

..... To Our Shareholders

Enjoy every meal.

nippon

NIPPON FLOUR MILLS

The 196th Period

Interim Report

FY2020 1H April 1, 2019 to September 30, 2019



CONTENTS

Interview with President	1
Overview of Business	4
Topics	5
Product Profiles	7
Consolidated Financial Results	9
Company Profile and Share Information	10
Back Cover: ● Payment of Interim Dividend	
● Calendar Gift Information	
● Shareholder Information	

Securities Code: 2001



To Our Shareholders

With the delivery to you of this “Interim Report for the 196th Period,” we would like to express our sincere appreciation for your continued support.

Nippon Flour Mills Co., Ltd. (NIPPON) announced, on November 7, 2019, its consolidated financial results for the first half of the year ending March 31, 2020 (FY2020).

I will explain about our progress and about the outlook for the rest of FY2020.

Representative Director, President and COO
Masayuki Kondo

近藤雅之



Interview with President

FY2020 1H Business Summary and Future Outlook

Promote establishment of an internal organizational structure capable of responding to business expansion

Q Looking back at the first half of FY2020, what do you think of the business environment?

A Concerns about possible slowing of the Japanese economy increased owing to uncertainties about the prospects for the world economy, including the outlook of U.S.-China trade friction. In addition, there is anxiety about the impact of the consumption tax increase implemented in October 2019 on consumer behavior amid continuing frugality. The food industry is operating in an increasingly challenging environment. In addition to the impact of fluctuations in demand due to unsettled weather, the impact of rising labor costs due to labor shortages and the impact of trade liberalization, such as the enforcement of TPP 11 and the EU-Japan Economic Partnership Agreement (EPA) and the signing of the trade agreement between Japan and the U.S., are not negligible.

Q What kind of policies do you have to respond to changes in the business environment?

A In order to respond flexibly and swiftly to the unceasingly changing business environment, the Group is strengthening the business foundation based on cost reduction and sales expansion as well as through Group-wide vigorous capital investment in promising fields in Japan and overseas. A facility for bulk shipping of wheat bran has been completed at the Chiba Mill. Capital investment projects currently underway include construction of a new premix plant at the Fukuoka Mill, expansion of a frozen food plant at the Isezaki Plant of NIPPON Frozen Foods Co., Ltd., and construction of a frozen food plant of NIPPON (Thailand) Co., Ltd.

In September 2019, we revised the corporate brand logo and slogan. Moreover, we are promoting establishment of an internal organizational structure capable of responding to further business development. In this regard, we implemented structural reform of the foods operations and enhanced the structure of the international business operations.

Q Please give us an overview of the consolidated performance in the first half of FY2020.

A With a focus on reducing costs and expanding sales, our group has been bolstering our business foundation. We have also been aggressively investing in areas where growth is expected and restructuring our production sites in order to achieve sustainable growth.

In the Flour Milling segment, net sales of wheat flour and wheat bran, which is a by-product of wheat flour, both increased compared to the same period a year ago. In the Food segment, net sales of professional-use products, home-use products and home-use frozen foods all increased year on year. Net sales of ready-made meals also exceeded the previous year’s level with sales expansion following the start of operations at a new plant. As a result, consolidated net sales for the first half of FY2020 increased by 2.8% year on year to ¥172,253 million, operating income decreased by 0.7% to ¥5,308 million, ordinary income decreased by 5.0% to ¥6,057 million, and profit attributable to owners of parent increased by 0.5% to ¥4,049 million.

Q Please tell us about the revision of the corporate brand logo.

A In September 2019, we revised the corporate brand logo and slogan. Over the course of the 23 years since the adoption of the previous corporate brand logo, the food

environment has changed dramatically and we have expanded our business domain in response to such change.

We launched the new corporate brand logo and a new slogan “Enjoy every meal,” with the aim of getting much closer to customers by providing better service in every situation where food is consumed.

