



**Briefing Session on Business Results
for the First Half of the Fiscal Year
Ending March 31, 2020 (FY2020)**

November 15, 2019

Nippon Flour Mills Co., Ltd.
<https://www.nippon.co.jp>



Overview of Business Results for the First Half of FY2020 and FY2020 Future Forecasts

November 15, 2019

Consolidated Statements of Income

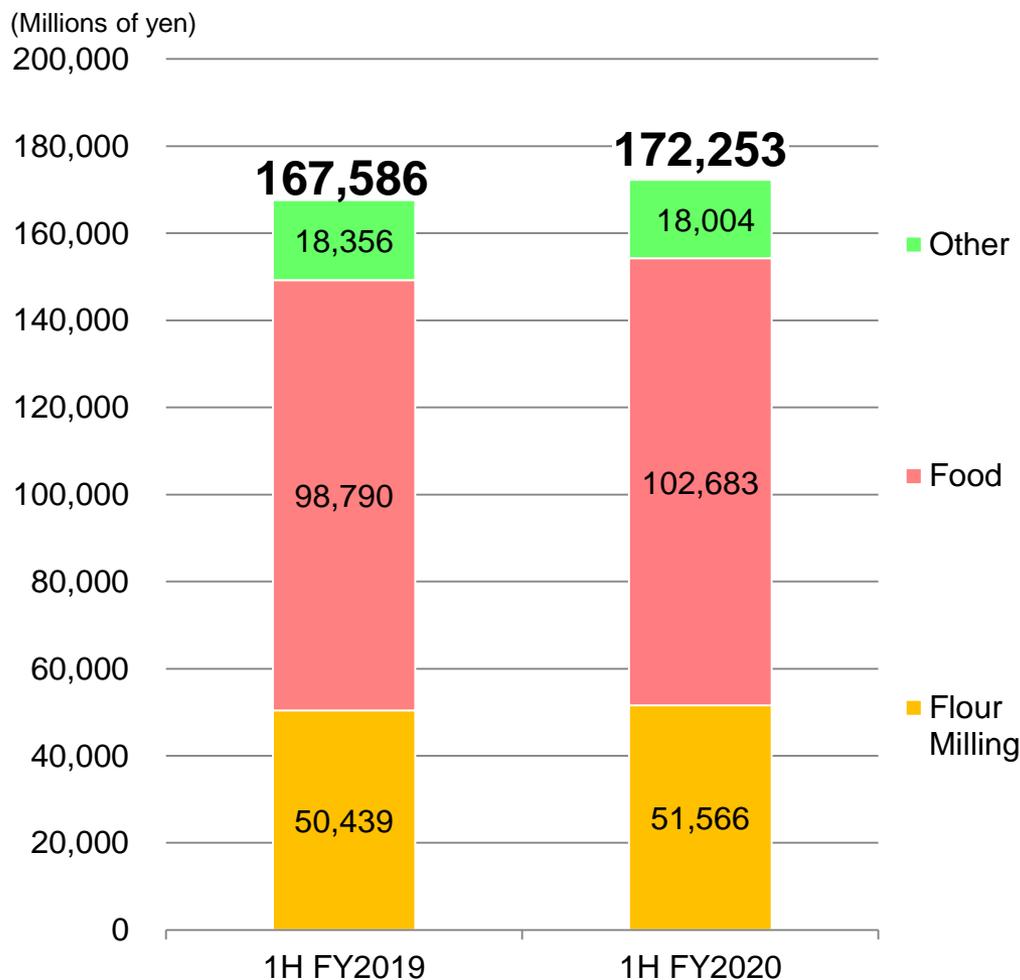
- Net sales increased owing to higher sales of both the flour milling business and the food business.
- Operating income decreased owing to an increase in depreciation due to vigorous capital investment and an increase in advertising expenses.

(Millions of yen)

		1H FY2019		1H FY2020		YoY	
		(2018.4 ~ 2018.9)	Vs. net sales	(2019.4 ~ 2019.9)	Vs. net sales	Change	Change (%)
Net sales	Flour Milling	50,439	30.1%	51,566	29.9%	1,126	2.2%
	Food	98,790	58.9%	102,683	59.6%	3,892	3.9%
	Other	18,356	11.0%	18,004	10.5%	(352)	(1.9)%
	Total	167,586	100.0%	172,253	100.0%	4,667	2.8%
Operating income	Flour Milling	2,709	5.4%	2,609	5.1%	(99)	(3.7)%
	Food	2,644	2.7%	2,535	2.5%	(109)	(4.1)%
	Other	(6)	0.0%	162	0.9%	169	-
	Total	5,346	3.2%	5,308	3.1%	(38)	(0.7)%
Ordinary income		6,377	3.8%	6,057	3.5%	(320)	(5.0)%
Profit attributable to owners of parent		4,031	2.4%	4,049	2.4%	18	0.5%

Analysis of Factors for Changes in Net Sales

◆ Factors for changes in net sales (overall increase of ¥4,667 million [2.8%])

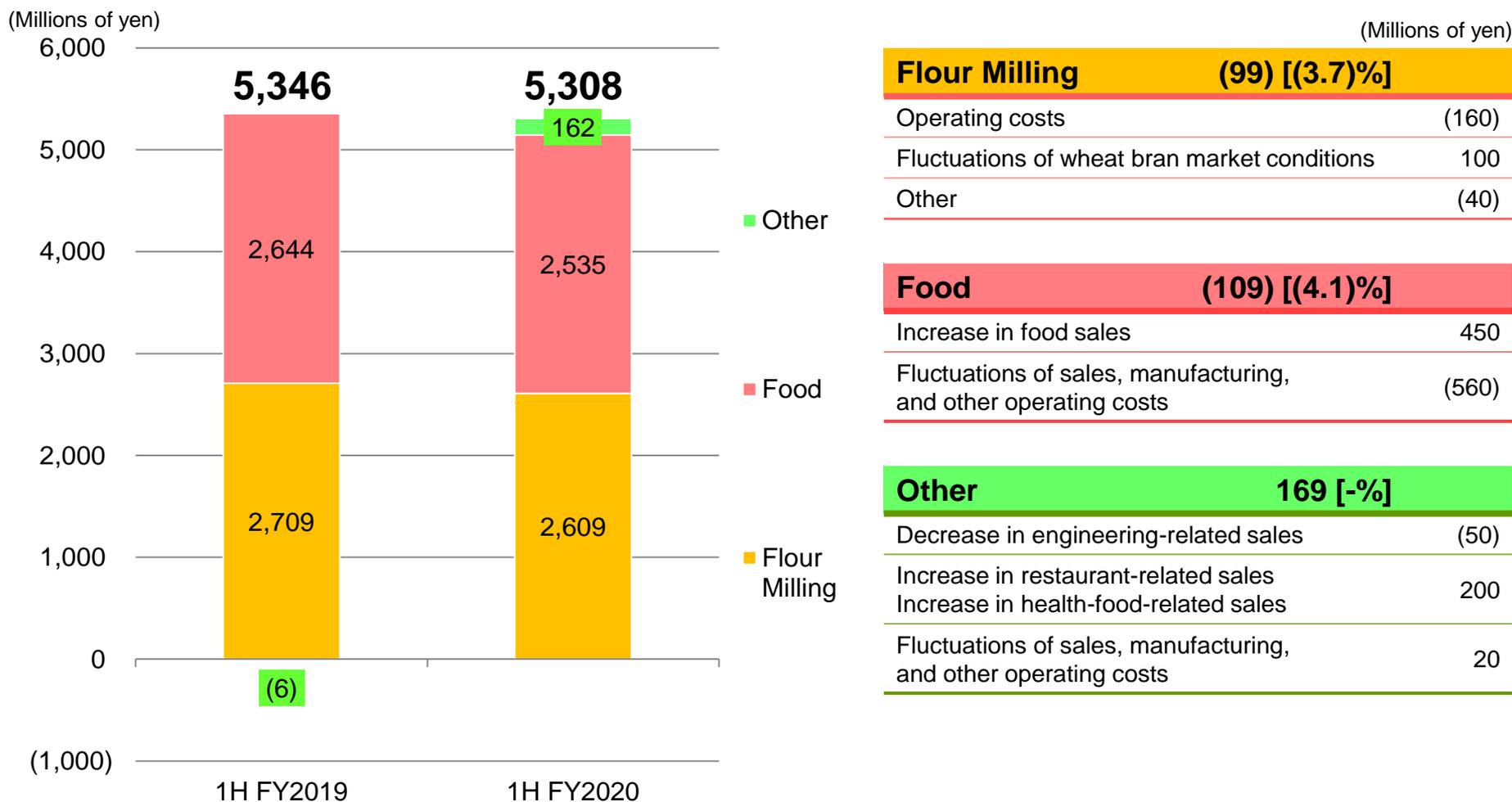


(Millions of yen)

Flour Milling	1,126 [2.2%]
Increase in the volume of wheat flour sales	0
Increase in sales prices	1,250
Increase in wheat bran sales	100
Decrease in buckwheat flour and other sales	(200)
Food	3,892 [3.9%]
Increase in premix and other sales	900
Increase in processed food sales	800
Increase in frozen foods sales	450
Increase in ready-made meals sales	900
Increase in other food sales	250
Effect of changes in the accounting period	600
Other	(352) [(1.9)%]
Decrease in engineering-related sales	(1,350)
Increase in restaurant-related sales	300
Increase in health-food-related sales	250
Changes in other sales	450

