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177th Fiscal Term (April 1, 2020 to March 31, 2021)

Securities Report

Nisshin Seifun Group Inc.

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Report Data

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Administrative contact	Keiji Nigauri (General Manager, Accounting Department, Finance and Accounting Division)
Locations where filings are available for public inspection	Tokyo Stock Exchange, Inc. (2-1, Nihonbashi-Kabutocho, Chuo-ku, Tokyo)

Part A: Company Information

[1] Company Overview

(1) Principal Business Performance Indicators

1. Consolidated business performance indicators

Fiscal term		173rd	174th	175th	176th	177th
Years ended March 31		2017	2018	2019	2020	2021
Net sales	(millions of yen)	532,040	540,094	565,343	712,180	679,495
Ordinary profit	(millions of yen)	30,329	31,800	32,062	31,434	29,886
Profit attributable to owners of parent	(millions of yen)	19,466	21,339	22,268	22,407	19,011
Comprehensive income	(millions of yen)	28,457	25,148	17,043	1,347	49,252
Net assets	(millions of yen)	406,805	413,794	418,848	409,042	444,774
Total assets	(millions of yen)	555,337	591,512	594,754	666,215	687,415
Net assets per share	(yen)	1,303.45	1,344.68	1,359.49	1,328.71	1,456.37
Earnings per share	(yen)	64.50	71.47	74.98	75.40	63.95
Fully diluted earnings per share	(yen)	64.43	71.40	74.90	75.35	63.94
Equity ratio	(%)	70.9	67.5	67.9	59.3	63.0
Return on equity	(%)	5.1	5.4	5.5	5.6	4.6
Price-earnings ratio (p/e)	(times)	25.75	29.51	33.88	23.90	28.93
Cash flows from operating activities	(millions of yen)	35,361	42,869	39,873	38,420	49,506
Cash flows from investing activities	(millions of yen)	(5,240)	(18,067)	(19,184)	(96,844)	(17,105)
Cash flows from financing activities	(millions of yen)	(11,470)	(18,593)	(10,567)	8,337	(31,264)
Cash and cash equivalents at end of year	(millions of yen)	90,837	98,461	107,374	56,550	59,152
Number of employees		6,324	6,545	6,760	8,962	8,951
[average number of part-time employees]	(persons)	[2,089]	[2,351]	[2,622]	[10,200]	[10,258]

Notes:

- Consumption taxes and other taxes are not included in net sales.
- When calculating net assets per share from the 174th fiscal term, Company shares held by The Master Trust Bank of Japan, Ltd. as trust assets for the stock-based remuneration plan are included in the treasury shares excluded from the number of shares of common stock issued and outstanding at the end of the fiscal year. Furthermore, when calculating earnings per share and fully diluted earnings per share, Company shares held by The Master Trust Bank of Japan, Ltd. as trust assets for the stock-based remuneration plan are included in the treasury shares excluded when calculating the average number of shares of common stock during the fiscal year.
- “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) has been applied from the start of the 175th fiscal term. As a result, the Company has adopted a methodology whereby deferred tax assets are disclosed under “Investments and other assets,” and deferred tax liabilities are disclosed under “Non-current liabilities.”
Principal management indicators prior to the 174th fiscal term are shown following retroactive restatement of relevant figures based on this methodology.

2. Non-consolidated business performance indicators

Fiscal term		173rd	174th	175th	176th	177th
Years ended March 31		2017	2018	2019	2020	2021
Net sales	(millions of yen)	25,221	30,056	25,077	20,068	24,335
Ordinary profit	(millions of yen)	14,509	18,911	13,874	8,190	13,320
Profit	(millions of yen)	14,608	19,556	14,987	8,460	13,030
Paid-in capital	(millions of yen)	17,117	17,117	17,117	17,117	17,117
Shares issued and outstanding	(thousand shares)	304,357	304,357	304,357	304,357	304,357
Net assets	(millions of yen)	295,488	299,620	300,019	293,079	304,725
Total assets	(millions of yen)	329,827	336,153	371,633	385,798	402,329
Net assets per share	(yen)	977.65	1,008.14	1,008.91	985.14	1,024.05
Total dividends per share	(yen)	26.00	29.00	32.00	34.00	37.00
(interim dividend amount)	(yen)	(13.00)	(14.00)	(16.00)	(17.00)	(17.00)
Earnings per share	(yen)	48.39	65.48	50.44	28.46	43.82
Fully diluted earnings per share	(yen)	48.34	65.41	50.39	28.44	43.81
Equity ratio	(%)	89.5	89.1	80.7	75.9	75.7
Return on equity	(%)	5.1	6.6	5.0	2.9	4.4
Price-earnings ratio (p/e)	(times)	34.33	32.21	50.36	63.32	42.22
Dividend payout ratio	(%)	53.7	44.3	63.4	119.5	84.4
Number of employees	(persons)	297	305	337	342	355
[average number of part-time employees]		[30]	[38]	[44]	[49]	[55]
Total shareholder return	(%)	94.3	121.0	146.8	107.5	112.2
(Benchmark: TOPIX Total Return Index)	(%)	(114.7)	(132.9)	(126.2)	(114.2)	(162.3)
Share-price highs	(yen)	1,895	2,334	2,573	2,677	1,950
Share-price lows	(yen)	1,444	1,631	2,078	1,461	1,518

Notes:

1. Consumption taxes and other taxes are not included in net sales.
2. Share-price highs and lows are prices for the Company's shares listed on the First Section of the Tokyo Stock Exchange.
3. When calculating net assets per share from the 174th fiscal term, Company shares held by The Master Trust Bank of Japan, Ltd. as trust assets for the stock-based remuneration plan are included in the treasury shares excluded from the number of shares of common stock issued and outstanding at the end of the fiscal year. Furthermore, when calculating earnings per share and fully diluted earnings per share, Company shares held by The Master Trust Bank of Japan, Ltd. as trust assets for the stock-based remuneration plan are included in the treasury shares excluded when calculating the average number of shares of common stock during the fiscal year.
4. "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) has been applied from the start of the 175th fiscal term. As a result, the Company has adopted a methodology whereby deferred tax assets are disclosed under "Investments and other assets," and deferred tax liabilities are disclosed under "Non-current liabilities." Principal management indicators prior to the 174th fiscal term year are shown following retroactive restatement of relevant figures based on this accounting standard.

(2) History

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

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

In July 2001, the Nisshin Seifun Group adopted a holding company structure, under which the Company holds all shares in each operating company covering the Group's principal business fields: flour milling, processed food, compound feed, pet food, and pharmaceuticals. With sights on strengthening its business competitiveness further, the Group has arrived where it is today by moving since then to pursue the remodeling of existing businesses that underpin its resilient earnings base, while enhancing the business portfolio in order to maximize corporate value.

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

Date	Event
April 2003	Acquired additional shares in Oriental Yeast Co., Ltd., making it a subsidiary.
October 2003	Operations commenced at Marubeni Nisshin Feed Co., Ltd. (an affiliate accounted for by the equity method), a joint venture created through the merger of Nisshin Feed Inc. with Marubeni Feed Co., Ltd.
March 2004	Initio Foods Inc. established.
December 2004	A new flour milling facility constructed by Rogers Foods Ltd. in Chilliwack, British Columbia, Canada.
July 2005	Shin Nisshin Seifun Foods (Qingdao) Co., Ltd. established in China. Started full-scale operations in April 2007.
October 2005	Initio Foods Inc. took over SANKO Co., Ltd. in a merger.
November 2005	Established Jinzhu (Yantai) Food Research and Development Co., Ltd., a joint venture with Nichirei Corporation, in China. The venture commenced operations in October 2006.
June 2007	Shin Nisshin Seifun Foods (Qingdao) Co., Ltd. took over Qingdao Nisshin Seifun Foods Co., Ltd. in a merger.
January 2008	Thai Nisshin Technomic Co., Ltd. opened the R&D Office Center & Sales Office at in Thailand.
February 2008	OYC Shanghai Co., Ltd. (later renamed Nisshin Seifun OYC (Shanghai) Co., Ltd. in 2011), established in China.
September 2008	The Higashinada Plant of Nisshin Flour Milling Inc. expanded its flour milling facilities (Mills D and E).
July 2009	The Tatebayashi Plant of Nisshin Foods Inc. expanded its prepared mix production line.
December 2010	Through tender offers for the shares and other methods, additionally acquired shares in consolidated subsidiaries Oriental Yeast Co., Ltd., and NBC Meshtec Inc. to obtain 100% ownership.
May 2011	Acquired additional shares in Hanshin Silo Co., Ltd., and made it a subsidiary.
January 2012	Oriental Yeast India Pvt. Ltd. established in India.
March 2012	Acquired U.S.-based flour milling company Miller Milling Company, LLC.
October 2012	Established Nisshin Seifun Premix Inc.
November 2012	Opened the Nisshin Seifun (Flour Milling) Museum in Tatebayashi, Gunma.
December 2012	Acquired shares of Tokatsu Foods Co., Ltd. (an affiliate accounted for by the equity method)
February 2013	Acquired a flour milling business in New Zealand, which was subsequently launched as Champion Flour Milling Ltd.
April 2013	Began full-scale business at PT. Indonesia Nisshin Technomic in Indonesia.
June 2013	Established Vietnam Nisshin Seifun Co., Ltd. in Vietnam; operations commenced in October 2014.
February 2014	The Fukuoka Plant of Nisshin Flour Milling Inc. came on-line.
May 2014	Miller Milling Company, LLC acquired four flour milling plants in the U.S.
June 2014	Established Nisshin Seifun Turkey Makarna Ve Gida Sanayi Ve Ticaret A.S. in Turkey as a joint venture with Marubeni Corporation and Nuh'un Ankara Makarnasi Sanayi Ve Ticaret A.S.; operations commenced in May 2015.
May 2015	The Chita Plant of Nisshin Flour Milling Inc. expanded its flour milling facilities (Mill C).
May 2015	The Kobe Frozen Foods Plant of Ma•Ma-Macaroni Co., Ltd., commenced operations.
January 2016	Acquired shares of Joyous Foods Co., Ltd., and made it a consolidated subsidiary.
March 2018	Nisshin-STC Flour Milling Co., Ltd. acquired a flour milling plant in Thailand.
June 2018	Established Vietnam Nisshin Technomic Co., Ltd. in Vietnam. Operations commenced in January 2020.
January 2019	Line expansion at the Saginaw Plant of Miller Milling Company, LLC.
April 2019	Acquired Australian flour milling company Allied Pinnacle Pty Ltd.
July 2019	Converted equity-method affiliate Tokatsu Foods Co., Ltd. into a wholly owned subsidiary following acquisition of additional shares.
March 2020	Transferred the pet food sales business of Nisshin Petfood Inc.
March 2021	Pet food business concluded following termination of production by Nisshin Petfood Inc.

(3) Business Overview

The Nisshin Seifun Group consists of 73 subsidiaries and 9 affiliates accounted for by the equity method. The following is a description of the businesses of the Group and the relationships among the subsidiaries and affiliates within their respective business segments. Business groupings are the same as those described in “Notes to the Consolidated Financial Statements [Segment Information, etc.]” of “(1) Consolidated Financial Statements, etc.”

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

1. Flour Milling Segment

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

Miller Milling Company, LLC in the United States, Rogers Foods Ltd. in Canada, Nisshin-STC Flour Milling Co., Ltd. in Thailand and Champion Flour Milling Ltd. in New Zealand, all of which are consolidated subsidiaries, produce wheat flour and sell it in the North American, Asian and Oceanian markets, respectively. Australia-based Allied Pinnacle Pty Ltd., a consolidated subsidiary, produces wheat flour, prepared mix and bakery-related ingredients and sells them in Oceanian and Asian markets.

2. Processed Food Segment

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

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

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

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

3. Prepared Dishes and Other Prepared Foods Segment

Tokatsu Foods Co., Ltd., a consolidated subsidiary, produces and sells cooked foods, including bento lunch boxes, prepared foods and others. Joyous Foods Co., Ltd., a consolidated subsidiary, produces and sells processed noodles. Initio Foods Inc., a consolidated subsidiary, produces and sells prepared foods and also directly operates concessions in department stores.

4. Others Segment

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

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

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

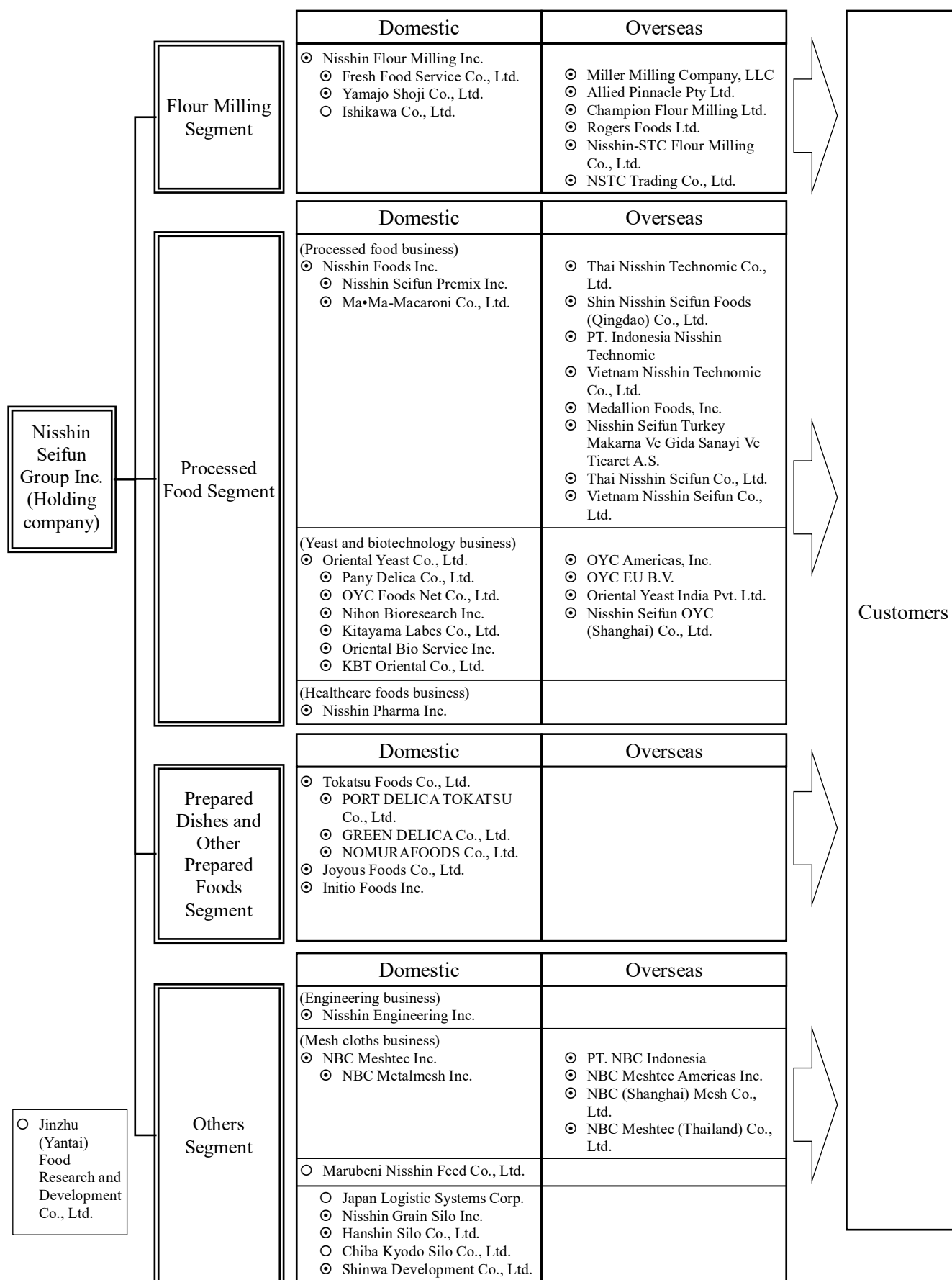
Japan Logistic Systems Corp., an affiliate accounted for by the equity method, is engaged in overland freight shipping and storage. It ships and stores some of the Group's products. Nisshin Grain Silo Inc. and Hanshin Silo Co., Ltd., both consolidated

subsidiaries as well as Chiba Kyodo Silo Co., Ltd., an affiliate accounted for by the equity method, are engaged in handling and storage operations for grain. Shinwa Development Co., Ltd., a consolidated subsidiary, operates sports facilities.

Nisshin Petfood Inc., a consolidated subsidiary, concluded its involvement in the outsourced production of pet food on March 31, 2021.

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

Nisshin Seifun Group Structure



- ⊙ Consolidated subsidiaries
- ⊙ Subsidiaries and affiliates accounted for by the equity method

(4) Subsidiaries and Affiliates

Name	Location	Paid-in capital (millions of yen)	Main businesses	Share of voting rights (indirect ownership) (%)	Details of relationship	
					Concurrent directors	Comments
Consolidated subsidiaries						
Nisshin Flour Milling Inc.	Chiyoda-ku, Tokyo	14,917	Production and sales of wheat flour	100.0	Present	The Company provides a partial loan for working capital, etc. and rents commercial land, buildings and office space
Miller Milling Company, LLC	Minnesota, U.S.	86	Production and sales of wheat flour	100.0 (100.0)	Present	None
Allied Pinnacle Pty Ltd.	New South Wales, Australia	9,689	Production and sales of wheat flour, prepared mix and bakery-related ingredients	100.0 (100.0)	Present	None
Champion Flour Milling Ltd.	Auckland, New Zealand	3,491	Production and sales of wheat flour	100.0 (75.0)	Present	None
Nisshin Foods Inc.	Chiyoda-ku, Tokyo	5,006	Sales of pasta, wheat flour for household use, frozen foods, other products Production and sales of prepared mix	100.0	Present	The Company provides a partial loan for working capital, etc. and rents commercial land and office space
Nisshin Seifun Premix Inc.	Chuo-ku, Tokyo	400	Production and sales of prepared mix	100.0 (100.0)	Present	The Company rents commercial land and office space
Ma•Ma-Macaroni Co., Ltd.	Utsunomiya, Tochigi	350	Production and sales of pasta and frozen foods	68.8 (53.8)	Present	None
Oriental Yeast Co., Ltd.	Itabashi-ku, Tokyo	2,617	Production and sales of food ingredients for bread, etc., biochemical products and other products; life science business	100.0	Present	The Company provides partial loan for working capital, etc.
Nisshin Pharma Inc.	Chiyoda-ku, Tokyo	2,689	Production and sales of healthcare foods and raw materials for pharmaceuticals, etc.	100.0	Present	The Company provides a partial loan for working capital, etc. and rents office space
Tokatsu Foods Co., Ltd.	Kohoku-ku, Yokohama, Kanagawa	100	Production and sales of cooked food, including bento lunch boxes and prepared foods	100.0	Present	The Company provides a partial loan for working capital.
Joyous Foods Co., Ltd.	Kamisato-machi, Kodama-gun, Saitama	50	Production and sales of processed noodles, etc.	85.1 (20.0)	Present	None
Initio Foods Inc.	Chiyoda-ku, Tokyo	487	Production and sales of prepared and frozen foods; direct operation of concessions in department stores	100.0 (63.0)	Present	The Company provides partial loan for working capital and rents office space
Nisshin Engineering Inc.	Chuo-ku, Tokyo	107	Design, contracted construction and management of production facilities and other facilities, sales of powder-processing machines	100.0	Present	The Company rents office space
NBC Meshtec Inc.	Hino, Tokyo	1,992	Production and sales of mesh cloths and forming filters	100.0	Present	The Company provides a partial loan for working capital, etc.
59 other consolidated subsidiaries						
Affiliates accounted for by the equity method						
Marubeni Nisshin Feed Co., Ltd.	Chuo-ku, Tokyo	5,500	Production and sales of compound feed	40.0	Present	The Company rents commercial land and buildings
Japan Logistic Systems Corp.	Shinagawa-ku, Tokyo	3,145	Overland freight shipping and storage	25.6 (20.6)	Present	None
7 other companies						

Notes:

1. Nisshin Flour Milling, Inc., PFG Topco1 Pty Ltd., PFG Topco Pty Ltd., PFG Mezzco Pty Ltd., PFG Holdco Pty Ltd., PFG Bidco Pty Ltd., Allied Pinnacle Pty Ltd., PBM Holdings Pty Ltd., Allied Pinnacle Australia Pty Ltd., Champion Flour Milling Ltd., Nisshin Foods Inc., Oriental Yeast Co., Ltd., Nisshin Pharma Inc., NBC Meshtec Inc., Nisshin-STC Flour Milling Co., Ltd., Nisshin Seifun Turkey Makarna Ve Gida Sanayi Ve Ticaret A.S., Oriental Yeast India Pvt. Ltd. and PT. NBC Indonesia are specified subsidiaries of Nisshin Seifun Group Inc. PFG Topco1 Pty Ltd., PFG Topco Pty Ltd., PFG Mezzco Pty Ltd., PFG Holdco Pty Ltd., PFG Bidco Pty Ltd., PBM Holdings Pty Ltd., Allied Pinnacle Australia Pty Ltd., Nisshin-STC Flour Milling Co., Ltd., Nisshin Seifun Turkey Makarna Ve Gida Sanayi Ve Ticaret A.S., Oriental Yeast India Pvt. Ltd. and PT. NBC Indonesia are included in other consolidated subsidiaries.
2. Japan Logistic Systems Corp. also submits separate regulatory filings.
3. Figures in parentheses in the percentage of voting rights column indicate shares attributable to indirect ownership.

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

(Millions of yen)

Company name	Net sales	Ordinary profit	Profit	Net assets	Total assets
Nisshin Flour Milling, Inc.	164,640	7,149	5,109	83,588	188,396
Nisshin Foods Inc.	119,569	9,812	7,969	33,682	62,483

(5) Employees

1. Consolidated level

(As of March 31, 2021)

Business segment	Number of employees	
Flour Milling	2,583	[155]
Processed Food	3,518	[703]
Prepared Dishes and Other Prepared Foods	1,570	[9,001]
Others	872	[328]
Corporate (across the Group divisions)	408	[71]
Total	8,951	[10,258]

Note:

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

2. Non-consolidated level

(As of March 31, 2021)

Number of employees	Average age (years)	Average length of service (years)	Average annual pay (yen)
355 [55]	42.1	15.8	8,796,178

Notes:

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

3. Labor unions

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

[2] Review of Operations and Financial Position

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

All matters relating to the future in the sections below are based on the current views of the Nisshin Seifun Group as of the date of filing this Securities Report in Japanese (June 25, 2021).

1. Basic management policies

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

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

Additionally, in an ongoing commitment to fulfilling our social responsibilities, we are pushing ahead with self-reform to contribute to making a sustainable society possible, with initiatives targeting our internal control system, along with thorough compliance, food safety, environmental protection and social contribution activities. At the same time, we are redoubling efforts to remain a Group that enjoys the active support of all stakeholders, among them shareholders, customers, business partners, employees and society at large.

2. Medium- to long-term management strategies

The Group is promoting New Nisshin Innovation activities, with sights set on becoming “a globally operating company that assists ‘healthy lifestyles’ and plays a critical role in building ‘the food infrastructure’ of the future,” as detailed in its long-term vision, “NNI ‘Compass for the Future’ —Toward a New Stage—Maximizing Group-wide Capabilities and Effecting Business Model Change.” Specifically, we will build a system that demonstrates the Group’s “group-wide capabilities.” At the same time, we take this opportunity to reemphasize “customer-oriented policy,” promote growth strategies based on the pillars of “remodeling existing businesses” and “enhancing the Group business portfolio,” and further reinforce management functions that support the aforesaid initiatives.

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

The Group will execute these strategies developed to realize the long-term vision so as to achieve further growth in earnings per share (EPS) through efforts in both profit growth and capital policy planning. We also strive to improve our return on equity (ROE) and ensure ROE exceeds capital cost, while striking a balance between capital efficiency and financial stability.

We will further strengthen the link between “the realization of corporate philosophy” and “the maximization of corporate value” by pursuing management in a manner that develops a strong link between our business strategies and contributions to environment (E) and society (S), which are associated with business sustainability, while enhancing governance (G), which serves as a discipline to improve corporate value. We are challenging ourselves to develop a corporate group that enjoys ongoing active support from all stakeholders.

The Group’s business environment has been significantly altered by the impact of the novel coronavirus pandemic. For this reason, we are now focused on achieving a quick recovery in sales and earnings capabilities as our top priority. With the need to gain a clearer view of the immediate business environment currently taking precedence, we are delaying the formulation of a new medium-term management plan for the time being.

3. Management environment and issues to be addressed

In the domestic and overseas food industry, amid the dramatic changes in human lifestyles driven by the global spread of the novel coronavirus pandemic, the structure of consumption is also changing, including a shift from restaurant demand to at-home dining. Volatility in currency exchange markets and grain and resource prices, meanwhile, is also dramatically impacting the business environment. Similarly, the Group has also seen its operations significantly affected by the ongoing effects of the novel coronavirus pandemic. While vaccination efforts are currently underway worldwide, a timeline for when the pandemic will end remains elusive, as the situation continues to defy ready prediction. On the domestic front, the trend toward greater trade liberalization is expected to gain momentum as international trade negotiations move forward.

Under these circumstances, the Nisshin Seifun Group recognizes that continuing to fulfill its mission of securing stable supplies of safe and reliable wheat flour and other staple foods, and delivering safe and reliable products in each business, is more important than ever before. Similarly, we are equally committed to ensuring the safety of the employees who support this

mission. In all business operations, we working to set a recovery in earnings and rapid return to a growth trajectory as top priorities by adapting to changes in the business environment. In parallel, in the push to strengthen business competitiveness, we are promoting a digital transformation in addressing operational reform, while enhancing ties between operating companies in Japan and overseas, bringing group-wide capabilities further to the fore as we aim to realize our Long-Term Vision. We are creating sustainable growth by tackling head on changes in the business environment caused by social issues and technological innovation. At the same time, by creating a cycle of added value that benefits society as a whole, we are contributing to making a more sustainable society possible. As system environments grow more advanced and diverse, the risk of cyberattacks, unauthorized access and other systems-related risks are increasing. In response, we are strengthening risk management by putting appropriate countermeasures in place.

(1) Domestic business strategies

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

In the processed food business, we are taking measures to boost brand loyalty by launching new products to respond to the needs of consumers, guided by the keywords of “easy-to-prepare and convenient,” “authentic” and “healthy,” coupled with aggressive sales promotion measures. Additionally, we will optimize our business portfolio through efforts to further expand in the growth fields of the frozen food product business.

In the prepared dishes and other prepared foods business, we plan to shift to a business model defined by high-level commercialization of both the pursuit of deliciousness, taking advantage of the Group’s R&D capabilities, and high productivity, based on technological capabilities cultivated to date.

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

We will also respond appropriately to the labor shortage problem in Japan through operational process improvements and similar steps enabled by the utilization of robotics, artificial intelligence (AI), automation and other new technologies.

Additionally, last November we entered a business partnership agreement with the National Federation of Agricultural Cooperative Associations designed to ensure the stable supply of domestically produced wheat and other domestic agricultural and livestock products and stable procurement of product ingredients.

(2) Overseas business strategies

In the flour milling business, along with steps to achieve further local market growth by leveraging Group strengths in flour milling technology and proposal capabilities to focus on sales expansion, we are aggressively advancing strategic investments to broaden the overseas business base.

In the processed food business, we envisage further expansion of the commercial prepared mix business, given projected growth in the Asian market. In terms of production, along with bolstering cost competitiveness, by utilizing our global optimal production system as a base, we are leveraging the production technology and expertise in high-level quality control cultivated by the Group over many years to pursue additional business expansion in pasta, pasta sauces and frozen foods.

In the yeast and biotechnology businesses, in a bid to enter the Indian market, where demand for yeast for bread making is rising, Oriental Yeast India Pvt. Ltd. is making progress in constructing a yeast plant. Our goal is to promote business expansion by supplying the local market with high-quality products. Due to the interruption of construction work from the impact of the novel coronavirus pandemic, the operational timetable for the plant, which had been scheduled for last summer, is now pending.

Moreover, in the flour milling, processed food, and bakery-related businesses in particular, we will move with speed to promote business expansion in new domains, either through the Company’s own proprietary efforts or through M&A and alliance opportunities.

(3) R&D strategies and cost strategies

The Group adopts the perspective of its customers in the development of new products, and is engaged in the creation of basic and core technologies in new domains. High value-added products that, from a customer perspective, are novel and unique will be developed continuously. In research, we will clarify our priority research domains in order to promote the commercialization and practical application of research results. At the same time, we will establish research themes closely aligned with business strategies to increase efficiency and speed. Furthermore, we will also respond to the labor shortage problem by, among other actions, investigating further gains in efficiency through automation technology utilization.

As a response to the significant fluctuations expected to continue in the raw material and energy markets, the Nisshin Seifun Group will work to reduce procurement and production costs, while building an operational foundation that properly addresses changing costs.

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

As the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (TPP-11 Agreement), the Japan-EU EPA and the trade agreement between Japan and the U.S. have come into effect, all have begun to pull down the markup (gain collected by government upon import) on wheat produced in the U.S., Canada and Australia. In addition to these, other international trade agreements are emerging, including the coming into effect of a comprehensive economic agreement between Japan and the United Kingdom and the recent signing of the Regional Comprehensive Economic Partnership (RCEP). The Group expects this decline in border control mechanisms with respect to wheat and wheat-related products to lead to more intense competition with imported products from related countries. As the trend toward free trade further accelerates, the Group will take appropriate steps to stay abreast of upcoming changes as they emerge, while continuing to develop a robust corporate structure domestically and abroad that will enable it to prevail against the global competition.

(5) Corporate social responsibility (CSR)

The Nisshin Seifun Group has fulfilled its corporate social responsibilities (CSR) as a corporate citizen in all its business activities and retains its status as a corporate entity that plays an increasingly essential role in society. To this end, the Group established a Social Committee to put its “Nisshin Seifun Group Corporate Code of Conduct and Employee Action Guidelines” into practice and to promote initiatives to facilitate the implementation.

Where enhancing governance is concerned, as a company with an audit & supervisory committee-based company structure, we are developing and maintaining a sound and effective corporate governance system. In parallel, with respect to compliance, the Group complies with relevant laws and regulations, social norms and corporate internal rules and regulations, and strives to develop and expand its businesses while being engaged in fair and open competition. For internal control, the Group is doing more than what is required by the Financial Instruments and Exchange Act through maintenance of its internal control systems group-wide. These systems are monitored by a dedicated department to maintain their integrity and seek further improvements.

Elsewhere, we have specified what we term “CSR priorities” (materiality), which encompass areas such as the provision of safe and healthy food, preparing for climate change, and providing work environments that are fulfilling. These issues are positioned as one of management’s most vital concerns, and one that the entire Group is working to address.

Regarding the provision of safe and healthy food staples, to ensure the delivery to customers of safe and reliable products, we are strengthening our hand in the areas of food safety and food defense. The CR (Consumer Relations) Office, which is charged with the responsibilities of identifying consumer mindsets and social trends while providing timely and appropriate direction as to what actions need to be taken, will actively collect relevant consumer administrative information as well as consumer opinion and their needs. In addition, to ensure the stable supply of safe and reliable wheat flour and other food staples, we are striving to expand and upgrade preparations for disasters, pandemics and other events based on our business continuity plan (BCP). Our response to the novel coronavirus pandemic also saw early activation of the BCP, resulting in extensive measures to prevent infections as part of plans to maintain business activities.

In terms of response to climate change, we have established target reductions for completion by fiscal year 2031 in Group carbon dioxide emissions, aiming to reduce our environmental footprint through installation of equipment with outstanding energy-saving functionality at our plants and joint deliveries with other companies, among other actions. In product development as well, we are working to develop environmentally conscious products that consider energy and plastic reduction and minimization through to the food preparation stage, as well as improvements in recyclability. Furthermore, we are exploring options for achieving carbon neutrality by 2050, which will include revising, in line with government policies, our current targets for reductions in Group CO₂ emissions by fiscal year 2031.

Where providing fulfilling work environments is concerned, along with efforts to bolster measures to prevent labor-related disasters through risk assessment, we are focusing on mental and physical health care promotion to make healthy, dynamic work possible. This promotion of health management is personally headed by the president. In fiscal year 2021, the Group was recognized for inclusion in the 2021 list of outstanding corporations for health and productivity (White 500), part of a certification system established by Japan’s Ministry of Economy, Trade and Industry (METI). We are also moving ahead with efforts to achieve more diverse working styles, which has included revising systems to make more flexible approaches to work possible.

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

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

(2) Business and Other Risks

Among matters pertaining to the review of operations and financial position and financial accounts found in this securities report, the following are principal risks recognized by the management as having a potentially material impact on operating performance.

The Group has formulated “The Nisshin Seifun Group Risk Management Rules” and “The Nisshin Seifun Group Crisis Control Rules,” and ensures an appropriate response to risks, while strengthening routine risk management activities designed to prevent and control risk. The Group has established a Risk Management Committee, chaired by the Company president and comprising the presidents of each respective operating company as members, that moves to recognize and promote response measures to principal risks facing the Group as a whole. In these and various other ways, the Group strives to mitigate risks stemming from its business operations. Additionally, the Group has established a Planning Subcommittee, Disaster Subcommittee and Overseas Safety Countermeasures Subcommittee as subcommittees organized under the Risk Management Committee. By putting in place a system for investigating and promulgating concrete measures for issues that arise, the Group strives for appropriate risk management, fulfilling its mission to ensure business continuity and the stable supply of safe, reliable products.

For the principal risks below, a three-tiered system is used to evaluate the extent to which the identified risk may become more acute in the future, and the subsequent degree of impact should this occur. Specific ratings are determined by the aforementioned Risk Management Committee.

All matters relating to the future in the sections below are based on the current views of the Nisshin Seifun Group as of the date of filing this Securities Report in Japanese (June 25, 2021).