Q Please tell us about the status of investment in growth businesses.

A Consolidated capital expenditure in FY2019 was ¥15,900 million. Of which, investments made in the Food segment exceeded ¥10,000 million. Consolidated capital expenditure in FY2020 is expected to exceed that in FY2019 with projected investments in the Food segment remaining at the same level as in FY2019.

We will continue to make aggressive capital investments to expand our frozen foods and international businesses, which we position as growth businesses.

FY2020 1H Consolidated Financial Highlights

(April 1, 2019 to September 30, 2019)

Net Sales	¥172.2 billion (Up 2.8% y-o-y)	Net Income per Share	¥52.87
Operating Income	¥5.3 billion (Down 0.7% y-o-y)	Total Assets	¥287.8 billion
Ordinary Income	¥6.0 billion (Down 5.0% y-o-y)	Net Assets	¥156.5 billion
Profit Attributable to Owners of Parent	¥4.0 billion (Up 0.5% y-o-y)	Net Assets per Share	¥1,979.70

FY2020 Full-Year Forecasts

(April 1, 2019 to March 31, 2020)

Net Sales	¥350.0 billion (Up 4.4% y-o-y)
Operating Income	¥12.0 billion (Up 6.9% y-o-y)
Ordinary Income	¥13.5 billion (Up 3.3% y-o-y)
Profit Attributable to Owners of Parent	¥9.0 billion (Up 6.4% y-o-y)

Q Please tell us about your initiatives for ESG.

A In our CSR Report, we identify the Group's major issues from the perspectives of "E (Environment)," "S (society)," and "G (Governance)" and as part of initiatives related to "E (Environment)," we moved faster in addressing environmental issues when developing products, such as the use of paper trays since the fall of 2010. As for "S (society)," we are working on five important issues: "Corporate activities for sustainable growth," "Providing high-quality products and services," "Earning the trust of stakeholders," "Creating workplace environments," and "Contribution to international and local communities." Regarding "G (Governance)," we have taken a consistent stance as a company while responding flexibly to the rapidly changing society. The Group will actively engage in CSR activities for as many stakeholders as possible, contribute to the realization of a sustainable environment and society, and strive to achieve sustainable growth and increase corporate value as a company.

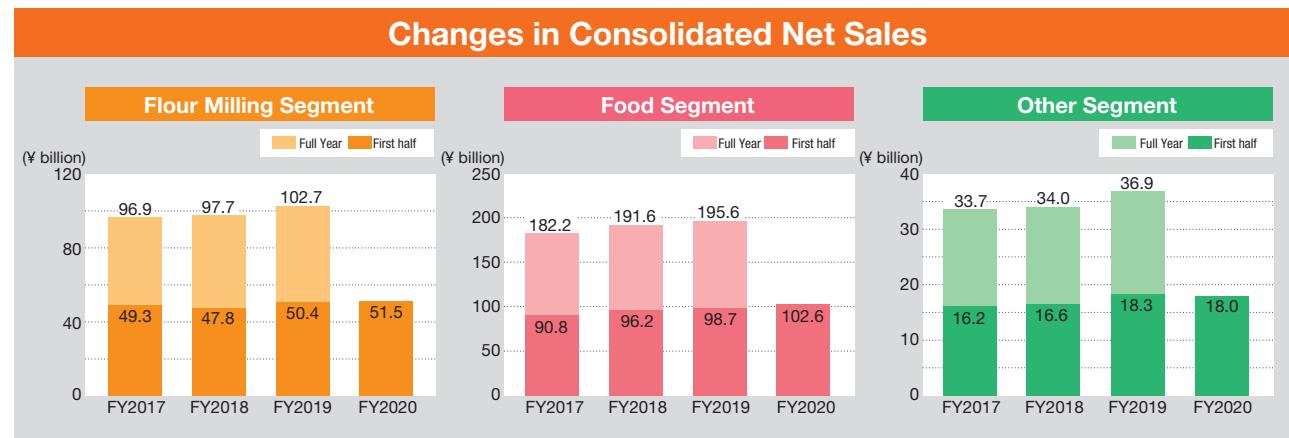
Q Please tell us about the outlook for the full-year consolidated financial results for FY2020.

