

# INTEGRATED REPORT 2022



**NIPPON CORPORATION**

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Management Philosophy of NIPPN

The NIPPN Group contributes to the realization of a sustainable society by pursuing **the well-being** (happiness, health, and smiles) **of people**.

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**Editorial Policy**  
This Integrated Report provides a wide range of financial and non-financial information about the NIPPN Group. It includes messages from the president and directors, and provide a concrete overview of NIPPN, our strategy, and business direction.  
Non-financial information is organized in a more concise manner compared to the NIPPN Report until last year.  
The content of this report is also posted on our website in order for as many people as possible to understand our Group.

**Reporting Period**  
This report covers the period from April 1, 2021 to March 31, 2022.  
However, periods before and after the current period are also mentioned as necessary.

**Scope of Reporting**  
NIPPN Group (NIPPN CORPORATION and major affiliates)  
\* Some environmental and social data is provided by NIPPN CORPORATION and its subsidiaries (as specified in the text)

**Guidelines Referenced**  
International Integrated Reporting (IR) Framework  
Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation  
GRI Standards

**Notes on Forward-looking Statements**  
The forward-looking statements in this integrated report are based on uncertainties and assumptions that could cause actual future facts and results to differ materially from what they express or imply. You should not rely solely on any forward-looking statements contained in this integrated report.  
In addition, we are not responsible for updating or revising any information contained in this integrated report.

## Message from Top Management



By providing products that combine our food materials knowhow with first-rate processing technology, besides striving to achieve “the well-being of people,” we also aim to realize sustainable management.

*Toshiya Maezuru*

Toshiya Maezuru  
Representative Director,  
President and C.O.O.

### Aiming to Realize Our Long-term Vision

NIPPON CORPORATION is proceeding with the diversification of our operations beyond the Flour Milling which was our original business when the company was first established, and we have expanded into areas such as processed foods and health care. As a “comprehensive food company,” in the future we are aiming to achieve annual net sales of 500 billion yen and annual operating income of 25 billion yen, and as a milestone on the way to realizing this, we have set a target of increasing annual net sales to 400 billion yen and raising annual operating income to 15 billion yen by FY2027. We believe that, in order to achieve these goals and proceed onward to the next stage in our development, it is vitally important for us to incorporate sustainability into our company-wide strategy.

In 2022, NIPPON CORPORATION formulated a new management philosophy. The “people” referred to in the concept of “the well-being of people” that is enunciated in this philosophy does not refer only to our customers; it also includes our employees, our investors, and everyone in society. This is precisely our business, which embodies the desire to bring joy to all people through our products. While delivering “happiness, health and smiles” to people through our business, we will also contribute toward the realization of a sustainable society by giving due regard to the environment and human rights. We hope that, by ensuring that each of our employees understands this philosophy, we will generate ideas and products that help to realize a sustainable society, including products that bring people health and products that embody concern for the environment, and that we will also aim to become a company where employees take action to proactively achieve these goals.

### Building Competitive Advantage and Diversifying Our Business

Having started as a Flour Milling business, and then expanded it to develop Food Materials, Processed Food products, Frozen Food products and Health Food products, over the years we have accumulated knowhow and technology, which has been the wellspring of our competitiveness. Rather than just supplying materials, we undertake the development of high-value-added products.

As an example, it was discovered that the residue left over after olives have been pressed contains component substances that are beneficial to human health, and so we have commercialized this ingredient to create Health Food

products. The knowhow relating to various ingredients, including wheat and other grains, and the food processing techniques, that we have accumulated through the process of developing products together with our customers, have supported our company's growth in the past, and we believe that they will also lead to the generation of new businesses in the future. Taking this knowhow and these technologies as the foundation, going forward, we will be striving to develop our business based around our management philosophy with its focus on striving for the “well-being of people.”

