



Briefing Session on Business Results
for Fiscal Year Ended March 31, 2019
(FY2019)

May 22, 2019



Overview of Fiscal Year Ended March 31, 2019 (FY2019) Business Results and FY2020 Future Forecasts

May 22, 2019

Consolidated Statements of Income

- Net sales increased owing to higher sales of the flour milling, food, and other businesses.
- Higher operating income due to higher sales and cost reduction led to an increase in profit.

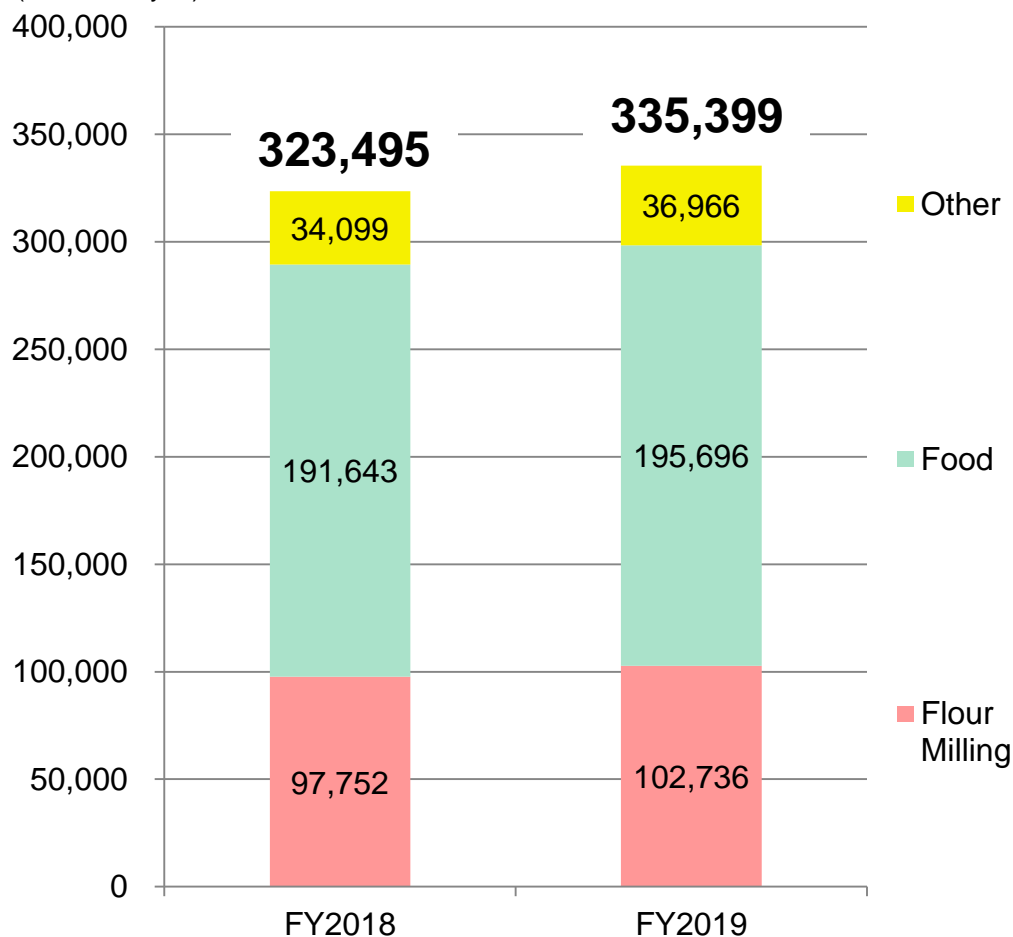
(Millions of yen)

		FY2018		FY2019		YoY	
		(2017.4 ~ 2018.3)	Vs. net sales	(2018.4 ~ 2019.3)	Vs. net sales	Change	Change (%)
Net sales	Flour Milling	97,752	30.2%	102,736	30.6%	4,983	5.1%
	Food	191,643	59.2%	195,696	58.3%	4,052	2.1%
	Other	34,099	10.5%	36,966	11.0%	2,867	8.4%
	Total	323,495	100.0%	335,399	100.0%	11,903	3.7%
Operating income	Flour Milling	5,216	5.3%	5,538	5.4%	322	6.2%
	Food	4,435	2.3%	5,221	2.7%	786	17.7%
	Other	409	1.2%	460	1.2%	51	12.5%
	Total	10,060	3.1%	11,222	3.3%	1,161	11.5%
Ordinary income		11,862	3.7%	13,065	3.9%	1,203	10.1%
Profit attributable to owners of parent		7,651	2.4%	8,455	2.5%	803	10.5%

Analysis of Factors for Changes in Net Sales

◆ Factors for changes in net sales (overall increase of ¥11,903 million (3.7%))

(Millions of yen)



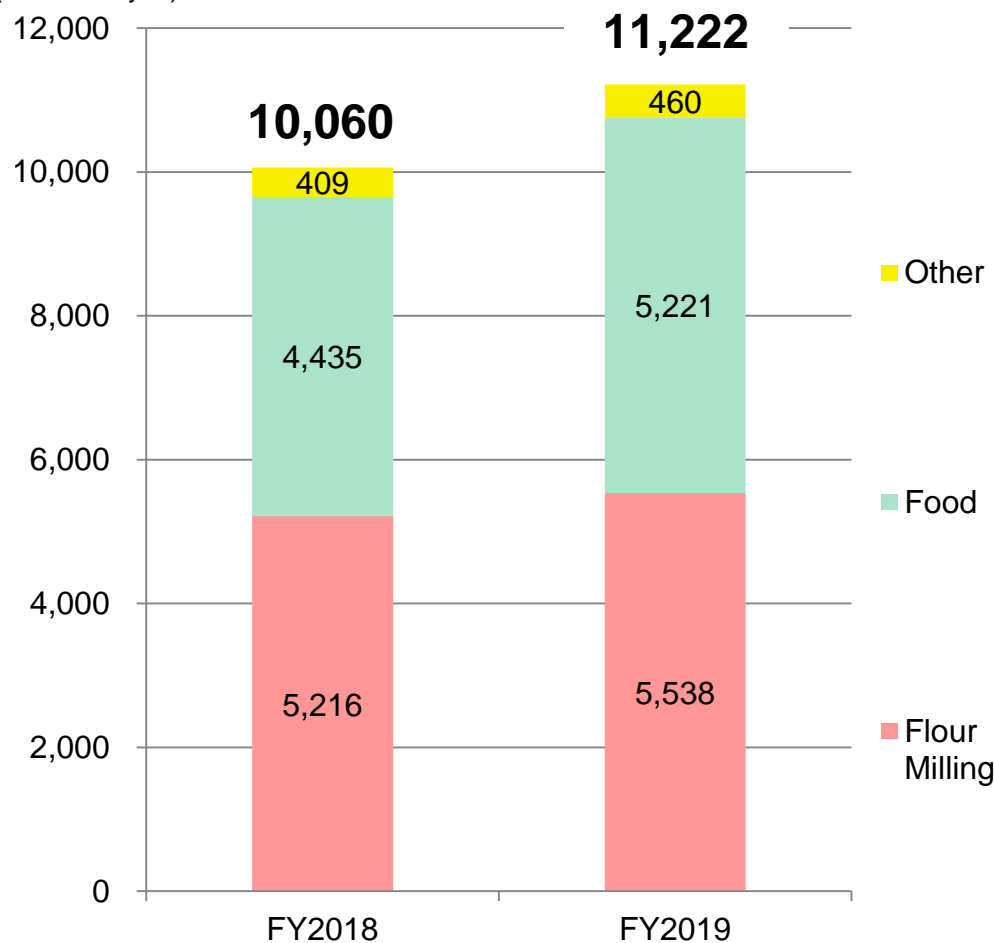
(Millions of yen)

Flour Milling	4,983 (5.1%)
Increase in the volume of wheat flour sales	200
Increase in sales prices	4,400
Increase in wheat bran sales	300
Increase in buckwheat flour and other sales	100
Food	4,052 (2.1%)
Increase in premix and other sales	1,500
Increase in processed food sales	1,900
Increase in frozen foods sales	2,200
Increase in ready-made meals sales	900
Increase in other food sales	200
Effect of changes in the accounting period	(2,600)
Other	2,867 (8.4%)
Increase in engineering-related sales	3,000
Changes in other sales	(100)

Analysis of Factors for Changes in Operating Income

◆ Factors for changes in operating income (overall increase of ¥1,161 million (11.5%))

(Millions of yen)



(Millions of yen)

Flour Milling 322 (6.2%)	
Increase in the volume of wheat flour sales	50
Fluctuations of wheat bran market conditions	300
Fluctuations of sales, manufacturing, and other operating costs	(30)

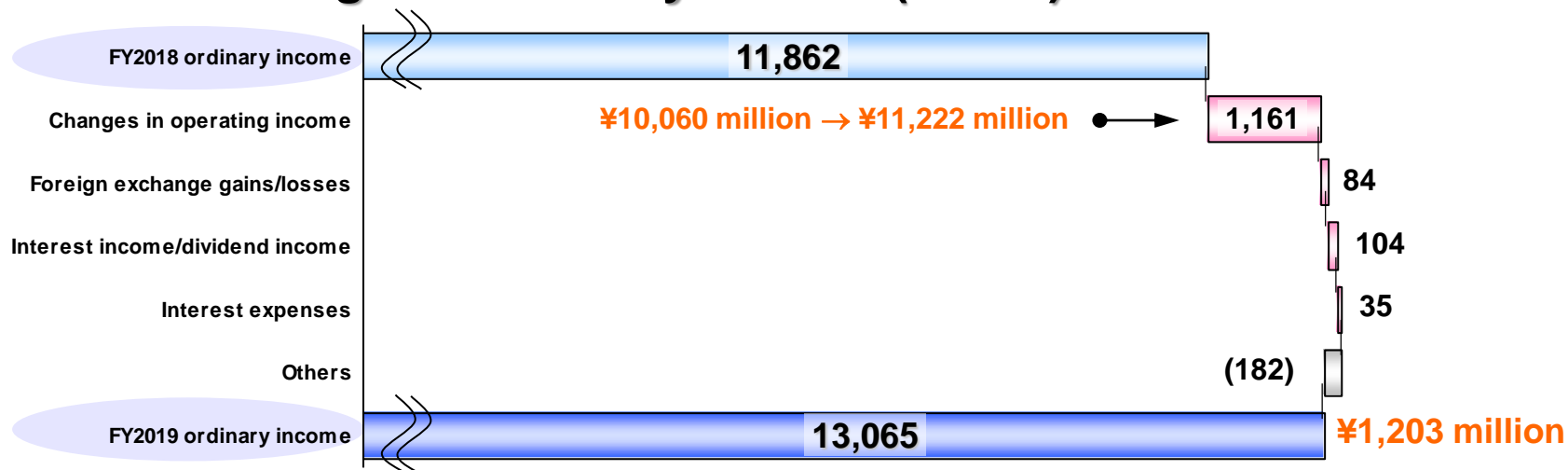
Food 786 (17.7%)	
Increase in food sales	670
Fluctuations of sales, manufacturing, and other operating costs	130