1. Progress of international trade negotiations and wheat policy reform (Degree of Impact: Large, Likelihood of Risk: High)

In step with progress made on international trade negotiations, the trend toward free trade is accelerating, as illustrated most clearly by the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (TPP-11 Agreement), the Japan-EU EPA and the Japan-United States Trade Agreement on Goods, etc. Going forward, changes in demand for wheat and related products in Japan and more intense competition, together with reduced border import control mechanisms, are expected to impact wheat flour-related industries, including the Company’s flour milling and processed food businesses.

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

<Key Countermeasures>

To respond to risks associated with this growth in free trade, changes in government wheat policy and other concerns, the Group is building an even more robust corporate structure going forward. Along with putting a global production framework in place, measures include pursuing low-cost operations through utilization of new technologies, adapting to changes in customer needs, and further accelerating overseas business expansion.

2. Product safety (Degree of Impact: Large, Likelihood of Risk: Low)

Growing concerns over food safety put increasing pressure on the food industry to ensure the safety of the food it supplies. The Nisshin Seifun Group, for its part, continuously implements measures regarding product safety at its own plants and those of subcontractors involved in outsourced production. Nevertheless, events beyond the scope of the Company’s projection due to external and other factors could lead to product recalls or the discovery of defective items.

<Key Countermeasures>

To respond to risks of this kind regarding foods safety, the Group has set “quality assurance from the consumer’s perspective” as a baseline. From this basic principle, we reinforce education and guidance of employees involved in all operations spanning development through to production, distribution and sales, as well as safety review measures for new ingredients and new products, and enhance food defense measures. Similarly, the Group pursues measures to maintain and improve its quality assurance system for products. Such measures include acquiring certification under ISO, FSSC and other international standards pertaining to food safety management systems, along with ongoing evaluation of effectiveness, coupled with ensuring that food management at subcontractors responsible for outsourced production conforms to the same strict guidelines as the Group’s own plants.

3. Disasters, accidents and infectious diseases (Degree of Impact: Large, Likelihood of Risk: Moderate)

The Nisshin Seifun Group strives to maintain and ensure the safety of its plants and other facilities in order to stably supply safe and reliable products. Nevertheless, the occurrence of large-scale natural disasters, such earthquakes, storms and floods,

accidents such as fires and explosions, and the spread of new infectious diseases could result in damages and otherwise hinder the ability of the Group to provide products to its clients.

<Key Countermeasures>

To respond to these disaster and accident-related risks, the Group carries out seismic reinforcement of its principal plants and flood countermeasures to mitigate human injury and damage to plant facilities in the event of an earthquake, flood or other natural disaster. In parallel, the Group is bolstering the creation of systems for preventing fires, explosions and other accidents (including through implementation of facility and safety audits, and embedding of rules regarding facility safety), has a business continuity plan (BCP) in the event of a large-scale earthquake, and a timeline and other readiness measures in place for addressing storm and flood damage. In preparation for outbreaks of new infectious diseases, the duration and resolution of which are difficult to predict, the Group has in place both a business continuity plan (BCP) and specific measures for preventing the spread of such diseases. With respect to countermeasures for large-scale natural disasters, the Group will revise these measures following verification of revisions to the Japanese government's own disaster-related assumptions in light of the increasingly massive scale of such disasters in recent years.

(The Novel Coronavirus Pandemic)

Economic activity in Japan and worldwide has been severely affected by the pandemic spread of the novel coronavirus, the future of which remains uncertain at this time; accordingly, the Group currently recognizes addressing risks posed by the pandemic as its highest priority. To ensure the continued safety of employees and the stable supply of food staples, the Group established a "Novel Coronavirus Pandemic Countermeasures Headquarters" in January 2020, led by the Company president, which since has met monthly to develop an extensive range of prevention measures, identify impacts in each business, and explore and provide guidance on appropriate countermeasures. In this way, the Group remains committed to mounting a swift and appropriate response to the variety of risks posed by the pandemic spread of the novel coronavirus. Refer to "(1) Management Policies, Management Environment and Issues to be Addressed," "(3) Management's Analysis of Financial Position, Performance and Cash Flows" for specifics regarding the impact of the pandemic on the Group.

4. Alliances with other companies and realization of corporate acquisition benefits (Degree of Impact: Large, Likelihood of Risk: Moderate)

The Nisshin Seifun Group forms alliances with other domestic and global companies and conducts corporate acquisitions as part of efforts to enhance its business portfolio and maximize its long-term corporate value. The inability to progress as initially planned with respect to alliances or businesses post acquisition could result in the failure to realize expected benefits. Furthermore, with respect to goodwill accompanying corporate acquisitions and other intangible assets, the failure to realize anticipated investment returns, due to low profitability stemming from the absence of expected cash flows from such assets, could result in substantial impairment losses. Such occurrence could have an adverse impact on the Group's operating results and other areas of performance.

<Key Countermeasures>

The Group intends to continue to move forward with enhancing its business portfolio. To this end, the Group remains committed to a range of measures with respect to alliances with other companies and corporate acquisitions. These measures include conducting prior investigation of any such projects based on the Group's own proprietary guidelines and formation of appropriate M&A team structures in order to mitigate risk, along with clear business succession or launch immediately following alliance establishment or acquisitions, and robust PMI activities.

5. Procurement of raw materials (Degree of Impact: Large, Likelihood of Risk: Moderate)

The Nisshin Seifun Group strives to ensure the sustainable procurement of safe and cost competitive raw materials in all of its businesses. Nevertheless, the Group may fail to realize reductions in cost due to a range of factors that could trigger rapid growth in procurement costs, including market price volatility for raw materials, wage and logistics costs, and rising prices for packaging materials and other raw materials. In addition, the Group's business performance could be adversely affected if a significant rise in the cost of purchasing raw materials and products due to an increase in imported wheat prices and other reasons was not offset by revisions in the selling prices of wheat flour, processed foods and other products. Moreover, in the event of failure to respond appropriately to social issues pertaining to procurement, notably issues involving the environment or human rights, this could lead to a loss of trust in the Group as a company, which could diminish the Group's corporate brand and competitiveness.

<Key Countermeasures>

To cope with risks associated with the procurement of raw materials, the Group promotes low-cost operations sustainable with respect to procurement and production costs, in conjunction with steps to maintain appropriate product pricing through the launch of new products tailored to market changes, strategies for realizing higher added value, and other means. In order to procure safe raw materials in a stable and sustainable manner, the Group, in collaboration with suppliers, conducts responsible procurement activities founded on fair and ethical transactions, including throughout the supply chain.

6. Information security and digital transformation (Degree of Impact: Large, Likelihood of Risk: Moderate)

The Nisshin Seifun Group utilizes mission critical systems and an array of other systems in a bid to optimize operational efficiency. However, the occurrence of systems management problems, the unforeseen intrusion of viruses and acts of cyberterrorism, or the unauthorized access of information held by the Group could interrupt its ability to respond to customers. Similarly, business activities could be adversely impacted by the incurrence of expenses due to the leakage of operationally sensitive data or personal information outside of the Group, and a subsequent decline in public trust. Meanwhile, delays in properly coping with digital transformation built on new information technologies could potentially degrade our capacity to address both business competitiveness accompanying changes in the market environment and business continuity, should unforeseen abnormal or anomalous conditions arise.

<Key Countermeasures>

To mitigate risks pertaining to information security, the Group is developing an appropriate IT management structure built on the intensive pursuit of information security activities (including educational training) based on a set of basic rules regarding information security, while working vigorously to gather security-related information, putting increasingly sophisticated measures in place to combat computer viruses, and maintaining redundancy for mission critical servers. Similarly, in the utilization of new information technologies, among actions being taken is business model transformation, which includes proceeding with the digitalization of operations based on ranked priorities set across the Group and digital marketing, guided by a response policy that emphasizes mobility.

7. Environmental management (Degree of Impact: Large, Likelihood of Risk: Moderate)

The Group continues to make assiduous efforts through its corporate activities to reduce environmental impact, including the pursuit of greater energy efficiency and waste reduction. Nevertheless, changes or enhancements beyond the scope of Group projections in legal regulations pertaining to the environment, as well as calls from stakeholders for a more responsive environmental posture could result in unanticipated expenses required to address such issues. Additionally, failure of the Group to properly respond to global environmental issues such as climate change, food waste and waste plastic from product packaging could adversely affect business activities, not only by limiting its ability to contribute to the conservation of global resources and the environment, but also due to subsequent diminishment of the Group's corporate brand.

<Key Countermeasures>

Recognizing global environmental protection as one of its most important management issues, the Group formulated "The Nisshin Seifun Group's Basic Environmental Policy," under which it is pursuing Group-wide ISO14001 certification and the achievement of medium-term environmental targets through fiscal year 2030 (focused on reductions in CO₂ emissions and effective resource utilization). At the same time, the Group has positioned efforts to reuse and curb the creation of food waste, the promotion of eco-conscious design and other moves to "efficiently handle product and packaging waste," alongside reductions in CO₂ emissions from business activities and similar actions to "prepare for climate change and water resource issues" as priority CSR issues for promotion by the Nisshin Seifun Group. In these ways, the Group is pressing ahead with drafting long-term targets in line with the Japanese government's declared goals of cutting greenhouse gas emissions in 2030 by 46% compared to fiscal year 2013 levels, and reducing levels to zero by 2050, all while taking steps to improve its corporate value and enhance enterprise competitiveness, while contributing to the emergence of a sustainable society.

8. Overseas business (Degree of Impact: Moderate, Likelihood of Risk: Moderate)

The Nisshin Seifun Group aggressively promotes the global development of its operations most notably in Asia, North America and Oceania, with overseas sales today accounting for over 20% of the Group's net sales. The Group is also building a globally optimized production framework in order to strengthen cost competitiveness, and is working to expand this overseas business base further in the future. Outside of Japan, however, the Group is subject to various factors that could negatively affect business performance or hamper business continuation efforts. These factors include, but are not limited to, the constraint of and stoppage of business activities due to unpredictable changes in political and economic circumstances, changes in laws and regulations, the emergence of lawsuits, the outbreak of terrorist incidents or civil unrest, and epidemics or pandemics of new infectious diseases.

<Key Countermeasures>

To mitigate risks associated with overseas business, the Group works through the Overseas Safety Countermeasures Subcommittee under the subcommittee structure of the Group-wide Risk Management Committee, alongside consultation with outside experts, to conduct appropriate management and support of business operations given the local operating environment. This is coupled with a training structure specifically for employees assigned outside of Japan, together with committed efforts to ensure the safety and wellbeing of employees on the ground.

9. Foreign exchange movements (Degree of Impact: Moderate, Likelihood of Risk: Moderate)

In each of its businesses, most notably processed food, the Nisshin Seifun Group procures a portion of the raw ingredients and products from outside of Japan. These procurement costs are subject to rise due to variance in foreign exchange. In overseas businesses, both income and financial condition may be negatively impacted by variation in the yen exchange rate. In the flour

milling business, the price of bran – a byproduct of the milling process – could be affected by the price of imported bran, which is subject to foreign exchange movement.

<Key Countermeasures>

To respond to these risks associated with variance in foreign exchange, the Group has established a Group-wide Foreign Exchange Committee, along with other measures to minimize the role of foreign exchange volatility in performance. These measures include the establishment of rules regarding foreign exchange contracts, as well as information sharing and deliberation of countermeasures regarding foreign exchange.

10. Human resource retention (Degree of Impact: Moderate, Likelihood of Risk: Moderate)

The Nisshin Seifun Group is taking steps to promote model change in existing businesses and enhance its business portfolio, with the goal of bolstering business competitiveness. Retaining and training the diverse human resources vital to this effort is essential. However, in the event that human resources critical to the Group's businesses cannot be retained due to a decline in the working population, employment outlook volatility or related concerns, this could cause the Group's competitiveness to decline over the long term.

<Key Countermeasures>

To cope with risks related to human resource retention, the Group bolsters its recruitment activities, has a robust education and training program, and strives to ensure that working environments are healthy and worthwhile, and enable every employee with their diverse values to realize their full potential, all while adhering to proper labor management. In parallel, the Group is pursuing adoption of a variety of technologies, including automation, greater robotics utilization and AI, in a bid to enhance productivity.

11. Response to new technologies (Degree of Impact: Moderate, Likelihood of Risk: Moderate)

In each of its businesses, the Group must keep pace with dramatic market changes, and respond accurately to the evolution and transformation of various technologies. Failure to do so could lead to a decline in the Group's product development and production technology capabilities, which could make its baseline technologies obsolete. This situation, in turn, could prevent the Group from developing appealing new products that meet client needs. The resulting decline in shipments and diminishment in corporate brand could have an adverse impact on operating results.

<Key Countermeasures>

To mitigate these and other risks concerning failure to respond promptly to new technologies, the Group works continuously to bolster its technological capabilities to pursue product development reflective of market demand by maximizing its comprehensive internal and external capabilities. Efforts include pushing the evolution of technologies using Group-wide projects and the training of required technicians, leveraging Group synergies for expansion of key technology fields, and promoting the introduction of technologies from joint research from industry-government-academia partnerships and other outside sources.

Beyond the aforementioned risks, the Group must confront a variety of other risks in the course of its business activities, including shipment volatility in mainstay products due to changes in the economic climate and the industry environment, as well as price drop risk. Additional risks that may adversely impact the Group's operating results include risks from legal and regulatory changes and lawsuits in Japan and other countries, risks associated with trademark rights, patent rights and other intellectual property rights, and risks from changes in the operating environment of business partners (including manufacturing subcontractors). In all cases, the Group takes appropriate steps to avoid or minimize any pertinent risks.

<Measures addressing social issues>

In its push to become “a globally operating company that assists ‘healthy lifestyles’ and plays a critical role in building ‘the food infrastructure’ of the future,” the Group pursues both economic and social value, striving in unison with the goal of improving its corporate value. To realize this, the Group must address a range of social issues, among them changes in population demographics, global warming and industrial waste pollution, food resource depletion, and environmental and human rights concerns, including throughout the supply chain. However, failure by the Group to respond appropriately to the changing needs and demands of stakeholders with respect to these social issues throughout all of its business activities, including product development, could result in a loss of trust in the Group as an enterprise, leading to declines in its corporate brand and competitiveness that could adversely affect operating performance.

To mitigate these risks related to social issues, the Nisshin Seifun Group has identified and organized a set of urgent areas to address, and defined these as “CSR Priorities.” Integrating management and business strategy to address these key issues will lead to improvements in the Group's long-term corporate value and strengthen competitiveness, as the Group strives to contribute meaningfully to the emergence of a sustainable society.

CSR Priorities

- (1) Provide safe and healthy food and responsible consumer communication
- (2) Enable secure and sustainable raw material procurement
- (3) Efficiently handle product and packaging waste
- (4) Prepare for climate change and water resource issues
- (5) Provide work environments that are healthy and fulfilling

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

The following is a summary and analysis by management of the Group's financial position, performance and cash flows (hereinafter, "business performance") for the fiscal year ended March 31, 2021. All matters relating to the future in the sections below are based on the current views of the Nisshin Seifun Group as of the date of filing this Securities Report in Japanese (June 25, 2021).

1. Significant accounting estimates and assumptions

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

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

For details of assumptions regarding the impact of the novel coronavirus in the creation of accounting estimates, refer to [5] Financial Accounts, (1) Consolidated Financial Statements, etc., 1. Consolidated Financial Statements [Notes to the Consolidated Financial Statements] [Additional Information].

(1) Inventories

Inventories are calculated based on cost or the net selling value, whichever is lower, in accordance with the "Accounting Standard for Measurement of Inventories." Similarly, the book value is written down for excess inventories or inventories stockpiled due to changes in demand. Additional downgrades may become necessary depending on market volatility or trends in demand.

(2) Allowance for doubtful accounts

The Nisshin Seifun Group provides for possible credit losses stemming from monetary receivables. The necessary allowance for doubtful accounts posted is based on historical loan-loss ratios for general receivables, and on a consideration of feasibly recoverable amounts in individual cases of suspected bad debt or other specific dubious accounts. In cases in which the client's fiscal condition worsens, resulting in diminished capacity for repayment, additional allowances may be necessary.

(3) Impairment of investment securities

Regarding investment securities held by the Group, securities with a readily determinable market value are stated at fair value. Securities with no readily determinable market value are stated at cost. For securities with readily determinable market value, the Group applies impairment measures whenever fair value falls more than 50% below cost. In cases when fair value falls between 30% to 50%, impairment measures are applied as warranted following assessment of the business performance, etc. of the company issuing the securities. For securities with no readily determinable market value, impairment measures are applied whenever the actual value falls significantly lower than cost, with the exception of cases in which recoverability is deemed likely.

Due to prior application of the necessary impairment measures, the Group currently has no investment securities in need of impairment. Nevertheless, impairment measures may become necessary should losses not reflected in current book value or cases of unrecoverable book value emerge, due to future worsening in market conditions or slumping performance of companies in which the Group is invested.

(4) Corporate mergers

The Group calculates the acquisition cost of companies or businesses acquired through corporate merger at fair value. The acquisition cost is allocated to relevant assets or liabilities, based fundamentally on the fair value as of the date of merger of assets or liabilities distinguishable as such received at that date. In cases in which the acquisition cost exceeds the net value of assets or liabilities distinguishable as such as of the date of merger, any excess is accounted for as goodwill.

In most cases, calculation of the fair value of acquired assets, particularly intangible assets, requires significant determination by management. The Group, for its part, utilizes the results of independent third-party evaluations, calculating fair value based on past information available, along with future outlooks and assumptions. While management considers these determinations and evaluations to be rational, the outcome of changes in uncertain economic conditions in the future could cause actual results to differ.

(5) Impairment of non-current assets

For cases in which the book value of non-current assets, including goodwill, is deemed unrecoverable, the Group reduces the value of the assets to a recoverable value. For assets and asset groups in which signs of impairment emerge, the Group estimates the future pre-discounted cash flow from the asset or asset group, then determines whether impairment losses should be recognized. In cases in which the overall amount of the future pre-discounted cash flow is less than the book value, impairment measures are deemed necessary, and the book value of the asset or asset group is reduced to a recoverable value. Recoverable value is either the usage value or the net selling value, whichever is higher, based on future cash flow calculated from the results of evaluations conducted by independent third parties. In determining future cash flow, the current value is discounted using a discount rate that reflects the fair value of the relevant currency and any inherent risks pertaining to the assets.

Management is responsible for determining signs of impairment or recognition of impairment losses, as well as evaluation of estimates of recoverable value, and considers such determinations and evaluations to be rational. The Nisshin Seifun Group currently has no non-current assets that require impairment measures. Nevertheless, impairment measures could become necessary in the event that the recoverable value of non-current assets falls below the book value due to changes in the future corporate environment, among other factors. No events requiring the revision of these estimates had occurred as of the date of submission of this report.

(6) Deferred tax assets

For deferred tax assets, the Group posts any amount considered recoverable, following thorough examination of recoverability, based on estimates of future taxable income and tax-related planning. However, in cases in which volatility in estimates of recoverable deferred tax assets emerges, profit levels could fluctuate due to the dissolving or additional posting of deferred tax assets.

(7) Net defined benefit liability

The Group calculates retirement benefit expenses and obligations pertaining to its lump-sum retirement benefit plan and its defined-benefit corporate pension plan for already retired pension recipients based on established preconditions for actuarial calculation. These preconditions include discount rates, future pension levels, retirement rates, mortality rates based on the most recent statistical data, and the expected long-term earning rate for plan assets under management. The discount rate is based on the market yield of corporate bonds etc. most recently receiving rates equivalent to “AA” or higher from multiple credit rating agencies at the end of the term. The long-term earning rate for plan assets under management is decided primarily based on the management policy for such assets and actual past asset management performance. In the event that actual performance differs from preconditions, or in cases in which preconditions are changed, this could have an effect on the recognized expenses and posted obligations in some future period.

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

(1) Review of financial performance and analysis

During the fiscal year ended March 31, 2021, as the world continues to grapple with a repeated pattern of growth and retreat in infections from the novel coronavirus, the global economy, led by the United States and China, turned toward recovery in the second half of last 2020. In contrast, the Japanese economy remained shrouded in uncertainty, as notably slow recovery in non-manufacturing sectors countered robust production and exports in the country's manufacturing sector.

Under these conditions, the Group placed highest priority on its corporate mission of ensuring the stable supply of foods involving wheat flour, as well as the safety of the employees who support this mission. In each business, along with stronger measures to target both expansion in demand for at-home dining as new lifestyle patterns and other social changes emerge and growth sales channels, the Group took decisive steps for building the foundation for further growth through initiatives to realize its long-term vision called "NNI 'Compass for the Future'—Toward a New Stage—Maximizing Group-wide Capabilities and Effecting Business Model Change." As one such initiative, in November 2020, the Group entered a business partnership agreement with the National Federation of Agricultural Cooperative Associations designed to ensure the stable supply of domestically produced wheat and other domestic agricultural and livestock products and stable procurement of product ingredients.

With respect to performance, consolidated net sales for the fiscal year ended March 31, 2021, decreased 4.6% year on year to ¥679,495 million. This result primarily reflected a decline in shipments of commercial-use wheat flour in Japan and abroad due to the novel coronavirus pandemic, price reductions for wheat flour implemented in the flour milling business in Japan in January 2020, and a decrease in facility construction in the engineering business. These factors outweighed positive effects in the first quarter from the consolidation of Tokatsu Foods Co., Ltd. in July 2019. In terms of profits, operating profit decreased 5.7% year on year to ¥27,197 million, ordinary profit was down 4.9% to ¥29,886 million, and profit attributable to owners of parent declined 15.2% to ¥19,011 million. While profits initially rose atop performance recovery in the U.S. flour milling business, growth in sales of household-use products driven by effects from the novel coronavirus pandemic and brisk sales of raw materials for pharmaceuticals, earnings declined overall primarily due to a downturn in sales revenue in the flour milling business in and outside of Japan from the continuing impact of people avoiding outings, etc., coupled with weaker sales in the prepared dishes and other prepared foods business and a decrease in facility construction. The decline in profit attributable to owners of parent, meanwhile, mainly reflected the absence of extraordinary income posted a year earlier from a gain on step acquisitions accompanying the consolidation of Tokatsu Foods Co., Ltd.

(Year-on-year Comparison)

(Millions of yen)

	Year ended March 31, 2020	Year ended March 31, 2021	Difference	Change
Net sales	712,180	679,495	(32,685)	(4.6)%
Operating profit	28,852	27,197	(1,655)	(5.7)%
Ordinary profit	31,434	29,886	(1,547)	(4.9)%
Profit attributable to owners of parent	22,407	19,011	(3,395)	(15.2)%

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

Net Sales and Operating Profit – Year Ended March 31, 2021

(Millions of yen)

	Net sales		Operating profit	
	Results	Difference	Results	Difference
Flour Milling Segment	285,798	(20,947)	6,317	(3,008)
Processed Food Segment	214,710	(3,249)	15,350	2,455
Prepared Dishes and Other Prepared Foods Segment	142,747	12,779	1,278	(457)
Others Segment	36,240	(21,267)	4,240	(458)
Adjustment	–	–	9	(185)
Consolidated total	679,495	(32,685)	27,197	(1,655)

Notes:

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

1) Flour Milling Segment

(Millions of yen)

	Year ended March 31, 2020	Year ended March 31, 2021	Difference	Change
Net sales	306,745	285,798	(20,947)	(6.8)%
Operating profit	9,326	6,317	(3,008)	(32.3)%

In the flour milling business in Japan, demand for pasta, instant noodles and similar household-use products rose, lifted by a shift toward at-home dining driven by the novel coronavirus pandemic. In contrast, demand for commercial-use products used in bread, sweets and other products for specialty stores and restaurants continued to decline, leading to lower shipments of commercial-use wheat flour year on year. Also, in June 2020 and again in January 2021, we revised commercial-use wheat flour prices in response to the government's decision to change the prices of five classes of imported wheat. On average, the government's price for imported wheat rose 3.1% in April 2020 and declined 4.3% in October 2020.

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

In the overseas flour milling business, sales were lower year on year due to various factors, including weaker performance for sales of prepared mix and bakery-related ingredients at Australia-based Allied Pinnacle Pty Ltd., and sales of commercial wheat flour in Thailand and New Zealand. This downturn offset firm sales of wheat flour to household-use processed food manufacturers in North America and other markets spurred by the impact of the novel coronavirus pandemic.

As a result, net sales of the Flour Milling Segment decreased 6.8% year on year to ¥285,798 million. Operating profit fell 32.3% to ¥6,317 million, as sales revenue deteriorated in Japan mainly due to the spread of the novel coronavirus leading people to refrain from outings, etc., which altered the composition of product sales, along with deteriorated earnings in Australia due to weak sales of value-added products. These factors outweighed benefits from a recovery in business performance in the United States.

2) Processed Food Segment

(Millions of yen)

	Year ended March 31, 2020	Year ended March 31, 2021	Difference	Change
Net sales	217,959	214,710	(3,249)	(1.5)%
Operating profit	12,895	15,350	2,455	19.0%

In the processed food business, while shipments of household-use products rose sharply, reflecting growth in demand for at-home dining in response to the novel coronavirus pandemic, shipments of commercial-use products were lower due to weak demand for restaurant dining. In this climate, we pushed ahead with the development and launch of high-value-added products tailored to changing consumer needs, while also enacting sales campaigns and digital promotion measures, the latter of which

included co-sponsorship of online events. Additionally, we revised prices for household-use wheat flour in September 2020 and again in February 2021, in line with price revisions for commercial wheat flour reflecting price changes for imported wheat enacted by the Japanese government. As a result, sales in the processed food business were lower year on year.

In the yeast and biotechnology business, sales were lower year on year, mainly reflecting a decline in shipments of bread making ingredients. Furthermore, a date for the start of operations remains undetermined for a yeast plant in India being developed by local subsidiary Oriental Yeast India Pvt. Ltd. due to a resurgence in the novel coronavirus pandemic.

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

As a result, net sales of the Processed Food Segment decreased 1.5% year on year to ¥214,710 million. Operating profit rose 19.0% to ¥15,350 million, reflecting growth in shipments of household-use products and raw materials for pharmaceuticals, as well as a decline in advertising and promotion expenses.

3) Prepared Dishes and Other Prepared Foods Segment

(Millions of yen)

	Year ended March 31, 2020	Year ended March 31, 2021	Difference	Change
Net sales	129,967	142,747	12,779	9.8%
Operating profit	1,736	1,278	(457)	(26.4)%

In the prepared dishes and other prepared foods business, sales were higher year on year, as positive effects in the first quarter from the consolidation of Tokatsu Foods Co., Ltd. in July 2019 outweighed lower sales mainly in urban areas and tourist resorts owing to a rise in the percentage of people working from home and fewer opportunities for outings due to the spread of the novel coronavirus.

As a result, net sales of the Prepared Dishes and Other Prepared Foods Segment increased 9.8% year on year to ¥142,747 million. Operating profit, however, fell 26.4% to ¥1,278 million, reflecting the sizeable impact of lower sales due to the novel coronavirus pandemic. This came despite improved production efficiency and higher sales of seasonal New Year dishes.

4) Others Segment

(Millions of yen)

	Year ended March 31, 2020	Year ended March 31, 2021	Difference	Change
Net sales	57,507	36,240	(21,267)	(37.0)%
Operating profit	4,698	4,240	(458)	(9.8)%

In the engineering business, sales were lower year on year due to a decline in facility construction.

In the mesh cloths business, sales declined year on year due to lower shipments of chemical products mainly for automotive components, amid a global slump in automobile production volume from the effects of the novel coronavirus pandemic. This decline came despite brisk sales of antiviral and related products.

In the pet food business, while we remained involved in the outsourced production of pet food following transfer of the sales business at the end of March 2020, this outsourced production work concluded at the end of March, 2021.

As a result, net sales of the Others Segment decreased 37.0% year on year to ¥36,240 million, and operating profit decreased 9.8% to ¥4,240 million.

(2) Overview and Analysis of Financial Position for the Year Ended March 31, 2021

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021	Difference
Current assets	238,980	238,674	(306)
Non-current assets	427,234	448,740	21,505
Total assets	666,215	687,415	21,199
Current liabilities	131,058	108,740	(22,318)
Non-current liabilities	126,114	133,900	7,786
Total liabilities	257,172	242,640	(14,532)
Total net assets	409,042	444,774	35,732
Total liabilities and net assets	666,215	687,415	21,199

The status of assets, liabilities and net assets on a consolidated basis at the end of the fiscal year ended March 31, 2021, was as follows.

Current assets decreased ¥306 million from the previous fiscal year-end to ¥238,674 million, declining mainly in step with the collection of notes and accounts receivable – trade and redemption of securities. These factors outweighed growth in cash and deposits. Non-current assets increased ¥21,505 million to ¥448,740 million, primarily due to an increase in the valuation difference on investment securities. As a result, total assets increased ¥21,199 million from the previous fiscal year-end to ¥687,415 million.

Meanwhile, current liabilities decreased ¥22,318 million to ¥108,740 million, mainly reflecting the payment of notes and accounts payable – trade and a decrease from the repayment of short-term loans payable. Non-current liabilities increased ¥7,786 million to ¥133,900 million, primarily due to an increase in lease obligations from changes in foreign currency exchange rates for subsidiaries. As a result, total liabilities decreased ¥14,532 million from the previous fiscal year-end to ¥242,640 million. Net assets increased ¥35,732 million to ¥444,774 million, including an increase due to profit attributable to owners of parent for the year, a decrease due to the payment of dividends, and an increase in accumulated other comprehensive income.

(3) Factors with Important Effects on Group Business Performance

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

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

(1) Cash flows

(Millions of yen)

	Year ended March 31, 2020	Year ended March 31, 2021	Difference
Net cash provided by (used in) operating activities	38,420	49,506	11,085
Net cash provided by (used in) investing activities	(96,844)	(17,105)	79,739
Free cash flow	(58,424)	32,400	90,825
Net cash provided by (used in) financing activities	8,337	(31,264)	(39,602)
Effect of exchange rate change on cash and cash equivalents	(1,451)	1,466	2,917
Net increase (decrease) in cash and cash equivalents	(51,537)	2,602	54,139
Increase (decrease) in cash and cash equivalents resulting from change of fiscal year-end of subsidiaries	713	—	(713)
Cash and cash equivalents at end of period	56,550	59,152	2,602

Net cash provided by (used in) operating activities

An increase in cash and cash equivalents mainly due to profit before income taxes of ¥29,762 million and depreciation and amortization of ¥22,271 million exceeded a decrease in cash and cash equivalents from factors such as a decrease in notes and accounts payable – trade and the payment of income taxes. This led to net cash provided by operating activities of ¥49,506 million, compared to ¥38,420 million a year earlier.

Net cash provided by (used in) investing activities

¥17,359 million was used for the purchase of property, plant, and equipment and intangible assets, mainly as investments related to rationalization and labor-saving efforts. Consequently, net cash used in investing activities was ¥17,105 million, compared to ¥96,844 million a year earlier.

Subtracting net cash used in investing activities from net cash provided by operating activities, free cash flow came to an inflow of ¥32,400 million, compared to an outflow of ¥58,424 million a year ago.

Net cash provided by (used in) financing activities

¥14,422 million was used for the repayment of short-term loans payable, coupled with ¥10,111 million used for dividends to distribute profits to shareholders. This led to net cash used in financing activities of ¥31,264 million, compared to net cash provided of ¥8,337 million a year earlier.

As a result, consolidated cash and cash equivalents at the end of the fiscal year ended March 31, 2021 were ¥59,152 million.

(2) Capital financing and liquidity

Net interest-bearing debt (including lease obligations) at the end of March 2021 was ¥78.8 billion. Based on the operating cash flow and the balance of cash and cash equivalents, the Nisshin Seifun Group regards the current level of internal liquidity as ample for financing.

Under the Group's long-term vision, "NNI 'Compass for the Future' —Toward a New Stage— Maximizing Group-wide Capabilities and Effecting Business Model Change," we will take assertive steps to ramp up capital investments, M&A activity, human capital training, technology development and other areas for sustainable growth. At the same time, the Group will focus on enhancing the stable distribution of profits from a long-term perspective to shareholders who share with us "the values created down through the generations since the establishment of the Company." Specifically, we aim for a payout ratio of 40% or more on a consolidated basis and seek to continuously increase the amount of dividends, while intending to repurchase treasury shares in a flexible manner, taking into account cash flows and demand for funds for strategic investments. For plans regarding upcoming major capital expenditures, refer to [3] Facilities and Capital Expenditures, (3) Facility Construction and Disposal Plans, (1) "Construction of major facilities, etc."

While seeking the right balance between improving capital efficiency and financial stability, the Group will secure the needed capital for these activities from both internal and external funding sources. To secure funds internally, the Group previously introduced a cash management system (CMS), under which the funds of consolidated subsidiaries in Japan are managed on an integrated basis, coupled with current measures to extensively minimize assets, including shares held for

specific policy purposes. As for the external sources, the Group will procure interest-bearing debt and other funding by taking advantage of its sound financial position.

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

(1) “NNI-120 II” medium-term management plan performance targets and capital policies

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

<Performance Targets for Year Ended March 31, 2021>			
• Net sales	¥750.0 billion	(Compared to March 31, 2015 fiscal year: ¥526.1 billion)	* Average annual growth rate: 6%
• Operating profit	¥30.0 billion	(Compared to March 31, 2015 fiscal year: ¥20.4 billion)	* Average annual growth rate: 7%
• EPS	¥80	(Compared to March 31, 2015 fiscal year: ¥53)	* For EPS (earnings per share), aiming for annual growth rate of 8% enabled by profit growth and capital policies

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

<Capital Policies>	
• Set a payout ratio of at least 40% on a consolidated basis, and seek to continuously increase the amount of dividends.	
• Flexibly repurchase own shares.	