### The Outlook for the Future and Our Growth Strategy

Looking at the current business environment, at the beginning of 2022 we were faced with very challenging circumstances, including the dramatic rise in wheat and energy prices due to the impact of the situation in Ukraine. Although the cost of construction materials has also been rising, we believe that it is important for us to continue making steady progress with vital capital investment projects. In particular, having a stable supply of wheat flour is a matter of life or death for our company, and in order for us to maintain our development, we will continue to invest in flour mill construction in the future. At the same time, with regard to investment aimed at expanding the scope of our business operations, we will be proceeding with investment in facilities for frozen food (which is a growth area for us) and with projects such as factory construction in Indonesia. In addition, we are responding to consumer needs, which continue to change rapidly, and to the diversification of sales channels, for example by launching online sales of frozen pasta products which enable consumers to enjoy restaurant-quality food at home. We are also making a serious effort to cultivate the human talent needed to accelerate our R&D efforts, and the marketing talent needed to accurately identify customer needs. A further point is that we consider production technology to constitute an extremely important source of value-added for a manufacturer, and so we will be working to further hone our capabilities in this area, which is one of our company's key strengths.

Japan's population continues to fall, so in order for us to maintain steady growth as a company in the future, it is vitally important for us to strengthen our overseas business development. Eating habits in Southeast Asia are becoming increasingly Westernized, and we are undertaking marketing surveys and exploring the potential for factory establishment in this region, with a main focus on processed foods such as pasta and frozen foods. Going forward, we expect to accelerate sales expansion of our own products in this region and also collaboration with local companies.

Regarding the promotion of digital transformation (DX), factory digitalization is leading the way for the digitalization of society as a whole, and we are currently aiming to realize the “visualization” of factory data, and working to ensure that these data are shared throughout the company in a timely manner and reflected in our management strategy. In the future, we will also be promoting DX in other areas besides factory operation, and we will be promoting measures such as workstyle reforms. In addition, by developing our own unique approach, such as by using e-commerce for the sale of products such as high-value-added products and allergy-friendly products for which it is difficult to ensure stable sales volume through retail outlets, we are aiming to develop our operations in line with the needs of the times, in terms of various sales locations, purchase methods, products, etc.

### Promoting Sustainability-based Management

Given that we are a company engaged in the agricultural products processing industry, in particular the milling of wheat flour, we naturally have to use large amounts of energy in our operations. The larger our business becomes, the more energy we consume, but we have been working to save energy through repeated efforts targeting various stages in the production process. In 2022, we established a new Sustainability Promotion Division, and we are working to further expand our sustainability initiatives. As a company that benefits from the natural blessings provided by “wheat”, we have always had a high level of environmental awareness, and going forward we will be making steady efforts to live up to society's expectations, for example by implementing disclosure in line with Task Force on Climate-related Financial Disclosures (TCFD) recommendations. We also recognize that human talent is extremely important for supporting our company's growth, and we are making a serious effort to invest in human capital development to cultivate the next generation. With regard to the skills and knowledge needed to drive business growth, besides working to further expand training and other educational programs, we are also collaborating on R&D with universities and research institutes, and the results of this research are disseminated outside the company. As regards the promotion of female participation, female employees already account for around 60 – 70% of our R&D staff, and the range of opportunities for them to play an active role within the company is being expanded. Going forward, we will make even greater efforts to implement workstyle reforms tailored to the needs of each workplace and to the life stages reached by each individual employee, and we will be focusing on enabling diverse human talent to fulfill their potential across a wide range of different fields.