Analysis of Factors for Changes in Operating Income

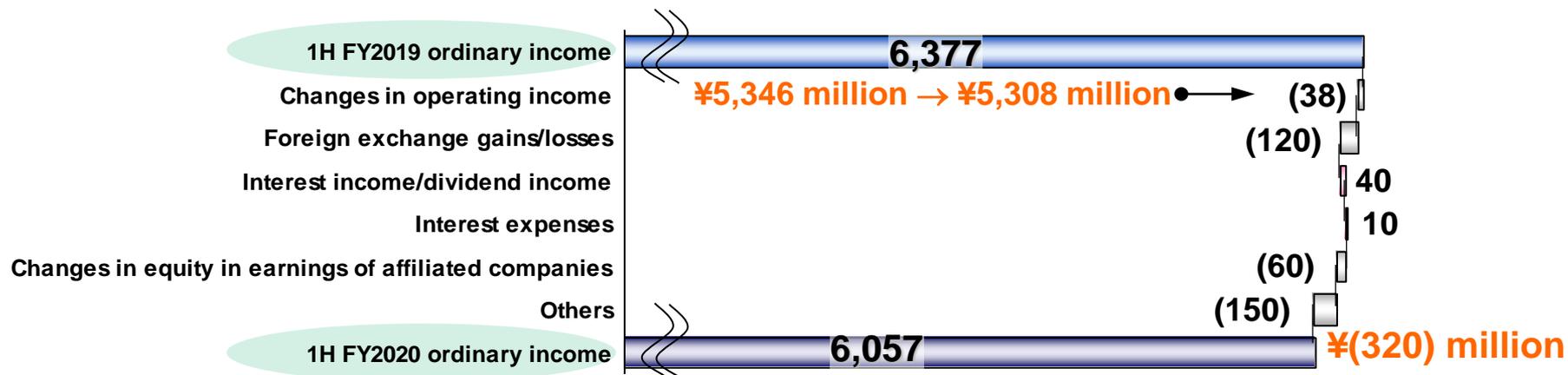
◆ Factors for changes in operating income (overall decrease of ¥38 million [(0.7)%])



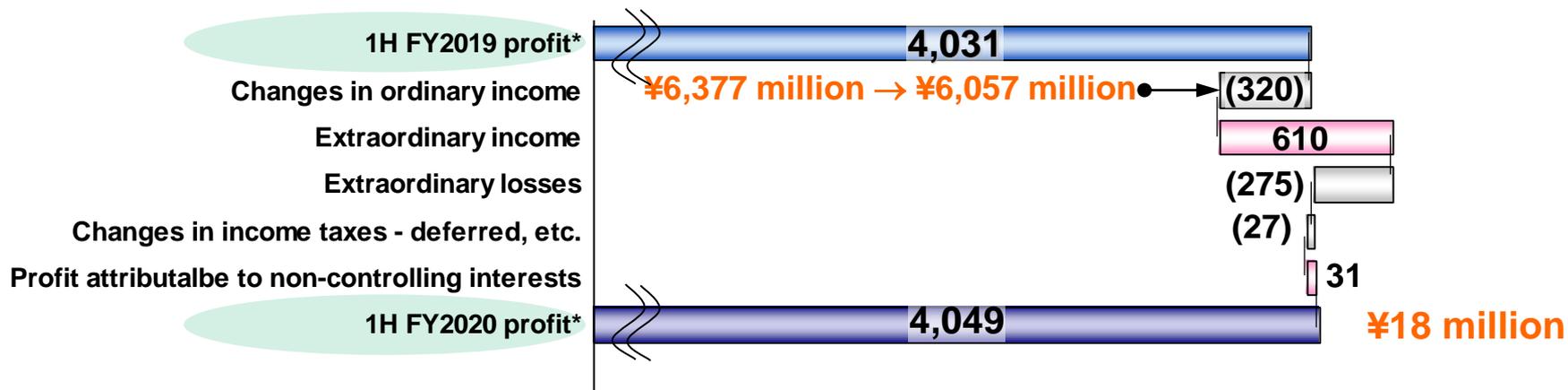
Analysis of Factors for Changes in Ordinary Income / Profit*

◆ Factors for changes in ordinary income [(5.0)%]

(Millions of yen)



◆ Factors for changes in profit* [0.5%]



* Profit attributable to owners of parent

Consolidated Balance Sheets (Assets)

(Millions of yen)

	FY2019		1H FY2020		Change	
	(As of Mar. 31, 2019)	Component ratio	(As of Sep. 30, 2019)	Component ratio		
Current assets	118,330	40.3%	112,099	39.0%	(6,231)	(1.4)p
Property, plant and equipment	101,233	34.5%	105,587	36.7%	4,354	2.2p
Intangible assets	1,376	0.5%	1,459	0.5%	82	0.0p
Investments and other assets	72,377	24.7%	68,614	23.8%	(3,763)	(0.8)p
Non-current assets	174,988	59.7%	175,661	61.0%	673	1.4p
Deferred assets	73	0.0%	67	0.0%	(6)	0.0p
Total assets	293,392	100.0%	287,828	100.0%	(5,563)	-

Consolidated Balance Sheets (Liabilities and Net Assets)

(Millions of yen)

		FY2019		1H FY2020		Change	
		(As of Mar. 31, 2019)	Component ratio	(As of Sep. 30, 2019)	Component ratio		
Current liabilities		76,100	26.0%	74,620	25.9%	(1,480)	(0.0)p
Non-current liabilities		62,305	21.2%	56,704	19.7%	(5,600)	(1.5)p
Total liabilities		138,405	47.2%	131,325	45.6%	(7,080)	(1.5)p
Shareholders' equity	Common stock	12,240	4.2%	12,240	4.3%	-	-
	Capital surplus	11,262	3.8%	11,262	3.9%	(0)	0.1p
	Retained earnings	103,682	35.3%	105,844	36.8%	2,161	1.5p
	Treasury shares	(3,536)	(1.2)%	(3,422)	(1.2)%	113	-
Accumulated other comprehensive income		26,498	9.0%	25,777	9.0%	(720)	(0.1)p
Subscription rights to shares		287	0.1%	222	0.1%	(64)	(0.0)p
Non-controlling interests		4,552	1.6%	4,578	1.6%	26	0.0p
Total net assets		154,986	52.8%	156,503	54.4%	1,517	1.5p
Total liabilities and net assets		293,392	100.0%	287,828	100.0%	(5,563)	-

Consolidated Statements of Cash Flows

(Millions of yen)

	1H FY2019	1H FY2020	Change
Operating activities	5,669	4,656	(1,013)
Investing activities	(5,445)	(4,684)	761
Financing activities	11,731	(533)	(12,265)
Effect of exchange rate change on cash and cash equivalents	(68)	20	88
Net increase (decrease) in cash and cash equivalents	11,886	(541)	(12,428)
Cash and cash equivalents at beginning of period	20,556	30,085	9,528
Increase in cash and cash equivalents from newly consolidated subsidiary	-	171	171
Cash and cash equivalents at end of period	32,443	29,715	(2,728)

- Major factors contributing to changes in cash flows from operating activities = Decrease in notes and accounts receivable - trade, decrease in notes and accounts payable - trade, etc.
- Major factors contributing to changes in cash flows from investing activities = Sales of investment securities, purchase of fixed assets, etc.
- Major factors contributing to changes in cash flows from financing activities = Proceeds from financing, cash dividends paid, 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.

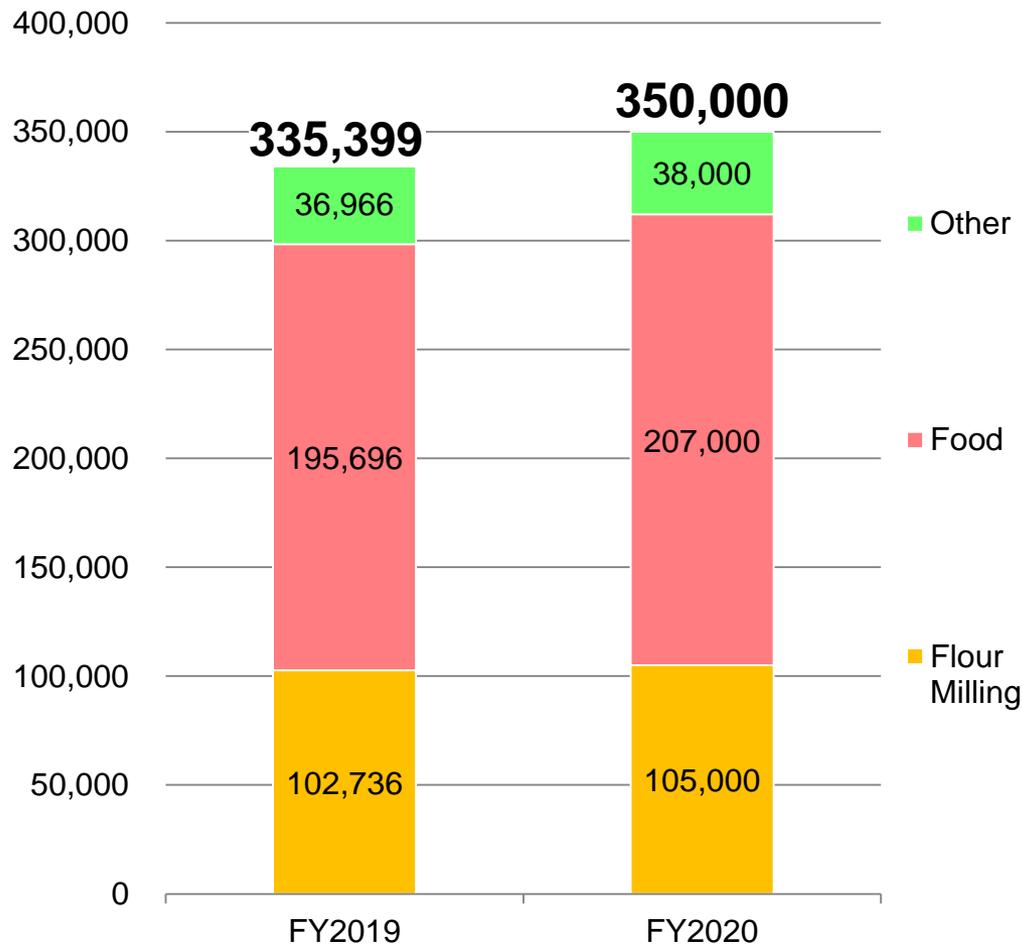
(Millions of yen)