(2) Status of target achievement for the “NNI-120 II” medium-term management plan

Through the fiscal year ended March 31, 2020, the Group marked steady growth in net sales, operating profit and earnings per share (EPS), with average annual growth rates largely in line with projected targets for the final year of the medium-term management plan. In terms of performance for the fiscal year ended March 31, 2021, the plan’s final year, performance in the flour milling business and the prepared dishes and other prepared foods business worsened due to the effects of the novel coronavirus pandemic. Combined with a temporary decline in facility construction completion and transfer of the pet food business, the Group for the fiscal year ended March 31, 2021 reported net sales of ¥679.4 billion (performance target: ¥750.0 billion), ¥27.1 billion for operating profit (performance target: ¥30.0 billion), and ¥64 (performance target: ¥80) for earnings per share (EPS).

Where capital policies are concerned, the annual dividend for the fiscal year ended March 31, 2021 was ¥37 per share, with a payout ratio of 57.9%. The Group continued to raise the dividend paid, guided by one of the basic policies of the medium-term management plan of a payout ratio of at least 40%.

The Group’s business environment has been significantly altered by the impact of the novel coronavirus pandemic. For this reason, we are now focused on achieving a quick recovery in sales and earnings capabilities as our top priority. With the need to gain a clearer view of the immediate business environment currently taking precedence, we are delaying the formulation of a new medium-term management plan for the time being.

5. Status of Production, Orders Received and Sales Performance

a. Production

Production values by segment during the fiscal year ended March 31, 2021 are as follows.

(Millions of yen)

Segment name	Year ended March 31, 2020	Year ended March 31, 2021	Change (%)
Flour Milling	293,368	274,459	(6.4)
Processed Food	112,428	111,746	(0.6)
Prepared Dishes and Other Prepared Foods	120,423	133,118	10.5
Others	25,458	19,407	(23.8)
Total	551,678	538,732	(2.3)

Notes:

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

b. Orders received

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

c. Sales

Sales values by segment during the fiscal year ended March 31, 2021 are as follows.

(Millions of yen)

Segment name	Year ended March 31, 2020	Year ended March 31, 2021	Change (%)
Flour Milling	306,745	285,798	(6.8)
Processed Food	217,959	214,710	(1.5)
Prepared Dishes and Other Prepared Foods	129,967	142,747	9.8
Others	57,507	36,240	(37.0)
Total	712,180	679,495	(4.6)

Notes:

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

(Millions of yen)

Business partner	Year ended March 31, 2020		Year ended March 31, 2021	
	Value	Proportion (%)	Value	Proportion (%)
FamilyMart Co., Ltd.	93,867	13.2	102,941	15.1

3. Figures do not include consumption taxes.

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

(4) Legal and Contractual Matters

There are no applicable matters to be reported.

(5) Research and Development

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

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

Consolidated R&D expenditures totaled ¥6,593 million in the fiscal year ended March 31, 2021.

This figure also includes ¥934 million in research spending that cannot be attributed to any particular segment.

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

1. Flour Milling Segment

Research in this segment is centered on Nisshin Flour Milling Inc.'s Innovation & Development Division and the Cereal Science Research Center of Tsukuba. These centers collaborate with the Company's Research Center for Basic Science Research and Development and the Research Center for Production and Technology to conduct R&D focused on the development of new flour-processing technologies, and grain science and grain flour-processing technologies focused on wheat and wheat flour. In terms of major achievements, along with research of flour milling methods that avoid milling wheat too finely, we launched two new entries in the SELVAGGIO series of commercial-use wheat flour, known for delivering a natural, simple flavor and distinctive crisp bite when used in breads and sweets. We also carried out development activity in wheat flour, prepared mix and bakery-related ingredients at Allied Pinnacle Pty Ltd.

R&D expenditures attributable to the Flour Milling Segment totaled ¥1,050 million.

2. Processed Food Segment

Led by Nisshin Foods Inc.'s Product Management Division, and in collaboration with the Company's Research Center for Basic Science Research and Development and the Research Center for Production and Technology, R&D in this segment is focused on developing new processed foods across all temperature ranges, including prepared mix products, dried noodles, pastas, microwavable retort pouch foods, frozen foods, and other foods. Major achievements include the sales launch of "Nisshin Shake-Shake Easy Fry Flour – Furi-Kara Ginger-Soy Sauce Flavor," a product that answers needs for simple and convenient cooking with a package bag that contains most ingredients and can be used for preparation and requiring just 1 cm of oil for easy frying. The foods division of Oriental Yeast Co., Ltd. engaged in the R&D of baking yeasts and other ingredients for bakery products, as well as agents for improving quality and preservation through its Laboratory of Yeast & Fermentation and four flour-based food product development centers. The biotechnology division, meanwhile, conducted R&D through the Nagahama Institute for Biochemical Science and the CS Development division of the Nagahama Plant on regenerative medicine-related products, among others. Nisshin Pharma Inc.'s Health Care Research Center concentrated mainly on developing various health foods and the research and development of functional food ingredients through alliances with government and academic institutions. Among major achievements was the development of "Power Supply NMN," a capsule containing NMN (nicotinamide mononucleotide), a necessary component for maintaining the function of structures garnering attention for their connection to longevity genes.

R&D expenditures attributable to the Processed Food Segment totaled ¥3,561 million.

3. Prepared Dishes and Other Prepared Foods Segment

In R&D for prepared dishes and other prepared foods, research and development of cooking and processing technology and microbe control technology take place at the Company's Research Center for Basic Science Research and Development, with the aim of improving quality and date of freshness. Meanwhile, R&D for labor-saving automation and robotics technologies are conducted at the Research Center for Production and Technology. R&D work occurs in collaboration with Tokatsu Foods Co., Ltd., Initio Foods Inc. and Joyous Foods Co., Ltd., with the aim of achieving fast commercialization.

R&D expenditures attributable to the Prepared Dishes and Other Prepared Foods Segment totaled ¥430 million.

4. Others Segment

In cooperation with the Company's Research Center for Production and Technology, Nisshin Engineering Inc.'s Powder-Processing Business Department conducts R&D programs on various types of machinery for powder grinding and classification and technologies for producing nano-particles using thermal plasma. In addition, NBC Meshtec Inc. conducts R&D efforts to develop new products and materials for screen-printing and industrial use, as well as chemical products.

R&D expenditures attributable to the Others Segment totaled ¥615 million.

[3] Facilities and Capital Expenditures

(1) Capital Expenditures

The Nisshin Seifun Group (the Company and its consolidated subsidiaries) makes capital investment with the aim of raising production capacity and ensuring product safety. The following is a breakdown of capital expenditures for the fiscal year ended March 31, 2021, based on actual expenditures.

	Year ended March 31, 2021 (millions of yen)	Year-on-year change (%)
Flour Milling	8,304	9.3
Processed Food	5,235	(46.5)
Prepared Dishes and Other Prepared Foods	2,853	(4.5)
Others	1,129	(31.7)
Subtotal	17,522	(20.5)
Elimination/common-use	(162)	—
Total	17,359	(20.8)

Capital investments in the Flour Milling Segment were focused primarily on augmenting production capacity, enhancing product safety and production-related rationalization and labor-saving efforts.

Capital investments in the Processed Food Segment were principally made to increase production capacity and enhance product safety.

Capital investments in the Prepared Dishes and Other Prepared Foods Segment were principally made to increase production capacity and enhance product safety.

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

During the fiscal year ended March 31, 2021, the Company posted impairment losses totaling ¥977 million. The breakdown of impairment losses is as stated in [5] Financial Accounts, (1) Consolidated Financial Statements, etc., 1. Consolidated Financial Statements [Notes to the Consolidated Financial Statements] [Consolidated Statements of Income].

(2) Principal Facilities

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

1. Nisshin Seifun Group Inc. and domestic consolidated subsidiaries

(As of March 31, 2021)

Company name	Site name (location)	Business segment	Facility type/ purpose	Book value (millions of yen)						Number of employees (persons)
				Buildings and structures	Machinery, equipment and vehicles	Land (thousand m ²)	Right-of-use assets	Other	Total	
Nisshin Flour Milling Inc.	Tsurumi Plant (Kawasaki-ku, Kawasaki)	Flour Milling	Wheat flour production	4,547	2,002	5,594 (81)	—	239	12,383	125 [4]
Nisshin Flour Milling Inc.	Higashinada Plant (Higashinada-ku, Kobe)	Flour Milling	Wheat flour production	3,975	1,455	1,803 (30)	—	962	8,280	91 [1]
Nisshin Flour Milling Inc.	Chiba Plant (Mihama-ku, Chiba)	Flour Milling	Wheat flour production	1,784	996	294 (43)	—	107	3,184	73 [1]
Nisshin Flour Milling Inc.	Chita Plant (Chita)	Flour Milling	Wheat flour production	3,077	1,516	68 (33)	—	215	4,878	57 [1]
Nisshin Flour Milling Inc.	Fukuoka Plant (Chuo-ku, Fukuoka)	Flour Milling	Wheat flour production	2,980	1,059	3,454 (25)	—	109	7,604	44 [1]
Nisshin Foods Inc.	Tatebayashi Plant (Tatebayashi)	Processed Food	Prepared mix production	857	581	245 (27)	—	61	1,751	45 [37]
Ma•Ma-Macaroni Co., Ltd.	Utsunomiya Plant (Utsunomiya)	Processed Food	Pasta production	802	1,653	27 (23)	—	217	2,700	60 [223]
Oriental Yeast Co., Ltd.	Osaka Plant (Suita)	Processed Food	Production of yeast and other items	1,242	1,093	(Note 4) 167 (22) [5]	—	99	2,602	82 [26]
Oriental Yeast Co., Ltd.	Biwa Plant (Nagahama, Shiga)	Processed Food	Production of flour paste, kansui powder, baking powders and other items	908	452	709 (36)	—	58	2,128	49 [22]
Tokatsu Foods Co., Ltd.	Kashiwa Plant (Kashiwa, Chiba)	Prepared Dishes and Other Prepared Foods	Production of cooked food, including bento lunch boxes and prepared foods	3,654	383	— (5)	—	729	4,767	61 [535]
Joyous Foods Co., Ltd.	Kodama Plant (Kamisetomachi, Kodama-gun, Saitama)	Prepared Dishes and Other Prepared Foods	Production of processed noodles	783	833	1,060 (85)	—	170	2,846	54 [415]
Joyous Foods Co., Ltd.	Kyoto Plant (Kumiyamacho, Kuse-gun, Kyoto)	Prepared Dishes and Other Prepared Foods	Production of processed noodles	693	792	779 (16)	—	21	2,287	49 [458]
NBC Meshtec Inc.	Yamanashi Tsuru Plant (Tsuru)	Others	Production of mesh cloths and forming filters	884	905	447 (35)	—	162	2,401	242 [86]

Company name	Site name (location)	Business segment	Facility type/ purpose	Book value (millions of yen)						Number of employees (persons)
				Buildings and structures	Machinery, equipment and vehicles	Land (thousand m ²)	Right-of-use assets	Other	Total	
Nisshin Seifun Group Inc.	Head Office and Institutes and Laboratories (Chiyoda-ku, Tokyo, Fujimino, Saitama and others)		Office, and research and development	3,152	742	10,011 (40)	—	972	14,879	337 [46]

2. Overseas subsidiaries

(As of March 31, 2021)

Company name	Site name (location)	Business segment	Facility type/ purpose	Book value (millions of yen)						Number of employees (persons)
				Buildings and structures	Machinery, equipment and vehicles	Land (thousand m ²)	Right-of-use assets	Other	Total	
Miller Milling Company, LLC	Winchester Plant (U.S.)	Flour Milling	Wheat flour production	1,619	2,429	445 (80)	—	219	4,714	48 [2]
Miller Milling Company, LLC	Fresno Plant (U.S.)	Flour Milling	Wheat flour production	358	1,515	235 (130)	—	58	2,168	33 [7]
Miller Milling Company, LLC	Los Angeles Plant (U.S.)	Flour Milling	Wheat flour production	1,292	719	755 (23)	—	82	2,849	40 [3]
Miller Milling Company, LLC	Oakland Plant (U.S.)	Flour Milling	Wheat flour production	796	1,239	1,436 (51)	—	43	3,516	44 [1]
Miller Milling Company, LLC	Saginaw Plant (U.S.)	Flour Milling	Wheat flour production	3,817	3,859	76 (26)	—	211	7,964	49 [3]
Allied Pinnacle Pty Ltd.	Altona Plant (Australia)	Flour Milling	Bakery ingredient production	5	3,655	— (19)	2,758	472	6,891	246 [3]
Allied Pinnacle Pty Ltd.	Kensington Plant (Australia)	Flour Milling	Wheat flour production	35	274	— (11)	2,289	147	2,746	56 [0]
Allied Pinnacle Pty Ltd.	Kingsgrove Plant (Australia)	Flour Milling	Prepared mix production	170	319	— (22)	6,316	86	6,892	70 [0]
Allied Pinnacle Pty Ltd.	Picton Plant (Australia)	Flour Milling	Wheat flour production	—	281	— (1,103)	5,679	187	6,148	35 [0]
Allied Pinnacle Pty Ltd.	Tennyson Plant (Australia)	Flour Milling	Wheat flour production	168	256	— (25)	4,355	170	4,950	72 [4]
Allied Pinnacle Pty Ltd.	Tullamarine Plant (Australia)	Flour Milling	Bakery ingredient production	4	926	— (9)	2,206	560	3,699	93 [24]
Champion Flour Milling Ltd.	Christchurch Plant (New Zealand)	Flour Milling	Wheat flour production	501	681	595 (15)	16	55	1,851	54 [3]
Champion Flour Milling Ltd.	Maunganui Plant (New Zealand)	Flour Milling	Wheat flour production	366	633	(Note 4) — [14]	759	65	1,825	46 [0]
Rogers Foods Ltd.	Chilliwack Plant (Canada)	Flour Milling	Wheat flour production	2,139	1,676	30 (41)	—	37	3,883	62 [0]
Nisshin-STC Flour Milling Co., Ltd.	Phra Pradaeng Plant (Thailand)	Flour Milling	Wheat flour production	642	502	274 (15)	—	194	1,613	116 [0]

Notes:

1. Book values in the “Other” column refer to the total for tools, furniture and fixtures, construction in progress and lease assets.
2. There were no principal facilities that were not in operation as of March 31, 2021.
3. Numbers of employees in square brackets refer to part-time workers.

4. The Company leases some or all of its machinery, equipment, vehicles, land and buildings from parties other than consolidated companies. The area of land leased is presented separately within square brackets.

(3) Facility Construction and Disposal Plans

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

As of March 31, 2021, funds which are planned to be allocated for the construction of facilities (actual expenditure) amounted to ¥21,000 million. Plans call for this entire sum to be mainly financed internally from cash flows.

Plans for construction or disposal of major facilities at the end of the fiscal year ended March 31, 2021 are listed below.

1. Construction of major facilities, etc.

Company name	Location	Business segment	Facility type/ purpose	Planned investment amount		Funds procurement method	Scheduled commencement / completion		Increased capacity after completion
				Total amount (millions of yen)	Amount already paid (millions of yen)		Commencement	Completion	
Oriental Yeast India Pvt. Ltd.	Maharashtra, India	Processed Food	Yeast manufacture	15,700	9,761	Internal cash flow	July 2017	TBD ^(Note 1)	100 tons per day

Note:

1. The current timeline for completion is undetermined due to a resurgence in the novel coronavirus pandemic.

2. Disposal of major facilities, etc.

No applicable matters to report.

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

(1) Share-Related Matters

1. Total number of shares, etc.

(1) Total number of shares authorized to be issued

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

(2) Total number of shares issued and outstanding

Share type	Shares issued and outstanding on March 31, 2021	Shares issued and outstanding at date of filing (June 25, 2021)	Exchanges on which stock is listed / Certified associations of financial instruments dealers to which the Company is affiliated	Comments
Common stock	304,357,891	304,357,891	Tokyo Stock Exchange (First Section)	Common stock is the standard type of shares issued by the Company without limitations on the shareholders' rights, and 100 shares form a minimum trading unit (MTU).
Total	304,357,891	304,357,891	—	—

2. Subscription rights to shares, etc.

(1) Stock option scheme

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

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

Dates of authorizing resolutions	Date of the ordinary resolution at the General Meeting of Shareholders: June 26, 2014 Date of the resolution of the Board of Directors: July 29, 2014
Number and description of persons granted the subscription rights to shares	14 directors of the Company
Number of the subscription rights to shares granted (Note 1)	4 (Note 2)
Type, description and number of shares with new subscription rights (Note 1)	Common stock 4,400 (Notes 3, 7)
Amount payable on the exercise of the subscription rights to shares (Note 1)	¥1,274,900 per subscription right to shares (Notes 4, 7)
Exercise period (Note 1)	August 20, 2016 – August 2, 2021
Issuance price and capital increase per share on the exercise of the subscription rights to shares (Note 1)	Issuance price per share: ¥1,159 Capital increase per share: ¥580 (Note 7)
Exercise conditions of the subscription rights to shares (Note 1)	(Note 5)
Transfer conditions of the subscription rights to shares (Note 1)	Approval of the Board of Directors is required for the acquisition of any subscription rights to shares by means of transfer.
Issuance of the subscription rights to shares as a result of reorganization (Note 1)	(Note 6)

Notes:

- Description denotes content as of the end of the fiscal year under review (March 31, 2021). As there was no change in description from the end of the fiscal year as of one month prior to the date of submission (May 31, 2021), any further description as of one month prior to submission has been omitted.
- The number of shares corresponding to each subscription right to shares shall equal 1,100.
- Common stock is the standard type of shares issued by the Company without limitations on the shareholders' rights, and 100 shares form a minimum trading unit.
- In the event of a stock split or share consolidation subsequent to the date of granting the subscription rights to shares (hereinafter referred to as the "grant date"), the amount payable on the exercise of the subscription rights to shares (hereinafter referred to as the "exercise price") shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

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

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

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

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

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

- (1) Persons granted an allotment of the subscription rights to shares (hereinafter referred to as the "holders") must be a director or an executive officer of the Company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) at the time that the subscription right to shares is exercised. However, the holders that are no longer a director or an executive officer of the Company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) may exercise the subscription rights to shares up to two years from the date when the holder retired from the Company or the beginning date of the exercise period, whichever comes later.
 - (2) A designated successor that inherits the subscription rights to shares on the death of the holder may own and exercise such subscription rights to shares on the same terms, provided proof of inheritance and other ownership procedures are completed within 10 months of the death of the original holder. However, another person may not inherit such subscription rights to shares on the death of the new holder.

- (3) The subscription rights to shares may not be sold, pawned, or otherwise disposed of under any circumstances.
- (4) The subscription rights to shares shall be subject to immediate forfeiture under any circumstances that are deemed to invalidate vesting rights, including, but not limited to: the dismissal of the holder from the position as director or executive officer; voluntary resignation from such post (except for reasons of illness or injury); imprisonment or worse for a criminal offense; or appointment to a directorship or senior advisory position at a company that is a direct competitor of the Company or one of its subsidiaries.
- 6. If any contracts and/or plans concerning reorganization of the Nisshin Seifun Group specify the issuance of the subscription rights to shares on the stock of any companies generated as a result of reorganization schemes as described below, such subscription rights to shares shall be issued according to the ratio of said reorganization.
 - (1) Merger, only if the Company ceases to exist.
The surviving company in the merger or a company established as a result of merger
 - (2) Corporate demerger through absorption
A company that absorbs and inherits all or part of the rights and obligations the Company has concerning a particular business, as a result of corporate demerger
 - (3) Corporate demerger through establishment
A company newly established as a result of corporate demerger
 - (4) Stock exchange
A company that acquires all of the Company's shares issued and outstanding
 - (5) Stock transfer
A company established as a result of stock transfer
- 7. On October 1, 2014, the Company conducted a 1.1-for-1 stock split of shares of common stock. For this reason, the number of shares with new subscription rights, the amount payable on the exercise of the subscription rights to shares, and the issuance price and capital increase per share on the exercise of the subscription rights to shares have been adjusted accordingly.

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

Dates of authorizing resolutions	Date of the special resolution at the General Meeting of Shareholders: June 26, 2014 Date of the resolution of the Board of Directors: July 29, 2014
Number and description of persons granted the subscription rights to shares	Executive officers of the Company and certain directors of its consolidated subsidiaries (excluding any overseas subsidiaries), totaling 44 persons
Number of the subscription rights to shares granted (Note 1)	38 [31] (Note 2)
Type, description and number of shares with new subscription rights (Note 1)	Common stock 41,800 [34,100] (Notes 3, 7)
Amount payable on the exercise of the subscription rights to shares (Note 1)	¥1,274,900 per subscription right to shares (Notes 4, 7)
Exercise period (Note 1)	August 20, 2016 – August 2, 2021
Issuance price and capital increase per share on the exercise of the subscription rights to shares (Note 1)	Issuance price per share: ¥1,159 Capital increase per share: ¥580 (Note 7)
Exercise conditions of the subscription rights to shares (Note 1)	(Note 5)
Transfer conditions of the subscription rights to shares (Note 1)	Approval of the Board of Directors is required for the acquisition of any subscription rights to shares by means of transfer.
Issuance of the subscription rights to shares as a result of reorganization (Note 1)	(Note 6)

Notes:

1. Description denotes content as of the end of the fiscal year under review (March 31, 2021). Changes in description from the end of the fiscal year as of one month prior to the date of submission (May 31, 2021) are stated in brackets []. There were no further changes in description for other matters as of one month prior to submission.
2. The number of shares corresponding to each subscription right to shares shall equal 1,100.
3. Common stock is the standard type of shares issued by the Company without limitations on the shareholders' rights, and 100 shares form a minimum trading unit.
4. In the event of a stock split or share consolidation subsequent to the date of granting the subscription rights to shares (hereinafter referred to as the "grant date"), the amount payable on the exercise of the subscription rights to shares (hereinafter referred to as the "exercise price") shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

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

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

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

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

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

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

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

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

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

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

Dates of authorizing resolutions	Date of the ordinary resolution at the General Meeting of Shareholders: June 25, 2015 Date of the resolution of the Board of Directors: July 30, 2015
Number and description of persons granted the subscription rights to shares	14 directors of the Company
Number of the subscription rights to shares granted (Note 1)	68 (Note 2)
Type, description and number of shares with new subscription rights (Note 1)	Common stock 68,000 (Note 3)
Amount payable on the exercise of the subscription rights to shares (Note 1)	¥1,748,000 per subscription right to shares (Note 4)
Exercise period (Note 1)	August 20, 2017 – August 1, 2022
Issuance price and capital increase per share on the exercise of the subscription rights to shares (Note 1)	Issuance price per share: ¥1,748 Capital increase per share: ¥874
Exercise conditions of the subscription rights to shares (Note 1)	(Note 5)
Transfer conditions of the subscription rights to shares (Note 1)	Approval of the Board of Directors is required for the acquisition of any subscription rights to shares by means of transfer.
Issuance of the subscription rights to shares as a result of reorganization (Note 1)	(Note 6)

Notes:

- Description denotes content as of the end of the fiscal year under review (March 31, 2021). As there was no change in description from the end of the fiscal year as of one month prior to the date of submission (May 31, 2021), any further description as of one month prior to submission has been omitted.
- The number of shares corresponding to each subscription right to shares shall equal 1,000.
- Common stock is the standard type of shares issued by the Company without limitations on the shareholders' rights, and 100 shares form a minimum trading unit.
- In the event of a stock split or share consolidation subsequent to the date of granting the subscription rights to shares (hereinafter referred to as the "grant date"), the amount payable on the exercise of the subscription rights to shares (hereinafter referred to as the "exercise price") shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

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

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

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

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

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

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

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

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

Dates of authorizing resolutions	Date of the special resolution at the General Meeting of Shareholders: June 25, 2015 Date of the resolution of the Board of Directors: July 30, 2015
Number and description of persons granted the subscription rights to shares	Executive officers of the Company and certain directors of its consolidated subsidiaries (excluding any overseas subsidiaries), totaling 45 persons
Number of the subscription rights to shares granted (Note 1)	132 (Note 2)
Type, description and number of shares with new subscription rights (Note 1)	Common stock 132,000 (Note 3)
Amount payable on the exercise of the subscription rights to shares (Note 1)	¥1,748,000 per subscription right to shares (Note 4)
Exercise period (Note 1)	August 20, 2017 – August 1, 2022
Issuance price and capital increase per share on the exercise of the subscription rights to shares (Note 1)	Issuance price per share: ¥1,748 Capital increase per share: ¥874
Exercise conditions of the subscription rights to shares (Note 1)	(Note 5)
Transfer conditions of the subscription rights to shares (Note 1)	Approval of the Board of Directors is required for the acquisition of any subscription rights to shares by means of transfer.
Issuance of the subscription rights to shares as a result of reorganization (Note 1)	(Note 6)

Notes:

- Description denotes content as of the end of the fiscal year under review (March 31, 2021). As there was no change in description from the end of the fiscal year as of one month prior to the date of submission (May 31, 2021), any further description as of one month prior to submission has been omitted.
- The number of shares corresponding to each subscription right to shares shall equal 1,000.
- Common stock is the standard type of shares issued by the Company without limitations on the shareholders' rights, and 100 shares form a minimum trading unit.
- In the event of a stock split or share consolidation subsequent to the date of granting the subscription rights to shares (hereinafter referred to as the "grant date"), the amount payable on the exercise of the subscription rights to shares (hereinafter referred to as the "exercise price") shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

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

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

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

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

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

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

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

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

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

Dates of authorizing resolutions	Date of the ordinary resolution at the General Meeting of Shareholders: June 28, 2016 Date of the resolution of the Board of Directors: July 26, 2016
Number and description of persons granted the subscription rights to shares	14 directors of the Company
Number of the subscription rights to shares granted (Note 1)	91 (Note 2)
Type, description and number of shares with new subscription rights (Note 1)	Common stock 91,000 (Note 3)
Amount payable on the exercise of the subscription rights to shares (Note 1)	¥1,753,000 per subscription right to shares (Note 4)
Exercise period (Note 1)	August 16, 2018 – August 1, 2023
Issuance price and capital increase per share on the exercise of the subscription rights to shares (Note 1)	Issuance price per share: ¥1,753 Capital increase per share: ¥877
Exercise conditions of the subscription rights to shares (Note 1)	(Note 5)
Transfer conditions of the subscription rights to shares (Note 1)	Approval of the Board of Directors is required for the acquisition of any subscription rights to shares by means of transfer.
Issuance of the subscription rights to shares as a result of reorganization (Note 1)	(Note 6)

Notes:

1. Description denotes content as of the end of the fiscal year under review (March 31, 2021). As there was no change in description from the end of the fiscal year as of one month prior to the date of submission (May 31, 2021), any further description as of one month prior to submission has been omitted.
2. The number of shares corresponding to each subscription right to shares shall equal 1,000.
3. Common stock is the standard type of shares issued by the Company without limitations on the shareholders' rights, and 100 shares form a minimum trading unit.
4. In the event of a stock split or share consolidation subsequent to the date of granting the subscription rights to shares (hereinafter referred to as the "grant date"), the amount payable on the exercise of the subscription rights to shares (hereinafter referred to as the "exercise price") shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

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

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

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

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

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

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

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

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

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

Dates of authorizing resolutions	Date of the special resolution at the General Meeting of Shareholders: June 28, 2016 Date of the resolution of the Board of Directors: July 26, 2016
Number and description of persons granted the subscription rights to shares	Executive officers of the Company and certain directors of its consolidated subsidiaries (excluding any overseas subsidiaries), totaling 47 persons
Number of the subscription rights to shares granted (Note 1)	170 (Note 2)
Type, description and number of shares with new subscription rights (Note 1)	Common stock 170,000 (Note 3)
Amount payable on the exercise of the subscription rights to shares (Note 1)	¥1,753,000 per subscription right to shares (Note 4)
Exercise period (Note 1)	August 16, 2018 – August 1, 2023
Issuance price and capital increase per share on the exercise of the subscription rights to shares (Note 1)	Issuance price per share: ¥1,753 Capital increase per share: ¥877
Exercise conditions of the subscription rights to shares (Note 1)	(Note 5)
Transfer conditions of the subscription rights to shares (Note 1)	Approval of the Board of Directors is required for the acquisition of any subscription rights to shares by means of transfer.
Issuance of the subscription rights to shares as a result of reorganization (Note 1)	(Note 6)

Notes:

- Description denotes content as of the end of the fiscal year under review (March 31, 2021). As there was no change in description from the end of the fiscal year as of one month prior to the date of submission (May 31, 2021), any further description as of one month prior to submission has been omitted.
- The number of shares corresponding to each subscription right to shares shall equal 1,000.
- Common stock is the standard type of shares issued by the Company without limitations on the shareholders' rights, and 100 shares form a minimum trading unit.
- In the event of a stock split or share consolidation subsequent to the date of granting the subscription rights to shares (hereinafter referred to as the "grant date"), the amount payable on the exercise of the subscription rights to shares (hereinafter referred to as the "exercise price") shall be adjusted in accordance with the following formula, with any fractional amounts under ¥1 thus generated rounded up.

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

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

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

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

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

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

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

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

- (1) Merger, only if the Company ceases to exist.

The surviving company in the merger or a company established as a result of merger

- (2) Corporate demerger through absorption

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

- (3) Corporate demerger through establishment

A company newly established as a result of corporate demerger

- (4) Stock exchange

A company that acquires all of the Company's shares issued and outstanding

- (5) Stock transfer

A company established as a result of stock transfer

(2) Description of the rights plan

There are no applicable matters to be reported.

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

There are no applicable matters to be reported.

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

There are no applicable matters to be reported.

4. Changes in shares issued and outstanding and in capital

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

Note:

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

5. Ownership and share distribution

(As of March 31, 2021)

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Notes:

- Treasury shares holdings of 6,877,204 shares consist of 68,771 MTUs listed under “Individuals and other shareholders” and 104 shares listed under “Sub-MTU share holdings.” All of these treasury shares are listed in the shareholder register. As of March 31, 2021, total beneficial ownership of treasury shares was equivalent to 6,876,857 shares. The treasury shares do not include 25,000 shares held by The Master Trust Bank of Japan, Ltd. as trust assets for the stock-based remuneration plan.
- Shares nominally held under the name of Japan Securities Depository Center, Inc. account for 24 MTUs in the column marked “Other institutions” and 27 shares in the column marked “Sub-MTU share holdings.”

6. Major shareholders

(As of March 31, 2021)

Name	Address	Number of shares held (thousands)	Shareholding as a proportion of total shares outstanding (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	36,568	12.29
Nippon Life Insurance Company	5-12, Imabashi 3-chome, Chuo-ku, Osaka	19,387	6.51
Yamazaki Baking Co., Ltd.	10-1, Iwamotocho 3-chome, Chiyoda-ku, Tokyo	16,988	5.71
Custody Bank of Japan, Ltd. (Trust Account)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	14,434	4.85
Mizuho Bank, Ltd.	5-5, Otemachi 1-chome, Chiyoda-ku, Tokyo	10,447	3.51
The Norinchukin Bank	13-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo	6,932	2.33
Marubeni Corporation	7-1, Nihonbashi 2-chome, Chuo-ku, Tokyo	6,284	2.11
Sumitomo Mitsui Banking Corporation	1-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo	5,026	1.68
Mitsubishi Corporation	3-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	4,224	1.42
Nisshin Seifun Group Employee Shareholding Association	25, Kanda-Nishiki-cho 1-chome, Chiyoda-ku, Tokyo	3,602	1.21
Total	—	123,897	41.64

Notes:

- In addition to the above, the Company holds 6,877,000 treasury shares.
- The Large Shareholding Report (Report of Changes) made available to the public on April 13, 2018, contained the information listed below regarding shares held by MUFG Bank, Ltd. and two joint shareholder companies as of April 9, 2018. However, because the Company was unable to verify the actual number of shares held as of the end of the fiscal year under review (March 31, 2021), these companies were omitted from the list of major shareholders.

The content of the aforementioned Large Shareholding Report (Report of Changes) was as follows:

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

- The Large Shareholding Report (Report of Changes) made available to the public on December 21, 2018, contained the information listed below regarding shares held by Sumitomo Mitsui Trust Bank, Limited and two joint shareholder companies as of December 14, 2018. However, because the Company was unable to verify the actual number of shares held as of the end of the fiscal year under review (March 31, 2021), these companies were omitted from the list of major shareholders.

The content of the aforementioned Large Shareholding Report (Report of Changes) was as follows:

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

4. The Large Shareholding Report (Report of Changes) made available to the public on June 4, 2020, contained the information listed below regarding shares held by BlackRock Japan Co., Ltd. and five joint shareholder companies as of May 29, 2020. However, because the Company was unable to verify the actual number of shares held as of the end of the fiscal year under review (March 31, 2021), these companies were omitted from the list of major shareholders.

The content of the aforementioned Large Shareholding Report (Report of Changes) was as follows:

Name	Address	Number of shares held (thousands)	Shareholding as a proportion of total shares outstanding (%)
BlackRock Japan Co., Ltd.	8-3, Marunouchi 1-chome, Chiyoda-ku, Tokyo	3,697	1.21
BlackRock Fund Managers Limited	12 Throgmorton Avenue, London, United Kingdom	392	0.13
BlackRock Asset Management Ireland Limited	1st Floor, 2 Ballsbridge Park, Ballsbridge, Dublin, Ireland	931	0.31
BlackRock Fund Advisors	400 Howard Street, San Francisco, California, United States	2,672	0.88
BlackRock Institutional Trust Company, N.A.	400 Howard Street, San Francisco, California, United States	2,924	0.96
BlackRock Investment Management (UK) Limited	12 Throgmorton Avenue, London, United Kingdom	1,125	0.37
Total	—	11,742	3.86

5. The Large Shareholding Report (Report of Changes) made available to the public on July 20, 2020, contained the information listed below regarding shares held by Nomura International plc and its joint shareholder company Nomura Asset Management Co., Ltd. as of July 15, 2020. However, because the Company was unable to verify the actual number of shares held as of the end of the fiscal year under review (March 31, 2021), these companies were omitted from the list of major shareholders.

