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Securities code: 8079
January 13, 2022

To Shareholders with Voting Rights,

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

Notice of the 74th Annual General Meeting of Shareholders

You are cordially invited to attend the 74th Annual General Meeting of Shareholders (the “Meeting”) of SHOEI FOODS CORPORATION (the “Company”). The Meeting will be held as described below.

If you are unable to attend the Meeting in person, you may exercise your voting rights by postal voting or via the Internet, etc. Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by no later than 5:20 p.m. Japan time, Thursday, January 27, 2022, following the instructions on the “Guidance on Exercise of Voting Rights” on page 2 (in Japanese).

1. **Date and time:** Friday, January 28, 2022, at 10 a.m. Japan time
2. **Place:** Banquet room “Hisho,” 4th Floor, Asakusa View Hotel
3-17-1 Nishiasakusa, Taito-ku, Tokyo, Japan
(Please see the map of the venue at the end of this document) (in Japanese)
3. **Objectives of the Meeting**
Matters to be reported:
 1. The business report and the consolidated financial statements for Term 74 (from November 1, 2020 to October 31, 2021) and the results of audits of the consolidated financial statements by the Accounting Auditor and the Audit & Supervisory Board
 2. The non-consolidated financial statements for Term 74 (from November 1, 2020 to October 31, 2021)

Matters to be resolved:

- Proposal 1:** Appropriation of Surplus
Proposal 2: Election of Twelve (12) Directors

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

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

The Company proposes the appropriation of surplus as follows.

Matters regarding year-end dividends

The Company proposes year-end dividends for Term 74 as below. The Company recognizes the return of profit to shareholders as an important management priority, and its basic policy on dividends is to maintain stable dividends in consideration of such factors as business investments to realize medium- to long-term growth and the level of internal reserves.

(1) Type of dividend assets	Cash
(2) Allocation of dividend assets and their total dividend amount	24.00 yen per share of common stock Total 403,954,512 yen
(3) Effective date of appropriation of surplus	January 31, 2022

Proposal 2: Election of Twelve (12) Directors

The term of office of all fourteen (14) Directors currently in office will expire at the conclusion of this Meeting. With the aim of strengthening the supervisory function of the Board of Directors by improving its effectiveness and contributing to the enhancement of the corporate value over the medium- to long- term, we propose the election of twelve (12) Directors, by reducing the number of Directors by two (2) in total with the reduction of three (3) internal Directors and an increase of one (1) Outside Director. If this proposal is approved as originally proposed, one-third of the Company's Directors will be Outside Directors.

The candidates for Directors are as follows:

No.	Name		Current position in the Company
1	Reappointment	Ichiro Honda	President and Representative Director
2	Reappointment	Hidemitsu Honda	Vice President and Representative Director
3	Reappointment	Toyomi Nakajima	Senior Managing Director
4	Reappointment	Hirokane Fujio	Senior Managing Director
5	Reappointment	Kazunori Kano	Director
6	Reappointment	Yasuhiro Maeda	Director
7	Reappointment	Takeshi Sakaguchi	Director
8	New appointment	Yasutaka Honda	—
9	Reappointment	Takashi Kai	Outside Director Independent Officer Director
10	Reappointment	Hiroyoshi Inoue	Outside Director Independent Officer Director
11	New appointment	Takeshi Hashizume	Outside Director Independent Officer —
12	New appointment	Naoko Tanouchi	Outside Director Independent Officer —

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions
1	<p data-bbox="293 365 461 432">Ichiro Honda (May 15, 1950)</p> <p data-bbox="293 488 461 521"><u>Reappointment</u></p> <p data-bbox="236 573 528 663">Number of the Company's shares held 486,383 shares</p>	<p data-bbox="544 282 954 315">February 1975 Joined the Company</p> <p data-bbox="544 338 1378 394">January 1988 Director and General Manager, Kansai Branch Office of the Company</p> <p data-bbox="544 416 1118 450">January 1990 Managing Director of the Company</p> <p data-bbox="544 472 1334 528">January 1994 Senior Managing Director and Division Head, Business Management Division of the Company</p> <p data-bbox="544 551 1414 607">January 1998 President and Representative Director of the Company (current position)</p>
<p data-bbox="225 730 775 763">Reasons for nomination as a candidate for Director</p> <p data-bbox="225 763 1442 875">Mr. Ichiro Honda was appointed as Director of the Company in 1988, and has served as Representative Director since January 1998, demonstrating strong leadership in improving the corporate value of the Group. He has a wealth of experience in the food industry and extensive knowledge of corporate management. Therefore, the Company renominates him as a candidate for Director.</p>		
2	<p data-bbox="264 976 488 1043">Hidemitsu Honda (September 6, 1959)</p> <p data-bbox="293 1099 461 1133"><u>Reappointment</u></p> <p data-bbox="236 1184 528 1274">Number of the Company's shares held 620,624 shares</p>	<p data-bbox="544 898 954 931">March 1983 Joined the Company</p> <p data-bbox="544 954 1442 987">November 1999 General Manager, Products & Merchandise Dept. of the Company</p> <p data-bbox="544 1010 1442 1066">January 2000 Director and General Manager, Products & Merchandise Dept. of the Company</p> <p data-bbox="544 1088 1434 1144">November 2002 Director and Deputy Division Head, Sales & Marketing Division of the Company</p> <p data-bbox="544 1167 1331 1223">January 2004 Managing Director and Deputy Division Head, Sales & Marketing Division of the Company</p> <p data-bbox="544 1245 1195 1279">January 2010 Senior Managing Director of the Company</p> <p data-bbox="544 1301 1378 1357">January 2016 Vice President and Representative Director of the Company (current position)</p>
<p data-bbox="225 1368 775 1402">Reasons for nomination as a candidate for Director</p> <p data-bbox="225 1402 1442 1514">Mr. Hidemitsu Honda was appointed as Director of the Company in 2000, and has served as Vice President and Representative Director of the Company since January 2016, assisting the President and contributing to the growth and development of the Group. He has a wealth of experience in overseas businesses and extensive knowledge about production areas around the world. Therefore, the Company renominates him as a candidate for Director.</p>		