Other 51 (12.5%)	
Increase in engineering sales	200
Fluctuations of sales, manufacturing, and other operating costs	(150)

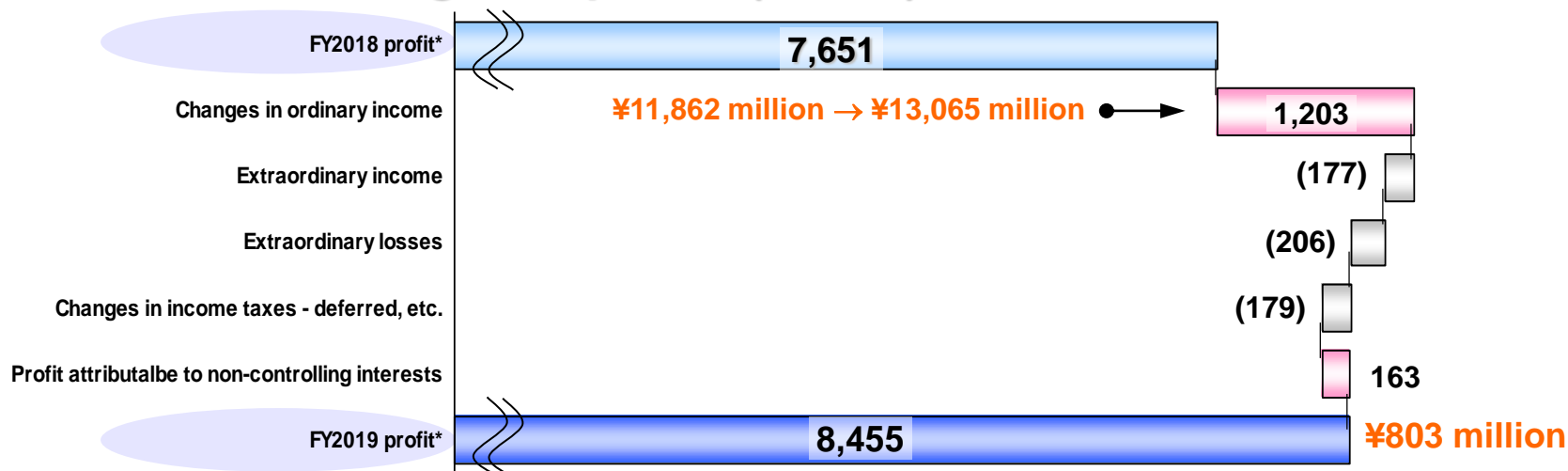
Analysis of Factors for Changes in Ordinary Income / Profit*

◆ Factors for changes in ordinary income (10.1%)

(Millions of yen)



◆ Factors for changes in profit* (10.5%)



* Profit attributable to owners of parent

Consolidated Balance Sheets (Assets)

(Millions of yen)

	FY2018		FY2019		Change	
	(As of Mar. 31, 2018)	Component ratio	(As of Mar. 31, 2019)	Component ratio		
Current assets	105,143	38.6%	118,330	40.3%	13,187	1.7p
Property, plant and equipment	92,867	34.1%	101,233	34.5%	8,365	0.4p
Intangible assets	1,424	0.5%	1,376	0.5%	(47)	(0.1)p
Investments and other assets	72,730	26.7%	72,377	24.7%	(352)	(2.1)p
Non-current assets	167,022	61.4%	174,988	59.7%	7,965	(1.7)p
Deferred assets	-	-	73	0.0%	73	0.0p
Total assets	272,166	100.0%	293,392	100.0%	21,225	-

* In accordance with the "Partial Amendments to Accounting Standard for Tax Effect Accounting, etc." and other standards, figures after retrospective application of these accounting standards are presented.

Consolidated Balance Sheets (Liabilities and Net Assets)

(Millions of yen)

		FY2018		FY2019		Change	
		(As of Mar. 31, 2018)	Component ratio	(As of Mar. 31, 2019)	Component ratio		
Current liabilities		77,675	28.5%	76,100	26.0%	(1,574)	(2.6)p
Non-current liabilities		37,585	13.8%	62,305	21.2%	24,719	7.4p
Total liabilities		115,261	42.3%	138,405	47.2%	23,114	4.8p
Shareholders' equity	Common stock	12,240	4.5%	12,240	4.2%	-	(0.3)p
	Capital surplus	11,415	4.2%	11,262	3.8%	(153)	(0.4)p
	Retained earnings	103,522	38.0%	103,682	35.3%	160	(2.7)p
	Treasury shares	(2,635)	(1.0)%	(3,536)	(1.2)%	(900)	(0.2)p
Accumulated other comprehensive income		27,765	10.2%	26,498	9.0%	(1,266)	(1.2)p
Subscription rights to shares		211	0.1%	287	0.1%	75	0.0p
Non-controlling interests		4,385	1.6%	4,552	1.6%	166	(0.1)p
Total net assets		156,905	57.7%	154,986	52.8%	(1,918)	(4.8)p
Total liabilities and net assets		272,166	100.0%	293,392	100.0%	21,225	-

* In accordance with the "Partial Amendments to Accounting Standard for Tax Effect Accounting, etc." and other standards, figures after retrospective application of these accounting standards are presented.

Consolidated Statements of Cash Flows

(Millions of yen)

	FY2018	FY2019	Change
Operating activities	15,217	17,063	1,845
Investing activities	(11,941)	(14,614)	(2,672)
Financing activities	2,824	7,135	4,310
Effect of exchange rate change on cash and cash equivalents	61	(55)	(117)
Net increase (decrease) in cash and cash equivalents	6,162	9,528	3,365
Cash and cash equivalents at beginning of period	14,368	20,556	6,188
Increase in cash and cash equivalents from newly consolidated subsidiary	25	-	(25)
Cash and cash equivalents at end of period	20,556	30,085	9,528

- Major factors contributing to changes in cash flows from operating activities = Increase in profit, increase in notes and accounts receivable - trade, increase in inventories, etc.
- Major factors contributing to changes in cash flows from investing activities = Purchase of fixed assets, etc.
- Major factors contributing to changes in cash flows from financing activities = Proceeds from issuance of convertible bond-type bonds, purchase of treasury shares, etc.

Forecast for FY2020 Performance

- Net sales are expected to increase in the flour milling, food, and other businesses.
- Higher profit is forecast as higher sales of each business will absorb cost increases.

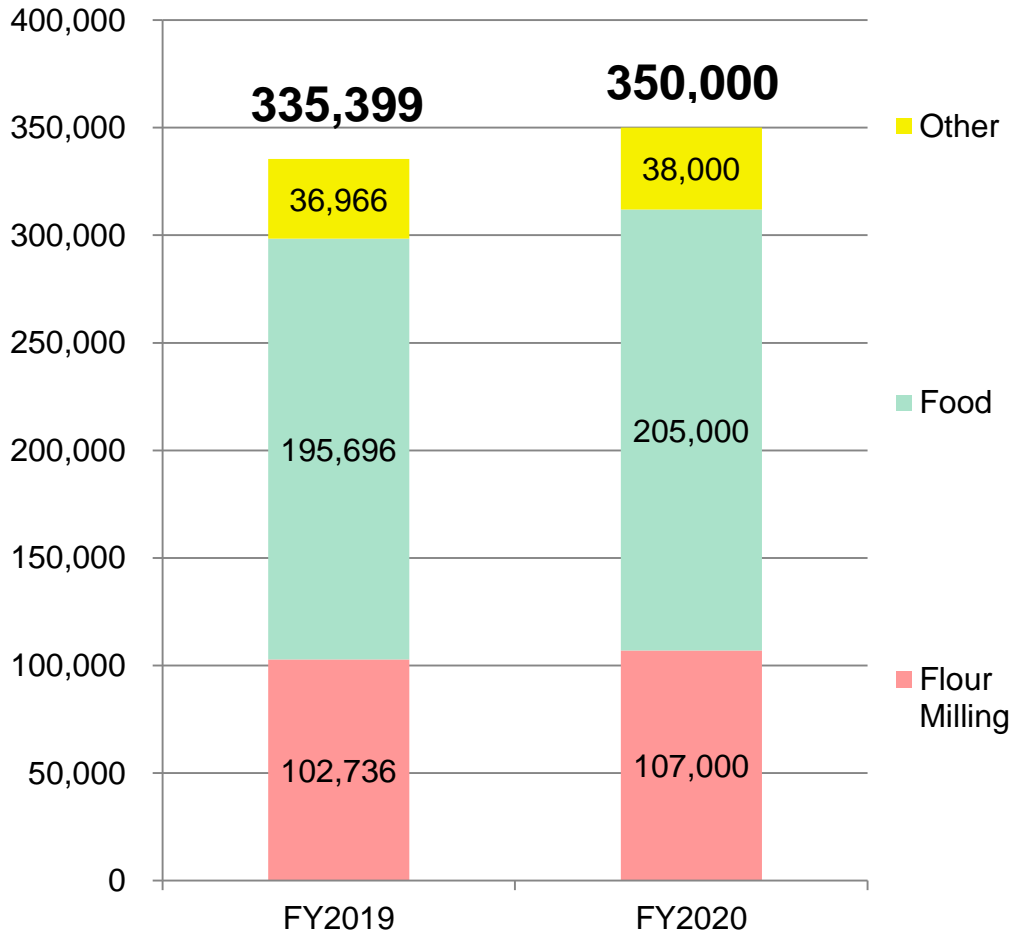
(Millions of yen)

