

(TRANSLATION)

Security Code: 2282  
June 3, 2019

To the Shareholders:

### Notice of the 74th Ordinary General Meeting of Shareholders

Please take notice that the 74th Ordinary General Meeting of Shareholders of NH Foods Ltd. will be held as described below and you are cordially invited to be present at such meeting.

Since you can exercise your voting rights in writing even if you are not present at the meeting, please review the “Reference Document for the General Meeting of Shareholders” set forth below and send us by 5:00 p.m., June 24 (Monday), 2019, the enclosed voting form indicating your approval or disapproval of the propositions.

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 (Tuesday), 2019, 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  
Since the meeting place has been changed from that of the previous year, please be sure to attend the correct meeting place.

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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 74th fiscal year (from April 1, 2018 to March 31, 2019)
2. Report on the results of audit of the consolidated financial statements for the 74th fiscal year by the Accounting Auditors and the Audit & Supervisory Board

Matters for resolution:

- |                    |   |
|--------------------|---|
| Proposition No. 1: | Election of 9 Directors                                   |
| Proposition No. 2: | Election of 5 Audit & Supervisory Board Members           |
| Proposition No. 3: | Election of 1 Substitute Audit & Supervisory Board Member |

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(TRANSLATION)

**To the Shareholders**

I am Yoshihide Hata, President and Representative Director.

Enclosed is a notice of the 74th Ordinary General Meeting of Shareholders of NH Foods Ltd.

With a view to realizing the theme “Building systems that pave the way to the future,” stated in the “Medium-Term Management Plan 2020” (from April 1, 2018 to March 31, 2021), the Group is committed to implementing various management measures and working as a fully united group to achieve the numerical targets under the Plan.

We look forward to our shareholders’ ongoing support.

June 2019

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 9 Directors

Mr. Koji Kawamura resigned as Director on March 31, 2019, while 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, we will increase the number of Outside Directors by 1 to further strengthen the supervisory functions of the Board of Directors, and it is therefore proposed that 9 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 43.

The candidates for Directors are selected based on the recommendation from the Executive Appointments Committee, an optional committee whose majority members consists 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	Katsumi Inoue (Reappointment)	Vice President and Representative Director (Executive Vice President), General Manager of Fresh Meats Business Division	19/19 (100%)
3	Tetsuhiro Kito (Reappointment)	Director and Managing Executive Officer, General Manager of Overseas Business Division	18/19 (94.7%)
4	Hajime Takamatsu (Reappointment)	Director and Managing Executive Officer, General Manager of Corporate Management Division and General Manager of Tokyo Branch Office	19/19 (100%)
5	Nobuhisa Ikawa (Reappointment)	Director and Managing Executive Officer, General Manager of Processed Foods Business Division	13/13 (100%)
6	Yasuko Kono (Reappointment) Outside Director Independent Officer	Outside Director	13/13 (100%)
7	Sadanori Miyagai (New appointment)	Managing Executive Officer, in charge of Quality Assurance Department, Customer Service Department and CSR Department	-
8	Atsushi Iwasaki (New appointment) Outside Director Independent Officer	Outside Audit & Supervisory Board Member	18/19 (94.7%)
9	Hideo Arase (New appointment) Outside Director Independent Officer		-


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

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


(TRANSLATION)

- (Notes) 1. Regarding the number of attendance at the Board of Directors meetings for Mr. Nobuhisa Ikawa and Ms. Yasuko Kono, only the meetings of the Board of Directors held subsequent to their assumption of office on June 26, 2018 are counted.
2. Regarding the number of attendance at the Board of Directors meetings for Mr. Atsushi Iwasaki, only the meetings of the Board of Directors attended as Outside Audit & Supervisory Board Member are counted.

## (TRANSLATION)

Candidate No.	Name (Date of birth) <Number of shares of NH Foods Ltd. held by Candidate>	Brief history	
1	  Yoshihide Hata (May 20, 1958)  <13,500 shares>  (Reappointment)  (8 years)  (19/19 100%)	April 1981 March 2003 March 2007  April 2008 April 2009 April 2011  June 2011 April 2012  April 2015  January 2018	Joined Nippon Meat Packers, Inc. Assistant General Manager of Accounting Department Deputy General Manager of Accounting Department, Corporate Planning Division of Nippon Meat Packers, Inc. General Manager of Accounting & Finance Department of Nippon Meat Packers, Inc. Executive Officer, General Manager of Accounting & Finance Department of Nippon Meat Packers, Inc. Executive Officer, General Manager of Accounting & Finance Department and in charge of IT Planning Department of Nippon Meat Packers, Inc. Director and Executive Officer, General Manager of Accounting & Finance Department and in charge of IT Planning Department of Nippon Meat Packers, Inc. 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. Vice President and Representative Director (Executive Vice President), General Manager of Corporate Management Division of NH Foods Ltd. President and Representative Director (President and CEO) of NH Foods Ltd., to date
Reason for nomination as a candidate for Director 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. 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.			

## (TRANSLATION)

Candidate No.	Name (Date of birth) <Number of shares of NH Foods Ltd. held by Candidate>	Brief history	
2	 <p>Katsumi Inoue (January 16, 1956) &lt;4,955 shares&gt; (Reappointment) (4 years) (19/19 100%)</p>	<p>April 1978 January 1985 April 2003  June 2004  October 2004  April 2006  April 2007  April 2012 April 2013 February 2015  April 2015 June 2015  April 2018</p>	<p>Joined Nippon Meat Packers, Inc. Seconded to Nippon Meat Packers Australia Pty. Ltd. Executive Officer of Nippon Meat Packers, Inc., Vice President and Director, General Manager of Production Management of Nippon Meat Packers Australia Pty. Ltd. Executive Officer of Nippon Meat Packers, Inc., Vice President and Director, General Manager of Production Management of Nippon Meat Packers Australia Pty. Ltd., President and Director of M.Q.F. Pty. Ltd. Executive Officer of Nippon Meat Packers, Inc., Vice President and Director of Nippon Meat Packers Australia Pty. Ltd., President and Director of M.Q.F. Pty. Ltd. Executive Officer, General Manager of Production Management, Australia, Fresh Meats Business Division of Nippon Meat Packers, Inc., Vice President and Director of Nippon Meat Packers Australia Pty. Ltd. Executive Officer, General Manager of Operations Management, Australia, Fresh Meats Business Division of Nippon Meat Packers, Inc., President and Director of Nippon Meat Packers Australia Pty. Ltd. Executive Officer, in charge of Special Mission, Fresh Meats Business Division of Nippon Meat Packers, Inc. Executive Officer, General Manager of Imported Fresh Meats Sales Division, Fresh Meats Business Division of Nippon Meat Packers, Inc. Executive Officer, General Manager of Imported Fresh Meats Sales Division, Chilled Beef Department and Frozen Beef Department, Fresh Meats Business Division of NH Foods Ltd. Senior Managing Executive Officer, General Manager of Fresh Meats Business Division of NH Foods Ltd. Director and Senior Managing Executive Officer, General Manager of Fresh Meats Business Division of NH Foods Ltd. Vice President and Representative Director (Executive Vice President), General Manager of Fresh Meats Business Division of NH Foods Ltd., to date</p>

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Reason for nomination as a candidate for Director

Mr. Katsumi Inoue, since taking office as a Director of NH Foods Ltd., has led business operations in the field of Fresh Meats Business, and since April 2018, has led business operations as Vice President and Representative Director, as well as 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.

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.



## (TRANSLATION)

Candidate No.	Name (Date of birth) <Number of shares of NH Foods Ltd. held by Candidate>	Brief history	
3	 <p>Tetsuhiro Kito (February 9, 1960) &lt;5,500 shares&gt; (Reappointment) (4 years) (18/19 94.7%)</p>	<p>April 1982 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>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 &amp; Marketing Division, Processed Foods Business Division of Nippon Meat Packers, Inc.</p> <p>Executive Officer, General Manager of Food Services Division, Sales &amp; Marketing Division, Processed Foods Business Division of Nippon Meat Packers, Inc.</p> <p>Executive Officer, General Manager of General Merchandising Division, Sales &amp; Marketing Division, Processed Foods Business Division of Nippon Meat Packers, Inc.</p> <p>Executive Officer, General Manager of Sales &amp; Marketing Division, Processed Foods Business Division of NH Foods Ltd.</p> <p>Director and Executive Officer, General Manager of Sales &amp; Marketing Division, Processed Foods Business Division of NH Foods Ltd.</p> <p>Director and Managing Executive Officer, General Manager of Sales &amp; 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., 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 since April 2019, has led business operations as General Manager of Overseas Business Division. 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	
4	 <p>Hajime Takamatsu (June 16, 1957) &lt;4,100 shares&gt; (Reappointment) (4 years) (19/19 100%)</p>	<p>April 1981 April 2005</p> <p>April 2007</p> <p>April 2008</p> <p>October 2008</p> <p>April 2012</p> <p>April 2013</p> <p>April 2014</p> <p>April 2015</p> <p>June 2015</p>	<p>Joined Nippon Meat Packers, Inc. Assistant General Manager of Marketing Office, Processed Foods Business Division of Nippon Meat Packers, Inc. General Manager of Distribution Development Office, Administrative Division, Processed Foods Business Division of Nippon Meat Packers, Inc. Assistant General Manager of Corporate Strategy Office, Corporate Management Division of Nippon Meat Packers, Inc. General Manager of Corporate Strategy Office, Corporate Management Division of Nippon Meat Packers, Inc. Executive Officer, General Manager of General Affairs Department, in charge of Human Resources Department and Legal Affairs Department of Nippon Meat Packers, Inc. Executive Officer, in charge of General Affairs Department, Human Resources Department, Legal Affairs Department and Engineering Department of Nippon Meat Packers, Inc. Executive Officer, General Manager of Corporate Planning Department, Corporate Management Division, in charge of Research &amp; Development Center of Nippon Meat Packers, Inc. Executive Officer, General Manager of Corporate Planning Department, in charge of CSR Department and IT Strategy Department, Corporate Management Division, and in charge of Research &amp; Development Center of NH Foods Ltd. Director and Executive Officer, General Manager of Corporate Planning Department, in charge of CSR Department and IT Strategy Department, Corporate Management Division, and in charge of Research &amp; Development Center of NH Foods Ltd.</p>

