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Securities code: 8079
January 13, 2021

To Shareholders with Voting Rights,

Ichiro Honda
President and Representative Director
5-7 Akihabara, Taito-ku, Tokyo, Japan
SHOEI FOODS CORPORATION

Notice of the 73rd Annual General Meeting of Shareholders

You are cordially invited to attend the 73rd Annual General Meeting of Shareholders (the “Meeting”) of SHOEI FOODS CORPORATION (the “Company”). The Meeting will be held as described below.

If you are unable to attend the Meeting in person, you may exercise your voting rights by postal voting or via the Internet, etc. Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by no later than 5:20 p.m. Japan time, Wednesday, January 27, 2021, following the instructions on the “Guidance on Exercise of Voting Rights” on page 2 (in Japanese).

1. **Date and time:** Thursday, January 28, 2021, at 10 a.m. Japan time
2. **Place:** Banquet room “Hisho,” 4th Floor, Asakusa View Hotel
3-17-1 Nishiasakusa, Taito-ku, Tokyo, Japan
(Please see the map of the venue at the end of this document) (in Japanese)
3. **Objectives of the Meeting**
Matters to be reported:
 1. The business report and the consolidated financial statements for Term 73 (from November 1, 2019 to October 31, 2020) and the results of audits of the consolidated financial statements by the Accounting Auditor and the Audit & Supervisory Board
 2. The non-consolidated financial statements for Term 73 (from November 1, 2019 to October 31, 2020)

Matters to be resolved:

Proposal 1: Appropriation of Surplus

Proposal 2: Election of Two (2) Audit & Supervisory Board Members

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- * If attending the meeting in person, please present the enclosed Voting Card at the reception desk.
- * “Systems to ensure the proper execution of business, and overview of the operation status of such systems” in the Business Report, Consolidated Statement of Changes in Equity, and Notes to the Consolidated Financial Statements in the Consolidated Financial Statements, and Non-consolidated Statement of Changes in Equity and Notes to the Non-consolidated Financial Statements in the Non-consolidated Financial Statements are posted in the Company’s website (<https://www.shoeifoods.co.jp>) (in Japanese) pursuant to laws and regulations and the Company’s Articles of Incorporation and therefore are not included in the attachments to this Notice. Accordingly, the Consolidated Financial Statements and the Non-consolidated Financial Statements included in the attachments to this Notice comprise a part of the Consolidated Financial Statements and the Non-consolidated Financial Statements audited by the Accounting Auditor and the Audit & Supervisory Board Members in preparing their respective audit reports.
- * Any amendments to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements and the Non-consolidated Financial Statements will be posted on the Company’s website (<https://www.shoeifoods.co.jp>) (in Japanese).

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

The Company proposes the appropriation of surplus as follows.

Matters regarding year-end dividends

The Company proposes year-end dividends for Term 73 as below. The Company recognizes the return of profit to shareholders as an important management priority, and its basic policy on dividends is to maintain stable dividends in consideration of such factors as business investments to realize medium- to long-term growth and the level of internal reserves.

(1)	Type of dividend assets	Cash
(2)	Allocation of dividend assets and their total dividend amount	24.00 yen per share of common stock Total 403,809,240 yen
(3)	Effective date of appropriation of surplus	January 29, 2021

Proposal 2: Election of Two (2) Audit & Supervisory Board Members

The term of office of the incumbent Audit & Supervisory Board Member Ikuhisa Tashiro will expire at the conclusion of this Meeting. Therefore, in order to further enhance the audit function going forward, the number of Outside Audit & Supervisory Board Member shall be increased by one (1), and accordingly, the election of two (2) Audit & Supervisory Board Members is proposed.

We have received the consent of the Audit & Supervisory Board for this proposal.

The candidate for Audit & Supervisory Board Member is as follows:

No.	Name (Date of birth)	Career summary, positions, and significant concurrent positions
1	<p>Keizo Yoshida (July 26, 1961)</p> <p><u>New appointment</u></p> <p>Number of the Company's shares held - shares</p>	<p>April 1985 Joined The Dai-ichi Mutual Life Insurance Company (currently, The Dai-ichi Life Insurance Company, Limited)</p> <p>April 2007 General Manager, Investment Planning Dept. of the above</p> <p>April 2014 General Manager, Special Sector Relations Dept. of the above</p> <p>April 2017 Advisor, Audit Office of the Company</p> <p>October 2018 General Manager in charge of Business in China, International Business Dept. of the Company</p> <p>November 2020 General Manager in charge of Business in China, Management Planning Dept. of the Company (current position)</p>
	<p>Reasons for nomination as a candidate for Audit & Supervisory Board Member</p> <p>Mr. Keizo Yoshida has experience in organizational operations, having served as the general manager of the investment and international divisions, etc. of the head office of a major insurance company, as well as an Advisor of the Internal Audit Office and the General Manager in charge of the Business in China of the Company. Therefore, the Company has nominated him as a candidate for Audit & Supervisory Board Member with the expectation that he will provide the audit functions necessary for the sound and adequate management of the Company.</p>	
2	<p>Takashi Aikawa (April 22, 1970)</p> <p><u>New appointment</u></p> <p>Number of the Company's shares held - shares</p>	<p>November 1997 Joined Joto Audit Corporation</p> <p>March 2001 Joined Shinso Audit Corporation</p> <p>April 2003 Registered as a certified public accountant</p> <p>April 2015 Representative Partner, Shinso Audit Corporation (current position)</p> <p>July 2017 Audit & Supervisory Board Member, BONMAX CO., LTD.</p> <p>October 2020 Expert Committee Member, Accounting Expert Committee, Small and Medium Practices Policy Committee, the Japanese Institute of Certified Public Accountants</p>
	<p>Reasons for nomination as a candidate for Outside Audit & Supervisory Board Member</p> <p>Mr. Takashi Aikawa is a certified public accountant and has experience as an outside audit & supervisory board member at another company. The Company proposes that he be newly elected as an Outside Audit & Supervisory Board Member so that he will leverage his knowledge and experience accumulated over the years in performing the audit functions of the Company.</p> <p>[Significant concurrent positions]</p> <p>Representative Partner, Shinso Audit Corporation</p>	