		FY2019		FY2020 (Forecasts)		YoY	
		Result	Vs. net sales	Forecasts	Vs. net sales	Change	Change (%)
Net sales	Flour Milling	102,736	30.6%	107,000	30.6%	4,264	4.2%
	Food	195,696	58.3%	205,000	58.6%	9,304	4.8%
	Other	36,966	11.0%	38,000	10.9%	1,034	2.8%
	Total	335,399	100.0%	350,000	100.0%	14,601	4.4%
Operating income	Flour Milling	5,538	5.4%	5,700	5.3%	162	2.9%
	Food	5,221	2.7%	5,300	2.6%	79	1.5%
	Other	460	1.2%	1,000	2.6%	540	117.4%
	Total	11,222	3.3%	12,000	3.4%	778	6.9%
Ordinary income		13,065	3.9%	13,500	3.9%	435	3.3%
Profit attributable to owners of parent		8,455	2.5%	9,000	2.6%	545	6.4%

Analysis of Factors for Changes in Net Sales Forecasts

◆ Factors for changes in net sales forecasts (overall increase of ¥14,601 million (4.4%))

(Millions of yen)



(Millions of yen)

Flour Milling	4,264 (4.2%)
Sales volume	2,300
Sales price	2,000

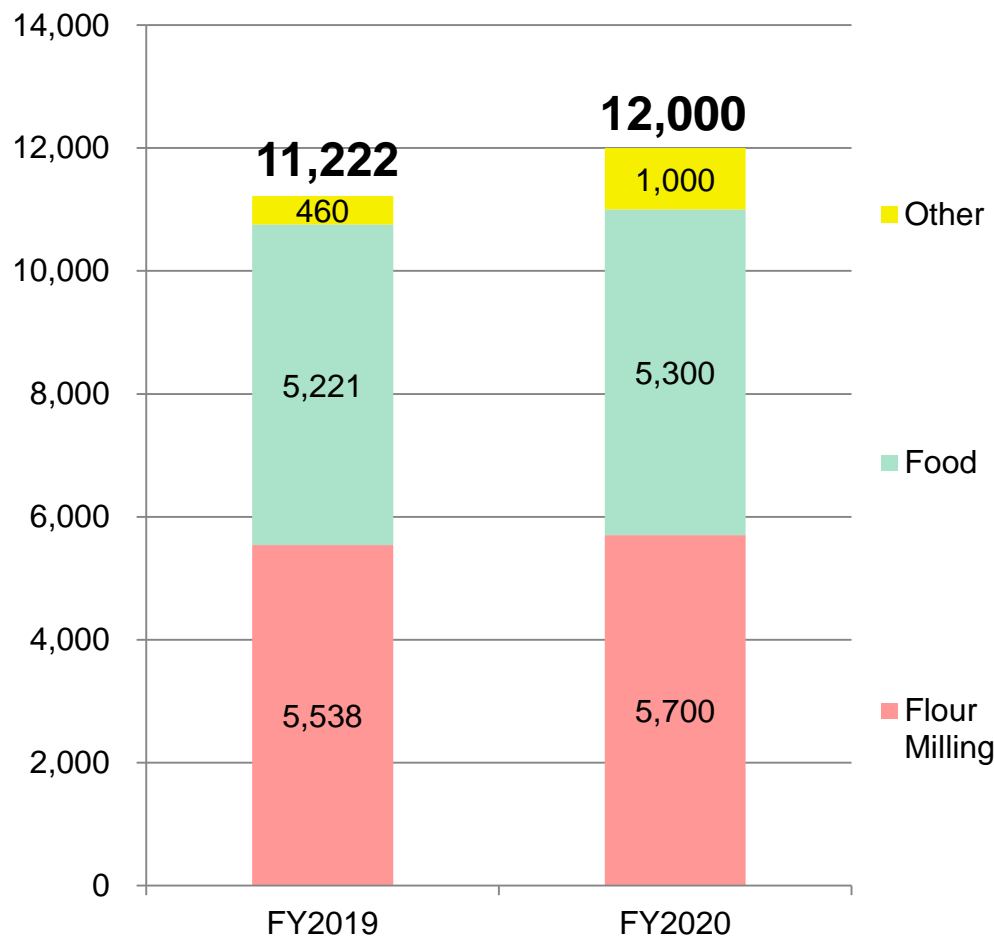
Food	9,304 (4.8%)
Sales volume	7,800
Sales price	1,500

Other	1,034 (2.8%)
Increase in sales, etc.	1,000

Analysis of Factors for Changes in Operating Income Forecasts

◆ Factors for changes in operating income forecasts (overall increase of ¥778 million (6.9%))

(Millions of yen)



(Millions of yen)

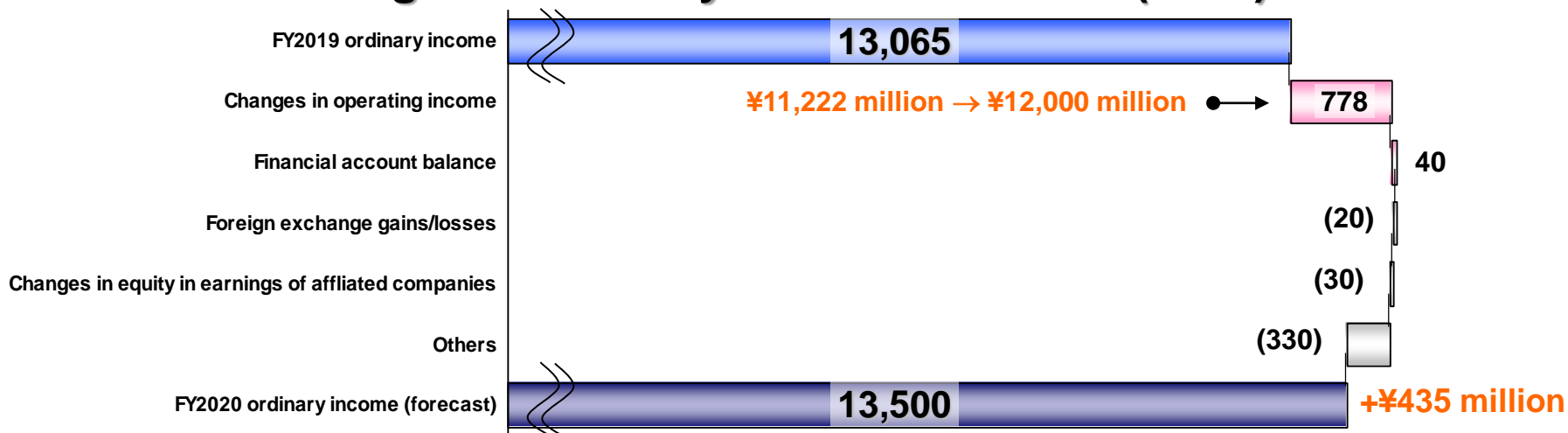
Flour Milling 162 (2.9%)	
Increase in sales volume	500
Fluctuations of wheat bran market conditions	200
Change in cost, etc.	(500)

Food 79 (1.5%)	
Increase in sales volume	600
Change in cost, etc.	(500)

Other 540 (117.4%)	
Increase in sales, etc.	500

Analysis of Factors for Changes in Ordinary Income / Profit Forecasts

◆ Factors for changes in ordinary income forecasts (3.3%) (Millions of yen)



◆ Factors for changes in profit* forecasts (6.4%)



* Profit attributable to owners of parent



The Group's Business Conditions and Future Growth Strategy

May 22, 2019

Content

1 Business Contents

2 Business Environment

3 Strategy for Sustainable Growth

4 Stakeholder Engagement

1. Business Contents

Nippon Flour Mills Group Comprehensive Services

NIPPN

Flour milling, Food, Other
(health food, engineering, etc.)



松屋製粉

Matsuya Flour Mills Co., Ltd.



Processed food business



Frozen food business



Ready-made meals and
delicatessen business



Processed food business
(soy bean)



Tomato business



Food services business (franchisees)

Nippon Flour Mills Group offers comprehensive food-related services by leveraging its multifaceted capabilities.

NIPPN

- **Group companies:**
62 subsidiaries and 25 affiliates
Of which, 47 consolidated subsidiaries and 14 affiliates accounted for by the equity method
- **Number of employees:**
Nippon Flour Mills: 1,141
Consolidated : 3,687
(As of March 31, 2019)