		FY2019		FY2020 (Forecasts)		YoY	
		Result	Vs. net sales	Forecasts	Vs. net sales	Change	Change (%)
Net sales	Flour Milling	102,736	30.6%	105,000	30.0%	2,264	2.2%
	Food	195,696	58.3%	207,000	59.1%	11,304	5.8%
	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)



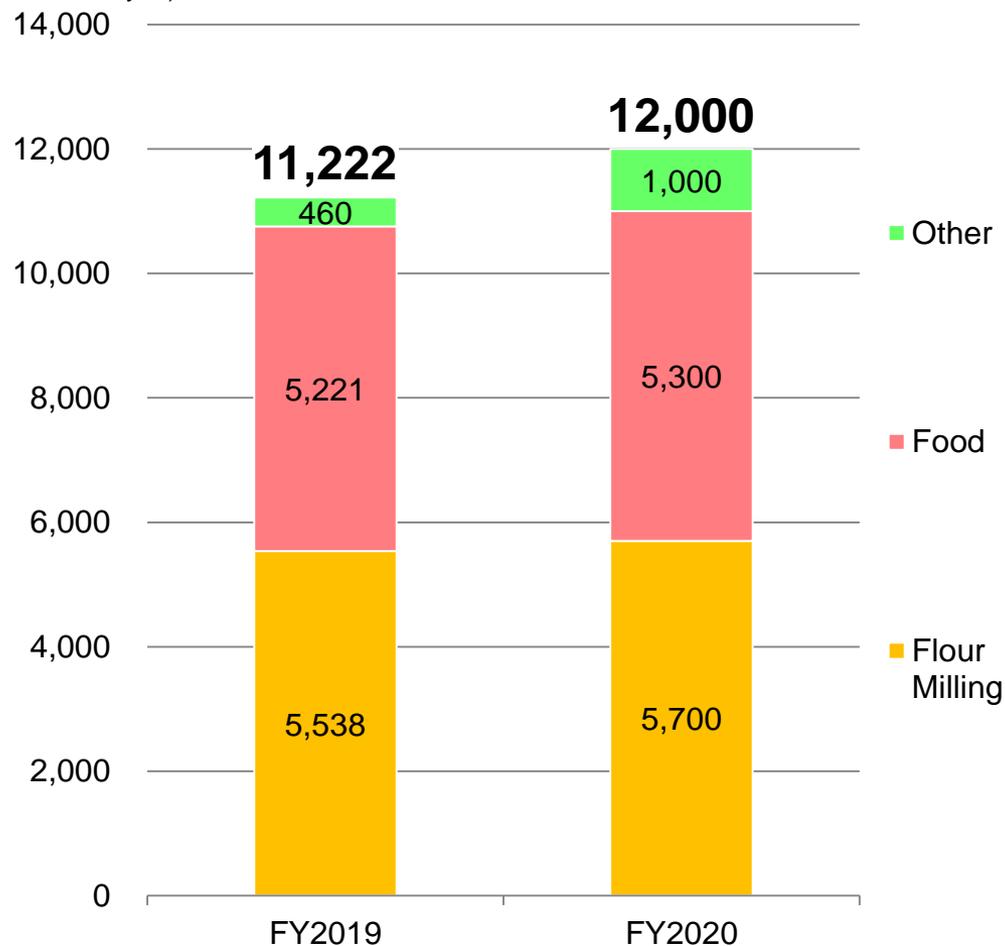
(Millions of yen)

Flour Milling	2,264 [2.2%]
Sales volume	1,800
Sales price	500
Food	11,304 [5.8%]
Sales volume	10,300
Sales price	1,000
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)

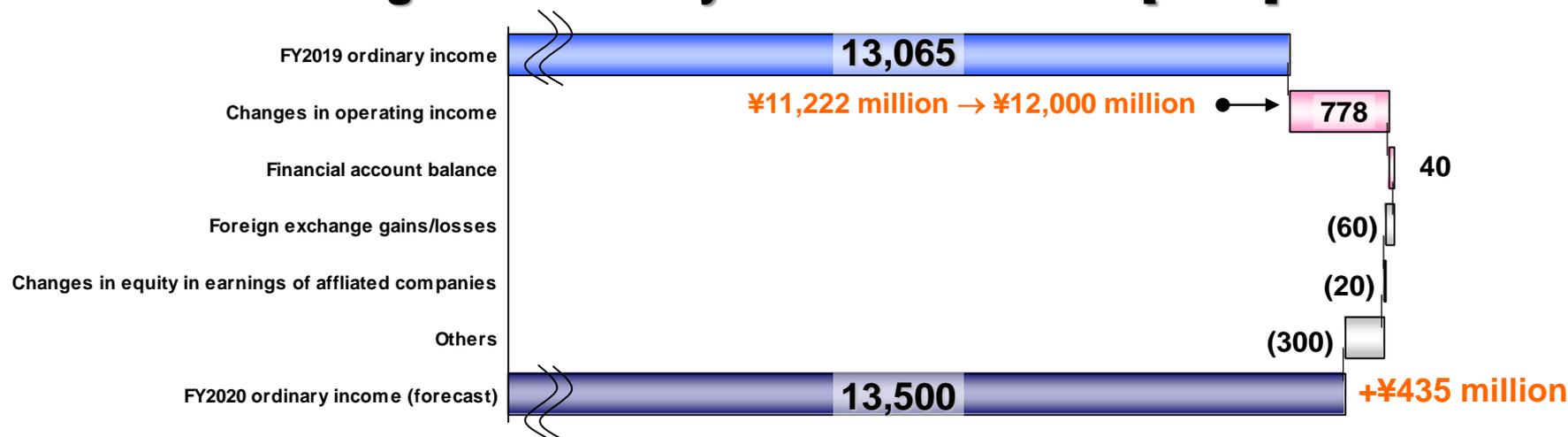


(Millions of yen)

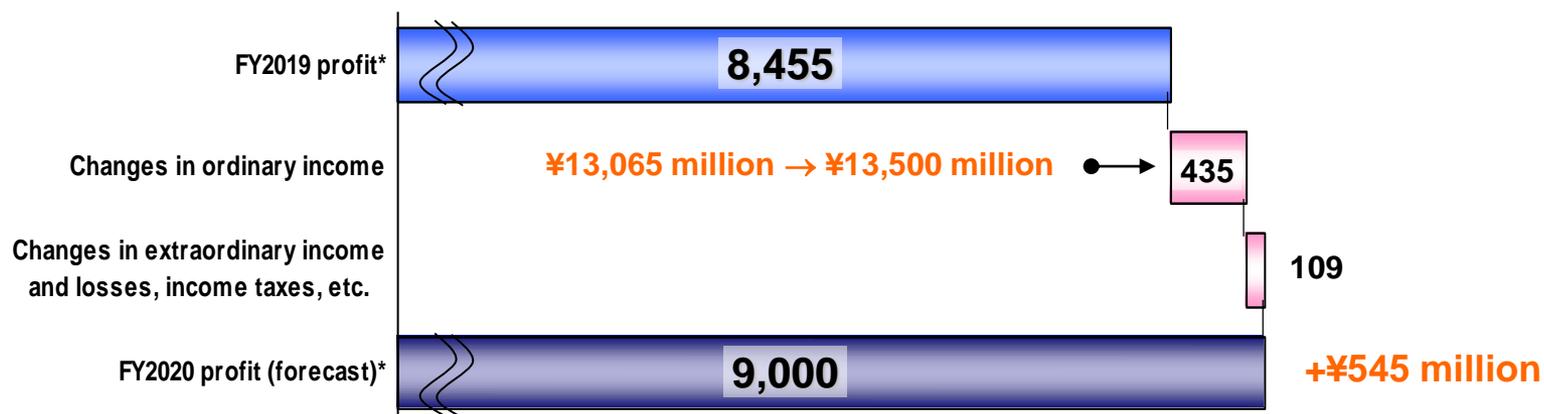
Flour Milling	162 [2.9%]
Increase in sales volume	250
Fluctuations of wheat bran market conditions	100
Change in cost, etc.	(150)
Food	79 [1.5%]
Increase in sales volume	1,350
Change in cost, etc.	(1,250)
Other	540 [117.4%]
Increase in sales, etc.	500

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

November 15, 2019

Nippon Flour Mills Co., Ltd.
<http://www.nippon.co.jp>

Revision of the Corporate Brand Logo

–Enjoy every meal–

Background

- The previous corporate brand logo **NIPPON** was established in 1996.
- Dramatic change in the food environment and expansion of the Company's business domain in the course of 23 years
- Getting much closer to customers by providing better service in every scene where food is consumed
- Aim to become an enterprise whose name “Nippon” is referred to at meals throughout Japan and the world every day

Key points of the revision

- Use of the new logo from September 26, 2019 onward step by step
- Friendly image → Round font
- Retaining the spelling “nippon” and the red ellipse of the “i” in the logo from the previous logo
- Use of warm orange as the main color
- A slogan that makes customers feel closer to the company
- Establishment of the English slogan “Enjoy every meal” to strengthen the overseas business

いつも食卓に、ニッポン
nippon
日本製粉

Enjoy every meal.
nippon
NIPPON FLOUR MILLS

nippon

Contents

1 Business Contents

2 Business Environment

3 Strategy for Sustainable Growth

4 Stakeholder Engagement

1. Business Contents

Nippon Flour Mills Group Comprehensive Services



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
(soybean)



Tomato business



Junco flora school

Cultural business



Sports business



Biotechnology business



Wholesale business



Food services business (franchisees)