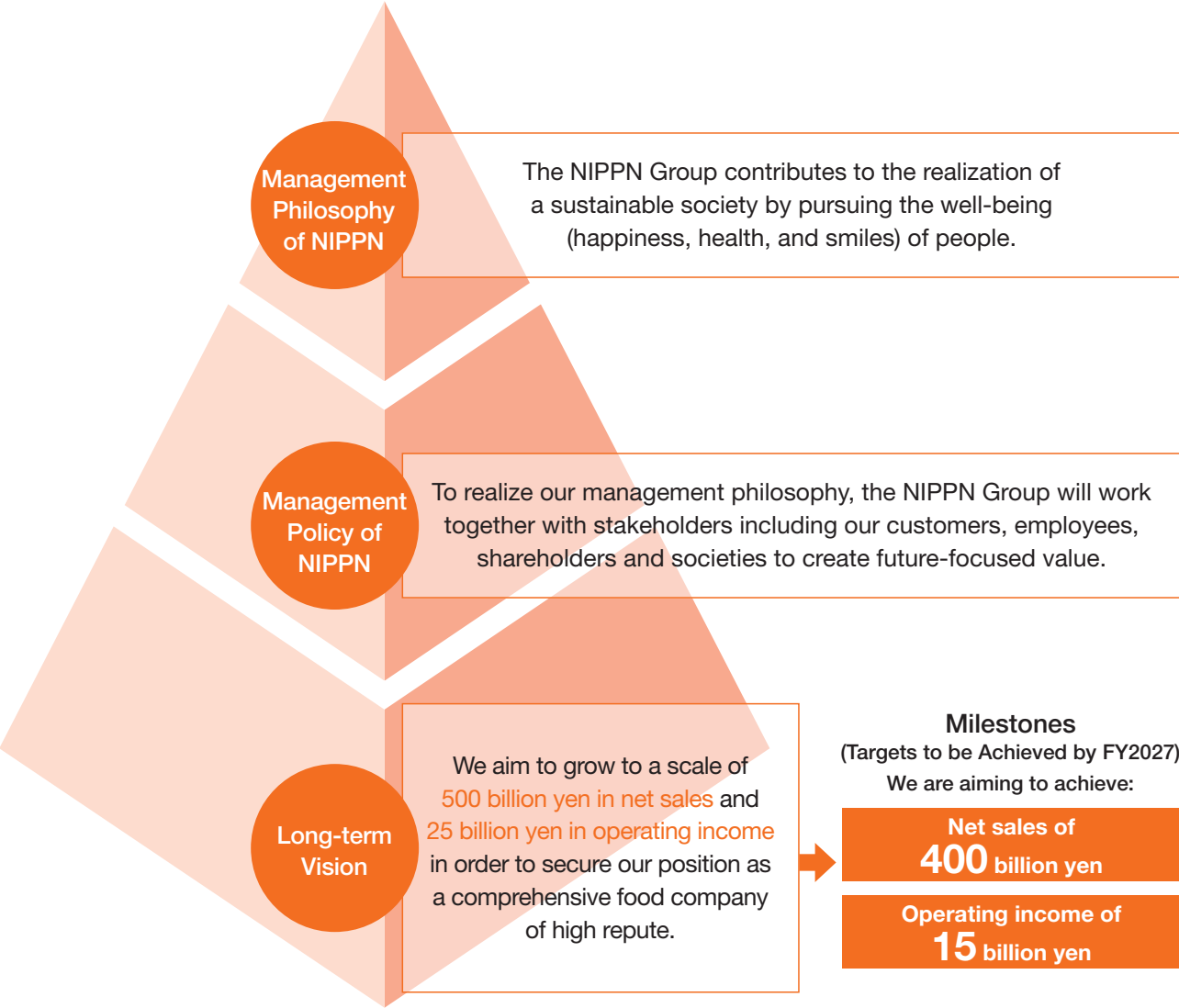
To realize the “well-being of people,” besides working to create a new era of “Food,” we are also doing our utmost to achieve sustainability-aware management, so as to fulfil our corporate social responsibility. We look forward to receiving your continued support in the future.

NIPPN is aiming to realize its management philosophy as a comprehensive food company

Having started out in the Flour Milling business, NIPPN has subsequently diversified its business by undertaking the development of Food Materials, Processed Food products, Frozen Food products, Nakashoku (ready-made meals), and Health Food products. Going forward, while continuing to expand our business areas, we will also be combining our various businesses organically, and developing each business in-depth to gain maximum benefit from it.

In 2021, the year which marked the 125th anniversary of the company’s founding, we changed our company name to NIPPN CORPORATION, and in 2022 we adopted a new management philosophy in line with the launching of the new NIPPN Group.

The NIPPN Group’s Management Philosophy and Overall Strategy



Management Policy of NIPPN

The business environment within which NIPPN operates is changing at a dizzying speed. To adapt to this changing environment, we are aiming to fuse the technologies that we have cultivated since our founding with a new digital transformation (DX), creating food for a new era through innovation, and generating value that will carry through into the future.