A Regarding the full-year consolidated performance, we will keep our earnings forecasts which were announced on May 10, 2019 unchanged, and we anticipate net sales of ¥350 billion, operating income of ¥12 billion, ordinary income of ¥13.5 billion, and profit attributable to owners of parent of ¥9 billion.

Q Finally, please give a message to shareholders.

A The shrinking of the domestic market can't be avoided due to a declining population amid a low birthrate and an aging society. As a result, we are facing challenges such as rising labor costs and logistics expenses owing to labor shortages.

The Group will strive to further strengthen competitiveness and reduce costs with the aim of becoming a multifaceted global food enterprise. Your further support would be highly appreciated.



Overview of Business

(April 1, 2019 to September 30, 2019)

Flour Milling Segment

In line with the decrease of government sales prices (tax inclusive) of imported wheat by 1.7% on average for the five key products in April 2019, we revised the prices of our products.

The Group is strengthening quality control in response to the growing preoccupation with the safety and security of food throughout society. At the same time, to address customer needs and diversifying food preferences, the Group promoted sales initiatives with a view to resolving the issues that concern customers. Moreover, we conducted vigorous sales & marketing initiatives, including participation in various trade shows and holding of workshops and seminars around Japan, some of

which were for management, and rolling out of new products. As a result, wheat sales volume was virtually unchanged from the same period of the previous year and sales of wheat flour and wheat bran, a by-product, were higher than the levels for the same period of the previous year. As a result, net sales for the Flour Milling segment increased by 2.2% year on year to ¥51,566 million, while operating income decreased by 3.7% to ¥2,609 million.

Food Segment

In the professional-use category, owing to vigorous marketing, including participation in various exhibitions and the holding of Italian cookery workshops, sales of premixes for professional use were brisk both in Japan and overseas, resulting in higher sales of products in the professional-use category than for the same period of the previous year.

In the home-use product category, we implemented vigorous sales activities for the REGALO premium pasta brand, including improvements to existing products and the launch of new products. As a result, sales of products in this category increased compared with the same period of the previous year.

In the home-use frozen foods category, we completely reformed the Oh'my Premium series with the launch of four new products and the package redesign of the existing nine products. Moreover, in the Yokubari Plate series of complete meals consisting of a main dish and staples, we

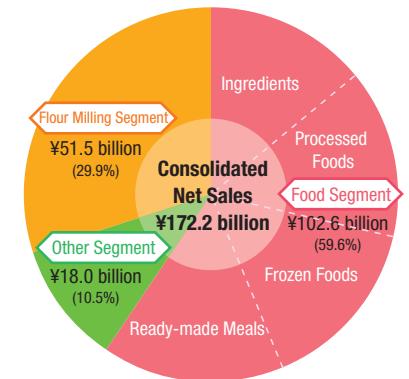
strengthened the lineup suitable for breakfast. As a result, sales of home-use frozen foods were higher than the level for the same period of the previous year. In the ready-made meals business, as sales volume increased owing to the start of operation of a new factory in Chita City, Aichi Prefecture, sales were higher than the level for the same period of the previous year. As a result, net sales of the Food segment increased by 3.9% year on year to ¥102,683 million, while operating income decreased by 4.1% to ¥2,535 million.

Other Segment

Sales of the engineering business were lower than the level for the same period of the previous year, reflecting stabilization of inquiries for large projects.