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

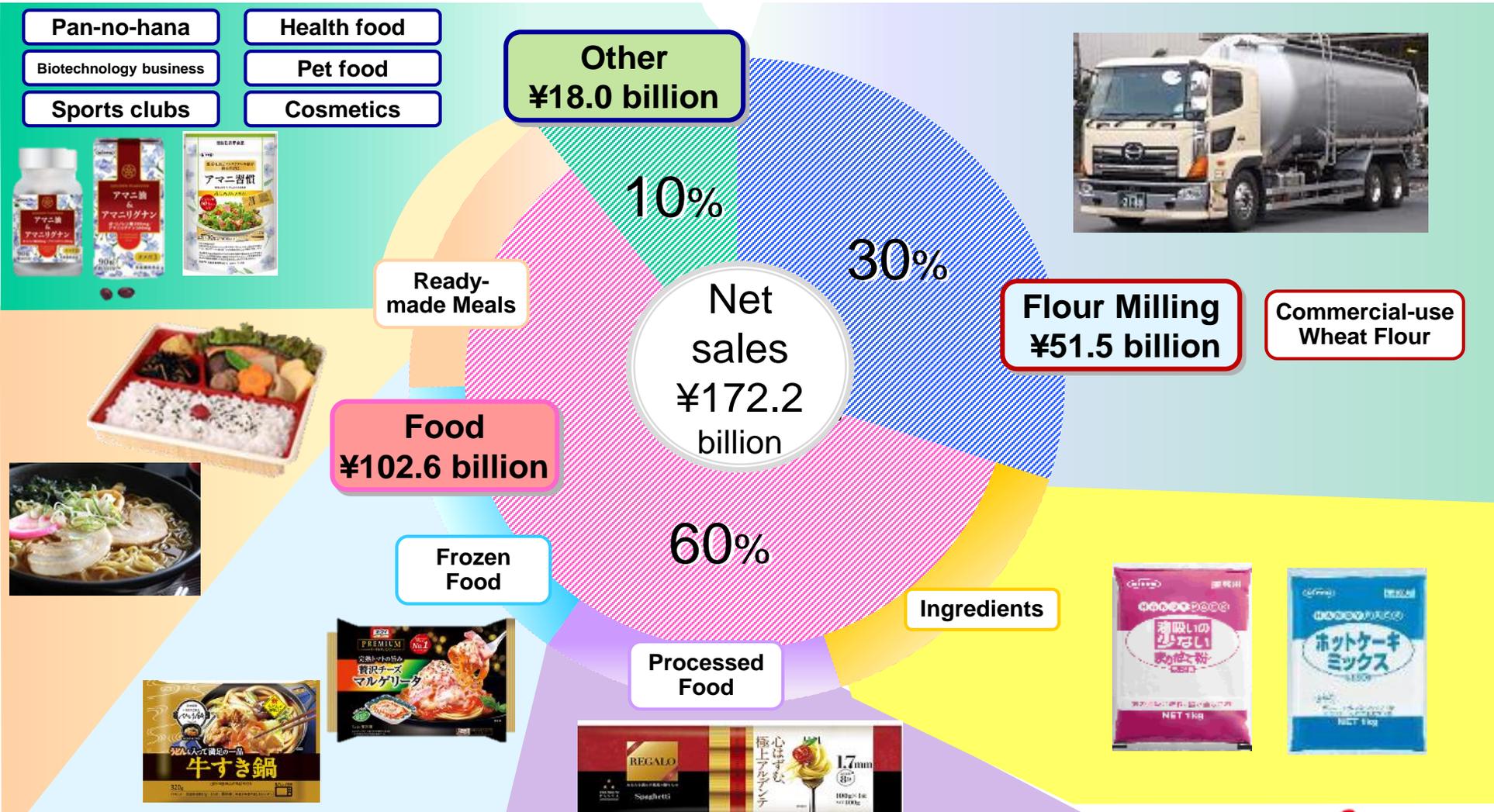


- Group companies:
61 subsidiaries and 25 affiliates
Of which, 47 consolidated subsidiaries and
14 affiliates accounted for by the equity method
- Number of employees:
Nippon Flour Mills: 1,192
Consolidated : 3,809
(As of September 30, 2019)

Business Contents

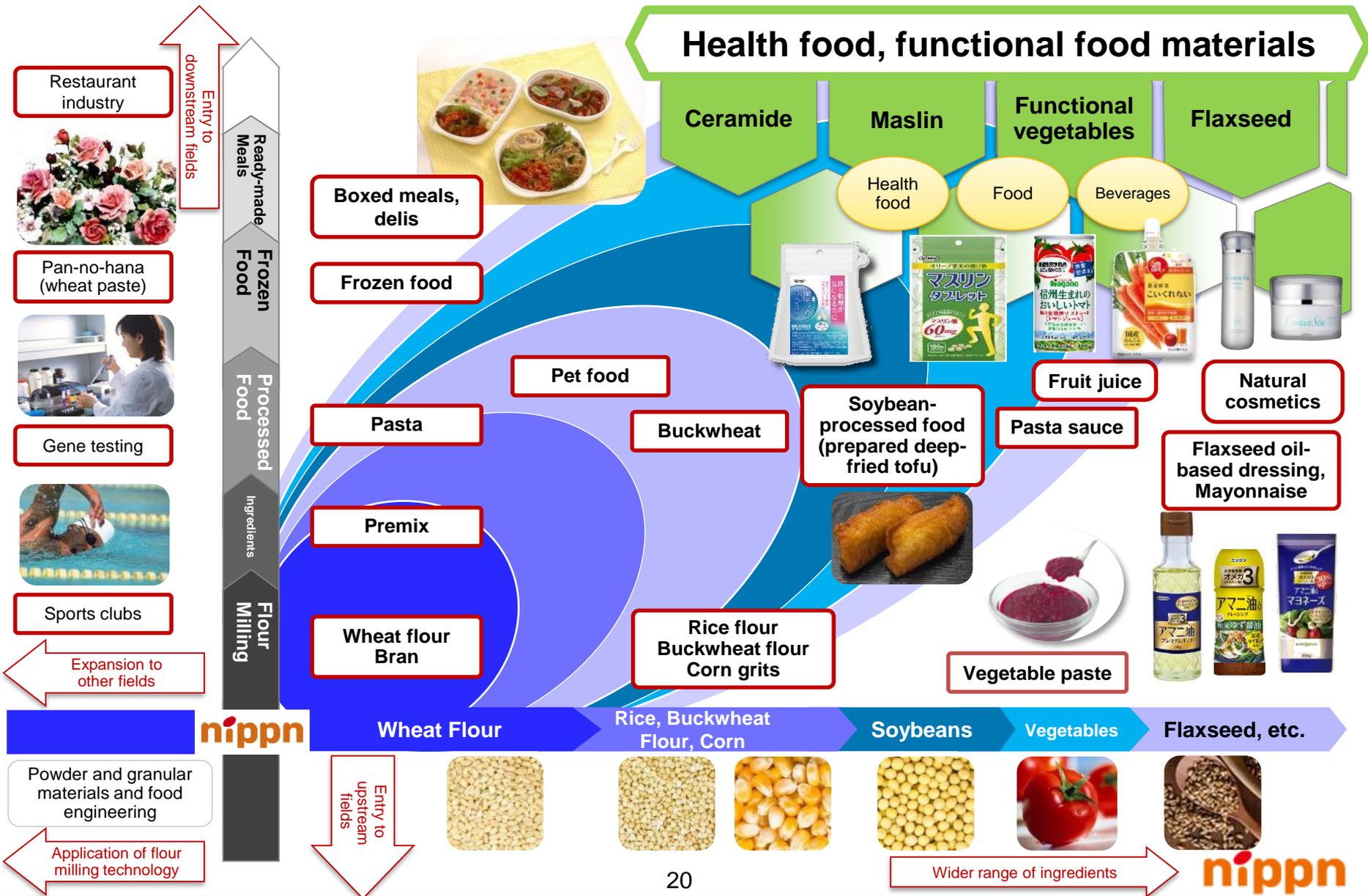
Composition of net sales by business segment for 1H FY2020

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 – Core 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



Kobe-Konan Mill

East Japan



Chiba Mill

Concentration (83%) on coastal mills, including the two principal mills in East and West Japan

Premix Business – Core Business –

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

Premix plants

Japan: Ryugasaki, Kobe-Konan
Overseas: Shanghai (China), Bangkok (Thailand)

NIPPN's strengths

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

Greater demand for premixes at production workplaces

- Labor shortage → Fewer work steps
- Health consciousness, preference for products produced in Japan, orientation toward authenticity → For restaurants and delicatessen
- Fewer skilled workers → Maintaining the quality level
- Promotion of workstyle reform → Shorter production hours



Cake doughnut premix



Cake premix



Bread premix

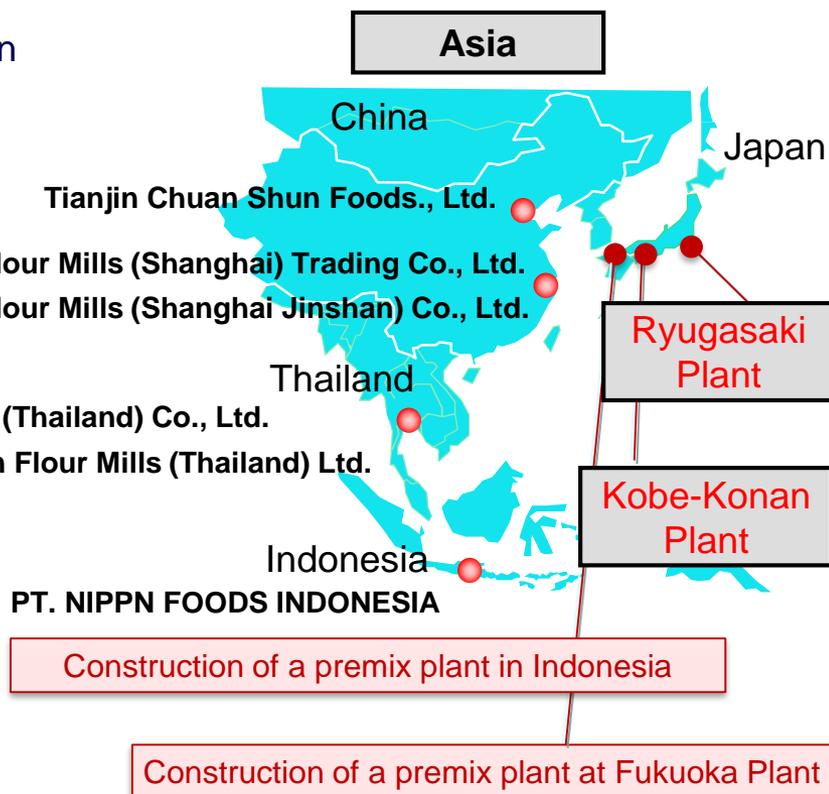


Deep fry premix



Tempura premix

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



Pasta Business – Core 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

Bases in Japan: Atsugi (manufacturing), Kakogawa (manufacturing)
Overseas bases: U.S. (manufacturing, importing), Italy (importing), Turkey (importing)