Notes: 1. There are no special relationships of interest between each candidate and the Company.

2. Mr. Takashi Aikawa is a candidate for Outside Audit & Supervisory Board Member.

3. Matters that should be reported regarding the candidate for Audit & Supervisory Board Member and Outside Audit & Supervisory Board Member are as follows:

(1) Independence of the candidate for Outside Audit & Supervisory Board Member

If the election of Mr. Takashi Aikawa is approved, the Company intends to designate him as an independent officer, as prescribed in Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange.

(2) Liability limitation agreement with the Audit & Supervisory Board Member and the Outside Audit & Supervisory Board Member

The Company intends to enter into new agreements with both Mr. Keizo Yoshida, candidate for Audit & Supervisory Board Member, and Mr. Takashi Aikawa, candidate for Outside Audit & Supervisory Board Member, pursuant to Article 427, Paragraph 1 of the Companies Act to limit their liability for damages as stipulated in Article 423, Paragraph 1 of the same Act.

The liability for damages based on this agreement is limited to the amount stipulated in laws and regulations.

Business Report

(From November 1, 2019 to October 31, 2020)

1. Current Status of the Corporate Group

(1) Business activities and results

During the fiscal year under review, the Japanese economy witnessed its economic activities being dealt a heavy blow by the restrictions on travel and the stay-at-home orders mandated in an effort to contain the spread of the novel coronavirus (COVID-19). In the food industry, appropriately responding to changing consumer purchasing behavior became crucial, as food supermarkets, e-commerce, and take-outs increased their sales, while the souvenir and the restaurant industries were negatively impacted.

In such a climate, the SHOEI FOODS CORPORATION and its subsidiaries (the “Group”) have been bolstering the sales of products made by the Group’s production plants in and outside Japan, while making capital investments toward a reliable and safe production system and the strengthening of the retail business.

As a result of the above, in terms of sales, despite efforts to cultivate new sales channels such as food supermarkets and drugstores and the solid performance of confectionary and retail products through appeals made for family-oriented and health-oriented products, consolidated net sales stood at 100,572 million yen (95.0% of the previous fiscal year), due to the decrease in sales of the materials for ingredients of restaurant industry and foods sold in the business districts and tourist sites.

In terms of profits, due to the robust sales of high value-added products with high margins, operating profit was 4,197 million yen (102.6% of the previous fiscal year), ordinary profit was 4,308 million yen (107.1% of the previous fiscal year), and profit attributable to owners of parent was 2,797 million yen (105.5% of the previous fiscal year).

Business performance by division was as follows:

<Dairy products, oils and fats>

Although efforts were made to expand sales channels mainly of butter and raw materials of beverages, demand for butter and powdered milk declined in the second half of the fiscal year, as a result of consumers staying at home due to the impact of COVID-19, and sales of imported dairy products, which had been growing until then, slowed down. Sales of domestically-produced condensed milk also decreased. As a result, sales of dairy products, oils and fats decreased to 34,623 million yen (96.3% of the previous fiscal year).

<Confectionery ingredients>

Despite the solid sales of processed baked confectionery, Western-liquor-dipped fruits, and pastes, sales of chestnut products for gifts and raw materials for Western confectionery, mainly the domestically-sourced products, sold in department stores, specialty stores, and convenience stores declined, due to the impact of COVID-19. As a result, sales of confectionery ingredients decreased to 15,453 million yen (91.3% of the previous fiscal year).

<Dried and canned fruits>

Due to the impact of COVID-19, sales of raw materials for school lunches and for the restaurant industry were sluggish, and sales in Japan declined as a result of the fall in prices. Overseas, despite the increase in sales in the U.S., sales in China, as was the case in Japan, declined due to the impact of COVID-19. As a result, sales of dried and canned fruits decreased to 31,663 million yen (90.6% of the previous fiscal year).

<Confectionery and retail products>

Sales of retail products were steady as demand grew at food supermarkets, etc., due to the effects of working from home and school closures, in addition to the rising awareness for health. As for confectionery, thanks to proactive sales promotion activities, sales of NB products were also steady, and both PB and NB products reported increased revenue. As a result, sales of confectionery and retail products increased to 18,530 million yen (104.8% of the previous fiscal year).

