive (Business Development Division) (to present)
Jul. 2019 Director and Chairman, Tokatsu Foods Co., Ltd. (to present)

Directors



Satoshi Odaka
Director

Board of Directors attendance
--/-- meetings (---%)

Reasons for appointment
The Company selected Mr. Satoshi Odaka as Director as he has a wealth of experience and excellent track record in areas including production management and technology development. He 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.

Career summary
Apr. 1983 Joined the Company
Jun. 2007 General Manager (Technology and Engineering Department of Technology and Engineering Division)
Apr. 2012 Director and Division Executive (Production Division), Nisshin Flour Milling Inc.
Jun. 2012 Executive Officer
Jun. 2015 Director and Division Executive (Technology and Engineering Division)
Jun. 2019 Managing Executive Officer and Division Executive (Technology and Engineering Division)
Jun. 2020 Director, Managing Executive Officer and Division Executive (Technology and Engineering Division) (to present)



Takao Yamada
Director (Part-time)

Board of Directors attendance
13/13 meetings (100%)

Reasons for appointment
The Company selected Mr. Takao Yamada as Director as he has a wealth of experience and excellent track record in management of the Flour Milling Business. He 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.

Career summary
Apr. 1983 Joined the Company
Jun. 2011 Director and General Manager (Tokyo Sales Department), Nisshin Flour Milling Inc.
Jun. 2012 Executive Officer
Jun. 2013 Director
 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 present)
Jun. 2019 Director, Managing Executive Officer (to present)



Yuji Koike
Director (Part-time)

Board of Directors attendance
13/13 meetings (100%)

Reasons for appointment
The Company selected Mr. Yuji Koike Director as he has a wealth of experience and excellent track record as a business manager, along with extensive expertise in the area of sales operation in the Processed Food Business. He 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.

Career summary
Apr. 1983 Joined the Company
Jun. 2014 Executive Officer
 Director and President, Nisshin Petfood Inc.
Jun. 2017 Director
 Director and President, Nisshin Foods Inc. (to present)
Jun. 2019 Director, Managing Executive Officer (to present)



Akio Mimura
Director (Part-time)
Outside Director

Board of Directors attendance
13/13 meetings (100%)

Reasons for appointment
The Company selected Mr. Akio Mimura as Outside Director as he currently provides appropriate advice and supervision over the Company's business execution, based on his wealth of experience and broad-based insight as a corporate executive. He 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.

Career summary
Apr. 1963 Joined Fuji Iron & Steel Co., Ltd.
Jun. 1993 Director, Nippon Steel Corporation (NSC)
Apr. 1997 Managing Director, NSC
Apr. 2000 Representative Director and Executive Vice President, NSC
Apr. 2003 Representative Director and President, NSC
Jun. 2006 Audit & Supervisory Board Member
Apr. 2008 Representative Director and Chairman, NSC
Jun. 2009 Director (to present)
Oct. 2012 Director and Senior Advisor, Nippon Steel & Sumitomo Metal Corporation (NSSMC)
Jun. 2013 Senior Advisor, NSSMC
Nov. 2013 Senior Advisor, Honorary Chairman, NSSMC
Jun. 2018 Senior Advisor, Honorary Chairman, NSSMC
Apr. 2019 Senior Advisor, Honorary Chairman, Nippon Steel Corporation (to present)

Directors



Kazuhiko Fushiya
Director (Part-time)
Outside Director

Board of Directors attendance
13/13 meetings (100%)

Reasons for appointment
The Company selected Mr. Kazuhiko Fushiya as Outside Director as he currently provides appropriate advice and supervision over the Company's business execution, based on a wealth of experience and high-level expertise gained through his career in the Ministry of Finance and other governmental organizations where he held important positions. He 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.