Products for the Japanese market

REGALO

Premium pasta with an Italian name meaning “gift”

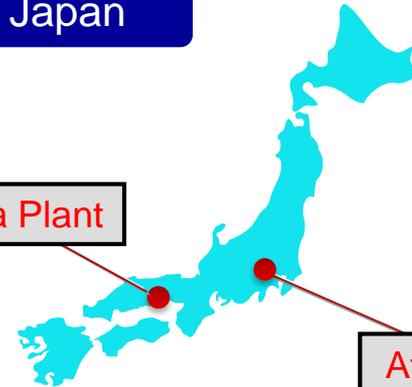
Meticulous attention to raw materials, the production method, and semolina



Bases in Japan

Kakogawa Plant

Atsugi Plant



Oh' my



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

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

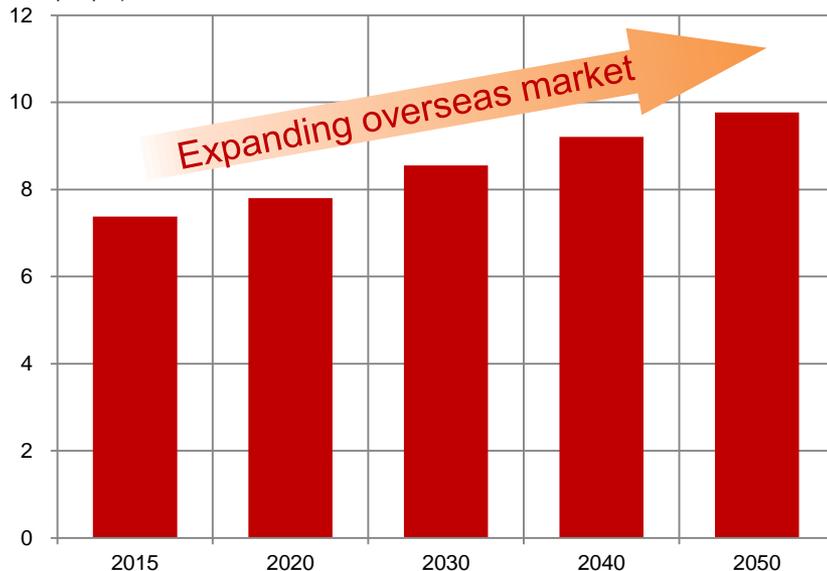
2. Business Environment

Business Environment (1) Expanding Overseas Market (Asia)

World population estimate

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

(Billion people)



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:
Construction of a premix plant

Business Environment (2) Changing Japanese Market

Change in Japan

- Population aging and declining 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

Processed
Food 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 ~ Responses by the Company

TPP11, Japan-EU EPA, and Japan-U.S. Trade Agreement on Goods: Matters agreed

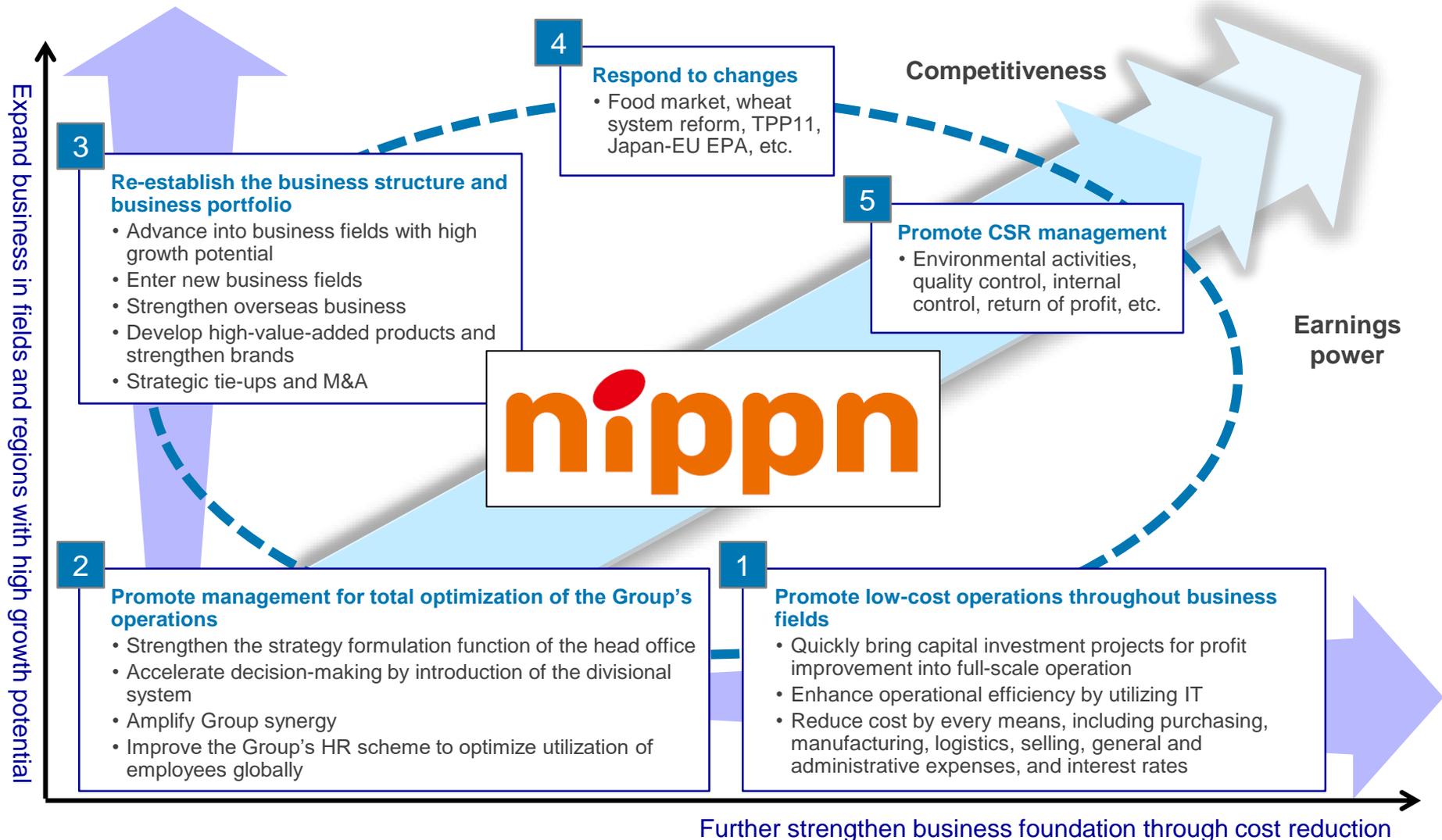
Items	Tariff rate before enforcement of the agreements	TPP11, Japan-U.S. Trade Agreement on Goods (TAG)			Japan-EU EPA	
			Tariff rate	Volume limit	Tariff rate	Volume limit
Wheat (State trading items)		TPP11	45% reduction in markup by the 9th year (Treatment under Japan-U.S. TAG to be the same as under TPP11)	Limits on imports from Canada and Australia: 78,000 tons (at start) → 103,000 tons (7th year)	45% reduction in markup by the 9th year	Limit under Japan-EU EPA (At start) 200 tons → (7th year) 270 tons
		Japan-U.S. Trade Agreement on Goods		Limit on imports from the U.S.: 120,000 tons (at start) → 150,000 tons (7th year)		
Wheat flour preparations for bakery products (Whether tariff-rate quotas are applied or not depends on individual items.)	16 - 28%	TPP11	No tariff within the limit (Tariff to be retained for the volume exceeding the limit)	TPP枠 (At start) 6,800 tons → (6th year) 8,000 tons	No tariff within the limit (Tariff to be retained for the volume exceeding the limit)	(At start) 10,400 tons → (6th year) 14,200 tons
		Japan-U.S. Trade Agreement on Goods	No tariff within the limit (Tariff to be retained for the volume exceeding the limit)	Limit on imports from the U.S. (At start) 10,500 tons → (6th year) 12,000 tons		
Macaroni, spaghetti	¥30/kg	TPP11	60% reduction by the 9th year (Treatment under Japan-U.S. TAG to be the same as under TPP11)	—	Step-by-step reduction and removal in the 11th year	—
		Japan-U.S. Trade Agreement on Goods				
Biscuits	13% - 20.4%	TPP11	No tariff in the 6th year (Treatment under Japan-U.S. TAG to be the same as under TPP11)	—	Step-by-step reduction and removal in the 11th year	—
		Japan-U.S. Trade Agreement on Goods				

Responses by the Company

- Enhance the system for ensuring stable supply of safe wheat flour products to customers in Japan
- Increase cost competitiveness to prevail over imported flour-related products from countries with which Japan has trade agreements as imports will increase in line with the reduction of border measures such as tariffs
- Further promote cultivation of overseas markets as well as the Japanese market by emphasizing overseas business development amid accelerating globalization

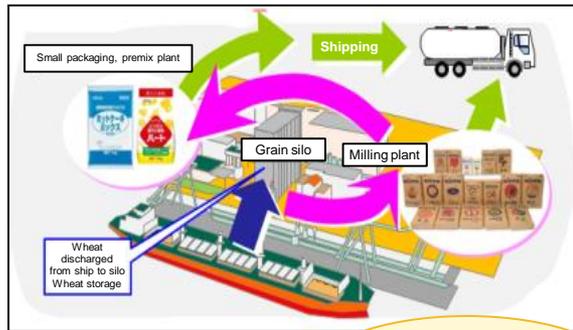
3. Strategy for Sustainable Growth

Growth Strategy Swiftly Responding to Change



Initiatives to Strengthen the Business Foundation

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



Loading facility for bulk carriers for shipping wheat bran at Chiba Mill

Production efficiency



Concentration on coastal mill complexes

Shift to complex plants

Cost reduction through capital investment

Construction of new silos



Automation of production lines

Investment in robotization and energy saving



Cost reduction

Strengthen competitiveness, enhance earnings power

Change in Dining and Consumption

Diversifying lifestyles

Double-income households

Exceeding 11 million households

Greater participation of women in society

Seniors

People aged 65+ will account for 30% in 2030.