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	
3	<p data-bbox="268 376 486 448">Toyomi Nakajima (November 3, 1955)</p> <p data-bbox="295 504 462 533"><u>Reappointment</u></p> <p data-bbox="231 589 523 683">Number of the Company's shares held 4,374 shares</p>	<p data-bbox="545 253 678 282">March 1978</p> <p data-bbox="545 304 662 333">June 1998</p> <p data-bbox="545 356 694 385">January 2002</p> <p data-bbox="545 430 694 459">January 2004</p> <p data-bbox="545 504 694 533">January 2010</p> <p data-bbox="545 577 694 607">January 2012</p> <p data-bbox="545 651 694 680">January 2016</p> <p data-bbox="545 725 662 754">April 2018</p>	<p data-bbox="734 253 957 282">Joined the Company</p> <p data-bbox="734 304 1348 333">General Manager, Kansai Branch Office of the Company</p> <p data-bbox="734 356 1412 416">Corporate Officer and General Manager, Retail Foods Dept. of the Company</p> <p data-bbox="734 430 1428 490">Director and Deputy Division Head, Sales & Marketing Division and General Manager, Retail Foods Dept. of the Company</p> <p data-bbox="734 504 1332 564">Managing Director and Deputy Division Head, Sales & Marketing Division of the Company</p> <p data-bbox="734 577 1364 638">Managing Director and Division Head, Sales & Marketing Division of the Company</p> <p data-bbox="734 651 1436 712">Senior Managing Director and Division Head, Sales & Marketing Division of the Company</p> <p data-bbox="734 725 1356 786">Senior Managing Director and Division Head, Production Division of the Company (current position)</p>
<p data-bbox="223 824 774 853">Reasons for nomination as a candidate for Director</p> <p data-bbox="223 857 1444 1037">Since joining the Company, Mr. Toyomi Nakajima has been broadly responsible for the sales divisions, including those related to confectionery ingredients and retail products. He was appointed Director in January 2004 and currently serves as Senior Managing Director in charge of the Production Division, as well as President and Representative Director of ShoEi Delicy Corporation, a consolidated subsidiary of the Company, in charge of the Group's confectionery business. He has a wealth of experience in the Company's business and extensive knowledge of corporate management. Therefore, the Company renominates him as a candidate for Director.</p> <p data-bbox="223 1041 582 1070">[Significant concurrent positions]</p> <p data-bbox="215 1075 917 1104">President and Representative Director, ShoEi Delicy Corporation</p>			
4	<p data-bbox="295 1272 462 1344">Hirokane Fujio (July 26, 1954)</p> <p data-bbox="295 1400 462 1429"><u>Reappointment</u></p> <p data-bbox="231 1485 523 1579">Number of the Company's shares held 5,660 shares</p>	<p data-bbox="545 1126 678 1155">March 1978</p> <p data-bbox="545 1178 694 1207">January 2004</p> <p data-bbox="545 1252 694 1281">January 2006</p> <p data-bbox="545 1326 726 1355">November 2008</p> <p data-bbox="545 1400 694 1429">January 2010</p> <p data-bbox="545 1518 694 1547">August 2010</p> <p data-bbox="545 1615 694 1644">January 2016</p>	<p data-bbox="734 1126 957 1155">Joined the Company</p> <p data-bbox="734 1178 1428 1238">Corporate Officer and General Manager, Finance & Accounting Dept. of the Company</p> <p data-bbox="734 1252 1420 1312">Director and General Manager, Finance & Accounting Dept. of the Company</p> <p data-bbox="734 1326 1436 1386">Director and General Manager, Finance & Accounting Dept. and General Manager, Affiliated Business Dept. of the Company</p> <p data-bbox="734 1400 1436 1503">Managing Director and Division Head, Administration Division, General Manager, General Affairs & Human Relations Dept. and General Manager, Finance & Accounting Dept. of the Company</p> <p data-bbox="734 1518 1436 1610">Managing Director and Division Head, Administration Division and General Manager, General Affairs & Human Relations Dept. of the Company</p> <p data-bbox="734 1615 1404 1718">Senior Managing Director and Division Head, Administration Division and General Manager, General Affairs & Human Relations Dept. of the Company (current position)</p>
<p data-bbox="223 1733 774 1762">Reasons for nomination as a candidate for Director</p> <p data-bbox="223 1767 1444 1951">Since joining the Company, Mr. Hirokane Fujio has been mainly in charge of finance & accounting and management planning divisions. He was appointed Director in January 2006 and currently serves as Senior Managing Director in charge of the Administration Division which consists of the Management Planning Dept., the General Affairs & Human Relations Dept., and the Finance & Accounting Dept. He has a wealth of experience in the Company's business and extensive knowledge of corporate management. Therefore, the Company renominates him as a candidate for Director.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions
5	<p data-bbox="295 392 459 465">Kazunori Kano (July 29, 1961)</p> <p data-bbox="295 515 459 548"><u>Reappointment</u></p> <p data-bbox="231 600 523 694">Number of the Company's shares held 1,143 shares</p>	<p data-bbox="547 253 1441 286">April 1984 Joined The Bank of Tokyo, Ltd. (currently MUFG Bank, Ltd.)</p> <p data-bbox="547 309 1441 365">July 2004 Deputy General Manager, Los Angeles Branch in the U.S. of The Bank of Tokyo-Mitsubishi, Ltd. (currently MUFG Bank, Ltd.)</p> <p data-bbox="547 387 1441 477">November 2009 Chief Representative, Istanbul Representative Office in Turkey of The Bank, Tokyo-Mitsubishi UFJ, Ltd. (currently MUFG Bank, Ltd.)</p> <p data-bbox="547 499 1002 533">April 2014 Advisor of the Company</p> <p data-bbox="547 555 1369 611">July 2014 General Manager, Overseas Accounting Group, Finance & Accounting Dept. of the Company</p> <p data-bbox="547 633 1425 689">February 2016 General Manager, Planning and Promotion Office, Management Planning Office of the Company</p> <p data-bbox="547 712 1425 768">January 2017 Director and General Manager, Management Planning Office of the Company</p> <p data-bbox="547 790 1425 846">November 2020 Director and General Manager, Management Planning Dept. of the Company (current position)</p>
<p data-bbox="228 857 778 891">Reasons for nomination as a candidate for Director</p> <p data-bbox="228 891 1441 1070">Mr. Kazunori Kano has many years of extensive experience at a financial institution. After joining the Company, he was in charge of overseas accounting and planning divisions before being appointed Director in January 2017. Currently, as Director and General Manager of the Management Planning Dept., he is responsible for overall corporate planning operations, including the formulation of corporate management plans and institutional investor relations. The Company expects that he will continue to contribute to the enhancement of the Company's management, and therefore renominates him as a candidate for Director.</p>		
6	<p data-bbox="295 1171 459 1245">Yasuhiro Maeda (June 4, 1958)</p> <p data-bbox="295 1294 459 1328"><u>Reappointment</u></p> <p data-bbox="231 1379 523 1473">Number of the Company's shares held 4,971 shares</p>	<p data-bbox="547 1093 954 1126">March 1983 Joined the Company</p> <p data-bbox="547 1149 1409 1205">November 2003 Assistant General Manager, Dried Fruits Group, Fruits & Nuts Dept. of the Company</p> <p data-bbox="547 1227 1361 1261">March 2006 General Manager, Nagoya Branch Office of the Company</p> <p data-bbox="547 1283 1369 1339">April 2012 General Manager, Dairy Products·Oils & Fats Dept. of the Company</p> <p data-bbox="547 1361 1425 1417">January 2016 Corporate Officer and General Manager, Dairy Products·Oils & Fats Dept. of the Company</p> <p data-bbox="547 1440 1417 1473">June 2016 Senior Managing Director of Tsukuba Dairy Products Co., Ltd.</p> <p data-bbox="547 1496 1441 1552">January 2018 Director and Division Head Products & Merchandise Division of the Company (current position)</p>
<p data-bbox="228 1574 778 1608">Reasons for nomination as a candidate for Director</p> <p data-bbox="228 1608 1441 1787">Since joining the Company, Mr. Yasuhiro Maeda has experienced a wide range of sales divisions and had been in charge of the dairy product business as Senior Managing Director of Tsukuba Dairy Products Co., Ltd., a consolidated subsidiary, before being appointed Director in January 2018. He currently serves as Director and Division Head of the Products & Merchandise Division of the Company, with overall responsibility for products and merchandise divisions. He has a wealth of experience in the Company's business and extensive knowledge of corporate management. Therefore, the Company renominates him as a candidate for Director.</p>		