Career summary
Apr. 1967 Joined the Ministry of Finance
Jul. 1999 Commissioner, National Tax Agency
Jul. 2001 Deputy Governor, National Life Finance Corporation
Jul. 2002 Assistant Chief Cabinet Secretary
Jan. 2006 Commissioner, Board of Audit of Japan
Feb. 2008 Commissioner (President), Board of Audit of Japan
Jan. 2009 Retired
Jun. 2009 Audit & Supervisory Board Member
Jun. 2015 Director (to present)



Motoo Nagai
Director (Part-time)
Outside Director

Board of Directors attendance*
13/13 meetings (100%)

Reasons for appointment
The Company selected Mr. Motoo Nagai as Outside Director as he currently provides appropriate advice and supervision over the Company's business execution, based on his wealth of experience and broad-based insight gained through management of financial institutions. He 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.

Career summary
Apr. 1977 Joined Industrial Bank of Japan, Limited
Apr. 2005 Executive Officer, Mizuho Corporate Bank, Ltd.
Apr. 2007 Managing Executive Officer, Mizuho Corporate Bank, Ltd.
Apr. 2011 Deputy President - Executive Officer, Mizuho Trust & Banking Co., Ltd.
Jun. 2011 Deputy President (Representative Director) and Deputy President - Executive Officer, Mizuho Trust & Banking Co., Ltd.
Apr. 2014 Commissioner, Mizuho Trust & Banking Co., Ltd.
Jun. 2014 Retired as Commissioner, Mizuho Trust & Banking Co., Ltd.
Jun. 2015 Audit & Supervisory Board Member
Jun. 2019 Director (to present)



Shoh Ohuchi
Director
Member of Audit & Supervisory Committee

Board of Directors attendance*
13/13 meetings (100%)

Reasons for appointment
The Company selected Mr. Shoh Ohuchi as Director and a member of the Audit & Supervisory Committee, as he has been diligently performing the audit duties of the Company drawing on his wealth of experience and excellent track record in accounting, finance, and auditing. He is considered to qualify for the office of Audit & Supervisory Committee Member in charge of auditing and supervising the Company's operational execution from an objective standpoint.

Career summary
Apr. 1983 Joined the Company
Jun. 2014 General Manager (Finance Department of Finance and Accounting Division)
Jun. 2015 Executive Officer and General Manager (Finance Department of Finance and Accounting Division)
Jun. 2018 Audit & Supervisory Board Member
Jun. 2019 Director (Full-time Member of Audit & Supervisory Committee) (to present)



Tetsuo Kawawa
Director
Member of Audit & Supervisory Committee (Part-time)
Outside Director

Board of Directors attendance*
13/13 meetings (100%)

Reasons for appointment
The Company selected Mr. Tetsuo Kawawa as Outside Director and member of the Audit & Supervisory Committee as he has been diligently performing the audit duties of the Company from a viewpoint of legal compliance, drawing on his wealth of knowledge and experience as an attorney. He is considered to qualify for the office of Audit & Supervisory Committee Member in charge of auditing and supervising the Company's operational execution from an objective standpoint.

Career summary
Apr. 1975 Qualified as an attorney
Apr. 1996 Proprietor, Kawawa Law Offices (to present)
Aug. 2002 Member, the Corporation Law (Modernization) Subcommittee, Legislative Council of the Ministry of Justice
Sep. 2002 Member, the Special Commission of the Judicial Advisory Committee of the Japan Federation of Bar Associations
Jun. 2007 Audit & Supervisory Board Member
Jun. 2019 Director (Member of Audit & Supervisory Committee) (to present)

* The meeting attendance records of Mr. Nagai, Mr. Ohuchi, and Mr. Kawawa (Page 68) and Mr. Ito (Page 69) include attendance of Board of Directors meetings following their appointments on June 26, 2019 and attendance as Auditors of Board of Directors meetings prior to that date.

Directors



Satoshi Ito
Director
Member of Audit & Supervisory Committee (Part-time)
Outside Director

Board of Directors attendance*
13/13 meetings (100%)

Reasons for appointment
The Company selected Mr. Satoshi Ito as Outside Director and member of the Audit & Supervisory Committee, as he has been diligently performing the audit duties of the Company, drawing on his extensive auditing experience as a Certified Public Accountant and high-level expertise in finance and accounting. He is considered to qualify for the office of Audit & Supervisory Committee Member in charge of auditing and supervising the Company's operational execution from an objective standpoint.