Small households

60% of all the households will be single-person households.

Inbound

Keyword

Development factors

Quick

Price

Simplicity

Tasty

Authenticity

Nutrition

Trend toward eating alone

Package / Format

Health

Ease of eating

Overseas development

Environment

Growth businesses

Frozen Food Business

Strengthen the lineup of all-in-one meals

Ready-made Meals Business

Strengthen collaboration with convenience stores

Healthcare Business

Commitment to businesses that extend healthy life expectancy

Overseas Business

Expand sales in Asia and North America

Development of market-creation-type products

Channel Resources into Growth Businesses

From the core business to growth businesses

Core Business
Down-to-earth business development capitalizing on the Company's strengths

Flour Milling Business Premix Business Pasta Business



Growth Business
Business expansion in growth fields, addressing needs

<p><u>Frozen Food Business</u> Strengthening of competitiveness in growth fields</p>	<p><u>Ready-made Meals Business</u> Expanded in line with diversification of needs (quick, simple, and quick to prepare and eat)</p>	<p><u>Healthcare Business</u> Commitment to businesses extending healthy life expectancy Utilization of vegetables with added value</p>	<p><u>Overseas Business</u> Focus on expanding sales channels in rapidly growing markets of Asia and North America</p>
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Frozen Food Business – Growth Business –

● Strengthening of competitiveness in growth fields

Frozen foods plants

Japan: Ryugasaki, Isesaki

Overseas: Construction of a plant in Bangkok (Thailand) (planned)

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
- Sales expansion of products popular among wide demographics

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

★ Imadoki Gohan series



★ Yokubari Plate series of one-plate dishes: “Breakfast”

◆ Oh’ my Premium



◆ Gu-no-Shogeki



◆ Big



◆ Bento (boxed lunch) series



2 frozen food plants

Isesaki Plant

Construction of the second frozen food plant in Isesaki (planned)



Ryugasaki Plant

Ready-made Meals Business – Growth Business –

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

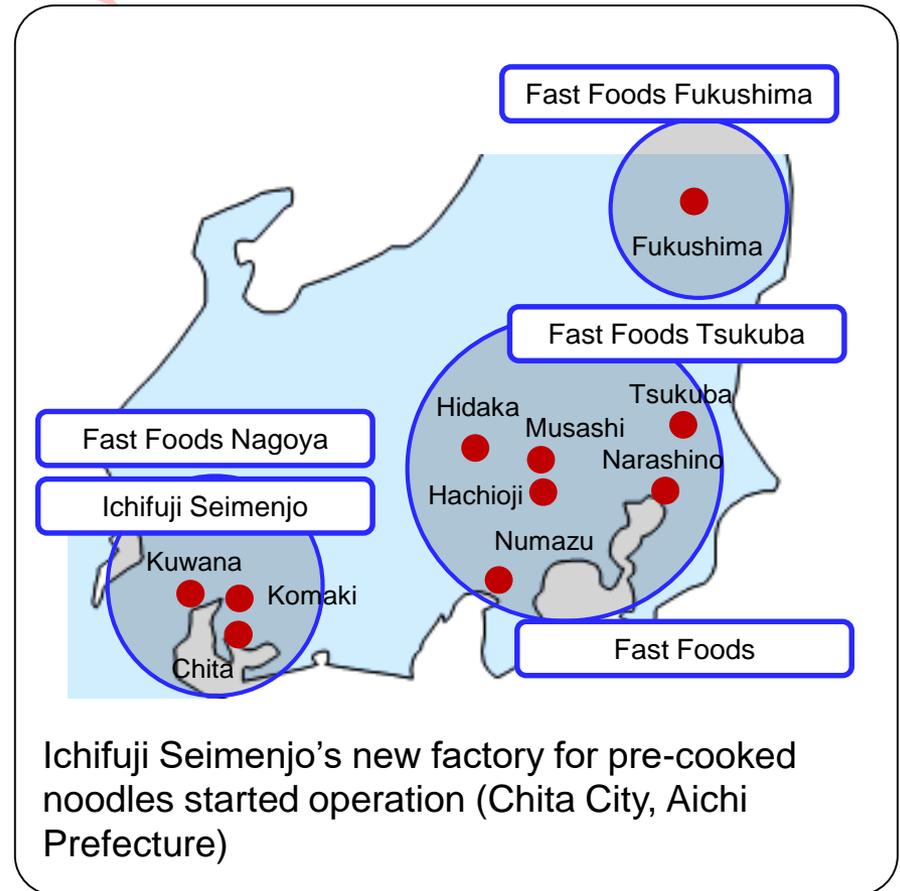
Fast Foods Group (5 companies and 10 plants)

Greater collaboration with convenience stores

- Strengthen broadly based initiatives with convenience stores to expand sales in growth markets
- Capital investment to respond to increasing demand and to strengthen business
 - Improvement of the supply system for boxed lunches, rice balls, pre-cooked noodles, stuffed bread, and delicatessen
- Initiatives for reduction of food loss
 - Development of products with extended use-by dates

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) – Growth Business –

● Commitment to businesses extending healthy life expectancy

Ceramide

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



Wide-ranging applications
Foods, supplements, cosmetics

Sales of ceramides
(for professional use) in FY2019
doubled from FY2018



Aqueous solution Powder

Maslinic acid

Development and commercialization of olive drupe extract

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

Food with Functional Claims

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



Use of maslinic acid from olives, the Company's original ingredient



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

Flaxseed products from Nippon are attracting attention.

- Identification of the place of origin, use of only the golden variety, products certified by the Flaxseed Association of Japan

The market for flaxseed-related products was worth about 10 billion yen in 2018.



Obtained the Japan Disaster Food Certification

- 10 flaxseed-related products
- Registered on August 20, 2019
- Certification by the Japan Disaster Food Society

*Disaster food: Processed food that can be eaten easily in the event of a disaster as well as in ordinary situations



Food with Functional Claims

[Amani Shukan]
(Golden Flaxseed)
“For people with elevated cholesterol”



Launched in August 2019

[Urutsuya Ceramide]

“For people anxious about dry skin”



[Gingkoleaf & Lutein]

“For people who wish to maintain their memory or who are concerned about blurred vision”



Launched in August 2019

Healthcare Business (2) – Growth Business –

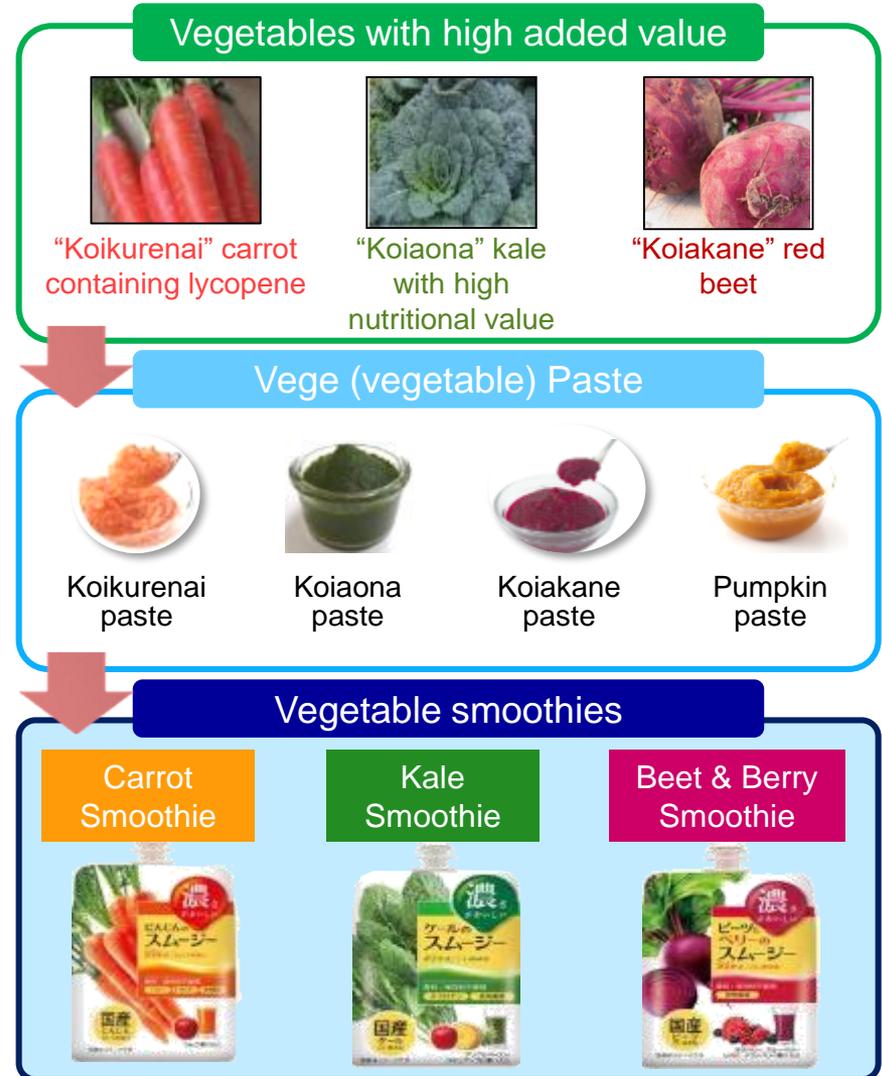
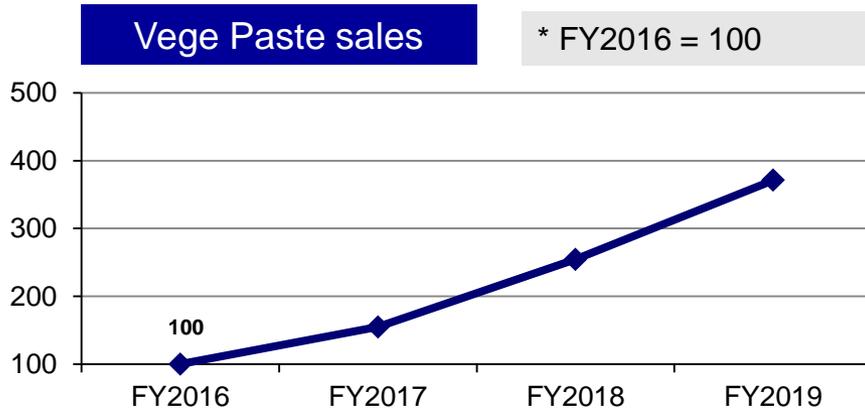
● Utilization of vegetables with added value

NIPPN's strengths:
Superiority of "Vege Paste"

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

● Versatile vegetable paste (frozen)

↓
Possibility of application to various kinds of food



Overseas Business – Growth Business –

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

Asia – Thailand, China, and Indonesia –

Tianjin Chuan Shun Foods Co., Ltd.