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	
7	<p data-bbox="268 353 486 427">Takeshi Sakaguchi (November 8, 1961)</p> <p data-bbox="293 477 461 510"><u>Reappointment</u></p> <p data-bbox="233 562 521 656">Number of the Company's shares held 2,371 shares</p>	<p data-bbox="544 253 676 282">March 1986</p> <p data-bbox="544 309 718 338">November 2011</p> <p data-bbox="544 387 691 416">January 2014</p> <p data-bbox="544 443 691 472">January 2017</p> <p data-bbox="544 521 691 551">January 2018</p> <p data-bbox="544 600 663 629">April 2018</p> <p data-bbox="544 701 663 730">April 2021</p>	<p data-bbox="730 253 956 282">Joined the Company</p> <p data-bbox="730 309 1353 365">Assistant General Manager, Kyushu Branch Office of the Company</p> <p data-bbox="730 387 1444 416">General Manager, Confectionery Materials Dept. of the Company</p> <p data-bbox="730 443 1444 499">Corporate Officer and General Manager, Confectionery Materials Dept. of the Company</p> <p data-bbox="730 521 1444 577">Director and General Manager, Confectionery Materials Dept. of the Company</p> <p data-bbox="730 600 1444 678">Director and Deputy Division Head, Sales & Marketing Division, and General Manager, Confectionery Materials Dept. of the Company</p> <p data-bbox="730 701 1444 757">Director and Deputy Division Head, Sales & Marketing Division of the Company (current position)</p>
	<p data-bbox="228 779 775 808">Reasons for nomination as a candidate for Director</p> <p data-bbox="228 813 1444 992">Since joining the Company, Mr. Takeshi Sakaguchi has experienced a wide range of management and sales divisions. After serving as the head of a sales division responsible for major food manufacturers, he was appointed Director of the Company in January 2018. He currently assists the Division Head of the Sales & Marketing Division as Director and Deputy Division Head, the Sales & Marketing Division. Since he has a wealth of experience in the Company's business, the Company expects that he will continue to contribute to the enhancement of the Company's management, and renominates him as a candidate for Director.</p>		
8	<p data-bbox="288 1014 467 1088">Yasutaka Honda (July 26, 1982)</p> <p data-bbox="277 1137 477 1171"><u>New appointment</u></p> <p data-bbox="233 1227 521 1321">Number of the Company's shares held 16,835 shares</p>	<p data-bbox="544 1014 663 1043">April 2005</p> <p data-bbox="544 1070 663 1099">April 2008</p> <p data-bbox="544 1126 663 1155">April 2018</p> <p data-bbox="544 1182 663 1211">April 2021</p>	<p data-bbox="730 1014 1010 1043">Joined Mitsui & Co., Ltd.</p> <p data-bbox="730 1070 956 1099">Joined the Company</p> <p data-bbox="730 1126 1358 1155">General Manager, Kyushu Branch Office of the Company</p> <p data-bbox="730 1182 1444 1238">General Manager, Confectionery Materials Dept. of the Company (current position)</p>
	<p data-bbox="228 1361 775 1391">Reasons for nomination as a candidate for Director</p> <p data-bbox="228 1395 1444 1574">Since joining the Company, Mr. Yasutaka Honda has experienced a wide range of sales divisions and product divisions, and also worked for a U.S. subsidiary of the Company. After serving as a general manager of a large branch office, he currently serves as the head of a head office sales division responsible for confectionery manufacturers and convenience store vendors. Since he has extensive knowledge of the Company's business as a whole, the Company expects that he will continue to contribute to the enhancement of the Company's management, and proposes that he be newly elected as Director.</p>		

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	
9	Takashi Kai (March 5, 1952) <u>Reappointment</u> Number of the Company's shares held - shares	April 1974 March 2004 March 2007 June 2012 January 2017	Joined Mitsui & Co., Ltd. General Manager, Kyushu Food Department, Food Business Unit of the above Internal Auditor, Internal Auditing Div. of the above Corporate Auditor of Mitsui & Co. Steel Ltd. Director of the Company (current position)
<p>Reasons for nomination as a candidate for Outside Director</p> <p>Mr. Takashi Kai has a wealth of experience working in Japan and overseas at the food division of a major general trading company. He has been involved in corporate management by serving as an inspector of an internal auditing div. and as Corporate Auditor of a group company, and has deep insight in a wide range of areas. The Company expects that his advice from the perspective of corporate ethics and supervision of the Company's management from an independent standpoint will contribute to the sustainable enhancement of the Company's corporate value. Therefore, the Company renominates him as a candidate for Outside Director. His term of office as Outside Director will be five (5) years at the conclusion of this General Meeting of Shareholders.</p>			
10	Hiroyoshi Inoue (November 9, 1961) <u>Reappointment</u> Number of the Company's shares held - shares	April 1989 April 1995 August 1998 February 2004 June 2006 October 2006 April 2008 January 2020	Teaching/Research Associate of Yamaguchi University Faculty of Medicine and Health Sciences Chief Researcher, Innovative Research Laboratories of Yoshitomi Pharmaceutical Industries, Ltd. (currently Mitsubishi Tanabe Pharma Corporation) Assistant Professor of Kurume University School of Medicine Associate Professor of Kurume University School of Medicine Director of Up Well Co. Ltd. Professor of Kurume University School of Medicine Professor of Keio University School of Medicine (current position) Director of the Company (current position)
<p>Reasons for nomination as a candidate for Outside Director</p> <p>Mr. Hiroyoshi Inoue is a university professor on the forefront of medical radiation, a long-time researcher of ethical drugs and functional foods, and a leading authority in the study of oils, especially nut-derived oils. Although he has not been directly involved in corporate management, he has given advice on product development to a major food manufacturer and has lectured at corporate seminars. The Company expects that he will provide advice from his specific area of expertise and supervise the Company's management from an independent standpoint based on his experience, and therefore renominates him as a candidate for Outside Director. His term of office as Outside Director will be two (2) years at the conclusion of this General Meeting of Shareholders.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	
11	<p>Takeshi Hashizume (August 11, 1959)</p> <p><u>New appointment</u></p> <p>Number of the Company's shares held - shares</p>	April 1983	Joined the Industrial Bank of Japan, Limited (currently Mizuho Bank, Ltd.)
		October 2000	General Manager, Business Development Department of Mizuho Securities Co., Ltd.
		April 2010	Group Manager, Investment Banking & Products Group ("IBPG") of the above
		April 2011	Executive Officer and Group Manager, IBPG of the above
		July 2012	Assistant to President and General Manager, Corporate Strategy Office of YOKOHAMA TOHO Hospital
		March 2016	Head of Local Area Venue, The Tokyo Organising Committee of the Olympic and Paralympic Games
		October 2021	Director and General Manager, Corporate Strategy Dept. (CFO) of Lincstech Co., Ltd. (current position)
<p>Reasons for nomination as a candidate for Outside Director</p> <p>Mr. Takeshi Hashizume has a wide range of experience in the financial industry, including involvement in corporate management, having served as Executive Officer of a major securities company. He also has deep knowledge regarding the management and coordination of large-scale organizations through his experience as Deputy Manager of Operations Bureau of the Tokyo Organising Committee of the Olympic and Paralympic Games. He currently participates in the management of another company as Director and Chief Financial Officer. The Company expects that he will provide advice on overall management and supervise the Company's management from an independent standpoint based on his experience, and therefore proposes that he be newly elected as Outside Director.</p>			
12	<p>Naoko Tanouchi (May 19, 1965)</p> <p><u>New appointment</u></p> <p>Number of the Company's shares held - shares</p>	April 1989	Joined Ajinomoto Co., Inc.
		September 1999	Joined McKinsey & Company
		January 2002	Joined Ajinomoto Co., Inc.
		July 2009	Associate General Manager, AminoScience Business Development Dept. of the above
		July 2011	Associate General Manager, Corporate Planning Dept. of the above
		July 2016	Associate General Manager, Internal Auditing Dept. of the above
		June 2019	Corporate Auditor of Ajinomoto Animal Nutrition Group, Inc.
April 2021	Visiting Professor of Kobe University Graduate School (current position)		
<p>Reasons for nomination as a candidate for Outside Director</p> <p>Ms. Naoko Tanouchi has experienced a wide range of areas, including sales and business strategy planning at a major food manufacturer, as well as M&A and mid-term management planning at the corporate planning divisions. She also has deep insight into internal control and corporate management, having overseen internal audit operations and served as Corporate Auditor at a group company. The Company expects that she will provide advice and supervise the Company from an independent standpoint based on her experience in the areas of group management and business strategy, and therefore proposes that she be newly elected as Outside Director.</p>			

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

2. Mr. Takashi Kai, Mr. Hiroyoshi Inoue, Mr. Takeshi Hashizume, and Ms. Naoko Tanouchi are candidates for Outside Director.