Career summary
Jan. 1967 Joined Arthur Andersen & Co., Japan branch
Dec. 1970 Qualified as a Certified Public Accountant
Sep. 1978 Partner, Arthur Andersen & Co.
Oct. 1993 Representative Partner, Asahi & Co. (Currently KPMG AZSA LLC)
Aug. 2001 Proprietor, Ito Certified Public Accountant Offices (to present)
Apr. 2002 Specially Appointed Professor, Institute of Accounting Research, Chuo University
Mar. 2007 Retired as a Specially Appointed Professor, Institute of Accounting Research, Chuo University
Jun. 2010 Audit & Supervisory Board Member
Jun. 2019 Director (Member of Audit & Supervisory Committee) (to present)



Mieko Tomita
Director
Member of Audit & Supervisory Committee (Part-time)
Outside Director

Board of Directors attendance
9/10 meetings (90%)

Reasons for appointment
The Company selected Ms. Mieko Tomita as Outside Director and member of the Audit & Supervisory Committee, as she has a wealth of knowledge and experience as an attorney. She is considered to qualify for the office of Audit & Supervisory Committee Member in charge of auditing and supervising the Company's operational execution from an objective standpoint.

Career summary
Apr. 1980 Qualified as an attorney
Joined Nishi and Iseki Law Office (Currently Nishi & Partners Attorneys and Counselors at Law)
Apr. 2001 Civil Conciliation Commissioner, Tokyo District Court (to present)
Apr. 2017 Senior Partner, Nishi & Partners Attorneys and Counselors at Law (to present)
Jun. 2019 Director (Member of Audit & Supervisory Committee) (to present)

All Outside Directors meet the Company's "Independence Standards for Outside Directors," which are based on independence criteria of the Tokyo Stock Exchange, and the Outside Directors have been designated and reported to the Tokyo Stock Exchange as independent directors.

Executive Officers

Nobuki Kemmoku
President

Michinori Takizawa
Vice President & Executive Officer
In charge of General Administration Division

Akira Mori
Senior Managing Executive Officer
In charge of Corporate Planning Division and Finance and Accounting Division

Satoshi Odaka
Managing Executive Officer
Division Executive, Technology and Engineering Division

Masashi Koike
Managing Executive Officer
Division Executive, Corporate Planning Division

Naoto Masujima
Managing Executive Officer
Division Executive, General Administration Division

Koichi Iwasaki
Managing Executive Officer
Division Executive, Business Development Division

Yasuo Ito
Managing Executive Officer
Division Executive, R&D and Quality Assurance Division

Masashi Nakagawa
Managing Executive Officer (Part-time)
Director and President (Representative Director), Oriental Yeast Co., Ltd.

Takao Yamada
Managing Executive Officer (Part-time)
Director and President (Representative Director), Nisshin Flour Milling Inc.

Kiyoshi Sato
Managing Executive Officer (Part-time)
Director and President (Representative Director), Nisshin Pharma Inc.

Yuji Koike
Managing Executive Officer (Part-time)
Director and President (Representative Director), Nisshin Foods Inc.

Kenji Takihara
Managing Executive Officer (Part-time)
Managing Director, Nisshin Flour Milling Inc.

Takahiko Iwahashi
Managing Executive Officer (Part-time)
Managing Director, Nisshin Foods Inc.

Tadashi Fuyuki
Executive Officer
Deputy Division Executive, Technology and Engineering Division
General Manager, Production & Technology Development Department of Business Development Division

Eiichi Suzuki
Executive Officer
Division Executive, Finance and Accounting Division

Hironori Kurosu
Executive Officer
General Manager, Human Resource & Labor Planning Office of General Administration Division
General Manager, Labor Relations Department of General Administration Division

Tsuguhiko Yoshida
Executive Officer
General Manager, R&D Promotion Department of R&D and Quality Assurance Division

Shigeru Kotani
Executive Officer (Part-time)
Managing Director, Nisshin Flour Milling Inc.