The content of the aforementioned Large Shareholding Report (Report of Changes) was as follows:

Name	Address	Number of shares held (thousands)	Shareholding as a proportion of total shares outstanding (%)
Nomura International plc	1 Angel Lane, London EC4R 3AB, United Kingdom	1,714	0.56
Nomura Asset Management Co., Ltd.	2-1, Toyosu 2-chome, Koto-ku, Tokyo	17,953	5.90
Total	—	19,668	6.46

6. The Large Shareholding Report (Report of Changes) made available to the public on January 8, 2021, contained the information listed below regarding shares held by Mizuho Bank, Ltd. and its joint shareholder company Asset Management One Co., Ltd. as of December 31, 2020. However, because the Company was unable to verify the actual number of shares held as of the end of the fiscal year under review (March 31, 2021), these companies were omitted from the list of major shareholders.

The content of the aforementioned Large Shareholding Report (Report of Changes) was as follows:

Name	Address	Number of shares held (thousands)	Shareholding as a proportion of total shares outstanding (%)
Mizuho Bank, Ltd.	5-5, Otemachi 1-chome, Chiyoda-ku, Tokyo	10,447	3.43
Asset Management One Co., Ltd.	8-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo	8,976	2.95
Total	—	19,423	6.38

7. Voting rights

(1) Distribution within shares issued and outstanding

(As of March 31, 2021)

Category	Number of shares	Number of voting rights	Comments
Shares with no voting rights	—	—	—
Shares with restricted voting rights (treasury shares, etc.)	—	—	—
Shares with restricted voting rights (other)	—	—	—
Shares with full voting rights (treasury shares, etc.)	(Treasury shares)	—	Common stock is the standard type of shares issued by the Company without limitations on the shareholders' rights, and 100 shares form a minimum trading unit.
	Common stock 6,876,800	—	
	(Mutually held shares)	—	
	Common stock 271,200	—	As above
Shares with full voting rights (other)	Common stock 296,815,500	2,968,155	As above
Sub-MTU (minimum trading unit) share holdings	Common stock 394,391	—	—
Total number of shares issued and outstanding	304,357,891	—	—
Total voting rights of all shareholders	—	2,968,155	—

Notes:

1. “Shares with full voting rights (other)” above includes 2,400 shares (24 voting rights) nominally held under the name of Japan Securities Depository Center, Inc. (JASDEC), 300 shares (3 voting rights) listed under Company ownership in the register of shareholders but without any beneficial owner, and 25,000 shares (250 voting rights) held by The Master Trust Bank of Japan, Ltd. as trust assets for the stock-based remuneration plan.
2. “Number of shares” for “Sub-MTU share holdings” above includes, in addition to 27 shares nominally held under the name of Japan Securities Depository Center, Inc. (JASDEC), and 47 shares listed under Company ownership in the register of shareholders but without any beneficial owner, treasury shares owned by the Company and mutually held shares shown below.

Treasury shares

Nisshin Seifun Group Inc. 57 shares

Mutually held shares

Japan Logistic Systems Corp. 55 shares

Chiba Kyodo Silo Co., Ltd. 45 shares

(2) Treasury shares

(As of March 31, 2021)

Shareholders' name	Shareholders' address	Number of shares held under own name	Number of shares held under other name	Total number of shares held	Shareholding as proportion of total shares outstanding (%)
Treasury shares					
Nisshin Seifun Group Inc.	25, Kanda-Nishiki-cho 1-chome, Chiyoda-ku, Tokyo	6,876,800	—	6,876,800	2.25
Mutually held shares					
Ishikawa Co., Ltd.	2-10, Shimagami-cho 1-chome, Hyogo-ku, Kobe	168,900	—	168,900	0.05
Chiba Kyodo Silo Co., Ltd.	16, Shinminato, Mihama-ku, Chiba	95,700	—	95,700	0.03
Japan Logistic Systems Corp.	19-17, Ebara 1-chome, Shinagawa-ku, Tokyo	6,600	—	6,600	0.00
Total	—	7,148,000	—	7,148,000	2.34

Note:

“Treasury shares” above does not include 300 shares listed under Company ownership in the register of shareholders but without any beneficial owner, and 25,000 shares held by The Master Trust Bank of Japan, Ltd. as trust assets for the stock-based remuneration plan.

8. Director and Employee Shareholding System

On May 12, 2017, the Board of Directors passed a resolution to adopt a new stock-based remuneration plan (hereinafter, “the new plan”) available to the Company’s directors and executive officers, and the directors of principal subsidiaries. On June 28, 2017, the 173rd Ordinary General Meeting of Shareholders passed a resolution authorizing the adoption of this new plan for the Company’s directors. In conjunction with the Company’s transition to a company structure with an audit & supervisory committee, the 175th Ordinary General Meeting of Shareholders held on June 26, 2019, passed a resolution that re-established the remuneration framework for Directors (excluding Audit & Supervisory Committee Members) associated with the new plan. The Board passed a resolution to retain this system at a meeting held on May 14, 2020. The adoption of this system for the Directors of principal subsidiaries is decided by the Ordinary General Meeting of Shareholders of the respective subsidiaries; resolutions to retain the system are decided by the Board of Directors of the respective subsidiaries.

(1) Overview of the New Plan

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

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

(2) Trust Contract

- Trust type: Specified, individually operated trust of money other than money trust
- Trust purpose: Incentive benefit for eligible directors and others
- Settlor: Nisshin Seifun Group Inc.
- Trustee: Mitsubishi UFJ Trust and Banking Corporation
(Joint trustee: The Master Trust Bank of Japan, Ltd.)
- Beneficiaries: Individuals qualifying as beneficiaries among eligible directors and others
- Trust administrator: Third party with no conflict of interest with the Company or its principal subsidiaries (certified public accountant)
- Trust contract date: May 16, 2017
- Date of agreement to extend trust period: May 19, 2020
- Trust period after extension: From August 1, 2020 to July 31, 2023 (forecast)
- Launch date for plan: July 1, 2017
- Handling of voting rights: Not exercisable
- Type of shares for acquisition: Common shares of the Company
- Monetary value of trust: Additional contribution of approx. ¥510 million accompanying agreement to extend trust period on May 19, 2020 (Funds and dividends remaining in trust prior to trust period extensions are separately allocated as trust remuneration or expenses)
- Share acquisition period: Amounts below are the maximum purchasable amount of Company shares for each period
 - Year ended March 31, 2021: approx. ¥130 million
From July 1, 2020 to July 2, 2020
 - Year ending March 31, 2022: approx. ¥190 million (forecast)
From July 1, 2021 (forecast) to July 20, 2021 (forecast)
 - Year ending March 31, 2023: approx. ¥190 million (forecast)
From July 1, 2022 (forecast) to July 20, 2022 (forecast)
- Share purchase method: Purchase via stock market
- Rights holder: Nisshin Seifun Group Inc.
- Residual assets: Residual assets receivable by the Company, as the rights holder, are to be within the scope of funds used for trust preparation, after deduction of funds for the purchase of shares from trust funds.

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

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

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

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

(2) Acquisitions of Treasury Shares

[Type of shares, etc.]

Acquisitions of common stock according to Article 155, Paragraph 7 of the Companies Act

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

There are no applicable matters to be reported.

2. Stock acquisitions by resolution of the Board of Directors

There are no applicable matters to be reported.

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

Item	Number of shares	Total value (yen)
Treasury shares acquired in the year ended March 31, 2021	1,240	2,106,780
Treasury shares acquired during the term	73	132,308

Note:

The treasury shares acquired during the term does not include shares acquired by purchasing sub-MTU (minimum trading unit) shares during the period from June 1, 2021, to the date of filing the original Japanese version of this report.

4. Disposals or holdings of acquired treasury shares

Item	Year ended March 31, 2021		During the term	
	Number of shares	Total value of disposals (yen)	Number of shares	Total value of disposals (yen)
Shares of acquired treasury shares that went on offer	—	—	—	—
Treasury shares retired	—	—	—	—
Shares of acquired treasury shares involved in transfers accompanying merger, share exchange, share delivery or corporate demerger	—	—	—	—
Other				
(Exercise of subscription rights to shares)	84,150	109,673,500	7,700	8,924,300
(Sale upon request of sub-MTU share holdings)	135	219,567	—	—
Shares of treasury shares held	6,876,857	—	6,869,230	—

Notes:

1. The number of treasury shares retired during the term reflects neither the exercise of the subscription rights to shares between June 1, 2021 and the filing of this report, nor the sale upon request of sub-MTU share holdings.
2. The number of treasury shares held during the term reflects neither the exercise of the subscription rights to shares between June 1, 2021 and the filing of this report, nor the purchase or sale upon request of sub-MTU share holdings.
3. The number of treasury shares held for the year ended March 31, 2021 and during the term does not include shares held by The Master Trust Bank of Japan, Ltd. as trust assets for the stock-based remuneration plan.

(3) Dividend Policy

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

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

As a further return of profits to shareholders, the Company paid a dividend of ¥37 per share, which includes, in addition to an ordinary dividend up ¥1 from the previous fiscal year, a dividend of ¥2 per share commemorating the Company's 120th anniversary. Since there was no adjustment made to the dividend per share following a stock split in the fiscal year ended March 31, 2014, effectively increasing dividends for the year, there has effectively been an actual increase in dividends for eight consecutive terms. As a result, the payout ratio was 57.9% on a consolidated basis, with a rate of dividends to net assets of 2.7% on a consolidated basis.

Under the Group's long-term vision, "NNI 'Compass for the Future' —Toward a New Stage— Maximizing Group-wide Capabilities and Effecting Business Model Change," we will take assertive steps to ramp up capital investments, M&A activity, human resource training, technology development and other areas for sustainable growth. At the same time, the Group will move to strengthen stable returns from a long-term perspective to shareholders who share with us "the values created through generations since the establishment of the Company." More precisely, we aim for a payout ratio of 40% or more on a consolidated basis and seek to continuously increase the amount of dividends, while intending to repurchase treasury shares in a flexible manner, taking into account cash flows and demand for funds for strategic investments.

Note:

Payment of dividends for which the date of record falls during the fiscal year ended March 31, 2021 is as follows.

Authorizing resolution	Total dividends (millions of yen)	Dividend per share (yen)
Resolution of the Board of Directors made on October 27, 2020	5,056	17
Resolution of the Ordinary General Meeting of Shareholders made on June 25, 2021	5,949	20

(4) Corporate Governance and Other Matters

1. Corporate governance

This section provides an overview of corporate governance at the Company and the Nisshin Seifun Group. All data are accurate as of the date of filing the original Japanese version of this report (June 25, 2021).

(1) Corporate governance systems

<Basic policy on corporate governance>

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

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

The Nisshin Seifun Group is a company with an Audit & Supervisory Committee-based governance structure. The rationale for adoption of this model is detailed below.

- Along with selecting a company structure with an audit & supervisory committee, whereby Directors who are Audit & Supervisory Committee Members retain decision-making authority on the Board of Directors, the percentage of Outside Directors has been increased to strengthen the supervisory functions of the Board of Directors with respect to business execution and related matters.
- The Audit & Supervisory Committee, of which Outside Directors comprise over half of its members, is responsible for auditing the appropriateness and propriety of business execution, resulting in even greater management transparency; meanwhile, placing the Internal Audit Department under the direct authority of the Audit & Supervisory Committee is designed to promote more robust audits.
- The authority of Executive Directors has been refined and the speed of management decision-making increased, with the aim of improving flexibility in business execution.

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

1) Reasons for adopting a holding company structure

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

2) Management system

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

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

3) Auditing system

The Company’s Audit & Supervisory Committee consists of Outside Directors who are Audit & Supervisory Committee Members (Mr. Tetsuo Kawawa, Mr. Satoshi Ito and Ms. Mieko Tomita) and an Internal Director who is a

full-time Audit & Supervisory Committee Member (Shoh Ohuchi). Full-time Audit & Supervisory Committee Member Shoh Ohuchi serves as chair of the committee.

The Company's subsidiaries in Japan have appointed auditors; the full-time member of the Audit & Supervisory Committee holds a concurrent appointment as an audit and supervisory committee member of the Company's principal subsidiaries, and carries out audits of Nisshin Seifun Group companies.

In terms of personnel and systems to support the Group's auditing structure, a secretariat has been established to support auditing by the Audit & Supervisory Committee Members. In addition, the Company appoints several employees with extensive practical business experience at the Company and have held posts above a certain level to specialist positions for auditing Group companies.

Full-time Audit & Supervisory Committee Member Shoh Ohuchi has experience in accounting and finance work. For the part-time Outside Directors and Audit & Supervisory Committee Members, Satoshi Ito holds qualifications as a certified public accountant, while Tetsuo Kawawa and Mieko Tomita both hold qualifications as attorneys.

As a division for conducting internal audits, the Company has the Internal Audit Department, under the direct authority of the Audit & Supervisory Committee, coupled with expert personnel in charge of audits covering specialized areas such as facilities, safety, environmental protection and quality assurance. This structure is responsible for internal audits of the Nisshin Seifun Group companies.

The Company and its major subsidiaries have an independent auditing contract with Deloitte Touche Tohmatsu LLC, which conducts audits as stipulated in the Companies Act and the Financial Instruments and Exchange Act under that contract.

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

The Company has an Outside Directors' Council. This Council comprises all Outside Directors, and is used as a forum for members to share information. The Council also discusses and offers advice on the appointment of Representative Directors and outside officers, in response to consultations from the Board of Directors, and remuneration policy for senior management (including Executive Directors, Executive Officers and presidents of major operating companies). Council membership consists of Mr. Kazuhiko Fushiya, Mr. Akio Mimura, Mr. Motoo Nagai, Mr. Tetsuo Kawawa, Mr. Satoshi Ito and Ms. Mieko Tomita, with Mr. Fushiya serving as chair.

Furthermore, the Company has established a Corporate Value Committee. Refer to (8) below for more information. The membership of the Corporate Value Committee comprises independent Outside Directors only, with Mr. Kazuhiko Fushiya serving as chair.

5) Reasons for adopting the corporate governance systems

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

<Outline of limited liability contract>

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

<Basic policy on internal control systems and status>

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

- 1) Systems to ensure the duties of directors and employees of the Company and its subsidiaries are performed in compliance with law and the Articles of Incorporation
 - (a) The Nisshin Seifun Group has formulated the Nisshin Seifun Group Corporate Code of Conduct and Employee

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

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

- (c) The Internal Audit Department, directly supervised by the Audit & Supervisory Committee of the Company, shall lead the enhancement and operation of the Nisshin Seifun Group's internal control systems.

As an independent organization, the Internal Audit Department shall evaluate the internal control systems of the Nisshin Seifun Group and perform internal audits of the Group's business operations.

- (d) The Company's Social Committee shall address all Nisshin Seifun Group's corporate social responsibility (CSR) issues by discussing a comprehensive range of CSR issues, including corporate ethics and compliance, promoting practical CSR measures, providing education on CSR throughout the Group and ensuring recognition of and compliance with laws, the Articles of Incorporation and social norms.
- (e) The Nisshin Seifun Group shall not bow to unreasonable demands of antisocial forces that could threaten the order and safety of civil society and shall take organized countermeasures in collaboration with specialized institutions.
- (f) The Company shall operate and maintain the Compliance Hotline, which was established as a measure for Nisshin Seifun Group employees, etc., to directly report any acts of non-compliance so that such acts can be early detected and dealt with.

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

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

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

- (c) In the Nisshin Seifun Group, in line with the Nisshin Seifun Group Crisis Control Rules, any emergence of crises or fear thereof shall be reported by employees, etc. to a specified contact within the Nisshin Seifun Group to ensure the early detection and handling of the danger of loss.

Should crises occur, the Company shall immediately set up countermeasures headquarters to handle them in an appropriate manner to minimize damages.

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

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

- (a) For the Company and its subsidiaries, the range of responsibility and authority is clarified, for example, by identifying matters to be resolved by and reported to the Board of Directors and matters of request for approval of presidents, Directors and Executive Officers in charge of respective business divisions. This enables directors to perform their duties in a prompt and appropriate manner.

- (b) The Nisshin Seifun Group clarifies its business strategies and their potential direction, according to which each subsidiary formulates its profit plans on a yearly basis. The term of office of directors (excluding Directors who are Audit & Supervisory Committee Members) shall be one year to clarify their responsibilities. The Board of Directors reviews business performance on a monthly basis, and discusses and implements measures to improve performance.

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

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

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

- (c) The Nisshin Seifun Group "Corporate Code of Conduct and Employee Action Guidelines" stipulate and specify

the Corporate Principle, the Basic Management Policy, the Basic Attitude toward Stakeholders, and the Corporate Code of Conduct and Employee Action Guidelines, and awareness of these throughout the Group is promoted.

- (d) The procedures and methods for creation of the Group's financial reports, including the consolidated financial statements, are stipulated to eliminate wrongful acts and errors and ensure the reliability of consolidated financial statements and other financial reporting from the Nisshin Seifun Group.
- (e) The Audit & Supervisory Committee of the Company and its subsidiaries hold regular meetings of Nisshin Seifun Group Audit & Supervisory Liaison Committee to exchange opinions on audit cases, etc., and share issues to be addressed.
- (f) The Company provides special audits, such as of facilities, safety, environment and quality assurance for the Nisshin Seifun Group.
- (g) The Internal Audit Department, directly supervised by the Audit & Supervisory Committee of the Company, shall lead the enhancement and operation of the Nisshin Seifun Group's internal control systems.
As an independent organization, the Internal Audit Department shall evaluate the internal control systems of the Nisshin Seifun Group and perform internal audits of the Group's business operations.
- (h) The subsidiaries of the Nisshin Seifun Group have their own Internal Control Committee, headed by the president, which leads efforts to enhance and operate their internal control systems.

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

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

- 6) Provisions concerning the individuals assisting the Audit & Supervisory Committee Members in performing their duties, their independence from directors (excluding Directors who are Audit & Supervisory Committee Members), and ensuring the efficacy of directions given to such individuals by the Audit & Supervisory Committee Members
- (a) An Audit & Supervisory Committee Secretariat has been established to assist the Audit & Supervisory Committee in performing its duties. The secretariat assists the Audit & Supervisory Committee in performing audits under the direction of the committee. Personnel changes concerning the members of the Audit & Supervisory Committee Secretariat require the consent of the Audit & Supervisory Committee.
 - (b) Directors (excluding Directors who are Audit & Supervisory Committee Members) pay close attention to ensuring that no unreasonable constraints exist that could potentially hinder the independence of the Audit & Supervisory Committee Secretariat in the performance of its duties.
- 7) Systems for reporting to the Audit & Supervisory Committee of the Company by the directors (excluding Directors who are Audit & Supervisory Committee Members) and employees of the Company, the directors, auditors and employees of subsidiaries, and individuals who receive reports from these individuals
- (a) The Audit & Supervisory Committee Members of the Company attend the meetings of the Board of Directors and other important meetings, including meetings of the Group Management Meeting, the Credit Management Committee and the Normative Ethics Committee, and state their opinions as appropriate.
 - (b) The Audit & Supervisory Committee of the Company may ask for reporting from the independent accounting auditors, the directors, the Internal Audit Department and others, whenever such necessity arises.
 - (c) When Directors of the Company or its subsidiaries recognize anything that could cause remarkable damage or serious accidents to their respective companies, they shall immediately report that to their respective Audit & Supervisory Boards or auditors, with subsequent reporting by the respective Audit & Supervisory Board Members to the Company's Audit & Supervisory Committee.
 - (d) The results of audits conducted by subsidiaries' Audit & Supervisory Board Members shall also be reported to the Company's Audit & Supervisory Committee.
 - (e) The results of internal control system evaluations and internal audits conducted by the Company's Internal Audit Department are also reported to the Company's Audit & Supervisory Committee.
 - (f) The results of specialized audits, equipment and safety audits, environmental audits, and quality assurance audits, are also reported to the Company's Audit & Supervisory Committee.
 - (g) Any information obtained through the Compliance Hotline is reported immediately to the Company's Audit & Supervisory Committee.
 - (h) Documents for taking over the duties of the executive managers of the Company's divisions and the presidents of its subsidiaries are submitted to the Company's Audit & Supervisory Committee.
 - (i) All circular requisitions of the Company and its subsidiaries are transmitted to all of the Audit & Supervisory Committee Members or auditors of each respective company.

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

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

- 9) Provisions regarding policies guiding procedures for the prepayment or reimbursement of expenses incurred by the Company's Audit & Supervisory Committee Members in the execution of their duties and other expenses incurred in the execution of such duties or fulfillment of related responsibilities

Anticipated expenses incurred by the Audit & Supervisory Committee Members in the execution of their duties are budgeted; expenses incurred beyond those budgeted, excluding such expenses deemed unnecessary for execution of the duties of the Audit & Supervisory Committee Members, shall be dealt with immediately by the Company pursuant to Article 399.2, Paragraph 4 of the Companies Act.

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

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

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

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

- (a) The Nisshin Seifun Group Corporate Code of Conduct calls for strict compliance with all relevant laws and social norms, while the Employee Action Guidelines call upon employees to maintain a resolute attitude to reject unreasonable demands from antisocial forces.
- (b) Within the Nisshin Seifun Group Inc., an office for control of countermeasures against unreasonable demands and a person responsible for the rejection of such demands are provided to collect information about antisocial forces and to take organized countermeasures in collaboration with specialized institutions. In addition, educational opportunities on ethics and compliance are provided to have the organized countermeasures effectively in place throughout the Group.
- (c) Within the Nisshin Seifun Group Inc., a Normative Ethics Committee, comprised of members from Group companies, and Social Norms Committees at key subsidiaries, have been established. The committees thoroughly review each case to ensure a resolute attitude to reject unreasonable requests from antisocial forces, and to confirm that no illegal payoffs or other such actions occur.

<Status of risk management systems>

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

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

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

(2) The number of Directors

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

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

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

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

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

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

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

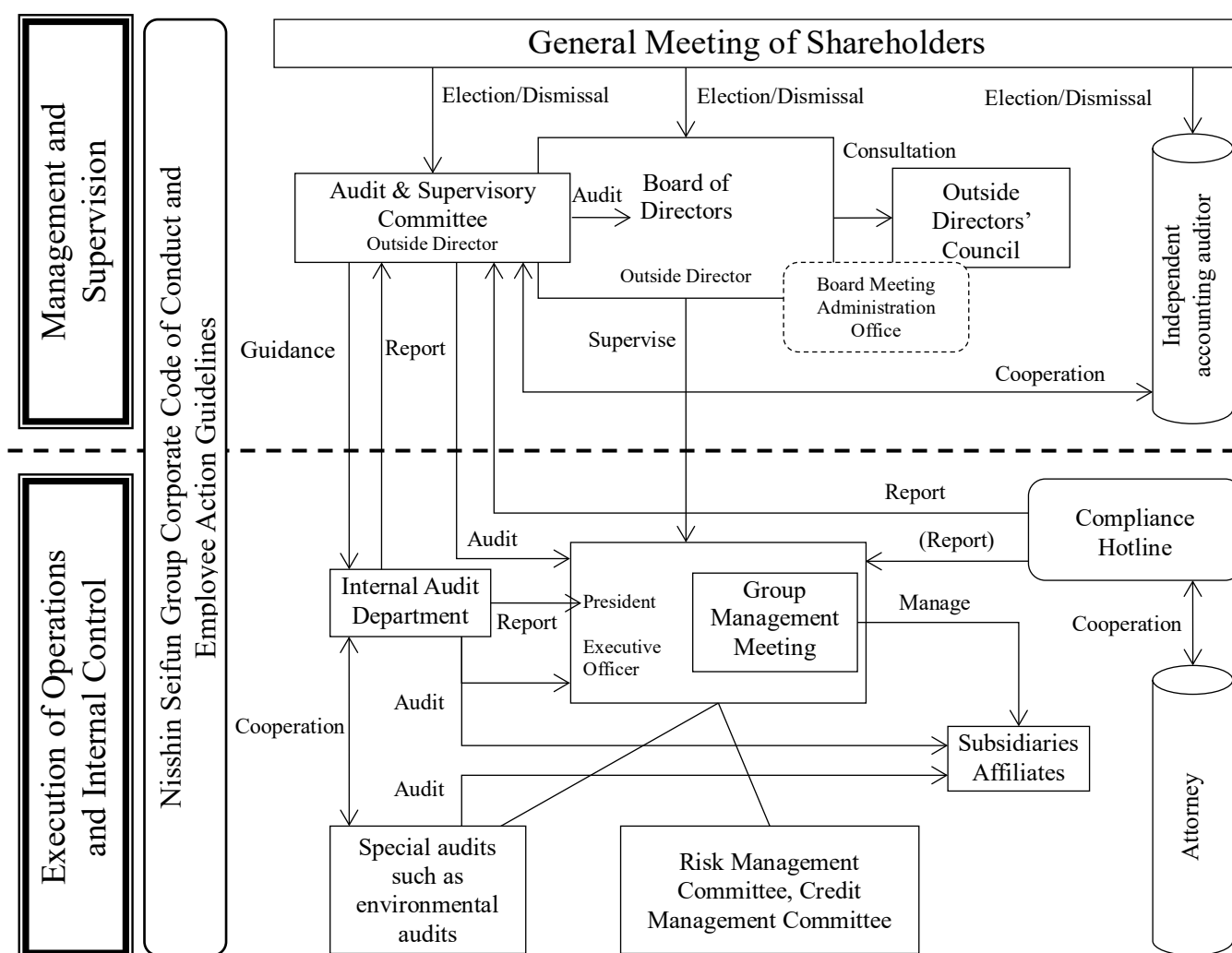
(6) Requirements for a special resolution by the General Meeting of Shareholders

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

(7) Exemption from liabilities for Directors

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

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



(8) Basic policies regarding control of the corporation

I. Brief description of the basic policies

As a provider of food, the Company believes that its chief responsibility, as well as a source of generating corporate value and one of its fundamentals, is to contribute to providing safe food on a continuous basis, namely by ensuring high levels of safety and the quality of its products, along with the stable supply of wheat flour and other foods staples for the people it serves. These actions, in turn, contribute to the Group's sustainable growth and to improvement in its medium- to long-term corporate value. Wheat flour, in particular, is an ingredient used in a wide variety of products, including bread, noodles and sweets. The Group, as a leading company in this field, controls roughly 40 percent of Japan's wheat flour market, supplying wheat flour not only for home use but to a host of food-related manufacturers. The Group's stable supply of safe, high-quality wheat flour supports both national food culture and helps society to continue functioning properly, and we view the fulfillment of this responsibility as directly tied to the Group's sustainable growth and medium- to long-term improvement in its corporate value. Accordingly, from the standpoint of this responsibility to society, and prefaced on stable management foundations, the Company considers its ongoing work to conduct management based on continuous and intentional policies planned from a medium- to long-term perspective, ensure the high quality and safety of its products, and implement the stable supply of these products to be indispensable to securing and improving its corporate value and the shared interests of its shareholders, and the Company believes it is uniquely positioned in this regard. If any person, failing to understand this, buys up the Company's shares and acts in ways contrary to a sustainable and systematic medium- to long-term business policy, such actions would cause damage to the Company's corporate value and the common interests of the shareholders. Moreover, there are other forms of stock purchase that might do harm to the Company's corporate value and the common interests of the shareholders.

In order to properly manage the above issues, the Company believes that the advanced disclosure of sufficient information must be made, such as: the management policies and business plans envisioned by a potential purchaser

of the Company's shares; the possible impact of the proposed acquisition on the Company's shareholders, the management of the Nisshin Seifun Group and all of the Group's stakeholders; and the purchaser's views regarding corporate social responsibility, including the matters of ensuring the stable supply of wheat flour and other dietary staples of the people and food safety. Also, a reasonable length of time to review such proposal and ample capacity to negotiate with such purchaser must also be ensured.

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

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

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

III. Measures to prevent a decision on the Company's financial and business policies from being controlled by a party who is deemed inappropriate according to the basic policies

With the aim of securing and improving the corporate value of the Company and the common interests of the shareholders, the Company has adopted a plan to take certain measures using a gratis allotment of subscription rights to shares (hereinafter "the Plan"), in line with Article 45 of its Articles of Incorporation and the "Renewal of the Resolution to Approve Gratis Allotments of Subscription Rights to Shares for Securing and Improving Corporate Value of the Company and the Common Interests of the Shareholders," which was approved by the 177th Ordinary General Meeting of Shareholders held on June 25, 2021. The outline of the Plan is as follows.

- 1) The Board of Directors shall ask any party who attempts a Specified Acquisition to present a written Acquisition Proposal to ask for a resolution of the Board of Directors not to take countermeasures including the gratis allotment of the Subscription Rights to Shares defined in Paragraph 6 below (hereinafter "the Confirmation Resolution") against that proposal. In order to implement prompt operation of the Plan, the Board of Directors may establish a reply deadline and request the provision of additional information in respect to any parties making a proposal in connection with a Specified Acquisition. Even in this case, the reply deadline shall be set with a maximum limit of 60 business days starting from the day on which the provision of information was requested of the Proposed Acquirer by the Board of Directors and the Corporate Value Committee shall commence its deliberation and discussion upon expiry of such reply deadline. "Specified Acquisition" means: a) an act of purchasing the Company's share certificates, etc., that would result in the holdings of 20% or more of the Company's share certificates, etc. (including similar acts as specified by the Board of Directors); or b) an act of commencing a tender offer that would result in the holdings of 20% or more of the Company's share certificates, etc. "Acquisition Proposal" means a document that contains the Company's management policies and business plans after said acquisition, evidence used to calculate prices, proof of acquisition funds, any possible impact on the Company's stakeholders and information related to Items 4) i. or v. that is reasonably demanded by the Company.
- 2) Upon receiving the Acquisition Proposal, the Board of Directors shall promptly submit it to the Corporate Value Committee, which is composed only of independent Outside Directors of the Company.
- 3) The Corporate Value Committee shall investigate said Acquisition Proposal and discuss whether or not to pass a resolution (hereinafter referred to as a "Recommendation Resolution") recommending that the Board of Directors passes a Confirmation Resolution in regard to said Acquisition Proposal. The Recommendation Resolution shall be passed by a majority of all members, and the results of said Recommendation Resolution shall be disclosed. The period for such deliberation and discussion by the Corporate Value Committee shall be a maximum of 60 business days (or a maximum of 90 business days for Acquisition Proposals other than those that specify only cash in Japanese currency as the consideration and set no upper limit to the number of shares to be purchased) upon the receipt of the Acquisition Proposal from the Board of Directors. Only when reasonable grounds exist, the period for the deliberation and discussion may be extended to a maximum of 30 business days. However, in this case, the grounds for the extension and the intended extension period will be disclosed.
- 4) Deliberations and discussion regarding the Recommendation Resolution by the Corporate Value Committee shall be made by faithfully forming an accurate judgment as to whether the Acquisition Proposal can satisfy the Company's purposes of securing and improving corporate value and the common interests of the shareholders. The Corporate Value Committee must issue a Recommendation Resolution for Acquisition Proposals that meet

all of the below requirements and that secure and improve the corporate value of the Company and the common interests of shareholders.

- i. The acquisition does not fall under any of the following types of action:
 - a. Buyout of the Company's shares to demand that the Company or its related party purchase said shares at an inflated price;
 - b. Management that provides a benefit to the Proposed Acquirer (including its group companies or other related parties, same applies below) to the detriment of the Company, such as temporary control of the Company's management enabling transfer of the Company's material assets;
 - c. Diversion of the Company's assets to secure or repay debts of the Proposed Acquirer;
 - d. Actions that unjustly harm fundamentals essential to generation of the Company's medium- to long-term corporate value, such as temporary control of the Company's management to decrease the assets, funds, etc. that are required for the Company's business expansion, product development, etc., for future years; and other types of action causing harm to the cooperative relationships of the Company's stakeholders, including the Company's shareholders, business partners, customers and employees.
 - ii. The scheme and content of the deal proposed by the Acquisition Proposal comply with the relevant laws and regulations.
 - iii. The scheme and content of the deal proposed by the Acquisition Proposal do not threaten to have the effect of compelling shareholders to sell their shares.
 - iv. The true information necessary for deliberations on the Acquisition Proposal is provided in the appropriate timing, such as upon request of the Company, and sincere responses are made in other ways, by complying with the procedures specified by the Plan.
 - v. The period for the Company to deliberate the Acquisition Proposal is secured (including deliberation and presentation of its alternative proposals to the Company's shareholders). This period is specified as a maximum of 60 business days upon the receipt of the Acquisition Proposal or a maximum of 90 business days for Acquisition Proposals other than those that specify only cash in the Japanese currency as consideration and set no upper limit to the number of shares to be purchased. Furthermore, if there are reasonable grounds to exceed these respective periods, a maximum of 30 business days will additionally be allowed.
- 5) A Confirmation Resolution of the Company's Board of Directors shall be made according to the Recommendation Resolution of the Corporate Value Committee. In case the Corporate Value Committee issues the Recommendation Resolution, the Board of Directors must make the Confirmation Resolution promptly, unless there are particular reasons that are clearly against the Directors' duty of care. Countermeasures, such as a Gratis Allotment of Subscription Rights to Shares, cannot be taken against the Acquisition Proposal for which the Confirmation Resolution is made.
- 6) In the event that the Specified Acquirer—which is defined as a person or company that executed the Specified Acquisition and failed to obtain the Confirmation Resolution by the time such acquisition was executed—appears, the Board of Directors shall disclose the identifying of the appearance of the Specified Acquirer and issue a resolution that identifies and determines the necessary conditions for effecting a gratis allotment of Subscription Rights to Shares, including the record and effective dates for such allotment, and execute the gratis allotment of Subscription Rights to Shares after publicly announcing details of matters that have been determined. "Subscription Rights to Shares" is defined as the subscription rights to shares whose exercise is restricted for the Specified Acquirer and its related parties, which are collectively defined as the Specified Acquirer.
- In such a case that it is revealed that the ratio of holdings of the Company's share certificates, etc., by the Specified Acquirer falls below 20% by the date that is specified elsewhere by the Board of Directors and which should be earlier than three business days prior to the record date for the gratis allotment, the Board of Directors can defer the effect of a gratis allotment of Subscription Rights to Shares.
- 7) In the case that a gratis allotment of Subscription Rights to Shares is effected, the Company shall implement the gratis allotment of Subscription Rights to Shares to all shareholders, except the Company, as of the record date for the gratis allotment at a ratio of one Subscription Right to Share for every one share of the Company's common stock held, and the number of shares to be issued per one Subscription Right to Share will not exceed two and be determined elsewhere by the Board of Directors. The value of assets invested to exercise one Subscription Right to Share shall be ¥1 multiplied by the number of shares to be issued per one Subscription Right to Share.
- 8) Exercisable Subscription Rights to Shares can be acquired by the Company. For the Subscription Rights to Shares held by shareholders other than the Specified Acquirer, this is accomplished in exchange for common shares of the Company of a number equal to the integral part of the number of said Subscription Rights to Shares multiplied by the number of shares to be issued per Subscription Right to Share. For other Subscription Rights to Shares, this is accomplished in exchange for Subscription Rights to Shares with restriction on transfer (restriction on the exercise of the rights by the Specified Acquirer) of the same number as the Subscription Rights to Shares that are acquired by the Company.

