

(TRANSLATION)

Security Code: 2282
June 3, 2020

To the Shareholders:

Notice of the 75th Ordinary General Meeting of Shareholders

Please take notice that the 75th Ordinary General Meeting of Shareholders of NH Foods Ltd. will be held as described below.

Instead of attending the meeting, you can exercise your voting rights in writing or electronically, such as via the Internet. Please review the “Reference Document for the General Meeting of Shareholders” set forth below and exercise your voting rights by 5:00 p.m., June 24 (Wednesday), 2020.

Yours very truly,

Yoshihide Hata
President and
Representative Director

NH Foods Ltd.
4-9, Umeda 2-chome,
Kita-ku, Osaka

Description

1. Date and hour of the meeting:

June 25 (Thursday), 2020, at 10:00 a.m.
(Reception is scheduled to start at 9:00 a.m.)

2. Place of the meeting:

Festival Hall,
3-18, Nakanoshima 2-chome, Kita-ku, Osaka

(TRANSLATION)

3. Matters forming the objectives of the meeting:

Matters to be reported:

1. Report on the business report, the consolidated financial statements, and the financial statements for the 75th fiscal year (from April 1, 2019 to March 31, 2020)
2. Report on the results of audit of the consolidated financial statements for the 75th fiscal year by the Accounting Auditors and the Audit & Supervisory Board

Matters for resolution:

- | | |
|--------------------|---|
| Proposition No. 1: | Election of 8 Directors |
| Proposition No. 2: | Determination of the Amount and Details of Performance-Based Stock Compensation for Directors, etc. |

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(TRANSLATION)

To the Shareholders

I am Yoshihide Hata, President and Representative Director.

We would like to extend our deepest condolences to those who have passed away as a result of the novel coronavirus (COVID-19), and we pray for swift recoveries for those affected and their families. Although the situation is tough and unprecedented, all Group executives and employees will do their utmost to fulfill our responsibility to supply safe and secure products in a stable manner.

Enclosed is a notice of the 75th Ordinary General Meeting of Shareholders of NH Foods Ltd.

This fiscal year is the final year of the “Medium-Term Management Plan 2020,” and we intend to complete our work in “Building systems that pave the way to the future” from a medium- to long-term perspective.

We look forward to our shareholders’ ongoing support.

June 2020

Yoshihide Hata

President and Representative Director

(TRANSLATION)

Reference Document for the General Meeting of Shareholders

1. Propositions and explanatory information relating thereto:

Proposition No. 1: Election of 8 Directors

The term of office of all 9 Directors currently in office will expire at the closing of this General Meeting of Shareholders. In this regard, it is proposed that 8 Directors including 3 Outside Directors be elected.

The candidates for Directors are as follows. Among the candidates for Directors, the candidates for Outside Directors satisfy the requirements for independent officer as stipulated by the Tokyo Stock Exchange, Inc. NH Foods Ltd. has determined that the candidates for Outside Directors are deemed to be independent of NH Foods Ltd., having checked them against the “Criteria on Independence of Outside Officers” described on page 32.

The candidates for Directors are selected based on the recommendation from the Executive Appointments Committee, an optional committee whose majority members consist of independent officers and chaired by a Director who is an independent officer.


Candidate No.	Name	Current title and responsibilities	Number of attendance to the Board of Directors meetings
1	Yoshihide Hata (Reappointment)	President and Representative Director (President and CEO)	19/19 (100%)
2	Tetsuhiro Kito (Reappointment)	Representative Director and Senior Managing Executive Officer, General Manager of Fresh Meats Business Division	19/19 (100%)
3	Nobuhisa Ikawa (Reappointment)	Representative Director and Senior Managing Executive Officer, General Manager of Processed Foods Business Division	19/19 (100%)
4	Sadanori Miyagai (Reappointment)	Director and Managing Executive Officer, in charge of Quality Assurance Department, Customer Service Department, Sustainability Department and Lifestyle Research Office, and General Manager of Tokyo Branch Office	14/14 (100%)
5	Yasuko Kono (Reappointment) Outside Director Independent Officer	Outside Director	19/19 (100%)
6	Atsushi Iwasaki (Reappointment) Outside Director Independent Officer	Outside Director	14/14 (100%)
7	Hideo Arase (Reappointment) Outside Director Independent Officer	Outside Director	14/14 (100%)
8	Fumio Maeda (New appointment)	Managing Executive Officer, General Manager of Corporate Planning Division and in charge of Research & Development Center	-

Reappointment: reappointed candidate for Director
Outside Director: candidate for Outside Director

New appointment: newly appointed candidate for Director
Independent Officer: candidate for Independent Officer

(Note) Regarding the number of attendance at the Board of Directors meetings for Messrs. Sadanori Miyagai, Atsushi Iwasaki and Hideo Arase, only the meetings of the Board of Directors held subsequent to their assumption of office on June 25, 2019 are counted.


(TRANSLATION)

Candidate No.	Name (Date of birth) <Number of shares of NH Foods Ltd. held by Candidate>	Brief history	
1	 <p>Yoshihide Hata (May 20, 1958)</p> <p><16,200 shares></p> <p>(Reappointment)</p> <p>(9 years)</p> <p>(19/19 100%)</p>	<p>April 1981</p> <p>March 2003</p> <p>March 2007</p> <p>April 2008</p> <p>April 2009</p> <p>April 2011</p> <p>June 2011</p> <p>April 2012</p> <p>April 2015</p> <p>January 2018</p>	<p>Joined Nippon Meat Packers, Inc.</p> <p>Assistant General Manager of Accounting Department</p> <p>Deputy General Manager of Accounting Department, Corporate Planning Division of Nippon Meat Packers, Inc.</p> <p>General Manager of Accounting & Finance Department of Nippon Meat Packers, Inc.</p> <p>Executive Officer, General Manager of Accounting & Finance Department of Nippon Meat Packers, Inc.</p> <p>Executive Officer, General Manager of Accounting & Finance Department and in charge of IT Planning Department of Nippon Meat Packers, Inc.</p> <p>Director and Executive Officer, General Manager of Accounting & Finance Department and in charge of IT Planning Department of Nippon Meat Packers, Inc.</p> <p>Director and Managing Executive Officer, General Manager of Corporate Management Division, in charge of Accounting & Finance Department and IT Strategy Department of Nippon Meat Packers, Inc.</p> <p>Vice President and Representative Director (Executive Vice President), General Manager of Corporate Management Division of NH Foods Ltd.</p> <p>President and Representative Director (President and CEO) of NH Foods Ltd., to date</p>
<p>Reason for nomination as a candidate for Director</p> <p>Mr. Yoshihide Hata, since taking office as a Director of NH Foods Ltd., has led accounting and finance as well as group management, and since January 2018, has led business operations as President and Representative Director of NH Foods Ltd. He has contributed to further development of the Group through implementation of various measures of the Medium-Term Management Plan 2020, and has fulfilled his role as a Director.</p> <p>We have deemed that he is the appropriate personnel to contribute to the sustainable improvement of NH Foods Ltd.'s corporate value by using his rich work experience and knowledge for management as a Director, and so have continued to nominate him as a candidate for Director.</p>			

(TRANSLATION)

Candidate No.	Name (Date of birth) <Number of shares of NH Foods Ltd. held by Candidate>	Brief history	
2	 <p>Tetsuhiro Kito (February 9, 1960)</p> <p><6,000 shares></p> <p>(Reappointment)</p> <p>(5 years)</p> <p>(19/19 100%)</p>	<p>April 1982</p> <p>March 2002</p> <p>September 2002</p> <p>March 2007</p> <p>April 2009</p> <p>April 2011</p> <p>April 2013</p> <p>April 2015</p> <p>June 2015</p> <p>April 2017</p> <p>April 2018</p> <p>April 2019</p> <p>April 2020</p>	<p>Joined Nippon Meat Packers, Inc.</p> <p>Assistant General Manager of Imported Broiler Department, Fresh Meats Business Division of Nippon Meat Packers, Inc.</p> <p>General Manager of Imported Broiler Department, Fresh Meats Business Division of Nippon Meat Packers, Inc.</p> <p>General Manager of Imported Fresh Meats Sales Division, Fresh Meats Business Division of Nippon Meat Packers, Inc.</p> <p>General Manager of Food Services Division, Sales & Marketing Division, Processed Foods Business Division of Nippon Meat Packers, Inc.</p> <p>Executive Officer, General Manager of Food Services Division, Sales & Marketing Division, Processed Foods Business Division of Nippon Meat Packers, Inc.</p> <p>Executive Officer, General Manager of General Merchandising Division, Sales & Marketing Division, Processed Foods Business Division of Nippon Meat Packers, Inc.</p> <p>Executive Officer, General Manager of Sales & Marketing Division, Processed Foods Business Division of NH Foods Ltd.</p> <p>Director and Executive Officer, General Manager of Sales & Marketing Division, Processed Foods Business Division of NH Foods Ltd.</p> <p>Director and Managing Executive Officer, General Manager of Sales & Marketing Division, Processed Foods Business Division of NH Foods Ltd.</p> <p>Director and Managing Executive Officer, in charge of group sales management and Group Sales Planning Department of NH Foods Ltd.</p> <p>Director and Managing Executive Officer, General Manager of Overseas Business Division of NH Foods Ltd.</p> <p>Representative Director and Senior Managing Executive Officer, General Manager of Fresh Meats Business Division of NH Foods Ltd., to date</p>
<p>Reason for nomination as a candidate for Director</p> <p>Mr. Tetsuhiro Kito, since taking office as a Director of NH Foods Ltd., has been in charge of the field of Processed Foods Business, group sales management and Group Sales Planning Department and has served as General Manager of Overseas Business Division, and since April 2020, has led business operations as Representative Director and Senior Managing Executive Officer, General Manager of Fresh Meats Business Division of NH Foods Ltd. He has contributed to further development of the Group through implementation of various measures of the Medium-Term Management Plan 2020, and has fulfilled his role as a Director.</p> <p>We have deemed that he is the appropriate personnel to contribute to the sustainable improvement of NH Foods Ltd.'s corporate value by using his rich work experience and knowledge for management as a Director, and so have continued to nominate him as a candidate for Director.</p>			

(TRANSLATION)

Candidate No.	Name (Date of birth) <Number of shares of NH Foods Ltd. held by Candidate>	Brief history
3	 <p>Nobuhisa Ikawa (April 5, 1961)</p> <p><1,700 shares></p> <p>(Reappointment)</p> <p>(2 years)</p> <p>(19/19 100%)</p>	<p>April 1985 Joined Nippon Meat Packers, Inc.</p> <p>March 2007 General Manager of Food Services Policy Office, Food Services Division, Sales & Marketing Division, Processed Foods Business Division of Nippon Meat Packers, Inc.</p> <p>April 2008 General Manager of Food Services Planning Office, Food Services Division, Sales & Marketing Division, Processed Foods Business Division of Nippon Meat Packers, Inc.</p> <p>March 2013 General Manager of Kansai Food Services Division, Food Services Division, Sales & Marketing Division, Processed Foods Business Division of Nippon Meat Packers, Inc.</p> <p>January 2015 General Manager of Kansai Food Services Department and Kanto Food Services Department, Food Services Division, Sales & Marketing Division, Processed Foods Business Division of NH Foods Ltd.</p> <p>April 2015 Executive Officer, General Manager of Food Services Division, Sales & Marketing Division, Processed Foods Business Division of NH Foods Ltd.</p> <p>April 2016 Executive Officer, General Manager of Food Services Division and General Manager of Delicatessen Department, Sales & Marketing Division, Processed Foods Business Division of NH Foods Ltd.</p> <p>April 2017 Executive Officer, General Manager of Food Services Division, Sales & Marketing Division, Processed Foods Business Division of NH Foods Ltd.</p> <p>April 2018 Managing Executive Officer, General Manager of Processed Foods Business Division of NH Foods Ltd.</p> <p>June 2018 Director and Managing Executive Officer, General Manager of Processed Foods Business Division of NH Foods Ltd.</p> <p>April 2020 Representative Director and Senior Managing Executive Officer, General Manager of Processed Foods Business Division of NH Foods Ltd., to date</p>
<p>Reason for nomination as a candidate for Director</p> <p>Mr. Nobuhisa Ikawa, since taking office as a Director of NH Foods Ltd., has served as General Manager of Processed Foods Business Division, and since April 2020, has led business operations as Representative Director and Senior Managing Executive Officer, General Manager of Processed Foods Business Division of NH Foods Ltd. He has contributed to further development of the Group through implementation of various measures of the Medium-Term Management Plan 2020.</p> <p>We have deemed that he is the appropriate personnel to contribute to the sustainable improvement of NH Foods Ltd.'s corporate value by using his rich work experience and knowledge for management as a Director, and so have continued to nominate him as a candidate for Director.</p>		

(TRANSLATION)

Candidate No.	Name (Date of birth) <Number of shares of NH Foods Ltd. held by Candidate>	Brief history
4	 <p>Sadanori Miyagai (February 9, 1960)</p> <p><5,400 shares></p> <p>(Reappointment)</p> <p>(1 year)</p> <p>(14/14 100%)</p>	<p>April 1982 Joined Nippon Meat Packers, Inc.</p> <p>March 2005 Assistant General Manager of Corporate Planning Department, Corporate Planning Division of Nippon Meat Packers, Inc.</p> <p>April 2008 Assistant General Manager of Corporate Planning Department, Corporate Management Division of Nippon Meat Packers, Inc.</p> <p>March 2009 Deputy General Manager of Corporate Planning Department, Corporate Management Division of Nippon Meat Packers, Inc.</p> <p>April 2012 Executive Officer, General Manager of Corporate Planning Department, Corporate Management Division and in charge of Research & Development Center of Nippon Meat Packers, Inc.</p> <p>April 2014 Executive Officer, in charge of General Affairs Department, Human Resources Department, Legal Affairs Department and Engineering Department of Nippon Meat Packers, Inc.</p> <p>April 2015 Managing Executive Officer, in charge of General Affairs Department, Human Resources Department, Legal Affairs Department and Engineering Department, Corporate Management Division of NH Foods Ltd.</p> <p>April 2016 Managing Executive Officer, General Manager of Administrative Division, Business Planning Office and Research and Examination Office, Fresh Meats Business Division of NH Foods Ltd.</p> <p>April 2019 Managing Executive Officer, in charge of Quality Assurance Department, Customer Service Department and CSR Department of NH Foods Ltd.</p> <p>June 2019 Director and Managing Executive Officer, in charge of Quality Assurance Department, Customer Service Department and CSR Department of NH Foods Ltd.</p> <p>April 2020 Director and Managing Executive Officer, in charge of Quality Assurance Department, Customer Service Department, Sustainability Department and Lifestyle Research Office, General Manager of Tokyo Branch Office of NH Foods Ltd., to date</p>
<p>Reason for nomination as a candidate for Director</p> <p>Mr. Sadanori Miyagai, since taking office as a Director of NH Foods Ltd., has led business operations as the executive officer in charge of Quality Assurance Department, Customer Service Department, Sustainability Department and Lifestyle Research Office of NH Foods Ltd. He has contributed to further development of the Group through implementation of various measures of the Medium-Term Management Plan 2020.</p> <p>We have deemed that he is the appropriate personnel to contribute to the sustainable improvement of NH Foods Ltd.'s corporate value by using his rich work experience and knowledge for management as a Director, and so have continued to nominate him as a candidate for Director.</p>		

(TRANSLATION)

Candidate No.	Name (Date of birth) <Number of shares of NH Foods Ltd. held by Candidate>	Brief history
5	 <p>Yasuko Kono (February 4, 1957)</p> <p><- shares></p> <p>(Candidate for Outside Director) (Independent Officer) (Reappointment)</p> <p>(2 years)</p> <p>(19/19 100%)</p>	<p>April 2002 Director of IBARAKI CO-OP</p> <p>June 2005 Director of CONSUMERS' CO-OPERATIVE CO-OPDELI BUSINESS UNION</p> <p>June 2008 Director of Ibaraki Consumer's Co-operative Union</p> <p>August 2012 Director General of National Liaison Committee of Consumers' Organization</p> <p>January 2013 Member of Pharmaceutical Affairs and Food Sanitation Council, Ministry of Health, Labour and Welfare</p> <p>April 2013 Director General and Joint Representative of National Liaison Committee of Consumers' Organization (General Incorporated Association)</p> <p>Member of Shokuiku (Food and Nutrition Education) Promotion Council, Cabinet Office</p> <p>October 2013 Expert Member of Food Safety Commission, Cabinet Office</p> <p>Temporary Member of Consumer Commission, Cabinet Office</p> <p>December 2013 Member of Transport Council, Ministry of Land, Infrastructure, Transport and Tourism, to date</p> <p>April 2014 Special Advisor to Consumer Affairs Agency</p> <p>July 2015 Member of Council of Food, Agriculture and Rural Area, Ministry of Agriculture, Forestry and Fisheries</p> <p>June 2017 Director of Japan Consumers' Association (General Incorporated Foundation), to date</p> <p>Director General of Consumers' Smile Fund (NPO), to date</p> <p>June 2018 Outside Director of NH Foods Ltd., to date</p> <p>December 2018 Member of Financial System Council, Financial Services Agency, to date</p> <p>January 2019 Member of Forestry Policy Council, Forestry Agency, to date</p> <p>June 2019 Director of the Japan Federation of Shiho-Shoshi Lawyer's Associations, to date</p> <p>(Important concurrent office)</p> <p>Director of Japan Consumers' Association (General Incorporated Foundation)</p> <p>Director General of Consumers' Smile Fund (NPO)</p> <p>Director of the Japan Federation of Shiho-Shoshi Lawyer's Associations</p> <p>Member of Transport Council, Ministry of Land, Infrastructure, Transport and Tourism</p> <p>Member of Financial System Council, Financial Services Agency</p> <p>Member of Forestry Policy Council, Forestry Agency</p>


(TRANSLATION)

Reason for nomination as a candidate for Outside Director

Ms. Yasuko Kono, since taking office as a Director of NH Foods Ltd., has actively shared her opinions as the chairperson of the Executive Appointments Committee, as well as a member of the Compensation Committee, the Compliance Committee and the Sustainability Committee, and has fulfilled her role as an Outside Director of NH Foods Ltd.