Sales of the healthcare business were higher than the level for the same period of the previous year

Net Sales by Segment (1H of FY2020)



* Figures are rounded down to the nearest billion yen.

because of strong demand for ceramides, which are functional materials, and vigorous development and launches of other health-enhancing products. For example, our applications to have Amani Shukan (Golden Flaxseed) and Gingkoleaf & Lutein designated as foods with function claims were accepted and our ten flaxseed-related products were certified by the Japan Disaster Food Society. As a result, net sales for the Other segment decreased by 1.9% year on year to ¥18,004 million, and operating income was ¥147 million.

Capital Expenditure

Capital expenditure for the first half of FY2020 was ¥7,273 million (on an accrual basis).

NIPPN's new face: a renewed corporate brand logo and slogan have been born

That's delicious! Wow, that's a new taste!
We aim to be a company that brings such happy moments to our customers.
As well as continuing to offer wheat flour, pasta, frozen food, and health foods, we will keep finding new ways to deliver great tastes.

We aim to become a household name for daily meals both in Japan and around the world.
A new **nippn** begins with that vision, which is also embodied in the logo and slogan.

Enjoy every meal.
nippn
NIPPON FLOUR MILLS



Transforming to a new NIPPN with the renewed logo and slogan

Notice of "Cookery Workshops for Shareholders 2020 in Tokyo"

This year we will again hold the Cookery Workshops for Shareholders, which have always been popular among participants. We will invite 66 shareholders. We look forward to receiving your applications.



Class name	A. Fluffy Bread Class	B. Cooking Class (Morning)	C. Cooking Class (Afternoon)
Date & time	Tuesday, February 25, 2020 10:30 to 14:00 (Doors open at 10:00)	Wednesday, February 26, 2020 11:00 to 14:00 (Doors open at 10:30)	Thursday, February 27, 2020 13:30 to 16:30 (Doors open at 13:00)
Capacity	16 participants	25 participants	25 participants
Course details	In pairs, we will make ham and onion bread rolls. Anyone, including men and those who have never made bread before, can participate without worry. 	You will watch demonstrations, practice cooking and enjoy tastings with our products. Planned menu You will practice cooking dishes. Menu may change.  • Green peas and corn salad  • Lasagna style penne  • Chicken and grilled cabbage steamed in white wine  • Lemon pound cake	

Venue Egami Cooking School
21 Ichigayasanaicho, Shinjuku-ku, Tokyo 162-0846
Three to four minute walk from Ichigaya Station of JR, Toei Shinjuku Line, Yurakucho Line or Namboku Line

Items participants need to bring Apron, hand towel, something to write with

Tuition Free of charge

How to apply for Paste the triangular "token" on a postcard with the information shown below.
(1) zip code; (2) mailing address; (3) name; (4) phone number; (5) cellphone number (Only if you have one); (6) name of desired workshop (either "A. Fluffy Bread Class," or "B. Cooking Class (Morning)," or "C. Cooking Class (Afternoon)"); (7) name of the accompanying person (if you wish to be accompanied) who can be a non-shareholder
Send it to us at: "Cookery Workshops for Shareholders" Section, IR Office, Nippon Flour Mills Co., Ltd. 4-8 Kojimachi, Chiyoda-ku, Tokyo 102-0083

Application deadline Saturday, December 21, 2019, as indicated by the postmark on the postcard
* If more than the set number applies, a lottery will be held to select winners.

Notice of winners Winners will receive a participation ticket by Monday, January 20, 2020.
There will be no announcement of winners prior to the delivery of the ticket.

Contact point IR Office, Nippon Flour Mills Co., Ltd. at 03-3511-5316 (phone) (Weekdays 9:00 to 17:00)



Postcard
1020083
Send it to us at:
"Cookery Workshops for Shareholders"
Section, IR Office, Nippon Flour Mills Co., Ltd.
4-8 Kojimachi,
Chiyoda-ku, Tokyo

(1) zip code;
(2) mailing address;
(3) name;
(4) phone number;
(5) cellphone number;
(6) name of desired workshop;
(7) name of the accompanying person

No need to fill in if you participate alone

Paste this token

Notes

- Paste one token per postcard.
- No parking space available. (Use public transportation.)
- Refrain from bringing children.
- Note that we will take pictures at the venue on the day and use them on our website or "To Our Shareholders."
- Pay transportation cost to and from the venue.
- Applications from non-shareholders will not be accepted.
- Online or telephone applications will not be accepted.