Junco flora school

Cultural business



Sports business



Biotechnology business

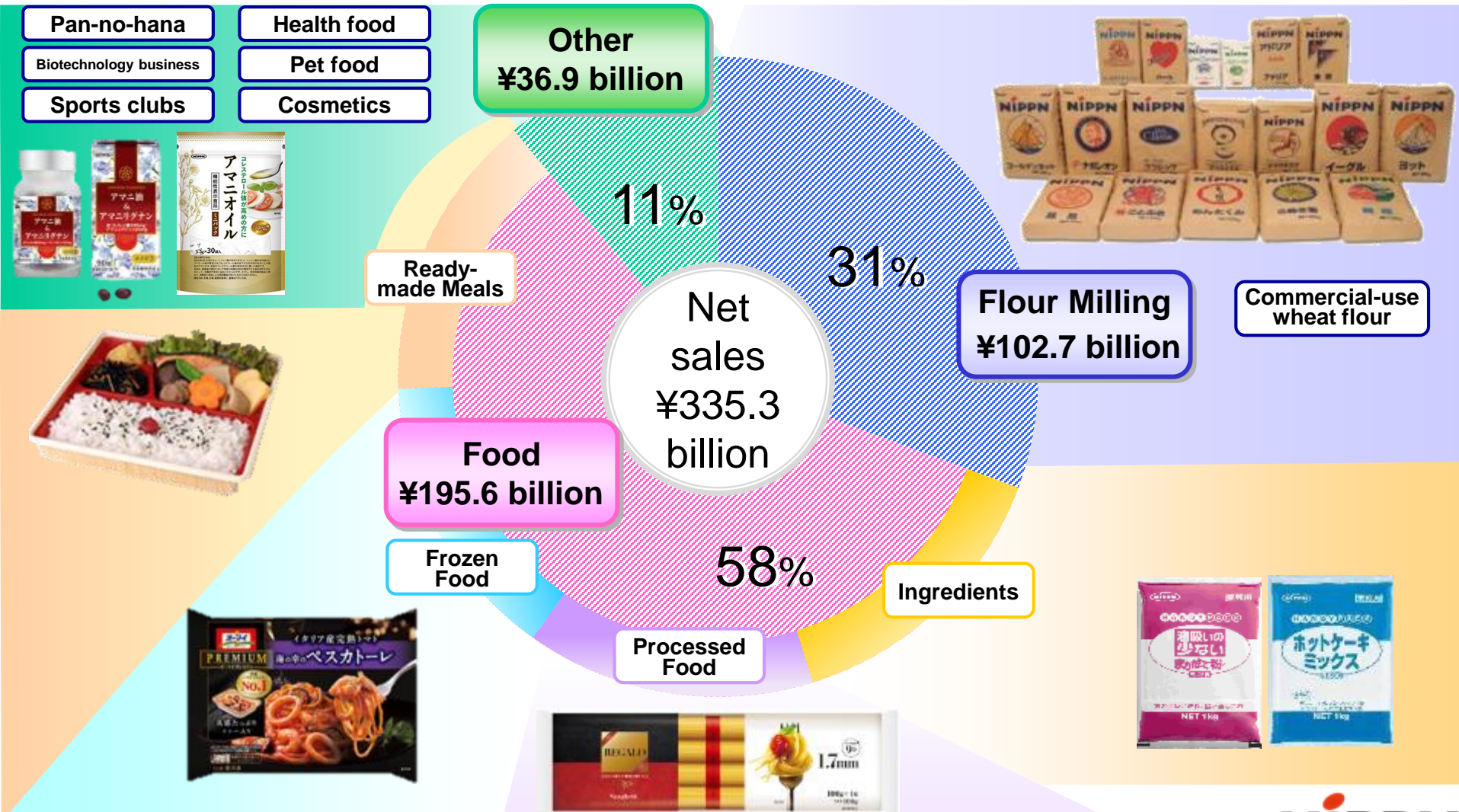


Wholesale business

Business Contents

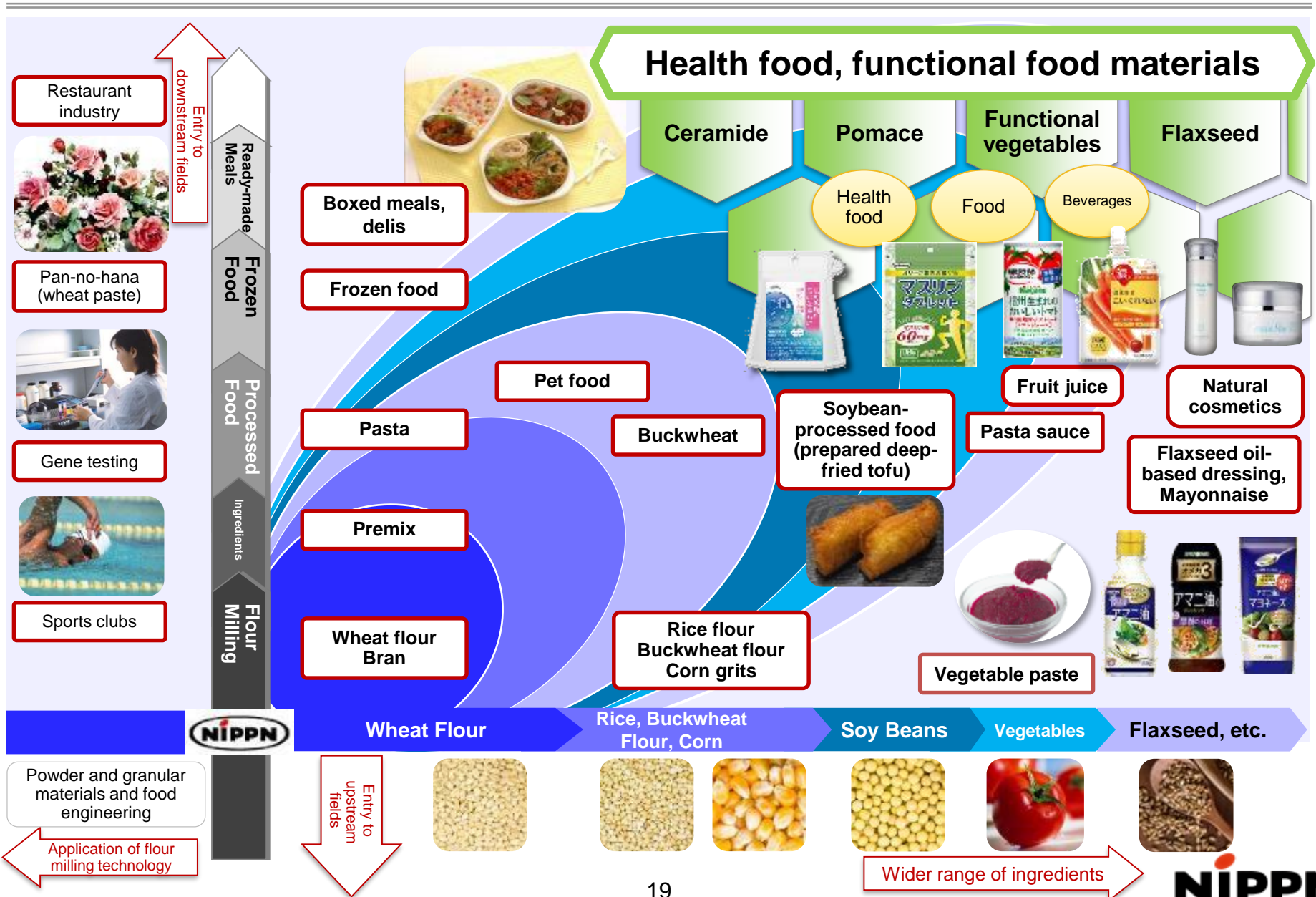
Composition of net sales by business segment for FY2019

47 consolidated subsidiaries
14 affiliates accounted for by the equity method



*Figures less than 100 million yen are rounded down.

Direction of Diversification



Flour Milling Business

7 flour mills

Yokohama, Chiba, Nagoya, Osaka, Kobe-Konan, Fukuoka, Otaru Mills

NIPPN's strengths

■ Reduction of wheat procurement cost

- Consolidation of mills: Promoted consolidation to coastal mills, which are advantageous for procurement of raw materials from abroad, and increased production capacity of coastal mills
- More silos: Construction of a new silo at Kobe-Konan Mill (2012). Construction of an additional silo at Chiba Mill (2014)

■ Supply of high-quality low-cost wheat flour

■ Promotion of proposal-driven sales, development of new products



West Japan



Chiba Mill

East Japan



Kobe-Konan Mill



The two principal mills in East and West Japan can be accessed by Panamax.

Premix Business

Food infrastructure – Premix business –

Premix plants

Japan: Ryugasaki, Kobe-Konan Overseas: Shanghai, Bangkok

● Respond to market needs by capitalizing on NIPPN's strengths in the core business

Greater demand for premixes in manufacturing workplaces

- Labor shortage → Fewer work steps
- Fewer skilled workers
→ Maintaining the quality level
- Promotion of workstyle reform
→ Shorter manufacturing hours

NIPPN's strengths

- Product development capabilities addressing customers' issues
- Sophisticated management of raw materials quality supports product development capabilities
- Cost realized by continuous cost reduction
Cost competitiveness

◆ Cake doughnut premix



◆ Cake premix



◆ Bread premix



◆ Deep fry premix



◆ Tempura premix



Other premix products include steamed bread premix, yeast doughnut premix, snack premix (Western style, Japanese style).

Addition of a premix processing line at Fukuoka Plant is planned

Pasta Business

- Imported pasta accounts for over 50% of the pasta market in Japan.
 - Supply systems in Japan and overseas to support the core business

– Supply of pasta made in Japan –

Plants in Japan: Atsugi, Kakogawa

REGALO

Premium pasta with an Italian name meaning “gift”

Meticulous attention to raw materials, the production method, and semolina



Oh' my



“Cho-hayayude” pasta, ready after boiling for 80 seconds, the fastest product of its kind in the industry

Composed 100% of durum semolina
Classic brand cherishing the authentic taste of pasta

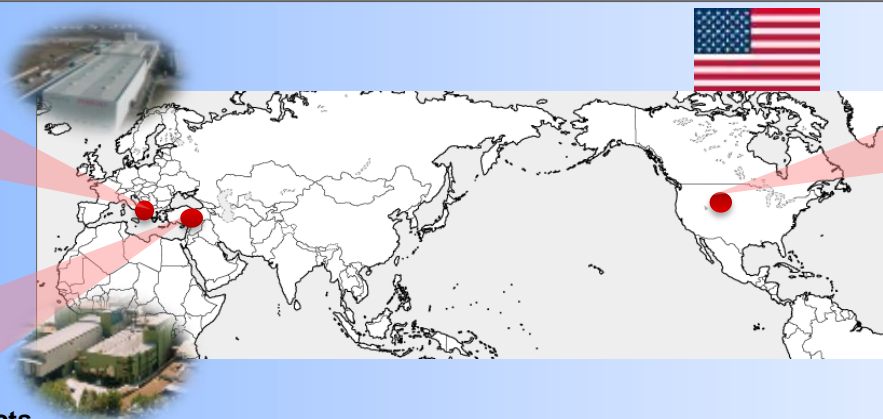
– Supply of pasta from overseas bases –



Italy: Importing of pasta products



Turkey: Importing of pasta products



U.S.: Manufacturing of pasta
Sales in the U.S.
Importing of pasta products

Principal Overseas Sites

Principal Overseas Sites

U.S.