Since she has rich experience and knowledge concerning consumer issues, we expect her to provide us with valuable suggestions regarding “Create value through dialog with consumers” and “Pursue sustainability,” which are the management policies of the Medium-Term Management Plan 2020, as well as management in general. For these reasons, we have deemed her to be the appropriate personnel to oversee the execution of business as an independent Outside Director, and so have continued to nominate her as a candidate for Outside Director.

(TRANSLATION)

Candidate No.	Name (Date of birth) <Number of shares of NH Foods Ltd. held by Candidate>	Brief history	
6	 <p>Atsushi Iwasaki (January 9, 1959)</p> <p><- shares></p> <p>(Candidate for Outside Director) (Independent Officer) (Reappointment)</p> <p>(1 year)</p> <p>(14/14 100%)</p>	<p>November 1990</p> <p>March 1991</p> <p>March 1997</p> <p>August 2005</p> <p>September 2005</p> <p>June 2013</p> <p>June 2015</p> <p>June 2016</p> <p>June 2019</p>	<p>Joined Century Audit Corporation (current Ernst & Young ShinNihon LLC)</p> <p>Registered as certified public accountant</p> <p>Registered as licensed real estate appraiser</p> <p>Retired from ShinNihon Audit Firm (current Ernst & Young ShinNihon LLC)</p> <p>Head of Iwasaki Certified Public Accountant Office, to date</p> <p>Outside Director of ISEKI&CO., LTD., to date</p> <p>Outside Audit & Supervisory Board Member of NH Foods Ltd.</p> <p>Outside Audit & Supervisory Board Member of OLYMPUS CORPORATION</p> <p>Outside Director of NH Foods Ltd., to date</p> <p>Outside Director of OLYMPUS CORPORATION, to date</p> <p>(Important concurrent office)</p> <p>Head of Iwasaki Certified Public Accountant Office</p> <p>Outside Director of ISEKI&CO., LTD.</p> <p>Outside Director of OLYMPUS CORPORATION</p>

Reason for nomination as a candidate for Outside Director

Mr. Atsushi Iwasaki, since taking office as a Director of NH Foods Ltd., has actively shared his opinions as the chairperson of the Compensation Committee, as well as a member of the Executive Appointments Committee and the Sustainability Committee, and has fulfilled his role as an Outside Director of NH Foods Ltd.

Since he has professional knowledge as a certified public accountant and abundant experience, we expect him to provide us with valuable suggestions regarding “Strengthen profitability by improving the efficiency of existing businesses,” which is one of the management policies of the Medium-Term Management Plan 2020, as well as management in general. For these reasons, we have deemed him to be the appropriate personnel to oversee the execution of business as an independent Outside Director, and so have continued to nominate him as a candidate for Outside Director.


[Special Note]

In the case where a candidate for Outside Director served as a director, executive officer or audit & supervisory board member of other stock company in the past 5 years, any fact in violation of laws and regulations or the Articles of Incorporation or any fact regarding any other unjust execution of business conducted in the relevant other stock company during the period when the candidate was in office.

ISEKI & CO., LTD., where Mr. Atsushi Iwasaki serves as an Outside Director, received a cease and desist order and a surcharge payment order on February 16, 2017 based on the fact in violation of the Antimonopoly Act pertaining to the bidding for construction work in the Tohoku region.

He had not recognized the above violation until the fact thereof was revealed. However, he worked on a regular basis for the prevention of the inappropriate and wrongful execution of business, making statements at various meetings, including meetings of the Board of Directors of ISEKI & CO., LTD., from the perspective of compliance with laws, regulations, and rules. After such fact became known, he has been fulfilling his role, including expressing his opinions on compliance with laws and regulations as well as on the further strengthening of internal management systems.

(TRANSLATION)

Candidate No.	Name (Date of birth) <Number of shares of NH Foods Ltd. held by Candidate>	Brief history	
7	 <p>Hideo Arase (March 19, 1955)</p> <p><- shares></p> <p>(Candidate for Outside Director) (Independent Officer) (Reappointment)</p> <p>(1 year)</p> <p>(14/14 100%)</p>	<p>April 1977</p> <p>July 2006</p> <p>June 2008</p> <p>June 2009</p> <p>June 2010</p> <p>October 2011</p> <p>June 2012</p> <p>April 2014</p> <p>April 2015</p> <p>April 2018</p> <p>July 2018</p> <p>February 2019</p> <p>June 2019</p>	<p>Joined Terumo Corporation</p> <p>Managing Director and BOD Chairman of Terumo Europe N.V.</p> <p>Executive Officer of Terumo Corporation</p> <p>Director and Executive Officer, responsible for Cardiac and Vascular Company and in charge of Legal Office of Terumo Corporation</p> <p>Director and Senior Executive Officer of Terumo Corporation</p> <p>Director and Senior Executive Officer, in charge of Business Promotion in Brazil of Terumo Corporation</p> <p>Director and Senior Executive Officer, responsible for the Americas of Terumo Corporation and President and CEO of Terumo Americas Holding, Inc.</p> <p>Director and Senior Executive Officer, Regional Representative of Latin America of Terumo Corporation</p> <p>Director and Senior Executive Officer, Regional Representative of India and Asia Pacific of Terumo Corporation and Managing Director of Terumo Asia Holdings Pte., Ltd.</p> <p>Director and Corporate Advisor of Terumo Corporation</p> <p>Corporate Advisor of Terumo Corporation</p> <p>Executive Officer of Atom Medical Corporation, to date</p> <p>Outside Director of NH Foods Ltd., to date (Important concurrent office) Executive Officer of Atom Medical Corporation</p>
<p>Reason for nomination as a candidate for Outside Director</p> <p>Mr. Hideo Arase, since taking office as a Director of NH Foods Ltd., has actively shared his opinions as a member of the Executive Appointments Committee, the Compensation Committee and the Sustainability Committee, and has fulfilled his role as an Outside Director of NH Foods Ltd.</p> <p>He has served as a Director in charge of overseas business at a major manufacturer of medical equipment, and possesses abundant experience and deep insight in global-scale corporate management that may cope with changes. Therefore, we expect him to provide us with valuable suggestions regarding “Change gears in overseas market deployment,” which is one of the management policies of the Medium-Term Management Plan 2020, as well as management in general. For these reasons, we have deemed him to be the appropriate personnel to oversee the execution of business as an independent Outside Director, and so have continued to nominate him as a candidate for Outside Director.</p>			

(TRANSLATION)

Candidate No.	Name (Date of birth) <Number of shares of NH Foods Ltd. held by Candidate>	Brief history
8	 <p>Fumio Maeda (November 30, 1965) <4,500 shares> (New appointment)</p>	<p>April 1988 Joined Nippon Meat Packers, Inc.</p> <p>October 2002 Seconded to Suehiro Restaurant System Co., Ltd. President and Representative Director of Suehiro Restaurant System Co., Ltd.</p> <p>March 2010 General Manager of Domestic Pork Department, Domestic Fresh Meats Sales Division, Fresh Meats Business Division of Nippon Meat Packers, Inc.</p> <p>March 2012 General Manager of Domestic Pork Department and General Manager of Domestic Products Department, Domestic Fresh Meats Sales Division, Fresh Meats Business Division of Nippon Meat Packers, Inc.</p> <p>June 2012 General Manager of Domestic Pork Department, General Manager of Domestic Products Department and General Manager of Oil Feedstuff and Byproducts Department, Domestic Fresh Meats Sales Division, Fresh Meats Business Division of Nippon Meat Packers, Inc.</p> <p>April 2013 Executive Officer, General Manager of Domestic Fresh Meats Sales Division, Fresh Meats Business Division of Nippon Meat Packers, Inc.</p> <p>April 2016 Executive Officer, General Manager of Sales & Logistics Operations Division, Fresh Meats Business Division of NH Foods Ltd.</p> <p>April 2017 Executive Officer, General Manager of Hams & Sausages Division, Processed Foods Business Division of NH Foods Ltd.</p> <p>April 2018 Executive Officer, General Manager of Hams & Sausages Division and General Manager of Deli & Processed Foods Division, Processed Foods Business Division of NH Foods Ltd.</p> <p>April 2019 Executive Officer, General Manager of Product Management Division, Processed Foods Business Division of NH Foods Ltd.</p> <p>April 2020 Managing Executive Officer, General Manager of Corporate Planning Division and in charge of Research & Development Center of NH Foods Ltd., to date</p>
<p>Reason for nomination as a candidate for Director</p> <p>Mr. Fumio Maeda has mainly been engaged in operations related to fresh meats business and processed meats business, and since April 2020, has led business operations as Managing Executive Officer, General Manager of Corporate Planning Division of NH Foods Ltd. He has contributed to further development of the Group through implementation of various measures of the Medium-Term Management Plan 2020.</p> <p>We have deemed that he is the appropriate personnel to contribute to the sustainable improvement of NH Foods Ltd.'s corporate value by using his rich work experience and knowledge for management as a Director, and so have nominated him as a candidate for Director.</p>		

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(Notes) 1. No candidates for Directors have a special relation of interest with NH Foods Ltd.

2. Liability limitation agreement with Outside Directors:

NH Foods Ltd., to allow it to hire useful human resources as candidates for Outside Directors, provides in its Articles of Incorporation currently in effect that it may enter into an agreement with any Outside Directors to limit the liability to NH Foods Ltd. for any damage to a certain extent.

Accordingly, NH Foods Ltd. has entered into such liability limitation agreement with candidates for Outside Director Ms. Yasuko Kono, Mr. Atsushi Iwasaki and Mr. Hideo Arase. If Ms. Kono, Mr. Iwasaki and Mr. Arase are reappointed and take office as Directors, NH Foods Ltd. plans to continue such liability limitation agreement with each of them.

The outline of the content of such agreement is as follows:

- If any Outside Director is liable to NH Foods Ltd. for any damage arising from a default in his/her duties, he/she shall be liable within the minimum liability amount as provided for in Article 425, paragraph 1 of the Companies Act of Japan.
- The above-mentioned liability limitation shall apply only if and when the Outside Director is in good faith and with no gross negligence in the performance of his/her duties that caused such liability.

(TRANSLATION)

Proposition No. 2: Determination of the Amount and Details of Performance-Based Stock Compensation for Directors, etc.

1. Reason for the proposal and the rationale for this type of compensation

Compensation for Directors of NH Foods Ltd. currently consists of “basic compensation,” “appraisal compensation” and “stock acquisition-based compensation.” In this regard, it is proposed that the stock acquisition-based compensation be abolished, and a new performance-based stock compensation plan (the “Plan”) be adopted. While the stock acquisition-based compensation is based on the contribution of certain amounts to the officers’ shareholding association by Directors (excluding Outside Directors or non-Japan residents; hereinafter the same in this proposal) and Executive Officers (excluding non-Japan residents; together with the Directors, collectively referred to as the “Directors, etc.”) of NH Foods Ltd., the Plan delivers shares in NH Foods Ltd. to the Directors, etc. according to their position, achievement level of the performance goal, etc.

As the Plan covers Executive Officers as well, compensation under the Plan includes compensation for Executive Officers. Accordingly, this proposition incorporates the amount and details of the compensation for Executive Officers as part of the compensation, etc. for the Directors, etc. under the Plan, in view of the likelihood that Executive Officers covered hereunder will be newly appointed as Directors during the applicable period of the Plan.

The adoption of the Plan is believed to be appropriate as it is intended to further clarify the linkage between the compensation for the Directors, etc. and the business performance of NH Foods Ltd. and shareholder value, and to provide incentives to encourage enhancement of the corporate value over the medium and long term in order to realize the corporate philosophy of NH Foods Ltd.

This proposition is submitted to this meeting, based on the results of deliberation on the adoption of the Plan at the Compensation Committee (whose majority members consist of independent outside officers and chaired by a Director who is an independent officer, to ensure transparency and objectivity in the process to determine compensation for Directors and Executive Officers).

In this proposition, it is proposed to approve the payment of stock compensation to the Directors, etc. outside the maximum amount of compensation for Directors (within ¥42 million per month) as resolved at the 51st Ordinary General Meeting of Shareholders held on June 27, 1996.

The number of Directors covered under the Plan shall be five (apart from 17 Executive Officers not concurrently serving as Directors), subject to the approval of Proposition No.1 “Election of 8 Directors” as originally proposed.

2. The amount and details of compensation in the Plan

(1) Outline of the Plan

The Plan is a stock compensation plan in which the shares of NH Foods Ltd. are acquired by a trust funded by NH Foods Ltd. using a part of compensation for the Directors, etc., and the shares of NH Foods Ltd. and the amount of money equivalent to the proceeds from the disposal of the shares of NH Foods Ltd. (collectively the “Shares, etc. of NH Foods Ltd.”) are delivered and paid (hereinafter collectively the “Delivery, etc.”) to the Directors, etc. (Details can be found in (2) below and the paragraphs that follow.)

(i) Persons eligible for the Delivery, etc. of the Shares, etc. of NH Foods	• Directors (excluding Outside Directors and non-Japan residents) and Executive Officers (excluding non-Japan residents) of NH Foods Ltd.
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(TRANSLATION)

Ltd. under the Plan	
(ii) Impact of the shares of NH Foods Ltd. under the Plan on the total number of the shares outstanding	
Maximum amount of the funding by NH Foods Ltd. (as described in (2) below)	<ul style="list-style-type: none"> • ¥220 million per fiscal year • ¥880 million for the initial target period comprising four fiscal years commencing in the current fiscal year
Acquisition method of the shares of NH Foods Ltd. (as described in (2) below) and the maximum number of the shares of NH Foods Ltd. for the Delivery, etc. to the Directors, etc. (as described in (3) below)	<ul style="list-style-type: none"> • No dilution is expected as the shares of NH Foods Ltd. shall be acquired in the stock market. • Maximum number of points to be granted to the Directors, etc. per fiscal year shall be 88,000 points (equivalent to 88,000 shares). • The number of the shares of NH Foods Ltd. equivalent to the maximum number of points to be granted to the Directors, etc. per fiscal year shall account for approximately 0.085% of the total number of the shares outstanding (as at March 31, 2020, excluding treasury stock).
(iii) Conditions for achieving performance goals (as described in (3) below)	<ul style="list-style-type: none"> • Variable based on the degree of target achievement of performance indicators in the medium-term management plan for each fiscal year
(iv) Timing of the Delivery, etc. of the Shares, etc. of NH Foods Ltd. (as described in (4) below)	<ul style="list-style-type: none"> • Around July immediately following the end of the final fiscal year under the medium-term management plan or at the time of retirement of the Directors, etc. • The Directors, etc. shall continue to hold the shares of NH Foods Ltd. Acquired under the Plan until one year has passed since their retirement.

(2) Maximum amount of the funding by NH Foods Ltd.

The Plan covers the fiscal years covered under each medium-term management plan (hereinafter the “Target Period”), provided, however, that the initial Target Period under the Plan commencing in the current fiscal year shall be four fiscal years, comprising the fiscal year ending March 31, 2021, which is the remaining period of the current medium-term management plan, and the three fiscal years from the fiscal year ending March 31, 2022 to the fiscal year ending March 31, 2024 (hereinafter the “Initial Target Period”), and that in the event of extension of the trust period as described in the fourth paragraph of this (2), the fiscal years corresponding to the period of the then declared medium-term management plan of NH Foods Ltd. will be regarded as the Target Period.

NH Foods Ltd. shall contribute, for each Target Period, an amount not exceeding the amount calculated by multiplying the maximum amount of the trust money per fiscal year, by the number of years contained in the trust period (¥880 million for the Initial Target Period comprising four fiscal years) as compensation for the Directors, etc. of NH Foods Ltd., thereby establishing a trust (hereinafter the “Trust”) with a trust period corresponding to the Target Period (the Initial Target Period being four fiscal years as exception) (including extending the trust period of the existing Trust as described in the fourth paragraph of this (2); hereinafter the same) for the benefit of the Directors, etc. who meet the requirements as beneficiaries.