Koji Shintani
Executive Officer (Part-time)
Managing Director, Nisshin Foods Inc.

Kazuyoshi Watanabe
Executive Officer (Part-time)
Managing Director, Nisshin Flour Milling Inc.

Satoshi Sekiguchi
Executive Officer (Part-time)
Director, Nisshin Flour Milling Inc.

Summary Consolidated Financial Statements (Past 11 years)

(Millions of yen)

(FY)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Profit & Loss Statement											
Net sales	443,728	424,156	441,963	455,566	495,930	526,144	556,701	532,040	540,094	565,343	712,180
Cost of sales	306,675	285,700	306,649	316,141	348,619	377,729	402,218	374,028	378,742	401,584	512,356
Gross profit	137,053	138,455	135,313	139,424	147,311	148,414	154,483	158,012	161,352	163,759	199,824
Selling, general and administrative expenses	110,476	113,120	112,200	117,684	125,036	127,937	130,713	132,500	134,152	136,842	170,971
Operating profit	26,576	25,335	23,113	21,740	22,274	20,476	23,769	25,511	27,200	26,916	28,852
Amortization of goodwill, others	0	0	24	649	1,208	1,862	2,270	2,181	2,239	2,256	8,388
o/w amortization of goodwill	0	0	24	330	637	990	1,157	1,195	1,224	1,324	5,672
Operating profit before amortization of goodwill, others	26,576	25,335	23,137	22,389	23,483	22,338	26,040	27,693	29,440	29,172	37,241
Non-operating income	3,078	2,866	3,394	3,291	3,622	5,388	4,615	5,119	5,084	5,751	6,294
Non-operating expenses	327	362	375	289	317	320	285	301	485	605	3,711
Ordinary profit	29,327	27,839	26,132	24,742	25,579	25,544	28,099	30,329	31,800	32,062	31,434
Extraordinary income	1,479	4,117	889	289	1,140	1,223	121	2,669	1,365	1,581	8,925
Extraordinary losses	1,502	6,142	2,660	2,592	1,518	1,340	757	1,809	734	529	7,064
Profit before income taxes	29,304	25,815	24,361	22,438	25,201	25,427	27,462	31,189	32,430	33,113	33,296
Total income taxes	10,988	10,448	10,297	8,030	9,183	8,555	9,031	10,426	9,760	9,526	9,625
Profit attributable to owners of parent	16,839	14,187	13,326	13,688	15,098	16,036	17,561	19,466	21,339	22,268	22,407
Capital expenditure	12,785	13,605	14,608	17,203	18,290	19,895	14,970	12,689	21,484	18,719	21,843
Depreciation and amortization	14,998	13,681	13,636	13,749	13,669	14,747	16,816	16,132	15,509	14,951	21,235
R&D expenses	5,812	5,866	5,980	6,008	5,769	5,467	5,580	5,648	5,913	6,168	6,538
Balance Sheet (Period end) <small>Note: Figures from fiscal 2015 onward reflect the application of "Partial Revision of Accounting Standards for Tax Effect Accounting" (Corporate Accounting Standards No. 28, February 16, 2018).</small>											
Assets											
Current assets	196,606	195,213	213,431	218,468	216,409	224,529	228,271	234,172	260,751	268,170	238,980
Cash and deposits	69,871	57,938	59,020	56,722	49,104	42,584	61,665	85,458	91,635	101,974	49,710