3. Matters that should be reported regarding the candidates for Outside Director are as follows:

(1) Independence of the candidates for Outside Director

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

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

- c. If the election of Mr. Takeshi Hashizume is approved, the Company intends to designate him as an independent officer, as prescribed in Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange.
 - d. If the election of Ms. Naoko Tanouchi is approved, the Company intends to designate her as an independent officer, as prescribed in Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange.
- (2) Liability limitation agreement with Outside Directors
- The Company has entered into agreements with both Mr. Takashi Kai and Mr. Hiroyoshi Inoue, candidates for Outside Director, pursuant to Article 427, Paragraph 1 of the Companies Act to limit their liability for damages. The liability for damages based on this agreement is limited to the amount stipulated in laws and regulations. If the elections of both Mr. Takashi Kai and Mr. Hiroyoshi Inoue are approved, the Company intends to continue the agreements with them. If the elections of both Mr. Takeshi Hashizume and Ms. Naoko Tanouchi are approved, the Company intends to enter into the liability limitation agreement with the same content with each of them.
4. The Company has entered into a directors and officers liability insurance contract with an insurance company, pursuant to Article 430-3, Paragraph 1 of the Companies Act. The contract is designed to compensate for damages incurred by the insured in the event that a claim for damages is made against the insured during the insurance period due to an act committed by the insured in their capacity as an officer of the Company. Each candidate for Director will be included as an insured under the insurance contract.

(Reference) Skills Matrix of the Board of Directors

The Board of Directors of the Company strives to create an environment that supports appropriate risk-taking by management, based on the Company’s mission statement and corporate vision and from the perspective of enhancing the Group’s sustainable corporate value. In order to enable effective management oversight, the areas of experience and expertise of candidates for Directors are defined as below, and efforts are made to ensure a well-balanced composition of the Board of Directors as a whole.

Name	Officer	Major areas of professional experience						
		Corporate management Management strategy	Legal affairs Internal control Risk management	Finance Accounting	Global	Human resources development HR	Technology IT	Sustainability Environment CSR
Ichiro Honda	Director	○			○			
Hidemitsu Honda		○			○			
Toyomi Nakajima		○			○			○
Hirokane Fujio		○	○	○		○	○	○
Kazunori Kano		○	○	○	○	○	○	○
Yasuhiro Maeda		○			○			
Takeshi Sakaguchi		○	○					
Yasutaka Honda					○			
Takashi Kai		○	○		○	○		
Hiroyoshi Inoue					○	○	○	○
Takeshi Hashizume		○		○	○			
Naoko Tanouchi		○	○	○	○			
Keizo Yoshida		Audit & Supervisory Board Member	○	○	○	○		
Shin Tokunaga			○	○	○			
Kiyoshi Endo			○	○				
Takashi Aikawa			○	○			○	

Reason for selecting each item in the skills matrix

- (1) Corporate management/Management strategy
The important role of the Board of Directors is to supervise and advise on corporate strategies to achieve sustainable growth of the Company and to make important decisions based on its fiduciary responsibility to shareholders; therefore, we believe that experience and ability in corporate management and management strategies are important.
- (2) Legal affairs/Internal control/Risk management
Since these areas are important elements of corporate management and important responsibilities of the Board of Directors, we believe it is necessary to have a certain number of Directors with such expertise.
- (3) Finance/Accounting
Since these areas are essential for corporate management, we believe it is necessary to have a certain number of Directors with such expertise.
- (4) Global
We aim to create a new food culture by providing domestic and overseas food ingredients, and we also engage in business overseas. Therefore, we believe that global knowledge and experience are necessary.
- (5) Human resources development/HR
We believe that human resources are the foundation of corporate activities and an important factor for sustainable corporate growth.
- (6) Technology/IT
We place importance on digital transformation (DX), and aim to improve the efficiency and sophistication of our operations using IT.
- (7) Sustainability/Environment/CSR
We believe that respect for the environment and human rights is the most important mission of a company.

(End)

Business Report

(From November 1, 2020 to October 31, 2021)

1. Current Status of the Corporate Group

(1) Business activities and results

During the fiscal year under review, the Japanese economy continued to be affected by the unexpectedly prolonged effects of the novel coronavirus (COVID-19) throughout the year and economic trends remained uncertain, despite the progress in vaccination. In the food industry, prices were raised against the backdrop of soaring raw material costs due to climate change and rising logistic costs, in addition to the need to respond to the shift to eating-at-home and increased health awareness caused by the COVID-19 pandemic.

Under such circumstances, the SHOEI FOODS CORPORATION and its subsidiaries (the “Group”) realized the operation of the entire production lines at the new nut plant, which had been constructed in the Bando Interchange Industrial Park, Ibaraki Prefecture, as the seventh plant in Japan, focusing on further expanding sales of its own processed products and value-added products by utilizing its production functions.

As a result of the above, in terms of sales in the second half of the fiscal year, the Japan segment recorded a year-on-year increase and consolidated net sales also increased year-on-year. For the full fiscal year, while net sales of the Japan segment increased, consolidated net sales for the fiscal year stood at 99,631 million yen (99.1% of the previous fiscal year), due to a significant decrease in sales in overseas operations.

In terms of profits, backed by strong domestic sales, gross profit amounted to 16,572 million yen (102.4% of the previous fiscal year) and gross profit margin increased from 16.1% of the previous fiscal year to 16.6% for the current fiscal year, despite a large increase in depreciation due to plant construction. On the other hand, selling, general and administrative expenses increased by 3.4%. Thus, operating profit was 4,182 million yen (99.7% of the previous fiscal year), ordinary profit was 4,279 million yen (99.4% of the previous fiscal year), and profit attributable to owners of parent was 2,789 million yen (99.7% of the previous fiscal year).

Business performance by division was as follows:

<Dairy products, oils and fats>

Sales of products from the plants of our subsidiaries and affiliates, such as condensed milk and liquid dairy products as well as domestically-sourced cheese, butter and powdered milk were strong. However, sales of imported dairy products declined as it took time to clear inventories in the domestic dairy product market due to some factors including an increase in domestic raw milk production. As a result, sales of dairy products, oils and fats decreased to 34,267 million yen (98.9% of the previous fiscal year).

<Confectionery ingredients>

Sales of chestnut products, mainly chestnut paste, were strong, and processed chocolate, processed baked confectionery, Western-liquor-dipped fruits, domestically-sourced products for convenience stores also performed well. As a result, sales of confectionery ingredients increased to 16,635 million yen (107.6% of the previous fiscal year).

<Dried and canned fruits>

Although sales volume increased in Japan, the average selling price declined, reflecting lower raw material prices due to crop conditions. On the other hand, in China, the volume of seeds receipts from China decreased significantly due to the effect of the COVID-19 pandemic. In addition, sales in the U.S. also declined due to lower walnut prices. As a result, sales of dried and canned fruits decreased to 30,143 million yen (95.2% of the previous fiscal year).

<Confectionery and retail products>

Sales of retail products remained steady as demand from food supermarkets, etc. continued to grow, due to the shift to eating-at-home and increased health awareness caused by the COVID-19 pandemic. On the other hand, confectionery sales decreased due to a rebound from the previous year's stay-at-home demand caused by the COVID pandemic. As a result, sales of confectionery and retail products decreased to 18,264 million yen (98.5% of the previous fiscal year).