The Trust shall acquire shares of NH Foods Ltd. from a stock market using the fund

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trusted thereto in accordance with the instructions of the trust administrator. NH Foods Ltd. shall, during the trust period, grant points to the Directors, etc. (as described in (3) below), while the Trust shall engage in the Delivery, etc. of the Shares, etc. of NH Foods Ltd.

Further, NH Foods Ltd. may, upon the expiration of the trust period of the Trust, continue the Trust by amending the trust agreement and making additional trusts, rather than establishing a new Trust. In such case, a period corresponding to the period of the then declared medium-term management plan of NH Foods Ltd. shall become the new Target Period, and the trust period of the Trust shall be extended for the number of years corresponding to such Target Period. NH Foods Ltd. shall make an additional contribution for each extended trust period, not exceeding the amount calculated by multiplying the maximum amount of trust money per fiscal year, by the number of years contained in the trust period, and continue to grant points to the Directors, etc. during the extended trust period, while the Trust shall keep engaged in the Delivery, etc. of the Shares, etc. of NH Foods Ltd. during the extended trust period.

However, in the case of making such additional contribution, if there are shares of NH Foods Ltd. (other than the shares of NH Foods Ltd. corresponding to the points granted to the Directors, etc. that are yet to be Delivered, etc.) and funds which are remaining in the trust property as of the end of the trust period before extension (the “Remaining Shares, etc.”), the sum of the amount of the Remaining Shares, etc. and the amount of the trust funding additionally contributed shall not exceed the amount calculated by multiplying the maximum amount of trust money per fiscal year, by the number of years contained in the trust period.

If there is no amendment of the trust agreement or additional trusts made at the expiry of the trust period, there will be no granting of points to the Directors, etc. thereafter. However, if the Directors, etc. who may meet the requirements as beneficiaries remain in office as of the expiry of the trust period, the trust period of the Trust may be extended for a maximum of ten years until the said Directors, etc. retire from office and the Delivery, etc. of Shares, etc. of NH Foods Ltd. to the said Directors, etc. is completed.

(3) Calculation method and maximum number of Shares, etc. of NH Foods Ltd. to be delivered, etc. to the Directors, etc.

The number of the Shares, etc. of NH Foods Ltd. to be delivered, etc. to the Directors, etc. will be calculated based on the number of points granted to the Directors, etc. each year.

Certain points will be granted to Directors, etc. each year in accordance with the position and degree of achievement with respect to the target value of the performance indicators in the medium-term management plan for each fiscal year during the trust period (for the first time, the fiscal year ending March 31, 2021) (*1).

(*1) $\text{Points granted} = \text{Base amount of stock-based compensation} \div \text{the average acquisition unit price of the shares of NH Foods Ltd. by the Trust (if the trust period of the Trust is extended, the average acquisition unit price of the shares of NH Foods Ltd. acquired by the Trust after the extension)} \times \text{Performance-based coefficient (*2)}$

(*2) Performance-based coefficient varies based on the degree of target achievement of performance indicators for each fiscal year.

In addition, one point shall represent one share of NH Foods Ltd. However, if an event occurs during the trust period wherein it is found to be just and fair to adjust the number of shares of NH Foods Ltd., such as a share split or share consolidation, the number of shares of NH Foods Ltd. for one point shall be adjusted according to the split ratio,

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consolidation ratio, etc.

The maximum number of points granted to Directors, etc. per fiscal year shall be 88,000 points. The maximum number of the points is set with reference to share prices in the past, etc., and having regard to the maximum amount of the funding that NH Foods Ltd. shall distribute as described in (2) above.

The maximum number of the shares of NH Foods Ltd. for the Delivery, etc. to the Directors, etc. during the Target Period shall be the number of shares calculated by multiplying the maximum number of points per fiscal year, by the number of years contained in the Target Period (for the Initial Target Period, 352,000 shares as calculated by multiplying the maximum number of points, by four (years)). When the adjustment as described above is made, the maximum number of the shares of NH Foods Ltd. for the Delivery, etc. to the Directors, etc. shall also be adjusted accordingly.

- (4) Timing and method for Delivery, etc. of the Shares, etc. of NH Foods Ltd. to the Directors, etc.

The Directors, etc. shall be delivered shares of NH Foods Ltd. equivalent to 50% of the portion (fractional shares being rounded up) equivalent to 70% of the accumulated value of points during the Target Period (hereinafter the "Accumulated Points") after the termination of the Target Period, and shall sell the remaining shares of NH Foods Ltd. in the stock market and receive the amount of money equivalent to the conversion price to cash. With respect to the portion equivalent to 30% of Accumulated Points, when the Directors, etc. retire from office, they shall be delivered shares of NH Foods Ltd. corresponding to 70% of such Accumulated Points (fractional shares being rounded up), and shall sell the remaining shares of NH Foods Ltd. in the stock market and receive amount of money equivalent to the conversion price to cash. However, if the Directors, etc. retire from office before the expiry of the Target Period, the Shares, etc. of NH Foods Ltd. will be delivered, etc. for all Accumulated Points up to that time. Further, Directors, etc. will continue to hold shares of NH Foods Ltd. acquired under the Plan until one year has passed since their retirement.

In case of death of any of the Directors, etc. during the trust period, all of the shares of NH Foods Ltd. corresponding to the Accumulated Points up to that time will be converted into cash within the Trust, and the heir of such deceased Directors, etc. will receive payment of money equivalent to the conversion price to cash.

If the Directors, etc. become a non-resident of Japan during the trust period, all of the shares of NH Foods Ltd. corresponding to the Accumulated Points up to that time will be converted into cash within the Trust, and such Directors, etc. may receive payment of money equivalent to the conversion price to cash.

- (5) Voting rights of the shares of NH Foods Ltd.

Regarding the shares of NH Foods Ltd. within the Trust, to ensure independence of the management, the voting rights shall not be exercised during the trust period.

- (6) Other matters concerning the Plan

Other matters concerning the Plan shall be decided by the Board of Directors at each time of the establishment of the Trust, amending the trust agreement and making additional contribution to the Trust.

For further details, please refer to the press release dated May 11, 2020, "Notice Concerning the Adoption of Performance-Based Stock Compensation Plan for Officers." _____

(TRANSLATION)

Matters concerning the Officers of NH Foods Ltd.:

* As supplementary information to the propositions, “4. Matters concerning the Officers of NH Foods Ltd.” in the Business Report for the 75th fiscal year is stated as follows.

(1) Names of Directors and Audit & Supervisory Board Members, etc. (as of March 31, 2020):

Title	Name	Assignment and concurrent holding of important offices
President and Representative Director (President and CEO)	Yoshihide Hata	
Vice President and Representative Director (Executive Vice President)	Katsumi Inoue	General Manager of Fresh Meats Business Division
Director (Managing Executive Officer)	Tetsuhiro Kito	General Manager of Overseas Business Division
Director (Managing Executive Officer)	Hajime Takamatsu	General Manager of Corporate Management Division and General Manager of Tokyo Branch Office
Director (Managing Executive Officer)	Nobuhisa Ikawa	General Manager of Processed Foods Business Division
Director (Managing Executive Officer)	Sadanori Miyagai	In charge of Quality Assurance Department, Customer Service Department and CSR Department
Director	Yasuko Kono	Director of Japan Consumers' Association (General Incorporated Foundation) Director General of Consumers' Smile Fund (NPO) Director of the Japan Federation of Shiho-Shoshi Lawyer's Associations Member of Transport Council, Ministry of Land, Infrastructure, Transport and Tourism Member of Financial System Council, Financial Services Agency Member of Forestry Policy Council, Forestry Agency
Director	Atsushi Iwasaki	Head of Iwasaki Certified Public Accountant Office Outside Director of ISEKI&CO., LTD. Outside Director of OLYMPUS CORPORATION
Director	Hideo Arase	Executive Officer of Atom Medical Corporation
Full-time Audit & Supervisory Board Member	Koichi Nishihara	

(TRANSLATION)

Title	Name	Assignment and concurrent holding of important offices
Full-time Audit & Supervisory Board Member	Nobuyuki Tazawa	
Audit & Supervisory Board Member	Akihiko Shiba	Attorney at law (Partner) of SHIBA & TANAKA LAW OFFICES Outside Statutory Auditor of Airport Facilities Co., Ltd.
Audit & Supervisory Board Member	Masayuki Kitaguchi	Chief of Kitaguchi Certified Public Accountant Office Head of Showa Law Office Outside Audit & Supervisory Board Member of Glad Cube Inc.
Audit & Supervisory Board Member	Tokushi Yamasaki	

- (Notes)
1. Directors Ms. Yasuko Kono, Messrs. Atsushi Iwasaki and Hideo Arase are Outside Directors.
 2. Audit & Supervisory Board Members Messrs. Akihiko Shiba, Masayuki Kitaguchi and Tokushi Yamasaki are Outside Audit & Supervisory Board Members.
 3. NH Foods Ltd. has designated Outside Directors Ms. Yasuko Kono, Messrs. Atsushi Iwasaki and Hideo Arase, and Outside Audit & Supervisory Board Members Messrs. Akihiko Shiba, Masayuki Kitaguchi and Tokushi Yamasaki, as independent officers as stipulated by the Tokyo Stock Exchange, Inc., and has filed notices thereof to the Exchange. NH Foods Ltd. has determined that all Outside Officers are independent of NH Foods Ltd., as a result of checking them against the “Criteria on Independence of Outside Officers” described on page 32.
 4. Audit & Supervisory Board Member Mr. Masayuki Kitaguchi, who is qualified as a certified public accountant, has considerable knowledge of financing and accounting.
 5. The following changes were made to Directors and Audit & Supervisory Board Members during the year ended March 31, 2020.
 - (1) Appointment
 - (i) Messrs. Sadanori Miyagai, Atsushi Iwasaki and Hideo Arase were newly elected as Directors at the 74th Ordinary General Meeting of Shareholders held on June 25, 2019, and assumed their respective posts.
 - (ii) Messrs. Nobuyuki Tazawa, Masayuki Kitaguchi and Tokushi Yamasaki were newly elected as Audit & Supervisory Board Members at the 74th Ordinary General Meeting of Shareholders held on June 25, 2019, and assumed their respective posts.
 - (2) Resignation
 - (i) Messrs. Kazunori Shinohara, Hiroji Okoso and Iwao Taka retired from their respective posts as Director, and Messrs. Akira Otsuka and Atsushi Iwasaki retired from their respective posts as Audit & Supervisory Board Member, at the conclusion of the 74th Ordinary General Meeting of Shareholders held on June 25, 2019.
 - (ii) On March 31, 2020, Mr. Katsumi Inoue resigned from his post as Representative Director.

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(Reference)

Management Structure as of April 1, 2020 is as follows:

Title	Name	Assignment and concurrent holding of important offices
President and Representative Director (President and CEO)	Yoshihide Hata	
Representative Director (Senior Managing Executive Officer)	Tetsuhiro Kito	General Manager of Fresh Meats Business Division
Representative Director (Senior Managing Executive Officer)	Nobuhisa Ikawa	General Manager of Processed Foods Business Division
Director (Managing Executive Officer)	Sadanori Miyagai	In charge of Quality Assurance Department, Customer Service Department, Sustainability Department and Lifestyle Research Office, and General Manager of Tokyo Branch Office
Director	Katsumi Inoue	
Director	Hajime Takamatsu	
Director	Yasuko Kono	Director of Japan Consumers' Association (General Incorporated Foundation) Director General of Consumers' Smile Fund (NPO) Director of the Japan Federation of Shiho-Shoshi Lawyer's Associations Member of Transport Council, Ministry of Land, Infrastructure, Transport and Tourism Member of Financial System Council, Financial Services Agency Member of Forestry Policy Council, Forestry Agency
Director	Atsushi Iwasaki	Head of Iwasaki Certified Public Accountant Office Outside Director of ISEKI&CO., LTD. Outside Director of OLYMPUS CORPORATION
Director	Hideo Arase	Executive Officer of Atom Medical Corporation
Full-time Audit & Supervisory Board Member	Koichi Nishihara	
Full-time Audit & Supervisory Board Member	Nobuyuki Tazawa	

(TRANSLATION)

Title	Name	Assignment and concurrent holding of important offices
Audit & Supervisory Board Member	Akihiko Shiba	Attorney at law (Partner) of SHIBA & TANAKA LAW OFFICES Outside Statutory Auditor of Airport Facilities Co., Ltd.
Audit & Supervisory Board Member	Masayuki Kitaguchi	Chief of Kitaguchi Certified Public Accountant Office Head of Showa Law Office Outside Audit & Supervisory Board Member of Glad Cube Inc.
Audit & Supervisory Board Member	Tokushi Yamasaki	

(TRANSLATION)

(Executive Officers who are not concurrently serving as Directors)

Title	Name	Assignment and concurrent holding of important offices
Managing Executive Officer	Fumio Maeda	General Manager of Corporate Planning Division and in charge of Research & Development Center
Managing Executive Officer	Keiji Maeda	General Manager of Sales Management Division, Processed Foods Business Division
Managing Executive Officer	Nobuo Oda	General Manager of Overseas Business Division
Managing Executive Officer	Hitoshi Yao	In charge of Compliance Department and Audit Department
Executive Officer	Masahito Kataoka	In charge of Accounting & Finance Department and Public and Investor Relations Department
Executive Officer	Hideki Fujii	General Manager of Operations Management Division, Overseas Business Division
Executive Officer	Tadaaki Ito	General Manager of Administrative Division and General Manager of Quality Assurance Office, Overseas Business Division
Executive Officer	Kuniharu Hirai	General Manager of Administrative Division, Processed Foods Business Division
Executive Officer	Takao Seki	General Manager of Sales & Logistics Operations Division, Fresh Meats Business Division
Executive Officer	Hiroyuki Tsukuda	General Manager of Administrative Division, Fresh Meats Business Division
Executive Officer	Shuichi Toda	General Manager of Imported Fresh Meats Sales Division, Fresh Meats Business Division
Executive Officer	Toshiyuki Hagino	General Manager of Sports Community Department
Executive Officer	Kohei Akiyama	In charge of Human Resources Department, Legal Affairs Department, General Affairs Department and Secretarial Office
Executive Officer	Kazuhiro Mikuni	General Manager of Dairy and Marine Products Division, Processed Foods Business Division
Executive Officer	Hideki Egi	General Manager of Product Management Division, Processed Foods Business Division
Executive Officer	Shuichi Narumi	General Manager of Domestic Fresh Meats Sales Division, Fresh Meats Business Division
Executive Officer	Hirohide Fujiwara	General Manager of Corporate Planning Department, Corporate Planning Division
Executive Officer	Akio Wakita	General Manager of Domestic Fresh Meats Production Division, Fresh Meats Business Division

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(2) Compensation, etc., for Directors and Audit & Supervisory Board Members:

(i) Policy of determination of the compensation, etc., and the method of calculation thereof:

Basic policy on Director and Audit & Supervisory Board Member compensation

NH Foods Ltd. maintains a very transparent, just, and rational compensation system that is designed to attract talented executives who can optimize corporate value in performing their duties as Directors and Audit & Supervisory Board Member.

NH Foods Ltd. ensures that Directors' and Audit & Supervisory Board Members' compensations are indeed transparent, just, and rational by having the Compensation Committee, where Outside Director acts as chairman, deliberate on these matters, with the final decision made by the Board of Directors. Furthermore, the reasonableness of the level of compensation for each position is verified each year, using for reference the results of compensation studies conducted with the participation of major Japanese companies.

The process used by the Compensation Committee to decide on Directors' and Audit & Supervisory Board Members' compensations shall involve the examination of business results in comparison to annual targets set for each fiscal year by Executive Directors and Executive Officers and the deliberation on Directors' and Audit & Supervisory Board Members' compensations for the following fiscal year to be proposed, and recommendations are submitted to the Board of Directors. The Board of Directors shall respect the recommendations of the Compensation Committee and decide on Directors' and Audit & Supervisory Board Members' compensations for the following fiscal year accordingly.

Summary of compensation for the Directors:

1. Compensation for each Director shall be a standard pay determined based on his/her position, plus stock acquisition-based compensation. No retirement gratuity shall be paid.
 - (1) The standard pay shall comprise a basic compensation and appraisal compensation. The basic compensation and the appraisal compensation make up 80% and 20%, respectively, of the standard pay. The appraisal compensation is set in the range of 0-40% according to the annual business performance (net sales, business profit, ROE and ROIC) and individually established goal attainment level (with respect to management issues, etc.).
 - (2) The stock acquisition-based compensation intended to reflect medium- and long-term business performance is a monthly fixed amount. Each Director will acquire shares of NH Foods Ltd. for such fixed amount (through the officers' shareholding association). Such shares shall be not transferred while he/she remains in office and for one year after his/her retirement from office.
2. Compensation for each Outside Director shall be a basic compensation only in consideration of his/her role. No retirement gratuity or stock acquisition-based compensation shall be paid.