New product profiles for fall and winter 2019

More convenient and easier to use!
Introducing new products designed to meet customers' needs.



Processed foods

◆ **nippn**
Nihon no tempurako
(Japanese tempura flour)



Tempura flour using 100% domestic wheat. It gives a crispy crunchy texture to fried food. Breadcrumbs easily stick to the food and the food can be beautifully fried.

◆ **nippn**
Bacon and pepper flavored croutons



Croutons that give a crispy texture and bacon flavor you can enjoy. Add them to your usual salad to make it more delicious! A snack that can be enjoyed by itself, or with alcohol.

◆ **nippn**
Mecha raku: Hot cake mix
(Super easy pancake mix)



Pancake mix that can be baked softly only with water. You can mix it in a bag, so it is easy to make with less preparation and washing.

◆ **nippn**
Dressing with flaxseed oil
Yuzu citrus soy sauce-based Japanese-style dressing



Flaxseed oil accounts for 49.5% of the edible vegetable oil in this dressing.

Flaxseed oil which is rich in omega-3 (alpha-linolenic acid) is used in the dressing. This is a soy sauce-based Japanese-style dressing with yuzu juice and grated radish, giving a refreshing touch.

Frozen foods

◆ **Oh'my**
Gu no shogeki
(Breathtaking ingredients)
Shrimp Neapolitan



Comes in an easy-open tray.

It offers richness in taste with sourness of tomatoes and sweetness of vegetables. The grilled shrimp flavor is a nice accent. Topped with shrimp, bacon, fried eggplants, green peppers, onions and mozzarella cheese.

◆ **nippn**
Imadoki gohan hitori nabe
(Modern hot pot for one person)
Beef sukinabe (sukiyaki-like dish)



Comes in an easy-to-use tray.

A satisfying dish with four ingredients and udon in a sweet and spicy sauce that infuses through the broth. Adding an egg will make it taste even better.

◆ **nippn**
Yokubari Plate: Morning
(one plate breakfast)
Egg benedict & caponata



Contained in a convenient tray.

This is a colorful breakfast set with an egg benedict with plenty of hollandaise sauce and caponata of three kinds of vegetables.

Health food

◆ **Amani Shukan**
(Golden Flaxseed)

Food with function claims



Among the rare golden varieties, a flaxseed variety that is rich in alpha-linolenic acid is offered in a 3.7 g single use pack (a set of 30 bags) that is easy to use.

Oh'my Premium series

Full renewal!

The No. 1 frozen pasta brand* that has been loved by customers since its release in 2003!

*INTAGE SCI Frozen Pasta Market. April 2013–May 2019 by brand on an accumulated amount basis

With the aim to strengthen the brand's presence, we have completely renewed it.



Renewal points

- **Deliciousness of noodles**
Make the texture more chewy and increase resistance to changes over time
- **Tray design**
Designed to make meals more enjoyable, giving a feel that the meal is served on a plate
- **Package design**
Designs that bring out more deliciousness of dishes

The Oh'my Premium series come in a convenient paper tray with no plate required. We have changed the paper tray design to offer six designs with two color patterns that "make meals colorful and fun."

Help save the planet while enjoying delicious food

FSC-certified paper is used for the paper trays. By purchasing this product, customers can support appropriate forest management and contribute to the conservation of forest resources around the world.