Sales by division

(Million yen)

Business division	Term 73 From November 1, 2019 to October 31, 2020		Term 74 From November 1, 2020 to October 31, 2021		Increase (Decrease)	%	
	Net sales	% of total net sales	Net sales	% of total net sales			
		%		%		%	
Food business	Dairy products, oils and fats	34,623	34.4	34,267	34.4	(355)	(1.0)
	Confectionery ingredients	15,453	15.4	16,635	16.7	1,182	7.6
	Dried and canned fruits	31,663	31.5	30,143	30.3	(1,519)	(4.8)
	Confectionery and retail products	18,530	18.4	18,264	18.3	(265)	(1.4)
	Others	299	0.3	314	0.3	14	4.8
	Subtotal	100,569	100.0	99,626	100.0	(943)	(0.9)
Others	2	0.0	5	0.0	2	87.7	
Total	100,572	100.0	99,631	100.0	(941)	(0.9)	

Note: The above amounts do not include consumption tax.

(2) Status of financing

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

(3) Status of capital investment

During the fiscal year under review, the Group spent 4,053 million yen on capital investments, which mainly consisted of capital investments for the new plant facility at the Bando Plant of Kyo Marron Co., Ltd., and the purchase mainly of machinery and equipment to improve the efficiency of the production equipment and to ensure quality control at production subsidiaries.

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

Not applicable.

(5) Business segments transferred from other companies

Not applicable.

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

Not applicable.

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

Not applicable.

(8) Issues to be addressed

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

(i) Changing and diversifying needs

The COVID-19 pandemic has caused lifestyles to change, and consumption has slowed down due to the aging population, declining birthrate, and consumers' preference for thrift and low prices. We will focus on strengthening product development in line with changing consumer needs, such as rising health awareness and preference for convenience, along with the needs of these industries.

(ii) Increased competition in the food industry

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

(iii) Volatile food ingredient prices

Prices of imported raw materials are becoming more volatile due to the effects of climate change and exchange rate fluctuations. We will further promote the reinforcement of stable procurement capabilities by strengthening our raw material procurement system.

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

A shift to high value-added products that can cover costs has been necessitated by rising personnel and logistic costs due to labor shortages caused by the decrease in the working population. It has also become important that we build a system that saves manpower through automation in the production divisions. Options for enhancing efficiency have increased as a result of the progress in digital technologies, and we will further strive to improve efficiency by utilizing them, among others.

(v) Growing interest in sustainability and ESG management

Against the backdrop of climate change's impacts, businesses are displaying more interest in environmental initiatives. BCP has become important as a response to infectious diseases and natural disasters, and there is growing interest in contributing to a sustainable society and engaging with various stakeholders by advancing human rights, women's empowerment, and workforce diversity. Further reinforcing corporate governance is essential, and it has also become critical to implement ESG initiatives. We aim to contribute to a sustainable society by advancing these issues.

(9) Status of assets and operating results

Category	Term 71 (Fiscal year ended October 31, 2018)	Term 72 (Fiscal year ended October 31, 2019)	Term 73 (Fiscal year ended October 31, 2020)	Term 74 (Fiscal year ended October 31, 2021)
Net sales (Thousand yen)	106,594,986	105,800,816	100,572,710	99,631,156
Ordinary profit (Thousand yen)	4,885,294	4,020,874	4,308,596	4,279,591
Profit attributable to owners of parent (Thousand yen)	3,373,175	2,651,790	2,797,785	2,789,359
Basic earnings per share (Yen)	198.56	156.45	166.00	165.74
Net assets (Thousand yen)	38,700,497	39,931,833	41,152,323	44,352,445
Total assets (Thousand yen)	70,681,783	75,626,005	76,582,973	78,470,319
Net assets per share (Yen)	2,238.09	2,310.96	2,399.00	2,585.44

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

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

(10) Status of principal parent and subsidiaries**(i) Relationship with the parent**

Not applicable.

(ii) Status of principal subsidiaries

Company name	Capital	Equity ownership	Main business activities
Tsukuba Dairy Products Co., Ltd.	(Thousand yen) 247,500	% 83.6	Manufacture and sales of dairy products Processing and sales of nuts
Kyo Marron Co., Ltd.	35,000	100.0	Manufacture and sales of bottled and canned food Processing and sales of nuts
Robinia Corporation	10,000	100.0	Manufacture and sales of confectionery
Iwasa Corporation	22,000	84.5	Purchasing and sales of ingredients for confectionery and baking
ShoEi Delicy Corporation	100,000	100.0	Purchasing, manufacture, and sales of confectionery
ShoEi Foods (U.S.A.), Inc.	(Thousand US dollars) 23,050	100.0	Import/export and sales of agricultural produce and orchard operation Processing and sales of fruits
ShoEi Foods Qingdao Co., Ltd.	(Thousand US dollars) 14,600	100.0	Processing and sales of agricultural produce
Yanji ShoEi Foods Co., Ltd.	(Thousand US dollars) 8,062	100.0	Same as the above
ShoEi International Trading Shanghai Co., Ltd.	(Thousand US dollars) 6,000	100.0	Purchasing and sales of processed foods
ShoEi International Trading Hong Kong Co., Ltd.	(Thousand HK dollars) 2,000	100.0	Same as the above

(11) Main business activities

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

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

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

(12) Main offices and plants

Head Office of the Company	5-7, Akihabara, Taito-ku, Tokyo
Domestic business offices	Head Office (Taito-ku, Tokyo), Kansai Branch Office (Yodogawa-ku, Osaka-shi), Kyushu Branch Office (Higashi-ku, Fukuoka-shi), Sapporo Branch Office (Shiroishi-ku, Sapporo-shi), Sendai Branch Office (Wakabayashi-ku, Sendai-shi), Niigata Branch Office (Chuo-ku, Niigata-shi), Nagoya Branch Office (Naka-ku, Nagoya-shi), Hiroshima Branch Office (Asaminami-ku, Hiroshima-shi), Tsukuba Dairy Products Co., Ltd. (Ishioka-shi, Ibaraki), Tsukuba Dairy Products Co., Ltd. Sales Head Office (Chiyoda-ku, Tokyo), ShoEi Delicy Corporation (Taito-ku, Tokyo), and Iwasa Corporation (Hakata-ku, Fukuoka-shi)
Domestic production bases	Tsukuba Dairy Products Co., Ltd. Ishioka Plant (Ishioka-shi, Ibaraki), Tsukuba Dairy Products Co., Ltd. Tamari Plant (Omitama-shi, Ibaraki), ShoEi Delicy Corporation Chikusei Plant (Chikusei-shi, Ibaraki), Kyo Marron Co., Ltd. Mitsukaido Plant (Joso-shi, Ibaraki), Kyo Marron Co., Ltd. Amakusa Plant (Amakusa-shi, Kumamoto), Kyo Marron Co., Ltd. Bando Plant (Bando-shi, Ibaraki), and Robinia Corporation Sakaki Plant (Hanishina-gun, Nagano)
Overseas bases	ShoEi Foods (U.S.A.), Inc. (California, US) ShoEi International Trading Shanghai Co., Ltd. (China) ShoEi International Trading Hong Kong Co., Ltd. (China) ShoEi Foods Qingdao Co., Ltd. (China) Yanji ShoEi Foods Co., Ltd. (China)

(13) Status of employees

Number of employees	Increase (decrease) from previous fiscal year-end
1,410 [709]	Decrease of two

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

(14) Major lenders

Lender	Balance of borrowings
	Thousand yen
Mizuho Bank, Ltd.	5,732,596
MUFG Bank, Ltd.	4,929,970
The Norinchukin Bank	4,705,197

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

No important matters to be stated.