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Summary of compensation for the Audit & Supervisory Board Members:

Compensation for each Audit & Supervisory Board Member shall be a basic compensation only in consideration of his/her role. No retirement gratuity or stock acquisition-based compensation shall be paid.

- (ii) Aggregate amount of compensation, etc., for Directors and Audit & Supervisory Board Members:

	Standard pay		Stock acquisition-based compensation	Total
	Basic compensation	Appraisal compensation		
12 Directors	¥215 million	¥11 million	¥44 million	¥269 million
(4 Outside Directors)	(¥33 million)			(¥33 million)
7 Audit & Supervisory Board Members	¥78 million			¥78 million
(5 Outside Audit & Supervisory Board Members)	(¥36 million)			(¥36 million)
Total	¥293 million	¥11 million	¥44 million	¥348 million (¥69 million)

- (Notes)
1. The aggregate amount of compensation, etc., includes compensation for 3 Directors (including an Outside Director) and 2 Audit & Supervisory Board Members who retired at the conclusion of the 74th Ordinary General Meeting of Shareholders held on June 25, 2019.
 2. The maximum amounts of compensation for Directors and Audit & Supervisory Board Members are ¥42 million per month for Directors (as resolved at the Ordinary General Meeting of Shareholders held on June 27, 1996) and ¥8 million per month for Audit & Supervisory Board Members (as resolved at the Ordinary General Meeting of Shareholders held on June 26, 1998), respectively.

(TRANSLATION)

(3) Matters concerning the Outside Officers:

(i) Major activities during the year ended March 31, 2020:

Category	Name	Number of meetings of the Board of Directors attended (Number of meetings attended/number of meetings held)	Number of meetings of the Audit & Supervisory Board attended (Number of meetings attended/number of meetings held)	Opinions expressed
Director	Yasuko Kono	19/19 (100%)	-	Ms. Kono, from time to time, expressed valuable opinions regarding “Create value through dialog with customers” and “Pursue sustainability,” which are management policies of the Medium-Term Management Plan 2020, as well as management in general, based on her abundant experience and knowledge of consumer affairs. She also served as the chairperson of the Executive Appointments Committee, and a member of the Compensation Committee, the Compliance Committee, and the CSR Promotion Committee.
	Atsushi Iwasaki	14/14 (100%)	-	Mr. Iwasaki, from time to time, expressed valuable opinions regarding “Strengthen profitability by improving the efficiency of existing businesses,” which is one of the management policies of the Medium-Term Management Plan 2020, as well as management in general, from his professional standpoint as a certified public accountant and his abundant experience. He also served as the chairperson of the Compensation Committee, and a member of the Executive Appointments Committee and the CSR Promotion Committee.

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Category	Name	Number of meetings of the Board of Directors attended (Number of meetings attended/number of meetings held)	Number of meetings of the Audit & Supervisory Board attended (Number of meetings attended/number of meetings held)	Opinions expressed
Director	Hideo Arase	14/14 (100%)	-	Mr. Arase, from time to time, expressed valuable opinions regarding “Change gears in overseas market deployment,” which is one of the management policies of the Medium-Term Management Plan 2020, as well as management in general, based on his abundant experience and deep insight in global-scale corporate management. He also served as a member of the Executive Appointments Committee, the Compensation Committee, the Corporate Value Enhancement Committee, and the CSR Promotion Committee.
Audit & Supervisory Board Member	Akihiko Shiba	19/19 (100%)	19/19 (100%)	Mr. Shiba, from time to time, expressed his opinions toward ensuring the legality and appropriateness of group management from his professional standpoint as an attorney at law and abundant experience with fairness and objectivity. He also served as a member of the Executive Appointments Committee, and an observer of the Compliance Committee.
	Masayuki Kitaguchi	14/14 (100%)	14/14 (100%)	Mr. Kitaguchi, from time to time, expressed his opinions toward ensuring the legality and appropriateness of group management from his professional standpoint as an attorney at law, as well as a certified public accountant, and abundant experience with fairness and objectivity. He also served as an observer of the Compliance Committee.
	Tokushi Yamasaki	14/14 (100%)	14/14 (100%)	Mr. Yamasaki, from time to time, expressed his opinions toward ensuring the legality and appropriateness of group management from his professional standpoint as a food sector securities analyst and abundant experience. He also served as a member of the Corporate Value Enhancement Committee and the CSR Promotion Committee.

(TRANSLATION)

- (Note) Regarding the number of attendance for Messrs. Atsushi Iwasaki, Hideo Arase, Masayuki Kitaguchi and Tokushi Yamasaki, only the meetings of the Board of Directors and the meetings of the Audit & Supervisory Board held after their appointment on June 25, 2019 are counted.

(ii) Outline of the content of liability limitation agreements

NH Foods Ltd., to allow it to hire useful human resources as Outside Officers, provides in its Articles of Incorporation currently in effect that it may enter into an agreement with any Outside Officer to limit the liability for any damage to NH Foods Ltd. to a certain extent. Accordingly, NH Foods Ltd. has entered into such liability limitation agreements with Outside Directors Ms. Yasuko Kono, Messrs. Atsushi Iwasaki and Hideo Arase and Outside Audit & Supervisory Board Members Messrs. Akihiko Shiba, Masayuki Kitaguchi and Tokushi Yamasaki.

The outline of the content of such agreements is as follows:

- (a) If any Outside Director or Outside Audit & Supervisory Board Member is liable to NH Foods Ltd. for any damage arising from a default in his/her duties, he/she shall be liable within the minimum liability amount as provided for in Article 425, paragraph 1 of the Companies Act of Japan.
- (b) The above-mentioned liability limitation shall apply only if and when the Outside Director or Outside Audit & Supervisory Board Member is in good faith and with no gross negligence in the performance of his/her duties that caused such liability.

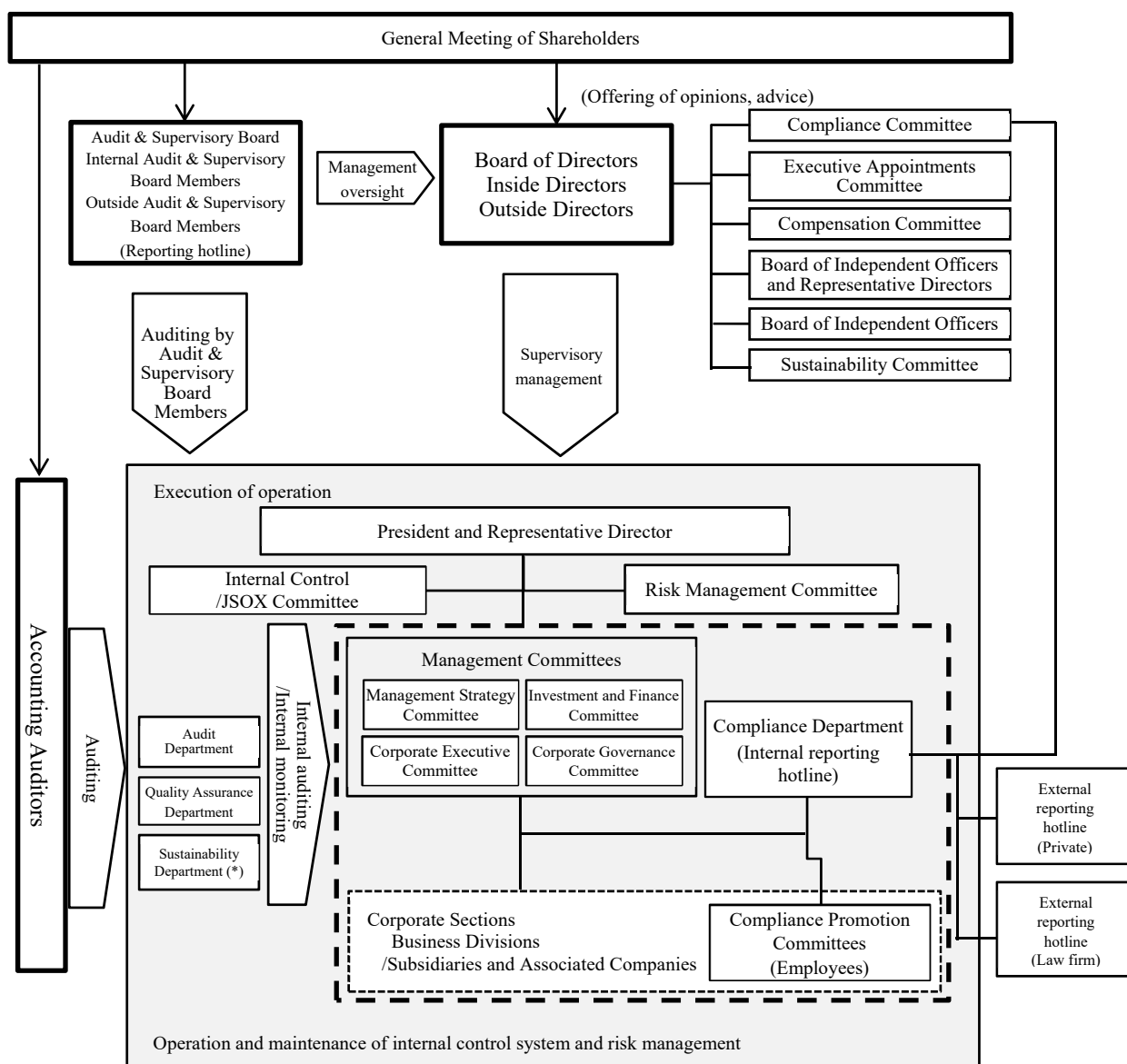
(TRANSLATION)

(Reference) Corporate Governance System of NH Foods Ltd.

1. Basic views on corporate governance

- (1) In order to establish a corporate governance system which the Group considers most appropriate and in order to make such system functional so that NH Foods Ltd. is able to exercise social responsibility of the Group and realize a vision of the Group as the World Leader in Delivering the “Joy of Eating,” we present our basic views on corporate governance of the Group and continuously strive to enhance it.
- (2) The principles of corporate governance of the Group are to enhance its management transparency and efficiency, to ensure timely and proper decision-making as well as appropriate business operations, to enable proactive and courageous business judgments and to clarify its responsibility.

2. Organization chart (as of April 1, 2020)



*Conducting environmental audits

(TRANSLATION)

3. Optional committees, etc. of the Board of Directors

The Board of Directors establishes the following committees as optional committees to the Board of Directors in order to enhance the objectivity and transparency of management.

Executive Appointments Committee To enhance the transparency and objectivity of decisions on candidates for Representative Directors/Directors/Audit & Supervisory Board Members, as well as on the dismissal of President and Representative Director along with the senior management team (comprising Executive Directors and Executive Officers) and the deliberation on such dismissal, and to improve the supervisory function of the Board of Directors.	Compensation Committee To enhance the transparency and objectivity of decisions on the compensation for the Corporate Officers (including the Executive Officers), and to improve the supervisory function of the Board of Directors.
Board of Independent Officers and Representative Directors To improve the Group's corporate value and to provide a venue for proposing reformation of corporate culture through free and open discussions among the Independent Officers and the Representative Directors.	Board of Independent Officers To exchange information and to share understandings from an independent and objective perspective.
Compliance Committee To evaluate the policies and measures concerning the compliance of the entire Group.	Sustainability Committee To engage, among other things, in the evaluation of policies and themes concerning sustainability for the entire Group, as well as confirmation of the status of implementation of various measures concerning sustainability.

(Note) The Sustainability Committee was created by merging the CSR Promotion Committee and the Corporate Value Enhancement Committee with the aim of achieving further progress with respect to "Pursue sustainability," one of the management policies of the Medium-Term Management Plan 2020.

(TRANSLATION)

Composition of Optional Committees (As of April 1, 2020)

Position	Name	Executive Appointments Committee	Compensation Committee	Board of Independent Officers and Representative Directors	Board of Independent Officers	Compliance Committee	Sustainability Committee
President and Representative Director	Yoshihide Hata		○	○		◎	◎
Representative Director	Tetsuhiro Kito			○			○
Representative Director	Nobuhisa Ikawa			○			○
Director	Sadanori Miyagai					○	○
Director	Katsumi Inoue						○
Director	Hajime Takamatsu	○	○				○
Director (Outside)	Yasuko Kono*	◎	○	○	◎	○	○
Director (Outside)	Atsushi Iwasaki*	○	◎	○	○		○
Director (Outside)	Hideo Arase*	○	○	○	○		○
Audit & Supervisory Board Member (Outside)	Akihiko Shiba*	○		○	○		
Audit & Supervisory Board Member (Outside)	Masayuki Kitaguchi*			○	○	Observer	
Audit & Supervisory Board Member (Outside)	Tokushi Yamasaki*			○	○		Observer

◎Committee Chairperson ○Committee Member *Independent Officers

(TRANSLATION)

4. Criteria on Independence of Outside Officers

(Based on the resolution at the meeting of the Board of Directors held on December 14, 2018)

“Criteria on Independence of Outside Officers”

NH Foods Ltd. determines that an Outside Officer or a candidate for Outside Officer of NH Foods Ltd. is independent of NH Foods Ltd. in cases where said Outside Officer or said candidate is deemed not to fall into any of the following:

1. A person who is or was a director (excluding outside director), executive, executive officer, or employee (the “executor of business”) of NH Foods Ltd., its subsidiary or its equity method affiliate (the “Group”);
2. A major shareholder of NH Foods Ltd. (Note 1) or the executor of business thereof, or the executor of business of an entity of which the Group is a major shareholder in the past five fiscal years including the current fiscal year;
3. A principal business partner (Note 2) of the Group or the executor of business thereof, in the past five fiscal years including the current fiscal year;
4. A recipient of a donation of ¥10 million or more in a fiscal year from the Group in the past five fiscal years including the current fiscal year (in cases where said recipient is a corporation, association, or any other organization, this shall mean a person who belongs to such organization);
5. An attorney at law, certified public accountant, consultant of various types, or any other professional service provider who received a fee of ¥10 million or more in a fiscal year from the Group, apart from the executive compensation, in the past five fiscal years including the current fiscal year (in cases where said service provider is a corporation, association, or any other organization, this shall mean a person who belongs to such organization);
6. (i) In the case of determining the independence of an Outside Director, a spouse or relative within the third degree of kinship of any person of material importance (Note 3) among those that fall into any of the above 1. through 5.;
- (ii) In the case of determining the independence of an Outside Audit & Supervisory Board Member, a spouse or relative within the third degree of kinship of any person of material importance (Note 3) among those that fall into any of the above 1. through 5., or a spouse or relative within the third degree of kinship of a person who is or was a director (including an outside director) or accounting advisor of the Group; and
7. The executor of business of an entity in a relationship of reciprocal appointment of outside officers (Note 4) with NH Foods Ltd.

- (Notes)
1. “Major shareholder” refers to a direct or indirect holder of voting rights accounting for no less than 10% of all voting rights.
 2. “Principal business partner” refers to a company whose amount of payment or receipt in transactions with the Group accounts for 2% or more of the consolidated net sales of the Group or the business partner.
 3. “Person of material importance” refers to an executive director, executive, executive officer, or employee in the position of General Manager or higher in the case of 1. through 4. above, while referring to a certified public accountant belonging to each accounting firm, or attorney at law belonging to each law firm in the case of 5. above.
 4. “Reciprocal appointment of outside officers” refers to accepting as outside officer of NH Foods Ltd. an executor of business of a company in which the executor of business of the Group currently serves as an outside officer.

(TRANSLATION)
(Attached document)

BUSINESS REPORT

(For the period from April 1, 2019 to March 31, 2020)

1. Matters concerning the situations of the Group (NH Foods Ltd. and its subsidiaries):

(1) Business trends and achievements:

The Japanese economy during the fiscal year under review slowly recovered as employment and income environment continued to improve, personal spending recovered, and capital investment rose gently. However, the situation became severe recently due to the significant downward pressure resulting from the impact of COVID-19.

In the food and fresh meats industry, the business conditions remained severe with the soaring prices of certain raw materials, increases of costs for distribution and labors due to labor shortages, intensified sales competition and livestock disease in Japan and overseas.

Under these circumstances, NH Foods Ltd. and its subsidiaries (the “Group”), under the “Medium-Term Management Plan 2020” that commenced in April 2018 with the theme “Building systems that pave the way to the future,” conducted business development based on its five management policies “Strengthen profitability by improving the efficiency of existing businesses,” “Create value through dialog with consumers,” “Enhance and develop technological capabilities for conceptualizing and realizing the future of food,” “Change gears in overseas market deployment,” and “Pursue sustainability.” Specifically, in Japan, the Group implemented various measures, including reinforcement of its domestic farm business, increased production at new plants, which started operating in the previous fiscal year, for producing processed food and plants for producing yogurt and lactic acid probiotic beverages, development of human resources, and reinforcing risk management. Further, as to the overseas business, the Group made continuous efforts to reinforce its overseas beef business in Australia. As to the management system, the Group has continued to make efforts for enhancement in line with the “Nipponham Group Fundamental Policy on Corporate Governance.”