## (TRANSLATION)

Candidate No.	Name (Date of birth) <Number of shares of NH Foods Ltd. held by Candidate>	Brief history	
4	Hajime Takamatsu (June 16, 1957)  <4,100 shares>  (Reappointment)  (4 years)  (19/19 100%)	April 2016	Director and Executive Officer, in charge of Quality Assurance Department and Customer Service Department, in charge of Human Resources Department, Legal Affairs Department, General Affairs Department, Accounting & Finance Department, IT Strategy Department of Corporate Management Division, and General Manager of Tokyo Branch Office of NH Foods Ltd.
		April 2017	Director and Managing Executive Officer, in charge of Human Resources Department, Legal Affairs Department, General Affairs Department, Accounting & Finance Department and IT Strategy Department of Corporate Management Division, and General Manager of Tokyo Branch Office of NH Foods Ltd.
		January 2018	Director and Managing Executive Officer, General Manager of Corporate Management Division; General Manager of Corporate Planning Department, and in charge of Human Resources Department, Legal Affairs Department, General Affairs Department, Accounting & Finance Department, IT Strategy Department and Research & Development Center, and General Manager of Tokyo Branch Office of NH Foods Ltd.
		April 2018	Director and Managing Executive Officer, General Manager of Corporate Management Division and General Manager of Tokyo Branch Office of NH Foods Ltd.
		January 2019	Director and Managing Executive Officer, General Manager of Corporate Management Division, in charge of Quality Assurance Department and Customer Service Department and General Manager of Tokyo Branch Office of NH Foods Ltd.
		April 2019	Director and Managing Executive Officer, General Manager of Corporate Management Division and General Manager of Tokyo Branch Office of NH Foods Ltd.
<p>Reason for nomination as a candidate for Director</p> <p>Mr. Hajime Takamatsu, since taking office as a Director of NH Foods Ltd., has led business operations in the field of corporate planning, quality assurance, customer service and corporate management, and since January 2018, has led business operations as General Manager of Corporate Management Division. 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	
5	 Nobuhisa Ikawa (April 5, 1961) <1,100 shares> (Reappointment) (1 year) (13/13 100%)	April 1985 March 2007 April 2008 March 2013 January 2015 April 2015 April 2016 April 2017 April 2018 June 2018	Joined Nippon Meat Packers, Inc. General Manager of Food Services Policy Office, Food Services Division, Sales & Marketing Division, Processed Foods Business Division of Nippon Meat Packers, Inc. General Manager of Food Services Planning Office, Food Services Division, Sales & Marketing Division, Processed Foods Business Division of Nippon Meat Packers, Inc. General Manager of Kansai Food Services Division, Food Services Division, Sales & Marketing Division, Processed Foods Business Division of Nippon Meat Packers, Inc. 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. Executive Officer, General Manager of Food Services Division, Sales & Marketing Division, Processed Foods Business Division of NH Foods Ltd. 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. Executive Officer, General Manager of Food Services Division, Sales & Marketing Division, Processed Foods Business Division of NH Foods Ltd. Managing Executive Officer, General Manager of Processed Foods Business Division of NH Foods Ltd. Director and Managing Executive Officer, General Manager of Processed Foods Business Division of NH Foods Ltd., to date
Reason for nomination as a candidate for Director Mr. Nobuhisa Ikawa, since taking office as a Director of NH Foods Ltd., has led business operations as General Manager of Processed Foods Business Division, and has contributed to further development of the Group through implementation of various measures of the Medium-Term Management Plan 2020. 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.			

## (TRANSLATION)

Candidate No.	Name (Date of birth) <Number of shares of NH Foods Ltd. held by Candidate>	Brief history
6	 <p>Yasuko Kono (February 4, 1957)</p> <p>&lt;- shares&gt;</p> <p>(Candidate for Outside Director) (Independent Officer) (Reappointment)</p> <p>(1 year)</p> <p>(13/13 100%)</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) Member of Shokuiku (Food and Nutrition Education) Promotion Council, Cabinet Office</p> <p>October 2013 Expert Member of Food Safety Commission, Cabinet Office 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 Director General of Consumers' Smile Fund (NPO), to date</p> <p>June 2018 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>(Important concurrent office) Director of Japan Consumers' Association (General Incorporated Foundation) Director General of Consumers' Smile Fund (NPO) 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</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 been actively sharing her opinions as a member of the Executive Appointments Committee, the Compensation Committee and the CSR Promotion Committee, and fulfilling 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	
7	  Sadanori Miyagai (February 9, 1960)  <4,800 shares>  (New appointment)	April 1982 March 2005  April 2008  March 2009  April 2012  April 2014  April 2015  April 2016  April 2019	Joined Nippon Meat Packers, Inc. Assistant General Manager of Corporate Planning Department, Corporate Planning Division of Nippon Meat Packers, Inc. Assistant General Manager of Corporate Planning Department, Corporate Management Division of Nippon Meat Packers, Inc. Deputy General Manager of Corporate Planning Department, Corporate Management Division of Nippon Meat Packers, Inc. Executive Officer, General Manager of Corporate Planning Department, Corporate Management Division and in charge of Research & Development Center of Nippon Meat Packers, Inc. Executive Officer, in charge of General Affairs Department, Human Resources Department, Legal Affairs Department and Engineering Department of Nippon Meat Packers, Inc. 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. Managing Executive Officer, General Manager of Administrative Division, Business Planning Office and Research and Examination Office, Fresh Meats Business Division of NH Foods Ltd. Managing Executive Officer, in charge of Quality Assurance Department, Customer Service Department and CSR Department of NH Foods Ltd., to date
Reason for nomination as a candidate for Director Mr. Sadanori Miyagai has mainly been engaged in operations related to corporate planning, corporate management section, and administrative section of Fresh Meats Business Division, and since April 2019, he has led business operations as Managing Executive Officer in charge of the Quality Assurance Department, Customer Service Department and CSR Department 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. 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.			

## (TRANSLATION)

Candidate No.	Name (Date of birth) <Number of shares of NH Foods Ltd. held by Candidate>	Brief history	
8	 Atsushi Iwasaki (January 9, 1959)  <- shares>  (Candidate for Outside Director) (Independent Officer) (New appointment)  (18/19 94.7%)	November 1990 March 1991 March 1997 August 2005  September 2005 June 2013 June 2015  June 2016	Joined Century Audit Corporation (current Ernst & Young ShinNihon LLC) Registered as certified public accountant Registered as licensed real estate appraiser Retired from ShinNihon Audit Firm (current Ernst & Young ShinNihon LLC) Head of Iwasaki Certified Public Accountant Office, to date Outside Director of ISEKI&CO., LTD., to date Outside Audit & Supervisory Board Member of NH Foods Ltd., to date Outside Audit & Supervisory Board Member of OLYMPUS CORPORATION, to date (Important concurrent office) Head of Iwasaki Certified Public Accountant Office Outside Director of ISEKI&CO., LTD. Outside Audit & Supervisory Board Member of OLYMPUS CORPORATION (He will retire from the position on June 25, 2019 and will take office as an Outside Director of OLYMPUS CORPORATION on the same date)
Reason for nomination as a candidate for Outside Director Mr. Atsushi Iwasaki, since taking office as an Outside Audit & Supervisory Board Member of NH Foods Ltd., from time to time, has expressed his opinions on management in general as well as finance and accounting based on his professional knowledge as a certified public accountant and his abundant experience, fulfilling his role as an Outside Audit & Supervisory Board Member of NH Foods Ltd. He has a proven track record and experience as an Audit & Supervisory Board Member and professional knowledge as a certified public accountant. Therefore, 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 nominated him as a candidate for Outside Director.			



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[Special Notes]

1. Mr. Atsushi Iwasaki, serving as an Outside Audit & Supervisory Board Member of NH Foods Ltd., will have been in office for 4 years at the conclusion of this General Meeting of Shareholders. He will resign from his office as an Outside Audit & Supervisory Board Member at the conclusion of this General Meeting of Shareholders due to expiration of the term of his office.
2. Regarding the number of attendance at the Board of Directors meetings, only the meetings of the Board of Directors attended as an Outside Audit & Supervisory Board Member are counted.
3. 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	
9	 <p>Hideo Arase (March 19, 1955)</p> <p>&lt;- shares&gt;</p> <p>(Candidate for Outside Director) (Independent Officer) (New appointment)</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>(Important concurrent office)</p> <p>Corporate Advisor of Terumo Corporation (He will retire from the position on June 22, 2019)</p> <p>Executive Officer of Atom Medical Corporation</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, to date</p> <p>Executive Officer of Atom Medical Corporation, to date</p>
<p>Reason for nomination as a candidate for Outside Director</p> <p>Mr. Hideo Arase 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 nominated him as a candidate for Outside Director.</p>			

- (Notes)
1. No candidates for Directors have a special relation of interest with NH Foods Ltd.
  2. Number of shares of NH Foods Ltd. held by Candidate:  
Since NH Foods Ltd. carried out a share consolidation (one share for every two shares) on April 1, 2018, the aforementioned “Number of shares of NH Foods Ltd. held by Candidate” refers to the number of shares after the said share consolidation. The number of shares held by Mr. Nobuhisa Ikawa refers to his holdings through the “Nipponham Group Officers’ Stock Ownership Plan.”
  3. 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

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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 a candidate for Outside Director Ms. Yasuko Kono. In addition, NH Foods Ltd. plans to enter into such liability limitation agreement with Mr. Atsushi Iwasaki and Mr. Hideo Arase, subject to the approval of their election under this proposal.

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.

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Proposition No. 2: Election of 5 Audit & Supervisory Board Members

Mr. Shunichi Ogata passed away on October 22, 2018 and resigned as Audit & Supervisory Board Member, while the term of office of all 4 Audit & Supervisory Board Members currently in office will expire at the conclusion of this General Meeting or Shareholders. It is therefore proposed that 5 Audit & Supervisory Board Members be elected. With respect to the submission of this proposition, consent has been obtained from the Audit & Supervisory Board.

The candidates for Audit & Supervisory Board Members are as follows. Among the candidates for Audit & Supervisory Board Members, the candidates for Outside Audit & Supervisory Board Members satisfy the requirements for independent officer as stipulated by the Tokyo Stock Exchange, Inc. NH Foods Ltd. has determined that the candidates for Outside Audit & Supervisory Board Members are deemed to be independent of NH Foods Ltd., having checked them against the “Criteria on Independence of Outside Officers” described on page 43.

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

Candidate No.	Name	Current title	Number of attendance to the Board of Directors meetings	Number of attendance to the Audit & Supervisory Board meetings
1	Koichi Nishihara (Reappointment)	Full-time Audit & Supervisory Board Member	19/19 (100%)	27/27 (100%)
2	Akihiko Shiba (Reappointment) Outside Audit & Supervisory Board Member Independent Officer	Outside Audit & Supervisory Board Member	19/19 (100%)	26/27 (96.3%)
3	Nobuyuki Tazawa (New appointment)	Advisor	-	-
4	Masayuki Kitaguchi (New appointment) Outside Audit & Supervisory Board Member Independent Officer		-	-
5	Tokushi Yamasaki (New appointment) Outside Audit & Supervisory Board Member Independent Officer		-	-


Reappointment: reappointed candidate for Audit & Supervisory Board Member

New appointment: newly appointed candidate for Audit & Supervisory Board Member

Outside Audit & Supervisory Board Member: candidate for Outside Audit & Supervisory Board Member