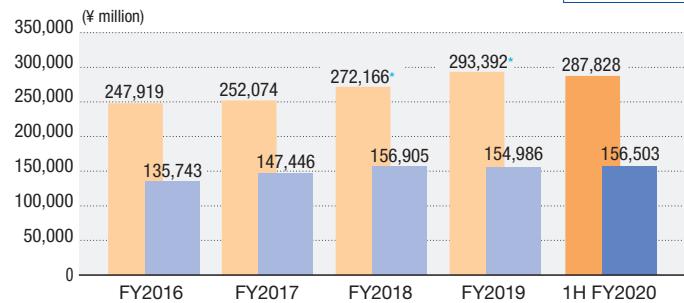


Popular Scandinavian design!

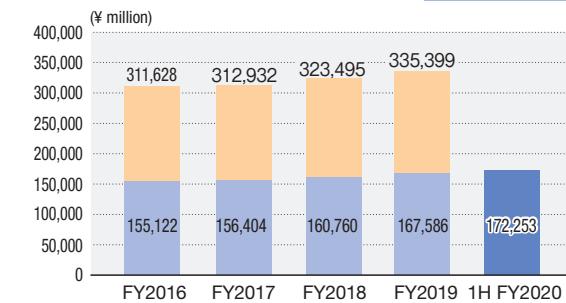
There are four other tray designs.

Consolidated Financial Results

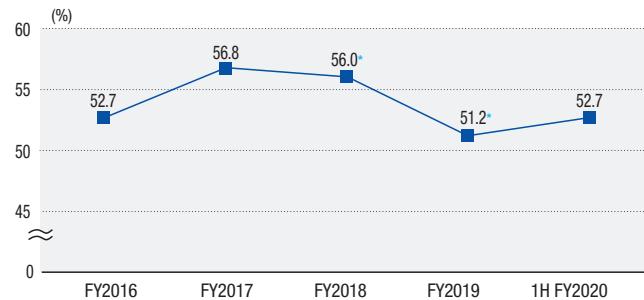
Total assets/Net assets



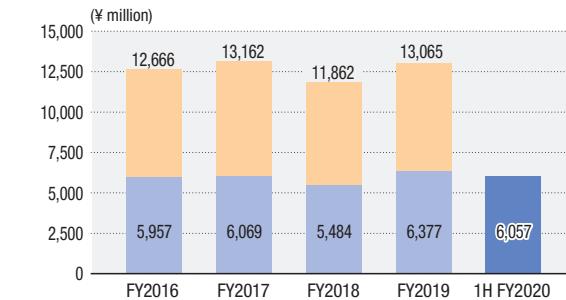
Net sales



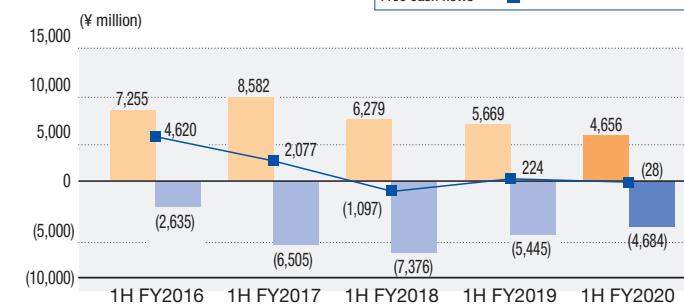
Equity ratio



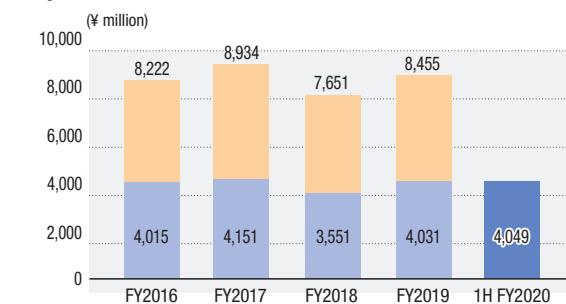
Ordinary income



Cash flows



Profit attributable to owners of parent



* Effective from the fiscal year ended March 31 2019, the Company has applied the Partial Amendments to Accounting Standard for Tax Effect Accounting, etc., and the figures for total assets and equity ratio for the previous fiscal year (FY2018) are presented after the retrospective application of these accounting standards.