Sales by division

(Million yen)

Business division		Term 72		Term 73		Increase (Decrease)	% (%)
		From November 1, 2018 to October 31, 2019		From November 1, 2019 to October 31, 2020			
		Net sales	% of total net sales	Net sales	% of total net sales		
Food business	Dairy products, oils and fats	35,922	34.0	34,623	34.4	(1,298)	(3.6)
	Confectionery ingredients	16,920	16.0	15,453	15.4	(1,467)	(8.6)
	Dried and canned fruits	34,948	33.0	31,663	31.5	(3,285)	(9.4)
	Confectionery and retail products	17,667	16.7	18,530	18.4	862	4.8
	Others	339	0.3	299	0.3	(39)	(11.6)
	Subtotal	105,798	100.0	100,569	100.0	(5,228)	(4.9)
Others		2	0.0	2	0.0	0	0.5
Total		105,800	100.0	100,572	100.0	(5,228)	(4.9)

Note: The above amounts do not include consumption tax.

(2) Status of financing

The Group raises its funds from borrowings from financial institutions and its own funds.

(3) Status of capital investment

During the fiscal year under review, the Group spent 5,618 million yen on capital investments, which mainly consisted of capital investments for the new plant facility at the Bando Plant of Kyo Marron Co., Ltd. and the Chikusei Plant of Shoei Delicy Corporation, and the purchase mainly of machinery and equipment to improve the efficiency of the production equipment and to ensure quality control at domestic production subsidiaries.

(4) Business segment transfers, absorption-type splits, and incorporation-type splits

Not applicable.

(5) Business segments transferred from other companies

Not applicable.

(6) Succession of rights and responsibilities related to the businesses of other corporations through absorption-type mergers and splits

Not applicable.

(7) Acquisitions and disposals of equity including shares, or stock acquisition rights, etc., in other companies

Not applicable.

(8) Issues to be addressed

The Group aims to contribute to society by providing customers with safe and reliable foods carefully selected from Japan and from around the world and creating a new food culture. To this end, it holds the basic management policy of strengthening its comprehensive functions ranging from raw material procurement, production/processing, to distribution/sales and accurately meeting the changing needs of its customers, and is committed to proactively addressing the following issues:

(i) Rising awareness for safe and reliable food

There has been a rise in customer awareness for safe and reliable food. At the same time, the Food Sanitation Act was revised to regulate food sanitation management in line with HACCP, an international food sanitation management method. We will also further reinforce our quality assurance system.

(ii) Slowing consumption, rising health awareness, and responding to changing lifestyles as a result of COVID-19

Consumption has slowed down as a result of the consumers' preference for thrift and low prices, as well as the aging population compounded with the declining birthrate. Meanwhile, needs are changing including the change in lifestyles in response to the spread of COVID-19, rising health awareness, and the need to boost the immune system. We will focus on strengthening product development, product procurement, and product proposals that align with these changing needs.

(iii) Increased competition in the food industry

The food distribution industry has been shifting its focus to convenience stores and drugstores with limited floor space and corporate reorganizations are taking place accordingly. Considering the intensified competition among food manufacturers, we will make efforts to improve our comprehensive corporate strengths including capabilities to manage inventory, develop products and make proposals to accommodate the plans of our business partners in a timely manner.

(iv) Volatile food ingredient prices and change in trade frameworks

While importing food ingredients is one of the Company's strengths, prices of imported food ingredients are becoming more volatile due to escalating climate change and exchange rate fluctuations. Furthermore, in addition to the trade conflict between the US and China, trade frameworks such as the TPP 11, the Japan-U.S. Trade Agreement, and the Regional Comprehensive Economic Partnership Agreement (RCEP) are in constant flux. We will promote the further reinforcement of stable procurement capabilities through coordination with overseas suppliers, etc.

(v) Cost increase due to labor shortage, etc. and the progress of digital technology

A shift to high value-added products that can cover costs has been necessitated by rising personnel and logistic costs due to labor shortages above all. It has also become important that we build a system capable of the stable supply of products without having to depend on manpower through automation in the production divisions and other man-power saving measures. Meanwhile, options for enhancing efficiency have increased as a result of the progress in digital technologies, and we will strive to improve efficiency by utilizing them, among others.

(vi) Promotion of ESG management

Greater demands are being made by society on companies in their initiatives in the field of ESG (Environment, Social, and Governance). Furthermore, among ESG, "E," the Environment, is drawing attention as a materiality matter to be addressed worldwide, as frequent natural disasters occur against the backdrop of global warming and escalating climate change. We will aim to contribute to a sustainable society by advancing environmental concerns.

(vii) Strengthening Group internal controls and the Group governance system

The Ministry of Economy, Trade and Industry published the “Practical Guidelines for Group Governance System” and addressed the challenges of developing and operating appropriate group risk management and internal control systems as means to achieve medium- to long-term improvement of corporate value of corporate groups. The Group also intends to strengthen its internal controls by clarifying the division of duties at domestic and overseas subsidiaries, through mutual checks, by developing, communicating, and thoroughly enforcing internal rules, and holding compliance seminars, among others.