As a result of these activities, for the fiscal year under review, consolidated net sales amounted to ¥1,229,826 million, decreasing 0.4% from the previous fiscal year. Business profit increased 14.3% to ¥43,772 million, and profit before tax decreased 10.7% from the previous fiscal year to ¥27,039 million due to the recording of additional special payments, and other expenses of ¥8,472 million during the second quarter of the fiscal year under review in relation to the solicitation conducted based on the expansion of the optional retirement system resolved at the meeting of the Board of Directors held on October 31, 2018. Profit attributable to owners of the parent decreased 1.8% from the previous fiscal year to ¥19,214 million.

(Note) Business profit was calculated by deducting cost of goods sold and selling, general and administrative expenses from net sales, and accounting for foreign exchange gains and losses determined by the Group, while deducting adjustments in accordance with IFRS and non-recurring items.

(TRANSLATION)

The overview of operating results by operating segment is as follows.

Processed Foods Business Division

With regard to the consumer products of the hams and sausages business, sales increased from the previous fiscal year due to the active promotional effort for the main product “*SCHAU ESSEN*” and the promotion utilizing website. For the year end gift blitz, although in-store promotion of the flag ship brand “*Utsukushi no Kuni*” was strengthened, due to the impact of the downturn of the year-end gift market as a whole, sales decreased from the previous fiscal year. For the commercial-use products, the sales to the major restaurant channels decreased. However, the overall sales of the hams and sausages business were higher than that of the previous year.

With regard to consumer products of the processed foods business, in addition to the steady performance of the pizza group to which new products at a new price range were introduced, the products in the hamburger (meat patty) group and the pre fried group such as chicken nuggets for which active in-store promotions were conducted showed strong performance. As a result, sales were higher than that of the previous year. Regarding the sales of the commercial-use products, the sales targeting delicatessen and ready-made meals chains decreased. Consequently, the overall sales of the processed foods business decreased from the previous fiscal year.

With regard to profit, in addition to the improvement of the gross profit rate by the unit price increasing due to the growth of the main brand products, review of indirect costs and mechanization as well as manpower reduction in the manufacturing division led profit to increase.

As a result, for the fiscal year under review, consolidated net sales of the Processed Foods Business Division amounted to ¥353,781 million, increasing 0.2% from the previous fiscal year. Business profit increased 45.7% compared to the previous fiscal year to ¥11,357 million.

Fresh Meats Business Division

In the fresh meats business, together with sharing information on social networking services about our branded fresh meats, such as “*Sakurahime*” domestic chicken and “*Mugikomachi*” domestic pork, we implemented sales promotion activities, such as opening sales booths at events, such as those of the Hokkaido Nippon-Ham Fighters and Cerezo Osaka. We also worked to strengthen communication with consumers by conducting activities linked to the cherry blossom front from March to May at mass retailers in various regions. In addition, we focused on proposal-based sales in line with needs for mass retailer, restaurant, and convenience store channels and collaborative business negotiations as a unified Group. As a result, sales increased due to increased sales of domestic beef, imported pork, and imported chicken.

With regard to profit, in the production division, we worked to increase production volume by operating a new farm and to enhance processing capacity by introducing state-of-the-art equipment. However, profit decreased due to a decline in domestic chicken market prices and an increase in pork production costs. In the sales division, efforts were made in the reinforcing of sales of branded fresh meats, the selling of high value-added products such as antibiotic-free pork and chicken, and new proposals for beef and pork from Canada. However, profit decreased overall due to the impact of falling domestic chicken market prices, decreased hot pot demand caused by a warm winter, and increased logistics costs.

As a result, for the fiscal year under review, consolidated net sales of the Fresh Meats Business Division amounted to ¥771,844 million, increasing 2.0% from the previous fiscal year and

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business profit amounted to ¥32,773 million, decreasing 8.3% from the previous fiscal year.

Affiliated Business Division

In the marine products business, sales of crab, which we strengthened during the year-end sales season, and shrimp, which we worked to expand sales of throughout the year, increased. However, sales of tuna and roe decreased as their market prices sagged, and there was an impact from the withdrawal of unprofitable items initiated as part of structural reforms. As a result, sales were lower than that of the previous year.

In the dairy products business, with regard to yogurt and lactic acid probiotic beverages, while sales of lactic acid probiotic beverages centered on smoothies struggled, sales of the main product, “*Vanilla Yogurt*,” were steady and drink-type yogurts also grew along with new products introduced to convenience store chains. As a result, sales were higher than that of the previous year. With regard to cheese, in addition to a growth in sales of products targeting desserts for convenience store chains, sales of smoked cheese grew, and we worked to expand sales of “*Baby Cheese*” to mainly mass retailers. As a result, sales were higher than that of the previous year.

With regard to profit, in the marine products business, gross profit increased and was higher than that of the previous year as the profitability of mainstay shrimp and crab improved. With regard to yogurt and lactic acid probiotic beverages in the dairy products business, in addition to an improved gross profit due to a growth in sales, profit was higher than that of the previous year due to improved productivity as a result of the full-scale operation of Takasaki Plant. With regard to cheese, profit was higher than that of the previous year as gross profit increased as a result of a growth in sales.

As a result, for the fiscal year under review, consolidated net sales of the Affiliated Business Division amounted to ¥142,908 million, decreasing 7.8% from the previous fiscal year and business profit amounted to ¥1,095 million, increasing 148.3% from the previous fiscal year.

Overseas Business Division

In Asia and Europe operations, net sales were lower than that of the previous year as sales volumes continued to decline in Thailand and there was a severe recession in the food service industry due to COVID-19 in the fourth quarter in China and Vietnam. In Americas operations, net sales were higher than that of the previous year due to increased pork export volumes in Chile, in addition to increases in pork export volumes and processed food manufacturing and sales volumes in the U.S. In Australia operations, sales were maintained year-on-year due to an increase in sales prices, despite a decrease in the number of collected cattle, and there was a significant increase in the sales price of beef for China in Uruguay. However, net sales were slightly lower than that of the previous year due to the impact from foreign exchange rates.

With regard to profit, for the Asia and Europe operations, profit was higher than that of the previous year due to improved productivity in Thailand and increased sales prices in Turkey. In Americas operations, profit was higher than that of the previous year due to stable pork procurement prices and increased export volumes in the U.S. and Chile, improved productivity in processed food manufacturing, and revised advertising expenses. In Australia operations, profit was significantly higher than that of the previous year due to the establishment of improvement projects that we worked on from the previous fiscal year, stable cattle collection prices, and high sales prices, mainly in China.

As a result, for the fiscal year under review, net sales of the Overseas Business Division

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amounted to ¥254,987 million, decreasing 0.1% from the previous fiscal year and business profit amounted to ¥1,849 million (a business loss of ¥3,753 million for the previous fiscal year).

(2) Net sales of the Group by operating segment:

Category	Amount	Year on year	Component ratio
	(millions of yen)	(%)	(%)
Processed Foods Business Division	353,781	100.2	28.8
Fresh Meats Business Division	771,844	102.0	62.8
Affiliated Business Division	142,908	92.2	11.6
Overseas Business Division	254,987	99.9	20.7
Eliminations, adjustments and others	(293,694)	—	(23.9)
Total	1,229,826	99.6	100.0

(For reference) Net sales by product category:

Category	Amount	Year on year	Component ratio
	(millions of yen)	(%)	(%)
Hams and sausages	130,982	102.0	10.6
Processed foods	228,833	97.9	18.6
Fresh meats	711,753	101.2	57.9
Marine products	80,724	91.6	6.6
Dairy products	33,614	101.0	2.7
Others	43,920	93.0	3.6
Total	1,229,826	99.6	100.0

(TRANSLATION)

(3) State of capital expenditures:

The Group has created an integration system that covers all aspects of its operations — from farming to processing, production, distribution and sales—and invests in fixed assets as necessary to enhance, rationalize, and strengthen this system. These investments totaled approximately ¥47.8 billion (including software) for the fiscal year. The principal investments are as described below.

The Processed Foods Business Division, primarily Nipponham Processed Foods Ltd. and Nipponham Factory Ltd., used approximately ¥13.8 billion, mainly to expand and upgrade production facilities for hams and sausages, and processed foods.

Capital expenditures by the Fresh Meats Business Division totaled approximately ¥12.5 billion. This spending included approximately ¥6.3 billion by Nippon White Farm Co., Ltd., Interfarm Co., Ltd. and other subsidiaries to upgrade and refurbish breeding facilities; approximately ¥4.1 billion by Naka Nippon Food, Inc., Kanto Nippon Food, Inc. and other subsidiaries to improve logistics and operational facilities; and approximately ¥2.0 billion by Nippon Food Packer, Inc., Nippon Pure Food, Inc. and other subsidiaries to upgrade processing and packing facilities.

Capital expenditures totaling approximately ¥2.4 billion were made by the Affiliated Business Division in such areas as updating production and operational facilities in the marine and dairy products businesses of MF VIETNAM CO., LTD. and Nippon Luna, Inc., among others.

The Overseas Business Division made approximately ¥6.0 billion in capital investments, including upgrading production and breeding facilities at Whyalla Beef Pty. Ltd., etc.

(4) State of financing:

In order to redeem short-term corporate bonds (commercial paper) due September 2019, the Company issued ¥15.0 billion of unsecured corporate bonds (¥15.0 billion of the 13th series of unsecured corporate bonds). In addition, to allocate funds for working capital, the Company borrowed ¥5.0 billion from a bank.

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(5) Changes in the state of property and income and loss:

(in millions of yen, except where noted)

Category	Accounting principles generally accepted in the United States	
	72nd (from April 1, 2016 to March 31, 2017)	73rd (from April 1, 2017 to March 31, 2018)
Net sales	1,202,293	1,269,201
Income from continuing operations before income taxes and equity in earnings of associated companies	49,112	50,455
Net income attributable to NH Foods Ltd.	35,004	37,147
Basic earnings per share attributable to NH Foods Ltd. shareholders (yen)	343.47	348.46
Diluted earnings per share attributable to NH Foods Ltd. shareholders (yen)	322.54	342.07
Total assets	720,276	755,076
Total NH Foods Ltd. shareholders' equity	404,126	440,793
Total NH Foods Ltd. shareholders' equity per share (yen)	3,832.95	4,100.70

Category	International financial reporting standards (IFRS)		
	73rd (from April 1, 2017 to March 31, 2018)	74th (from April 1, 2018 to March 31, 2019)	75th (from April 1, 2019 to March 31, 2020)
Net sales	1,258,463	1,234,180	1,229,826
Profit before tax	52,798	30,267	27,039
Profit attributable to owners of the parent	37,552	19,561	19,214
Earnings per share (basic) (yen)	352.26	183.21	186.70
Earnings per share (diluted) (yen)	350.00	181.48	186.64
Total assets	734,528	741,388	768,861
Total equity attributable to owners of the parent	417,982	401,014	404,414
Total equity attributable to owners of the parent per share (yen)	3,888.48	3,896.64	3,929.43

(Notes) 1. NH Foods Ltd. has prepared its consolidated financial statements based on international financial reporting standards (IFRS) since the 74th fiscal year.

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2. “Basic earnings per share attributable to NH Foods Ltd. shareholders (Earnings per share (basic))” is computed on the basis of the weighted-average number of common shares outstanding during the year. “Diluted earnings per share attributable to NH Foods Ltd. shareholders (Earnings per share (diluted))” is computed on the basis of the sum of the weighted-average number of common shares outstanding plus the dilutive effect of shares issuable through stock options and convertible bonds. “Total NH Foods Ltd. shareholders’ equity per share (Total equity attributable to owners of the parent per share)” are calculated on the basis of the total number of common shares outstanding as at end of the year. The weighted-average number of common shares outstanding during the year and the total number of common shares outstanding as at end of the year are calculated by excluding the number of shares of treasury stock.
3. For the 72nd fiscal year, Texas Farm, LLC, the Company’s subsidiary in United States, which engaged in the hog farming business, was transferred to Seaboard Foods LLC as a result of the review from multiple points of view, such as future prospects and asset efficiency.
As a result of this business transfer, the Company judged that the business fell under the discontinued operation in accordance with ASC 205.
The above table is based on figures which have been reclassified to conform to the current year’s presentation to separately report the results of the discontinued operation.
4. As of April 1, 2018, NH Foods Ltd. carried out a share consolidation at a ratio of one share for each two shares of common stock. “Total NH Foods Ltd. shareholders’ equity per share (Total equity attributable to owners of the parent per share),” “Basic earnings per share attributable to NH Foods Ltd. shareholders (Earnings per share (basic))” and “Diluted earnings per share attributable to NH Foods Ltd. shareholders (Earnings per share (diluted))” were computed on the assumption that the relevant share consolidation was carried out at the beginning of the 72nd fiscal year.

(6) Main businesses (as of March 31, 2020):

Category	Business
Hams and sausages	Production and sales of hams and sausages (pork loin hams, boneless hams, bacons, pressed hams, wiener sausages)
Processed foods	Production and sales of processed foods (hamburgers, meatballs, Chinese delicatessen, nuggets, etc.)
Fresh meats	Production and farming of livestock, and processing, packing, import and sales of fresh meats
Marine products	Production and sales of processed marine products
Dairy products	Production and sales of yogurts, cheese, etc.
Others	Cold and freezing warehouse business and transportation business

(TRANSLATION)

(7) Main business offices and factories (as of March 31, 2020):

Head office of NH Foods Ltd.	4-9, Umeda 2-chome, Kita-ku, Osaka
Branch office of NH Foods Ltd.	1-1, Osaki 2-chome, Shinagawa-ku, Tokyo
Laboratory	Research & Development Center (Ibaraki)
Production sites of NH Foods Ltd.	Isahaya Plant (Nagasaki)
Other domestic production sites	Nippon White Farm Co., Ltd. (Aomori), Interfarm Co., Ltd. (Aomori), Nipponham Processed Foods Ltd. (Mie), Nipponham Factory Ltd. (Shizuoka), Nipponham Delicatessen Ltd. (Niigata), Nippon Food Packer, Inc. (Aomori), Nipponham Southwest Ltd. (Miyazaki), Nipponham Northeast Ltd. (Yamagata), Nipponham Hokkaido Factory Ltd. (Hokkaido)
Other domestic production and sales sites	Hoko Co., Ltd. (Tokyo), Marine Foods Corporation (Tokyo), Nippon Pure Food, Inc. (Tokyo), Nippon Luna, Inc. (Kyoto)
Domestic sales sites of NH Foods Ltd.	Tokyo, Osaka
Other domestic sales sites	Nippon Logistics Group, Inc. (Kanagawa), Nishi Nippon Food, Inc. (Fukuoka), Higashi Nippon Food, Inc. (Hokkaido), Kanto Nippon Food, Inc. (Tokyo), Naka Nippon Food, Inc. (Osaka), NH Foods marketing, Ltd. (Tokyo), Japan Food Corporation (Tokyo)
Overseas production sites	Ege-Tav Ege Tarım Hayvancılık Yatırım Ticaret ve Sanayi Anonim Şirketi (Turkey), Breeders & Packers Uruguay S.A. (Uruguay), Whyalla Beef Pty. Ltd. (Australia), Thai Nippon Foods Co., Ltd. (Thailand), Thomas Borthwick & Sons (Australia) Pty. Ltd. (Australia), Oakey Beef Exports Pty. Ltd. (Australia)
Overseas sales sites	NH Foods Australia Pty. Ltd. (Australia), Day-Lee Foods, Inc. (U.S.A.)

(Note) NH Foods marketing, Ltd. is a company established from merger of Nipponham West Sales Ltd. and Nipponham Hokkaido Sales Ltd. by Nipponham East Sales Ltd. on April 1, 2019 and subsequent change in trade name.

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(8) State of employees (as of March 31, 2020):

Number of employees		Increase or decrease from the end of the previous fiscal year
Processed Foods Business Division	4,042	-212
Fresh Meats Business Division	5,962	+26
Affiliated Business Division	1,708	-23
Overseas Business Division	4,962	+63
Group-wide (common)	665	+41
Total	17,339	-105

- (Notes) 1. The number of employees represents the number of those actually at work (such number excludes employees of the Group seconded to any non-group company, but includes employees of any non-group company seconded to the Group).
2. The number of employees does not represent temporary employees (12,791 employees on average during the period).
3. The number of employees (representing the number of those actually at work) of NH Foods Ltd. was 1,284, a decrease of 147 from March 31, 2019.