Non-current assets	199,710	194,204	218,525	243,382	254,630	322,566	319,849	321,164	330,761	326,583	427,234
Property, plant and equipment	114,158	110,456	115,370	120,975	128,939	148,702	151,339	144,840	150,942	156,317	208,487
Intangible assets	3,827	3,756	12,798	12,746	12,998	21,629	18,489	15,089	12,409	10,462	68,716
Goodwill	—	—	9,044	4,373	5,008	10,355	8,610	7,050	5,623	5,016	42,743
Investments and other assets	81,725	79,991	90,355	109,660	112,692	152,234	150,019	161,234	167,408	159,802	150,030
Investment securities	72,325	69,597	80,378	100,643	105,975	143,288	140,347	151,963	158,211	149,659	135,739
Total assets	396,317	389,418	431,956	461,851	471,039	547,096	548,120	555,337	591,512	594,754	666,215
Liabilities											
Current liabilities	62,137	74,429	92,287	99,474	90,433	112,237	106,799	89,526	114,189	114,806	131,058
Short-term loans payable	2,864	2,866	5,813	5,260	6,607	17,175	15,219	9,745	7,892	9,535	18,078
Non-current liabilities	30,953	29,739	40,869	44,940	46,514	56,144	54,835	59,005	63,528	61,098	126,114
Long-term loans payable	271	145	2,117	3,207	3,367	3,874	4,386	4,967	7,194	6,771	15,226
Total liabilities	93,090	104,168	133,157	144,414	136,947	168,381	161,635	148,532	177,718	175,905	257,172
Total net assets	303,226	285,249	298,798	317,436	334,092	378,715	386,485	406,805	413,794	418,848	409,042
Total liabilities and net assets	396,317	389,418	431,956	461,851	471,039	547,096	548,120	555,337	591,512	594,754	666,215
Statements of Cash Flows											
I Net cash provided by (used in) operating activities	47,484	34,856	26,078	34,479	25,058	25,107	35,839	35,361	42,869	39,873	38,420
II Net cash provided by (used in) investing activities	(52,393)	(16,067)	(15,244)	(23,854)	(1,797)	(43,636)	(12,201)	(5,240)	(18,067)	(19,184)	(96,844)
III Net cash provided by (used in) financing activities	(5,684)	(6,373)	(6,134)	(4,587)	(5,072)	4,331	(9,446)	(11,470)	(18,593)	(10,567)	8,337
IV Effect of exchange rate changes on cash and cash equivalents	229	(302)	(400)	823	1,247	1,409	(1,128)	(246)	1,415	(202)	(1,451)
V Net increase (decrease) in cash and cash equivalents	(10,364)	12,112	4,299	6,862	19,435	(12,788)	13,062	18,404	7,624	9,920	(51,537)
VI Cash and cash equivalents at beginning of period	40,339	29,975	42,087	46,387	53,249	72,685	59,897	72,960	90,837	98,461	107,374
VII Net increase in cash and cash equivalents associated with new consolidation	—	—	—	—	—	—	—	—	—	—	—
VIII Increase (decrease) in cash and cash equivalents resulting from change of fiscal year-end of subsidiaries	—	—	—	—	—	—	—	(527)	—	(1,006)	713
IX Cash and cash equivalents at end of period	29,975	42,087	46,387	53,249	72,685	59,897	72,960	90,837	98,461	107,374	56,550
Free cash flow (I–II)	(4,909)	18,789	10,834	10,625	23,261	(18,529)	23,638	30,121	24,802	20,689	(58,424)