(1)



Asia



(2)



(3)



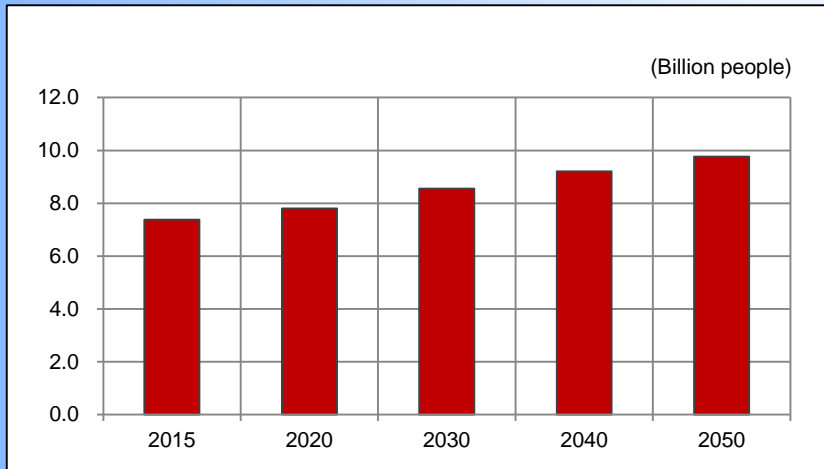
2. Business Environment

Business Environment (1) Expanding Overseas Market (Asia)

World population estimate

Expanding overseas market

- World population to increase about 1.5 times in 50 years. → Increase in population in Asia
- Higher GDP per capita



Source: UN World Population Prospects

Overseas business development

- Nippon Flour Mills (Shanghai Jinshan) Co., Ltd.: Premix plant started operation
- NIPPN (Thailand) Co., Ltd.: Construction of an additional line
- NIPPN (Thailand) Co., Ltd.: Construction of a frozen food plant
- PT. NIPPN FOODS INDONESIA: Construct of a plant planned

Business Environment (2) Changing Japanese Market

Change in Japan

- Aging population and decreasing birthrate



- Greater participation of women in society
- More double-income households
→ 11,290 thousand households



- Increase in small households
→ 60% of all households



- Diversification of sales channels
→ Online sales, convenience stores, drugstores, etc.

Diversifying needs
Time-saving, simple and convenient,
instant food, health

Strengthening of the business

Frozen Food Business



Ready-made Meals Business



Healthcare business



Source: 2018 National Federation of Agricultural Cooperative Associations (ZEN-NOH)

Business Environment (3) Trade Liberalization

TPP11 and Japan-EU EPA: Matters agreed

FTA (free trade agreement)

EPA (economic partnership agreement)

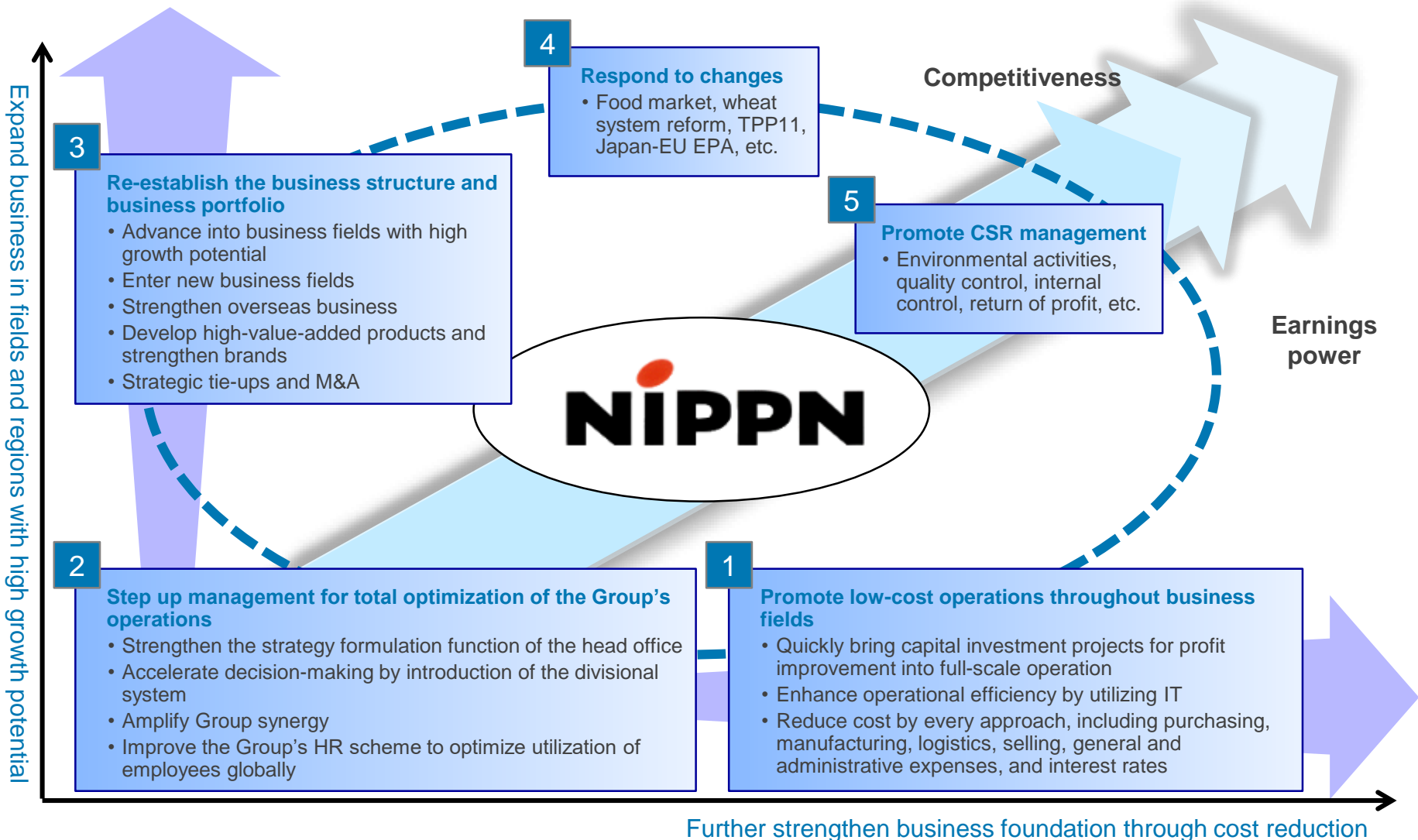
International trade negotiations

- TPP11 came into effect on December 30, 2018.
- Japan-EU EPA came into effect on February 1, 2019.
- Wheat: Current trading by the state and wheat tariff will be maintained. (TPP11)
 - Markup to be reduced by 45% by the 9th year
 - Specific limits on imports from Canada and Australia were set. (78,000 tons in the 1st year → 103,000 tons in the 7th year) (Japan-EU EPA)
 - A limit on imports was set. (200 tons in the 1st year → 270 tons in the 7th year)
- Wheat flour preparations etc.
 - Tariff reduction rates and reduction periods are set for individual items.
 - Items are classified into those to which tariff-rate quotas are applied and those to which tariff-rate quotas are not applied.

	Current tariff rate	Matters agreed in TPP11		Matters agreed in Japan- EU EPA	
		Tariff rate	Volume limit	Tariff rate	Volume limit
Roasted wheat, wheat flour, etc. (State trading items)	¥85/kg – ¥134/kg	No tariff within the limit + Markup	(At start) (6th year) 12.5 thousand tons → 17.5 thousand tons	No tariff within the limit + Markup	(At start) (6th year) 3.8 thousand tons → 4.4 thousand tons
What flour preparations	16% - 28%	No tariff within the limit	(At start) (6th year) 21.8 thousand tons → 30.5 thousand tons	No tariff within the limit	(At start) (6th year) 12.4 thousand tons → 17.2 thousand tons
Macaroni, spaghetti	¥30/kg	60% reduction by the 9th year	—	Step-by-step reduction and removal in the 11th year	—
Biscuits	13% - 20.4%	No tariff in the 6th year	—	Step-by-step reduction and removal in the 6th to 11th year	—