(TRANSLATION)

(9) Important subsidiaries, etc. (as of March 31, 2020):

(i) Important subsidiaries

Company	Capital	Ratio of voting rights held by NH Foods Ltd.	Main business
NH Foods Australia Pty. Ltd.	A\$106,500,000	100.0%	Sales of fresh meats and others
Breeders & Packers Uruguay S.A.	US\$81,480,000	100.0%	Processing, packing and sales of livestock
Hoko Co., Ltd.	¥3,040 million	100.0%	Production and sales of processed marine products, canned foods, and dairy products
Day-Lee Foods, Inc.	US\$17,320,000	100.0%	Sales of fresh meats and others, and production and sales of processed foods
Nippon White Farm Co., Ltd.	¥1,560 million	100.0%	Farming and breeding, and packing of livestock
Interfarm Co., Ltd.	¥1,301 million	100.0%	Farming and breeding of livestock
Marine Foods Corporation	¥1,133 million	100.0%	Production and sales of processed marine products
Nipponham Processed Foods Ltd.	¥1,000 million	100.0%	Production of processed foods
Nipponham Factory Ltd.	¥1,000 million	100.0%	Production of hams and sausages
Nipponham Delicatessen Ltd.	¥489 million	100.0%	Production of processed foods
Nippon Logistics Group, Inc.	¥480 million	100.0%	Cold and freezing warehouse business and transportation business
Nishi Nippon Food, Inc.	¥480 million	100.0%	Sales of fresh meats and others
Nippon Food Packer, Inc.	¥470 million	100.0%	Processing, packing and sales of livestock
Higashi Nippon Food, Inc.	¥450 million	100.0%	Sales of fresh meats and others
Kanto Nippon Food, Inc.	¥450 million	100.0%	Sales of fresh meats and others
Naka Nippon Food, Inc.	¥450 million	100.0%	Sales of fresh meats and others
Nippon Pure Food, Inc.	¥410 million	100.0%	Processing and sales of livestock
Nipponham Southwest Ltd.	¥360 million	100.0%	Production of hams and sausages, and processed foods

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Company	Capital	Ratio of voting rights held by NH Foods Ltd.	Main business
NH Foods marketing, Ltd.	¥307 million	100.0%	Sales of hams and sausages, and processed foods
Japan Food Corporation	¥40 million	100.0%	Import and sales of fresh meats and others
Nippon Luna, Inc.	¥397 million	97.1%	Production and sales of lactic acid probiotic beverages
Fighters Sports & Entertainment Co., Ltd.	¥12,000 million	67.1%	Pro baseball related entertainment
Ege-Tav Ege Tarım Hayvancılık Yatırım Ticaret ve Sanayi Anonim Şirketi	TL125,100,000	60.0%	Farming and breeding, packing and sales of livestock

(Note) The ratio of voting rights held by NH Foods Ltd. in Fighters Sports & Entertainment Co., Ltd., Breeders & Packers Uruguay S.A., Nippon Logistics Group, Inc. and Nippon Pure Food, Inc., include the ratio of 34.2%, 40.0%, 55.0% and 58.5%, respectively, held indirectly through its subsidiaries.

(ii) Results of business combinations

The number of consolidated subsidiaries totaled 81 (including the 23 important subsidiaries stated above), as 2 companies were included due to establishment, and 4 companies were excluded due to merger and liquidation. The number of equity-method companies decreased by 2 and totaled 9.

(10) Main lenders (as of March 31, 2020):

Lender	Amount of loan outstanding
Sumitomo Mitsui Banking Corporation	¥29,866 million
MUFG Bank, Ltd.	¥22,269 million
The Hyakujushi Bank, Ltd.	¥12,715 million
The Norinchukin Bank	¥6,070 million

(11) Issues to be addressed:

“Medium-Term Management Plan 2020” (From April 1, 2018 to March 31, 2021)

Theme: “Building systems that pave the way to the future”

Management policies:

“Strengthen profitability by improving the efficiency of existing businesses”

“Create value through dialog with consumers”

“Enhance and develop technological capabilities for conceptualizing and realizing the future of food”

“Change gears in overseas market deployment”

“Pursue sustainability”

(TRANSLATION)

Targeted values for the final year of the Plan:

Consolidated net sales:	¥1,200.0 billion
Business profit:	¥34.0 billion
Business profit ratio:	2.8%
Return on Equity (ROE):	4.9%

- (Notes) 1. “Consolidated net sales” of the targeted values for the final year of the Plan has been revised to ¥1,200.0 billion from ¥1,410.0 billion planned in the “Medium-Term Management Plan 2020” (the “Current Plan”), based on a decline in sales of commercial-use products and overseas sales due to the spread of COVID-19, in addition to the situation that the fresh meat market becomes weaker than expected at the time of the formulation of the Current Plan.
2. “Business profit” of the targeted values for the final year of the Plan is also expected to deteriorate due to the impact of COVID-19, in addition to trends in fresh meat market and feed prices and has been revised to ¥34.0 billion from ¥56.0 billion planned in the Current Plan. Accordingly, the “business profit ratio” has been revised to 2.8% from 4.0% planned in the Current Plan.
3. “ROE” of the targeted values for the final year of the Plan is expected to be 4.9% due to “profit attributable to owners of the parent” being revised to ¥20.0 billion from ¥35.0 billion planned in the Current Plan, mainly due to a revision of “business profit.”

Regarding the economic outlook for the year ending March 31, 2021, we expect a severe situation to continue in Japan and overseas due to the impact of COVID-19. Under such circumstances, we will aim to increase corporate value and contribute to the realization of a sustainable society through moving forward with the “Medium-Term Management Plan 2020,” launched in April 2018 with the aim of “Building systems that pave the way to the future.” The five management policies of this initiative, which we will promote, are to “Strengthen profitability by improving the efficiency of existing businesses,” “Create value through dialogue with consumers,” “Enhance and develop technological capabilities for conceptualizing and realizing the future of food,” “Change gears in overseas market deployment” and “Pursue sustainability.”

In the Processed Foods Business Division, we expect an adverse operating climate to continue, mainly in commercial-use products, due to the impact of COVID-19. Under such circumstances, in order to strengthen dairy products and the marine products businesses and clarify business areas, in April 2020, we changed the name of the “Affiliated Business Division” to the “Dairy and Marine Products Division” and integrated it into the Processed Foods Business Division. We will create synergies by combining the uniqueness of the Affiliated Business Division with the product development and sales capabilities of the Processed Foods Business Division for mass retailers, convenience stores, restaurants and ready-made meals channels. In addition, in order to optimize the manufacturing system for processed meat products and prepared foods, the processed meat products/extract manufacturing and sales company of the Fresh Meats Business Division was transferred to the Processed Foods Business Division in April 2020. In addition to improving the manufacturing efficiency of the Processed Foods Business Division, we will expand the variety of products that can be provided to customers and enhance our sales capabilities.

In the Fresh Meats Business Division, in addition to the impact of COVID-19, we anticipate that the supply and demand balance of meat both in Japan and overseas will change rapidly as a result of livestock disease in Japan, fluctuations in cattle prices and feed prices due to abnormal weather, advances in trade liberalization and rising demand in emerging countries. Under such circumstances, the domestic production division will minimize the impact of market fluctuations

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by strengthening product development and brand development that will lead to improved profitability of “*Sakurahime*,” “*Mugikomachi*” and “*Kurohanagyū*,” while strengthening cost competitiveness through various measures to improve productivity and disease control on farms, such as through the “Smart Hog Farming Project.” With regard to imports, we will enhance stable procurement capabilities by expanding our lineup of differentiated products and expanding suppliers and the countries of which products we handle. In the logistics and sales divisions, we will increase our share of domestic sales by strengthening our approaches to growth channels, while continuing to streamline operations and work on existing channels.

The Overseas Business Division will strengthen the value chain within the Group in order to ensure the revenue produced by its existing businesses. Not only will the Group reinforce its functions for procuring raw materials for Japan, but it will also expand sales share in countries where it operates to secure stable revenues in each area, and companies of the Group in these markets will collaborate to expand sales channels to third countries. They will drive growth by harnessing the Group’s comprehensive strengths in each area, such as by leveraging product development capabilities and quality control techniques cultivated in Japan, and will deliver an array of products and services. Furthermore, we will bolster manufacturing and sales sites over the medium to long term while continuing to focus on reinforcing governance in compliance with the laws and regulations in the countries where the Group operates.

Moreover, in April 2020, we established the “Corporate Planning Division” to strengthen the functions for formulating and promoting management strategies and to respond swiftly and appropriately to Group management issues and changes in the external environment. In addition to promoting Group collaboration and reform, we will build the foundations for promoting a digital transformation, which aims to transform the business system of the entire Group.

Furthermore, the status of business activities and expected risks due to the spread of COVID-19 are as follows.

(Status of Business Activities)

The Group deals in foodstuffs, mainly fresh meats and processed meat-related products, and in order to fulfill our obligation of a stable product supply to maintain social living, we are implementing infection prevention measures for our customers and Group employees and performing business activities with the utmost care paid to safety considerations. Moreover, in February 2020, the Group established a Crisis Management Committee, which is engaged in activities such as ensuring the safety of Group employees and taking measures for business continuity.

(Expected Risks)

The Group conducts business activities in countries around the world, including Japan. In these business activity areas, the supply chain of our Group may be affected, such as through difficulties in procurement from suppliers and the suspension of operations at production and distribution bases due to social turmoil spreading and extending over a long period of time as a result of the spread of COVID-19. In addition, a decrease in sales due to the prolongation of the emergency declaration and uncertainties in the creditworthiness of business partners may affect the business performance and financial position of the Group.

With the harsh operating climate posing numerous challenges, the Group will make a concerted effort to optimize synergies through Group collaboration with the aim of “Building systems that

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pave the way to the future” under the “Medium-Term Management Plan 2020.”

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2. Matters concerning the shares (as of March 31, 2020):

- (1) Total number of issuable shares: 285,000,000 shares
(2) Total number of issued shares: 102,958,904 shares
(including 39,542 shares of treasury stock)
(3) Number of shareholders: 26,671

Category of owners	Number of shares held (thousand shares)	Number of shareholders
Financial institutions	59,401	86
Foreign investors	23,111	552
Individual/Other	13,822	25,622
Other companies	3,317	372
Securities firms	3,266	38
Treasury stock	39	1

- (4) State of major shareholders:

Name of shareholder	Number of shares held (thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	15,024	14.60
Japan Trustee Service Bank, Ltd. (Trust account)	7,536	7.32
The Hyakujushi Bank, Ltd.	3,768	3.66
Meiji Yasuda Life Insurance Company	3,677	3.57
The Norinchukin Bank	2,963	2.88
Nippon Life Insurance Company	2,785	2.71
MUFG Bank, Ltd.	2,747	2.67
Sumitomo Mitsui Banking Corporation	2,325	2.26
JP MORGAN CHASE BANK 385151	1,738	1.69
Trust & Custody Services Bank, Ltd. (Securities investment trust account)	1,654	1.61

(Note) The shareholding ratios are calculated by disregarding the number of shares of treasury stock.

(TRANSLATION)

3. Matters concerning the stock acquisition rights:

Stock acquisition rights held by the Officers of NH Foods Ltd. as of March 31, 2020:

- (i) Number of stock acquisition rights: 10 rights
- (ii) Class and number of shares to be issued or transferred upon exercise of stock acquisition rights: 5,000 shares of common stock
(500 shares per stock acquisition right)
- (iii) Total number of stock acquisition rights held by Directors:

Category	Description	Exercise period	Exercise price	Number of rights	Number of holders
Director	The first stock acquisition rights (Stock acquisition rights in 2004)	July 13, 2004 to June 30, 2024	¥1 per share	3	1
	The second stock acquisition rights (Stock acquisition rights in 2005)	July 12, 2005 to June 30, 2025	¥1 per share	2	1
	The third stock acquisition rights (Stock acquisition rights in 2006)	August 9, 2006 to June 30, 2026	¥1 per share	3	1
	The fourth stock acquisition rights (Stock acquisition rights in 2007)	July 27, 2007 to June 30, 2027	¥1 per share	2	1

- (Notes)
- 1. At the meeting of the Board of Directors held on May 9, 2008, NH Foods Ltd. abolished the “stock-compensation-type stock option plan” except for the stock options granted on or before the year ended March 31, 2008.
 - 2. 500 shares are to be allotted per stock acquisition right, due to the share consolidation carried out on April 1, 2018, at a ratio of one share for each two shares of NH Foods Ltd.

4. Matters concerning the Officers of NH Foods Ltd.:

The matters concerning the officers of NH Foods Ltd. are as stated from page 19 to page 32.

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5. Matters concerning the Accounting Auditors:

(1) Name of the Accounting Auditors: Deloitte Touche Tohmatsu LLC

(2) Amount of compensation, etc., of the Accounting Auditors:

(i)	Amount of compensation, etc.	¥218 million
(ii)	Total amount of money and other proprietary benefits payable by NH Foods Ltd. and its subsidiaries	¥330 million

- (Notes)
1. The amount of auditing compensation under the Companies Act of Japan and the amount of auditing compensation under the Financial Instruments and Exchange Act of Japan are not specifically separated in the audit contract between NH Foods Ltd. and the Accounting Auditors and cannot be separated practically. Hence, the aggregate of the amounts are set forth in item (i) above.
 2. Among the important subsidiaries of NH Foods Ltd., NH Foods Australia Pty. Ltd is subject to audits by the audit firm other than the Accounting Auditors of NH Foods Ltd.
 3. As a result of conducting the necessary verification on the contents of the audit plan of the Accounting Auditors, the evaluation and analysis of the performance of their duties in the previous fiscal year, and the appropriateness of the calculation basis of their estimated compensation, the Audit & Supervisory Board agreed to the amount of compensation, etc. of the Accounting Auditors.

(3) Content of services other than auditing:

NH Foods Ltd. has paid compensation to the Accounting Auditors for “guidance and advisory services on internal auditing,” which are not covered by Article 2, paragraph 1 of the Certified Public Accountant Act of Japan.

(4) Policy on determination of dismissal and non-reappointment:

If the Audit & Supervisory Board determines that the circumstances set forth in any item of Article 340, paragraph 1 of the Companies Act of Japan apply to the Accounting Auditors, it shall dismiss the Accounting Auditors subject to the unanimous consent of Audit & Supervisory Board Members.

If the Audit & Supervisory Board deems it necessary to change the Accounting Auditors, such as in case where it is considered difficult for the Accounting Auditors to perform their duties properly after conducting comprehensive evaluation in accordance with the Accounting Auditors’ qualification, expertise, independence from NH Foods Ltd. and other evaluation criteria, it shall determine the content of a proposition related to the dismissal or non-reappointment of the Accounting Auditors to be submitted to the General Meeting of Shareholders.

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6. Systems and policies of NH Foods Ltd.

- (1) Establishment of the systems to secure the properness of business activities and the status of the implementation of such systems:

[Matters concerning the establishment of the systems to secure the properness of business activities]

- (i) Systems to secure the execution by the Directors of their duties complies with laws and regulations and the Articles of Incorporation
 - (a) NH Foods Ltd. establishes the NH Foods Group Global Action Standards in order to strictly implement its Action Guidelines so as to bring the Corporate Philosophies to fruition under the Corporate Philosophies and Business Principles. The Corporate Officers and employees of the Group comply with it.
 - (b) The Corporate Officers of the Group take initiative in complying with laws and regulations and the internal rules, etc., including the Articles of Incorporation and the NH Foods Group Global Action Standards, and ensure that all employees are fully aware of these rules.
 - (c) NH Foods Ltd. establishes the Compliance Committee in order to examine policies and measures concerning the compliance of the Group as a whole in a comprehensive manner. The Compliance Department of NH Foods Ltd. reviews the NH Foods Group Global Action Standards regularly and as necessary, and ensures that all Corporate Officers and employees of the Group are fully aware thereof.
 - (d) The Corporate Officer appointed by the President and Representative Director will preside over the Compliance Committee, and NH Foods Ltd. convenes meetings of the Compliance Committee, which periodically reports to the Board of Directors on progress on ensuring awareness of compliance and specific problems, issues, etc.
 - (e) NH Foods Ltd. secures a direct way for employees to report conducts at the Group that pose a question as to compliance of laws and regulations and establish and operate internal and external hotlines in relation to compliance issues.
- (ii) Systems concerning storage and management of information pertaining to the execution of duties by the Directors
 - (a) The Directors, pursuant to the document management rules, properly store and manage the following documents (including electronic records; the same applies hereinafter) concerning the execution of their respective duties and other important information:
 - a) Minutes of general meetings of shareholders and their related materials;
 - b) Minutes of the Board of Directors' meetings and their related materials;
 - c) Records of proceedings of other important meetings hosted by the Directors or

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their instructions, and their related materials;

- d) Documents pertaining to decision making by the Directors and their attached documents; and
- e) Other important documents for execution of duties by the Directors.
- (b) The President and Representative Director is responsible for monitoring and supervising the storage and management of information set forth in (a) above. The President and Representative Director performs such that pertain to preparation of minutes as required by the Companies Act of Japan
- (c) The documents set forth in (a) above are kept on file for at least 10 years and are made available for inspection as necessary.

(iii) Rules and other systems concerning management of exposure to risk of loss

- (a) NH Foods Ltd. enacts risk management rules, establishes a Risk Management Committee in order to examine policies and measures concerning risk management of the Group as a whole in a comprehensive manner and designate Compliance Department as a section that oversees risk management of the Group as a whole and that defines the risk management system.
- (b) The Compliance Department cooperates with other relevant sections to establish a preventive system adopted for non-emergency events and a system for emergency events to facilitate prompt and appropriate information communication and urgent tasks that correspond to risks expected under the risk management rules.
- (c) The Compliance Department identifies important risks to the Group and periodically holds meetings of the Risk Management Committee to share, respond to and confirm risk information for the purpose of managing the said risks through the reasonable and most appropriate method, from the perspective of the Group as a whole.
- (d) The Audit Department cooperates with the Compliance Department and other relevant sections of the business division to audit the state of day-to-day risk management of the Group.