Independent Officer: candidate for Independent Officer

## (TRANSLATION)

Candidate No.	Name (Date of birth) <Number of shares of NH Foods Ltd. held by Candidate>	Brief history	
1	 <p>Koichi Nishihara (September 28, 1956)</p> <p>&lt;3,600 shares&gt;</p> <p>(Reappointment)</p> <p>(4 years)</p> <p>(Number of attendance to the Board of Directors meetings: 19/19 100%)</p> <p>(Number of attendance to the Audit &amp; Supervisory Board meetings: 27/27 100%)</p>	<p>April 1975</p> <p>March 2002</p> <p>March 2003</p> <p>April 2003</p> <p>August 2003</p> <p>April 2008</p> <p>March 2009</p> <p>April 2012</p> <p>March 2015</p> <p>June 2015</p>	<p>Joined Nippon Meat Packers, Inc.</p> <p>Acting General Manager of Public Relations Office of Nippon Meat Packers, Inc.</p> <p>General Manager of Public Relations Office of Nippon Meat Packers, Inc.</p> <p>General Manager of Public Relations Office, Corporate Administration Division of Nippon Meat Packers, Inc.</p> <p>General Manager of Public Relations Department, Corporate Administration Division of Nippon Meat Packers, Inc.</p> <p>General Manager of Public and Investor Relations Department, Corporate Management Division of Nippon Meat Packers, Inc.</p> <p>General Manager of General Affairs Department of Nippon Meat Packers, Inc.</p> <p>Executive Officer, General Manager of Compliance Department and in charge of Environmental &amp; Social Responsibility Office of Nippon Meat Packers, Inc.</p> <p>Corporate Advisor of NH Foods Ltd.</p> <p>Audit &amp; Supervisory Board Member of NH Foods Ltd., to date</p>
<p>Reason for nomination as a candidate for Audit &amp; Supervisory Board Member</p> <p>Mr. Koichi Nishihara, since taking office as an Audit &amp; Supervisory Board Member of NH Foods Ltd., has provided appropriate suggestions based on on-site physical inspections, contributing to enhance the effectiveness of audit by the Audit &amp; Supervisory Board as a whole.</p> <p>We have deemed him to be the appropriate personnel to contribute to strengthen the functions of the Audit &amp; Supervisory Board of NH Foods Ltd. because of his rich work experience and knowledge concerning compliance, and so have continued to nominate him as a candidate for Audit &amp; Supervisory Board Member.</p>			

## (TRANSLATION)


Candidate No.	Name (Date of birth) <Number of shares of NH Foods Ltd. held by Candidate>	Brief history	
2	 <p>Akihiko Shiba (March 30, 1967)</p> <p>&lt;- shares&gt;</p> <p>(Candidate for Outside Audit &amp; Supervisory Board Member) (Independent Officer) (Reappointment)</p> <p>(4 years)</p> <p>(Number of attendance to the Board of Directors meetings: 19/19 100%)</p> <p>(Number of attendance to the Audit &amp; Supervisory Board meetings: 26/27 96.3%)</p>	<p>April 1991 January 1993 July 1996</p> <p>July 1998</p> <p>October 2004</p> <p>April 2010</p> <p>May 2010</p> <p>June 2010 June 2011</p> <p>June 2013</p> <p>December 2013 June 2015</p> <p>(Important concurrent office)</p>	<p>Joined National Police Agency</p> <p>Assistant Professor of National Police Academy</p> <p>Section Manager of Foreign Affairs Division, Security Department of Kanagawa Prefectural Police Headquarters</p> <p>Assistant Section Manager of Foreign Affairs Division, Security Bureau of National Police Agency</p> <p>Registered with Daini Tokyo Bar Association Joined T.Kunihiro &amp; Co. Attorneys-at-Law</p> <p>Established Shiba Management Legal Office (current SHIBA &amp; TANAKA LAW OFFICES)</p> <p>Outside Audit &amp; Supervisory Board Member of Fukuda Denshi Co., Ltd.</p> <p>Outside Director of VeriServe Corporation</p> <p>Substitute Audit &amp; Supervisory Board Member of Nippon Meat Packers, Inc.</p> <p>Audit &amp; Supervisory Board Member of Okamoto Glass Co., Ltd.</p> <p>Outside Statutory Auditor of Airport Facilities Co., Ltd., to date</p> <p>Outside Director of Minnano Wedding Co., Ltd.</p> <p>Audit &amp; Supervisory Board Member of NH Foods Ltd., to date</p> <p>Attorney at law (Partner) of SHIBA &amp; TANAKA LAW OFFICES</p> <p>Outside Statutory Auditor of Airport Facilities Co., Ltd.</p>
<p>Reason for nomination as a candidate for Outside Audit &amp; Supervisory Board Member</p> <p>Mr. Akihiko Shiba, since taking office as an Audit &amp; Supervisory Board Member of NH Foods Ltd., has been actively sharing his opinions as a member of the Executive Appointments Committee and an observer of the Compliance Committee, and fulfilling his role as an Outside Audit &amp; Supervisory Board Member of NH Foods Ltd.</p> <p>We have deemed him to be the appropriate personnel to contribute to strengthen the functions of the Audit &amp; Supervisory Board of NH Foods Ltd. because of his professional standpoint and abundant experience as an attorney at law, and so have continued to nominate him as a candidate for Outside Audit &amp; Supervisory Board Member.</p>			

(TRANSLATION)

[Special Notes]


1. 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 NH Foods Ltd. during the period when a candidate for Outside Audit & Supervisory Board Member was in the final term of office as Outside Audit & Supervisory Board Member, and the summary of actions taken by the candidate to prevent the occurrence of such fact and to respond thereto after the occurrence  
Concerning a lactic acid bacterium for animal feed for which the Research and Development Center of NH Foods Ltd. obtained a patent in 2010, it was found in May 2015 that in spite of the fact that researches conducted after the application of the patent but before the grant thereof had revealed that the efficacy as described in the application was not verified, the Research and Development Center moved forward with the patent procedure and obtained the patent. It was also found that NH Foods Ltd. entered into a license agreement with its client pharmaceutical company with respect to the feed using such lactic acid bacterium, and continued the agreement with the company.  
Outside Audit & Supervisory Board Member Mr. Akihiko Shiba had not served as an Audit & Supervisory Board Member of NH Foods Ltd. at the time of the occurrence of such fact. However, since he assumed the office of Audit & Supervisory Board Member of NH Foods Ltd., he has been conducting audits with other Audit & Supervisory Board Members to ensure the proper execution of business on a regular basis. After such fact became known, he has been fulfilling his role, including the monitoring of the implementation status of recurrence prevention measures.
2. In the case where a candidate for Outside Audit & Supervisory Board Member 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  
In November 2014, Minnano Wedding Co., Ltd., for which Mr. Akihiko Shiba served as an Outside Director, was found to have conducted inappropriate accounting under the initiative of its Representative Director and other executives. In order to prevent the occurrence of such fact, Mr. Shiba had been monitoring whether the business was executed legally and appropriately by his peer Directors at Minnano Wedding Co., Ltd., through participating in the deliberation of matters to be resolved and matters reported at the monthly Board of Directors meeting. The above fact of inappropriate accounting had been discovered and pointed out by its accounting auditor, before the relevant accounting report, etc. was presented to the Board of Directors of Minnano Wedding Co., Ltd. He, as a member of the internal investigation team, has been engaged in internal investigation activities regarding such fact and has been fulfilling his role, including probing facts and making suggestions on recurrence prevention measures.

## (TRANSLATION)


Candidate No.	Name (Date of birth) <Number of shares of NH Foods Ltd. held by Candidate>	Brief history	
3	  Nobuyuki Tazawa (November 4, 1961)  <2,658 shares>  (New appointment)	April 1984 March 2005  March 2008 April 2012 April 2015 April 2017 April 2019	Joined Nippon Meat Packers, Inc. Assistant General Manager of Administrative Office, Processed Foods Business Division of Nippon Meat Packers, Inc. General Manager of Administrative Office, Processed Foods Business Division of Nippon Meat Packers, Inc. Deputy General Manager of Corporate Planning Department, Corporate Management Division of Nippon Meat Packers, Inc. Deputy General Manager of Corporate Planning Department, Corporate Management Division of NH Foods Ltd. Executive Officer, General Manager of Administrative Division, Processed Foods Business Division of NH Foods Ltd. Advisor of NH Foods Ltd., to date
Reason for nomination as a candidate for Audit & Supervisory Board Member Mr. Nobuyuki Tazawa has mainly been engaged in operations related to Processed Foods Business Division and corporate planning, and possesses rich work experience and knowledge concerning business administration as an Executive Officer, General Manager of Administrative Division, Processed Foods Business Division of NH Foods Ltd. from April 2017 to March 2019. We have deemed him to be the appropriate personnel to contribute to strengthen the functions of the Audit & Supervisory Board of NH Foods Ltd. because of his rich work experience and knowledge, and so have nominated him as a candidate for Audit & Supervisory Board Member.			



## (TRANSLATION)

Candidate No.	Name (Date of birth) <Number of shares of NH Foods Ltd. held by Candidate>	Brief history	
4	  Masayuki Kitaguchi (April 28, 1967)  <- shares>  (Candidate for Outside Audit & Supervisory Board Member) (Independent Officer) (New appointment)	November 1997 April 2002 June 2003 July 2003 January 2013 January 2015 June 2016 March 2019	Joined Century Audit Corporation (current Ernst & Young ShinNihon LLC) Registered as certified public accountant Retired from ShinNihon Audit Firm (current Ernst & Young ShinNihon LLC) Chief of Kitaguchi Certified Public Accountant Office, to date Registered with Osaka Bar Association, Chief of Kitaguchi Law Office Head of Showa Law Office, to date Substitute Audit & Supervisory Board Member of NH Foods Ltd., to date Outside Audit & Supervisory Board Member of Glad Cube Inc., to date (Important concurrent office) Chief of Kitaguchi Certified Public Accountant Office Head of Showa Law Office Outside Audit & Supervisory Board Member of Glad Cube Inc.
Reason for nomination as a candidate for Outside Audit & Supervisory Board Member Mr. Masayuki Kitaguchi possesses professional knowledge and abundant experience as a certified public accountant and attorney at law. Since 2016, he has been providing suggestions on the governance and enhancement of corporate value of the Group as a member of the Corporate Value Enhancement Committee. For these reasons, we have deemed him to be the appropriate personnel to contribute to strengthen the functions of the Audit & Supervisory Board of NH Foods Ltd., and so have nominated him as a candidate for Outside Audit & Supervisory Board Member.			

## (TRANSLATION)

Candidate No.	Name (Date of birth) <Number of shares of NH Foods Ltd. held by Candidate>	Brief history	
5	  Tokushi Yamasaki (February 16, 1961)  <- shares>  (Candidate for Outside Audit & Supervisory Board Member) (Independent Officer) (New appointment)	April 1985    Joined Meiji Seika Kaisha, Ltd. (current Meiji Holdings Co., Ltd.) July 1989    Joined Daiwa Securities Research Institute (current Daiwa Institute of Research Ltd.) Analyst of Corporate Research Department April 2001    Analyst of Food Sector, Corporate Research Department of Daiwa Securities Research Institute January 2008   Analyst of Food Sector, Corporate Research Department of Daiwa Securities SMBC Co. Ltd. (current Daiwa Securities Co. Ltd.) February 2015   Strategist of Invest Strategy Department of Daiwa Securities Co. Ltd. October 2015   Product Manager of Equity Research Department of Daiwa Securities Co. Ltd. March 2019    Retired from Daiwa Securities Co. Ltd.	
Reason for nomination as a candidate for Outside Audit & Supervisory Board Member Mr. Tokushi Yamasaki has served as a securities analyst of food sector in a major securities company, and possesses professional knowledge and abundant experience in food companies in general, including the Group. For these reasons, we have deemed him to be the appropriate personnel to contribute to strengthen the functions of the Audit & Supervisory Board of NH Foods Ltd., and so have nominated him as a candidate for Outside Audit & Supervisory Board Member.			

(Notes) 1. No candidates for Audit & Supervisory Board Members have a special relation of interest with NH Foods Ltd.