(9) Status of assets and operating results

Category	Term 70 (Fiscal year ended October 31, 2017)	Term 71 (Fiscal year ended October 31, 2018)	Term 72 (Fiscal year ended October 31, 2019)	Term 73 (Fiscal year ended October 31, 2020)
Net sales (Thousand yen)	103,349,922	106,594,986	105,800,816	100,572,710
Ordinary profit (Thousand yen)	5,462,833	4,885,294	4,020,874	4,308,596
Profit attributable to owners of parent (Thousand yen)	3,677,056	3,373,175	2,651,790	2,797,785
Basic earnings per share (Yen)	215.66	198.56	156.45	166.00
Net assets (Thousand yen)	36,985,660	38,700,497	39,931,833	41,152,323
Total assets (Thousand yen)	66,252,734	70,681,783	75,626,005	76,582,973
Net assets per share (Yen)	2,125.11	2,238.09	2,310.96	2,399.00

Notes: 1. Basic earnings per share are calculated based on the average number of shares issued (excluding treasury stock) during the fiscal year.

2. “Partial Amendments to Accounting Standard for Tax effect Accounting” (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) and other standards have been applied from the beginning of Term 72, and the amount of total assets for Term 71 is the amount reflecting the retrospective application of this accounting standard, etc.

(10) Status of principal parent and subsidiaries

(i) Relationship with the parent

Not applicable.

(ii) Status of principal subsidiaries

Company name	Capital	Equity ownership	Main business activities
Tsukuba Dairy Products Co., Ltd.	(Thousand yen) 247,500	% 83.6	Manufacture and sales of dairy products Processing and sales of nuts
Kyo Marron Co., Ltd.	35,000	100.0	Manufacture and sales of bottled and canned food Processing and sales of nuts
Robinia Corporation	10,000	100.0	Manufacture and sales of confectionery
Iwasa Corporation	22,000	84.5	Purchasing and sales of ingredients for confectionery and baking
Shoei Delicy Corporation	100,000	100.0	Purchasing, manufacture, and sales of confectionery
SHOEI FOODS (U.S.A.), INC.	(Thousand US dollars) 23,050	100.0	Import/export and sales of agricultural produce and orchard operation Processing and sales of fruits
SHOEI FOODS QINGDAO CO., LTD.	(Thousand US dollars) 14,600	100.0	Processing and sales of agricultural produce
YANJI SHOEI FOODS CO., LTD.	(Thousand US dollars) 8,062	100.0	Same as the above
SHOEI INTERNATIONAL TRADING SHANGHAI CO., LTD.	(Thousand US dollars) 6,000	100.0	Purchasing and sales of processed foods
SHOEI INTERNATIONAL TRADING HONG KONG CO., LTD.	(Thousand HK dollars) 2,000	100.0	Same as the above

(11) Main business activities

The Group is engaged in the import, production, and wholesale of raw ingredient dairy products, oils and fats; confectionery ingredients; dried fruits and nuts; canned foods; and confectionery and retail products. Additionally, it is also engaged in the real estate rental business.

The major products of the Group by divisions are as follows:

Division	Category	Major products
Food business	Dairy products, oils and fats	Powdered milk, condensed milk, butter, cheese, mixes for soft-serve ice cream, lactose, casein, various fats used in baking confectionery/ice cream/baking bread, margarine, shortening, etc.
	Confectionery ingredients	Various baking chocolates, processed fruits, processed egg products, chestnut products, other raw materials for Japanese confectionery, foaming agents, liquors for baking, sugar-covered products, emulsifiers, essences, sugars, flours, etc.
	Dried and canned fruits	Various dried fruits and nuts (raisins, prunes, almonds, walnuts, coconuts, etc.), various canned fruits and vegetables (pineapples, mandarin oranges, yellow peaches, corn, bamboo shoots, tomatoes, etc.), food for commercial use, etc.
	Confectionery and retail products	Chocolate confectionery, biscuits, cookies, and dried fruits and nuts in retail bags (prunes, almonds, walnuts, etc.)
	Others	Packaging materials and others
Others	Real estate rental	Buildings for rent

(12) Main offices and plants

Head Office of the Company	5-7, Akihabara, Taito-ku, Tokyo
Domestic business offices	Head Office (Taito-ku, Tokyo), Kansai Branch Office (Yodogawa-ku, Osaka-shi), Kyushu Branch Office (Higashi-ku, Fukuoka-shi), Sapporo Branch Office (Shiroishi-ku, Sapporo-shi), Sendai Branch Office (Wakabayashi-ku, Sendai-shi), Niigata Branch Office (Chuo-ku, Niigata-shi), Nagoya Branch Office (Naka-ku, Nagoya-shi), Hiroshima Branch Office (Asaminami-ku, Hiroshima-shi), Tsukuba Dairy Products Co., Ltd. (Ishioka-shi, Ibaraki), Tsukuba Dairy Products Co., Ltd. Sales Head Office (Chiyoda-ku, Tokyo), Shoei Delicy Corporation (Taito-ku, Tokyo), and Iwasa Corporation (Hakata-ku, Fukuoka-shi)
Domestic production bases	Tsukuba Dairy Products Co., Ltd. Ishioka Plant (Ishioka-shi, Ibaraki), Tsukuba Dairy Products Co., Ltd. Tamari Plant (Omitama-shi, Ibaraki), Shoei Delicy Corporation Chikusei Plant (Chikusei-shi, Ibaraki), Kyo Marron Co., Ltd. Mitsukaido Plant (Joso-shi, Ibaraki), Kyo Marron Co., Ltd. Amakusa Plant (Amakusa-shi, Kumamoto), and Robinia Corporation Sakaki Plant (Hanishinagun, Nagano)
Overseas bases	SHOEI FOODS (U.S.A.), INC. (California, US) SHOEI INTERNATIONAL TRADING SHANGHAI CO., LTD. (China) SHOEI INTERNATIONAL TRADING HONG KONG CO., LTD. (China) SHOEI FOODS QINGDAO CO., LTD. (China) YANJI SHOEI FOODS CO., LTD. (China)

(13) Status of employees

Number of employees	Increase (decrease) from previous fiscal year-end
1,412 [748]	Increase of 56

Note: The number of employees represents the number of employees working in the Group and the average number of contract-based and temporary workers for the year is stated separately in brackets.