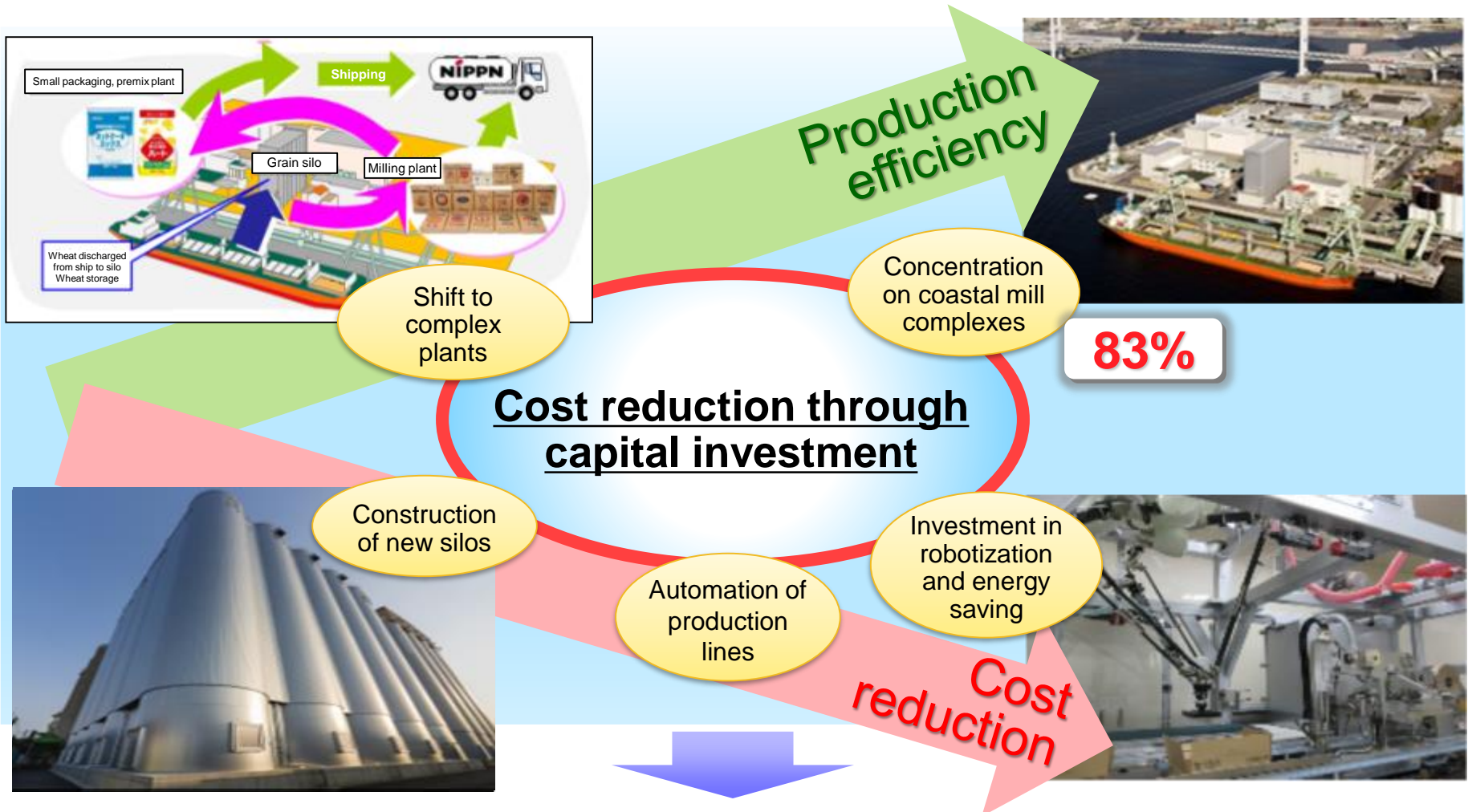
3. Strategy for Sustainable Growth

Growth Strategy Swiftly Responding to Change



Initiatives to Strengthen the Business Foundation

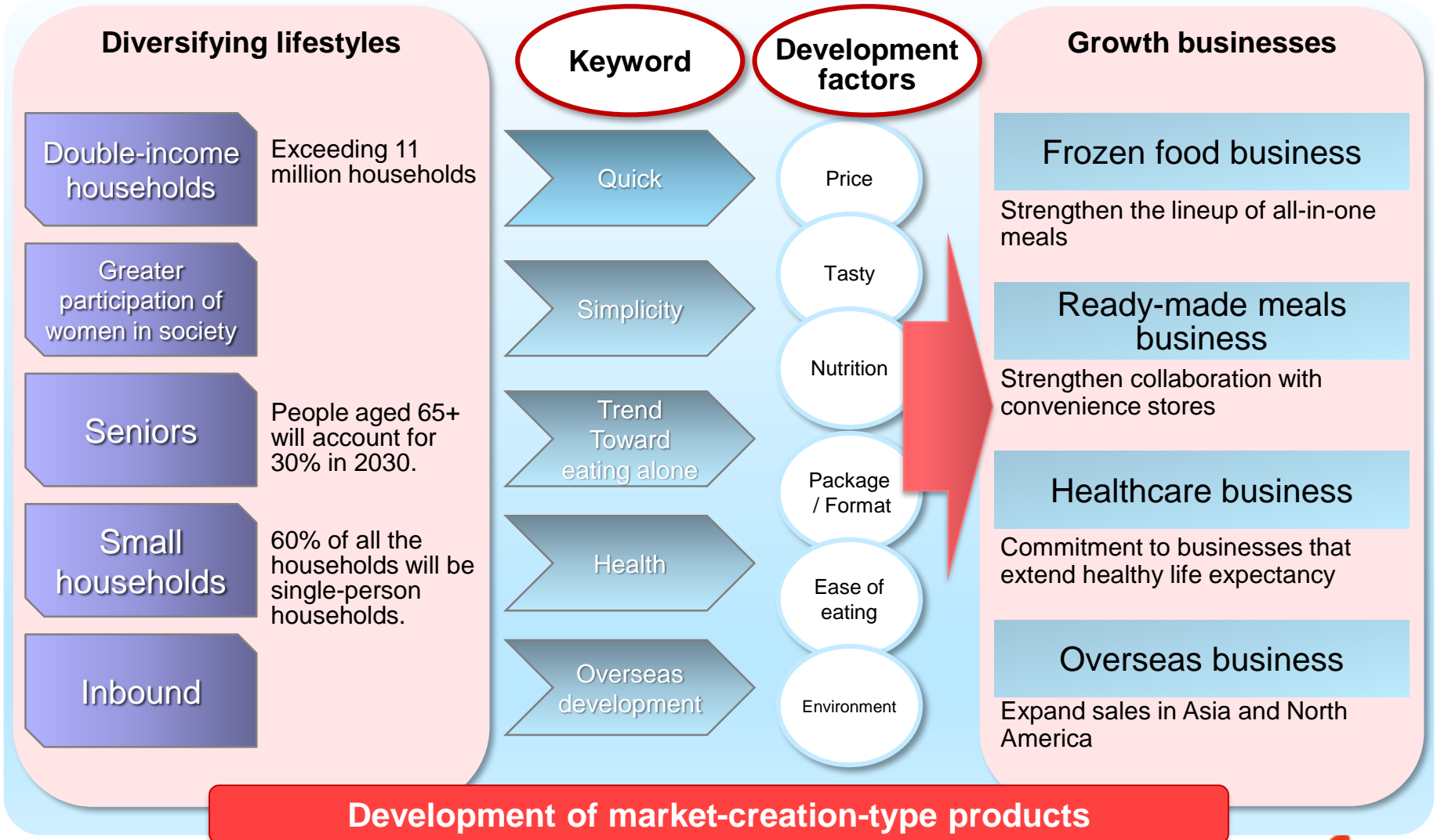
– Strengthening Flour Milling and Food Business – Low-cost operations strategy



Strengthen competitiveness, enhance earnings power

Business Expansion in Growth Fields

In view of the change in dining and consumption



Frozen Food Business (1)

● Strengthening of competitiveness in growth fields

Pasta lineup attuned to various needs

- Wide lineup ranging from high end to middle range
- Wider range of one-person-portion prepared pasta dishes
- Expansion of sales of products in trays by publicizing their value

◆ Oh' my Premium



◆ Umamori



◆ Gu-no-Shogeki



◆ Big



Meeting every dining scenario

- Expansion of sales to wider demographics with “simple and convenient” and “time saving” as key words
- Development of products suitable for various meal scenes, including breakfast, lunch, and dinner
- Expansion of sales of products in trays by publicizing their value

★ Rice dishes in trays Imadoki Gohan series



- ★ Yokubari Plate series of one-plate dishes: Products suitable for breakfast introduced in addition to Western-style dishes and Japanese-style dishes



Frozen Food Business (2)

Development of environmentally conscious products –Reduced use of plastic–

[Change from plastic containers to paper trays in spring 2018]

Developed the **world's first** molded pulp containers*1, considering the contribution to environmental protection and safety

Patent pending



*1 Molded pulp containers
Molded pulp is made by molding pulp solved in water and drying it.



Unbleached paper tray



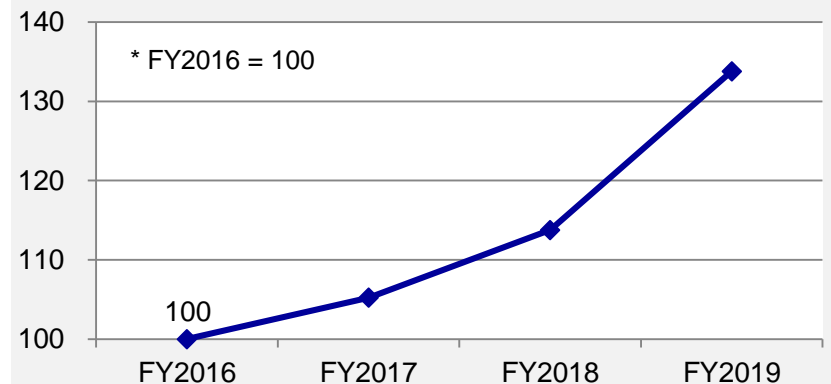
PEFC labeling of existing products



Use of PEFC-certified paper
Paper made from timber procured from PEFC-certified forests is used.

* PEFC: International organization providing certification for appropriate forest management

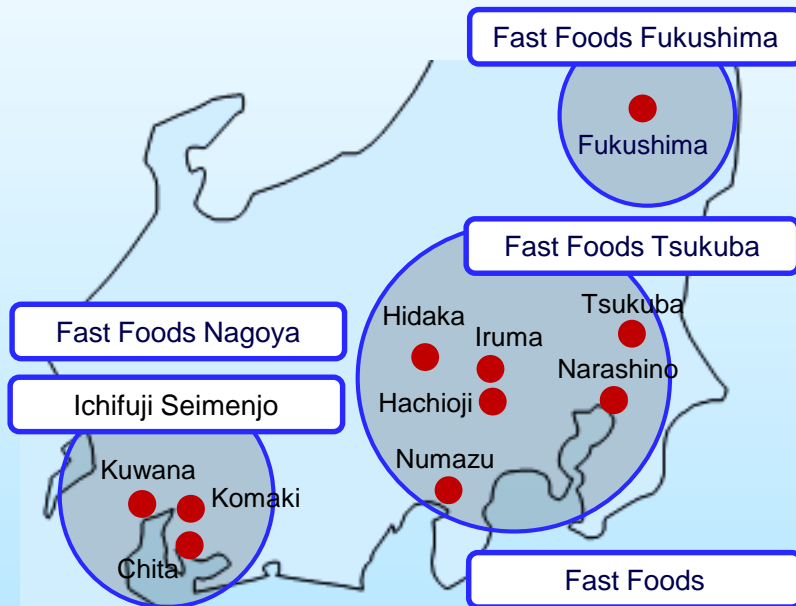
Sales trend of products (NB) for which paper trays are used



Ready-made Meals Business

Expanded in line with diversification of needs (simple, quick to prepare and eat)

Fast Foods Group
(5 companies and 10 plants)



Ichifuji Seimenjo's new factory for pre-cooked noodles (Chita City, Aichi Prefecture)

Operation started this spring

Greater collaboration with convenience stores

- Strengthen broadly based initiatives with convenience stores to expand sales in growth markets
- Capital investment to respond to demand increase and to strengthen business
 - Improvement of the supply system for cooked noodles, boxed lunches, rice balls, sandwiches, etc.

Greater sales in the ready-made-meals market

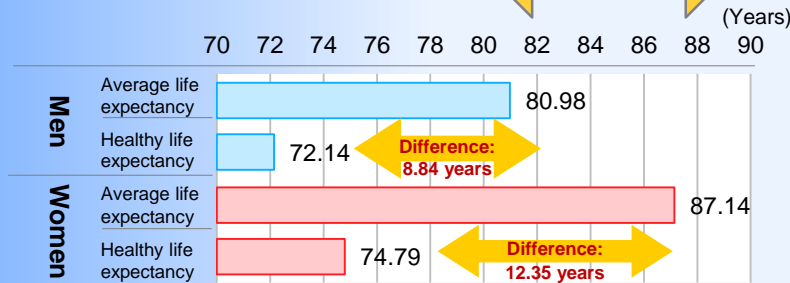
- Sell the Group's diverse food products to the ready-made-meals market and supermarkets (meal preparation area)
- Feedback of market needs and strengthening of menu proposals



Healthcare Business (1)

– Commitment to businesses extending healthy life expectancy –

Healthy life expectancy is the number of years that a person can expect to live without major health issues



Prepared referring to materials of Health Japan 21 (the second term) Advisory Panel

Flaxseed-related products: Raw material, processed food, health food

Nutritional value of flaxseed is attracting attention.