2. Number of shares of NH Foods Ltd. held by Candidate:

Since NH Foods Ltd. carried out a share consolidation (one share for every two shares) on April 1, 2018, the aforementioned “Number of shares of NH Foods Ltd. held by Candidate” refers to the number of shares after the said share consolidation.

3. Liability limitation agreement with Outside Audit & Supervisory Board Members:

NH Foods Ltd., to allow it to hire useful human resources as candidates for Outside Audit & Supervisory Board Members, provides in its Articles of Incorporation currently in effect that it may enter into an agreement with any Outside Audit & Supervisory Board Members 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 a candidate for Outside Audit & Supervisory Board Member Mr. Akihiko Shiba. In addition, NH Foods Ltd. plans to enter into such liability limitation agreement with Mr. Masayuki Kitaguchi and Mr. Tokushi Yamasaki, subject to the approval of their election under this proposal.

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

- If any 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.

(TRANSLATION)

- The above-mentioned liability limitation shall apply only if and when the 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)

Proposition No. 3: Election of 1 Substitute Audit & Supervisory Board Member

As a result of nominating Substitute Audit & Supervisory Board Member Mr. Masayuki Kitaguchi as a candidate for Audit & Supervisory Board Member under Proposition No. 2, the position of Substitute Audit & Supervisory Committee Member will become vacant. In order to prepare for the case in which the number of Audit & Supervisory Board Members falls below the number stipulated by laws and regulations, it is proposed that 1 Substitute Audit & Supervisory Board Member be elected. NH Foods Ltd. has obtained consent from the candidate that he shall become Audit & Supervisory Board Member in the event of a failure to maintain a statutory minimum number of Audit & Supervisory Board Members due to the resignation of an Audit & Supervisory Board Member during his/her term of office.

The election under this proposition shall only be effective until the candidate assumes the office, and his appointment may be cancelled by the resolution of the Board of Directors subject to the consent of the Audit & Supervisory Board.

With respect to the submission of this proposition, consent has been obtained from the Audit & Supervisory Board.

The candidate for Substitute Audit & Supervisory Board Member is as follows. In the event that he assumes the office of Audit & Supervisory Board Member, he shall be designated and registered as an independent officer as required by the Tokyo Stock Exchange, Inc. NH Foods Ltd. has determined that the candidate for Substitute Audit & Supervisory Board Member is deemed to be independent of NH Foods Ltd., having checked them against the “Criteria on Independence of Outside Officers” described on page 43.

The candidate for Substitute Audit & Supervisory Board Member is selected based on the recommendation from the Executive Appointments Committee, an optional committee whose majority members consists of independent officers and chaired by a Director who is an independent officer.

## (TRANSLATION)

Name (Date of birth) <Number of shares of NH Foods Ltd. held by Candidate>	Brief history
 <p>Shigeru Nishiyama (October 27, 1961)</p> <p>&lt;- shares&gt;</p> <p>(Candidate for Substitute Outside Audit &amp; Supervisory Board Member) (Independent Officer) (New appointment)</p>	<p>April 1984      Joined Sanwa &amp; Co. (current Deloitte Touche Tohmatsu LLC)</p> <p>March 1987      Registered as certified public accountant</p> <p>August 1995      Retired from Tohmatsu &amp; Co. (current Deloitte Touche Tohmatsu LLC)</p> <p>September 1995      Representative Director of Nishiyama Associates</p> <p>April 2002      Associate Professor of Waseda University Graduate School</p> <p>April 2003      Outside Corporate Auditor of PIGEON CORPORATION</p> <p>April 2006      Professor of Waseda University Graduate School, to date</p> <p>June 2012      Outside Corporate Auditor of Astellas Pharma Inc.</p> <p>July 2015      Outside Audit &amp; Supervisory Board Member of UNIPRES CORPORATION</p> <p>June 2016      Outside Director of UNIPRES CORPORATION, to date Outside Audit &amp; Supervisory Board Member of RICOH COMPANY, LTD., to date</p> <p>September 2018      Outside Director of Macromill, Inc., to date (Important concurrent office)</p> <p>Professor of Waseda University Graduate School</p> <p>Outside Director of UNIPRES CORPORATION</p> <p>Outside Audit &amp; Supervisory Board Member of RICOH COMPANY, LTD.</p> <p>Outside Director of Macromill, Inc.</p>
<p>Reason for nomination as a candidate for Substitute Outside Audit &amp; Supervisory Board Member</p> <p>Mr. Shigeru Nishiyama possesses professional knowledge and abundant experience as a certified public accountant and a professor of a graduate school. Since 2011, he has been providing suggestions on the governance and enhancement of corporate value of the Group as a member of the Corporate Value Enhancement Committee. For these reasons, we have deemed him to be the appropriate personnel to contribute to strengthen the functions of the Audit &amp; Supervisory Board of NH Foods Ltd., and so have nominated him as a candidate for Substitute Outside Audit &amp; Supervisory Board Member.</p>	
<p>[Special Notes]</p> <p>In the case where a candidate for Outside Audit &amp; Supervisory Board Member served as a director, executive officer, or audit &amp; 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</p> <p>At RICOH COMPANY, LTD., for which Mr. Shigeru Nishiyama serves as an Outside Audit &amp; Supervisory Board Member, issues of inappropriate accounting at a foreign subsidiary of the said company and misconduct by some of its employees occurred in October 2015. Mr. Nishiyama had not served as an Outside Audit &amp; Supervisory Board Member of RICOH COMPANY, LTD. at the time of the occurrence of such fact. However, since he assumed the office of Outside Audit &amp; Supervisory Board Member of RICOH COMPANY, LTD., he has been fulfilling his role, including strengthening governance and internal management systems, reviewing and strengthening internal control systems, and, moreover, making suggestions on recurrence prevention, through the Board of Directors and the Audit &amp; Supervisory Board.</p>	

(TRANSLATION)

- (Notes)
1. No candidate for Substitute Audit & Supervisory Board Member has a special relation of interest with NH Foods Ltd.
  2. Liability limitation agreement with Substitute Outside Audit & Supervisory Board Member: NH Foods Ltd., to allow it to hire useful human resources as candidates for Outside Audit & Supervisory Board Member, provides in its Articles of Incorporation currently in effect that it may enter into an agreement with any Outside Audit & Supervisory Board Member to limit the liability to NH Foods Ltd. for any damage to a certain extent. Accordingly, NH Foods Ltd. plans to enter into such liability limitation agreement with Mr. Shigeru Nishiyama, subject to the approval of his election under this proposal.

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

- If any 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.
  - The above-mentioned liability limitation shall apply only if and when the 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)

**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 74th fiscal year is stated as follows.

(1) Names of Directors and Audit & Supervisory Board Members, etc. (as of March 31, 2019):

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)	Kazunori Shinohara	In charge of group business restructuring
Vice President and Representative Director (Executive Vice President)	Katsumi Inoue	General Manager of Fresh Meats Business Division
Representative Director (Senior Managing Executive Officer)	Koji Kawamura	General Manager of Communication Strategy Division and in charge of Research & Development Center
Director (Senior Managing Executive Officer)	Hiroji Okoso	General Manager of Overseas Business Division
Director (Managing Executive Officer)	Tetsuhiro Kito	In charge of group sales management and Group Sales Planning Department
Director (Managing Executive Officer)	Hajime Takamatsu	General Manager of Corporate Management Division, in charge of Quality Assurance Department and Customer Service Department and General Manager of Tokyo Branch Office
Director (Managing Executive Officer)	Nobuhisa Ikawa	General Manager of Processed Foods Business Division
Director	Iwao Taka	Professor of Faculty of Economics, Reitaku University Professor of School of Economics, Graduate School, Reitaku University Outside Director of Mitsubishi Estate Company, Limited Chairperson of Consumer Commission, Cabinet Office

## (TRANSLATION)

Title	Name	Assignment and concurrent holding of important offices
Director	Yasuko Kono	Director of Japan Consumers' Association (General Incorporated Foundation) Director General of Consumers' Smile Fund (NPO) 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
Full-time Audit & Supervisory Board Member	Koichi Nishihara	
Audit & Supervisory Board Member	Akira Otsuka	Attorney at law of Kobe Kyoruchi Law Firm Reserve Director (Audit & Supervisory Committee Member) of NORITZ CORPORATION
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	Atsushi Iwasaki	Head of Iwasaki Certified Public Accountant Office Outside Director of ISEKI&CO., LTD. Outside Audit & Supervisory Board Member of OLYMPUS CORPORATION

- (Notes)
1. Directors Mr. Iwao Taka and Ms. Yasuko Kono are Outside Directors.
  2. Audit & Supervisory Board Members Messrs. Akira Otsuka, Akihiko Shiba, and Atsushi Iwasaki are Outside Audit & Supervisory Board Members.
  3. NH Foods Ltd. has designated Outside Directors Mr. Iwao Taka and Ms. Yasuko Kono, and Outside Audit & Supervisory Board Members Messrs. Akira Otsuka, Akihiko Shiba, and Atsushi Iwasaki, 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 43.
  4. Audit & Supervisory Board Member Mr. Atsushi Iwasaki, who is qualified as a certified public accountant, has considerable knowledge of financing and accounting.
  5. The following changes were made to Directors during the year ended March 31, 2019.

## (1) Appointment

- (i) Mr. Katsumi Inoue was selected to become Vice President and Representative Director at the meeting of the Board of Directors held on February 9, 2018, and he assumed the office on April 1, 2018.
- (ii) Mr. Nobuhisa Ikawa and Ms. Yasuko Kono were newly elected as Directors at the 73rd Ordinary General Meeting of Shareholders held on June 26, 2018, and assumed their respective posts.



(TRANSLATION)

(2) Resignation

- (i) Ms. Toshiko Katayama retired from her post as Director at the conclusion of the 73rd Ordinary General Meeting of Shareholders held on June 26, 2018.
- (ii) Audit & Supervisory Board Member Mr. Shunichi Ogata retired from his post on October 22, 2018, due to his demise.
- (iii) On March 31, 2019, Mr. Kazunori Shinohara resigned from his post as Representative Director, while Mr. Koji Kawamura resigned from his post as Representative Director as well as Director.