(14) Major lenders

Lender	Balance of borrowings
	Thousand yen
Mizuho Bank, Ltd.	6,573,301
MUFG Bank, Ltd.	5,241,179
The Norinchukin Bank	5,179,489

(15) Other significant matters regarding the current conditions of the Group

No important matters to be stated.

2. Status of the Company's Shares

- | | | |
|-----|---|--|
| (1) | Total number of authorized shares | 48,585,000 shares |
| (2) | Total number of shares issued and outstanding | 17,100,000 shares (including 274,615 shares of treasury stock) |
| (3) | Number of shareholders | 20,149 |

(4) Major shareholders

Name of shareholder	Number of shares held	Equity ownership
	Thousand shares	%
Honda Kosan Co., Ltd.	1,322	7.8
Shoei Plaza Co., Ltd.	1,321	7.8
Shoei Foods Partners Shareholders Association	756	4.4
Hidemitsu Honda	619	3.6
Mizuho Bank, Ltd.	545	3.2
Ichiro Honda	485	2.8
MUFG Bank, Ltd.	456	2.7
Meiji Co., Ltd.	428	2.5
The Dai-ichi Life Insurance Company, Limited	419	2.4
The Master Trust Bank of Japan, Ltd. (Trust Account)	363	2.1

Note: Equity ownership is calculated after deducting treasury stock (274,615 shares).

3. Stock Acquisition Rights

(1) Status of stock acquisition rights as of the fiscal year-end

Not applicable.

(2) Status of stock acquisition rights issued during the fiscal year

Not applicable.

(3) Other significant matters regarding stock acquisition rights

No important matters to be stated.

4. Officers of the Company (as of October 31, 2020)

(1) Status of Directors and Audit & Supervisory Board Members

Position	Name	Responsibilities	Significant concurrent positions
President and Representative Director	Ichiro Honda		
Vice President and Representative Director	Hidemitsu Honda		
Senior Managing Director	Toyomi Nakajima	General Manager, Production Division	President and Representative Director, Shoei Delicy Corporation
Senior Managing Director	Hirokane Fujio	General Manager, Administration Division and General Manager, General Affairs & Human Relations Dept.	
Managing Director	Keizo Fujikawa	General Manager, Sales & Marketing Division and General Manager, Baking Materials Dept.	
Director	Kazuhiko Harada	General Manager, Finance & Accounting Dept.	
Director	Masami Takei	General Manager, Quality Assurance Dept.	
Director	Kazunori Kano	General Manager, Management Planning Office	
Director	Yasuhiro Maeda	General Manager, Products & Merchandise Division	
Director	Takeshi Sakaguchi	Deputy General Manager, Sales & Marketing Division and General Manager, Confectionery Materials Dept.	
Director	Kazusato Yamaguchi	Deputy General Manager, Products & Merchandise Division and General Manager, International Business Dept.	Chairman, SHOEI FOODS QINGDAO CO., LTD. Chairman, YANJI SHOEI FOODS CO., LTD.
Director	Yoshio Hanihara		
Director	Takashi Kai		
Director	Hiroyoshi Inoue		
Standing Audit &	Ikuhisa Tashiro		

Position	Name	Responsibilities	Significant concurrent positions
Supervisory Board Member			
Audit & Supervisory Board Member	Shin Tokunaga		Partner, SOWA Tax Corporation
Audit & Supervisory Board Member	Kiyoshi Endo		

Notes: 1. Directors Yoshio Hanihara, Takashi Kai, and Hiroyoshi Inoue are Outside Directors.

2. Audit & Supervisory Board Members Shin Tokunaga and Kiyoshi Endo are Outside Audit & Supervisory Board Members.

3. Director Hiroyoshi Inoue was elected as a new Director at the 72nd Annual General Meeting of Shareholders held on January 30, 2020, and took office thereafter.

4. Director Noriyasu Hara retired at the conclusion of the 72nd Annual General Meeting of Shareholders held on January 30, 2020, due to the expiry of his term of office.

5. Standing Audit & Supervisory Board Member Ikuhisa Tashiro has accumulated extensive experience in finance-related operations at a life insurance company and considerable insight into other industries.

Audit & Supervisory Board Member Shin Tokunaga is a certified public accountant and a certified tax accountant and has considerable insight into finance and accounting.

Audit & Supervisory Board Member Kiyoshi Endo has considerable insight into corporate legal affairs and corporate accounting as a university professor.

Directors Yoshio Hanihara, Takashi Kai, and Hiroyoshi Inoue, and Audit & Supervisory Board Members Shin Tokunaga and Kiyoshi Endo have been designated and registered as independent officers at the Tokyo Stock Exchange.