2. Status of the Company's Shares

- | | |
|--|--|
| (1) Total number of authorized shares | 48,585,000 shares |
| (2) Total number of shares issued and outstanding | 17,100,000 shares (including 268,562 shares of treasury stock) |
| (3) Number of shareholders | 22,111 |

(4) Major shareholders

Name of shareholder	Number of shares held	Equity ownership
	Thousand shares	%
Honda Kosan Co., Ltd.	1,322	7.8
Shoei Plaza Co., Ltd.	1,321	7.8
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,032	6.1
Shoei Foods Partners Shareholders Association	766	4.5
Hidemitsu Honda	620	3.6
Mizuho Bank, Ltd.	545	3.2
Ichiro Honda	486	2.8
MUFG Bank, Ltd.	456	2.7
Meiji Co., Ltd.	428	2.5
The Dai-ichi Life Insurance Company, Limited	419	2.4

Note: Equity ownership is calculated after deducting treasury stock (268,562 shares).

(5) Status of shares issued to officers of the Company as compensation for the execution of their duties during the fiscal year

Position	Number of shares	Number of grantees
Directors (excluding Outside Directors)	6,180	11

Note: The above is stock-based compensation with transfer restriction.

3. Stock Acquisition Rights

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

Not applicable.

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

Not applicable.

(3) Other significant matters regarding stock acquisition rights

No important matters to be stated.

4. Officers of the Company (as of October 31, 2021)

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

Position	Name	Responsibilities	Significant concurrent positions
President and Representative Director	Ichiro Honda		
Vice President and Representative Director	Hidemitsu Honda		
Senior Managing Director	Toyomi Nakajima	Division Head, Production Division	President and Representative Director, ShoEi Delicy Corporation
Senior Managing Director	Hirokane Fujio	Division Head, Administration Division and General Manager, General Affairs & Human Relations Dept.	
Managing Director	Keizo Fujikawa	Division Head, Sales & Marketing Division and General Manager, Baking Materials Dept.	
Director	Kazuhiko Harada	General Manager, Finance & Accounting Dept.	
Director	Masami Takei	General Manager, Quality Assurance Dept.	
Director	Kazunori Kano	General Manager, Management Planning Dept.	
Director	Yasuhiro Maeda	Division Head, Products & Merchandise Division	
Director	Takeshi Sakaguchi	Deputy Division Head, Sales & Marketing Division	
Director	Kazusato Yamaguchi	Deputy Division Head, Products & Merchandise Division	Chairman, ShoEi Foods Qingdao Co., Ltd. Chairman, Yanji ShoEi Foods Co., Ltd. Chairman, ShoEi International

Position	Name	Responsibilities	Significant concurrent positions
			Trading Shanghai Co., Ltd.
Director	Yoshio Hanihara		
Director	Takashi Kai		
Director	Hiroyoshi Inoue		
Standing Audit & Supervisory Board Member	Keizo Yoshida		
Audit & Supervisory Board Member	Shin Tokunaga		Partner, Sowa Tax Corporation
Audit & Supervisory Board Member	Kiyoshi Endo		
Audit & Supervisory Board Member	Takashi Aikawa		Executive Partner, Shinsoh Audit Corporation

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

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

3. Audit & Supervisory Board Members Keizo Yoshida and Takashi Aikawa were elected newly as Audit & Supervisory Board Members at the 73rd Annual General Meeting of Shareholders held on January 28, 2021, and took offices thereafter.

4. Audit & Supervisory Board Member Ikuhisa Tashiro retired at the conclusion of the 73rd Annual General Meeting of Shareholders held on January 28, 2021, due to the expiry of his term of office.

5. Standing Audit & Supervisory Board Member Keizo Yoshida has experience in organizational operations, having served as the general manager of the investment and international divisions, etc. of the head office of a major life insurance company, and has considerable insight into the sound and adequate corporate management.

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

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

Audit & Supervisory Board Member Takashi Aikawa is a certified public accountant and has considerable insight into finance and accounting.

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

(2) Overview of the directors and officers liability insurance contract

Pursuant to Article 430-3, Paragraph 1 of the Companies Act, the Company has entered into a directors and officers liability insurance contract with an insurance company that insures all Directors and Audit & Supervisory Board Members of the Company and its consolidated subsidiaries. The contract is designed to compensate for damages incurred by the insured in the event that a claim for damages is made against the insured during the insurance period due to an act committed by the insured in their capacity as an officer of the Company.

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

(i) Matters concerning the policy for determining the amount of compensation, etc. to each individual Director and the method of calculation thereof

With respect to the policy for determining the amount of compensation, etc. to each individual Director, the Company has established the Officer Compensation Rules with the following details, based on the approval of the Board of Directors.

The compensation for Directors consists of monthly compensation, officers' bonuses, and stock-based compensation. For Outside Directors, only the monthly compensation is paid.

The compensation for Directors is determined within the limit of compensation resolved at the General Meeting of Shareholders, after deliberation by the Governance Committee, which is a voluntary advisory committee.

The total amount of individual monthly compensation and officers' bonuses to be paid to Directors (excluding Outside Directors) is determined by the Board of Directors. The monthly compensation is determined based on the degree of contribution to the enhancement of the Group's corporate value over the medium- to long- term, taking into consideration the Company's business performance, management status, economic conditions and other factors. In order to clarify management responsibility and further increase incentives for improving business performance, officers' bonuses are determined by the President and Representative Director (Ichiro Honda) based on a comprehensive assessment of their responsibilities and achievements, reflecting the Company's performance including the status of profit plan achievement and the contribution of each individual.

We have also introduced the monetary claim compensation plan for granting restricted stock in order to provide Directors (excluding Outside Directors) with incentives to sustainably increase the Company's corporate value and promote further value sharing with shareholders. The eligible Directors will pay all of such monetary compensation claims as properties contributed in kind for the purpose of granting restricted stock under the plan. The amount to be paid-in per share is determined by the Board of Directors based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of each Board of Directors meeting to the extent that the amount is not particularly favorable to the eligible Directors who subscribe for such common stock. The specific timing and distribution of the payment to each eligible Director shall be determined by the Board of Directors, and the transfer restriction period for the restricted stock shall be a period predetermined by the Board of Directors of the Company, within the range of 20 to 30 years. In addition, the transfer restriction shall be cancelled in the event that the eligible Director resigns from the position predetermined by the Board of Directors of the Company before the expiration of the transfer restriction period due to expiration of his or her term of office, death, or other justifiable reasons. On the other hand, if the eligible Director resigns from the position predetermined by the Board of Directors of the Company before the expiration of the transfer with no justifiable reasons, such as expiration of his or her term of office, death, or other reasons, the Company will acquire such shares without compensation.

The total amount of compensation to Outside Directors is determined by the Board of Directors, taking into consideration their social status and contribution to the Company. The allocation of compensation to each individual is determined by the President and Representative Director (Ichiro Honda).

(ii) Matters concerning the delegation of responsibility for determining the details of individual compensation, etc. to Directors

For the purpose of efficient operation of the Board of Directors, the discretionary power to determine the amount of individual monthly compensation and bonuses for directors is given to the President and Representative Director (Ichiro Honda) pursuant to the resolution by the Board of Directors meeting. The authority is re-delegated to the President and Representative Director (Ichiro Honda) because he has a comprehensive understanding of the Group's management status and the status of execution of responsibilities and contribution of each Director.

(iii) Reasons why the Board of Directors determined that details of compensation, etc. to each individual Director are in line with the decision policy

The Directors' compensation system/policy and the amount of compensation are matters to be deliberated by the Governance Committee, which is a voluntary advisory committee consisting of a majority of Outside Directors. By reporting the results of deliberations to the Board of Directors, the objectivity and transparency of the decisions made by the President and Representative Director, who has been re-delegated, are ensured. The Board of Directors believes that the officer compensation system has been operated properly.