(3) Changes of positions of Directors

Name	Former position	New position	Date of the change
Hajime Takamatsu	Director (Managing Executive Officer), General Manager of Corporate Management Division and General Manager of Tokyo Branch Office	Director (Managing Executive Officer), General Manager of Corporate Management Division, in charge of Quality Assurance Department and Customer Service Department and General Manager of Tokyo Branch Office	January 31, 2019

(Reference)

Management Structure as of April 1, 2019 is as follows:

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	Kazunori Shinohara	
Director	Hiroji Okoso	

## (TRANSLATION)

Title	Name	Assignment and concurrent holding of important offices
Director	Iwao Taka	Professor of Faculty of Economics, Reitaku University Professor of School of Economics, Graduate School, Reitaku University Outside Director of Mitsubishi Estate Company, Limited Chairperson of Consumer Commission, Cabinet Office
Director	Yasuko Kono	Director of Japan Consumers' Association (General Incorporated Foundation) Director General of Consumers' Smile Fund (NPO) 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
Full-time Audit & Supervisory Board Member	Koichi Nishihara	
Audit & Supervisory Board Member	Akira Otsuka	Attorney at law of Kobe Kyoruchi Law Firm Reserve Director (Audit & Supervisory Committee Member) of NORITZ CORPORATION
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	Atsushi Iwasaki	Head of Iwasaki Certified Public Accountant Office Outside Director of ISEKI&CO., LTD. Outside Audit & Supervisory Board Member of OLYMPUS CORPORATION

(TRANSLATION)

(Executive Officers who are not concurrently serving as Directors)

Title	Name	Assignment and concurrent holding of important offices
Managing Executive Officer	Sadanori Miyagai	In charge of Quality Assurance Department, Customer Service Department and CSR Department
Executive Officer	Fumio Maeda	General Manager of Product Management Division, Processed Foods Business Division
Executive Officer	Masahito Kataoka	In charge of Accounting & Finance Department and Public and Investor Relations Department, Corporate Management Division
Executive Officer	Hideki Fujii	General Manager of Business Development Office and Operations Management Division, Overseas Business Division
Executive Officer	Keiji Maeda	General Manager of Sports Community Department and in charge of Lifestyle Research Office and Group Sales Planning Department
Executive Officer	Nobuo Oda	General Manager of Corporate Planning Department and in charge of Research & Development Center
Executive Officer	Tadaaki Ito	General Manager of Administrative Division, Overseas Business Division
Executive Officer	Kuniharu Hirai	General Manager of Compliance Department
Executive Officer	Takao Seki	General Manager of Domestic Fresh Meats Sales Division and Domestic Fresh Meats Production Division, Fresh Meats Business Division
Executive Officer	Hiroyuki Tsukuda	General Manager of Administrative Division and Research and Examination Office, Fresh Meats Business Division
Executive Officer	Kenya Maruyama	General Manager of Sales & Logistics Operations 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 Sales Management Division, Processed Foods Business Division
Executive Officer	Kohei Akiyama	General Manager of Human Resources Department, Corporate Management Division
Executive Officer	Kazuhiro Mikuni	General Manager of Affiliated Business Division
Executive Officer	Hitoshi Yao	General Manager of Administrative Division, Processed Foods Business Division

(TRANSLATION)

(2) Compensation, etc., of 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.

Summary of compensation of the Directors:

1. Compensation of 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 performance-based compensation. The basic compensation and the performance-based compensation make up 80% and 20%, respectively, of the standard pay. The performance-based compensation is set in the range of 0-40% according to the annual business performance (net sales, operating income, 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' stock ownership plan). Such shares shall be not transferred while he/she remains in office and for one year after his/her retirement from office.
2. Compensation of 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.

Summary of compensation of the Audit & Supervisory Board Members:

Compensation of 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.

(TRANSLATION)

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

	Standard pay		Stock acquisition-based compensation	Total
	Basic compensation	Performance-based compensation		
11 Directors	¥260 million	¥35 million	¥56 million	¥352 million
(3 Outside Directors)	(¥24 million)			(¥24 million)
5 Audit & Supervisory Board Members	¥74 million			¥74 million
(3 Outside Audit & Supervisory Board Members)	(¥36 million)			(¥36 million)
Total	¥335 million	¥35 million	¥56 million	¥426 million (¥60 million)

- (Notes)
1. The aggregate amount of compensation, etc., includes compensation of an Outside Director who retired at the conclusion of the 73rd Ordinary General Meeting of Shareholders held on June 26, 2018, as well as that of an Audit & Supervisory Board Member who retired on October 22, 2018.
  2. The maximum amounts of compensation of 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, 2019:

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	Iwao Taka	16/19 (84.2%)	-	Mr. Taka, from time to time, expressed his opinions on management in general toward the promotion of sound and efficient management, from his professional standpoint as a university professor specializing in corporate ethics and CSR, as well as his broad knowledge of international economics. He also served as chairman of the Executive Appointments Committee and the Compensation Committee, and a member of the Corporate Value Enhancement Committee and the CSR Promotion Committee.
	Yasuko Kono	13/13 (100%)	-	Ms. Kono, from time to time, expressed her opinions on the promotion of the consumer-oriented “Management for No. 1 Quality” based on her abundant experience and knowledge of consumer affairs. She also served as a member of the Executive Appointments Committee, the Compensation Committee and the CSR Promotion Committee.
Audit & Supervisory Board Member	Akira Otsuka	19/19 (100%)	27/27 (100%)	Mr. Otsuka, 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 Compensation Committee and the Corporate Value Enhancement Committee, and an observer of the CSR Promotion Committee.

## (TRANSLATION)

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
Audit & Supervisory Board Member	Akihiko Shiba	19/19 (100%)	26/27 (96.3%)	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.
	Atsushi Iwasaki	18/19 (94.7%)	25/27 (92.6%)	Mr. Iwasaki, from time to time, expressed his opinions on financial accounting as well as management in general from his professional standpoint as a certified public accountant and his abundant experience.

(Note) Regarding the number of attendance for Ms. Yasuko Kono, only the meetings of the Board of Directors held after her appointment on June 26, 2018 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 Mr. Iwao Taka and Ms. Yasuko Kono and Outside Audit & Supervisory Board Members Messrs. Akira Otsuka, Akihiko Shiba and Atsushi Iwasaki.

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.

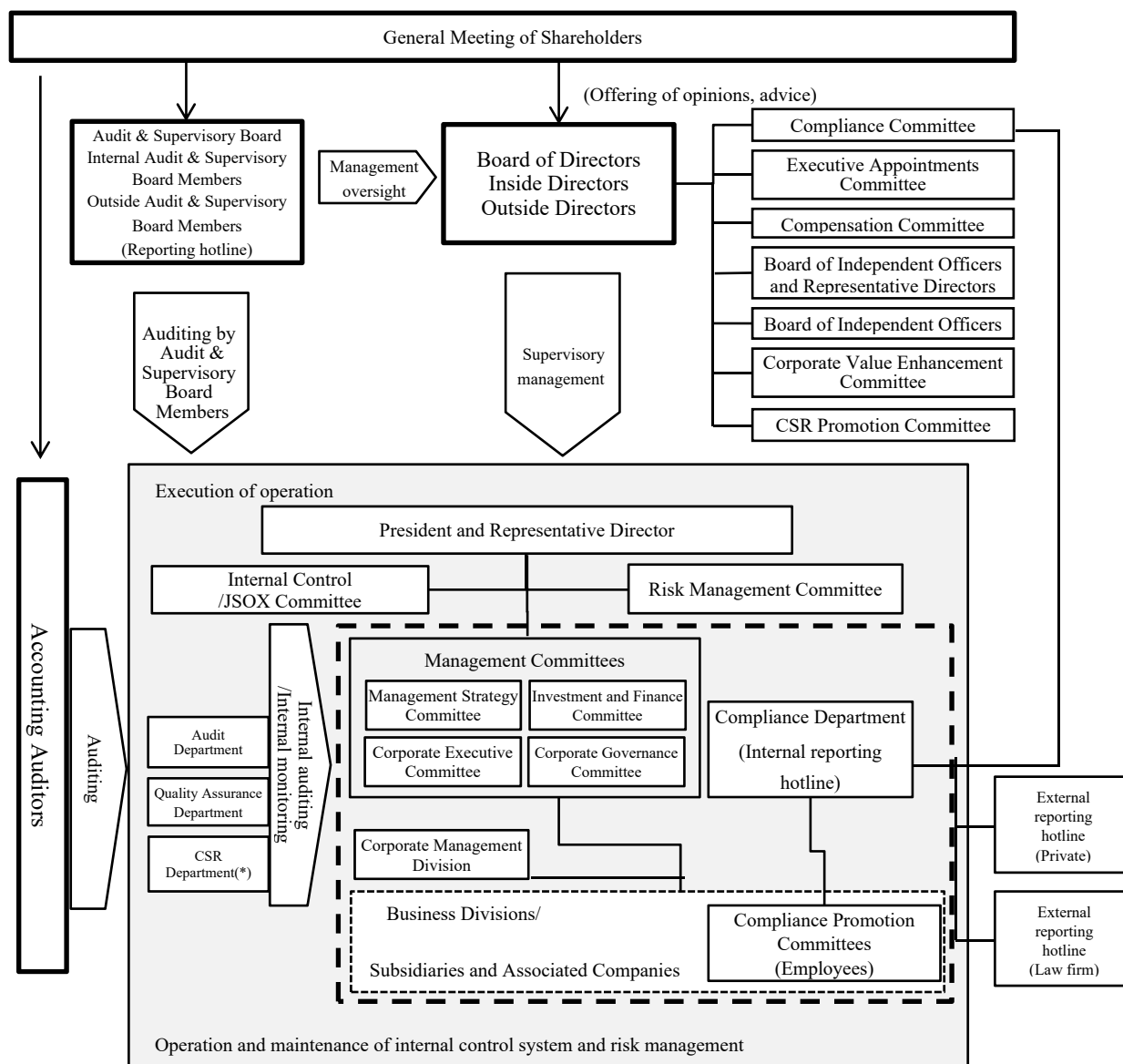
(TRANSLATION)

(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, 2019)



\*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.

<p>Executive Appointments Committee</p> <p>To enhance the transparency and objectivity of decisions on candidates for Representative Directors/Directors/Audit &amp; 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.</p>	<p>Compensation Committee</p> <p>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.</p>
<p>Board of Independent Officers and Representative Directors</p> <p>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.</p>	<p>Board of Independent Officers</p> <p>To exchange information and to share understandings from an independent and objective perspective.</p>
<p>Compliance Committee</p> <p>To evaluate the policies and measures concerning the compliance of the entire Group.</p>	<p>Corporate Value Enhancement Committee</p> <p>To provide a venue for improving the Group's corporate value through the exchange of opinions among President and Representative Director, Directors, Audit &amp; Supervisory Board Members and external experts.</p>
<p>CSR Promotion Committee</p> <p>To engage among other things in the evaluation of the policies and themes concerning CSR for the entire Group, as well as confirmation of the status of efforts for various measures concerning CSR.</p>	

## (TRANSLATION)

Composition of Optional Committees (As of April 1, 2019)

Position	Name	Executive Appointments Committee	Compensation Committee	Board of Independent Officers and Representative Directors	Board of Independent Officers	Compliance Committee	Corporate Value Enhancement Committee	CSR Promotion Committee
President and Representative Director	Yoshihide Hata		○	○		◎	○	◎
Vice President and Representative Director	Katsumi Inoue			○				○
Director	Tetsuhiro Kito							○
Director	Hajime Takamatsu	○	Observer			○		○
Director	Nobuhisa Ikawa							○
Director	Kazunori Shinohara						○	○
Director	Hiroji Okoso							○
Director (Outside)	Iwao Taka*	◎	◎	○	◎		○	○
Director (Outside)	Yasuko Kono*	○	○	○	○	○		○
Audit & Supervisory Board Member (Outside)	Akira Otsuka*		○	○	○		○	Observer
Audit & Supervisory Board Member (Outside)	Akihiko Shiba*	○		○	○	Observer		
Audit & Supervisory Board Member (Outside)	Atsushi Iwasaki*			○	○			

◎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 fiscal year ended March 31, 2019;
3. A principal business partner (Note 2) of the Group or the executor of business thereof, in the past five fiscal years including the fiscal year ended March 31, 2019;
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 fiscal year ended March 31, 2019 (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 fiscal year ended March 31, 2019 (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 or accounting advisor of the Group without being its executor of business; 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, 2018 to March 31, 2019)

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

The Group adopted international financial reporting standards (IFRS), starting from the year ended March 31, 2019. The financial values for the previous fiscal year have been reclassified in accordance with IFRS for comparison purposes.