IV. Judgment of the Board of Directors and its reasons

The Plan complies with the basic policies described in Item (1) above, and it is carefully devised as follows to ensure its reasonability. Therefore, the Plan protects the corporate value of the Company and the common interests of the shareholders and does not pursue the personal interests of the Company's management.

- 1) The Plan received prior approval of the shareholders at the 177th Ordinary General Meeting of Shareholders on June 25, 2021, pursuant to the provision of Article 45 of the Company's Articles of Incorporation.
- 2) The term of office of the Company's Directors (excluding Directors who are Audit & Supervisory Committee Members) is one year and the timing of reelection is concurrent among all Directors. In addition, the resolution on dismissal of Directors has the same weight as that of an ordinary resolution at a General Meeting of Shareholders. Therefore, the Plan can be abolished by a resolution of the Board of Directors through the election or dismissal of Directors by an ordinary resolution at a single General Meeting of Shareholders.
- 3) To secure the neutrality of judgment relating to the Plan, the Corporate Value Committee, composed only of independent Outside Directors of the Company, shall deliberate the Acquisition Proposal, under legal obligations as the Directors of the Company, to determine if the proposal meets the purposes of securing and improving the Company's corporate value and the common interests of the shareholders. It is also required that the Board of Directors makes a Confirmation Resolution upon receipt of a Recommendation Resolution to that effect from the Corporate Value Committee, unless there are particular reasons that are clearly against the Directors' duty of care.
- 4) To enhance the objectivity of judgment relating to the Plan, the Corporate Value Committee must issue a Recommendation Resolution in certain cases, as specified in Paragraph (3) above.
- 5) Subject to approval at the General Meeting of Shareholders, the Plan can be revised every year by a resolution of the Board of Directors. This allows the Plan to adjust itself to the development of the related laws and regulations and various other business environments surrounding the Company.
- 6) The validity of an Approval Resolution at the General Meeting of Shareholders is three years from the date of the General Meeting of Shareholders. Upon the passage of three years, the Board of Directors will present a Plan that reflects any revisions, including reflections on its supplementary conditions, for approval by the shareholders.
- 7) The Plan satisfies all of the requirements for legality (to avoid suspension of the issuance of Subscription Rights to Shares, etc.) and rationality (to gain the understanding of shareholders, investors and other stakeholders) specified in the "Securing and/or Improving Corporate Value and Common Interests of Shareholders: Takeover Defense Guidelines" released on May 27, 2005, by the Ministry of Economy, Trade and Industry and the Ministry of Justice. Moreover, the Plan is in accordance with the recommendations of the June 30, 2008 report of the Ministry of Economy, Trade and Industry's Corporate Value Study Group entitled "Takeover Defense Measures in Light of Recent Environmental Changes."

2. Directors and Audit & Supervisory Committee Members

(1) Directors and Audit & Supervisory Committee Members

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

Title and position	Name	Date of birth	Career		Term of office	Share holding (hundreds)
Representative Director and President	Nobuki Kemmoku	February 13, 1961	Apr. 1984	Joined the Company	Note 3	669
			Sep. 2011	Managing Director, Nisshin Flour Milling Inc.		
			Jun. 2012	Executive Officer		
			Jun. 2013	Director		
			Jun. 2013	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 the present)		
			Apr. 2017	Director and Chairman, Nisshin Flour Milling Inc. (to the present)		
Representative Director, Senior Managing Executive Officer In charge of Corporate Planning Division and Finance and Accounting Division	Akira Mori	December 16, 1956	Apr. 1979	Joined the Company	Note 3	395
			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 the present)		
Director, Managing Executive Officer and Division Executive, Business Development Division	Koichi Iwasaki	September 12, 1956	Apr. 1980	Joined the Company	Note 3	612
			Jun. 2007	Director and Division Executive (Sales Division), Nisshin Foods Inc.		
			Jun. 2010	Executive Officer		
			Jun. 2010	Managing Director and Division Executive (Sales Division), Nisshin Foods Inc.		
			Jun. 2012	Director		
			Jun. 2012	Director and President, Nisshin Foods Inc.		
			Jun. 2014	Managing Director		
			Jun. 2015	Director, Tokatsu Foods Co., Ltd.		
			Jun. 2017	Executive Officer		
			Jun. 2017	Director and Vice Chairman, Tokatsu Foods Co., Ltd.		
			Jun. 2019	Director, Managing Executive Officer and Division Executive (Business Development Division) (to the present)		
			Jul. 2019	Director and Chairman, Tokatsu Foods Co., Ltd. (to the present)		

Title and position	Name	Date of birth	Career		Term of office	Share holding (hundreds)
Director, Managing Executive Officer and Division Executive, Technology and Engineering Division	Satoshi Odaka	November 18, 1958	Apr. 1983 Jun. 2007 Apr. 2012 Jun. 2012 Jun. 2015 Jun. 2019 Jun. 2020	Joined the Company General Manager (Technology and Engineering Department of Technology and Engineering Division) Director and Division Executive (Production Division), Nisshin Flour Milling Inc. Executive Officer Director and Division Executive (Technology and Engineering Division) Managing Executive Officer and Division Executive (Technology and Engineering Division) Director, Managing Executive Officer and Division Executive (Technology and Engineering Division) (to the present)	Note 3	302
Director, Managing Executive Officer and Division Executive, General Administration Division	Naoto Masujima	September 11, 1960	Apr. 1983 Jun. 2009 Dec. 2012 Jul. 2013 Jun. 2014 Jun. 2015 Jun. 2016 Jun. 2017 Jun. 2019 Jun. 2021	Joined the Company General Manager (Investor Relations Office of Corporate Planning Division) General Manager (GS (Overseas Business Development) of Corporate Planning Division) General Manager (GS (Globalization) of Corporate Planning Division) Executive Officer, GS (Globalization) of Corporate Planning Division and General Manager (China Business Development Office of Corporate Planning Division) Director, General Manager (Corporate Planning Department) and Division Executive (Overseas Business Division), Nisshin Flour Milling Inc. Managing Director, General Manager (Corporate Planning Department) and Division Executive (Overseas Business Division), Nisshin Flour Milling Inc. Director and Division Executive (General Administration Division) Managing Executive Officer and Division Executive (General Administration Division) Director, Managing Executive Officer and Division Executive (General Administration Division) (to the present)	Note 3	280
Director and Managing Executive Officer	Takao Yamada	September 27, 1960	Apr. 1983 Jun. 2011 Jun. 2012 Jun. 2013 Jun. 2013 Apr. 2015 Apr. 2017 Jun. 2019	Joined the Company Director and General Manager (Tokyo Sales Department), Nisshin Flour Milling Inc. Executive Officer Director Managing Director and Division Executive (Sales Division), Nisshin Flour Milling Inc. Senior Managing Director and Division Executive (Sales Division), Nisshin Flour Milling Inc. Director and President, Nisshin Flour Milling Inc. (to the present) Director and Managing Executive Officer (to the present)	Note 3	360
Director and Managing Executive Officer	Yuji Koike	January 16, 1960	Apr. 1983 Jun. 2014 Jun. 2014 Jun. 2017 Jun. 2017 Jun. 2019	Joined the Company Executive Officer Director and President, Nisshin Petfood Inc. Director Director and President, Nisshin Foods Inc. (to the present) Director and Managing Executive Officer (to the present)	Note 3	323

Title and position	Name	Date of birth	Career		Term of office	Share holding (hundreds)
Director	Akio Mimura	November 2, 1940	Apr. 1963 Jun. 1993 Apr. 1997 Apr. 2000 Apr. 2003 Jun. 2006 Apr. 2008 Jun. 2009 Oct. 2012 Jun. 2013 Nov. 2013 Jun. 2018 Apr. 2019	Joined Fuji Iron & Steel Co., Ltd. Director, Nippon Steel Corporation Managing Director, Nippon Steel Corporation Representative Director and Executive Vice President, Nippon Steel Corporation Representative Director and President, Nippon Steel Corporation Audit & Supervisory Board Member Representative Director and Chairman, Nippon Steel Corporation Director (to the present) Director and Senior Advisor, Nippon Steel & Sumitomo Metal Corporation Senior Advisor, Nippon Steel & Sumitomo Metal Corporation Senior Advisor and Honorary Chairman, Nippon Steel & Sumitomo Metal Corporation Senior Advisor and Honorary Chairman, Nippon Steel & Sumitomo Metal Corporation Senior Advisor and Honorary Chairman, Nippon Steel Corporation (to the present)	Note 3	443
Director	Kazuhiko Fushiya	January 26, 1944	Apr. 1967 Jul. 1999 Jul. 2001 Jul. 2002 Jan. 2006 Feb. 2008 Jan. 2009 Jun. 2009 Jun. 2015	Joined the Ministry of Finance Commissioner, National Tax Agency Deputy Governor, National Life Finance Corporation Assistant Chief Cabinet Secretary Commissioner, Board of Audit of Japan Commissioner (President), Board of Audit of Japan Retired Audit & Supervisory Board Member Director (to the present)	Note 3	42
Director	Motoo Nagai	March 4, 1954	Apr. 1977 Apr. 2005 Apr. 2007 Apr. 2011 Jun. 2011 Apr. 2014 Jun. 2014 Jun. 2015 Jun. 2019	Joined Industrial Bank of Japan, Limited (IBJ) Executive Officer, Mizuho Corporate Bank, Ltd. Managing Executive Officer, Mizuho Corporate Bank, Ltd. Deputy President - Executive Officer, Mizuho Trust & Banking Co., Ltd. Deputy President (Representative Director) and Deputy President - Executive Officer, Mizuho Trust & Banking Co., Ltd. Commissioner, Mizuho Trust & Banking Co., Ltd. Retired as Commissioner, Mizuho Trust & Banking Co., Ltd. Audit & Supervisory Board Member Director (to the present)	Note 3	6
Director (Full-time Audit & Supervisory Committee Member)	Shoh Ohuchi	February 13, 1961	Apr. 1983 Jun. 2014 Jun. 2015 Jun. 2018 Jun. 2019	Joined the Company General Manager (Finance Department of Finance and Accounting Division) Executive Officer and General Manager (Finance Department of Finance and Accounting Division) Audit & Supervisory Board Member Director (Full-time Audit & Supervisory Committee Member) (to the present)	Note 4	197

Title and position	Name	Date of birth	Career		Term of office	Share holding (hundreds)
Director (Audit & Supervisory Committee Member)	Tetsuo Kawawa	June 15, 1947	Apr. 1975 Apr. 1996 Aug. 2002 Sep. 2002 Jun. 2007 Jun. 2019	Qualified as an attorney Managing Partner, Kawawa Law Offices (to the present) Member of Legislative Council of the Ministry of Justice (Modernization of Company Act) Specially designated member of the Judicial System Research Board, Japan Federation of Bar Associations Audit & Supervisory Board Member Director (Audit & Supervisory Committee Member) (to the present)	Note 4	–
Director (Audit & Supervisory Committee Member)	Satoshi Ito	July 25, 1942	Jan. 1967 Dec. 1970 Sep. 1978 Oct. 1993 Aug. 2001 Apr. 2002 Mar. 2007 Jun. 2010 Jun. 2019	Joined Arthur Andersen & Co., Japan Branch Qualified as a Certified Public Accountant Partner, Arthur Andersen & Co. Representative Partner, Asahi & Co. (currently KPMG AZSA LLC) Proprietor, Ito Certified Public Accountant Offices (to the present) Specially Appointed Professor, Institute of Accounting Research, Chuo University Retired as a Specially Appointed Professor, Institute of Accounting Research, Chuo University Audit & Supervisory Board Member Director (Audit & Supervisory Committee Member) (to the present)	Note 4	–
Director (Audit & Supervisory Committee Member)	Mieko Tomita	August 15, 1954	Apr. 1980 Apr. 1980 Apr. 2001 Apr. 2017 Jun. 2019	Qualified as an attorney Joined Nishi and Iseki Law Office (Currently Nishi & Partners Attorneys and Counselors at Law) Civil Conciliation Commissioner, Tokyo District Court (to the present) Senior Partner, Nishi & Partners Attorneys and Counselors at Law (to the present) Director (Audit & Supervisory Committee Member) (to the present)	Note 4	–
Total						3,633

Notes:

1. Directors Akio Mimura, Kazuhiko Fushiya and Motoo Nagai are Outside Directors.
2. Directors Tetsuo Kawawa, Satoshi Ito and Mieko Tomita are Outside Directors who are Audit & Supervisory Committee Members.
3. The term of office began when elected at the Ordinary General Meeting of Shareholders on June 25, 2021, and ends at the closing of the Ordinary General Meeting of Shareholders concerning the fiscal year ending March 31, 2022.
4. The term of office began when elected at the Ordinary General Meeting of Shareholders on June 25, 2021, and ends at the closing of the Ordinary General Meeting of Shareholders concerning the fiscal year ending March 31, 2023.

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

Title and position	Name
Vice President and Executive Officer	Michinori Takizawa
Managing Executive Officer and Division Executive (R&D and Quality Assurance Division)	Yasuo Ito
Managing Executive Officer Director and President, Oriental Yeast Co., Ltd.	Masashi Nakagawa
Managing Executive Officer Director and President, Nisshin Pharma Inc.	Kiyoshi Sato
Managing Executive Officer Senior Managing Director, Nisshin Flour Milling Inc.	Kenji Takihara
Managing Executive Officer Senior Managing Director, Nisshin Foods Inc.	Takahiko Iwahashi
Executive Officer and Division Executive, Finance and Accounting Division	Eiichi Suzuki
Executive Officer, General Manager (Human Resources and Labor Relations Planning Office of General Administration Division) and General Manager (Labor Relations Department of General Administration Division)	Hironori Kurosu
Executive Officer, Deputy Division Executive (R&D and Quality Assurance Division) and General Manager (R&D Promotion Department of R&D and Quality Assurance Division)	Tsuguhiko Yoshida
Executive Officer, General Manager (Legal Department of General Administration Division) and General Manager (Board Meeting Administration Office of General Administration Division)	Shigemitsu Fujita
Executive Officer and Division Executive (Corporate Planning Division)	Yu Nagaki
Executive Officer Managing Director, Nisshin Flour Milling Inc.	Shigeru Kotani
Executive Officer Managing Director, Nisshin Foods Inc.	Koji Shintani
Executive Officer Managing Director, Nisshin Flour Milling Inc.	Kazuyoshi Watanabe
Executive Officer Director, Nisshin Flour Milling Inc.	Satoshi Sekiguchi

(2) Status of Outside Directors

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

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

Outside Directors Akio Mimura, Kazuhiko Fushiya and Motoo Nagai provide appropriate advice on and supervise the Company's execution of business operations from an independent standpoint.

Outside Directors who are Audit & Supervisory Committee Members Tetsuo Kawawa, Satoshi Ito and Mieko Tomita perform audits and supervision of the Company's management from an independent, objective standpoint.

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

Outside Director Tetsuo Kawawa, who is also an Audit & Supervisory Committee Member, possesses high-level expertise as an attorney and significant insight regarding corporate law and governance, from which he conducts suitable audits and supervision as an Outside Director and Audit & Supervisory Committee Member, mainly from the perspective of appropriateness, and thus is considered to qualify as an Audit & Supervisory Committee Member in charge of auditing and supervising the Company's operational execution from an objective standpoint. Outside Director Satoshi Ito, who is also an Audit & Supervisory Committee Member, was considered appropriate for the position due to the ability to draw on his extensive auditing experience as a Certified Public Accountant and high-level expertise in finance and accounting, and thus is considered to qualify as an Audit & Supervisory Committee Member in charge of auditing and supervising the Company's operational execution from an objective standpoint. Outside Director Mieko Tomita, who is also an Audit & Supervisory Committee Member, was considered appropriate for the position due to a wealth of knowledge and experience as an attorney, and based on her knowledge and experience, she is considered to qualify as an Audit & Supervisory Committee Member in charge of auditing and supervising the Company's operational execution from an objective standpoint. All three individuals are fully expected to continue to fulfill their respective duties and roles as described above from an objective standpoint.

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

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

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

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

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

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

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

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

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

2) Consultants, accounting specialists and legal specialists who receive significant monetary sums or other assets beyond remuneration as Directors or Audit & Supervisory Committee Members from the Company (this includes parties associated with organizations that receive the aforementioned assets, such as corporations, unions and professional offices).

- * “Significant monetary sums or other assets” refer to monetary sums or assets (excluding remuneration for Directors and Audit & Supervisory Committee Members) that, in the most recent fiscal year, accounted for at least 10% or at least ¥10 million, whichever is larger, of the party’s annual net sales.

3) Any party to which any of items 1) or 2) recently applies.

- * Cases for which “any of items 1) or 2) recently applies” refer to cases in which any of the reasons stated in 1) or 2) can be viewed to substantively apply currently to a given party; this suggests that at the time that the agenda for the General Meeting of Shareholders was decided by the Company’s Board of Directors, any one of items 1) or 2) applied to a party put forward as an independent candidate standing for election as an Outside Director.

4) Any party to which either of item (a) or (b) below applies within 10 years prior to appointment.

- (a) Directors from the Company’s parent company, whether executive or non-executive
- (b) Executives from the Company’s sibling companies

5) Parents or other close relatives of parties to whom any of the following (a) through (e) apply (excluding non-vital parties).

- (a) Parties fitting items 1) through 4) above
- (b) Executives from the Company’s subsidiaries
- (c) Directors from the Company’s parent company, whether executive or non-executive
- (d) Executives from the Company’s sibling companies
- (e) Parties to whom (b) recently apply, or parties who recently were an executive of the Company

- * Whether the term “non-vital” applies is determined by criteria stipulated in Article 74, Paragraph 4, Section 6 (x) of the Ordinance for Enforcement of the Companies Act; specifically, for parties to whom 1) above applies, this refers to parties of the director or general manager class of each company or partner; for parties to whom 2) above applies, this refers to certified public accounts affiliated with each relevant independent corporate auditing firm, or attorneys affiliated with each relevant law office (including so-called “associates”).
- * The term “close relatives” refers to parental-level relatives. The term “close relatives” is not applicable to parties for whom such familial relationships have been dissolved as a result of divorce or other official means.

6) Any party deemed likely to improperly promote the interests of only select shareholders, or any party deemed likely to have a substantive conflict of interest in light of shared interests with the companies or shareholders.

3. Status of Audits

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

1) Organization and Personnel of the Audit & Supervisory Committee

The Company has organized an Audit & Supervisory Committee consisting of four Audit & Supervisory Committee Members (three Outside Directors and one internal Director) who conduct audits of Directors in the performance of their duties in accordance with the Audit Standards and the Audit Plan.

The internal Director serves as the full-time Audit & Supervisory Committee Member. The Audit & Supervisory Committee Secretariat has been established to assist the Audit & Supervisory Committee in performance of its duties. Additionally, the Company appoints several employees with extensive practical business experience at the Company and have held posts above a certain level to specialist positions for auditing Group companies.

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

2) Status of Activity by the Audit & Supervisory Committee

[Meeting Frequency and Attendance]

During the fiscal year ended March 31, 2021, the Audit & Supervisory Committee met 12 times. Attendance for individual Audit & Supervisory Committee Members is detailed below.

Position	Name	Audit & Supervisory Committee Meeting Attendance
Audit & Supervisory Committee Member (full-time)	Shoh Ohuchi	Attended all 12 meetings
Audit & Supervisory Committee Member	Tetsuo Kawawa	Attended all 12 meetings
Audit & Supervisory Committee Member	Satoshi Ito	Attended all 12 meetings
Audit & Supervisory Committee Member	Mieko Tomita	Attended all 12 meetings

[Drafting of Audit Policies and Audit Plan]

Following a review of prior-year audit effectiveness, the Audit & Supervisory Committee drafts audit policies and the Audit Plan for the fiscal year under review, paying close attention to changes in the management environment, while identifying risks associated with key audit-related measures.

[Basic Audit Activities]

In addition to attending meetings of the Board of Directors, in accordance with the Audit Standards and Audit Plan, the Audit & Supervisory Committee Members meet regularly with the Company's Representative Directors and hold listening sessions with Executive Directors to audit the executive performance of Directors. The full-time Audit & Supervisory Committee Member attends the Group Management Meeting and other important meetings, offering his or her opinion as appropriate. Audit & Supervisory Committee Members who serve concurrently as Outside Directors attend the Outside Directors' Council and other important meetings.

[Corporate Group Audit Activities]

Auditors for the Company's principal subsidiaries conduct audits based on a prescribed audit plan. Furthermore, the Company's full-time Audit & Supervisory Committee Member regularly holds meetings of the Nisshin Seifun Group Audit & Supervisory Liaison Committee with auditors of subsidiaries to exchange opinions regarding audit-related cases in striving to share awareness of problems and improve audit quality throughout the Group. There audit and meeting results are subsequently shared with the Audit & Supervisory Committee.

[Major Audit Investigations]

In performing audits, the Audit & Supervisory Committee examines the effectiveness and propriety of the execution of duties by divisions responsible for business execution, while investigating the existence of any major violations from the standpoint of legal compliance and examining the suitability of internal control system readiness and operational status. The Audit & Supervisory Committee is also responsible for examining accuracy and reliability in financial reporting and information disclosure, deciding the content of opinions, when relevant, regarding personnel and remuneration for Directors (excluding Directors who are Audit & Supervisory Committee Members), and examining the suitability of the audit methodology and results from, as well as the selection and reappointment of,

the independent accounting auditor.

[Hearing of Report from Independent Accounting Auditor]

To verify reliance on external audits, as well as audit reliability and suitability, the Audit & Supervisory Committee holds regular liaison meetings, attended by all Audit & Supervisory Committee Members and auditors from subsidiaries, to hear reports from and exchange information with the independent accounting auditor, from the beginning stages of the audit plan to quarterly review reports and fiscal year financial audit report. Furthermore, the full-time Audit & Supervisory Committee Member monitors progress of the audit process carried out by the independent accounting auditor, working to ascertain the nature of matters discovered during the course of audits and other important matters in a timely fashion. In addition to discussion of all key audit matters (KAM) with the independent accounting auditor, the Audit & Supervisory Committee identifies KAM and confirms the status of implementation and suitability of the results of audits of the selected items, as well as the appropriateness and integrity of related information disclosure.

[Reporting to Board of Directors]

The Audit & Supervisory Committee periodically reports audit results to the Board of Directors.

(2) Status of internal audits

1) Internal Audit Department organization, personnel and procedures

As a division for conducting internal audits, the Internal Audit Department has a staff of 21 people, coupled with 27 expert personnel in charge of audits covering specialized areas such as facilities, safety, environmental protection and quality assurance. These individuals are responsible for overseeing internal audits to ensure the appropriateness of operations by the Nisshin Seifun Group companies.

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

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

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

(3) Status of Independent Audits

1) Name of independent auditor, the continuous audit period, and names of certified public accountants conducting audits, composition of assistants

The Company and its major subsidiaries have an independent auditing contract with Deloitte Touche Tohmatsu LLC, which conducts audits as stipulated in the Companies Act and the Financial Instruments and Exchange Act under that contract. The continuous audit period is four years. The Certified Public Accountants who lead the independent audit of the accounts for the Company are Yoshio Sato, Tokio Suzuki and Shinji Dobata. The support staff for the auditing team (including audits of consolidated subsidiaries) consists of 13 CPAs and 21 others.

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

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

The Audit & Supervisory Committee will dismiss the independent auditor in the event that any of the reasons stipulated in each item of Article 340, Paragraph 1 of the Companies Act are deemed applicable to the independent auditor and such action is considered necessary, subject to the unanimous consent of the Audit & Supervisory Committee Members.

In addition, the Audit & Supervisory Committee will decide the details of a proposal for the dismissal or non-reappointment of the independent auditor to be submitted to the General Meeting of Shareholders, as stipulated

in Article 399, Paragraph 2, Section 3, Item 2 of the Companies Act, in the event that any of the reasons stipulated in Article 340 of the Companies Act, or any concomitant reasons, are deemed applicable to the independent auditor and such action is considered necessary. Furthermore, the Audit & Supervisory Committee may also decide the details of a proposal for the non-reappointment of the independent auditor to be submitted to the General Meeting of Shareholders, as stipulated in Article 399, Paragraph 2, Section 3, Item 2 of the Companies Act, in the event that the non-reappointment of the independent auditor is considered appropriate in overall consideration of various factors, including the audit quality provided and the status of execution of duties by the independent auditor.

b) Reasons for appointment of independent auditor

The Audit & Supervisory Committee, in line with its standards for selection and evaluation of independent accounting auditors, conducted a comprehensive examination of candidates in terms of their independence, quality control structure and global accounting framework. Accordingly, the Company retained the services of Deloitte Touche Tohmatsu LLC as independent accounting auditor.

3) Summary and details of evaluation of independent auditor conducted by Audit & Supervisory Committee

The Audit & Supervisory Committee conducted an evaluation of the independent auditor in May 2021. Following a comprehensive examination in terms of independence, quality control and global accounting framework, the evaluation found the audits performed by the independent auditor to be appropriate.

4) Details of Compensation for Audits

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

Category	Year ended March 31, 2020		Year ended March 31, 2021	
	Payments for certified auditing services (millions of yen)	Payments for services other than certified auditing (millions of yen)	Payments for certified auditing services (millions of yen)	Payments for services other than certified auditing (millions of yen)
The Company	64	14	64	—
Consolidated subsidiaries	152	3	145	—
Total	216	17	210	—

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

b) Payments made to those in the same network with the Certified Public Accountants and others involved in the audits (excluding (a))

Category	Year ended March 31, 2020		Year ended March 31, 2021	
	Payments for certified auditing services (millions of yen)	Payments for services other than certified auditing (millions of yen)	Payments for certified auditing services (millions of yen)	Payments for services other than certified auditing (millions of yen)
The Company	—	7	—	2
Consolidated subsidiaries	151	83	118	71
Total	151	90	118	74

Non-audit services performed for the Company and its consolidated subsidiaries consist mainly of tax-related services.

c) Policy for determining the audit fee

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

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

The Audit & Supervisory Committee has given its approval as prescribed under Article 399, Paragraphs 1 and 3 of the Companies Act, as the compensation to the independent auditor was considered reasonable based on the verification and review of the relevant matters including details of the audit plan in the fiscal year under review, the status of execution of duties by the independent auditor and the basis of calculating the estimated compensation.

4. Remuneration of executives

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

- a. Matters regarding decision-making policy concerning specifics of individual remuneration for Directors (excluding Directors who are Audit & Supervisory Committee Members)

The Company vests decision-making policy regarding the specifics of remuneration for individual Directors (excluding Audit & Supervisory Committee Members; the same will apply hereinafter in a.) in the Board of Directors, following deliberation by the Outside Directors' Council, a body comprised solely of independent Outside Directors. An overview of the specifics of this decision-making policy is described below.

- The Company's policy for remuneration of Directors was established with reference to three key factors, functioning to (1) retain talented human resources, (2) offer remuneration at levels appropriate to the Company's size and business domains, and (3) provide a healthy incentive to improve the Company's medium- to long-term corporate value. A fixed proportion of remuneration consists of variable remuneration reflecting business performance, thus taking into consideration both level of contribution to the Group and level of contribution to medium- to long-term basic Group strategies.
- In order that remuneration for the Company's internal Directors functions as a healthy incentive for sustainable growth, remuneration comprises a combination of the following components: (i) fixed remuneration, paid monthly, based on seniority role or position (basic remuneration); (ii) variable remuneration reflecting contribution to past business performance (bonus), paid during a set period annually; and (iii) stock-based remuneration reflecting future business performance, paid once during a set period annually, with the objective of promoting management that focuses more acutely on shareholder value.
- Regarding the proportional composition of remuneration, as a corporate group involved in food, the Company believes that it is the responsibility of the Group as a whole, and also a source and a foundation of corporate value, to guarantee a high level of safety and quality in our products, and to consistently ensure the stable supply of food, including wheat flour and other staple foods for the people. Based on a fundamental approach to offer an appropriate remuneration mix commensurate with this line of business, the Company's basic policy sets the starting line for the remuneration components – (1) fixed remuneration (basic remuneration), (2) variable remuneration (bonus), and (3) stock-based remuneration – is 70:15:15, with the amount and ratio of (2) and (3) variable based on business performance.
- The Company believes that while Outside Directors (excluding Audit & Supervisory Committee Members) are asked to function in a supervisory role with respect to management, it is also important to offer an appropriate set of incentives to improve the Company's medium- to long-term corporate value. Remuneration thus consists of fixed remuneration (basic remuneration) and stock-based remuneration within a prescribed scope.
- To ensure objectivity and propriety in the amount of remuneration, the remuneration standards for each management class are determined after referencing the results of surveys by external institutions, while also taking into account factors such as the responsibilities specific to the management class and the significance of its impact on Group management.

Details regarding bonus are as described in “d. Variable remuneration (bonus)” and stock-based remuneration is as described in “e. Non-monetary remuneration (stock-based remuneration)”; the method for determining remuneration is as described in “c. Matters regarding responsibility for determining specifics of remuneration for individual Directors (excluding Audit & Supervisory Committee Members).

- b. Matters regarding resolution by the General Meeting of Shareholders concerning remuneration for Directors

By a resolution at the 175th Ordinary General Meeting of Shareholders held on June 26, 2019, the Company set the maximum annual amounts of remuneration for Directors (excluding Audit & Supervisory Committee Members), consisting of a basic remuneration and bonus, at ¥400 million (including a maximum annual amount of ¥60 million for Outside Directors), and maximum annual amounts of ¥90 million for Directors who are also Audit & Supervisory Board Members. Furthermore, regarding the remuneration framework for the stock-based remuneration plan, by a resolution at the same meeting, the total number of the Company's shares granted to Directors (excluding Audit & Supervisory Committee Members) as the stock-based portion of remuneration is capped at 350,000 shares for any consecutive three fiscal years. Additionally, based on the plan, the total amount of the Company's contribution to the trust for these shares is capped at ¥300 million for every consecutive three fiscal-year period. Furthermore, a transfer restriction period (i.e., prohibiting the transfer, establishment of security interests or other treatment) was established regarding the Company's shares granted annually to Directors (excluding Audit & Supervisory Committee Members) applicable for a period of 3 years from the date of delivery. The resolution authorizes the Company to seek equivalent monetary compensation for the confiscation of any granted shares subject to the transfer restriction period from Directors involved in illegal or certain other activities taking place during the transfer restriction period.

These rules were applicable to 10 Directors, excluding Audit & Supervisory Committee Members (including three Outside Directors) and four Directors who are Audit & Supervisory Committee Members as of the conclusion of the 175th Ordinary General Meeting of Shareholders.

- c. Matters regarding responsibility for determining specifics of remuneration for individual Directors (excluding Audit & Supervisory Committee Members)

The Board of Directors passed a resolution stating that the levels of basic remuneration, bonus and the share-based portion of remuneration are determined for each Director (excluding Audit & Supervisory Committee Members) based primarily on a decision by the board president (President Nobuki Kemmoku). Decision-making pertaining to the aforementioned matters, which takes into account the responsibilities specific to the Directors and the significance of impact on Group management, are delegated to the president, deemed suitable given the responsibility vested in this role in overseeing business execution for the entire Group. To enhance both the independence and objectivity of the remuneration decision-making process, the approach regarding remuneration for Directors (excluding Audit & Supervisory Committee Members), including the proportional composition of remuneration, is discussed by the Outside Directors' Council, a body comprised of independent Outside Directors. The president decides the standard amounts for the basic remuneration, bonus and stock-based remuneration of each Director, taking into account the decision-making policy concerning specifics of individual remuneration for Directors (excluding Audit & Supervisory Committee Members; the same will apply hereinafter in c.) detailed as in a. above. With regard to remuneration for individual Directors for the fiscal year under review, the Board of Directors has determined that decisions regarding remuneration are indeed reflective of this decision-making policy, following receipt of a report detailing such decisions by the president in line with this policy.

- d. Variable remuneration (bonus)

Consolidated ordinary profit is used as a key indicator reflecting the results of the Group's overall management activities, thereby encouraging management that aims to improve upon prior-year performance. The amount paid, and the net increase or decrease from the previous year, is determined by the year-on-year percent change in consolidated ordinary profit. For the fiscal year under review, consolidated ordinary profit was ¥29.8 billion (down 4.9% year on year).