Wheat flour distribution channels

Around 90% of the wheat flour consumed in Japan is made from imported wheat. Imported wheat is purchased in a stable manner by the Japanese government, and sold to domestic milling companies. The wheat sold to milling companies is processed as wheat flour, and is then sold wholesale to food manufacturers to manufacture products that use wheat flour, including bread, noodles, and confectionery. The products made by these manufacturers are then delivered to the table via retailers such as supermarkets.



Imported wheat price fluctuations

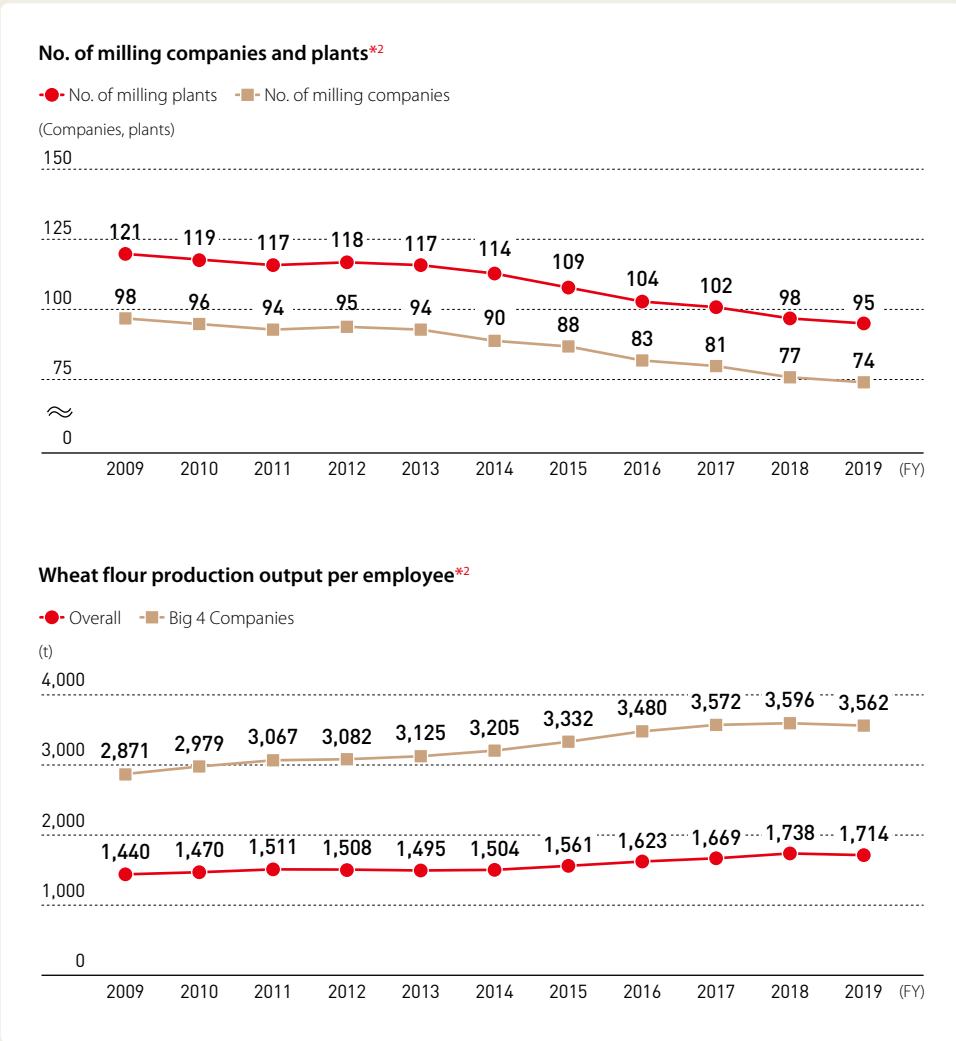
The Standard Selling Price System, whereby the selling price of imported wheat was fixed for the year, was abolished from April 2007, and a new Market-Linked System was introduced. Under this system, movements on the global wheat market, etc. are reflected quickly and appropriately in the domestic prices of imported wheat and wheat flour, and in the domestic prices of products that use wheat flour. With this system, a fixed annual mark-up is added to the average government purchase price that applied during a fixed period in the past. The selling price of wheat, which was previously fixed for the year, is revised twice a year, and the effects of the global wheat and foreign exchange markets, etc. are reflected automatically in the wheat selling price.

Price fluctuation factors



Milling company conditions

The number of milling companies has fallen by 24 over the past 10 years due to factors including intensification of the competitive landscape. Demand for wheat flour has been flat or slightly lower (Japan wheat flour sales volume: 4,860,000 t in fiscal 2017, 4,877,000 t in fiscal 2018, 4,834,000 t in fiscal 2019^{*1}). However, as a result of structural improvements in the milling industry overall, including the consolidation of production bases particularly among the major milling companies, production output per employee has significantly increased.