#### **(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. On the other hand, the economic conditions, such as the future of the world economy, the uncertainty of the policies, and the fluctuation of financial and capital markets arising from trade issues, remained unpredictable.

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.

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, the Group implemented various measures, including reinforcement of its domestic farm business, expansion of plants specific for allergy-free food products, construction of new plants 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 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 ¥1,234,180 million, decreasing 1.9% from the previous fiscal year. Due in part to the recording of loss on valuation of inventories and impairment loss on non-current assets as a result of the impact of Typhoon No. 21 and the Hokkaido Eastern Iburi earthquake in the second quarter, operating income decreased 29.6% from the previous fiscal year to ¥32,265 million, profit before tax decreased 42.7% from the previous fiscal year to ¥30,267 million and profit attributable to owners of parent decreased 47.9% from the previous fiscal year to ¥19,561 million.

(Note) Operating income was calculated by deducting cost of goods sold and selling, general and administrative expenses from net sales, in accordance with the Japanese accounting practices.

## (TRANSLATION)

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

### Processed Foods Business Division

With regard to sales of the hams and sausages business, for consumer products, core brands such as “*SCHAU ESSEN*,” for which we emphasized microwave cooking as a new consumption approach, performed favorably, and we strove to generate additional sales with new products such as “*SCHAU ESSEN HOT CHILI*” launched this spring and “*World Travel Entier*” aimed at bringing flavors from around the world to new targets. However, with the sluggish growth of private brand products, sales were lower than that of the previous fiscal year. Regarding sales during the gift-giving season, the flagship “*Utsukushi-no-Kuni*” brand showed steady performance, but due to factors such as the overall decline of the gift market and increases in delivery prices, gift-related sales were lower than that of the previous fiscal year. Sales of commercial-use products were lower than that of the previous fiscal year because of factors such as reduced sales volume caused by revisions to product mix. As a result, the overall sales of the hams and sausages business fell from the previous fiscal year.

With regard to sales of the processed foods business, sales of consumer products were higher than that of the previous fiscal year due to strong growth of the core “*Chuka Meisai*” and “*Ishigama Kobo*,” with expanded product lineup including new products such as “*SCHAU ESSEN Pizza*.” Regarding commercial-use products, sales to major restaurant chains struggled, but the overall sales of the processed foods business were higher than that of the previous fiscal year.

With regard to profit, although distribution costs, electricity and fuel expenses and other expenses rose, profit increased due to improved gross profit rates led by the growth of the core brand products, in addition to efficient use of sales promotion expenses, as well as the manufacturing division’s efforts for operation standardization and labor-saving measures in manufacturing lines.

As a result, for the fiscal year under review, consolidated net sales of the Processd Foods Business Division amounted to ¥353,091 million, decreasing 0.7% from the previous fiscal year. Operating income, however, increased 32.9% compared to the previous fiscal year to ¥7,797 million.

### Fresh Meats Business Division

In the fresh meats business, the Company carried out broad-ranging proposal and sales activities aimed at consumers and business partners, such as increasing product awareness in the Hokkaido, Tohoku and Kanto areas through television commercials, primarily focusing on the Company’s branded fresh meats such as “*Sakurahime*” domestic chicken and “*Mugikomachi*” domestic pork, sharing recipe and promotional information via social networks, communicating promotional campaign information to consumers, and in-store sales promotional efforts tied to the above activities. The Company also reinforced product development and proposal-based marketing, reflecting restaurant and convenience store channel customer needs and store operations, but domestic pork and domestic chicken prices fell compared to the previous fiscal year, imported pork sales volume decreased, and imported chicken prices sagged. As a result, sales of the fresh meats business decreased from the previous fiscal year.

With regard to profit, in the production division, efforts were made to improve breeding results, increase the percentage of branded fresh meat, and raise production capabilities by introducing new equipment. However, the drop in domestic pork and domestic chicken market prices and the rise in feed crop prices had a major impact, causing profit to decrease. In the sales division, efforts were made to reinforce sales of branded fresh meats to mass retailers and

## (TRANSLATION)

strengthen the restaurant sales structure. However, due to the continued high prices of domestic beef and imported beef, together with the impact of Typhoon No. 21 and the Hokkaido Eastern Iburi earthquake, overall profit declined.

As a result, for the fiscal year under review, consolidated net sales of the Fresh Meats Business Division amounted to ¥756,993 million, decreasing 2.8% from the previous fiscal year and operating income amounted to ¥35,743 million, decreasing 24.2% from the previous fiscal year.

### Affiliated Business Division

In the marine products business, sales of sushi toppings, primarily prawns, squid and tuna, for conveyor belt-type sushi restaurant chains and mass retailers grew. However, sales of products other than sushi toppings struggled due to high ingredient market prices and intensifying competition, and low-profit products were reorganized, resulting in sales falling from the previous fiscal year.

Among the dairy products business, with regard to yogurt and lactic acid probiotic beverages, the main product, vanilla yogurt, which marked the 25th anniversary of its launch, performed strongly, but sales of lactic acid probiotic beverages fell due to slowing market growth and intensified competition, and net sales fell compared to the previous fiscal year. With regard to cheese, sales of consumer products rose, particularly baby cheese and cup products, for which production lines were expanded, but sales of commercial-use products for bakeries and restaurants fell, and sales of the dairy products business decreased from the previous fiscal year.

With regard to profit, in the marine products business, the gross profit rate improved due to price revisions, especially for sushi toppings, and structural reforms such as the reorganization of low-profit products, but sales volume fell, causing profit to decline compared to the previous fiscal year. In the dairy products business, due to increased raw material prices, labor costs, distribution costs, and other expenses, profit decreased compared to the previous fiscal year.

As a result, for the fiscal year under review, consolidated net sales of the Affiliated Business Division amounted to ¥155,073 million, decreasing 5.2% from the previous fiscal year and operating income amounted to ¥441 million, decreasing 73.3% from the previous fiscal year.

### Overseas Business Division

In Asia and Europe operations, although domestic sales in Turkey and China grew, net sales were lower than that of the previous fiscal year due to the decrease of export sales to Japan in Thailand. In Americas operations, net sales were higher than that of the previous fiscal year due to steady fresh meat export and domestic sales growth. In Australia operations, net sales were higher than that of the previous fiscal year due to favorable increases in beef export to Japan and Asia.

With regard to profit, for the Asia and Europe operations, profit was higher than that of the previous fiscal year due to the increase in sales volume in China and the stabilization of fresh meat procurement costs in the U.K. In Americas operations, profit was higher than that of the previous fiscal year due to increased fresh meat export and higher gross profit rate for sales in the U.S. In Australia operations, profit was higher than that of the previous fiscal year due to ongoing improvements in production costs, steady collection of cattle, and the maintaining of stable sales prices in Australia. However, in Uruguay, the collection environment of cattle deteriorated and sales unit prices fell, causing profit to decrease significantly from the previous fiscal year.

(TRANSLATION)

As a result, for the fiscal year under review, net sales of the Overseas Business Division amounted to ¥255,209 million, increasing 0.4% from the previous fiscal year and operating loss amounted to ¥3,753 million (an operation loss of ¥4,703 million for the previous fiscal year).

(TRANSLATION)

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

Category	Amount	Year on year	Component ratio
Processed Foods Business Division	(millions of yen) 353,091	(%) 99.3	(%) 28.6
Fresh Meats Business Division	756,993	97.2	61.3
Affiliated Business Division	155,073	94.8	12.6
Overseas Business Division	255,209	100.4	20.7
Eliminations, adjustments and others	(286,186)	—	(23.2)
Total	1,234,180	98.1	100.0

(For reference) Net sales by product category:

Category	Amount	Year on year	Component ratio
	(millions of yen)	(%)	(%)
Hams and sausages	128,356	96.9	10.4
Processed foods	233,655	100.2	18.9
Fresh meats	703,557	98.2	57.0
Marine products	88,138	94.0	7.2
Dairy products	33,270	97.3	2.7
Others	47,204	97.1	3.8
Total	1,234,180	98.1	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 Factory Ltd. and Nipponham Processed Foods Ltd., used approximately ¥12.0 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 ¥19.8 billion. This spending included approximately ¥9.2 billion by Nippon White Farm Co., Ltd., Niiburo, Co., Ltd. and other subsidiaries to upgrade and refurbish breeding facilities; approximately ¥2.9 billion by Naka Nippon Food, Inc., Kanto Nippon Food, Inc. and other subsidiaries to improve logistics and operational facilities; and approximately ¥7.7 billion by Nippon Food Packer, Inc., Nippon Pure Food, Inc. and other subsidiaries to upgrade processing and packing facilities.

Capital expenditures totaling approximately ¥9.1 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 Hoko Co., Ltd. and Nippon Luna, Inc., among others.

The Overseas Business Division made around ¥4.9 billion in capital investments, including upgrading production and breeding facilities at Ege-Tav Ege Tarım Hayvancılık Yatırım Ticaret ve Sanayi Anonim Şirketi.

(4) State of financing:

In order to redeem short-term corporate bonds (commercial paper) due March 2019 and to allocate funds for the redemption of the 8th series of unsecured corporate bonds due September 2019, the Company issued ¥30.0 billion of unsecured corporate bonds (¥10.0 billion of the 10th series of unsecured corporate bonds, ¥10.0 billion of the 11th series of unsecured corporate bonds, and ¥10.0 billion of the 12th series of unsecured corporate bonds).

(TRANSLATION)

(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		
	71st (from April 1, 2015 to March 31, 2016)	72nd (from April 1, 2016 to March 31, 2017)	73rd (from April 1, 2017 to March 31, 2018)
Net sales	1,229,324	1,202,293	1,269,201
Income from continuing operations before income taxes and equity in earnings of associated companies	35,309	49,112	50,455
Net income attributable to NH Foods Ltd.	21,779	35,004	37,147
Basic earnings per share attributable to NH Foods Ltd. shareholders (yen)	213.84	343.47	348.46
Diluted earnings per share attributable to NH Foods Ltd. shareholders (yen)	200.89	322.54	342.07
Total assets	682,855	720,276	755,076
Total NH Foods Ltd. shareholders' equity	356,353	404,126	440,793
Total NH Foods Ltd. shareholders' equity per share (yen)	3,498.71	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)
Net sales	1,258,463	1,234,180
Profit before tax	52,798	30,267
Profit attributable to owners of parent	37,552	19,561
Earnings per share (basic) (yen)	352.26	183.21
Earnings per share (diluted) (yen)	350.00	181.48
Total assets	734,528	741,388
Total equity attributable to owners of parent	417,982	401,014
Total equity attributable to owners of parent per share (yen)	3,888.48	3,896.64

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

2. "Basic earnings per share attributable to NH Foods Ltd. shareholders (Earnings per share

(TRANSLATION)

(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 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 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 71st fiscal year.

(6) Main businesses (as of March 31, 2019):

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, 2019):

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, Aichi, 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), Nipponham East Sales Ltd. (Tokyo), Nipponham West Sales Ltd. (Osaka), Nipponham Hokkaido Sales Ltd. (Hokkaido), 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.)