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

Position	Number of recipients	Amount of payment	Remarks
Directors [of which, Outside Directors]	15 [4]	198,350 [15,950] Thousand yen	
Audit & Supervisory Board Members [of which, Outside Audit & Supervisory Board Members]	3 [2]	24,600 [8,400]	
Total	18	222,950	

Notes: 1. Maximum amount of compensation paid to Directors by resolution of the general meeting of shareholders p.a. 260,000 thousand yen (including 20,000 thousand yen for Outside Directors)
(Resolved at the general meeting of shareholders on January 30, 2018)

Maximum amount of compensation paid to Audit & Supervisory Board Members p.a. 40,000 thousand yen Resolved at the general meeting of shareholders on January 28, 1994)

Additionally, at the 72nd Annual General Meeting of Shareholders held on January 30, 2020, compensation of up to 80,000 thousand yen p.a. was approved for granting restricted stock to Directors (excluding Outside Directors), separately from the amount of compensation, etc., described above.

2. The above amounts do not include the employee salary portion of 77,082 thousand yen paid to Directors serving concurrently as employees.

3. In addition to the above, 6,000 thousand yen was recorded for eleven (11) directors as a provision for retirement benefits for directors for the fiscal year under review.

(3) Matters regarding Outside Directors

(i) Significant concurrent positions held at other companies and their relationships with the Company

Position	Name	Concurrent position held
Audit & Supervisory Board Member	Shin Tokunaga	Partner, SOWA Tax Corporation

There are no special relationships between the Company and the above company at which the significant concurrent position is held.

(ii) Major activities during the fiscal year under review

Position	Name	Major activities
Director	Yoshio Hanihara	Having attended all 10 Board of Directors meetings held during the fiscal year under review, Yoshio Hanihara has been giving advice and recommendations on management in general based on his experience as an audit & supervisory board member of a listed company and his extensive experience and knowledge of the securities industry.
Director	Takashi Kai	Having attended all 10 Board of Directors meetings held during the fiscal year under review, Takashi Kai has been giving advice and recommendations on management in general based on his extensive experience and insight acquired at a food division of a major trading company, as well as his experience from having served as an inspector at the internal audit department of the Company and an audit & supervisory board member of a Group company.
Director	Hiroyoshi Inoue	Having attended four out of six Board of Directors meetings held after his appointment as Outside Director, Hiroyoshi Inoue, as a university professor on the forefront of medical radiation, a long-time researcher of ethical drugs and functional foods, and a leading authority in the study of oils, especially nut-derived oils, has been giving advice from his specific area of expertise.
Audit & Supervisory Board Member	Shin Tokunaga	Having attended all 10 Board of Directors meetings and all 17 Audit & Supervisory Board meetings held during the fiscal year under review, Shin Tokunaga has been giving adequate advice as necessary, based on his extensive experience and knowledge acquired as a certified public accountant and a certified tax accountant.
Audit & Supervisory Board Member	Kiyoshi Endo	Having attended all 10 Board of Directors meetings and all 17 Audit & Supervisory Board meetings held during the fiscal year under review, Kiyoshi Endo has been giving adequate advice as necessary, based on his extensive experience and knowledge acquired as a university professor.

(4) Overview of agreements to limit liability

The Company has entered into agreements with each of the Outside Directors and Outside Audit & Supervisory Board Members to limit their liability set forth in Article 423, Paragraph 1 of the Companies Act, in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act and the provisions of Articles 32 and 43 of the Company's Articles of Incorporation.

The maximum amount of liability based on these agreements is the amount set forth by laws and regulations.

5. Accounting Auditor

(1) Name of Accounting Auditor

Deloitte Touche Tohmatsu LLC

(2) Amount of compensation, etc. to Accounting Auditor for the fiscal year under review

The amount of compensation, etc. paid to the Accounting Auditor during the fiscal year under review and the reason why the Audit & Supervisory Board consented to this amount

	Thousand yen
a. The amount of compensation for audit services in accordance with Article 2, Paragraph 1 of the Certified Public Accountants Act	61,800
b. Total amount of monies and other assets payable by the Company and its subsidiaries to the Accounting Auditor	61,800

Notes: 1. The audit agreement between the Company and the Accounting Auditor does not distinguish between compensation paid for audit work performed under the Companies Act and that under the Financial Instruments and Exchange Act. Accordingly, the above amount includes the amount of compensation, etc. for audit work performed under the Financial Instruments and Exchange Act.

2. In accordance with the “Practical Guidelines for Cooperation with Accounting Auditors” released by the Japan Audit & Supervisory Board Members Association, the Audit & Supervisory Board has confirmed and deliberated the audit plans of the Accounting Auditor, the status of its audit performance, and the grounds for calculation of compensation estimates. As a result, the Audit & Supervisory Board found them to be appropriate, and gave consent to the amount of compensation paid to the Accounting Auditor in accordance with Article 399, Paragraph 1 of the Companies Act.

(3) Non-audit work

The Company does not assign any duties to the Accounting Auditor other than the audit attestation services stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act.

(4) Policy regarding decisions to dismiss or not reappoint an Accounting Auditor

The Audit & Supervisory Board shall determine a proposal to be presented to the general meeting of shareholders to dismiss or not reappoint the Accounting Auditor as necessary, including cases where there is difficulty for the Accounting Auditor to perform its duties.