- Manufacture and sale of premix products, etc.

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

- Sale of premix products, etc.

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

- Manufacture and sale of premix products
- Operation started in October 2018
- Acquired FSSC22000 certification

NIPPN (Thailand) Co., Ltd.

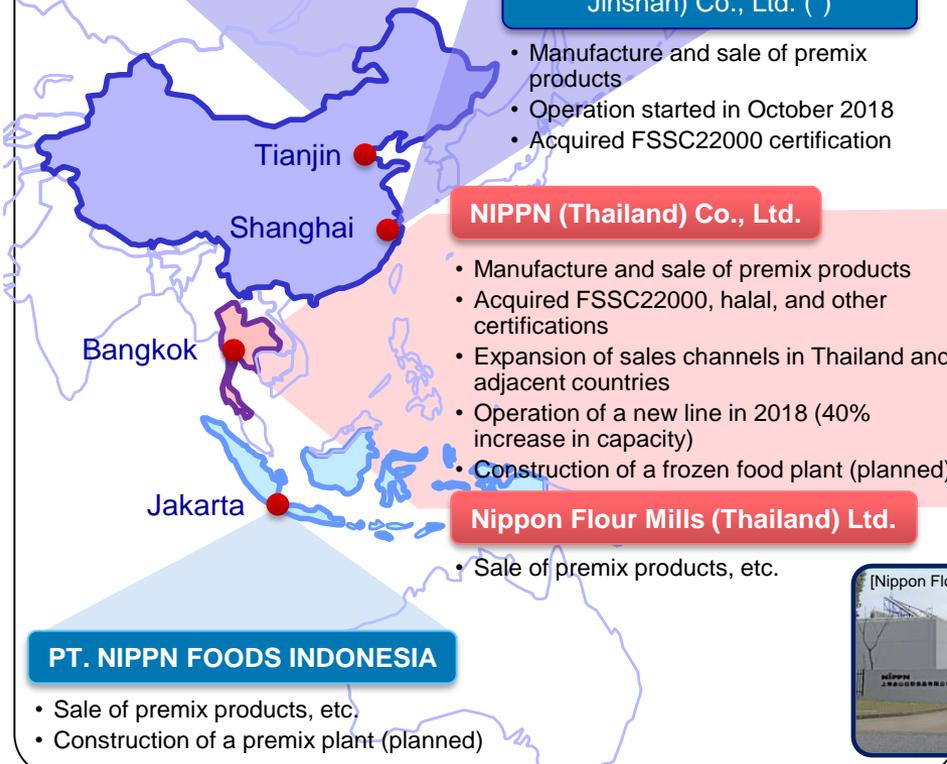
- Manufacture and sale of premix products
- Acquired FSSC22000, halal, and other certifications
- Expansion of sales channels in Thailand and adjacent countries
- Operation of a new line in 2018 (40% increase in capacity)
- Construction of a frozen food plant (planned)

Nippon Flour Mills (Thailand) Ltd.

- Sale of premix products, etc.

PT. NIPPN FOODS INDONESIA

- Sale of premix products, etc.
- Construction of a premix plant (planned)



U.S.

Pasta Montana, L.L.C.

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

NIPPN California Inc.

- Sale of premix products, etc.



* Transfer of manufacture from Nippon Flour Mills (Shanghai) to Nippon Flour Mills (Shanghai Jinshan) → 1.5 times manufacturing capacity

Strategic Investment in Growth Fields

● For further promotion of sustainable growth strategy – Capital investment –

(Billions of yen)

	FY2018	FY2019	FY2020 (forecast)
Capital investment (consolidated basis)	10.1	15.9	17.6
(Flour Milling)	2.3	3.7	3.5
(Food)	5.9	10.7	9.5
Depreciation	7.7	7.4	8.5
(Flour Milling)	3.0	2.8	3.0
(Food)	3.5	3.3	4.0

[Principal results]

[FY2018]

(Overseas)

- Pasta Montana, L.L.C.: Production line upgrading (40% increase in capacity)

[FY2019]

(Japan)

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

(Overseas)

- NIPPN (Thailand) Co., Ltd.: Construction of an additional line (40% increase in capacity), Nippon Flour Mills (Shanghai Jinshan) Co., Ltd.: Construction of a premix plant

[FY2020]

(Japan)

- Sendagaya 5-chome redevelopment, Construction of a loading facility for bulk carriers for shipping wheat bran (Chiba, Japan)

[Plan]

(Japan)

- Construction of a premix plant(Fukuoka, scheduled for completion in FY2021)
- Construction of a frozen food plant (Isesaki, scheduled for completion in FY2022)

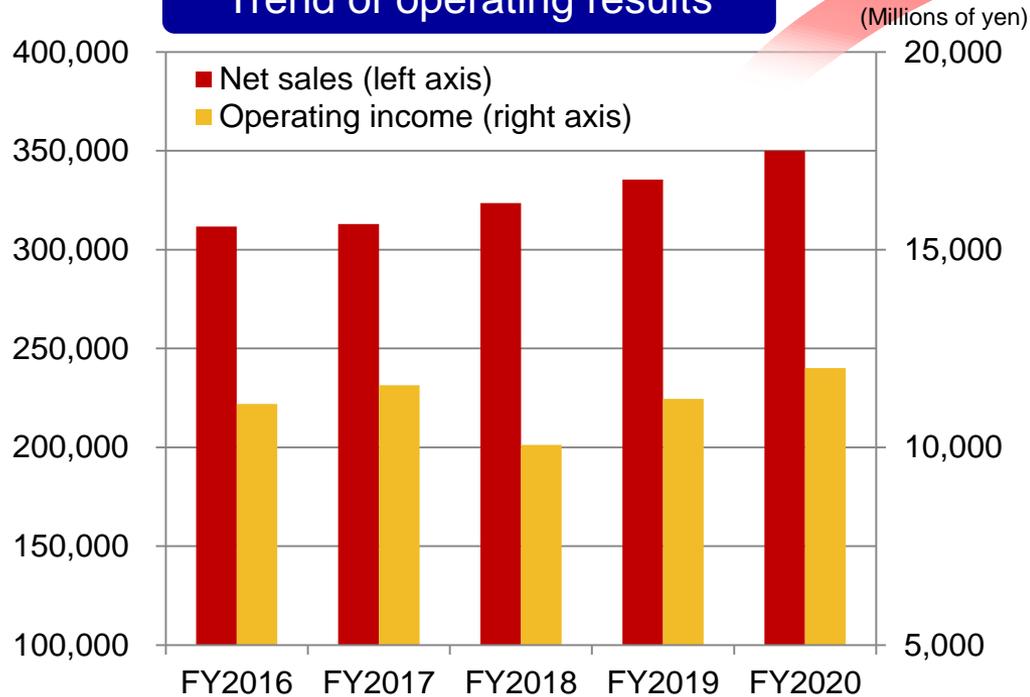
(Overseas)

- Nippon Flour Mills (Shanghai Jinshan) Co., Ltd.:Construction of an additional line for premix (scheduled for completion in FY2020)
- NIPPN (Thailand) Co., Ltd.: Construction of a frozen food plant (scheduled for completion in FY2021)
- PT. NIPPN FOODS INDONESIA: Construction of a premix plant (scheduled for completion in 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 execute capital investment

4. Stakeholder Engagement

ESG Initiatives (1) Environment

Environmental protection initiatives



[Environmentally conscious products]

- Development of products that require less time for preparation
- Contribution to energy saving and resource saving



[Tree planting at Nippon Shiki-no-Mori Forest]

Systematic tree planting in Fukagawa City, Hokkaido, since FY2012



[Food recycling loop]

Use of agricultural and livestock products, such as pork from pigs raised on feed made from food waste, for dishes served by company cafeterias



[Switching from plastic containers to containers made of PEFC-certified paper]

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

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



PEFC labeling of existing products



Use of PEFC-certified paper
Paper made from timber procured from PEFC-certified forests is used.
→ Volume of production of frozen pasta increased 7% compared with FY2018
* PEFC: International organization providing certification for appropriate forest management

ESG Initiatives (2) Social

Corporate activities for sustainable growth



- Holding of a joint CSR and environment meeting



“CSR Report”

- R&D structure
 - Research Planning Center
 - Food Research Center
 - Innovation Center
 - Development Division

- New products addressing customer needs



Offering of high-quality products and services



- Gained certifications, including FSSC 22000, ISO 9001, and JFS-C, 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
- Nippon’s head office and all plants are now ISO14001 certified.