Wide lineup ranging from raw materials to processed food and supplements



Food with Functional Claims

For people with high cholesterol



Market size in 2017: 5.0 billion yen

2-digit increase for the second consecutive year

Market size in 2018: 6.0 billion yen

Ceramide

Natural vegetable-derived (rice, corn): Safe, high purity, high quality



Wide-ranged applications
Foods, supplements, cosmetics

Sales of ceramides (for professional use) in FY2018 doubled from FY2017

Food with Functional Claims

[Urutsuya Ceramide]

“For people anxious about dry skin”



[Maslin Tablet] **Development and commercialization of olive drupe extract**

Participated in an industry-government-academia joint research organization
Helping the elderly stay healthy

Extraction of **maslinic acid**, an active ingredient, from olives



Use of the Company's unique ingredient Olive drupe extract (International patent pending)



Healthcare Business (2)

Initiatives for extending healthy life expectancy

– Utilization of vegetables with added value –

● Versatile vegetable paste (frozen) → Possibility of application to various kinds of food

Superiority of the Company's "Vege Paste"

- Vivid color and rich flavor
- Possible to use without heating after thawing
- "Superheated steam processing," a special method

"Koikurenai" carrot
containing lycopene



"Koiaona" kale with high
nutritional value



"Koiakane" red beet



Vege (vegetable) Paste



Koikurenai
paste



Koiakane
paste



Pumpkin
paste



Koiaona
paste



Vege Paste sales

* FY2016 = 100



Vegetable smoothies

Carrot
Smoothie



Kale
Smoothie



Beet & Berry
Smoothie



Overseas Business

Focus on expanding sales channels in rapidly growing markets of Asia and North America

Asia – Thailand, China, and Indonesia –

Tianjin Chuan Shun Foods., Ltd.

- Manufacture and sale of premix products

Nippon Flour Mills (Shanghai) Trading Co., Ltd.

- Sales of food ingredients for professional use and processed food

Nippon Flour Mills (Shanghai) Co., Ltd.

- Manufacture and sale of premix products
- Acquired FSSC22000 certification

Nippon Flour Mills (Shanghai Jinshan) Co., Ltd.

- Manufacture and sale of premix products
- Operation started in October 2018

NIPPN (Thailand) Co., Ltd.

- Manufacture and sale of premix products
- Acquired FSSC22000, Halal, and other certifications
- Expansion of sales channels in Thailand and adjacent countries
- Start of operation of a new line in 2018 (40% increase in capacity)

Nippon Flour Mills (Thailand) Ltd.

PT. NIPPN FOODS INDONESIA

- Sale of premix products, etc.

U.S.

Pasta Montana, L.L.C.

- Manufacture and sale of pasta
- Export to Japan
- Operation of a new line in 2017 (40% increase in capacity)

NIPPN California Inc.

- Manufacture and sale of food and food ingredients in the North American market

Strategic Investment in Growth Fields

● For further promotion of sustainable growth strategy

Capital investment

(Billions of yen)

	FY2017	FY2018	FY2019
Capital investment (consolidated basis)	12.0	10.1	15.9
(Flour Milling)	3.6	2.3	3.7
(Food)	5.7	5.9	10.7
Depreciation	7.7	7.7	7.4
(Flour Milling)	3.2	3.0	2.8
(Food)	3.2	3.5	3.3

【Principal results】

(Japan)

- Purchase of land adjacent to Kobe-Konan Mill (FY2019)
- Construction of Ichifuji Seimenjo's new factory for pre-cooked noodles (FY2019)
- Construction of an additional line for pet food (FY2019)

(Overseas)

- Pasta Montana, L.L.C.: Production line upgrading (FY2018, 40% increase in capacity)
- NIPPN (Thailand) Co., Ltd.: Construction of an additional line (FY2019, 40% increase in capacity)
- Nippon Flour Mills (Shanghai Jinshan) Co., Ltd.: Construction of a premix plant (FY2019)

【Plan】

(Japan)

- Sendagaya 5-chome redevelopment (FY2020)
- Construction of a loading facility for bulk carriers (Chiba, FY2020)
- Construction of a new line for processing mixes for professional use (Fukuoka, until FY2021)
- Construction of a frozen food plant (Isesaki, until FY2022)

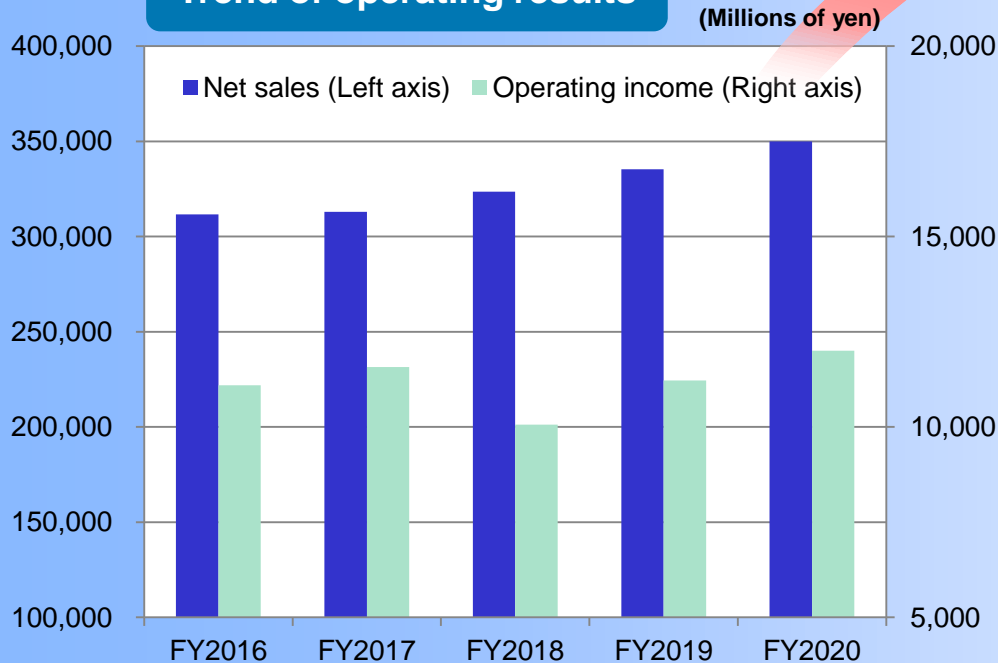
(Overseas)

- NIPPN (Thailand) Co., Ltd.: Construction of a frozen food plant (until FY2021)

Growth Strategy (summary)

Sustainable growth enterprise

Trend of operating results



Vision

Multifaceted global food enterprise

Net Sales: ¥500.0 billion

Operating Income: ¥25.0 billion

ROE 8%

Operating Margin 5%

Enhancement of corporate value
over the medium to long term

Greater future cash flow

Initiatives for sustainable growth

- Strengthen overseas bases
- M&A
- Foster growth fields
- Develop market-creation-type products

Efficient utilization of management resources

- Strengthen Group management
- Expand synergy

Strengthening of earning power

- Enhance customer satisfaction
- Sell high-value added products
- Pursue cost reduction
- Improve profitability and make capital investment

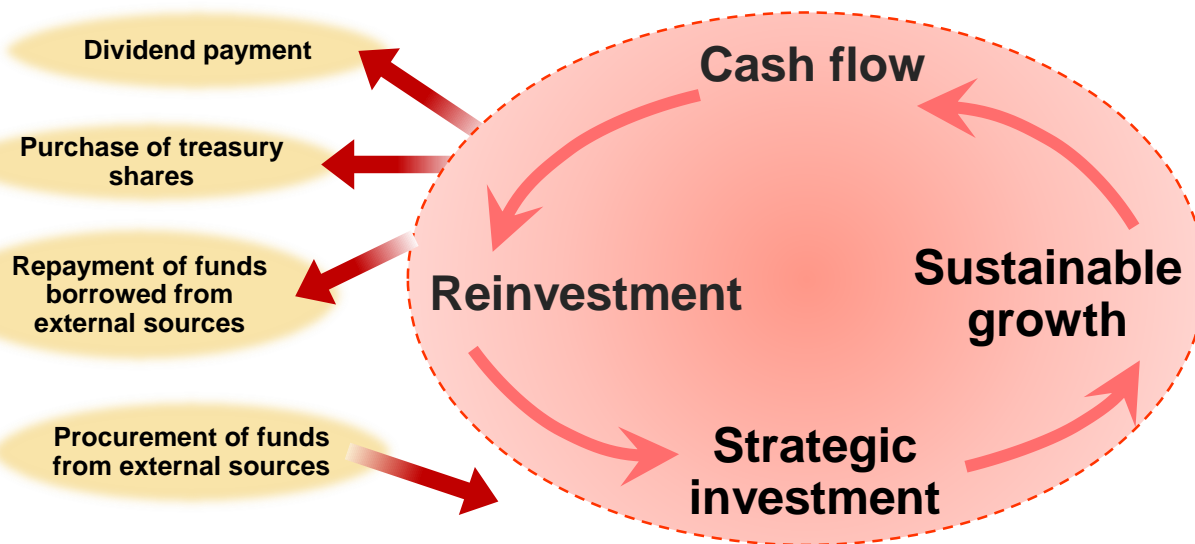
4. Stakeholder Engagement

Shareholder Engagement

Steps to Strengthen the Group's Financial Position

■ Basic policies

- Optimally allocate stable CF from operations through sustainable growth by strategic investment
- Realize the optimum capital structure by enhancing asset efficiency to maintain/improve ratings
- Establish the financial condition enabling continually returning profit to shareholders (including purchase of treasury shares)



<Reference>

- June 2018
Issuance of convertible bonds
¥25.0 billion
Acquisition of treasury shares
¥7.0 billion
- March 31, 2019
Number of shares outstanding
78,820 thousand shares
(Number of treasury shares
2,220 thousand shares)



Shareholder Engagement

Acquisition of Treasury Shares

【Completion of acquisition of own shares based on the resolution made on June 6, 2018】

- **Class of shares to be acquired: Common shares**
- **Total number of shares acquired: 3,705,100 shares**
- **Total acquisition value: ¥7.0 billion**
- **Acquisition period: From June 7, 2018 to December 7, 2018**
- **Acquisition method: Purchase on the Tokyo Stock Exchange**
- * Cancellation of treasury shares on February 22, 2019 (3,700,000 shares)