- e. Non-monetary remuneration (stock-based remuneration)

Directors (excluding Audit & Supervisory Committee Members) are granted a number of Company shares calculated based on standard amounts for each management class, together with a cash payment equivalent to applicable taxes for such shares. The Company has also established a set transfer restriction period for such granted shares. For details on stock-based remuneration, refer to "[4] Other Matters Related to Nisshin Seifun Group Inc., (1) Share-Related Matters, 8. Director and Employee Shareholding System."

- f. Remuneration for Directors who are Audit & Supervisory Committee Members

Remuneration for Directors who are also Audit & Supervisory Committee Members consists of fixed remuneration (basic remuneration) only. Remuneration for Directors who are Audit & Supervisory Committee Members is decided in accordance with remuneration standards for Audit & Supervisory Committee Members by the full-time Audit & Supervisory Committee Member (Mr. Shoh Ohuchi), after discussions with Directors who are Audit & Supervisory Committee Members.

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

Category of executives	Total amounts of remuneration (millions of yen)	Total amounts by category of remuneration (millions of yen)			Number of eligible executives
		Fixed remuneration (Basic remuneration)	Variable remuneration (Bonuses)	Stock-based remuneration	
Directors (excluding Audit & Supervisory Committee Members) (excluding Outside Directors)	246	176	35	34	8
Directors (Audit & Supervisory Committee Members) (excluding Outside Directors)	16	16	—	—	1
Outside Directors (including Audit & Supervisory Committee Members)	60	57	—	3	6

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

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

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

5. Status of stocks held

(1) Classification standards and approach to stocks for investment

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

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

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

(Ownership policy)

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

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

For individual stocks, after confirming the appropriateness of the purpose of ownership, as well as trading situation, earnings and financial situation, shareholder returns, and creditworthiness, the Board of Directors conducts a comparison of anticipated benefit of ownership with risk and capital cost, so that it can verify the rationality of holding such shares each year from a medium- to long-term perspective. Following verification, the Board of Directors devises steps to minimize the ownership of stocks failing to meet its rationale for ownership.

- b. Number of issuers and carrying value

	Number of issuers (Issuer)	Carrying value (millions of yen)
Unlisted stocks	8	25
Stocks other than unlisted stocks	32	89,617

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

	Number of issuers (Issuer)	Total acquisition cost for increase in number of shares (millions of yen)	Reason for increase in number of shares
Unlisted stocks	–	–	–
Stocks other than unlisted stocks	1	1	Purchase to maintain and strengthen trading relationships involving sales of merchandise and products

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

	Number of issuers (Issuer)	Total sale cost for decrease in number of shares (millions of yen)
Unlisted stocks	–	–
Stocks other than unlisted stocks	2	777

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

Specific stocks for investment

Issuer	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2020	Purpose for ownership, quantitative effect of ownership (Note 1) and reason for increase in number of shares	Company shares owned? (Note 2)
	Number of shares held	Number of shares held		
	Carrying value (millions of yen)	Carrying value (millions of yen)		
Yamazaki Baking Co., Ltd.	11,062,343	11,062,343	The Group sells merchandise and products to the issuer, and this stock ownership is designed to maintain and expand such business transactions.	Yes
	20,611	21,209		
NISSIN FOODS HOLDINGS CO., LTD.	1,264,982	1,264,982	The Group sells merchandise and products to the issuer, and this stock ownership is designed to maintain and expand such business transactions.	Yes
	10,299	10,483		
Mitsubishi Corporation	3,038,474	3,038,474	The Group sells merchandise and products to the issuer, and this stock ownership is designed to maintain and expand such business transactions.	Yes
	9,583	7,360		
Nichirei Corporation	2,719,750	2,719,750	The Group sells merchandise and products to the issuer, and this stock ownership is designed to maintain and expand such business transactions.	Yes
	7,879	7,293		
Sumitomo Corporation	4,180,244	4,180,244	The Group sells merchandise and products to the issuer, and this stock ownership is designed to maintain and expand such business transactions.	Yes
	6,690	5,518		
Kikkoman Corporation	660,486	660,486	The Group sells merchandise and products to the issuer, and this stock ownership is designed to maintain and expand such business transactions.	Yes
	4,546	2,979		
Eurogerm S.A.	634,580	634,580	This stock ownership is designed to solidify the business alliance concerning bread improvers and others in Asia between the Group and the issuer.	No
	3,869	2,074		
Hosokawa Micron Corporation	500,000	500,000	This stock ownership is designed to solidify the business alliance concerning the powder-processing machine and plant engineering businesses between the Group and the issuer.	No
	3,345	2,211		
Marubeni Corporation	3,135,511	3,135,511	The Group sells merchandise and products to the issuer, and this stock ownership is designed to maintain and expand such business transactions.	Yes
	2,793	1,865		
Nippon Express Co., Ltd.	320,800	320,800	There is a relationship of logistics transactions between the Group and the issuer, and this stock ownership is designed to maintain and expand such business transactions.	Yes
	2,645	1,598		
SHIMIZU CORPORATION	2,947,000	2,947,000	There is a contract relationship of construction and maintenance transactions between the Group and the issuer, and this stock ownership is designed to maintain and strengthen such business transactions.	Yes
	2,644	2,479		
Sumitomo Mitsui Financial Group, Inc.	606,994	674,394	There is a relationship of financial transactions between the Group and the issuer, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.	Yes
	2,453	1,957		

Issuer	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2020	Purpose for ownership, quantitative effect of ownership (Note 1) and reason for increase in number of shares	Company shares owned? (Note 2)
	Number of shares held	Number of shares held		
	Carrying value (millions of yen)	Carrying value (millions of yen)		
Toppan Printing Co., Ltd.	947,500	947,500	There is a relationship of purchasing transactions for packaging materials and other products between the Group and the issuer, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.	Yes
	1,767	1,570		
Kewpie Corporation	689,100	689,100	The Group and the issuer have a relationship of purchasing materials and others, and this stock ownership is designed to maintain and strengthen such business relationship.	Yes
	1,708	1,386		
Mitsubishi UFJ Financial Group, Inc.	2,571,450	3,727,150	There is a relationship of financial transactions between the Group and the issuer, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.	Yes
	1,553	1,635		
KYORIN Holdings, Inc.	754,000	754,000	The Group sells merchandise and products to the issuer, and this stock ownership is designed to maintain and expand such business transactions.	Yes
	1,494	1,522		
Hakuhodo DY Holdings Inc.	734,600	734,600	This ownership is designed to effectively engage in advertising and promotion activities of the Group through the issuer.	Yes
	1,387	808		
Nisshinbo Holdings Inc.	1,139,800	1,139,800	The Group sells merchandise and products to the issuer, and this stock ownership is designed to maintain and expand such business transactions.	Yes
	953	827		
Sumitomo Mitsui Trust Holdings, Inc.	192,033	192,033	There is a relationship of financial transactions between the Group and the issuer, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.	Yes
	742	607		
The Gunma Bank, Ltd.	1,507,620	1,507,620	There is a relationship of financial transactions between the Group and the issuer, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.	Yes
	592	461		
Dentsu Group Inc.	130,400	130,400	This ownership is designed to effectively engage in advertising and promotion activities of the Group through the issuer.	Yes
	504	301		
Mizuho Financial Group, Inc.	(Note 3) 294,651	2,946,513	There is a relationship of financial transactions between the Group and the issuer, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.	Yes
	478	375		
Tokio Marine Holdings, Inc.	59,770	59,770	There is a relationship of insurance transactions between the Group and the issuer, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.	Yes
	327	297		
Sompo Holdings, Inc.	43,312	43,312	There is a relationship of insurance transactions between the Group and the issuer, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.	Yes
	184	143		
The Nisshin Oillio Group, Ltd.	50,820	50,820	The Group and the issuer have a relationship of purchasing materials and others, and this stock ownership is designed to maintain and strengthen such business relationship.	Yes
	170	169		

Issuer	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2020	Purpose for ownership, quantitative effect of ownership (Note 1) and reason for increase in number of shares	Company shares owned? (Note 2)
	Number of shares held	Number of shares held		
	Carrying value (millions of yen)	Carrying value (millions of yen)		
YAMAE HISANO Co., Ltd.	96,381	94,897	[Purpose for ownership] The Group sells merchandise and products to the issuer, and this stock ownership is designed to maintain and expand such business transactions.	Yes
	111	125	[Reason for increase in number of shares] To further maintain and strengthen trading relationships pertaining to the sale of merchandise and products.	
The Chiba Bank, Ltd.	127,338	127,338	There is a relationship of financial transactions between the Group and the issuer, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.	Yes
	94	60		
The 77 Bank, Ltd.	42,521	42,521	There is a relationship of financial transactions between the Group and the issuer, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.	Yes
	67	54		
Dai-ichi Life Holdings, Inc.	23,000	23,000	There is a relationship of insurance transactions between the Group and the issuer, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.	Yes
	44	28		
Sojitz Corporation	123,527	123,527	The Group sells merchandise and products to the issuer, and this stock ownership is designed to maintain and expand such business transactions.	Yes
	38	32		
MS&AD Insurance Group Holdings, Inc.	8,241	8,241	There is a relationship of insurance transactions between the Group and the issuer, and this stock ownership is designed to maintain and strengthen the aforementioned relationship.	Yes
	26	24		
Meiji Machine Co., Ltd.	18,354	18,354	The Group purchases machinery and equipment from the issuer, and this stock ownership is designed to maintain and strengthen such business relationship.	Yes
	5	3		

Notes:

1. From the viewpoint of maintaining the confidentiality of transaction data, the quantitative effect of ownership for individual issuers is not shown. On January 28, 2021, the Board of Directors examined the qualitative and quantitative effect of ownership based on (2) a. (Method for examining ownership rationale and details of examination by the Board of Directors) above.
2. For cases in which stock is held in a holding company, the Company's stock ownership is shown based on the portion of ownership in the holding company's principal subsidiary.
3. Mizuho Financial Group, Inc. conducted a 10-for-1 consolidation of shares of common stock on October 1, 2020.

(3) Stocks for investment held solely for pure investment

There are no applicable matters to be reported.

[5] Financial Accounts

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

- (1) The Company's consolidated financial statements are prepared in conformity with the "Regulations Concerning Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" (Ministry of Finance Regulation No. 28, 1976).
- (2) The non-consolidated financial statements are prepared in conformity with the "Regulations Concerning Terminology, Forms, and Preparation Methods of Financial Statements (Ministry of Finance Regulation No. 59, 1963) (hereinafter, "Regulations on Financial Statements.")

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

2. Independent auditing of financial statements

Pursuant to the provisions of Article 193-2, Paragraph 1, of the Financial Instruments and Exchange Act, the Company arranged for the auditing firm Deloitte Touche Tohmatsu LLC to conduct independent audits of the consolidated and non-consolidated financial statements of the Company for the fiscal year under review (April 1, 2020 to March 31, 2021; the 177th fiscal term).

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

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

(1) Consolidated Financial Statements, etc.

1. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Year ended March 31, 2020 (As of March 31, 2020)		Year ended March 31, 2021 (As of March 31, 2021)	
Assets				
Current assets				
Cash and deposits		49,710		61,282
Notes and accounts receivable – trade		92,236		85,483
Securities		7,523		452
Inventories	Note 1	79,854	Note 1	81,606
Other		10,180		10,361
Allowance for doubtful accounts		(524)		(511)
Total current assets		238,980		238,674
Non-current assets				
Property, plant and equipment				
Buildings and structures, net	Notes 2, 3, 5	69,597	Notes 2, 3	68,269
Machinery, equipment and vehicles, net	Notes 2, 3	48,769	Notes 2, 3	51,256
Land	Note 5	45,791		45,877
Construction in progress		13,682		15,261
Right-of-use assets	Note 2	23,285	Note 2	28,055
Other, net	Note 2	7,360	Note 2	6,707
Total property, plant and equipment		208,487		215,428
Intangible assets				
Goodwill		42,743		45,551
Other		25,972		27,824
Total intangible assets		68,716		73,376
Investments and other assets				
Investment securities	Note 4	135,739	Note 4	147,168
Net defined benefit asset		308		301
Deferred tax assets		9,059		6,992
Other	Note 4	5,048	Note 4	5,602
Allowance for doubtful accounts		(126)		(128)
Total investments and other assets		150,030		159,935
Total non-current assets		427,234		448,740
Total assets		666,215		687,415

(Millions of yen)

	Year ended March 31, 2020 (As of March 31, 2020)	Year ended March 31, 2021 (As of March 31, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	53,730	47,946
Short-term loans payable	Note 5 18,078	5,547
Income taxes payable	5,829	5,022
Accrued expenses	21,814	21,869
Other	31,605	28,353
Total current liabilities	131,058	108,740
Non-current liabilities		
Bonds	20,000	20,000
Long-term loans payable	15,226	14,729
Lease obligations	30,989	36,673
Deferred tax liabilities	29,055	30,562
Provision for repairs	1,335	1,324
Net defined benefit liability	22,443	22,533
Long-term deposits received	5,577	5,618
Other	1,485	2,458
Total non-current liabilities	126,114	133,900
Total liabilities	257,172	242,640
Net assets		
Shareholders' equity		
Capital stock	17,117	17,117
Capital surplus	12,638	12,627
Retained earnings	332,342	341,241
Treasury shares	(11,172)	(10,997)
Total shareholders' equity	350,926	359,990
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	56,970	64,687
Deferred gains or losses on hedges	(53)	222
Foreign currency translation adjustment	(11,689)	9,314
Remeasurements of defined benefit plans	(1,158)	(1,125)
Total accumulated other comprehensive income	44,069	73,098
Subscription rights to shares	137	116
Non-controlling interests	13,908	11,569
Total net assets	409,042	444,774
Total liabilities and net assets	666,215	687,415

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Net sales	712,180	679,495
Cost of sales	Notes 1, 2, 3 512,356	Notes 1, 2, 3 490,410
Gross profit	199,824	189,084
Selling, general and administrative expenses	Notes 3, 4 170,971	Notes 3, 4 161,887
Operating profit	28,852	27,197
Non-operating income		
Interest income	496	159
Dividend income	2,867	2,811
Share of profit of entities accounted for using equity method	1,789	1,794
Rent income	295	317
Other	846	713
Total non-operating income	6,294	5,797
Non-operating expenses		
Interest expenses	3,163	2,782
Other	547	324
Total non-operating expenses	3,711	3,107
Ordinary profit	31,434	29,886
Extraordinary income		
Gain on sales of non-current assets	Note 5 104	Note 5 427
Gain on sales of investment securities	212	1,421
Gain on step acquisitions	7,272	—
Gain on sale of businesses	1,336	—
Total extraordinary income	8,925	1,849
Extraordinary losses		
Loss on retirement of non-current assets	Note 6 599	Note 6 608
Impairment loss	Note 7 5,224	Note 7 977
Business restructuring expenses	Note 8 1,028	Note 8 388
Other	212	—
Total extraordinary losses	7,064	1,974
Profit before income taxes	33,296	29,762
Income taxes – current	11,040	10,671
Income taxes – deferred	(1,414)	(863)
Total income taxes	9,625	9,807
Profit	23,670	19,954
Profit attributable to non-controlling interests	1,263	943
Profit attributable to owners of parent	22,407	19,011

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Profit	23,670	19,954
Other comprehensive income		
Valuation difference on available-for-sale securities	(5,620)	7,660
Deferred gains or losses on hedges	327	225
Foreign currency translation adjustment	(16,529)	21,366
Remeasurements of defined benefit plans	(417)	71
Share of other comprehensive income of entities accounted for using equity method	(84)	(25)
Total other comprehensive income	Note 1 (22,323)	Note 1 29,298
Comprehensive income	1,347	49,252
(Breakdown)		
Comprehensive income attributable to owners of parent	649	48,041
Comprehensive income attributable to non-controlling interests	698	1,211

(3) Consolidated Statements of Changes in Net Assets

Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	17,117	12,882	319,705	(11,403)	338,303
Changes of items during the period					
Dividends from surplus			(9,810)		(9,810)
Profit attributable to owners of parent			22,407		22,407
Purchase of treasury shares				(190)	(190)
Disposal of treasury shares		(24)		421	397
Change of fiscal term of consolidated subsidiaries			39		39
Change in ownership interest of parent due to transactions with non-controlling interests		(219)			(219)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(244)	12,636	231	12,623
Balance at the end of current period	17,117	12,638	332,342	(11,172)	350,926

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	62,669	(393)	4,086	(728)	65,634	167	14,743	418,848
Changes of items during the period								
Dividends from surplus								(9,810)
Profit attributable to owners of parent								22,407
Purchase of treasury shares								(190)
Disposal of treasury shares								397
Change of fiscal term of consolidated subsidiaries								39
Change in ownership interest of parent due to transactions with non-controlling interests								(219)
Net changes of items other than shareholders' equity	(5,699)	340	(15,775)	(430)	(21,565)	(29)	(834)	(22,429)
Total changes of items during the period	(5,699)	340	(15,775)	(430)	(21,565)	(29)	(834)	(9,806)
Balance at the end of current period	56,970	(53)	(11,689)	(1,158)	44,069	137	13,908	409,042

Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	17,117	12,638	332,342	(11,172)	350,926
Changes of items during the period					
Dividends from surplus			(10,111)		(10,111)
Profit attributable to owners of parent			19,011		19,011
Purchase of treasury shares				(133)	(133)
Disposal of treasury shares		(11)		307	296
Change in ownership interest of parent due to transactions with non-controlling interests		0			0
Net changes of items other than shareholders' equity					
Total changes of items during the period	–	(11)	8,899	174	9,063
Balance at the end of current period	17,117	12,627	341,241	(10,997)	359,990

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	56,970	(53)	(11,689)	(1,158)	44,069	137	13,908	409,042
Changes of items during the period								
Dividends from surplus								(10,111)
Profit attributable to owners of parent								19,011
Purchase of treasury shares								(133)
Disposal of treasury shares								296
Change in ownership interest of parent due to transactions with non-controlling interests								0
Net changes of items other than shareholders' equity	7,717	275	21,003	33	29,029	(21)	(2,339)	26,668
Total changes of items during the period	7,717	275	21,003	33	29,029	(21)	(2,339)	35,732
Balance at the end of current period	64,687	222	9,314	(1,125)	73,098	116	11,569	444,774

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Net cash provided by (used in) operating activities		
Profit before income taxes	33,296	29,762
Depreciation and amortization	21,235	22,271
Impairment loss	5,224	977
Amortization of goodwill	5,672	5,436
Loss (gain) on step acquisitions	(7,272)	–
Loss (gain) on sale of businesses	(1,336)	–
Increase (decrease) in net defined benefit liability	1,162	63
Decrease (increase) in net defined benefit asset	(31)	7
Interest and dividend income	(3,363)	(2,971)
Interest expenses	3,163	2,782
Share of (profit) loss of entities accounted for using equity method	(1,789)	(1,794)
Loss (gain) on sales of investment securities	(210)	(1,421)
Decrease (increase) in notes and accounts receivable – trade	3,883	9,798
Decrease (increase) in inventories	6,339	2,091
Increase (decrease) in notes and accounts payable – trade	(16,989)	(6,672)
Other, net	(1,458)	(439)
Subtotal	47,528	59,891
Interest and dividend income received	4,449	3,735
Interest expenses paid	(3,145)	(2,784)
Income taxes paid	(10,412)	(11,336)
Net cash provided by (used in) operating activities	38,420	49,506
Net cash provided by (used in) investing activities		
Payments into time deposits	(1,064)	(2,202)
Proceeds from withdrawal of time deposits	1,965	–
Purchase of securities	(1,771)	(881)
Proceeds from sales of securities	2,117	1,343
Purchase of property, plant and equipment and intangible assets	(21,919)	(17,359)
Purchase of investment securities	(554)	(39)
Proceeds from sales of investment securities	291	1,934
Proceeds from sale of businesses	1,426	–
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(77,189)	(275)
Other, net	(145)	376
Net cash provided by (used in) investing activities	(96,844)	(17,105)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	35,719	305
Decrease in short-term loans payable	(43,290)	(14,422)
Proceeds from long-term loans payable	10,000	400
Proceeds from issuance of bonds	19,888	–
Proceeds from sales of treasury shares	250	122
Purchase of treasury shares	(190)	(133)
Cash dividends paid	(9,810)	(10,111)
Dividends paid to non-controlling interests	(403)	(3,550)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(275)	(0)
Repayments of lease obligations	(3,549)	(3,874)
Other, net	(0)	–
Net cash provided by (used in) financing activities	8,337	(31,264)
Effect of exchange rate change on cash and cash equivalents	(1,451)	1,466
Net increase (decrease) in cash and cash equivalents	(51,537)	2,602
Cash and cash equivalents at beginning of period	107,374	56,550
Increase (decrease) in cash and cash equivalents resulting from change of fiscal year-end of subsidiaries	713	–
Cash and cash equivalents at end of period	Note 1 56,550	Note 1 59,152

[Notes to the Consolidated Financial Statements]

[Basis of Presentation of Consolidated Financial Statements]

1. Scope of consolidation

(1) Consolidated subsidiaries: 73 companies

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

(2) Changes in the scope of consolidation

- There were no significant changes in the scope of consolidation during the fiscal year under review.

2. Scope of the equity method

(1) Subsidiaries and affiliates accounted for by the equity method: 9 (1 non-consolidated subsidiary and 8 affiliates)

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

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

3. Accounting periods of consolidated subsidiaries

Of the Company's consolidated subsidiaries, Shin Nisshin Seifun Foods (Qingdao) Co., Ltd. and two other companies have accounting periods that differ from the consolidated accounting period. Consequently, financial statements used are based on provisional financial results tabulated as of the end date of the consolidated accounting period.

4. Significant accounting principles

(1) Valuation standards and methodology for material assets

a. Securities

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

Other securities

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

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

b. Derivatives

Derivative financial instruments are stated at fair market value.

c. Inventories

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

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

- (2) Depreciation and amortization methods for material depreciable assets
- a. Property, plant and equipment (excluding lease assets and right-of-use assets)
The Company and domestic consolidated subsidiaries mainly apply the declining balance method.
However, for buildings acquired on or after April 1, 1998 (excluding building fixtures) and building fixtures and structures acquired on or after April 1, 2016, they apply the straight-line method.
Foreign consolidated subsidiaries mainly apply the straight-line method.
 - b. Intangible assets (excluding lease assets)
Amortization is computed by the straight-line method.
Software used in-house is depreciated over its estimated useful life (within five years) based on the straight-line method.
 - c. Lease assets
Lease assets related to finance lease transactions that do not transfer ownership are depreciated using the straight-line method with estimated useful lives equal to lease terms, and zero residual values.
 - d. Right-of-use assets
Right-of-use assets are depreciated using the straight-line method with zero residual values.
- (3) Basis of material allowances
- a. Allowance for doubtful accounts
The Company and domestic consolidated subsidiaries provide for possible credit losses stemming from monetary receivables. Estimates of irrecoverable amounts are based on historical loan-loss ratios for general receivables, and on a consideration of feasibly recoverable amounts in individual cases of suspected bad debt or other specific dubious accounts. Specific claims are generally deemed irrecoverable in the case of foreign consolidated subsidiaries.
 - b. Provision for repairs
In advance of expenses pertaining to regular maintenance and repair of plant and equipment, certain consolidated subsidiaries post the estimated amount of such expense anticipated at the end of the fiscal year under review.
- (4) Accounting treatment of retirement benefits
- Regarding its retirement benefit asset and liability, in order to maintain retirement benefits for employees leaving the Company and already retired pension recipients, the Company subtracts retirement benefit asset from its retirement benefit obligation, based on estimates as of the end of the fiscal year under review.
- a. Imputation method for retirement benefit estimates
In calculating retirement benefit liability, the method for imputing the applicable period until the end of the fiscal year under review for the estimated retirement benefit is determined by the benefit calculation standard.
 - b. Treatment method for actuarial differences and expenses related to prior service cost
Prior service cost is amortized on a straight-line basis over a period equaling the average remaining service period of employees (mainly 15 years) expected to receive pension benefits as of the fiscal year-end.
Actuarial differences are amortized on a straight-line basis from the following fiscal year over a period equaling the average remaining service period of employees (mainly 15 years) expected to receive pension benefits as of the consolidated fiscal year-end.
- (5) Significant hedging transactions
- a. Hedging transactions are accounted for on a deferred basis. However, the contracted exchange rates are applied in the case of any monetary claims, obligations or similar items denominated in foreign currencies with assigned foreign currency forwards or other hedging instruments.
 - b. Hedging methods: Derivative transactions (including forward exchange contracts and currency purchase put/call options)
Hedged items: Any monetary receivables and payables and planned trading transactions that are denominated in foreign currencies.
 - c. The Company employs derivative financial instruments only for the aforementioned transactions purely to manage fluctuations in foreign currency exchange rates.
 - d. Hedging evaluation
Since hedging methods and the target of each hedging transaction share the same conditions that apply at the start of hedging activities and throughout subsequent periods, the Company's hedging approach enables exchange rate fluctuations to be offset completely. Hence, the Company considers its hedging method to be highly effective.

(6) Goodwill amortization and amortization periods

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

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

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

(8) Accounting treatment of consumption tax

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

[Significant accounting estimates]

Evaluation of goodwill and other intangible assets

The acquisition cost of companies or businesses acquired as a result of corporate merger is allocated to relevant assets or liabilities. In cases in which the acquisition cost exceeds the net value of assets or liabilities, any excess is posted to assets as goodwill. For the duration of their effect, goodwill and other intangible assets are regularly amortized. Impairment measures are applied to any remaining unamortized value. In cases in which the book value of goodwill and other intangible assets is deemed unrecoverable, the value of such assets is lowered to an amount that is recoverable.

Impairment measures may become necessary in the event that the recoverable value falls below the book value due to future changes in the business environment or other factors.

1. Evaluation of goodwill and other intangible assets (client-related assets) pertaining to the Australia flour milling business

(1) Monetary figures posted to consolidated financial statements for the fiscal year under review

(Millions of yen)

	Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Goodwill	34,945
Other (Intangible assets)	19,655

(2) Information related to significant accounting estimates pertaining to distinguishable items

On April 1, 2019, the Group purchased 100% of the shares of PFG Topco1 Pty Ltd., the parent company of Australian flour milling company Allied Pinnacle Pty Ltd. For the distinguishable goodwill and other intangible assets (client-related assets) from this purchase, any value amortized in years past during the effect of these assets has been posted to the consolidated balance sheets.

The Group is closely monitoring whether excess earnings capacity projected at the time of the share acquisition will materialize at a future date, and is conducting a comparative analysis of business plans at the time of the purchase with results and forecasts of future business performance, and will recognize the existence of any signs of impairment, including any dramatic worsening in the management environment. An examination of the market growth rate for wheat flour, prepared mix, bakery-related ingredients and other products in the future Australian market and sales revenue forecasts has led to Group to determine that there are no signs of impairment pertaining to the goodwill or other intangible assets of the Australia flour milling business.

2. Evaluation of goodwill and other intangible assets (client-related assets) pertaining to the Prepared Dishes and Other Prepared Foods businesses

(1) Monetary figures posted to consolidated financial statements for the fiscal year under review

(Millions of yen)

	Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Goodwill	9,742
Other (Intangible assets)	3,976

(2) Information related to significant accounting estimates pertaining to distinguishable items

On July 4, 2019, the Group acquired an additional 51% of the common shares of comprehensive prepared dish

supplier Tokatsu Foods Co., Ltd., formerly one of the Company's affiliates. For goodwill and other intangible assets (client-related assets) distinguishable upon conversion to a consolidated subsidiary, any value amortized in years past during the effect of these assets has been posted to the consolidated balance sheets.

The Group is closely monitoring whether excess earnings capacity projected at the time of the share acquisition will materialize sometime in the future, and is conducting a comparative analysis of business plans and results at the time of consolidation with forecasts of future business performance, and will recognize the existence of any signs of impairment, including any dramatic worsening in the management environment. An examination of the market growth rate for prepared dishes and other prepared foods in the future and sales revenue forecasts has led to Group to determine that there are no signs of impairment pertaining to the goodwill or other intangible assets of Tokatsu Foods Co., Ltd.

[Accounting Standards Not Yet Applied, etc.]

- “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020, Accounting Standards Board of Japan)
- “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 26, 2021, Accounting Standards Board of Japan)

(1) Overview

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

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

(2) Planned date of application

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

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

In accordance with transitional procedures outlined in item 84 of the Accounting Standard for Revenue Recognition, any accumulated effects from the prior retroactive application of new accounting policies are added or deducted from retained earnings at the start of the fiscal year ending March 31, 2022, with the new accounting policies applied from the beginning of the same year. This will result in a negligible impact on retained earnings at the start of the fiscal year ending March 31, 2022.

- “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019, Accounting Standards Board of Japan)
- “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, July 4, 2019, Accounting Standards Board of Japan)
- “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019, Accounting Standards Board of Japan)
- “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, July 4, 2019, Accounting Standards Board of Japan)
- “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 31, 2020, Accounting Standards Board of Japan)

(1) Overview

In light of virtually identical and detailed guidance issued by the International Accounting Standards Board (IASB) and the U.S. Financial Accounting Standards Board (FASB), specifically “Fair Value Measurement” (IFRS 13) under international financial reporting standards and Accounting Standards Codification – “Fair Value Measurement (Topic 820)” under U.S. accounting standards, the Accounting Standards Board of Japan (ASBJ) has taken steps to bringing Japan standards into conformity with international accounting standards, particularly with respect to guidance and disclosure regarding the fair value of financial instruments. This decision resulted in announcement of the Accounting Standard for Fair Value Measurement.

As a basic policy in development of the accounting standard regarding measurement of fair value, ASBJ opted essentially to adopt IFRS 13 in its entirety, with a view to improving the comparability of financial statements between Japanese and foreign companies by utilizing a unified measurement approach. Additionally, in consideration of actual practice in Japan to date, ASBJ has defined other procedures with respect to individual item categories within a scope that will not significantly harm comparability between financial statements.

(2) Planned date of application

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

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

Application of the “Accounting Standard for Fair Value Measurement,” etc. will have a negligible impact on the consolidated financial statements.

[Changes in Disclosure]

[Consolidated Statements of Cash Flows]

Due to growth in its monetary importance, “Dividends paid to non-controlling interests,” included within “Other, net” under “Net cash provided by (used in) financing activities” in the previous fiscal year (ended March 31, 2020), has been reported as a separate line item for the fiscal year ended March 31, 2021. Consolidated financial statements for the previous fiscal year have been restated to reflect this change in disclosure.

As a result, a loss of ¥404 million reported as “Other, net” under “Net cash provided by (used in) financing activities” in the Consolidated Statements of Cash Flows for the previous fiscal year (ended March 31, 2020) has been restated as a loss of ¥403 million reported as “Dividends paid to non-controlling interests,” and a loss of ¥0 million reported as “Other, net.”

[Application of “Accounting Standard for Disclosure of Accounting Estimates”]

The Company has applied the “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31, March 31, 2020) to consolidated financial statements relevant to the end of the fiscal year under review.

Notes concerning significant accounting estimates are listed in the consolidated financial statements. However, in accordance with transitional procedures outlined in item 11 of the accounting standard, content pertaining to the previous fiscal year is not listed.

[Additional Information]

1. Stock-based remuneration plan

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

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

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

(1) Transaction overview

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

(2) Company shares remaining in the trust

Depending on the carrying value of the trust (excluding money for attendant expenses), Company shares remaining in the trust are posted as part of “Treasury shares” under “Net assets.” As of March 31, 2020, the carrying value of such treasury shares was ¥87 million, accounting for 38,400 shares. As of March 31, 2021, the carrying value of such treasury shares was ¥45 million, accounting for 25,000 shares.

2. Assumption of the impact of the novel coronavirus in development of accounting estimates

The pandemic spread of the novel coronavirus has altered the circumstances of clients and the market environment in countries and regions worldwide, causing a subsequent change in demand. Based on the information available, the Company is developing estimates for accounting purposes that include those for impairment of non-current assets and the recoverability of deferred tax assets. These estimates are based on assumptions that project a gradual turn toward recovery over time despite fluctuation in demand for each product caused by a repeated pattern of growth and retreat of the virus in countries and regions worldwide.

[Consolidated Balance Sheets]

1. Components of inventories are as follows.

	Year ended March 31, 2020 (As of March 31, 2020)	Year ended March 31, 2021 (As of March 31, 2021)
Merchandise and finished goods	¥29,024 million	¥30,881 million
Work in process	¥4,441 million	¥5,483 million
Raw materials and supplies	¥46,387 million	¥45,241 million

2. Accumulated depreciation of property, plant and equipment

	Year ended March 31, 2020 (As of March 31, 2020)	Year ended March 31, 2021 (As of March 31, 2021)
	¥320,544 million	¥336,333 million

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

	Year ended March 31, 2020 (As of March 31, 2020)	Year ended March 31, 2021 (As of March 31, 2021)
Accumulated reduction entry of property, plant and equipment	¥351 million	¥351 million

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

	Year ended March 31, 2020 (As of March 31, 2020)	Year ended March 31, 2021 (As of March 31, 2021)
Investment securities	¥20,332 million	¥21,168 million
Others	¥162 million	¥169 million
[Investments in joint ventures included in the above]	[¥162 million]	[¥169 million]

5. Collateral assets

The breakdown of collateral assets is as follows.

	Year ended March 31, 2020 (As of March 31, 2020)	Year ended March 31, 2021 (As of March 31, 2021)
Buildings and structures	¥3,785 million	—
Land	¥3,278 million	—
Total	¥7,064 million	—

The breakdown of collateral liabilities is as follows.