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(iv) Systems to secure efficient execution of the Directors' duties

- (a) To enhance the transparency and appropriateness of decision-making by the Board of Directors, the Board of Directors includes two or more Outside Directors, in principle.
- (b) The Board of Directors, based on the assignment of duties of the management bodies, Representative Directors, Executive Directors and Executive Officers, etc. determined by the Board of Directors, cause the Representative Directors, Executive Directors, and Executive Officers to execute business.
- (c) With regard to items of business in respect of which the decision making authorization is delegated to the Representative Directors, Executive Directors, and Executive Officers, such items are determined by such bodies or in accordance with procedures as stipulated in the Rules on Business Authorization. The Rules on Business Authorization may be revised from time to time when the relevant laws or regulations are amended or abolished, or as necessary, to enhance the efficiency of the execution of their duties.

(v) Systems to secure the employees' execution of their duties to comply with laws and regulations and the Articles of Incorporation

- (a) To ensure that the execution of duties by NH Foods Ltd.'s employees comply with laws and regulations and the Articles of Incorporation, NH Foods Ltd. establishes a system to strictly implement its Corporate Philosophies, Management Principles, Action Guidelines and the NH Foods Group Global Action Standards. NH Foods Ltd. also cause the Representative Directors, Executive Directors, and Executive Officers to train and educate the employees of the Group concerning compliance.
- (b) In the event of any employee of the Group finds any material violation of the law or regulation or any other material fact concerning compliance in any company within the Group, he/she reports the same to NH Foods Ltd.'s Compliance Department pursuant to the internal rules, etc., including the NH Foods Group Global Action Standards. The Corporate Officer in charge of compliance directs and supervises investigations of such reported fact, and the said Department confirms all the facts revealed through the investigation, cooperate with the relevant sections from the perspective of their expertise, formulate and implement corrective measures and recurrence prevention measures.
- (c) With regard to important information, NH Foods Ltd. discloses the content thereof and its status of handling and results thereof to the Corporate Officers and employees of the Group and ensures that all Corporate Officers and employees are fully aware thereof.
- (d) The President and Representative Director directly manages the Audit Department. The Audit Department, in accordance with the instruction of the President and Representative Director, conducts audits on the state of execution of business. In addition, the Quality Assurance Department conducts quality audits and the Sustainability Department conducts environmental audits.

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(vi) Systems to secure the appropriateness of business activities of the corporate group comprised of NH Foods Ltd. and its subsidiaries

- (a) The NH Foods Group Global Action Standards serve as action standards for the Corporate Officers and employees of the Group to act in compliance with laws and regulations, the Articles of Incorporation and social norms.
- (b) In order to ensure strict compliance with (a) above, the Compliance Department supervises compliance efforts on a cross-sectional manner and provides training, etc. for the Corporate Officers and employees of the Group.
- (c) The Representative Directors, Executive Directors, and Executive Officers of the Group define internal control through means such as establishment of the Primary Business Administration Rules, in order to ensure appropriate execution of business at each business division.
- (d) The Audit Department audits the subsidiaries on a regular basis and cooperates with business divisions that oversee the business of each company within the Group. The results of such audits are reported to the President and Representative Director.
- (e) NH Foods Ltd. respects the autonomy and independence of the management of the subsidiaries. However, when the subsidiaries make decision on important managerial matters, NH Foods Ltd. establishes a system in which prior approval, prior adjustment and reporting are made to us in accordance with the Rules on Business Authorization.
- (f) As for transactions between NH Foods Ltd. and its subsidiaries (including transactions between subsidiaries), based on the market principle, NH Foods Ltd. ensures that such transactions are not significantly advantageous or disadvantageous compared to transactions with a third party and establishes a system in which transparency of transactions is ensured such as confirmation with experts as necessary.
- (g) With regard to the risk management conducted by the subsidiaries as a corporate group, NH Foods Ltd. grasps the status thereof and establishes a system in which NH Foods Ltd. provides instructions for improvement.
- (h) NH Foods Ltd. establishes compliance point of contact and a system to allow all employees of the Group to directly report an incident within and outside the Group, and NH Foods Ltd. establishes the Group's Whistleblowing Rules and ensures that the Corporate Officers and employees of the Group are fully aware of these rules. NH Foods Ltd. does not dismiss or unfavorably treat any person who has been a whistleblower.
- (i) In accordance with the Group's Whistleblowing Rules, in order to encourage employees to report any violation of laws and regulations, misconducts, etc., by the Corporate Officers of the Group, NH Foods Ltd. establishes reporting hotlines regarding the Corporate Officers as subjects to report.
- (j) For cases of any violation of laws, regulations and/or internal rules, etc. or if any

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threat thereof occurs or is revealed in NH Foods Ltd. or its subsidiaries, NH Foods Ltd. establishes a system in which the foregoing is reported to NH Foods Ltd.'s Compliance Department.

- (k) The Group, as a member of society, has no relationship, including business relationship, with any anti-social force that threatens the social order or safety and uncompromisingly deal with any undue claims. The NH Foods Group Global Action Standards stipulate how to deal with anti-social forces, and NH Foods Ltd. ensures that how to deal with anti-social forces are made fully aware throughout the Group. The General Affairs Department of NH Foods Ltd. collects and manages information on undue claims, thereby reducing risks concerning anti-social forces.
- (l) The Group establishes a system to ensure the reliability of financial reporting and establishes relevant rules as well as a system under which responsible sections and the audit section are able to periodically evaluate the operations of the system to find and solve problems, if any. In addition, the Group provides training and raise awareness of compliance with accounting standards and related laws and regulations, thereby reinforcing internal control over financial reporting.
- (m) As for foreign subsidiaries, NH Foods Ltd. causes such subsidiaries to establish and operate appropriate internal control in accordance with this policy to a reasonable extent. NH Foods Ltd. causes such subsidiaries to apply respective internal control procedures/systems and accounting processing/reporting methods established by NH Foods Ltd. to the extent permitted by the laws, etc. of each relevant country.
- (vii) Matters concerning the employees assisting the Audit & Supervisory Board Members to execute their duties, matters concerning the independence of such employees from the Board of Directors, matters concerning ensuring the effectiveness of instructions toward such employees
 - (a) NH Foods Ltd. assigns staff for the Audit & Supervisory Board Members as employees assisting the Audit & Supervisory Board Members in the execution of their duties.
 - (b) The number of staff for Audit & Supervisory Board Members is determined upon consultation with the Audit & Supervisory Board.
 - (c) The staff for the Audit & Supervisory Board Members dedicates all of their work time for the Audit & Supervisory Board and assists its auditing activities exclusively pursuant to instructions of the Audit & Supervisory Board.
 - (d) NH Foods Ltd. obtains prior approval from the Audit & Supervisory Board upon nomination, personnel change, evaluation and disciplinary punishment of the staff for the Audit & Supervisory Board Members and establishes a system in which the independence from the Board of Directors is ensured.
- (viii) System for reporting by the Directors and employees of NH Foods Ltd. and its subsidiaries to the Audit & Supervisory Board Members and other systems for reporting to the Audit & Supervisory Board Members, system for ensuring that any person making such report

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will not be subject to unfavorable treatment due to the fact of making such report

- (a) The Audit & Supervisory Board Members attend the Board of Directors' meetings and the representative(s) of the Audit & Supervisory Board attend meetings of the Management Strategy Committee and Corporate Executive Committee.
 - (b) The Directors report the following matters to the Audit & Supervisory Board:
 - a) Matters resolved at meetings of the Management Strategy Committee;
 - b) Matters that may inflict material damage to the Group;
 - c) Matters important to business conditions each month;
 - d) Important matters concerning the status of internal audits and risk management;
 - e) Material violations of laws or regulations or the Articles of Incorporation;
 - f) Matters in violation of the NH Foods Group Global Action Standards; and
 - g) Status of whistleblowing made to the compliance point of contact and the details thereof.
 - (c) If the Audit & Supervisory Board Members determine necessary, the Audit & Supervisory Board Members may request the Directors, Executive Officers and employees, or any of NH Foods Ltd.'s subsidiaries' Directors, Audit & Supervisory Board Members, Executive Officers and employees to report to the Audit & Supervisory Board Members at any time.
 - (d) NH Foods Ltd. ensures that any person who makes a report to the Audit & Supervisory Board Members will not be subject to dismissal or suffer any other unfavorable treatment due to the fact of making such report.
 - (e) The Audit & Supervisory Board investigates the facts regarding reports of any violation of laws and regulations, misconducts, etc. by the Corporate Officers. The Audit & Supervisory Board may request the establishment of an investigation team with members of the relevant sections and an investigation of the facts, if necessary.
 - (f) The Corporate Officers and employees of the Group shall cooperate with the Audit & Supervisory Board or the investigation team if cooperation is requested for such investigation.
 - (g) The Audit & Supervisory Board shall report to the Board of Directors, etc. in the event that misconducts, etc. are confirmed as a result of the investigation. In the event that misconducts, etc. are confirmed as a result of the investigation, NH Foods Ltd. shall promptly implement corrective measures and recurrence prevention measures.
- (ix) Other systems to assure effective audits by the Audit & Supervisory Board Members

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- (a) In principle, the majority of the Audit & Supervisory Board members are Outside Audit & Supervisory Board Members in order to secure transparency externally.
- (b) NH Foods Ltd. provides opportunities for the Audit & Supervisory Board to have individual hearings with the Representative Directors, the Executive Directors, the Executive Officers and important employees, and the Audit & Supervisory Board regularly hold meetings to exchange opinions with the Representative Directors and the audit firm, respectively.
- (c) The Audit & Supervisory Board Members may assign matters necessary for auditing activities to the staff of the Audit Department. The Audit Department, upon consultation with the Audit & Supervisory Board, conducts internal audits of the matters requested by the Audit & Supervisory Board Members and reports the results thereof to the Audit & Supervisory Board.
- (d) When conducting audits, the Audit & Supervisory Board may, as necessary and at the expense of NH Foods Ltd., retain legal and accounting experts.

[Overview of the status of the implementation of the systems to secure the properness of business activities]

(i) Overall internal control system

- (a) To develop and implement the internal control system of NH Foods Ltd. and its group companies and to efficiently achieve the purpose of internal control, the Audit Department conducts audit pursuant to the annual audit plan as to whether the execution of business is performed properly and efficiently. The Audit Department conducted audits for 14 divisions and 31 group companies in the year ended March 31, 2020.
- (b) As to internal control over financial reporting, the Internal Control/JSOX Committee examines pursuant to the Internal Control Management Rules Concerning Financial Reporting whether the internal control of the Group functions appropriately, and reports the result thereof to Representative Directors.

(ii) Compliance system

- (a) NH Foods Ltd. has established the “Compliance Committee,” which comprehensively reviews policies and measures concerning the compliance of the entire Group, the “Compliance Promotion Committees” where individual group companies and divisions promote compliance-related activities, and the “Compliance Leader Conference,” where representatives from each Compliance Promotion Committee discuss concrete measures, and each committee cooperates with each other.
- (b) To raise awareness of compliance, NH Foods Ltd. holds compliance training sessions, compliance meetings, and office study groups. During the year ended March 31, 2020, 24 compliance training sessions, 364 compliance meetings, and 14 office study

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groups were held.

- (c) NH Foods Ltd. ensures full implementation of compliance management by promoting the operation thereof in accordance with the Nipponham Group Whistleblowing Rules. Especially, NH Foods Ltd. has established several points of contact for consultation of compliance inside and outside the Group to allow all employees of the Group to report and consult on compliance-related issues freely without concern for organizational, departmental and positional restrictions, etc., and thereby we work for the prevention and prompt revelation of problems such as misconduct.

(iii) Risk management system

- (a) The Risk Management Committee was established to comprehensively manage the cross-sectional risks in the entire Group as well as review and discuss unique risk management of the Group companies to contribute to Group management by discussing issues and measures relating to risk management of the Group (risk prevention and emergency responses in management crises). During the year ended March 31, 2020, 4 meetings were held, where analysis and assessment of the Group-wide priority risks to be addressed by the Group as a whole, as well as the individual-specific priority risks to be addressed by each group company.
- (b) In the event of a large-scale accident, disaster, scandal, etc., NH Foods Ltd. establishes the Crisis Management Committee to deal with the situation.

(iv) Business management of group companies

- (a) With regard to the business management of the respective group companies, NH Foods Ltd. established a system in which each group company is subject to review and obtains the approval of its business execution according to significance, by and from the Board of Directors or management committees including the Management Strategy Committee, Directors or Executive Officers.
- (b) NH Foods Ltd. receives reports on the status of the execution of each business at the meeting of the Board of Directors on a quarterly basis.
- (c) Study groups (June: newly appointed Corporate Officers, October: all Corporate Officers) and liaison meetings (July and November: Audit & Supervisory Board Members) are held to serve as forums to acquire the necessary knowledge to appropriately fulfill expected roles and responsibilities as Corporate Officers of Group companies of NH Foods Ltd. and to exchange information and opinions. Thus, the level of the Corporate Officers of Group companies is being improved and an operational audit support system is being developed.

(v) Systems for efficient execution of duties

NH Foods Ltd. defines rules on decision-making, including matters to be resolved at the meeting of the Board of Directors, pursuant to the Rules of the Board of Directors. During the year ended March 31, 2020, 19 meetings of the Board of Directors were held. In addition, we convened 24 meetings of the Management Strategy Committee, a body

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discusses and decides substantive matters concerning management.

(vi) Execution of duties by Audit & Supervisory Board Members

- (a) Audit & Supervisory Board Members attend important meetings, such as the Internal Control/JSOX Committee, Risk Management Committee, Corporate Governance Committee, and Management Strategy Committee, and assess the status of the development and implementation of the internal control system.
- (b) Audit & Supervisory Board Members request business reports from the Directors, Executive Officers, and important employees of NH Food Ltd. and its subsidiaries, and inspect the status of the business operations and assets of NH Food Ltd. and its subsidiaries.
- (c) Audit & Supervisory Board Members enhance the effectiveness of audit by having opportunities to exchange information and opinions with the Audit Department and Accounting Auditors on a regular basis. During the year ended March 31, 2020, Audit & Supervisory Board Members organized 12 meetings with the Audit Department and 12 meetings with Accounting Auditors, respectively, to exchange information and opinions regularly.
- (d) NH Foods Ltd. establishes a system in which three staff members are assigned to Audit & Supervisory Board for the smooth execution of duties by Audit & Supervisory Board Members.

(2) Fundamental policy on corporate control:

The shares of NH Foods Ltd. may be transferred freely, in principle. On the stock market, the shares are traded freely and actively by many investors. Hence, fundamentally, free trading in the shares of NH Foods Ltd. determines who will control the determination of its financial and business policies. Therefore, in the event that a plan of large purchase of shares of NH Foods Ltd. enough to control the determination of its financial and business policies is offered, management believes that to vote for or against the plan must depend on the free will of the shareholders, finally. However, from the standpoint of ensuring common interests of the shareholders of NH Foods Ltd. and preventing damage to the corporate value, NH Foods Ltd. will request the party attempting to make a large purchase action of shares of NH Foods Ltd. to provide necessary and sufficient information for the shareholders to make appropriate judgment on the rationality of such action. NH Foods Ltd. will also disclose views, etc. of the Board of Directors and, in addition to the efforts to ensure information and time for consideration of the shareholders, will take appropriate steps in accordance with the Financial Instruments and Exchange Act, the Companies Act and other relevant laws and regulations.

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(3) Matters concerning the distribution of retained earnings, etc.:

(i) Policy on determination of the distribution of retained earnings, etc.

NH Foods Ltd. considers the return of profits to shareholders to be an important management issue.

With regard to the determination of the distribution of retained earnings, etc., it is NH Foods Ltd.'s policy to pay dividends on a consistent basis. This is seen as part of NH Foods Ltd.'s capital policy aimed at realizing an optimal capital and liability composition with the aim of improving medium- to long-term corporate value.

Under its basic policy, NH Foods Ltd. will distribute its retained earnings, with the aim of pursuing stable and continuous dividend growth, using dividend on equity (DOE) of approximately 2.3% as a standard.

NH Foods Ltd. will acquire treasury stock in a flexible manner for the purpose of improving per-share shareholder value and ROE, in consideration of investments towards growth and its financial position. NH Foods Ltd. will make effective use of the internal reserve funds as a source of investments that will maintain and improve its competitiveness for years to come.

(ii) Status of distribution of retained earnings

With regard to dividends for the year ended March 31, 2020, NH Foods Ltd. will pay a dividend of ¥90 per share based on the abovementioned policy, and after comprehensively considering the consolidated financial status and consolidated business results for the full year.