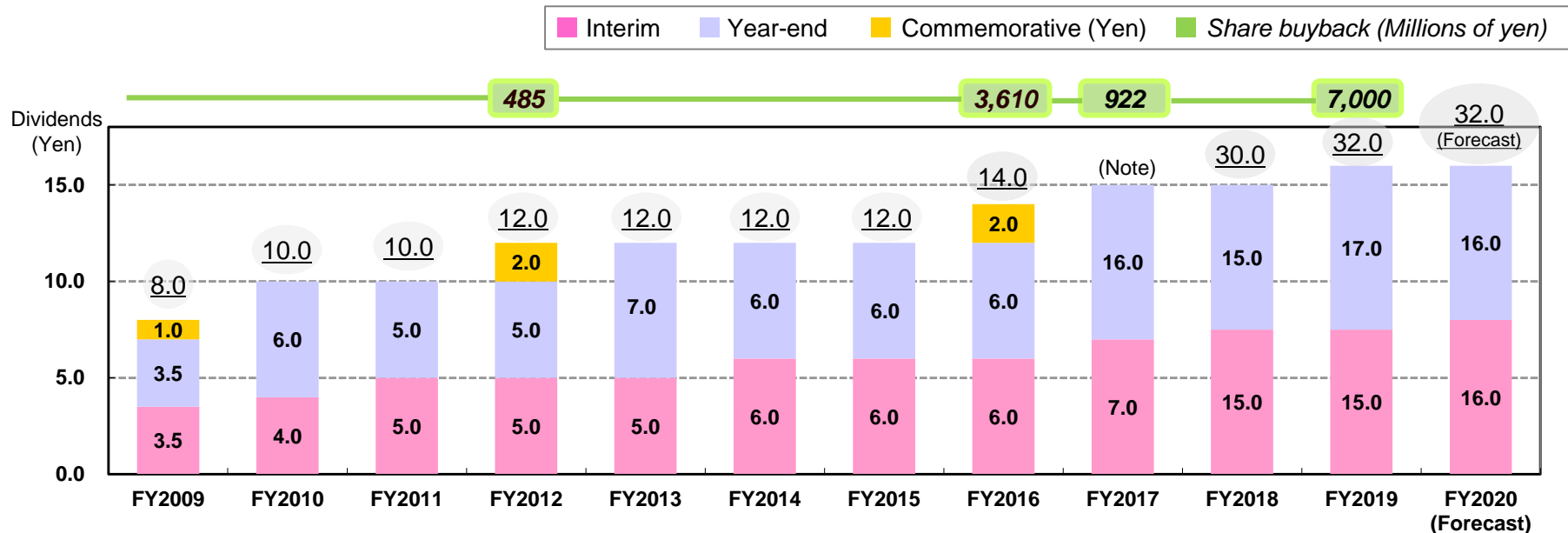
To enhance shareholder returns and improve capital efficiency

Shareholder Engagement

Returning Profits to Shareholders

- The Company's basic policy is to continue to pay stable dividends, comprehensively taking into consideration the need to strengthen the corporate structure and prepare for future business development, the business environment, and internal reserves. Returning profits to shareholders is also an important management objective.
- The payment of dividends is based on a thoroughgoing assessment of NIPPN consolidated performance and financial position.

(Note) 1-for-2 share consolidation and change of the share trading unit from 1,000 shares to 100 shares on October 1, 2016



Payout ratio (consolidated)	27.7%	21.2%	27.7%	32.0%	28.3%	25.4%	28.4%	27.7%	26.9%	31.5%	29.6%	27.6%
Shareholder return ratio* (consolidated)	27.7%	21.2%	27.7%	39.8%	28.3%	25.4%	28.4%	71.6%	37.3%	31.5%	112.2%	27.6%

20th anniversary of the merger with Oh'my

115th anniversary of the Company's foundation

120th anniversary of the Company's foundation

* Shareholder return ratio = Dividend payout ratio + Ratio of share buyback (share buyback/profit)

Social Engagement: CSR Activities and SDGs (1)

■ NIPPN's key CSR issues

- Corporate activities for sustainable growth
- Offering of high-quality products and services
- Gaining of trust of stakeholders
- Improvement of workplace environment
- Legal compliance and internal control
- Contribution to international society and local communities
- Environmental protection initiatives

SDGs tackled by NIPPN



End hunger



Ensure healthy lives and promote well-being for all



Achieve gender equality



Ensure access to affordable clean energy for all



Promote decent work and economic growth



Ensure responsible production and consumption



Take action to combat climate change



Promote peaceful societies and provide access to justice

Corporate activities for sustainable growth

CSR Report



Outcome of industry-academia-government collaboration

Development of SETODURE, Japan's first durum wheat



Commercialization of spaghetti
Produced in 2018
Limited sales in the Kansai area



- Publication of CSR Report, holding of a joint CSR and environment meeting

Offering of high-quality products and services

Nippn's commitment to quality

- Gained certifications, including FSSC 22000, ISO 9001, and JFS-C Certification to strengthen systems for ensuring food safety and reliability
- Ryugasaki Plant gained JFS-C certification* for its food safety management system

* Based on the standard of the Japan Food Safety Management Association, of which the Company is a member



Ryugasaki Plant

Social Engagement: CSR Activities and SDGs (2)

Gaining of trust of stakeholders

- Initiatives to ensure fair transactions
- Timely and appropriate disclosure
- Briefing on financial closing for investors



Improvement of workplace environment

- Promotion of active participation of women → Participation in cross-industry forum
- Promotion of employment of people with disabilities
- Encouraging employees to use childcare leave and childcare shift systems



Legal compliance and internal control

- Compliance policy: “Corporate Social Responsibility HANDBOOK”
- Information security: “Personal Information Protection Policy”
- Risk management: Large-scale disaster → Safety confirmation system

Contribution to international society and local communities

Support children's growth

 Dietary Education Department of Tamesue College

- Joint project with “Tamesue College” of Dai Tamesue, a former professional athlete
- Provision of special classes on exercise and diet at elementary schools



Environmental protection initiatives

Consideration of environmental friendliness

- Use of paper certified by the Program for the Endorsement of Forest Certification for paper trays for frozen foods
- Development of “unbleached eco-paper tray” made of molded pulp, considering safety and environmental friendliness



Expanded ISO14001 certification coverage

Head office and all plants are now ISO14001 certified.

Environmental Policy revised



“The Nippon Flour Mills Group conducts food-related business activities that benefit from the bounty of nature. Mindful that business activities have environmental impacts, we aim to achieve harmony between people and the environment, thereby contributing to realization of a sustainable society.”

Social Engagement Shinjuku South Exit Project

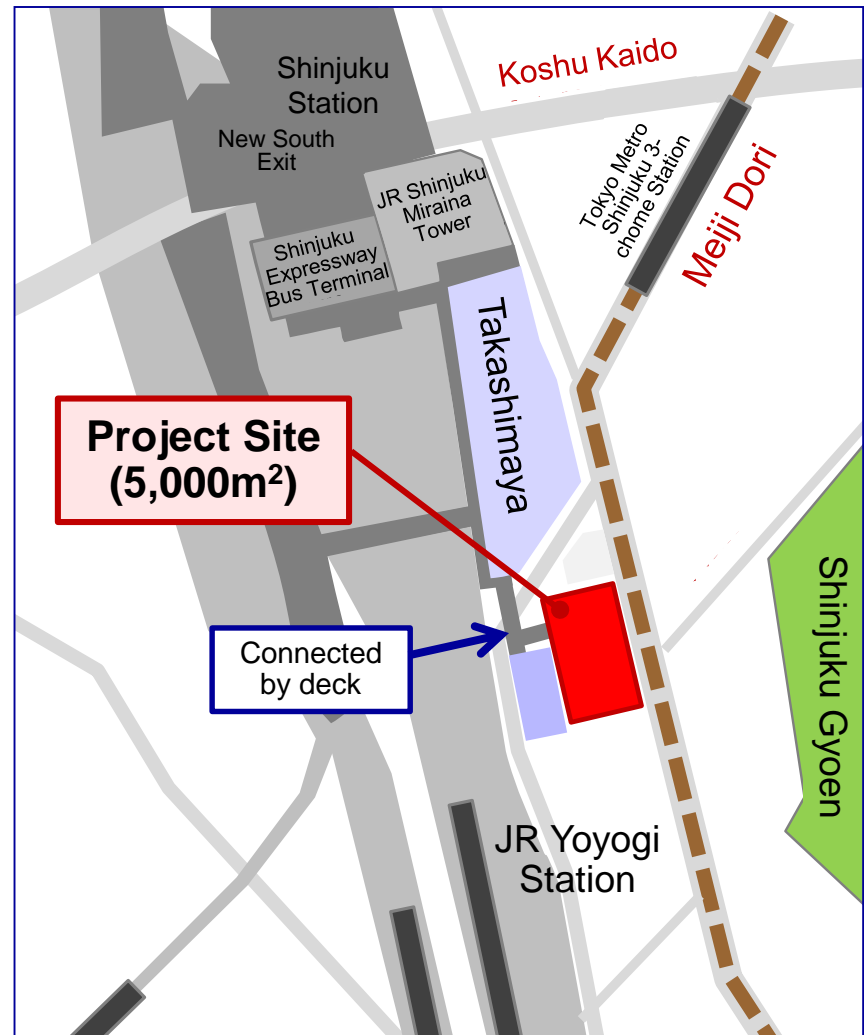
Large-scale building complex near the South Exit of JR Shinjuku Station is nearing completion



Artists' impression
(August 2019)



As of April 2019



[Overview of the redevelopment project]

Application for construction permit

Project area	Within Sendagaya 5-chome, Shibuya-ku, Tokyo
Joint developers	Nippon Flour Mills, Mitsubishi Estate
Building outline	16 floors above ground and 2 underground, total floor area of approximately 44,100 m ²
Usage	Office, shops, community facilities, parking lot, etc.
Construction start	June 2017
Building completion	August 2019

Inquiries

This document includes details of the Company's current plans and performance forecasts. These future plans and forecast figures are based on information currently available as well as the Company's plans and projections. Actual results and performance may differ materially from these plans and forecast figures due to a variety of conditions and factors. This document does not represent a definitive commitment or guarantee by the Company to achieve stated plans and forecast figures.

Investor Relations Office
Accounting and Finance Div.
Nippon Flour Mills Co., Ltd.