Company Overview

Company Name:	Nippon Flour Mills Co., Ltd.
Head Office:	4-8 Kojimachi, Chiyoda-ku, Tokyo
Established:	December 1896
Capital:	¥ 12.24 billion
Number of Employees:	1,043 [non-consolidated basis]
Major Businesses:	Manufacturing and marketing of wheat flour and secondary processed foods, including premixes, pastas and frozen foods, deli (packaged lunch), pet food products, health care products, biotechnology business, etc.
Locations:	Head office (Tokyo), two administration divisions, eight branches, eight plants, laboratory (Atsugi)

Major Group Companies

Matsuya Flour Mills Co., Ltd.	Tofuku Flour Mills Co., Ltd.
NIPPN SHOJI Co., Ltd.	OHMY Co., Ltd.
NIPPN Frozen Foods Co., Ltd.	Nippon Rich Co., Ltd.
Fast Foods Co., Ltd.	OK Food Industry Co., Ltd.
NAGANO TOMATO Co., Ltd.	NPF Japan Co., Ltd.
NIPPN Donut Co., Ltd.	Nippon Engineering Co., Ltd.
Overseas (United States, China, Thailand, and Indonesia)	

Shares

Number of Authorized Shares	300,000,000 shares
Number of Outstanding Shares	78,824,009 shares
Number of Shareholders	19,089
Major Shareholders	

Name	Number of shares held (thousand shares)	Shareholding ratio (%)
Nippon Flour Mills Clients Shareholding Association	4,522	5.8
The Master Trust Bank of Japan, Ltd. (trust account)	4,305	5.6
Taiju Life Insurance Company Limited	3,497	4.5
MITSUI & CO., LTD.	3,349	4.3
DUSKIN CO., LTD.	2,510	3.2
Itochu Corporation	2,250	2.9
Sumitomo Mitsui Banking Corporation	2,246	2.9
Japan Trustee Services Bank, Ltd. (trust account)	2,228	2.9
The Norinchukin Bank	2,060	2.6
Mitsui Sumitomo Insurance Co., Ltd.	2,004	2.6

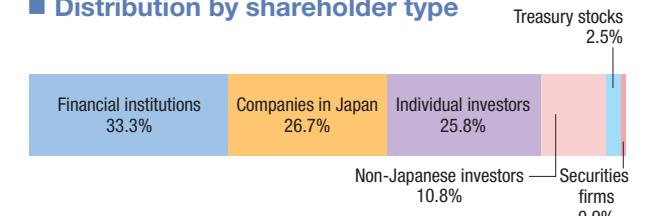
Note: The calculation of the shareholding ratios excludes 2,006,000 treasury shares.

