

June 6, 2018

Notice of Determination of Terms of Issue, Etc. of Zero Coupon Convertible Bonds
due 2025

Nippon Flour Mills Co.,Ltd. (President & COO: Masayuki Kondo; Head Office: Chiyoda-ku, Tokyo; the “Company”) announces that its Board of Directors determined the terms of issue, etc. related to the issuance of Zero Coupon Convertible Bonds due 2025 at its meeting held on June 6, 2018. Details are as follows.

Matters related to share acquisition rights

(1)	Value of properties to be contributed upon the exercise of share acquisition rights	It will be the same amount as the face values of the convertible bonds
(2)	Conversion price	<u>2,296 yen</u>
	(Reference)	
	Status of share price, etc. on the day when the terms of issue are determined (June 6, 2018)	
	A. Share price (closing price) on the Tokyo Stock Exchange	<u>1,913 yen</u>
	B. Mark-up ratio	
	$\{((\text{Conversion price})/(\text{Share price (closing price)}) - 1) \times 100\}$	<u>20.02%</u>

(Reference) Overview of the Zero Coupon Convertible Bonds due 2025

(1) Total amount of bonds

The sum of 25 billion yen and the total amount of the face values of the convertible bonds (hereinafter the “Bonds”) relating to alternative bonds with share acquisition rights

(2) Date of resolution on issuance

June 6, 2018

(3) Date of allotment of share acquisition rights and payment date of bonds (date of issuance)

June 22, 2018 (London time; hereinafter the same unless otherwise indicated)

(4) Period in which share acquisition rights can be exercised

The period in which the share acquisition rights (hereinafter the “Share Acquisition Rights”) can be exercised will be from July 6, 2018 to June 6, 2025 (local time in the location where the request for exercise is accepted). However, the period will be (i) until the day that is three business days before the redemption date in Tokyo in the case of the early redemption of the Bonds (however, excluding the Share Acquisition Rights relating

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In addition, this document does not constitute the offering of the convertible bonds and shares of common stock of the Company in all areas including the United States. The Company is unable to make the offering or sale of the convertible bonds and shares of common stock of the Company in the United States without undertaking the registration of the convertible bonds and shares of common stock of the Company under the Securities Act of 1933 in the United States or receiving an exemption from registration. If the offering or sale of securities is made in the United States, an English prospectus prepared based on the Securities Act of 1933 will be used. With regard to the matter in this document, the offering or sale of the convertible bonds and shares of common stock of the Company will not be made in the United States.

to the Bonds that are selected not to undergo the early redemption), (ii) until the time when the Bonds are retired if the Bonds are retired by purchase or (iii) until the time of the forfeiture of the benefit of time if the benefit of time of the Bonds is forfeited. In any of the cases above, the Share Acquisition Rights cannot be exercised after June 6, 2025 (local time in the location where the request for exercise is accepted).

Notwithstanding the foregoing, if the Company makes a rational decision that it is necessary to conduct the organizational restructure, etc. of the Company, the Share Acquisition Rights cannot be exercised during the period of less than 30 days designated by the Company that will end within 14 days from the day following the effective date of the organizational restructure, etc.

In addition, if the day when the Share Acquisition Rights will become effective (or if such a day is not a business day in Tokyo, the following business day in Tokyo) is the record date set by the Company, or if that day is during a period between the day that is two business days in Tokyo before some other day set to determine the shareholders in relation to Article 151, Paragraph 1 of the Act on Book-Entry Transfer of Company Bonds, Shares, Etc. of Japan (hereinafter collectively referred to as the “Shareholder Determination Date”) (or if the Shareholder Determination Date is not a business day in Tokyo, the day that is three business days in Tokyo before the Shareholder Determination Date) and the Shareholder Determination Date (or if the Shareholder Determination Date is not a business day in Tokyo, the following business day in Tokyo), the Share Acquisition Rights cannot be exercised. However, if a law, a regulation or a custom related to the delivery of shares relating to the exercise of share acquisition rights through the transfer system based on the Act on Book-Entry Transfer of Company Bonds, Shares, Etc. of Japan is changed, the Company can undertake revisions to the restrictions on the period in which the Share Acquisition Rights can be exercised as stipulated in this paragraph in order to reflect the said change.

(5) Date of redemption

June 20, 2025

(6) Information on dilution due to dilutive shares

As a result of the financing on this occasion, the ratio of dilutive shares to the total number of shares outstanding (excluding treasury shares; hereinafter the same) as of May 31, 2018 is expected to be 13.56%.

(Note) The ratio of dilutive shares is the value obtained by dividing the number of shares that will be newly issued if the share acquisition rights of the convertible bonds to be issued this time are converted to shares at the initial conversion price by the total number of shares outstanding as of May 31, 2018.

* For details, please refer to the Company’s press release “Notice of Issuance of Zero Coupon

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Convertible Bonds due 2025” published on June 6, 2018.

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