Ryugasaki Plant

Gaining of trust of stakeholders



- Initiatives to ensure fair transactions
- Evaluation and selection of suppliers and outsources
- Initiatives for enhancing logistics quality
- Promotion of responsible purchasing
- Timely and appropriate disclosure
- Communication with shareholders

- Basic policy on IR activities
 - Open
 - Easy to understand
 - Systematic



Improvement of workplace environment



- LGBT, promotion of diversity
- Promotion of active participation of women → Participation in cross-industry forums
- Promotion of employment of people with disabilities and the elderly
- Promotion of work-life balance
- Encouraging employees to use childcare leave and childcare shift systems
- Stress check and opening of the health consultation room for maintaining employees’ health
- Promotion of health and productivity management
 - Recognized as a White 500 Company for outstanding health and productivity management



ESG Initiatives (3) Social, Governance

Contribution to international society and local communities

- Contribution through dietary education
 - Execution of the “Dietary Education Department of Tamesue College” project
 - Holding of cookery classes for consumers and for various groups
- Contribution to international society and local communities
 - Support of UNICEF, support of WFP
 - Support of Himalaya Elementary School in Nepal
 - Contribution through sports
 - Holding of the Luna Flora Exhibition



Dietary Education Department of Tamesue College

[Support of UNICEF]



Legal compliance and internal control

- Corporate governance structure
- Basic Policy on Internal Control Systems
- Compliance policy: “Corporate Social Responsibility HANDBOOK”
- Information security: “Personal Information Protection Policy”
- Elimination of antisocial forces
- Whistleblower system (corporate ethics helpline)
- Risk management: Large-scale disaster
→ Safety confirmation system



SDGs tackled by NIPPN



End hunger



Ensure quality education



Achieve gender equality



Clean Water and Sanitation



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



Conserve life below water



Protect life on land

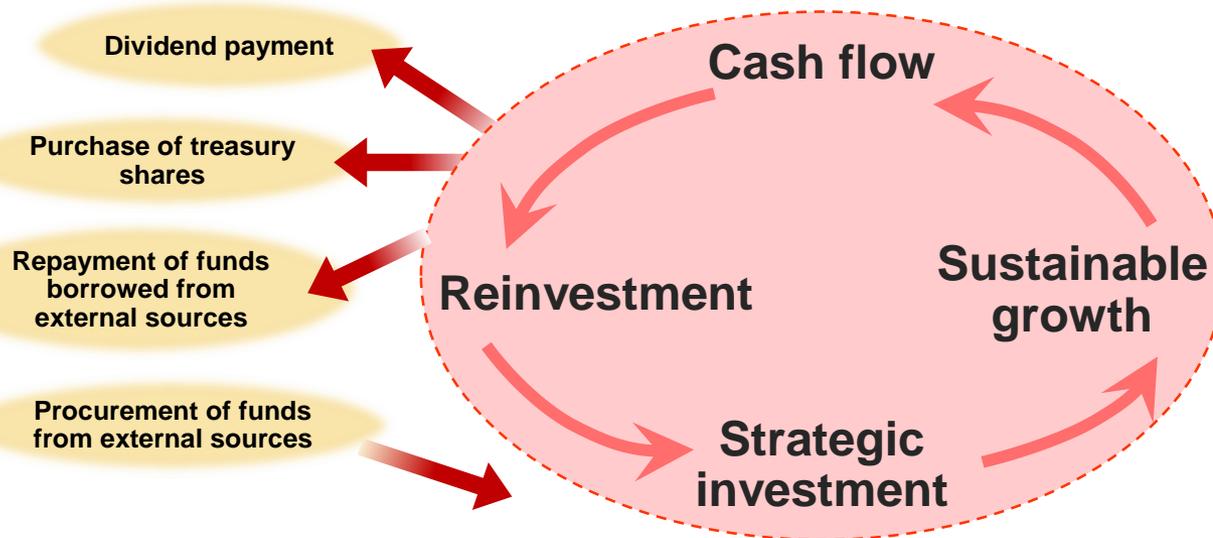


Promote peaceful societies and provide access to justice

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 position enabling continuous return of profit to shareholders (including purchase of treasury shares)



<Reference>

- September 30, 2019
Number of shares outstanding
78,820 thousand shares
(Number of treasury shares
2,000 thousand shares)

Target key
performance
indicators

Operating margin
5%

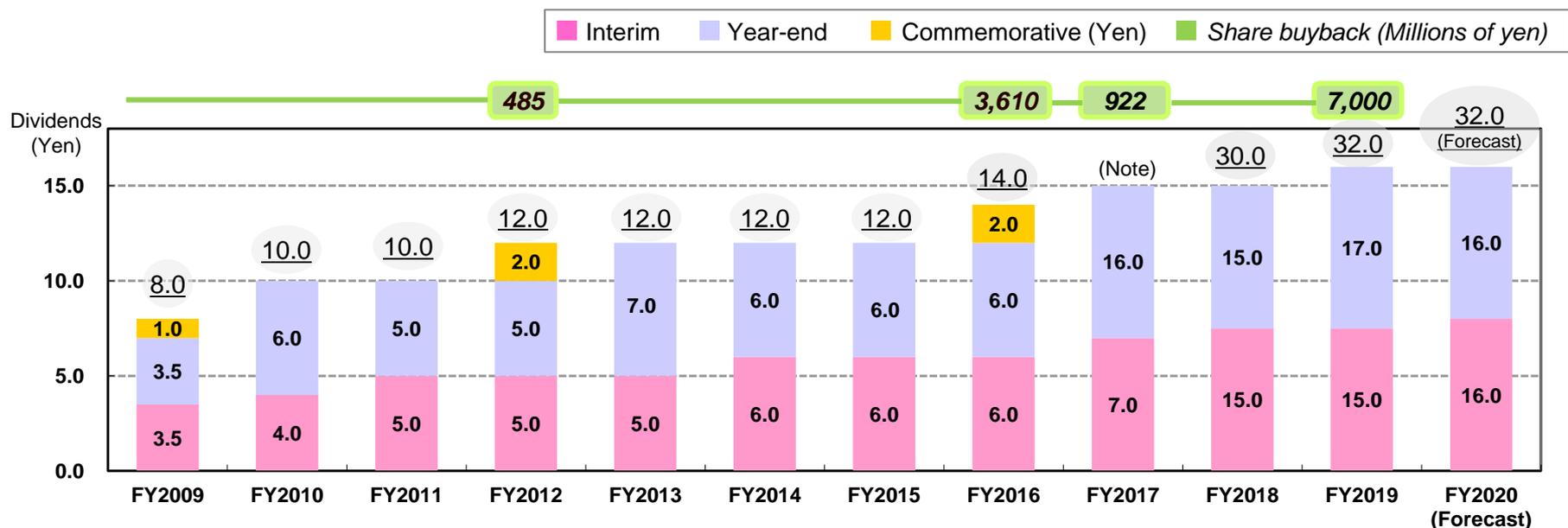
ROE
8%

ROA
4%

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 Nippon's 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)

Completion of Link Square Shinjuku

Large-scale redevelopment of the site of the former head office building near the South Exit of JR

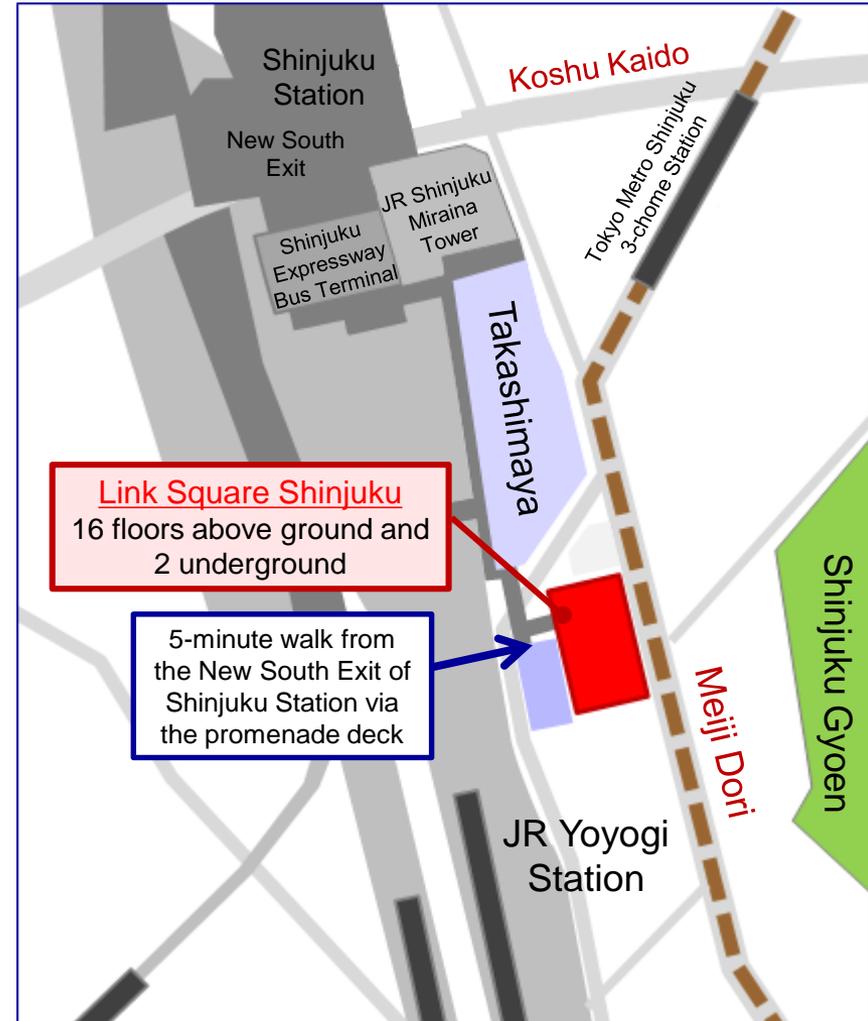


Facing Meiji Dori



Facing the promenade deck

Completed in August 2019



Overview of the project

Location	27-5 Sendagaya 5-chome, Shibuya-ku, Tokyo
Developers	Nippon Flour Mills, Mitsubishi Estate
Usage	Offices, shops, community space, etc.
Number of floors, building height	16 floors above ground, 2 underground, 3-story rooftop structure, height of approx. 79 m
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.