Directors and Executive Officers

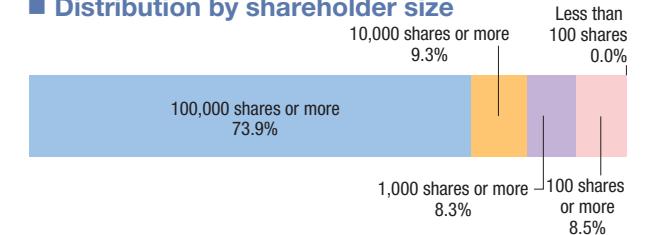
Representative Director, Chairman and CEO:	Hiroshi Sawada	Managing Director:	Shizuo Yamaguchi
Representative Director, President and COO:	Masayuki Kondo	Executive Officer:	Tsuneo Fukusawa
Managing Director:	Toshifumi Horiuchi	Executive Officer:	Hiroyuki Jin
Managing Director:	Toshiya Maezuru	Executive Officer:	Yoichi Kurimoto
Managing Director:	Yuzuru Kogiso	Executive Officer:	Takehiko Yamanaka
Managing Director:	Mitsuhiro Takeuchi	Executive Officer:	Akira Higashino
Managing Director:	Toyokazu Saotome	Executive Officer:	Yasunori Tanaka
Managing Director:	Atsuo Uchi	Executive Officer:	Keizo Kagawa
Managing Director:	Katsuhiko Fujii	Executive Officer:	Kou Murai
Managing Director:	Takaaki Aonuma	Executive Officer:	Tomio Kimura
Managing Director:	Takashi Eshima	Executive Officer:	Akihisa Miyata
Managing Director:	Akiko Kimura	Executive Officer:	Miharu Kobayashi
Director (Outside Director):	Yoshio Kumakura		
Director (Outside Director):	Naotaka Kawamata		
Executive Corporate Auditor (full time):	Kyoichi Sumiya		
Executive Corporate Auditor (full time):	Noboru Sekine		
Corporate Auditor (Outside Corporate Auditor):	Akio Okuyama		
Corporate Auditor (Outside Corporate Auditor):	Kazuhiko Yoshida		

Distribution of Shares

Distribution by shareholder type



Distribution by shareholder size



Payment of Interim Dividend

The board of directors resolved at its meeting on November 7, 2019 that the interim dividend per share would be ¥16. You can receive your dividend payment at a nearby branch of JP Bank or post office in exchange for the enclosed "Interim Dividend Warrant" form.

"Payee's Bank Account Information" and "How to Receive Your Dividend Payment" forms are enclosed for those who have chosen direct deposit and those who have chosen the share-count-based proportional distribution method (to receive dividends through accounts at securities companies in proportion to the number of shares held in the accounts), respectively.

Please note that we have sent everyone the "Statement of Dividend," which you may use to subsequently check the amount of your dividend payment or as a supporting document for your tax return. (If you chose the share-count-based proportional distribution method, please check with your securities company.)

"Link Square Shinjuku" was completed at the south exit of Shinjuku Station

Through a joint development with Mitsubishi Estate Co., Ltd. and others, the former headquarters building located in Shibuya-ku, Tokyo has been reborn as "Link Square Shinjuku," a multipurpose building with 16 stories above ground. The new building consists of offices, commercial facilities, and community facilities, including childcare centers authorized by Shibuya-ku. In addition to enhancing disaster prevention functions with consideration given to both facility users and local residents, this building complex will help create new prosperity by connecting the Shinjuku, Yoyogi and Sendagaya areas, as well as increasing the attractiveness of the whole area.



nippon

Nippon Flour Mills Co., Ltd.

4-8 Kojimachi, Chiyoda-ku, Tokyo 102-0083

Phone: 03-3511-5301 (General) **Website:** <https://e-nippon.com/>

2020 Calendar Free Gift

Works of
Vincent van Gogh



We give away a calendar for free to the first 500 applicants of our shareholders. **Cut off and paste on a postcard the triangular token at the lower left corner** and then send it to us with your name, address, and zip code at:

Mail to: Calendar Section, Legal Group
Nippon Flour Mills Co., Ltd.
4-8 Kojimachi, Chiyoda-ku, Tokyo 102-0083

Shareholder Information

Fiscal Year:	April 1 to March 31
General Meeting of Shareholders:	June
Record Date:	March 31 for the General Meeting of Shareholders and Year-end Dividend September 30 for the Interim Dividend
Administrator of Shareholder Registry (Manager of Special Account):	Sumitomo Mitsui Trust Bank, Limited. 4-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo
Mailing Address:	Stock Transfer Agency Business Planning Dept., Sumitomo Mitsui Trust Bank, Limited. 8-4 Izumi 2-chome, Suginami-ku, Tokyo 168-0063
(Telephone Contact):	0120-782-031 (toll free in Japan)
Website:	https://www.smtb.jp/personal/agency/index.html