	Year ended March 31, 2020 (As of March 31, 2020)	Year ended March 31, 2021 (As of March 31, 2021)
Short-term loans payable	¥5,300 million	—

[Consolidated Statements of Income]

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

	Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
	¥13 million	¥1 million

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

	Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
	¥399 million	¥394 million

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

	Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
	¥6,538 million	¥6,593 million

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

	Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Sales freight expenses	¥51,263 million	¥50,728 million
Sales promotion expenses	¥41,209 million	¥36,417 million
Salaries	¥18,858 million	¥18,933 million
Bonuses and allowance	¥12,513 million	¥12,104 million
Retirement benefit expenses	¥1,371 million	¥1,473 million

5. Gain on sales of non-current assets

Year ended March 31, 2020 (April 1, 2019 to March 31, 2020) and Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

This figure mainly reflects gains on the sale of land.

6. Loss on retirement of non-current assets

Year ended March 31, 2020 (April 1, 2019 to March 31, 2020) and Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

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

7. Impairment losses

Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

Impairment losses were posted for the asset groups below during the fiscal year ended March 31, 2020.

Location	Application	Type
United States	— (Flour Milling)	Goodwill
	Business assets (Flour Milling)	Buildings and structures; machinery, equipment and vehicles; others
City of Tsuru (Yamanashi Pref.), others	Business assets (Others)	Buildings and structures; machinery, equipment and vehicles
City of Kawasaki (Kanagawa Pref.)	Business assets (Others)	Buildings and structures; machinery, equipment and vehicles; others

The Nisshin Seifun Group categorizes assets based on the smallest unit that largely generates cash flows independently from the cash flows of other assets and asset groups.

Regarding goodwill for the U.S. flour milling business in the Flour Milling Segment, following comprehensive consideration of factors surrounding a downturn in business performance due to intensifying sales competition, the Company conducted an impairment test based on U.S. GAAP. This resulted in a reduction in the book value of this business to its fair value, and the subsequent posting of an impairment loss of ¥3,003 million under extraordinary losses. The breakdown of the impairment loss is ¥3,003 million in goodwill.

A discount rate of 8.5% was used in the calculation of fair value.

Furthermore, following the decision to close the Minnesota-based New Prague Plant in the U.S. flour milling business, the Company reduced the book value of assets from this plant to their recoverable value. This resulted in the subsequent posting of an impairment loss of ¥866 million under extraordinary losses. The breakdown of the impairment loss is ¥358 million in buildings and structures, ¥159 million in machinery, equipment and vehicles, and ¥347 million in others.

The recoverable value for the above asset groups is measured based on net sale value.

Regarding manufacturing equipment for mesh cloth used in screen printing by NBC Meshtec Inc. in the Others Segment, because future cash flow anticipated from this equipment has fallen below its book value due to changes in the market environment, the Company reduced the book value of this asset to its recoverable value. This resulted in the subsequent posting of an impairment loss of ¥912 million under extraordinary losses. The breakdown of the impairment loss is ¥636 million in buildings and structures, and ¥276 million in machinery, equipment and vehicles.

The recoverable value for the above asset groups is measured based on the usable value (discount rate of 15.1%).

Additionally, regarding the pet food manufacturing equipment of Nisshin Petfood Inc., due to the decision made to exit the manufacturing business at the end of March 2021, the Company reduced the book value of this asset to the recoverable value it expects to realize by the date of exit from this business. This resulted in the posting of an impairment loss of ¥442 million under extraordinary losses. The breakdown of the impairment loss is ¥99 million in buildings and structures, ¥323 million in machinery, equipment and vehicles, and ¥19 million in others.

The recoverable value for the above asset groups is measured based on the usable value (discount rate of 9.6%).

Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

Impairment losses were posted for the asset groups below during the fiscal year ended March 31, 2021.

Location	Application	Type
City of Kawasaki (Kanagawa Pref.)	Business assets (Others)	Buildings and structures

The Nisshin Seifun Group categorizes assets based on the smallest unit that largely generates cash flows independently from the cash flows of other assets and asset groups.

With the decision to dismantle and remove the production plant and R&D buildings of the pet food business, the Company reduced the book value of these assets to their recoverable value. This resulted in the subsequent posting of an impairment loss of ¥977 million under extraordinary losses. The breakdown of the impairment loss consists of buildings and structures and expenses for their dismantlement. In light of the decision to remove the buildings and structures, the net sale value of these assets is assessed as zero.

8. Business restructuring expenses

Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

Business restructuring expenses consist primarily of expenses related to the closure of the Minnesota-based New Prague Plant in the U.S. flour milling business, and expenses related to transfer of the pet food business.

Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

Business restructuring expenses consist primarily of expenses accompanying the termination of production in the pet food business.

[Consolidated Statements of Comprehensive Income]

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

	Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Valuation difference on available-for-sale securities		
Gain (Loss) in the current period	¥(7,826) million	¥12,465 million
Reclassification adjustment	¥(202) million	¥(1,396) million
Before tax effect adjustment	¥(8,029) million	¥11,068 million
Tax effect	¥2,408 million	¥(3,408) million
Valuation difference on available-for-sale securities	¥(5,620) million	¥7,660 million
Deferred gains or losses on hedges		
Gain (Loss) in the current period	¥525 million	¥312 million
Reclassification adjustment	¥(52) million	¥8 million
Before tax effect adjustment	¥472 million	¥321 million
Tax effect	¥(145) million	¥(95) million
Deferred gains or losses on hedges	¥327 million	¥225 million
Foreign currency translation adjustment		
Gain (Loss) in the current period	¥(16,529) million	¥21,366 million
Remeasurements of defined benefit plans		
Gain (Loss) in the current period	¥(764) million	¥(160) million
Reclassification adjustment	¥161 million	¥262 million
Before tax effect adjustment	¥(602) million	¥102 million
Tax effect	¥185 million	¥(30) million
Remeasurements of defined benefit plans	¥(417) million	¥71 million
Share of other comprehensive income of entities accounted for using equity method		
Gain (Loss) in the current period	¥(84) million	¥(25) million
Total other comprehensive income	¥(22,323) million	¥29,298 million

[Consolidated Statements of Changes in Net Assets]

Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

1. Type and number of issued shares and treasury shares

(Thousands of shares)

	Number of shares at the beginning of the year	Increase in shares during the year	Decrease in shares during the year	Number of shares at the end of the year
Issued shares				
Common stock	304,357	—	—	304,357
Treasury shares				
Common stock	7,234	76	231	7,079

Notes:

- Portion of the increase in common stock accounted for by treasury shares:
75 thousand shares, as a result of share delivery trust
1 thousand shares, as result of repurchasing sub-MTU (minimum trading unit) shares
- Portion of the decrease in common stock accounted for by treasury shares:
0 thousand shares, as a result of sale of sub-MTU (minimum trading unit) shares
59 thousand shares, as a result of share delivery trust
172 thousand shares, as result of exercise of stock options
- The treasury shares as of March 31, 2020 include 38,000 Company shares held by The Master Trust Bank of Japan, Ltd. as trust assets for the stock-based remuneration plan.

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

Category	Composition of the subscription rights to shares	Type of shares to be issued	Number of shares to be issued				Balance at the end of the year (millions of yen)
			At the beginning of the year	Increase during the year	Decrease during the year	At the end of the year	
Nisshin Seifun Group, Inc. (parent company)	Subscription rights to shares as stock options			—			137
Total				—			137

3. Dividends

(1) Dividends paid

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

- Dividends on common stock:
 - Total dividends to be paid ¥4,755 million
 - Dividend per share ¥16
 - Record date March 31, 2019
 - Effective date June 27, 2019

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

The following resolution was made at the meeting of the Board of Directors held on October 29, 2019.

- Dividends on common stock:
 - Total dividends to be paid ¥5,054 million
 - Dividend per share ¥17
 - Record date September 30, 2019
 - Effective date December 6, 2019

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

- (2) Dividends for which the record date came during the year ended March 31, 2020, but for which the effective date will come after said period

The following resolution was made at the meeting of the Board of Directors held on May 14, 2020.

- Dividends on common stock:
 - i) Total dividends to be paid ¥5,055 million
 - ii) Source of dividends Retained earnings
 - iii) Dividend per share ¥17
 - iv) Record date March 31, 2020
 - v) Effective date June 26, 2020

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

Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

1. Type and number of issued shares and treasury shares

(Thousands of shares)

	Number of shares at the beginning of the year	Increase in shares during the year	Decrease in shares during the year	Number of shares at the end of the year
Issued shares Common stock	304,357	—	—	304,357
Treasury shares Common stock	7,079	84	180	6,983

Notes:

1. Portion of the increase in common stock accounted for by treasury shares:
 - 83 thousand shares, as a result of share delivery trust
 - 1 thousand shares, as result of repurchasing sub-MTU (minimum trading unit) shares
2. Portion of the decrease in common stock accounted for by treasury shares:
 - 0 thousand shares, as a result of sale of sub-MTU (minimum trading unit) shares
 - 96 thousand shares, as a result of share delivery trust
 - 84 thousand shares, as result of exercise of stock options
3. The treasury shares as of March 31, 2021 include 25,000 Company shares held by The Master Trust Bank of Japan, Ltd. as trust assets for the stock-based remuneration plan.

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

Category	Composition of the subscription rights to shares	Type of shares to be issued	Number of shares to be issued				Balance at the end of the year (millions of yen)
			At the beginning of the year	Increase during the year	Decrease during the year	At the end of the year	
Nisshin Seifun Group, Inc. (parent company)	Subscription rights to shares as stock options			—			116
Total				—			116

3. Dividends

(1) Dividends paid

The following resolution was made at the meeting of the Board of Directors held on May 14, 2020.

- Dividends on common stock:
 - i) Total dividends to be paid ¥5,055 million
 - ii) Dividend per share ¥17
 - iii) Record date March 31, 2020
 - iv) Effective date June 26, 2020

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

The following resolution was made at the meeting of the Board of Directors held on October 27, 2020.

- Dividends on common stock:
 - i) Total dividends to be paid ¥5,056 million
 - ii) Dividend per share ¥17
 - iii) Record date September 30, 2020
 - iv) Effective date December 4, 2020

(Note) “Total dividends to be paid” includes dividends of ¥2 million for Company shares held by the Master Trust Bank of Japan, Ltd. as trust assets for the stock-based remuneration plan.

(2) Dividends for which the record date came during the year ended March 31, 2021, but for which the effective date will come after said period

The following resolution was made at the Ordinary General Meeting of Shareholders held on June 25, 2021.

- Dividends on common stock:
 - i) Total dividends to be paid ¥5,949 million
 - ii) Source of dividends Retained earnings
 - iii) Dividend per share ¥20
 - iv) Record date March 31, 2021
 - v) Effective date June 28, 2021

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

[Consolidated Statements of Cash Flows]

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

	Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Cash and deposits	¥49,710 million	¥61,282 million
Securities	¥7,523 million	¥452 million
Total	¥57,233 million	¥61,735 million
Time deposits with maturities of more than three months	—	¥(2,335) million
Debt securities with maturities of more than three months	¥(683) million	¥(247) million
Cash and cash equivalents at end of period	¥56,550 million	¥59,152 million

[Leases]

1. Finance leases (for the lessee)

Finance leases other than those that transfer ownership

(1) Details of the lease assets

- a. Property, plant and equipment: comprised mainly of production equipment (machinery, equipment and vehicles) in the Prepared Dishes and Other Prepared Foods Segment.
- b. Intangible assets: software

(2) Depreciation and amortization of the lease assets

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

2. Operating leases

Future minimum lease commitments under non-cancelable operating leases

(Lessee)

(Millions of yen)

	Year ended March 31, 2020 (As of March 31, 2020)	Year ended March 31, 2021 (As of March 31, 2021)
Due within one year	456	376
Due after one year	2,930	2,627
Total	3,386	3,003

(Lessor)

(Millions of yen)

	Year ended March 31, 2020 (As of March 31, 2020)	Year ended March 31, 2021 (As of March 31, 2021)
Due within one year	204	204
Due after one year	3,960	3,755
Total	4,165	3,960

3. IFRS lease transactions

(1) Details of the right-of-use assets

Comprised mainly of rights to use of land, buildings and structures.

(2) Depreciation and amortization of the right-of-use assets

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

[Financial Instruments]

1. Status of financial instruments

(1) Policies on financial instruments

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

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

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

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

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

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

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

Most notes and accounts payable – trade, as operating payables, have a maturity for payment within one year. Short-term loans payable are procured mainly for use as operating capital. While these instruments are exposed to liquidity risk, the Group largely manages them by making each Group company prepare a cash-flow projection.

Long-term loans payable and bonds function mainly to procure necessary capital for business investment and other purposes, and have fixed interest rates.

As for derivative transactions, the Group uses forward foreign exchange contracts, currency options and the like to hedge against the adverse impact of future fluctuations in foreign currency exchange rates on specific foreign currency denominated assets and liabilities including notes and accounts receivable – trade and notes and accounts payable – trade. Meanwhile, some foreign consolidated subsidiaries use commodity futures and other financial instruments targeting wheat to hedge against the risk of future fluctuations in the market for wheat and other risks. These derivative transactions often entail a general market risk due to the fluctuation of rates. To reduce the exposure to market risk, derivative transactions beyond the targeted, real demand are forbidden by the internal regulations of each Group company, and the regulations set forth a certain percentage of allowable derivative transactions against the total relevant underlying trading amounts. Currency options are limited only to buying put/call options (long position) in accordance with the respective internal regulations. These transactions are traded by the Finance and Accounting Division of the Company mainly based on the instructions given by the governing department of the operating company that might suffer from the exchange-rate fluctuation risk. At several consolidated subsidiaries, they are traded by the department in charge of financial affairs at each company mainly based on the instructions given by the governing department. In managing the derivative transactions, the aforementioned Finance and Accounting Division of the Company or the department in charge of financial affairs at each company receives a notice of position balances on derivative transactions every month from the correspondent bank, checks how these balances agree with performance figures and reports the monitored results to the Division Executive of the Finance and Accounting Division of the Company or the director of the department in charge of financial affairs at each company and the responsible director of the governing department. The Group believes that the risk that the counterparty to its derivative transactions could default is almost insignificant as the Group enters into derivative transactions only with financial institutions of high caliber.

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

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

2. Fair value of financial instruments, etc.

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

Year ended March 31, 2020 (As of March 31, 2020)

	(Millions of yen)		
	Carrying value	Fair value	Unrealized gains (losses)
(1) Cash and deposits	49,710	49,710	—
(2) Notes and accounts receivable – trade	92,236	92,236	—
(3) Securities and investment securities			
Other securities	118,304	118,304	—
Total assets	260,251	260,251	—
(1) Notes and accounts payable – trade	53,730	53,730	—
(2) Short-term loans payable	13,490	13,490	—
(3) Bonds	20,000	19,690	(309)
(4) Long-term loans payable	19,814	19,669	(144)
Total liabilities	107,035	106,581	(453)
Derivative transactions*			
1) Transactions for which hedge accounting has not been adopted	133	133	—
2) Transactions for which hedge accounting has been adopted	(98)	(98)	—
Total derivative transactions	35	35	—

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

Year ended March 31, 2021 (As of March 31, 2021)

(Millions of yen)

	Carrying value	Fair value	Unrealized gains (losses)
(1) Cash and deposits	61,282	61,282	—
(2) Notes and accounts receivable – trade	85,483	85,483	—
(3) Securities and investment securities			
Other securities	121,833	121,833	—
Total assets	268,599	268,599	—
(1) Notes and accounts payable – trade	47,946	47,946	—
(2) Short-term loans payable	4,307	4,307	—
(3) Bonds	20,000	19,373	(626)
(4) Long-term loans payable	15,969	15,639	(330)
Total liabilities	88,223	87,266	(957)
Derivative transactions*			
1) Transactions for which hedge accounting has not been adopted	11	11	—
2) Transactions for which hedge accounting has been adopted	222	222	—
Total derivative transactions	234	234	—

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

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

Assets

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

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

(3) Securities and investment securities

The calculation of the fair value of stocks is based on the prices traded at the stock exchange. The calculation of the fair value of bonds is based on the prices traded at the stock exchange or the prices presented by the correspondent financial institution. Notable matters regarding securities held for holding purposes are listed in the Notes under “Securities.”

Liabilities

(1) Notes and accounts payable – trade and (2) Short-term loans payable

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

(3) Bonds and (4) Long-term loans payable

The calculation is based on the current value, which is calculated using future cash flow discounted by the interest rate based on government bond yield or other appropriate indicator plus credit spread.

Derivative transactions

Refer to the Notes under “Derivative Transactions.”

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

(Millions of yen)

Classification	Year ended March 31, 2020 (As of March 31, 2020)	Year ended March 31, 2021 (As of March 31, 2021)
Unlisted stocks	22,086	22,913

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

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

Year ended March 31, 2020 (As of March 31, 2020)

(Millions of yen)

	Due within one year	Due after one year but within five years
Cash and deposits	49,710	—
Notes and accounts receivable – trade	92,236	—
Securities and investment securities		
Other securities with maturity dates (government bonds)	7,531	—
Total	149,478	—

Year ended March 31, 2021 (As of March 31, 2021)

(Millions of yen)

	Due within one year	Due after one year but within five years
Cash and deposits	61,282	—
Notes and accounts receivable – trade	85,483	—
Securities and investment securities		
Other securities with maturity dates (government bonds)	453	—
Total	147,218	—

Note 4: Repayment schedule for short-term loans payable, bonds and long-term loans payable after the consolidated closing date (March 31)

Year ended March 31, 2020 (As of March 31, 2020)

(Millions of yen)

	Due within one year	Due after one year but within two years	Due after two years but within three years	Due after three years but within four years	Due after four years but within five years	Due after five years
Short-term loans payable	13,490	—	—	—	—	—
Bonds	—	—	—	—	—	20,000
Long-term loans payable	4,587	1,136	1,141	1,147	934	10,867
Total	18,078	1,136	1,141	1,147	934	30,867

Year ended March 31, 2021 (As of March 31, 2021)

(Millions of yen)

	Due within one year	Due after one year but within two years	Due after two years but within three years	Due after three years but within four years	Due after four years but within five years	Due after five years
Short-term loans payable	4,307	—	—	—	—	—
Bonds	—	—	—	—	—	20,000
Long-term loans payable	1,239	1,296	1,302	1,086	379	10,664
Total	5,547	1,296	1,302	1,086	379	30,664

[Securities]

1. Securities classified as other securities

Year ended March 31, 2020 (As of March 31, 2020)

(Millions of yen)

	Item	Carrying value	Acquisition cost	Unrealized gains (losses)
Securities whose carrying value exceeds their acquisition cost	(1) Equity securities	109,498	27,177	82,320
	(2) Bonds:			
	a. Government and municipal bonds	7,157	7,156	1
	b. Corporate bonds	—	—	—
	c. Other	—	—	—
	(3) Other	—	—	—
	Subtotal	116,656	34,334	82,322
Securities whose carrying value does not exceed their acquisition cost	(1) Equity securities	1,281	1,733	(451)
	(2) Bonds:			
	a. Government and municipal bonds	366	366	(0)
	b. Corporate bonds	—	—	—
	c. Other	—	—	—
	(3) Other	—	—	—
	Subtotal	1,648	2,099	(451)
Total		118,304	36,433	81,870

Note:

The above “other securities” do not include unlisted stocks with a carrying value of ¥4,626 million because they have no market prices and may require excessive cost to estimate their future cash flows, and it is therefore regarded as extremely difficult to identify their current fair value.

Year ended March 31, 2021 (As of March 31, 2021)

(Millions of yen)

	Item	Carrying value	Acquisition cost	Unrealized gains (losses)
Securities whose carrying value exceeds their acquisition cost	(1) Equity securities	119,473	26,213	93,259
	(2) Bonds:			
	a. Government and municipal bonds	—	—	—
	b. Corporate bonds	—	—	—
	c. Other	—	—	—
	(3) Other	—	—	—
	Subtotal	119,473	26,213	93,259
Securities whose carrying value does not exceed their acquisition cost	(1) Equity securities	1,907	2,232	(324)
	(2) Bonds:			
	a. Government and municipal bonds	452	452	—
	b. Corporate bonds	—	—	—
	c. Other	—	—	—
	(3) Other	—	—	—
	Subtotal	2,360	2,685	(324)
Total		121,833	28,899	92,934

Note:

The above “other securities” do not include unlisted stocks with a carrying value of ¥4,619 million because they have no market prices and may require excessive cost to estimate their future cash flows, and it is therefore regarded as extremely difficult to identify their current fair value.

2. Sale of securities classified as other securities

Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)

Type	Proceeds from sales	Total gain on sales	Total loss on sales
Equity securities	291	212	—

Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

Type	Proceeds from sales	Total gain on sales	Total loss on sales
Equity securities	1,934	1,421	(0)

[Derivative Transactions]

1. Derivative transactions for which hedge accounting is not adopted

(1) Currency-related

Year ended March 31, 2020 (As of March 31, 2020)

(Millions of yen)

Classification	Type of transactions	Contract amounts		Fair value	Unrealized gains (losses)
			Portion due after one year		
Market transactions	Currency futures: Buy: Canadian dollar	991	—	(49)	(49)
Non-market transactions	Forward foreign exchange contracts:				
	Sell: U.S. dollar	198	—	0	0
	Euro	26	—	0	0
	Buy: U.S. dollar	762	—	47	47
	Euro	51	—	1	1
	Yen	2	—	0	0
	British pound	11	—	(0)	(0)
Total		2,044	—	0	0

Note:

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

Year ended March 31, 2021 (As of March 31, 2021)

(Millions of yen)

Classification	Type of transactions	Contract amounts		Fair value	Unrealized gains (losses)
			Portion due after one year		
Market transactions	Currency futures: Buy: Canadian dollar	600	—	5	5
Non-market transactions	Forward foreign exchange contracts:				
	Sell: U.S. dollar	220	—	(10)	(10)
	Euro	55	—	(1)	(1)
	Buy: U.S. dollar	774	—	28	28
	Euro	59	—	0	0
	Yen	1	—	(0)	(0)
	British pound	6	—	0	0
Total		1,717	—	23	23

Note:

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

(2) Commodity-related

Year ended March 31, 2020 (As of March 31, 2020)

(Millions of yen)

Classification	Type of transactions	Contract amounts		Fair value	Unrealized gains (losses)
			Portion due after one year		
Market transactions	Commodity futures:				
	Sell: Wheat	4,076	6	(86)	(86)
	Buy: Wheat	4,585	134	219	219
Total		8,661	141	133	133

Note:

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

Year ended March 31, 2021 (As of March 31, 2021)

(Millions of yen)

Classification	Type of transactions	Contract amounts		Fair value	Unrealized gains (losses)
			Portion due after one year		
Market transactions	Commodity futures:				
	Sell: Wheat	6,719	—	120	120
	Buy: Wheat	4,377	316	(132)	(132)
Total		11,097	316	(11)	(11)

Note:

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

2. Derivative transactions for which hedge accounting is adopted

(1) Currency-related

Year ended March 31, 2020 (As of March 31, 2020)

(Millions of yen)

Method of hedge accounting	Type of transactions	Major hedged items	Contract amounts	Portion due after one year	Fair value
Deferral hedge accounting	Forward foreign exchange contracts:	Anticipated foreign currency transactions			
	Sell: U.S. dollar		1,796	—	(39)
	Forward foreign exchange contracts:				
	Buy: U.S. dollar	Anticipated foreign currency transactions	4,496	—	55
	Thai baht		2,294	—	(114)
	Euro		513	—	(1)
	Australian dollar		878	—	1
Appropriation treatment	Forward foreign exchange contracts:	Accounts receivable			
	Sell: U.S. dollar		336	—	—
	Forward foreign exchange contracts:	Accounts payable			
	Buy: U.S. dollar		12	—	—
Total			10,327	—	(98)

Notes:

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

Year ended March 31, 2021 (As of March 31, 2021)

(Millions of yen)

Method of hedge accounting	Type of transactions	Major hedged items	Contract amounts	Portion due after one year	Fair value
Deferral hedge accounting	Forward foreign exchange contracts:	Anticipated foreign currency transactions			
	Sell: U.S. dollar		1,459	—	22
	Forward foreign exchange contracts:				
	Buy: U.S. dollar	Anticipated foreign currency transactions	3,512	—	142
	Thai baht		1,394	—	44
	Euro		525	—	9
	Australian dollar		254	—	3
Appropriation treatment	Forward foreign exchange contracts:	Accounts receivable			
	Sell: U.S. dollar		909	—	—
	Forward foreign exchange contracts:	Accounts payable			
	Buy: U.S. dollar		86	—	—
	Euro		23	—	—
Total			8,168	—	222

Notes:

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

[Retirement Benefits]

1. Outline of retirement benefit plans

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

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

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

	Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Retirement benefit obligation at beginning of year	¥25,426 million	¥25,903 million
Service cost	¥1,337 million	¥1,326 million
Interest expense	¥178 million	¥183 million
Actuarial loss	¥740 million	¥124 million
Retirement benefits payable	¥(2,053) million	¥(2,140) million
Increase from new consolidation	¥48 million	—
Increase (decrease) from change in accounting period	¥52 million	—
Transfer from accrued expenses	¥296 million	—
Decrease from transfer of business	¥(138) million	—
Other	¥14 million	¥39 million
Retirement benefit obligation at end of the year	¥25,903 million	¥25,438 million

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

	Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Pension assets at beginning of year	¥4,534 million	¥3,768 million
Expected return on plan assets	¥36 million	¥104 million
Actuarial gain	¥(23) million	¥(36) million
Retirement benefits payable	¥(838) million	¥(690) million
Employer contribution	¥59 million	¥59 million
Pension assets at end of year	¥3,768 million	¥3,205 million

Note:

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

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

	Year ended March 31, 2020 (As of March 31, 2020)	Year ended March 31, 2021 (As of March 31, 2021)
Retirement benefit obligation for funded plans	¥3,522 million	¥2,861 million
Pension assets	¥(3,768) million	¥(3,205) million
	¥(246) million	¥(344) million
Retirement benefit obligation for unfunded plans	¥22,381 million	¥22,576 million
Net obligation and assets posted on consolidated balance sheet	¥22,135 million	¥22,232 million
Net defined benefit liability	¥22,443 million	¥22,533 million
Net defined benefit assets	¥(308) million	¥(301) million
Net liability and assets posted on consolidated balance sheet	¥22,135 million	¥22,232 million

(4) Retirement benefit expenses and detailed breakdown

	Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Service cost	¥1,337 million	¥1,326 million
Interest expense	¥178 million	¥183 million
Expected return on plan assets	¥(36) million	¥(104) million
Amortization of actuarial loss	¥370 million	¥365 million
Amortization of prior service cost	¥(209) million	¥(102) million
Retirement benefit expenses related to defined-contribution pension plan	¥1,640 million	¥1,668 million

Note:

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

(5) Adjustments related to retirement benefits

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

	Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Prior service cost	¥(209) million	¥(102) million
Actuarial gain	¥(393) million	¥204 million
Total	¥(602) million	¥(102) million

(6) Cumulative adjustments related to retirement benefits

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

	Year ended March 31, 2020 (As of March 31, 2020)	Year ended March 31, 2021 (As of March 31, 2021)
Unrecognized prior service cost	¥(626) million	¥(523) million
Unrecognized actuarial loss	¥2,345 million	¥2,140 million
Total	¥1,718 million	¥1,616 million

(7) Items related to pension assets

a. Breakdown of principal pension assets

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

	Year ended March 31, 2020 (As of March 31, 2020)	Year ended March 31, 2021 (As of March 31, 2021)
Regular accounts	51%	51%
Bonds	41%	40%
Other	8%	9%
Total	100%	100%

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

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

(8) Basic items for calculating actuarial differences

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

	Year ended March 31, 2020 (As of March 31, 2020)	Year ended March 31, 2021 (As of March 31, 2021)
Discount rate	Mainly 0.9%	Mainly 0.9%
Long-term expected rate of return on plan assets	Mainly 1.0%	Mainly 1.0%

3. Defined contribution plan

The defined contribution of the Company and its consolidated subsidiaries was ¥1,563 million for the year ended March 31, 2020 and ¥1,603 million for the year ended March 31, 2021.

[Stock Options]

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

(Millions of yen)

Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
2	8

2. Description and changes in the size of stock options

(1) Description of stock options

	2013 Plan	2014 Plan	2015 Plan
Category and number of grantees	14 directors and 10 executive officers (Note 1) of the Company and 35 directors of consolidated subsidiaries	14 directors and 10 executive officers (Note 1) of the Company and 34 directors of consolidated subsidiaries	14 directors and 10 executive officers (Note 1) of the Company and 35 directors of consolidated subsidiaries
Number of shares granted by stock type	373,890 shares of common stock (Note 2)	337,700 shares of common stock (Note 3)	326,000 shares of common stock
Grant date	August 20, 2013	August 19, 2014	August 19, 2015
Conditions for vesting	Not stated	Not stated	Not stated
Service period	Not specified	Not specified	Not specified
Exercisable period	August 21, 2015 – August 3, 2020	August 20, 2016 – August 2, 2021	August 20, 2017 – August 1, 2022

	2016 Plan
Category and number of grantees	14 directors and 11 executive officers (Note 1) of the Company and 36 directors of consolidated subsidiaries
Number of shares granted by stock type	339,000 shares of common stock
Grant date	August 15, 2016
Conditions for vesting	Not stated
Service period	Not specified
Exercisable period	August 16, 2018 – August 1, 2023

Notes:

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

(2) Changes in the size of stock options

The following describes changes in the size of stock options that existed during the fiscal year ended March 31, 2021. The number of stock options is translated into the number of shares.

1. Number of stock options

	2013 Plan (Note 1)	2014 Plan (Note 2)	2015 Plan	2016 Plan
Non-vested (shares):				
Outstanding at the end of the previous year	—	—	—	—
Granted during the year	—	—	—	—
Forfeited during the year	—	—	—	—
Vested during the year	—	—	—	—
Outstanding at the end of the year	—	—	—	—
Vested (shares):				
Outstanding at the end of the previous year	12,100	107,800	217,000	298,000
Vested during the year	—	—	—	—
Exercised during the year	6,050	56,100	7,000	15,000
Forfeited during the year	6,050	5,500	10,000	22,000
Outstanding at the end of the year	—	46,200	200,000	261,000

Notes:

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

2. Per share prices

	2013 Plan (Note 1)	2014 Plan (Note 2)	2015 Plan	2016 Plan
Exercise price (yen)	1,012	1,159	1,748	1,753
Average stock price upon exercise (yen)	1,651	1,736	1,726	1,820
Fair value per share at grant date (yen)	101	122	266	220

Notes:

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

3. Method for estimating the number of stock options vested

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

[Tax Effect Accounting]

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

	(Millions of yen)	
	Year ended March 31, 2020 (As of March 31, 2020)	Year ended March 31, 2021 (As of March 31, 2021)
Deferred tax assets:		
Net defined benefit liability	6,582	6,678
Investment securities, etc.	2,964	2,972
Impairment loss	2,157	2,346
Provision for bonuses	1,636	1,701
Lease transaction-related adjustments on tax return	633	1,516
Intangible assets	1,327	1,122
Accrued sales incentives	1,186	963
Unrealized gains (losses) on non-current assets	881	861
Net operating loss carry forwards	795	541
Depreciation and amortization	452	527
Inventories	544	482
Provision for repairs	407	404
Accrued enterprise tax	421	399
Other	2,625	3,027
Gross deferred tax assets	22,616	23,545
Valuation allowance	(4,737)	(4,617)
Deferred tax assets, net	17,878	18,928
Deferred tax liabilities:		
Valuation difference on available-for-sale securities	24,766	28,175
Intangible assets	6,508	7,248
Short-fall of depreciation and amortization	1,528	2,086
Reserve for advanced depreciation of non-current assets	1,827	1,778
Retained earnings of associates	1,391	1,461
Securities returned from employee retirement benefits trust	964	961
Other	888	786
Deferred tax liabilities, net	37,874	42,498
Net deferred tax liabilities	19,995	23,570

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

	Year ended March 31, 2020 (As of March 31, 2020)	Year ended March 31, 2021 (As of March 31, 2021)
Statutory effective tax rate	30.6%	30.6%
(Adjustments)		
Non-taxable permanent differences such as dividend income	(0.7)%	(0.7)%
Non-deductible permanent differences such as entertainment expenses	0.7%	0.5%
Income tax deductions	(1.2)%	(1.6)%
Equity in earnings of affiliates	(1.6)%	(1.8)%
Amortization of goodwill	4.5%	5.5%
Equal division of municipal tax	0.6%	0.6%
Difference in tax rate for consolidated subsidiaries	0.4%	(0.5)%
Retained earnings of associates	1.0%	0.2%
Gain on step acquisitions	(6.7)%	—
Related to transfer of business	1.2%	—
Other	0.1%	0.2%
Actual effective tax rate after adoption of tax effect accounting	28.9%	33.0%

[Segment Information, etc.]

[Segment information]

1. Outline of reportable segment

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

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

Accordingly, the Group designates the Flour Milling, Processed Food and Prepared Dishes and Other Prepared Foods segments as its reportable segments. Major products of the reportable segments are as follows.

Flour Milling:	Wheat flour, bran and wheat flour-related products
Processed Food:	Prepared mix, wheat flour for household-use, pasta, pasta sauce, frozen food, cake and bread ingredients, biochemical products, life science business, healthcare foods
Prepared Dishes and Other Prepared Foods:	Boxed lunches, prepared dishes, prepared noodles and other prepared foods

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

The accounting methods used for reportable segments are the same as those discussed under "Basis of Presentation of Consolidated Financial Statements." Segment income figures are the same as operating profit figures. Intersegment sales and transfers are based on market prices.