(iv) Matters concerning the policy for determining the amount of compensation, etc. to Audit & Supervisory Board Members and the method for calculation thereof

Regarding the compensation for both full-time and part-time Audit & Supervisory Board Members, only monthly compensation is paid. No officers' bonuses or stock-based compensation

is paid because of their role in monitoring and supervising management from an independent standpoint. The total amount of monthly compensation to Audit & Supervisory Board Members is resolved at the General Meeting of Shareholders, and the allocation method is determined through discussions among Audit & Supervisory Board Members in accordance with laws and regulations.

(v) Total amount of compensation, etc. to Directors and Audit & Supervisory Board Members

Position	Total amount of compensation, etc. (Thousand yen)	Total amount of compensations, etc. by type (Thousand yen)		Number of Officers subject to the compensation
		Basic compensation	Non-monetary compensation	
		Fixed compensation	Restricted stock	
Directors [of which, Outside Directors]	221,950 [15,600]	198,000 [15,600]	23,950 [-]	14 [3]
Audit & Supervisory Board Members [of which, Outside Audit & Supervisory Board Members]	29,100 [11,550]	29,100 [11,550]	- [-]	5 [3]
Total	251,050	227,100	23,950	19

Notes: 1. At the 70th Annual General Meeting of Shareholders held on January 30, 2018, the maximum amount of compensation to Directors was approved to be 260,000 thousand yen p.a. (including 20,000 thousand yen for Outside Directors). The number of Directors as of the close of this Annual General Meeting of Shareholders was 14 (including three Outside Directors).

Additionally, at the 72nd Annual General Meeting of Shareholders held on January 30, 2020, compensation of up to 80,000 thousand yen p.a. was approved for granting restricted stock to Directors (excluding Outside Directors), separately from the amount of compensation, etc., described above. The number of Directors as of the close of this Annual General Meeting of Shareholders was 14 (including three Outside Directors).

2. At the 46th Annual General Meeting of Shareholders held on January 28, 1994, the maximum amount of compensation to Audit & Supervisory Board Members was approved to be 40,000 thousand yen p.a. The number of Audit & Supervisory Board Members as of the close of this Annual General Meeting of Shareholders was three (including three Outside Audit & Supervisory Board Members).
3. The above amounts do not include the employee salary portion of 77,820 thousand yen paid to Directors serving concurrently as employees.

(4) Matters regarding Outside Directors

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

Position	Name	Concurrent position held
Audit & Supervisory Board Member	Shin Tokunaga	Partner, Sowa Tax Corporation
Audit & Supervisory Board Member	Takashi Aikawa	Executive Partner, Shinsoh Audit Corporation

There are no special relationships between the Company and the above companies at which the significant concurrent positions are held.

(ii) Major activities during the fiscal year under review

Position	Name	Major activities
Director	Yoshio Hanihara	Having attended all 13 Board of Directors meetings held during the fiscal year under review, Yoshio Hanihara has been giving advice and recommendations on and supervising management in general based on his experience as an audit & supervisory board member of a listed company and his extensive experience and knowledge of the securities industry.

Director	Takashi Kai	Having attended all 13 Board of Directors meetings held during the fiscal year under review, Takashi Kai has been giving advice and recommendations on and supervising management in general based on his extensive experience and insight acquired at a food division of a major trading company, as well as his experience from having served as an inspector at the internal auditing division and an audit & supervisory board member of a group company of the trading company.
Director	Hiroyoshi Inoue	Having attended 12 out of 13 Board of Directors meetings held during the fiscal year under review, Hiroyoshi Inoue, as a university professor on the forefront of medical radiation, a long-time researcher of ethical drugs and functional foods, and a leading authority in the study of oils, especially nut-derived oils, has been giving advice on and supervising management from his specific area of expertise.
Audit & Supervisory Board Member	Shin Tokunaga	Having attended 12 out of 13 Board of Directors meetings and 13 out of 14 Audit & Supervisory Board meetings held during the fiscal year under review, Shin Tokunaga has been giving adequate advice as necessary, based on his extensive experience and knowledge acquired as a certified public accountant and a certified tax accountant.
Audit & Supervisory Board Member	Kiyoshi Endo	Having attended all 13 Board of Directors meetings and all 14 Audit & Supervisory Board meetings held during the fiscal year under review, Kiyoshi Endo has been giving adequate advice as necessary, based on his extensive experience and knowledge acquired as a university professor.
Audit & Supervisory Board Member	Takashi Aikawa	Having attended all nine Board of Directors meetings and all nine Audit & Supervisory Board meetings held after his appointment as Outside Audit & Supervisory Board Member, Takashi Aikawa has been giving adequate advice as necessary, based on his extensive experience and knowledge acquired as a certified public accountant.

(5) Overview of agreements to limit liability

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

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

5. Accounting Auditor

(1) Name of Accounting Auditor

Deloitte Touche Tohmatsu LLC

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

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

	Thousand yen
a. The amount of compensation for audit services in accordance with Article 2, Paragraph 1 of the Certified Public Accountants Act	46,000
b. Total amount of monies and other assets payable by the Company and its subsidiaries to the Accounting Auditor	53,500

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

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

(3) Non-audit work

The Company assigned “advisory services related to revenue recognition standards,” which are non-audit services other than the services stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act, to the Accounting Auditor and paid fees for such services.

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

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

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

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

Consolidated Balance Sheet

(As of October 31, 2021)

(Thousand yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	47,018,641	Current liabilities	24,249,654
Cash and deposits	9,858,617	Notes and accounts payable – trade	10,467,220
Notes and accounts receivable – trade	19,572,827	Short-term loans payable	9,281,839
Merchandise and finished goods	13,185,583	Current portion of long-term loans payable	151,476
Work in process	971,824	Accounts payable – other	1,796,380
Raw materials and supplies	2,261,913	Income taxes payable	580,664
Advance payments	384,001	Provision for bonuses	915,651
Other	787,025	Provision for bonuses for directors	12,187
Allowance for doubtful accounts	(3,151)	Other	1,044,235
Non-current assets	31,451,677	Non-current liabilities	9,868,219
Property, plant and equipment	25,215,921	Long-term loans payable	8,289,609
Buildings and structures	14,149,722	Deferred tax liabilities	193,593
Machinery, equipment and vehicles	6,656,795	Net defined benefit liability	851,830
Tools, furniture and fixtures	326,917	Provision for retirement benefits for directors	105,315
Land	3,512,613	Other	427,870
Leased assets	99,514		
Construction in progress	229,261	Total liabilities	34,117,874
Other	241,097	Net assets	
Intangible assets	267,598	Shareholders' equity	40,863,404
Software	132,870	Share capital	3,379,736
Other	134,727	Capital surplus	3,051,419
Investments and other assets	5,968,158	Retained earnings	35,360,808
Investment securities	3,479,517	Treasury stock	(928,559)
Shares of subsidiaries and affiliates	246,121	Accumulated other comprehensive income	2,653,271
Insurance premiums	81,240	Valuation difference on available-for-sale securities	1,678,687
Long-term advance payments	1,564,579	Deferred gains or losses on hedges	103,139
Deferred tax assets	303,749	Foreign currency translation adjustments	953,655
Other	536,803	Remeasurements of defined benefit plans	(82,210)
Allowance for doubtful accounts	(243,853)	Non-controlling interests	835,769
Total assets	78,470,319	Total net assets	44,352,445
		Total liabilities and net assets	78,470,319

Consolidated Statement of Income

(From November 1, 2020 to October 31, 2021)