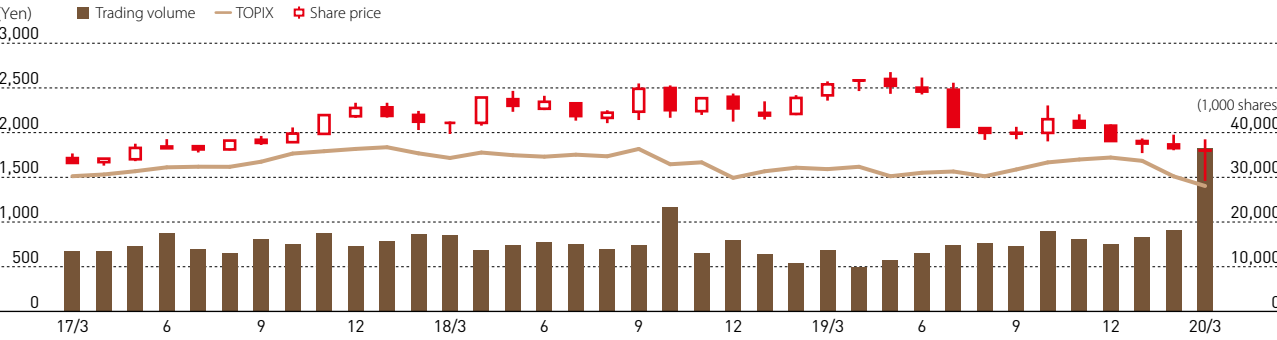
^{*1} Survey by Nikkan Keizai Tsushin Co., Ltd.
^{*2} Compiled by Nisshin Seifun based on "Wheat supply and demand projections" (March 2020), Ministry of Agriculture, Forestry and Fisheries

Company information (as of March 31, 2020)

Corporate name Nisshin Seifun Group Inc.	Number of shareholders 25,668	Ordinary general meeting of shareholders June
Head office 1-25, Kanda-Nishiki-cho, Chiyoda-ku, Tokyo	Listing market First Section of the Tokyo Stock Exchange	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.
Foundation October 1900	Securities code 2002	Custodian of shareholder register Sumitomo Mitsui Trust Bank, Limited
Paid-in capital ¥17,117,856,746	Fiscal year closing date and record date for year-end dividends from surplus (profit distribution) March 31	
Number of employees (consolidated) 8,962	Date of record for interim dividends September 30	
Total number of shares issued and outstanding 304,357,891 shares		

Stock information (as of March 31, 2020)

Share price and trading volume



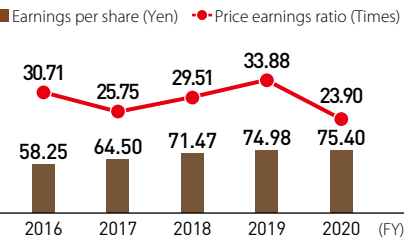
Total shareholder return (TSR)^{*1}

	FY2016	FY2017	FY2018	FY2019	FY2020
Nisshin Seifun Group Inc.	128.2%	121.0%	154.7%	187.5%	137.7%
TOPIX	89.2%	102.3%	118.5%	112.5%	101.9%

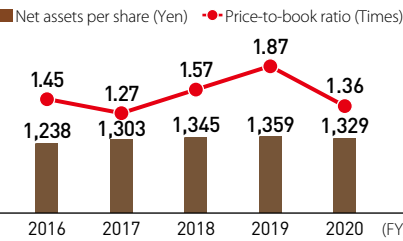
^{*1} The income from stock investment (dividends and capital gains) divided by the investment value (share price), calculated based on a formula stipulated by Cabinet Office Ordinance.