Additionally, with its unanimous consent, the Audit & Supervisory Board shall dismiss the Accounting Auditor if deemed to fall under the items in Article 340, Paragraph 1 of the Companies Act. In such cases, the Audit & Supervisory Board shall designate an Audit & Supervisory Board Member to report that the Accounting Auditor was dismissed and the reasons for its dismissal at the first general meeting of shareholders following such dismissal.

Note: Figures stated in this Business Report are rounded down to the presented unit.

Consolidated Balance Sheet

(As of October 31, 2020)

(Thousand yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	46,441,151	Current liabilities	28,355,347
Cash and deposits	9,426,858	Notes and accounts payable – trade	9,970,677
Notes and accounts receivable – trade	19,739,637	Short-term loans payable	10,144,481
Merchandise and finished goods	13,144,770	Current portion of long-term loans payable	3,102,646
Work in process	649,076	Accounts payable – other	2,347,661
Raw materials and supplies	2,139,529	Income taxes payable	865,861
Advance payments	296,262	Provision for bonuses	883,376
Other	1,049,597	Provision for bonuses for directors	14,617
Allowance for doubtful accounts	(4,581)	Other	1,026,026
Non-current assets	30,141,821	Non-current liabilities	7,075,302
Property, plant and equipment	24,380,550	Long-term loans payable	5,588,697
Buildings and structures	11,064,165	Deferred tax liabilities	146,988
Machinery, equipment and vehicles	6,048,055	Net defined benefit liability	779,310
Tools, furniture and fixtures	255,236	Provision for retirement benefits for directors	90,193
Land	3,555,166	Other	470,113
Leased assets	143,659	Total liabilities	35,430,649
Construction in progress	3,103,868	Net assets	
Other	210,397	Shareholders' equity	38,858,488
Intangible assets	227,071	Share capital	3,379,736
Software	102,409	Capital surplus	3,048,959
Other	124,662	Retained earnings	33,379,214
Investments and other assets	5,534,199	Treasury stock	(949,422)
Investment securities	3,077,336	Accumulated other comprehensive income	1,505,694
Shares of subsidiaries and affiliates	245,588	Valuation difference on available-for-sale securities	1,416,533
Insurance premiums	78,949	Deferred gains or losses on hedges	(47,858)
Long-term advance payments	1,303,436	Foreign currency translation adjustments	180,300
Deferred tax assets	465,027	Remeasurements of defined benefit plans	(43,280)
Other	518,441	Non-controlling interests	788,140
Allowance for doubtful accounts	(154,578)	Total net assets	41,152,323
Total assets	76,582,973	Total liabilities and net assets	76,582,973

Consolidated Statement of Income

(From November 1, 2019 to October 31, 2020)

(Thousand yen)

Item	Amount	
Net sales		100,572,710
Cost of sales		84,400,164
Gross profit		16,172,546
Selling, general and administrative expenses		11,975,066
Operating profit		4,197,479
Non-operating profit		
Interest income	5,213	
Dividend income	71,278	
Share of profit of entities accounted for using the equity method	26,295	
Dividend income of insurance	15,853	
Insurance claim income	56,694	
Dividend on investments in capital	64,739	
Other	80,901	320,975
Non-operating expenses		
Interest expense	189,259	
Foreign exchange losses	607	
Other	19,992	209,858
Ordinary profit		4,308,596
Extraordinary income		
Gain on sales of investment securities	9,787	
Gain on sales of non-current assets	1,347	11,134
Extraordinary losses		
Expenses for dismantling non-current assets	152,090	
Impairment losses	34,134	
Loss on retirement of non-current assets	23,467	
Loss on sales on non-current assets	93	209,785
Income before income taxes		4,109,945
Income taxes – current	1,536,909	
Income taxes – deferred	(258,413)	1,278,496
Profit		2,831,449
Profit attributable to non-controlling interests		33,663
Profit attributable to owners of parent		2,797,785

Non-consolidated Balance Sheet

(As of October 31, 2020)

(Thousand yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	37,218,489	Current liabilities	26,264,164
Cash and deposits	5,183,956	Accounts payable – trade	9,806,431
Notes receivable – trade	1,056,157	Short-term loans payable	10,559,845
Accounts receivable – trade	17,258,934	Current portion of long-term loans payable	3,000,000
Merchandise	7,701,011	Lease obligations	48,058
Imports in transit	2,094,028	Accounts payable – other	1,294,374
Advance payments	146,485	Accrued expenses	180,884
Short-term loans receivable from subsidiaries and affiliates	2,616,221	Income taxes payable	759,061
Accounts receivable – other	632,082	Deposits received	75,820
Other	531,544	Provision for bonuses	362,000
Allowance for doubtful accounts	(1,933)	Other	177,687
Non-current assets	21,033,617	Non-current liabilities	5,939,687
Property, plant and equipment	11,553,057	Long-term loans payable	5,100,000
Buildings	6,467,878	Leasehold and guarantee deposits received	100,428
Structures	162,743	Lease obligations	108,480
Machinery and equipment	10,147	Deferred tax liabilities	168,661
Vehicles	0	Provision for retirement benefits	205,157
Tools, furniture and fixtures	44,929	Other	256,960
Land	2,792,497		
Leased assets	143,659	Total liabilities	32,203,852
Construction in progress	1,931,201		
Intangible assets	96,512	Net assets	
Software	89,836	Shareholders' equity	24,765,102
Telephone subscription right	6,675	Share capital	3,379,736
Investments and other assets	9,384,047	Capital surplus	3,045,192
Investment securities	2,812,825	Legal capital surplus	3,042,770
Shares of subsidiaries and affiliates	3,174,800	Other capital surplus	2,422
Investments in capital	9,485	Retained earnings	19,289,596
Investments in capital of subsidiaries and affiliates	3,095,966	Legal retained earnings	523,872
Long-term loans receivable	4,923	Other retained earnings	18,765,723
Insurance premiums	78,949	Reserve for tax purpose reduction entry of non-current assets	48,262
Other	255,688	General reserve	11,710,000
Allowance for doubtful accounts	(48,591)	Retained earnings brought forward	7,007,460
		Treasury stock	(949,422)
		Valuation and translation adjustments	1,283,151
		Valuation difference on available-for-sale securities	1,331,010
		Deferred gains or losses on hedges	(47,858)
		Total net assets	26,048,254
Total assets	58,252,106	Total liabilities and net assets	58,252,106