(TRANSLATION)

(8) State of employees (as of March 31, 2019):

Number of employees		Increase or decrease from the end of the previous fiscal year
Processed Foods Business Division	4,254	+53
Fresh Meats Business Division	5,936	+121
Affiliated Business Division	1,731	+39
Overseas Business Division	4,899	-164
Group-wide (common)	624	+36
Total	17,444	+85

- (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 (13,396 employees on average during the period).
3. The number of employees (representing the number of those actually at work) of NH Foods Ltd. was 1,431, an increase of 4 from March 31, 2018.

(TRANSLATION)

(9) Important subsidiaries, etc. (as of March 31, 2019):

(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

## (TRANSLATION)

Company	Capital	Ratio of voting rights held by NH Foods Ltd.	Main business
Nipponham East Sales Ltd.	¥141 million	100.0%	Sales of hams and sausages, and processed foods
Nipponham West Sales Ltd.	¥88 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
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 Breeders & Packers Uruguay S.A., Nippon Logistics Group, Inc. and Nippon Pure Food, Inc., include the ratio of 40.0%, 55.0% and 58.5%, respectively, held indirectly through its subsidiaries.

## (ii) Results of business combinations

The number of consolidated subsidiaries totaled 83 (including the 23 important subsidiaries stated above), as 1 company was included due to establishment, and 3 companies were excluded due to liquidation. The number of equity-method companies increased by 1 and totaled 11.

## (10) Main lenders (as of March 31, 2019):

Lender	Amount of loan outstanding
MUFG Bank, Ltd.	¥33,872 million
Sumitomo Mitsui Banking Corporation	¥21,242 million
The Hyakujushi Bank, Ltd.	¥13,106 million
The Norinchukin Bank	¥6,127 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:	¥1,410.0 billion
Business profit:	¥56.0 billion
Business profit ratio:	4.0%
Return on Equity (ROE):	7.0% or more

(Note) For the purpose of clarifying income derived from business activities, the Group has decided to use business profit instead of operating income from forecast of consolidated business results for the year ending March 31, 2020 onward. Business profit is calculated by deducting cost of goods sold and selling, general and administrative expenses from net sales, and making adjustments of foreign exchange gains and losses determined by the Group, adjustments in accordance with international financial reporting standards (“IFRS”), and adjustments of non-recurring items.

Notwithstanding anticipated benefits from the Japanese government’s stimulus measures, the economic picture for the year ending March 31, 2020 remains unclear in view of prospects for the global economy, as well as foreign currency fluctuations, higher labor and distribution costs owing to domestic personnel shortages, and changes in consumption tax rates. The Group will thus move 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.” In order to increase corporate value and become a company that contributes to the realization of sustainable societies, the five management policies of this initiative are to “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.”

In the Processed Foods Business Division, we expect the operating climate to remain adverse owing to negative factors such as intensifying price competition and higher raw material and fuel costs. In order to clarify the roles of the Processed Foods Business Division, from April 2019 it has adopted a three management division structure, consisting of “Sales Management Division,” “Product Management Division” and “Administrative Division,” accelerating decision-making. In addition, all Group companies involved in sales have been aggregated and reorganized into “Nipponham Marketing, Ltd.” The Group will avoid preconceptions, enhancing product development by marketing from consumer perspectives and transforming its cost structure to optimize the overall value chain. The enhancement of product development will encompass engaging more with customers, and striving to gather information and assess needs. The Group will centralize sales of highly profitable core brand offerings and engage in sales through undeveloped channels. In transforming cost structures to optimize the overall value chain, the Group will invest in labor-saving equipment and share information on production line operating levels with the manufacturing and sales divisions to boost utilization rates and productivity.

In the Fresh Meats Business Division, the Group expects the domestic and overseas supply and demand environment to remain highly volatile due to domestic livestock diseases, feed price fluctuations, shrinking and aging population, and changes in market needs as a result of increases in the number of foreigners in Japan, as well as increased purchasing competition on a global scale due to advances in trade liberation and growth in demand from emerging nations. In this environment, the domestic production division will strive to stabilize the domestic fresh meat supply by maintaining and expanding existing facilities, and also with an eye on engaging in business partnerships with producers. At the same time, the Group will also develop and actively invest in state-of-the-art facilities such as IoT facilities that contribute to labor-saving



(TRANSLATION)

and efficiency in farming and processing, such as the “Smart Hog Farming Project” announced last year. With regard to overseas procurement, the Group will enhance stable procurement capabilities by developing new suppliers, standardizing products, and strengthening relationships with local suppliers through personnel interchange, and will aim to create relationships with suppliers that lead them to choose the Group. In the logistics and sales divisions, the Group will improve its distribution network and sales offices, enabling them to deliver products safely and in a timely fashion in the face of the increasingly severe truck driver shortages of recent years, and will do its utmost to further strengthen the Group’s integration system, one of its strengths. The Group will also develop products desired by consumers and business partners, reinforce promotional activities, and continue to develop and cultivate brands such as “*Sakurahime*” domestic chicken, “*Mugikomachi*” domestic pork and “Exclusively Bred Domestic Beef,” as well as focusing effort on the creation of simple and convenient products that meet customer needs and overseas processed products, helping expand the Group’s domestic sales share.

In the Affiliated Business Division, the marine products business will continue structural reforms and accelerate the expansion of operations that will lead to increased profitability. Although it is expected to become harder to procure marine product raw materials and the prices are expected to rise due to poor fishing catches and increased global demand, the Group will reinforce its procurement capabilities by establishing its own routes in Japan and abroad, develop high-value-added products, centered on internally manufactured offerings to enhance profitability. The dairy products business will expand its market share by improving its product development and marketing capabilities. On the manufacturing front, the Group will drive efficiencies and establish a structure to increase production over the medium to long term. The Group will strengthen sales collaboration while implementing multiproduct channel strategies and cultivating new markets.

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 in countries where it operates, and Group companies in these markets will collaborate to boost sales to third countries to stabilize revenues in each area. They will drive growth by harnessing the Group’s comprehensive strengths in the processing plants in each area, such as by leveraging product development capabilities and quality control techniques cultivated in Japan, and will deliver an array of merchandise and services. 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.

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

(TRANSLATION)

**2. Matters concerning the shares (as of March 31, 2019):**

- (1) Total number of issuable shares: 285,000,000 shares

(Note) Total number of issuable shares decreased by 285,000,000 shares, 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.

- (2) Total number of issued shares:  
(including 46,288 shares of treasury stock) 102,958,904 shares

(Note) Total number of issued shares increased by 2,500 shares year on year, due to the exercise of stock-compensation-type stock option, while it decreased by 107,495,805 shares 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. Furthermore, it decreased by 4,539,400 shares due to the cancellation of treasury stock carried out on March 29, 2019.

- (3) Number of shareholders: 26,181

Category of owners	Number of shares held (thousand shares)	Number of shareholders
Financial institutions	58,193	90
Foreign investors	21,253	507
Individual/Other	14,846	25,147
Other companies	3,819	397
Securities firms	4,800	39
Treasury stock	46	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)	14,469	14.06
Japan Trustee Service Bank, Ltd. (Trust account)	6,242	6.07
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
Trust & Custody Services Bank, Ltd. (Securities investment trust account)	1,908	1.85
Japan Trustee Service Bank, Ltd. (Trust account 5)	1,702	1.65

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

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(5) Other important matters concerning the shares

NH Foods Ltd., based on the resolution of the Board of Directors meeting held on December 14, 2018, carried out acquisition as well as cancellation of treasury stock as follows:

- (i) Period of acquisition: From December 17, 2018 to February 21, 2019
- (ii) Total number of shares acquired: 4,580,400 shares
- (iii) Total amount of acquisition cost: ¥19,999,863,500
- (iv) Date of cancellation: March 29, 2019
- (v) Total number of shares cancelled: 4,539,400 shares

**3. Matters concerning the stock acquisition rights:**

Stock acquisition rights held by the Officers of NH Foods Ltd. as of March 31, 2019:

- (i) Number of stock acquisition rights: 32 rights
- (ii) Class and number of shares to be issued or transferred upon exercise of stock acquisition rights: 16,000 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	9	2
	The second stock acquisition rights (Stock acquisition rights in 2005)	July 12, 2005 to June 30, 2025	¥1 per share	6	2
	The third stock acquisition rights (Stock acquisition rights in 2006)	August 9, 2006 to June 30, 2026	¥1 per share	9	2
	The fourth stock acquisition rights (Stock acquisition rights in 2007)	July 27, 2007 to June 30, 2027	¥1 per share	8	2

- (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 20 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.	¥222 million
(ii)	Total amount of money and other proprietary benefits payable by NH Foods Ltd. and its subsidiaries	¥318 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 Representative Director/President 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 Nipponham 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;

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- c) Records of proceedings of other important meetings hosted by the Directors or 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 Representative Director/ President is responsible for monitoring and supervising the storage and management of information set forth in (a) above. The Representative Director/President 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 Representative Director/President directly manages the Audit Department. The Audit Department, in accordance with the instruction of the Representative Director/President, conducts audits on the state of execution of business. In addition, the Quality Assurance Department conducts quality audits and the Corporate Social Responsibility 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 cooperate with business divisions that oversees the business of each company within the Group. The results of such audits are reported to the Representative Director/President
  - (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.



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- (j) For cases of any violation of laws, regulations and/or internal rules, etc. or if any 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

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to the Audit & Supervisory Board Members, system for ensuring that any person making such report 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.

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(ix) Other systems to assure effective audits by the Audit & Supervisory Board Members

- (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 6 divisions and 20 group companies in the year ended March 31, 2019.
- (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

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March 31, 2019, 19 compliance training sessions, 218 compliance meetings, and 24 office study 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, 2019, 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 for the Corporate Officers of Group companies of NH Foods Ltd. are held twice annually and liaison meetings for Audit & Supervisory Board Members are held twice annually. These serve as forums to acquire the necessary knowledge to appropriately fulfill expected roles and responsibilities 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.

(TRANSLATION)

During the year ended March 31, 2019, 19 meetings of the Board of Directors were held. In addition, we convened 24 meetings of the Management Strategy Committee, a body 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, 2019, Audit & Supervisory Board Members organized 11 meetings with the Audit Department and 13 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.

(TRANSLATION)

(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 on a dividend on equity (DOE) basis.

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, 2019, NH Foods Ltd. will pay a dividend of ¥90 per share as indicated in the most recent forecast of dividends.