(Thousand yen)

Item	Amount	
Net sales		99,631,156
Cost of sales		83,058,225
Gross profit		16,572,931
Selling, general and administrative expenses		12,390,447
Operating profit		4,182,484
Non-operating profit		
Interest income	8,609	
Dividend income	70,947	
Share of profit of entities accounted for using the equity method	19,732	
Insurance claim income	75,132	
Other	130,614	305,036
Non-operating expenses		
Interest expense	134,587	
Foreign exchange losses	1,393	
Compensation expenses	58,440	
Other	13,507	207,929
Ordinary profit		4,279,591
Extraordinary income		
Gain on sales of non-current assets	25,835	
Gain on sales of investment securities	0	25,836
Extraordinary losses		
Expenses for dismantling non-current assets	6,500	
Loss on retirement of non-current assets	35,920	
Loss on sales on non-current assets	1,420	43,840
Income before income taxes		4,261,587
Income taxes – current	1,381,483	
Income taxes – deferred	37,366	1,418,849
Profit		2,842,737
Profit attributable to non-controlling interests		53,377
Profit attributable to owners of parent		2,789,359

Non-consolidated Balance Sheet

(As of October 31, 2021)

(Thousand yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	36,926,722	Current liabilities	23,097,187
Cash and deposits	5,198,535	Accounts payable – trade	10,825,676
Notes receivable – trade	1,021,652	Short-term loans payable	10,199,988
Accounts receivable – trade	17,586,875	Lease obligations	45,155
Merchandise	7,780,993	Accounts payable – other	898,754
Imports in transit	2,008,345	Accrued expenses	188,341
Advance payments	6,849	Income taxes payable	428,248
Short-term loans receivable from subsidiaries and affiliates	2,550,361	Deposits received	76,295
Accounts receivable – other	356,121	Provision for bonuses	389,000
Other	418,951	Other	45,727
Allowance for doubtful accounts	(1,964)	Non-current liabilities	8,606,816
Non-current assets	21,858,243	Long-term loans payable	7,600,000
Property, plant and equipment	12,357,295	Leasehold and guarantee deposits received	104,729
Buildings	9,069,898	Lease obligations	63,325
Structures	410,433	Deferred tax liabilities	388,804
Machinery and equipment	7,249	Provision for retirement benefits	192,998
Vehicles	0	Other	256,960
Tools, furniture and fixtures	36,371		
Land	2,733,827		
Leased assets	99,514	Total liabilities	31,704,004
Intangible assets	85,095	Net assets	
Software	78,419	Shareholders' equity	25,398,251
Telephone subscription right	6,675	Share capital	3,379,736
Investments and other assets	9,415,852	Capital surplus	3,047,652
Investment securities	3,190,195	Legal capital surplus	3,042,770
Shares of subsidiaries and affiliates	3,174,800	Other capital surplus	4,882
Investments in capital	9,482	Retained earnings	19,899,422
Investments in capital of subsidiaries and affiliates	2,748,544	Legal retained earnings	523,872
Long-term loans receivable	4,800	Other retained earnings	19,375,550
Insurance premiums	81,240	Reserve for tax purpose reduction entry of non-current assets	40,916
Other	255,355	General reserve	11,710,000
Allowance for doubtful accounts	(48,567)	Retained earnings brought forward	7,624,633
		Treasury stock	(928,559)
		Valuation and translation adjustments	1,682,709
		Valuation difference on available-for-sale securities	1,579,570
		Deferred gains or losses on hedges	103,139
		Total net assets	27,080,961
Total assets	58,784,966	Total liabilities and net assets	58,784,966

Non-consolidated Statement of Income

(From November 1, 2020 to October 31, 2021)

(Thousand yen)

Item	Amount	
Net sales		
Net sales of goods	84,794,005	
Real estate lease revenue	717,275	85,511,281
Cost of sales		
Cost of goods sold	75,176,774	
Cost of real estate lease revenue	531,798	75,708,572
Gross profit		9,802,708
Selling, general and administrative expenses		7,334,549
Operating profit		2,468,159
Non-operating profit		
Interest income	27,011	
Dividend income	112,251	
Commission income	14,472	
Insurance claim income	64,289	
Other	24,788	242,812
Non-operating expenses		
Interest expense	121,390	
Foreign exchange losses	162	
Other	62,091	183,644
Ordinary profit		2,527,328
Extraordinary income		
Gain on sales of non-current assets	25,212	
Gain on sales of investment securities	0	25,212
Extraordinary losses		
Loss on valuation of investments in capital of subsidiaries and affiliates	347,421	
Expenses for dismantling non-current assets	6,500	
Loss on retirement of non-current assets	0	353,921
Income before income taxes		2,198,619
Income taxes – current	736,837	
Income taxes – deferred	44,188	781,026
Profit		1,417,592

Consolidated Statement of Changes in Equity

(From November 1, 2020 to October 31, 2021)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	3,379,736	3,048,959	33,379,214	(949,422)	38,858,488
Changes during period					
Dividends of surplus			(807,765)		(807,765)
Profit attributable to owners of parent			2,789,359		2,789,359
Purchase of treasury stock				(501)	(501)
Disposal of treasury stock		2,459		21,364	23,823
Net changes in items other than shareholders' equity					—
Total changes during period	—	2,459	1,981,593	20,862	2,004,916
Balance at end of period	3,379,736	3,051,419	35,360,808	(928,559)	40,863,404

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,416,533	(47,858)	180,300	(43,280)	1,505,694	788,140	41,152,323
Changes during period							
Dividends of surplus							(807,765)
Profit attributable to owners of parent							2,789,359
Purchase of treasury stock							(501)
Disposal of treasury stock							23,823
Net changes in items other than shareholders' equity	262,153	150,997	773,355	(38,930)	1,147,576	47,629	1,195,205
Total changes during period	262,153	150,997	773,355	(38,930)	1,147,576	47,629	3,200,121
Balance at end of period	1,678,687	103,139	953,655	(82,210)	2,653,271	835,769	44,352,445

Non-Consolidated Statement of Changes in Equity

(From November 1, 2020 to October 31, 2021)

(Thousand yen)

	Shareholders' equity							
	Share capital	Capital surplus			Legal retained earnings	Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus		Reserve for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward
Balance at beginning of period	3,379,736	3,042,770	2,422	3,045,192	523,872	48,262	11,710,000	7,007,460
Changes during period								
Dividends of surplus								(807,765)
Reversal of reserve for tax purpose reduction entry of non-current assets						(7,346)		7,346
Profit								1,417,592
Purchase of treasury stock								
Disposal of treasury stock			2,459	2,459				
Net changes in items other than shareholders' equity								
Total changes during period	—	—	2,459	2,459	—	(7,346)	—	617,173
Balance at end of period	3,379,736	3,042,770	4,882	3,047,652	523,872	40,916	11,710,000	7,624,633

	Shareholders' equity			Valuation and translation adjustments			Total net assets
	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Total retained earnings						
Balance at beginning of period	19,289,596	(949,422)	24,765,102	1,331,010	(47,858)	1,283,151	26,048,254
Changes during period							
Dividends of surplus	(807,765)		(807,765)				(807,765)
Reversal of reserve for tax purpose reduction entry of non-current assets	—		—				—
Profit	1,417,592		1,417,592				1,417,592
Purchase of treasury stock	—	(501)	(501)				(501)
Disposal of treasury stock	—	21,364	23,823				23,823
Net changes in items other than shareholders' equity				248,560	150,997	399,558	399,558
Total changes during period	609,826	20,862	633,149	248,560	150,997	399,558	1,032,707
Balance at end of period	19,899,422	(928,559)	25,398,251	1,579,570	103,139	1,682,709	27,080,961