Non-consolidated Statement of Income

(From November 1, 2019 to October 31, 2020)

(Thousand yen)

Item	Amount	
Net sales		
Net sales of goods	85,059,207	
Real estate lease revenue	446,149	85,505,357
Cost of sales		
Cost of goods sold	75,449,896	
Cost of real estate lease revenue	324,695	75,774,592
Gross profit		9,730,765
Selling, general and administrative expenses		7,176,809
Operating profit		2,553,955
Non-operating profit		
Interest income	17,750	
Dividend income	105,226	
Commission income	14,549	
Insurance claim income	13,694	
Foreign exchange gains	14,419	
Other	18,487	184,128
Non-operating expenses		
Interest expense	141,886	
Other	13,228	155,114
Ordinary profit		2,582,969
Extraordinary income		
Gain on sales of investment securities	9,787	9,787
Extraordinary losses		
Expenses for dismantling non-current assets	136,100	
Loss on retirement of non-current assets	914	137,014
Income before income taxes		2,455,743
Income taxes – current	860,398	
Income taxes – deferred	(155,884)	704,514
Profit		1,751,229

Consolidated Statement of Changes in Equity

(From November 1, 2019 to October 31, 2020)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	3,379,736	3,046,538	31,375,068	(451,029)	37,350,314
Changes during period					
Dividends of surplus			(793,639)		(793,639)
Profit attributable to owners of parent			2,797,785		2,797,785
Purchase of treasury stock				(520,244)	(520,244)
Disposal of treasury stock		2,421		21,851	24,272
Net changes in items other than shareholders' equity					—
Total changes during period	—	2,421	2,004,146	(498,393)	1,508,173
Balance at end of period	3,379,736	3,048,959	33,379,214	(949,422)	38,858,488

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,667,948	14,656	168,594	(32,256)	1,818,942	762,576	39,931,833
Changes during period							
Dividends of surplus							(793,639)
Profit attributable to owners of parent							2,797,785
Purchase of treasury stock							(520,244)
Disposal of treasury stock							24,272
Net changes in items other than shareholders' equity	(251,414)	(62,515)	11,705	(11,023)	(313,247)	25,564	(287,683)
Total changes during period	(251,414)	(62,515)	11,705	(11,023)	(313,247)	25,564	1,220,490
Balance at end of period	1,416,533	(47,858)	180,300	(43,280)	1,505,694	788,140	41,152,323

Non-Consolidated Statement of Changes in Equity

(From November 1, 2019 to October 31, 2020)

(Thousand yen)

	Shareholders' equity								
	Share capital	Capital surplus			Legal retained earnings	Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings			
						Reserve for tax purpose reduction entry of non-current assets	Reserve for special depreciation	General reserve	Retained earnings brought forward
Balance at beginning of period	3,379,736	3,042,770	1	3,042,771	523,872	48,277	9,001	11,710,000	6,040,855
Changes during period									
Dividends of surplus									(793,639)
Reversal of reserve for tax purpose reduction entry of non-current assets						(14)			14
Reversal of reserve for special depreciation							(9,001)		9,001
Profit									1,751,229
Purchase of treasury stock									
Disposal of treasury stock			2,421	2,421					
Net changes in items other than shareholders' equity									
Total changes during period	—	—	2,421	2,421	—	(14)	(9,001)	—	966,605
Balance at end of period	3,379,736	3,042,770	2,422	3,045,192	523,872	48,262	—	11,710,000	7,007,460

	Shareholders' equity			Valuation and translation adjustments			Total net assets
	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Total retained earnings						
Balance at beginning of period	18,332,006	(451,029)	24,303,485	1,580,320	14,656	1,594,977	25,898,462
Changes during period							
Dividends of surplus	(793,639)		(793,639)				(793,639)
Reversal of reserve for tax purpose reduction entry of non-current assets	—		—				—
Reversal of reserve for special depreciation	—		—				—
Profit	1,751,229		1,751,229				1,751,229
Purchase of treasury stock	—	(520,244)	(520,244)				(520,244)
Disposal of treasury stock	—	21,851	24,272				24,272
Net changes in items other than shareholders' equity				(249,310)	(62,515)	(311,825)	(311,825)
Total changes during period	957,589	(498,393)	461,617	(249,310)	(62,515)	(311,825)	149,791
Balance at end of period	19,289,596	(949,422)	24,765,102	1,331,010	(47,858)	1,283,151	26,048,254