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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, 2019)

(Millions of Yen)

**Assets:**

**Current Assets:**

Cash and cash equivalents	48,108
Trade and other receivables	153,260
Inventories	113,415
Biological assets	25,971
Other financial assets	12,041
Other current assets	5,468

<b>Total Current Assets</b>	<b>358,263</b>
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**Non-current Assets:**

Property, plant and equipment	289,898
Biological assets	1,877
Intangible assets and goodwill	7,097
Investments accounted for using the equity method	14,400
Other financial assets	34,125
Deferred tax assets	28,004
Other non-current assets	7,724

<b>Total Non-current Assets</b>	<b>383,125</b>
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<b>Total Assets</b>	<b>741,388</b>
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(TRANSLATION)

(Millions of Yen)

**Liabilities and Equity:**

**Current Liabilities:**

Interest-bearing liabilities	62,746
Trade and other payables	111,573
Income taxes payable	2,738
Other financial liabilities	18,123
Other current liabilities	38,788
<b>Total Current Liabilities</b>	<b>233,968</b>

**Non-current Liabilities:**

Interest-bearing liabilities	84,263
Retirement benefit liabilities	14,118
Other financial liabilities	1,105
Deferred tax liabilities	1,326
Other non-current liabilities	1,250
<b>Total Non-current Liabilities</b>	<b>102,062</b>

<b>Total Liabilities</b>	<b>336,030</b>
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**Equity:**

Common stock	36,294
Capital surplus	72,672
Retained earnings	286,934
Treasury stock, at cost	(202)
Accumulated other comprehensive income	5,316
<b>Total Equity Attributable to Owners of The Parent</b>	<b>401,014</b>
<b>Non-controlling Interests</b>	<b>4,344</b>
<b>Total Equity</b>	<b>405,358</b>

<b>Total Liabilities and Equity</b>	<b>741,388</b>
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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, 2018 to March 31, 2019)

(Millions of Yen)	
<b>Net Sales</b>	1,234,180
<b>Cost of Goods Sold</b>	1,033,577
<b>Selling, General and Administrative Expenses</b>	168,338
<b>Other Income</b>	8,510
<b>Other Expenses</b>	9,292
<b>Financial Income</b>	1,427
<b>Financial Costs</b>	3,561
<b>Share of Profit in Investments Accounted for Using The Equity Method</b>	918
<b>Profit before Tax</b>	30,267
<b>Income Tax Expense</b>	11,250
<b>Profit</b>	19,017
<b>Profit Attributable to:</b>	
<b>Owners of The Parent</b>	19,561
<b>Non-controlling Interests</b>	(544)
<b>Profit</b>	19,017

(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 CHANGES IN EQUITY**

(from April 1, 2018 to March 31, 2019)

(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 plan	Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Subtotal			
Balance as of April 1, 2018	36,291	72,818	300,076	(16)	—	11,311	(2,498)	8,813	417,982	4,906	422,888
Profit			19,561					—	19,561	(544)	19,017
Other comprehensive loss					(1,847)	(4,098)	834	(5,111)	(5,111)	(415)	(5,526)
Comprehensive income	—	—	19,561	—	(1,847)	(4,098)	834	(5,111)	14,450	(959)	13,491
Dividends			(11,394)					—	(11,394)	(9)	(11,403)
Acquisitionof treasury stock		(21)		(20,007)				—	(20,028)	—	(20,028)
Disposal of treasury stock		0		0				—	0	—	0
Cancellation of treasury stock		(126)	(19,695)	19,821				—	—	—	—
Issuance of new shares through exercise of stock options	3	(3)						—	0	—	0
Establishment of subsidiaries								—	—	406	406
Other		4						—	4	—	4
Transfer of accumulated other comprehensive income to retained earnings			(1,614)		1,847	(233)		1,614	—	—	—
Total transactions with owners	3	(146)	(32,703)	(186)	1,847	(233)	—	1,614	(31,418)	397	(31,021)
Balance as of March 31, 2019	36,294	72,672	286,934	(202)	—	6,980	(1,664)	5,316	401,014	4,344	405,358

(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, 2019)

(Millions of Yen)

<b><u>Assets</u></b>	
<b>Current Assets:</b>	271,939
Cash on hand and in banks	20,978
Notes receivable–trade	40
Accounts receivable–trade	94,676
Merchandise and finished goods	29,833
Work-in-process	110
Raw materials and supplies	6,973
Short-term loans receivable from subsidiaries and associated companies	103,388
Accounts receivable–other	13,366
Other current assets	2,575
<b>Fixed Assets:</b>	214,920
<b>Property, Plant and Equipment</b>	31,173
Buildings	8,243
Structures	1,179
Machinery and equipment	3,292
Vehicles and transportation equipment	14
Tools, furniture and fixtures	830
Land	17,463
Leased assets	89
Construction in progress	63
<b>Intangible Assets</b>	2,028
Software	1,880
Other intangible assets	148
<b>Investments and Other Assets</b>	181,719
Investment securities	20,188
Capital stock of subsidiaries and associated companies	49,356
Long-term loans receivable	105,075
Long-term prepaid expenses	88
Prepaid pension expenses	6,419
Deferred tax assets	1,302
Other investments	4,077
Allowance for doubtful accounts	(4,786)
<b>Total Assets</b>	<b>486,859</b>

## (TRANSLATION)

(Millions of Yen)

**Liabilities**

<b>Current Liabilities:</b>	201,075
Notes payable–trade	725
Accounts payable–trade	107,946
Short-term bank loans	12,053
Current maturities of corporate bonds	10,000
Lease liabilities	28
Accounts payable–others	2,306
Accrued expenses	10,219
Income taxes payable	1,594
Deposits received	1,215
Deposits received from subsidiaries and associated companies	54,849
Other current liabilities	140
<b>Long-term Liabilities:</b>	75,057
Corporate bonds	40,000
Long-term debt	33,500
Lease liabilities	62
Long-term accounts payable	6
Liability for retirement benefits	1,100
Other long-term liabilities	389
<b>Total Liabilities</b>	<b>276,132</b>

**Net Assets**

<b>Shareholders' Equity:</b>	206,226
<b>Common stock</b>	36,294
<b>Capital surplus</b>	55,212
Capital reserve	55,212
<b>Retained earnings</b>	114,922
Appropriated for legal reserve	6,041
Unappropriated	108,881
Reserve for deferral of capital gain on property	726
General reserve	95,000
Net retained earnings forwarded	13,155
<b>Treasury stock, at cost</b>	(202)
<b>Valuation and Translation Adjustments:</b>	4,444
Unrealized gains on other marketable securities	4,444
<b>Stock Acquisition Rights</b>	57
<b>Total Net Assets</b>	<b>210,727</b>
<b>Total Liabilities and Net Assets</b>	<b>486,859</b>

(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, 2018 to March 31, 2019)

(Millions of Yen)

Net Sales		793,357
Cost of Goods Sold		718,767
<b>Gross Profit</b>		74,590
Selling, General and Administrative Expenses		68,375
<b>Operating Income</b>		6,215
Non-operating Income		
Interest and Dividend Income	16,929	
Other Non-operating Income	1,136	18,065
Non-operating Expenses		
Interest Expense	668	
Provision of Allowance for Doubtful Accounts	1,105	
Other Non-operating Expenses	890	2,663
<b>Ordinary Income</b>		21,617
Extraordinary Income		
Gain from Sales of Fixed Assets	648	
Gain from Sales of Investment Securities	219	
Other Extraordinary Income	26	893
Extraordinary Losses		
Loss on Sales of Fixed Assets	46	
Loss from Dispositions of Fixed Assets	153	
Impairment Losses	569	
Valuation Loss on Capital Stock of Subsidiaries and Associated Companies	4,230	
Valuation Loss on Investment Securities	1,202	
Other Extraordinary Losses	258	6,458
<b>Profit before Tax</b>		16,052
Current Income Taxes	2,064	
Deferred Income Taxes	205	2,269
<b>Profit</b>		13,783

(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, 2018 to March 31, 2019)

(Millions of Yen)

	Shareholders' Equity										
	Common Stock	Capital Surplus			Retained Earnings					Treasury Stock	Total Shareholders' Equity
		Capital Reserve	Other Capital Surplus	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, 2018	36,291	55,209	126	55,335	6,041	726	95,000	30,461	132,228	(16)	223,838
Changes during the year											
Cash dividends								(11,394)	(11,394)		(11,394)
Profit								13,783	13,783		13,783
Acquisition of treasury stock										(20,007)	(20,007)
Disposal of treasury stock			0	0						0	0
Cancellation of treasury stock			(126)	(126)				(19,695)	(19,695)	19,821	—
Issuance of new shares through exercise of stock options	3	3		3							6
Changes in items other than shareholders' equity during the year—net											
Total changes during the year	3	3	(126)	(123)	—	—	—	(17,306)	(17,306)	(186)	(17,612)
Balance as of March 31, 2019	36,294	55,212	—	55,212	6,041	726	95,000	13,155	114,922	(202)	206,226

## (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		
<b>Balance as of April 1, 2018</b>	6,782	6,782	63	230,683
Changes during the year				
Cash dividends				(11,394)
Profit				13,783
Acquisition of treasury stock				(20,007)
Disposal of treasury stock				0
Cancellation of treasury stock				—
Issuance of new shares through exercise of stock options			(6)	0
Changes in items other than shareholders' equity during the year—net	(2,338)	(2,338)	—	(2,338)
Total changes during the year	(2,338)	(2,338)	(6)	(19,956)
<b>Balance as of March 31, 2019</b>	4,444	4,444	57	210,727

(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 13, 2019

To the Board of Directors of  
NH Foods Ltd.:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Wakyu Shinmen

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Kenichi Takai

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Shunsuke Matsumoto

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated statement of financial position as of March 31, 2019 of NH Foods Ltd. (the "Company") and its consolidated subsidiaries, and the consolidated statements of income and changes in equity for the fiscal year from April 1, 2018 to March 31, 2019, and the related notes.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements,



## (TRANSLATION)

whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the consolidated financial statements 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 internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Audit Opinion**

In our opinion, the consolidated financial statements referred to above, prepared with the omission of a part of the disclosures required under 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 financial position of the Company and its consolidated subsidiaries as of March 31, 2019, and the results of their operations for the year then ended.

### **Interest**

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

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(TRANSLATION)

## **INDEPENDENT AUDITOR'S REPORT**

May 13, 2019

To the Board of Directors of  
NH Foods Ltd.:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Wakyu Shinmen

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Kenichi Takai

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Shunsuke Matsumoto

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the non-consolidated financial statements, namely, the non-consolidated balance sheet as of March 31, 2019 of NH Foods Ltd. (the "Company"), and the related non-consolidated statements of income and changes in net assets for the 74th fiscal year from April 1, 2018 to March 31, 2019, and the related notes and the accompanying supplemental schedules.

### **Management's Responsibility for the Non-consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements and the accompanying supplemental schedules 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 and the accompanying supplemental schedules that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these non-consolidated financial statements and the accompanying supplemental schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements and the accompanying supplemental schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements and the accompanying supplemental schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement

## (TRANSLATION)

of the non-consolidated financial statements and the accompanying supplemental schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements and the accompanying supplemental schedules 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements and the accompanying supplemental schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Audit Opinion**

In our opinion, the non-consolidated financial statements and the accompanying supplemental schedules referred to above present fairly, in all material respects, the financial position of NH Foods Ltd. as of March 31, 2019, and the results of its operations for the year then ended in accordance with accounting principles generally accepted in Japan.

### **Interest**

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language and "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 74th fiscal year from April 1, 2018 to March 31, 2019, 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 accordance with the rules of conducting audits concerning internal control systems

(TRANSLATION)

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.

(TRANSLATION)

(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 14, 2019

The Audit & Supervisory Board  
NH Foods Ltd.

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

Akira Otsuka (seal)  
(Outside) Audit & Supervisory Board Member

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

Atsushi Iwasaki (seal)  
(Outside) Audit & Supervisory Board Member

- (Notes) 1. Audit & Supervisory Board Members Akira Otsuka, Akihiko Shiba and Atsushi Iwasaki 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.
2. Audit & Supervisory Board Member Shunichi Ogata retired from his post on October 22, 2018, due to his demise. The number of Audit & Supervisory Board Members meets the required quorum specified in laws and regulations and the Articles of Incorporation.