Stock indicators

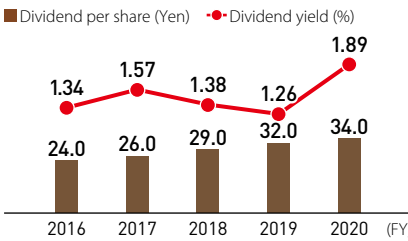
Earnings per share^{*2} / Price earnings ratio (PER)^{*3}



Net assets per share^{*2} / Price-to-book ratio (PBR)^{*4}



Dividend per share / Dividend yield^{*5}



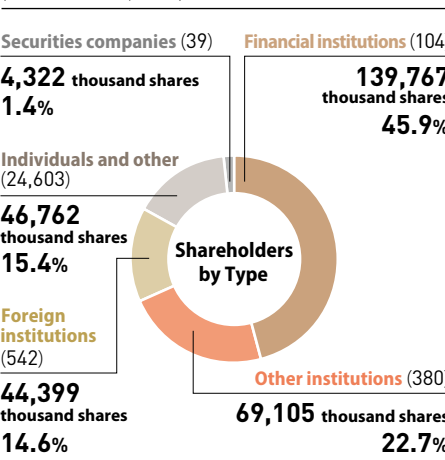
^{*2} From the fiscal year ended March 31, 2018, in the calculation of earnings per share or net assets per share, the shares of the Company held by The Master Trust Bank of Japan, Ltd. as trust assets for the stock remuneration system, which are recorded as treasury stock in shareholders' equity, are included in treasury stock which is deducted when calculating the number of shares.
^{*3} Period-end share price (yen) divided by earnings per share (yen)
^{*4} Period-end share price (yen) divided by net assets per share (yen)
^{*5} Dividend per share (yen) divided by period-end share price (yen)

Major shareholders (Top 10) (as of March 31, 2020)^{*6}

Name	Number of shares held (Thousands)	Shareholding ratio
The Master Trust Bank of Japan, Ltd. (Trust Account)	33,169	11.15
Nippon Life Insurance Company	19,387	6.51
Yamazaki Baking Co., Ltd.	16,988	5.71
Japan Trustee Services Bank, Ltd. (Trust Account)	16,709	5.61
Mizuho Bank, Ltd.	10,447	3.51
Mitsubishi Corporation	6,648	2.23
Marubeni Corporation	6,284	2.11
Sumitomo Corporation	6,091	2.04
Sumitomo Mitsui Banking Corporation	5,585	1.87
The Norinchukin Bank	5,432	1.82

^{*6} The Company is not included in the list of major shareholders. The Company holds 6,960,000 shares of treasury stock.
Treasury stock is not included in the calculation of shareholding ratios.

Composition of shareholders (as of March 31, 2020)



External evaluation of the Group

Nisshin Seifun Group is actively engaged in PR, IR and SR activities, and provides accurate information about the business activities of the Group's companies widely to society in a timely and appropriate manner, on a continuous basis. In this way, we work to ensure that our stakeholders are able to correctly understand and evaluate the Group, and we strive to gain their trust. The Group has also received positive external evaluations of its CSR-focused management initiatives, and has been chosen for inclusion in Socially Responsible Investing

(SRI) indices including FTSE4Good, FTSE Blossom Japan Index, MSCI Japan Empowering Women Index (WIN)^{*7}, S&P/JPX Carbon Efficient Index, and SOMPO Sustainability Index.

The Group has also been selected for inclusion as one of the 225 constituents of the Nikkei Stock Average (Nikkei 225), one of the leading stock indices in Japan, and has been assigned an AA Long-term Issuer Rating by the Japan Credit Rating Agency, Ltd., the highest rating level for a domestic foods manufacturer. (As of March 31, 2020)



FTSE4Good



FTSE Blossom Japan

MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

2020



Somo Sustainability Index

^{*7} MSCI and the MSCI Index names and logos are trademarks or service marks of MSCI (or its affiliates).
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Purpose of the integrated report

This report was prepared to present important information to support an understanding of the activities and objectives of the Nisshin Seifun Group. Additional details about the Group are available on the corporate website.



Investor relations

<https://www.nisshin.com/english/shareholders/>



Corporate social responsibility

<https://www.nisshin.com/english/csr/>

Financial Information

Non-Financial Information

Integrated Report (print version, PDF)

This report was prepared to communicate the Nisshin Seifun Group's corporate value based on its long-term vision to stakeholders in an easy to understand format.

Securities Reports

Financial Statements

Corporate Governance Report

IR Information Webpage

CSR Webpage