3. Information about net sales, profit (loss), assets and other items for each reportable segment

Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Carried on consolidated financial statements (Note 3)
	Flour Milling	Processed Food	Prepared Dishes and Other Prepared Foods	Total				
Net sales								
Sales to external customers	306,745	217,959	129,967	654,673	57,507	712,180	—	712,180
Intersegment sales and transfers	16,507	1,465	4,991	22,963	2,406	25,369	(25,369)	—
Total	323,252	219,424	134,959	677,637	59,913	737,550	(25,369)	712,180
Segment profit	9,326	12,895	1,736	23,958	4,698	28,657	194	28,852
Segment assets	294,565	159,399	60,065	514,031	73,642	587,674	78,540	666,215
Other items								
Depreciation and amortization	11,780	5,005	3,142	19,928	1,546	21,475	(239)	21,235
Investment for affiliates accounted for by the equity method	3,370	159	—	3,530	16,649	20,179	—	20,179
Increase in property, plant and equipment and intangible assets	7,629	9,094	3,474	20,198	1,731	21,930	(87)	21,843

Notes:

- Business segment of "Others" is excluded from reportable segment, which includes pet food, engineering, mesh cloths, handling and storage businesses.
- Segment profit adjustment refers to intersegment transaction eliminations.
The adjustment in segment assets of ¥78,540 million includes intersegment asset eliminations (¥118,562 million) and the Group's assets (¥197,103 million); mainly, the Company's investment securities.
- Segment profit has been adjusted for the operating profit appearing in the consolidated statements of income.

Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Carried on consolidated financial statements (Note 3)
	Flour Milling	Processed Food	Prepared Dishes and Other Prepared Foods	Total				
Net sales								
Sales to external customers	285,798	214,710	142,747	643,255	36,240	679,495	—	679,495
Intersegment sales and transfers	15,752	1,642	5,304	22,699	3,039	25,738	(25,738)	—
Total	301,551	216,352	148,051	665,954	39,279	705,234	(25,738)	679,495
Segment profit	6,317	15,350	1,278	22,946	4,240	27,187	9	27,197
Segment assets	303,269	159,260	56,608	519,138	67,097	586,236	101,179	687,415
Other items								
Depreciation and amortization	11,762	5,198	4,170	21,131	1,389	22,520	(249)	22,271
Investment for affiliates accounted for by the equity method	3,456	159	—	3,615	17,407	21,023	—	21,023
Increase in property, plant and equipment and intangible assets	8,510	5,064	2,008	15,583	1,056	16,639	(202)	16,437

Notes:

- Business segment of “Others” is excluded from reportable segment, which includes pet food, engineering, mesh cloths, handling and storage businesses.
- Segment profit adjustment refers to intersegment transaction eliminations.
The adjustment in segment assets of ¥101,179 million includes intersegment asset eliminations (¥113,550 million) and the Group’s assets (¥214,729 million): mainly, the Company’s investment securities.
- Segment profit has been adjusted for the operating profit appearing in the consolidated statements of income.

[Related information]

Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

1. Information by geographic segment

(1) Net sales

(Millions of yen)

Japan	Other regions	Total
545,992	166,188	712,180

Note:

Net sales are classified based on customer location.

(2) Property, plant and equipment

(Millions of yen)

Japan	U.S.	Oceania	Other regions	Total
131,549	22,679	32,603	21,654	208,487

2. Information by major customer

(Millions of yen)

Name of customer	Net sales	Related segment name
FamilyMart Co., Ltd.	93,867	Prepared dishes and other prepared foods

Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

1. Information by geographic segment

(1) Net sales

(Millions of yen)

Japan	Other regions	Total
523,869	155,626	679,495

Note:

Net sales are classified based on customer location.

(2) Property, plant and equipment

(Millions of yen)

Japan	U.S.	Oceania	Other regions	Total
128,799	22,047	41,641	22,939	215,428

2. Information by major customer

(Millions of yen)

Name of customer	Net sales	Related segment name
FamilyMart Co., Ltd.	102,941	Prepared dishes and other prepared foods

[Impairment loss of non-current assets by reportable segment]

Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Flour Milling	Others	Total
Impairment loss	3,869	1,354	5,224

Note:

Impairment losses pertaining to business-use assets and goodwill are posted.

Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Flour Milling	Others	Total
Impairment loss	—	977	977

Note:

Impairment losses pertaining to business-use assets are posted.

[Amortization of goodwill and unamortized balance by reportable segment]

Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Flour Milling	Processed Food	Prepared Dishes and Other Prepared Foods	Total
Amortization for the year under review	4,580	64	1,028	5,672
Balance at the end of the year under review	31,591	229	10,923	42,743

Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Flour Milling	Processed Food	Prepared Dishes and Other Prepared Foods	Total
Amortization for the year under review	4,191	64	1,180	5,436
Balance at the end of the year under review	35,644	165	9,742	45,551

[Business transactions with related parties]

Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

1. Business transactions with related parties

Business transactions between the Company and related parties

There are no applicable matters to be reported.

2. Notes concerning the parent company and significant affiliates

There are no applicable matters to be reported.

Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

1. Business transactions with related parties

Business transactions between the Company and related parties

There are no applicable matters to be reported.

2. Notes concerning the parent company and significant affiliates

There are no applicable matters to be reported.

[Per Share Information]

(Yen)

	Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Net assets per share	1,328.71	1,456.37
Earnings per share	75.40	63.95
Fully diluted earnings per share	75.35	63.94

Notes:

1. The basis of calculation for net assets per share

	Year ended March 31, 2020 (As of March 31, 2020)	Year ended March 31, 2021 (As of March 31, 2021)
Total net assets, as stated on the consolidated balance sheets (millions of yen)	409,042	444,774
Net assets associated with common stock (millions of yen)	394,995	433,089
Major components of the difference (millions of yen):		
Subscription rights to shares	137	116
Non-controlling interests	13,908	11,569
Number of shares of common stock issued and outstanding (shares)	304,357,891	304,357,891
Number of treasury shares of common stock (shares)	7,079,592	6,983,147
Number of shares of common stock used in the calculation of net assets per share (shares)	297,278,299	297,374,744

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

	Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Profit attributable to owners of parent, as stated on the consolidated statements of income (millions of yen)	22,407	19,011
Amount not attributable to owners of common stock (millions of yen)	—	—
Profit attributable to owners of parent associated with common stock (millions of yen)	22,407	19,011
Average number of shares of common stock during the year (shares)	297,187,439	297,292,370
Adjustment to profit attributable to owners of parent (millions of yen)	—	—
Main components of increase in number of shares of common stock used in calculation of fully diluted earnings per share (shares):		
Subscription rights to shares	184,041	28,921
Details of shares not included in calculation of fully diluted earnings per share due to non-dilutive effect	—	<ul style="list-style-type: none"> Subscription rights to shares Date of resolution at the General Meeting of Shareholders: June 25, 2015 (68 subscription rights to shares) (132 subscription rights to shares) Date of resolution at the General Meeting of Shareholders: June 28, 2016 (91 subscription rights to shares) (170 subscription rights to shares)

Note:

When calculating net assets per share, Company shares held by The Master Trust Bank of Japan, Ltd. as trust assets for the stock-based remuneration plan are included in the treasury shares excluded from the number of shares of common stock issued and outstanding at the end of the fiscal year. As of March 31, 2020, 38,400 Company shares were held in the aforementioned trust. As of March 31, 2021, 25,000 Company shares were held in the aforementioned trust.

Furthermore, when calculating earnings per share and fully diluted earnings per share, Company shares held by The Master Trust Bank of Japan, Ltd. as trust assets for the stock-based remuneration plan are included in the treasury shares excluded when calculating the average number of shares of common stock during the fiscal year. For the fiscal year ended March 31, 2020, the average number of shares of common stock for Company shares held in the aforementioned trust was 46,962 shares. For the fiscal year ended March 31, 2021, that figure was 51,369 shares.

[Material Subsequent Events]

There are no applicable matters to be reported.

(5) Supplementary Consolidated Data

[Debentures]

Company	Type	Issue date	Balance at the beginning of the year [April 1, 2020] (millions of yen)	Balance at the end of the year [March 31, 2021] (millions of yen)	Interest rate (%)	Collateral	Redemption date
Nisshin Seifun Group Inc.	1st series unsecured bonds	July 16, 2019	10,000	10,000	0.20	None	July 13, 2029
Nisshin Seifun Group Inc.	2nd series unsecured bonds	July 16, 2019	10,000	10,000	0.56	None	July 15, 2039
Total	—	—	20,000	20,000	—	—	—

Note:

Amounts for redemption scheduled within five years of March 31, 2021 are as follows.

(Millions of yen)

Within 1 year	Within 1–2 years	Within 2–3 years	Within 3–4 years	Within 4–5 years
—	—	—	—	—

[Borrowings]

Category	Balance at the beginning of the year [April 1, 2020] (millions of yen)	Balance at the end of the year [March 31, 2021] (millions of yen)	Average interest rate (%)	Repayment dates
Short-term loans payable	13,490	4,307	0.5271	—
Current portion of long-term loans payable	4,587	1,239	2.5025	—
Current portion of lease obligation	1,869	1,881	2.2326	—
Long-term loans payable (excluding current portion)	15,226	14,729	1.3069	2022 – 2034
Lease obligation (excluding current portion)	30,989	36,673	7.5927	2022 – 2051
Other interest-bearing liabilities	—	—	—	—
Total	66,164	58,831	—	—

Notes:

- Components of long-term loans payable (excluding current portion) and lease obligation (excluding current portion) with repayments scheduled within five years after March 31, 2021 are detailed in the table below.

(Millions of yen)

	Within 1–2 years	Within 2–3 years	Within 3–4 years	Within 4–5 years
Long-term loans payable	1,296	1,302	1,086	379
Lease obligation	1,483	1,226	757	401

- Average interest rates are computed as the weighted average interest rate on debt outstanding at the fiscal year-end. Average interest rates for lease obligations are not included in computation since the lease obligations stated on the consolidated balance sheets of the Company and certain consolidated subsidiaries represent the amounts that do not deduct interest equivalents from total lease payments.
- The Group (Nisshin Seifun Group Inc. and its consolidated subsidiaries) has entered into commitment line agreement with its principal financial institutions in order to ensure efficient procurement of working capital.

The total amount of commitment line agreements ¥36,526 million

Balance outstanding as of March 31, 2021 —

Credit facility fees for year ended March 31, 2021 ¥49 million (Amount included in “Other” category within non-operating expenses)

[Asset Retirement Obligations]

The balance of asset retirement obligations at the beginning and at the end of the fiscal year ended March 31, 2021 was less than 1/100th of the balance of liabilities and net assets at the beginning and at the end of the fiscal year ended March 31, 2021. Consequently, pursuant to Article 92-2 of the Regulations for Consolidated Financial Statements, this information has been omitted.

2. Others

Quarterly financial information for the year ended March 31, 2021

(Millions of yen)

(Cumulative period)	First Quarter	Second Quarter	Third Quarter	Year ended March 31, 2021
Net sales	165,685	335,944	513,974	679,495
Profit before income taxes	6,497	14,644	25,520	29,762
Profit attributable to owners of parent	4,333	9,057	16,255	19,011
Earnings per share (yen)	14.58	30.47	54.68	63.95

(Fiscal period)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Earnings per share (yen)	14.58	15.89	24.21	9.27

(2) Non-consolidated Financial Statements, etc.

1. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

(Millions of yen)

	Year ended March 31, 2020 (As of March 31, 2020)	Year ended March 31, 2021 (As of March 31, 2021)
Assets		
Current assets		
Cash and deposits	20,983	31,955
Accounts receivable – trade	Note 1 253	Note 1 285
Prepaid expenses	205	218
Income taxes receivable	1,939	2,435
Other	Note 1 904	Note 1 767
Total current assets	24,286	35,662
Non-current assets		
Property, plant and equipment		
Buildings, net	5,719	5,181
Structures, net	414	361
Machinery and equipment, net	649	736
Vehicles, net	8	5
Tools, furniture and fixtures, net	509	499
Land	16,186	16,156
Lease assets, net	641	473
Construction in progress	7	7
Total property, plant and equipment	24,136	23,421
Intangible assets		
Leasehold right	18	18
Software	286	501
Lease assets	233	174
Other	58	58
Total intangible assets	596	753
Investments and other assets		
Investment securities	77,495	89,642
Shares of subsidiaries and associates	165,262	165,262
Investments in capital	326	326
Investments in capital of subsidiaries and associates	1,093	1,093
Long-term loans receivable from subsidiaries and associates	92,064	85,534
Other	560	657
Allowance for doubtful accounts	(25)	(25)
Total investments and other assets	336,777	342,492
Total non-current assets	361,511	366,667
Total assets	385,798	402,329

(Millions of yen)

	Year ended March 31, 2020 (As of March 31, 2020)	Year ended March 31, 2021 (As of March 31, 2021)
Liabilities		
Current liabilities		
Lease obligations	183	169
Accounts payable – other	Note 1 166	Note 1 628
Accrued expenses	Note 1 1,912	Note 1 2,040
Deposits received	Note 1 38,572	Note 1 38,559
Provision for directors' bonuses	47	36
Other	47	41
Total current liabilities	40,929	41,475
Non-current liabilities		
Bonds	20,000	20,000
Long-term loans payable	10,000	10,000
Lease obligations	472	310
Deferred tax liabilities	17,875	21,459
Provision for retirement benefits	3,123	3,194
Other	319	1,164
Total non-current liabilities	51,790	56,128
Total liabilities	92,719	97,604
Net assets		
Shareholders' equity		
Capital stock	17,117	17,117
Capital surplus		
Legal capital surplus	9,500	9,500
Other capital surplus	202	190
Total capital surpluses	9,702	9,690
Retained earnings		
Legal retained earnings	4,379	4,379
Other retained earnings		
Reserve for dividends	2,000	2,000
Reserve for advanced depreciation of non-current assets	2,598	2,556
General reserve	170,770	170,770
Retained earnings brought forward	57,649	60,610
Total retained earnings	237,397	240,316
Treasury shares	(11,164)	(10,989)
Total shareholders' equity	253,053	256,135
Valuation and translation adjustment		
Valuation difference on available-for-sale securities	39,888	48,474
Total valuation and translation adjustment	39,888	48,474
Subscription rights to shares	137	116
Total net assets	293,079	304,725
Total liabilities and net assets	385,798	402,329

(2) Non-consolidated Statements of Income

(Millions of yen)

	Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)		Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	
Operating revenue	Note 1	20,068	Note 1	24,335
Operating expenses	Notes 1, 2	14,714	Notes 1, 2	13,871
Operating profit		5,353		10,463
Non-operating income				
Interest income	Note 1	1,111	Note 1	913
Dividend income		2,113		2,060
Other	Note 1	98	Note 1	60
Total non-operating income		3,322		3,034
Non-operating expenses				
Interest expenses	Note 1	347	Note 1	166
Bond issuance costs		111		—
Other		27		10
Total non-operating expenses		486		177
Ordinary profit		8,190		13,320
Extraordinary income				
Gain on sales of investment securities		184		595
Gain on sales of non-current assets		79		305
Total extraordinary income		264		901
Extraordinary losses				
Loss on retirement of non-current assets		32		25
Impairment loss		—		977
Total extraordinary losses		32		1,003
Profit before income taxes		8,422		13,219
Income taxes – current		56		344
Income taxes – deferred		(94)		(155)
Total income taxes		(37)		188
Profit		8,460		13,030

(3) Non-consolidated Statements of Changes in Net Assets

Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)

(millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surpluses	Legal retained earnings	Other retained earnings		
						Reserve for dividends	Reserve for advanced depreciation of non-current assets	General reserve
Balance at the beginning of current period	17,117	9,500	226	9,726	4,379	2,000	2,632	170,770
Changes of items during the period								
Reversal of reserve for advanced depreciation of non-current assets							(34)	
Dividends from surplus								
Profit								
Purchase of treasury shares								
Disposal of treasury shares			(24)	(24)				
Net changes of items other than shareholders' equity								
Total changes of items during the period	—	—	(24)	(24)	—	—	(34)	—
Balance at the end of current period	17,117	9,500	202	9,702	4,379	2,000	2,598	170,770

	Shareholders' equity				Valuation and translation adjustment			Subscription rights to shares	Total net assets
	Retained earnings		Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustment		
	Other retained earnings	Total retained earnings							
	Retained earnings brought forward								
Balance at the beginning of current period	58,965	238,747	(11,395)	254,196	45,741	(86)	45,655	167	300,019
Changes of items during the period									
Reversal of reserve for advanced depreciation of non-current assets	34	—		—					—
Dividends from surplus	(9,810)	(9,810)		(9,810)					(9,810)
Profit	8,460	8,460		8,460					8,460
Purchase of treasury shares			(190)	(190)					(190)
Disposal of treasury shares			421	397					397
Net changes of items other than shareholders' equity					(5,853)	86	(5,767)	(29)	(5,797)
Total changes of items during the period	(1,315)	(1,349)	231	(1,143)	(5,853)	86	(5,767)	(29)	(6,940)
Balance at the end of current period	57,649	237,397	(11,164)	253,053	39,888	—	39,888	137	293,079

Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surpluses	Legal retained earnings	Other retained earnings		
						Reserve for dividends	Reserve for advanced depreciation of non-current assets	General reserve
Balance at the beginning of current period	17,117	9,500	202	9,702	4,379	2,000	2,598	170,770
Changes of items during the period								
Provision of reserve for advanced depreciation of non-current assets							26	
Reversal of reserve for advanced depreciation of non-current assets							(68)	
Dividends from surplus								
Profit								
Purchase of treasury shares								
Disposal of treasury shares			(11)	(11)				
Net changes of items other than shareholders' equity								
Total changes of items during the period	–	–	(11)	(11)	–	–	(41)	–
Balance at the end of current period	17,117	9,500	190	9,690	4,379	2,000	2,556	170,770

	Shareholders' equity				Valuation and translation adjustment		Subscription rights to shares	Total net assets
	Retained earnings		Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustment		
	Other retained earnings	Total retained earnings						
	Retained earnings brought forward							
Balance at the beginning of current period	57,649	237,397	(11,164)	253,053	39,888	39,888	137	293,079
Changes of items during the period								
Provision of reserve for advanced depreciation of non-current assets	(26)	—		—				—
Reversal of reserve for advanced depreciation of non-current assets	68	—		—				—
Dividends from surplus	(10,111)	(10,111)		(10,111)				(10,111)
Profit	13,030	13,030		13,030				13,030
Purchase of treasury shares			(133)	(133)				(133)
Disposal of treasury shares			307	296				296
Net changes of items other than shareholders' equity					8,586	8,586	(21)	8,564
Total changes of items during the period	2,960	2,918	174	3,081	8,586	8,586	(21)	11,646
Balance at the end of current period	60,610	240,316	(10,989)	256,135	48,474	48,474	116	304,725

[Notes to the Non-consolidated Financial Statements]

[Significant Accounting Policies]

1. Valuation standards and methodology for securities

- (1) Held-to-maturity debt securities are stated at amortized cost.
- (2) Equity in subsidiaries and affiliates is stated at cost, with cost being determined by the moving average method.
- (3) Other securities:

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

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

2. Valuation standards and methodology for derivatives

Derivative financial instruments are stated at fair market value.

3. Depreciation and amortization methods for non-current assets

- (1) Depreciation on property, plant and equipment (excluding lease assets) is computed principally by the declining balance method. However, for buildings acquired on or after April 1, 1998 (excluding building fixtures) and building fixtures and structures acquired on or after April 1, 2016, they apply the straight-line method.
- (2) Amortization of intangible assets (excluding lease assets) is computed by the straight-line method.
Software used in-house is depreciated over its estimated useful life (within five years) based on the straight-line method.
- (3) Lease assets
Lease assets related to finance lease transactions that do not transfer ownership are depreciated using the straight-line method with estimated useful lives equal to lease terms, and zero residual values.

4. Basis of material allowances

- (1) Allowance for doubtful accounts

The Company provides for possible credit losses stemming from monetary claims and other receivables. Estimates of irrecoverable amounts are determined by considering historical loan-loss ratios for general receivables and on a consideration of recoverable amounts on a case-by-case basis in instances of suspected bad debt or other dubious accounts.

- (2) Provision for directors' bonuses

Provision is made for directors' bonuses based on the estimated amounts of payment at the end of the fiscal year.

- (3) Provision for retirement benefits

The Company provides for employees and already retired pension recipients based on the estimated amounts of projected benefit obligation and the market value of the pension plan assets at the fiscal year-end.

- a. Imputation method for retirement benefit estimates

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

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

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

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

In the event that the amount of pension assets as of March 31, 2021 exceeds retirement benefit liabilities after deduction of actuarial differences, this amount will be included in "Other" under "Investments and other assets" as a prepaid pension cost.

5. Hedging transactions

- (1) Hedging transactions are accounted for on a deferred basis. However, the contracted exchange rates are applied in the case of any monetary claims, obligations or similar items denominated in foreign currencies with assigned foreign currency forwards or other hedging instruments.
- (2) Hedging methods: Derivative transactions (including forward exchange contracts and currency purchase put/call options)
Hedged items: Any monetary receivables and payables and planned trading transactions that are denominated in foreign currencies.
- (3) The Company employs derivative financial instruments only for the aforementioned transactions purely to manage fluctuations in foreign currency exchange rates.
- (4) Hedging evaluation

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

6. Accounting treatment of retirement benefits

The accounting method for unrecognized actuarial losses related to retirement benefits and unsettled unrecognized prior service cost differs from the accounting method applied to these items in the consolidated financial statements.

7. Accounting treatment of consumption tax

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

[Significant accounting estimates]

Evaluation of shares of subsidiaries and associates and investments in capital of subsidiaries and associates

The acquisition cost is used when listing the value of shares of subsidiaries and associates in the balance sheets. However, should the fair value or actual value of such shares decline dramatically, excluding cases in which a projected recovery in value is recognized, an equivalent reduction in value is made and the valuation difference is treated as a loss for the fiscal year under review.

Impairment measures may become necessary in the event that the fair value or actual value falls below the book value due to future downturns in the business performance of investees or other factors.

Evaluation of shares of subsidiaries and associates of Australian flour milling company

- (1) Monetary figures in the financial statements for the fiscal year under review

(Millions of yen)

	Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Shares of subsidiaries and associates	16,375

- (2) Information related to significant accounting estimates pertaining to distinguishable items

On April 1, 2019, the Company and consolidated subsidiary Nisshin Flour Milling, Inc. acquired the shares of PFG Topco1 Pty Ltd., the parent company of Australian flour milling company Allied Pinnacle Pty Ltd., with the expenditure made at the time of acquisition posted to the balance sheets.

The acquisition cost is used when listing the value of shares of subsidiaries and associates in the balance sheets. However, upon comparison of the actual value of shares, which may have been considered to have excess earnings capacity at the time with the acquisition cost, impairment measures may become necessary in the event of a dramatic decline in actual value.

To verify whether excess earnings capacity projected at the time of the share acquisition will materialize at a future date, the Company is conducting a comparative analysis of initial business plans with results and forecasts of future business performance. An examination of the market growth rate for wheat flour, prepared mix, bakery-related ingredients and other products in the future Australian market and sales revenue forecasts has led to Group to determine that there are no signs of impairment measures required for any relevant shares.

[Changes in Disclosure]

[Non-consolidated Statements of Income]

Due to a lack of material significance, "Interest on bonds," listed independently under "Non-operating expenses" in the previous fiscal year, has been disclosed as part of "Interest expenses" under "Non-operating expenses" in the fiscal year under review.

[Application of “Accounting Standard for Disclosure of Accounting Estimates”]

The Company has applied the “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31, March 31, 2020) to consolidated financial statements relevant to the end of the fiscal year under review. Notes concerning significant accounting estimates are listed in the non-consolidated financial statements.

However, with respect to these notes, in accordance with transitional procedures outlined in item 11 of the accounting standard, content pertaining to the previous fiscal year is not listed.

[Additional Information]

[Stock-based remuneration plan]

The same information can be found under “Notes to the Consolidated Financial Statements [Additional Information],” and is thus omitted here.

[Non-consolidated Balance Sheets]

1. Monetary claims and obligations to affiliates

	Year ended March 31, 2020 (As of March 31, 2020)	Year ended March 31, 2021 (As of March 31, 2021)
Short-term claims	¥887 million	¥836 million
Short-term obligations	¥38,242 million	¥38,268 million

[Non-consolidated Statements of Income]

1. Transaction balance with affiliates

	Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Transaction balance from operating transactions		
Operating revenue	¥19,958 million	¥24,192 million
Operating expenses	¥785 million	¥794 million
Transaction balance from non-operating transactions	¥1,210 million	¥1,065 million

2. Major components of operating expenses are as follows.

All of the operating expenses are categorized as general and administrative expenses.

	Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Salaries	¥2,115 million	¥2,030 million
Bonuses and allowance	¥1,970 million	¥2,003 million
Retirement benefit expenses	¥22 million	¥181 million
Research study expenses	¥2,536 million	¥2,498 million
Advertising expenses	¥2,348 million	¥1,710 million
Depreciation and amortization	¥754 million	¥683 million
Other	¥4,965 million	¥4,763 million

[Securities]

Equity securities in subsidiaries and affiliates

Year ended March 31, 2020 (As of March 31, 2020)

(Millions of yen)

Type	Carrying value	Fair value	Unrealized gains (losses)
Equity securities in subsidiaries	—	—	—
Equity securities in affiliates	200	255	54
Total	200	255	54

Year ended March 31, 2021 (As of March 31, 2021)

(Millions of yen)

Type	Carrying value	Fair value	Unrealized gains (losses)
Equity securities in subsidiaries	—	—	—
Equity securities in affiliates	200	261	60
Total	200	261	60

Note: Carrying value of equity securities in subsidiaries and affiliates for which the fair value is not readily determinable

(Millions of yen)

Type	Year ended March 31, 2020 (As of March 31, 2020)	Year ended March 31, 2021 (As of March 31, 2021)
Equity securities in subsidiaries	159,229	159,229
Equity securities in affiliates	5,831	5,831

These equity securities are not included in “Equity securities in subsidiaries and affiliates” above because they do not have market price and considerable cost would be required to estimate their future cash flows; therefore, their fair value is regarded to be not readily determinable.

[Tax Effect Accounting]

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

	(Millions of yen)	
	Year ended March 31, 2020 (As of March 31, 2020)	Year ended March 31, 2021 (As of March 31, 2021)
Deferred tax assets:		
Provision for retirement benefits	930	939
Investment securities, etc.	509	507
Impairment loss	—	302
Provision for bonuses	182	183
Other	466	284
Gross deferred tax assets	2,089	2,216
Valuation allowance	(619)	(612)
Deferred tax assets, net	1,469	1,604
Deferred tax liabilities:		
Valuation difference on available-for-sale securities	17,234	20,975
Reserve for advanced depreciation of non-current assets	1,145	1,127
Securities returned from employee retirement benefits trust	964	961
Deferred tax liabilities, net	19,344	23,064
Net deferred tax liabilities	17,875	21,459

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

	Year ended March 31, 2020 (As of March 31, 2020)	Year ended March 31, 2021 (As of March 31, 2021)
Statutory effective tax rate	30.6%	30.6%
(Adjustments)		
Dividend income and other items excluded from gross revenue	(32.2)%	(29.0)%
Entertainment expenses and other items not qualifying for deduction	0.8%	0.4%
Valuation allowance	0.2%	(0.1)%
Other	0.1%	(0.5)%
Actual effective tax rate after adoption of tax effect accounting	(0.5)%	1.4%

[Material Subsequent Events]

There are no applicable matters to be reported.

(4) Supplementary Data

[Property, plant and equipment]

(Millions of yen)

Category	Asset type	Balance at the beginning of the year	Increase during the year	Decrease during the year	Depreciation and amortization during the year	Balance at the end of the year	Accumulated depreciation and amortization at the end of the year
Property, plant and equipment	Buildings	5,719	94	329 (118)	303	5,181	12,374
	Structures	414	0	16	37	361	1,267
	Machinery and equipment	649	285	32	165	736	1,561
	Vehicles	8	—	—	2	5	17
	Tools, furniture and fixtures	509	209	2	217	499	2,942
	Land	16,186	—	30	—	16,156	—
	Lease assets	641	10	2	175	473	415
	Construction in progress	7	708	709	—	7	—
	Total	24,136	1,310	1,122	902	23,421	18,580
Intangible assets	Leasehold rights	18	—	—	—	18	—
	Software	286	325	29	80	501	—
	Lease assets	233	—	—	58	174	—
	Other	58	—	—	0	58	—
	Total	596	325	29	139	753	—

Notes:

1. Numbers in parentheses for "FY2020 decline" are impairment losses for the fiscal year under review.
2. Depreciation and amortization expenses of ¥358 million related to the Research Center for Basic Science Research and Development, QE Center and Research Center for Production and Technology are included in research study expenses.

[Other reserves]

(Millions of yen)

Category	Balance at the beginning of the year	Increase during the year	Decrease during the year	Balance at the end of the year
Allowance for doubtful accounts	25	—	—	25
Provision for directors' bonuses	47	36	47	36

2. Major assets and liabilities

Consolidated financial statements have been prepared, thus major assets and liabilities are omitted here.

3. Others

There are no applicable matters to be reported.

[6] Stock-related Administration

Fiscal year	From April 1 to March 31										
Ordinary General Meeting of Shareholders	June										
Record date (final dividend)	March 31										
Record date (interim dividend)	September 30 March 31										
Minimum trading unit (MTU)	100 shares										
Purchase and sale of sub-MTU share holdings											
Handling office (main)	(Special account) Stock Transfer Agent Department, Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo JAPAN										
Custodian of shareholder register	(Special account) Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo JAPAN										
Handling locations	—										
Share purchase/sale commissions	Commission rates for purchase or sale of sub-MTU shares vary depending on the value per MTU (see below). <table> <tr> <td>For MTU values of ¥1,000,000 or less</td><td>1.150%</td></tr> <tr> <td>For MTU values above ¥1,000,000 up to ¥5,000,000</td><td>0.900%</td></tr> <tr> <td>For MTU values above ¥5,000,000 up to ¥10,000,000</td><td>0.700%</td></tr> <tr> <td>For MTU values above ¥10,000,000 up to ¥30,000,000</td><td>0.575%</td></tr> <tr> <td>For MTU values above ¥30,000,000 up to ¥50,000,000</td><td>0.375%</td></tr> </table> (Commissions are rounded down to the nearest ¥1). The minimum value per MTU is set at ¥2,500.	For MTU values of ¥1,000,000 or less	1.150%	For MTU values above ¥1,000,000 up to ¥5,000,000	0.900%	For MTU values above ¥5,000,000 up to ¥10,000,000	0.700%	For MTU values above ¥10,000,000 up to ¥30,000,000	0.575%	For MTU values above ¥30,000,000 up to ¥50,000,000	0.375%
For MTU values of ¥1,000,000 or less	1.150%										
For MTU values above ¥1,000,000 up to ¥5,000,000	0.900%										
For MTU values above ¥5,000,000 up to ¥10,000,000	0.700%										
For MTU values above ¥10,000,000 up to ¥30,000,000	0.575%										
For MTU values above ¥30,000,000 up to ¥50,000,000	0.375%										
Method of public notice	Public notice of the Company shall be given by electronic means; provided, however, that in the event accidents or other unavoidable reasons prevent public notice by electronic means, the notice can be given in the Nikkei newspaper. The electronic public notice is presented on the Company's Web site at https://www.nisshin.com .										
Shareholder privileges	All shareholders of record as of March 31 with holdings of at least 500 shares are entitled to receive complimentary supplies of Nisshin Seifun Group products. *A donation to charity is possible in lieu of complimentary products.										

Note:

According to the Company's Articles of Incorporation, sub-MTU shareholders do not have any rights except for those listed in Article 189, Paragraph 2 of the Companies Act, the right of claim, the right to be allotted the shares and/or subscription rights to shares offered according to the number of shares held and the right to ask for sale of sub-MTU shares (top-up purchase) as stipulated in Article 166, Paragraph 1 of the Companies Act.

[7] Corporate Reference Data

(1) Information on the Parent Company of Nisshin Seifun Group Inc.

Nisshin Seifun Group Inc. has no parent company as stipulated in Article 24-7, Paragraph 1, of the Financial Instruments and Exchange Act.

(2) Other Reference Data

The following publications were issued by the Company (in Japanese) between the start of the fiscal year under review and the submittal of the Japanese version of this Securities Report.

(1)	Securities Report (including supplementary documentation) and Confirmation Letters	For the 176th fiscal term	Covering the period: April 1, 2019 to March 31, 2020	Submitted to Director, Kanto Local Finance Bureau: August 28, 2020
(2)	Internal Control Report (including supplementary documentation)			Submitted to Director, Kanto Local Finance Bureau: August 28, 2020
(3)	Quarterly Reports and Confirmation Letters	For the first quarter of the 177th fiscal term	Covering the period: April 1, 2020 to June 30, 2020	Submitted to Director, Kanto Local Finance Bureau: August 28, 2020
		For the second quarter of the 177th fiscal term	Covering the period: July 1, 2020 to September 30, 2020	Submitted to Director, Kanto Local Finance Bureau: November 9, 2020
		For the third quarter of the 177th fiscal term	Covering the period: October 1, 2020 to December 31, 2020	Submitted to Director, Kanto Local Finance Bureau: February 8, 2021
(4)	Shelf Registration Statement (share certificates, debenture bonds, etc.) and supplementary documentation			Submitted to Director, Kanto Local Finance Bureau: June 25, 2020
(5)	Amendments to Shelf Registration Statement			Submitted to Director, Kanto Local Finance Bureau: June 30, 2020 October 6, 2020
(6)	Extraordinary Report	According to the provision of Article 19, Paragraph 2, Item 9-2, "Outcome of the Exercise of Voting Rights at General Meetings of Shareholders" of the Cabinet Office Regulations, regarding the disclosure of corporate information		Submitted to Director, Kanto Local Finance Bureau: June 30, 2020
(7)	Amendments to Extraordinary Report			Submitted to Director, Kanto Local Finance Bureau: October 6, 2020

Part B: Information on Corporate Guarantor for Nisshin Seifun Group Inc.

There are no applicable matters to be reported.