

Securities Code: 2897

June 3, 2022

To our shareholders:

1-1, 4-chome, Nishinakajima, Yodogawa-ku, Osaka, Japan



Koki Ando, President and Representative Director, CEO

Notice Concerning Recommendation by the Proxy Advisory Firm ISS to Vote Against
Proposal 3 of the 74th Ordinary General Meeting of Shareholders of the Company

NISSIN FOODS HOLDINGS CO., LTD. (the “Company”) has confirmed that Institutional Shareholder Services Inc. (“ISS”), a proxy advisory firm, has issued a report recommending shareholders to vote against Proposal 3 of the Company’s 74th Ordinary General Meeting of Shareholders to be held on June 28, 2022.

The Company understands that ISS’s dissenting recommendation is based on the Company’s past cross-shareholding figures, not on its current figures, and therefore takes this opportunity to provide an explanation on its latest figures and policies below.

We would like to ask our shareholders to decide whether to vote for or against the proposal in question, after reviewing the details of this notice.

1. ISS’s dissenting recommendation criteria and the Company’s current cross-shareholding figures

ISS has a quantitative criteria to recommend against the appointment of directors in senior management positions if a company’s ratio of cross-shareholdings to consolidated net assets (total equity, in case of IFRS adoption) is 20% or higher. As this ratio at the Company as of the end of fiscal 2020 was in breach of the quantitative criteria, ISS has recommended against the proposal for election of the candidate for Director, Koki Ando.

However, as explained on page 55 of the “Notice of the 74th Ordinary General Meeting of Shareholders,” as a result of measures to reduce cross-shareholdings, this ratio at the Company has decreased to 17.5% as of the end of fiscal 2021. The Company believes, therefore, that if this figure were to be applied, it would have received an affirmative recommendation from ISS, and not a dissenting recommendation.

2. Status of cross-shareholdings

	End of 73rd fiscal year (End of Mar 2021)	*1 End of Mayr 2021	End of 74th fiscal year (End of Mar 2022)	*1 End of May 2022
Number of issues held	59 issues	58 issues	57 issues	56 issues
Total amount on the balance sheet (Millions of yen)	87,376	79,221	79,668	47,829
Total equity (Millions of yen)	421,435	421,435	444,590	444,590
Ratio to total equity	20.7%	18.8%	17.5%	10.8%

As announced in the press release of May 25, 2022, the Company acquired an additional 3.9% of shares in Premier Foods plc, making it an equity method affiliate of the Company. As a result, shares of Premier Foods will no longer be counted as cross-shareholdings, and the balance of cross-shareholdings excluding these stocks as of March 31, 2022 is ¥47,829 million, which is equivalent to 10.8% of total equity as of March 31, 2022.

*1: the ratio of the cross-shareholdings with the exception of decreased amount after the end of previous year, to the total equity as of the end of previous fiscal year

3. The Company's policy on reduction of cross-shareholdings

In addition to obtaining dividends and capital gains, the Company may hold shares in listed companies as it deems necessary from the perspective of realizing medium- to long-term improvements in corporate value by building good relationships with business partners and smoothly promoting business through efficient and stable transactions and business alliances in the course of its management strategy.

The Company's basic policy is to sell such stocks as soon as possible when the significance of holding such stocks is deemed to be limited, and in addition, at a meeting of the Board of Directors held in April every year, the Company regularly verifies shareholdings by each security name, considering whether or not the Company should continue holding the cross-shareholdings and the selling schedule of the cross-shareholdings by taking into account various factors comprehensively, including economic rationality, etc.; whether the actual return exceeds the earnings targets set based on the degree of contribution made in terms of operating revenue or cost of capital, and the purpose of holding and transaction status of the cross-shareholdings.

In the Annual Securities Report for the fiscal year ended March 31, 2020, the Company announced

its policy to “reduce equivalently 20% of the number of cross-shareholdings compared with those held at the end of fiscal 2019 over the next two to three years,” and achieved the plan by the end of May 2021 ahead of schedule.

Subsequently, on May 11, 2021, at the time of the full-year financial report for fiscal 2020, the Company announced its policy to “make additional sales targeting ¥10 billion over approximately the next two years,” and based on this policy, during fiscal 2021, the Company sold all of two issues and a portion of two issues for a total of ¥7,808 million, based on market value as of the end of fiscal 2020, achieving the majority of the target of said policy in fiscal 2021. The Board of Directors resolved to continue this policy at its meeting held on April 6, 2022, and will continue the policy in fiscal 2022 toward further reduction of cross-shareholdings.

<For reference: Financial Results for FY 3/2022, P.16, “Reducing Cross-Shareholdings”>



Reducing Cross-Shareholdings

We continue to reduce our cross-shareholdings. With respect to the policy disclosed in May 2021, which called for a reduction of 10 billion yen over the course of two years, we achieved 7.8 billion yen in reductions during FY 3/2022, and we intend to further reduce cross-shareholdings, expecting to achieve our target during FY 3/2023