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(Note) In this business report, amounts are indicated by rounding fractions of a half or more of the indicated unit upward and the rest downward, and percentages and other figures are indicated by rounding fractions of a half or more of the indicated unit upward and the rest downward; however, the number of shares are indicated by discarding any fraction of the indicated unit.

(TRANSLATION)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(as of March 31, 2020)

(Millions of Yen)

Assets:

Current Assets:

Cash and cash equivalents	72,399
Trade and other receivables	130,213
Inventories	114,520
Biological assets	21,335
Other financial assets	11,701
Other current assets	5,583
Total Current Assets	355,751

Non-current Assets:

Property, plant and equipment	284,060
Right-of-use assets	35,545
Biological assets	1,883
Intangible assets and goodwill	8,953
Investments accounted for using the equity method	13,910
Other financial assets	32,647
Deferred tax assets	29,745
Other non-current assets	6,367
Total Non-current Assets	413,110

Total Assets	768,861
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(TRANSLATION)

(Millions of Yen)

Liabilities and Equity:

Current Liabilities:

Interest-bearing liabilities	55,924
Trade and other payables	99,802
Income taxes payable	3,178
Other financial liabilities	18,877
Other current liabilities	35,966

Total Current Liabilities	213,747
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Non-current Liabilities:

Interest-bearing liabilities	120,569
Retirement benefit liabilities	14,920
Other financial liabilities	719
Deferred tax liabilities	732
Other non-current liabilities	1,577

Total Non-current Liabilities	138,517
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Total Liabilities	352,264
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Equity:

Common stock	36,294
Capital surplus	72,639
Retained earnings	294,018
Treasury stock, at cost	(173)
Accumulated other comprehensive income	1,636

Total Equity Attributable to Owners of the Parent	404,414
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Non-controlling Interests	12,183
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Total Equity	416,597
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Total Liabilities and Equity	768,861
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(Note) Figures are given by rounding fractions of a half or more of one million yen upward and the rest downward.

(TRANSLATION)

CONSOLIDATED STATEMENT OF INCOME
(from April 1, 2019 to March 31, 2020)

(Millions of Yen)	
Net Sales	1,229,826
Cost of Goods Sold	1,024,296
Selling, General and Administrative Expenses	166,030
Other Income	3,592
Other Expenses	14,790
Financial Income	1,285
Financial Costs	3,903
Share of Profit in Investments Accounted for Using the Equity Method	1,355
Profit before Tax	27,039
Income Tax Expense	8,106
Profit	18,933
Profit Attributable to:	
Owners of the Parent	19,214
Non-controlling Interests	(281)
Profit	18,933

(Note) Figures are given by rounding fractions of a half or more of one million yen upward and the rest downward.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(from April 1, 2019 to March 31, 2020)

(Millions of Yen)

Items	Equity attributable to owners of the parent									Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income				Total		
					Re-measurement of defined benefit plans	Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Subtotal			
Balance as of April 1, 2019	36,294	72,672	286,934	(202)	-	6,980	(1,664)	5,316	401,014	4,344	405,358
Profit			19,214					-	19,214	(281)	18,933
Other comprehensive loss					(1,776)	(219)	(3,878)	(5,873)	(5,873)	(374)	(6,247)
Comprehensive income	-	-	19,214	-	(1,776)	(219)	(3,878)	(5,873)	13,341	(655)	12,686
Dividends			(9,262)					-	(9,262)	(9)	(9,271)
Acquisition of treasury stock				(4)				-	(4)	-	(4)
Disposal of treasury stock		(33)		33				-	0	-	0
Capital increase of subsidiaries								-	-	4,457	4,457
Establishment of subsidiaries								-	-	4,106	4,106
Other			(675)					-	(675)	(60)	(735)
Transfer of accumulated other comprehensive income to retained earnings			(2,193)		1,776	417		2,193	-	-	-
Total transactions with owners	-	(33)	(12,130)	29	1,776	417	-	2,193	(9,941)	8,494	(1,447)
Balance as of March 31, 2020	36,294	72,639	294,018	(173)	-	7,178	(5,542)	1,636	404,414	12,183	416,597

(Note) Figures are given by rounding fractions of a half or more of one million yen upward and the rest downward.

(TRANSLATION)

NON-CONSOLIDATED BALANCE SHEET
(as of March 31, 2020)

(Millions of Yen)

<u>Assets:</u>	
Current Assets:	298,034
Cash on hand and in banks	42,751
Notes receivable–trade	56
Accounts receivable–trade	87,356
Merchandise and finished goods	33,811
Work-in-process	98
Raw materials and supplies	8,199
Short-term loans receivable from subsidiaries and associated companies	108,448
Accounts receivable–other	16,147
Other current assets	1,168
Fixed Assets:	221,475
Property, Plant and Equipment	31,063
Buildings	8,275
Structures	1,231
Machinery and equipment	3,593
Vehicles and transportation equipment	13
Tools, furniture and fixtures	735
Land	17,134
Leased assets	81
Construction in progress	1
Intangible Assets	4,451
Software	4,309
Other intangible assets	142
Investments and Other Assets	185,961
Investment securities	18,580
Capital stock of subsidiaries and associated companies	57,954
Long-term loans receivable	102,898
Long-term prepaid expenses	65
Prepaid pension expenses	6,747
Deferred tax assets	1,339
Other investments	3,496
Allowance for doubtful accounts	(5,118)
Total Assets	519,509

(TRANSLATION)

(Millions of Yen)

Liabilities:**Current Liabilities:**

	215,325
Notes payable—trade	826
Accounts payable—trade	108,355
Short-term bank loans	9,528
Lease obligations	30
Accounts payable—others	3,992
Accrued expenses	9,076
Income taxes payable	1,207
Deposits received	633
Deposits received from subsidiaries and associated companies	81,378
Other current liabilities	300

Long-term Liabilities:

	94,049
Corporate bonds	55,000
Long-term debt	38,500
Lease obligations	51
Long-term accounts payable	4
Liability for retirement benefits	113
Other long-term liabilities	381

Total Liabilities

309,374

Net Assets:**Shareholders' Equity:**

	206,429
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Common stock	36,294
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Capital surplus	55,212
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Capital reserve	55,212
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Retained earnings	115,096
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Appropriated for legal reserve	6,041
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Unappropriated	109,055
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Reserve for deferral of capital gain on property	726
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General reserve	95,000
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Net retained earnings forwarded	13,329
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Treasury stock, at cost	(173)
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Valuation and Translation Adjustments:	3,665
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Unrealized gains on other marketable securities	3,665
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Stock Acquisition Rights	41
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Total Net Assets

210,135

Total Liabilities and Net Assets

519,509

(Note) Figures are given by rounding fractions of a half or more of one million yen upward and the rest downward.

(TRANSLATION)

NON-CONSOLIDATED STATEMENT OF INCOME
(from April 1, 2019 to March 31, 2020)

(Millions of Yen)

Net Sales		796,143
Cost of Goods Sold		729,109
Gross Profit		67,034
Selling, General and Administrative Expenses		63,355
Operating Income		3,679
Non-operating Income		
Interest and Dividend Income	15,056	
Other Non-operating Income	1,096	16,152
Non-operating Expenses		
Interest Expense	716	
Provision of Allowance for Doubtful Accounts	332	
Other Non-operating Expenses	782	1,830
Ordinary Income		18,001
Extraordinary Income		
Gain from Sales of Fixed Assets	103	
Gain from Sales of Investment Securities	30	133
Extraordinary Losses		
Loss on Sales of Fixed Assets	19	
Loss from Dispositions of Fixed Assets	139	
Impairment Losses	349	
Special Retirement Expenses	8,472	
Valuation Loss on Capital Stock of Subsidiaries and Associated Companies	114	
Valuation Loss on Investment Securities	694	
Other Extraordinary Losses	10	9,797
Profit before Tax		8,337
Current Income Taxes	(1,343)	
Deferred Income Taxes	227	(1,116)
Profit		9,453

(Note) Figures are given by rounding fractions of a half or more of one million yen upward and the rest downward.

(TRANSLATION)

NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(from April 1, 2019 to March 31, 2020)

(Millions of Yen)

	Shareholders' Equity									
	Common Stock	Capital Surplus		Retained Earnings					Treasury Stock	Total Shareholders' Equity
		Capital Reserve	Total Capital Surplus	Appropriated for Legal Reserve	Unappropriated			Total Retained Earnings		
					Reserve for Deferral of Capital Gain on Property	General Reserve	Net Retained Earnings Forwarded			
Balance as of April 1, 2019	36,294	55,212	55,212	6,041	726	95,000	13,155	114,922	(202)	206,226
Changes during the year										
Cash dividends							(9,262)	(9,262)		(9,262)
Profit							9,453	9,453		9,453
Acquisition of treasury stock									(4)	(4)
Disposal of treasury stock							(17)	(17)	33	16
Changes in items other than shareholders' equity during the year—net										
Total changes during the year	-	-	-	-	-	-	174	174	29	203
Balance as of March 31, 2020	36,294	55,212	55,212	6,041	726	95,000	13,329	115,096	(173)	206,429

(TRANSLATION)

(Millions of Yen)

	Valuation and Translation Adjustments		Stock Acquisition Rights	Total Net Assets
	Unrealized Gains on Other Marketable Securities	Total Valuation and Translation Adjustments		
Balance as of April 1, 2019	4,444	4,444	57	210,727
Changes during the year				
Cash dividends				(9,262)
Profit				9,453
Acquisition of treasury stock				(4)
Disposal of treasury stock			(16)	0
Changes in items other than shareholders' equity during the year-net	(779)	(779)	-	(779)
Total changes during the year	(779)	(779)	(16)	(592)
Balance as of March 31, 2020	3,665	3,665	41	210,135

(Note) Figures are given by rounding fractions of a half or more of one million yen upward and the rest downward.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 7, 2020

To the Board of Directors of
NH Foods Ltd.:

Deloitte Touche Tohmatsu LLC
Osaka office

Designated Engagement Partner,
Certified Public Accountant:

Wakyu Shinmen

Designated Engagement Partner,
Certified Public Accountant:

Kenichi Takai

Designated Engagement Partner,
Certified Public Accountant:

Shunsuke Matsumoto

Opinion

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements of NH Foods Ltd. and its consolidated subsidiaries (the “Group”), namely, the consolidated statement of financial position as of March 31, 2020, and the consolidated statement of income and consolidated statement of changes in equity for the fiscal year from April 1, 2019 to March 31, 2020, and the related notes.

In our opinion, the accompanying consolidated financial statements, prepared with the omission of a part of the disclosures required under Designated International Financial Reporting Standards pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting, present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2020, and its consolidated financial performance for the year then ended.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in

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accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under Designated International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under Designated International Financial Reporting Standards.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to

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the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under Designated International Financial Reporting Standards, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 7, 2020

To the Board of Directors of
NH Foods Ltd.:

Deloitte Touche Tohmatsu LLC
Osaka office

Designated Engagement Partner,
Certified Public Accountant:

Wakyu Shinmen

Designated Engagement Partner,
Certified Public Accountant:

Kenichi Takai

Designated Engagement Partner,
Certified Public Accountant:

Shunsuke Matsumoto

Opinion

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the non-consolidated financial statements of NH Foods Ltd. (the “Company”), namely, the non-consolidated balance sheet as of March 31, 2020, and the non-consolidated statement of income and non-consolidated statement of changes in net asset for the 75th fiscal year from April 1, 2019 to March 31, 2020, and the related notes and the accompanying supplementary schedules.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2020, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient

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and appropriate to provide a basis for our opinion.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the non-consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the non-consolidated financial statements, including the

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disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader. "The accompanying supplemental schedules" referred to in this report are not included in the attached financial documents.

(TRANSLATION)

Copy of Audit Report of the Audit & Supervisory Board

AUDIT REPORT

With respect to the Directors' performance of their duties during the 75th fiscal year from April 1, 2019 to March 31, 2020, the Audit & Supervisory Board has prepared this audit report after deliberations based on the audit reports prepared by each Audit & Supervisory Board Member, and hereby report as follows:

1. Method and Contents of Audit by Audit & Supervisory Board Members and the Audit & Supervisory Board:

- (1) The Audit & Supervisory Board has established the audit policies, assignment of duties, etc., for the business year under review and received a report from each Audit & Supervisory Board Member regarding the status of implementation of their audits and results thereof. In addition, the Audit & Supervisory Board has received reports from the Directors, etc., and the Accounting Auditor regarding the status of performance of their duties, and requested explanations as necessary.
- (2) In conformity with the Audit & Supervisory Board Members and auditing standards established by the Audit & Supervisory Board, and in accordance with the audit policies and assignment of duties, etc., for the business year under review, each Audit & Supervisory Board Member endeavored to facilitate a mutual understanding with the Directors, the audit department and other employees, etc., endeavored to collect information and maintain and improve the audit environment, and performed the audit by using the following methods.
 - (i) Each of Audit & Supervisory Board Member attended the meetings of the Board of Directors and other important meetings, received reports on the status of performance of duties from the Directors and other employees and requested explanations as necessary, examined important approval/decision documents, and inspected the status of the corporate affairs and assets at the head office and other principal business locations. With respect to the subsidiaries, each Audit & Supervisory Board Member endeavored to facilitate a mutual understanding and exchanged information with the Directors and Audit & Supervisory Board Members, etc., of each subsidiary and received from subsidiaries reports on their respective business as necessary.
 - (ii) Each Audit & Supervisory Board Member received reports periodically requested explanations as necessary and expressed opinions on the status of the system to ensure that the Directors' performance of their duties, described in the business report, complied with all laws, regulations and the articles of incorporation of NH Foods Ltd., the resolutions of the Board of Directors meetings complied with Article 100, paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act of Japan as being necessary for ensuring the appropriateness of the corporate affairs of the group comprising a joint-stock company and its subsidiaries, the internal control systems maintained by the resolutions, and the structure and operation of the systems in

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accordance with the rules of conducting audits concerning internal control systems stipulated by the Audit & Supervisory Board, according to reports from Directors and employees.

- (iii) The contents of the basic policies set forth in Article 118, item 3 (a) of the Ordinance for Enforcement of the Companies Act of Japan, as described in the business report, were considered in light of the circumstances, etc., of deliberations by the Board of Directors and other bodies.
- (iv) Each Audit & Supervisory Board Member monitored and verified whether the Accounting Auditor maintained its independence and properly conducted its audit, received a report from the Accounting Auditor on the status of its performance of duties, and requested explanations as necessary. Each Audit & Supervisory Board Member was notified by the Accounting Auditor that it had established a “system to ensure that the performance of the duties of the Accounting Auditor was properly conducted” (the matters listed in the items of Article 131 of the Ordinance on Company Accounting) in accordance with the “Quality Control Standards for Audits” (Business Accounting Council on October 28, 2005), and requested explanations as necessary.

Based on the methods described above, each Audit & Supervisory Board Member examined the business report and the accounting documents (non-consolidated balance sheet, non-consolidated statement of income and changes in net assets, and schedule of individual notes) and the annexed specifications thereto, as well as the consolidated accounting documents (consolidated statements of financial position, consolidated statements of income and changes in equity, and schedule of consolidated notes), for the business year under consideration.

2. Results of Audit:

(1) Results of Audit of Business Report, etc.

- (i) We acknowledge that the business report and the accompanying supplemental schedules thereto fairly present the status of NH Foods Ltd. in conformity with the applicable laws and regulations and the articles of incorporation of NH Foods Ltd.
- (ii) We acknowledge that no misconduct or material fact constituting a violation of any law or regulation or the articles of incorporation of NH Foods Ltd. was found with respect to the Directors' performance of their duties.
- (iii) We acknowledge that the Board of Directors' resolutions with respect to the internal control systems are appropriate. We did not find any matter to be mentioned with respect to the Directors' performance of their duties, described in the business report concerning the internal control systems.
- (iv) We did not find any matter to be mentioned with respect to the fundamental policy on corporate control as described in the business report.

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(2) Results of Audit of Accounting Documents and their Accompanying Supplemental Schedules

We acknowledge that the methods and results of audit performed by the Accounting Auditor, Deloitte Touche Tohmatsu LLC, are appropriate.

(3) Results of Audit of Consolidated Accounting Documents

We acknowledge that the methods and results of audit performed by the Accounting Auditor, Deloitte Touche Tohmatsu LLC, are appropriate.

May 8, 2020

The Audit & Supervisory Board
NH Foods Ltd.

Koichi Nishihara (seal)
Full-time Audit & Supervisory Board Member

Nobuyuki Tazawa (seal)
Full-time Audit & Supervisory Board Member

Akihiko Shiba (seal)
(Outside) Audit & Supervisory Board Member

Masayuki Kitaguchi (seal)
(Outside) Audit & Supervisory Board Member

Tokushi Yamasaki (seal)
(Outside) Audit & Supervisory Board Member

(Note) Audit & Supervisory Board Members Akihiko Shiba, Masayuki Kitaguchi and Tokushi Yamasaki are Outside Audit & Supervisory Board Members as provided for in Article 2, item 16 and Article 335, paragraph 3 of the Companies Act of Japan.