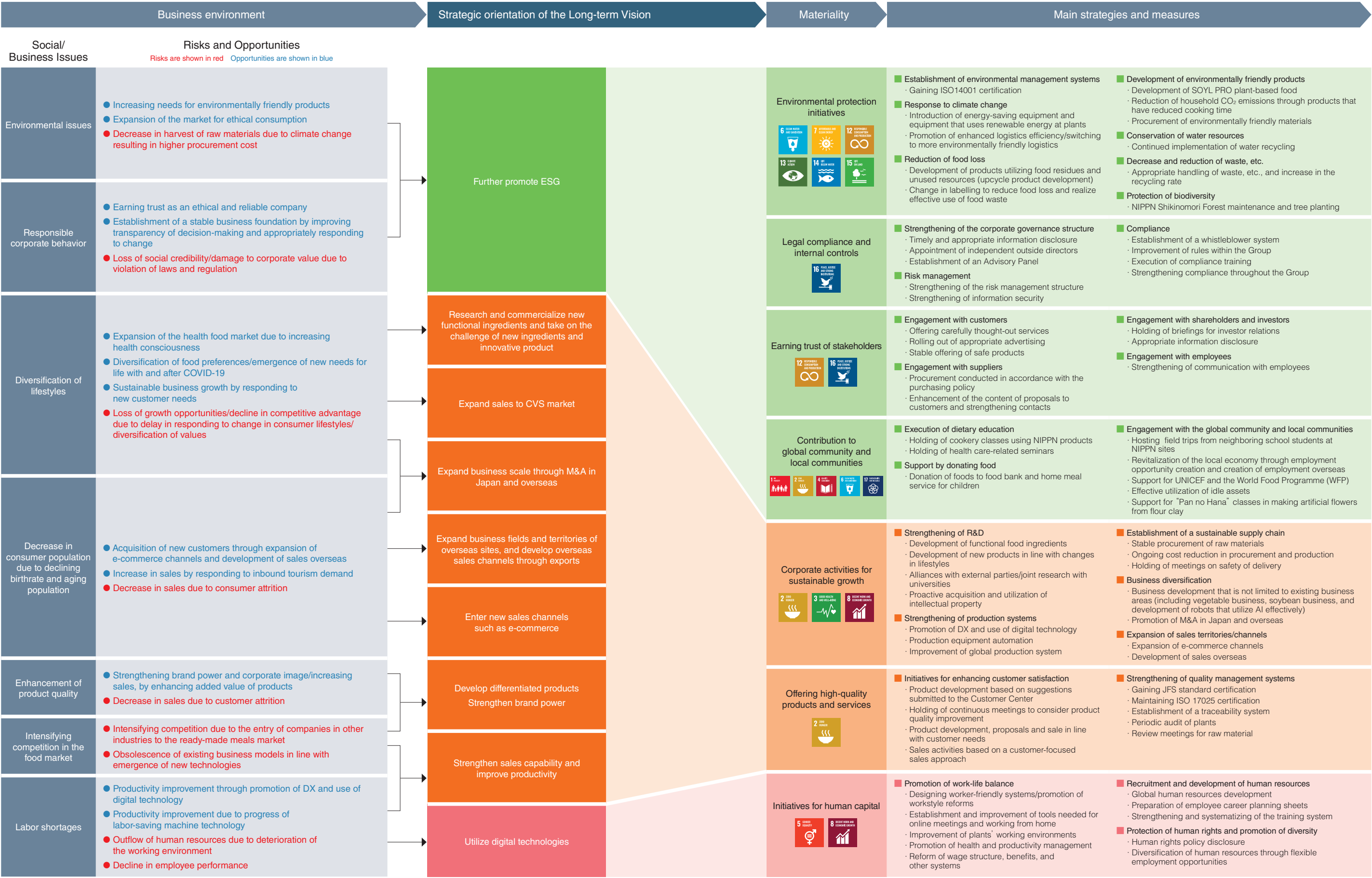
In addition, each employee will maintain the pioneering spirit that the company has embodied since its founding, and challenge themselves to develop new business areas.

Through these types of corporate activities, we will make a serious effort to address environmental issues, the need to safeguard biodiversity, and other problems affecting society, and we will contribute toward the realization of a sustainable society, thereby fulfilling our management philosophy.

Based on our management philosophy, we have formulated a management policy that emphasizes working together with our customers, shareholders and other stakeholders to generate value that will carry through to the future. Together with our customers, employees and shareholders, and with society as a whole, we will deliver groundbreaking products and services, and promote measures to address society's problems, and in so doing we will contribute toward the enhancement of corporate value and the realization of a better society and a better world.







Realizing our corporate vision to aim for and securing our position as a comprehensive food company

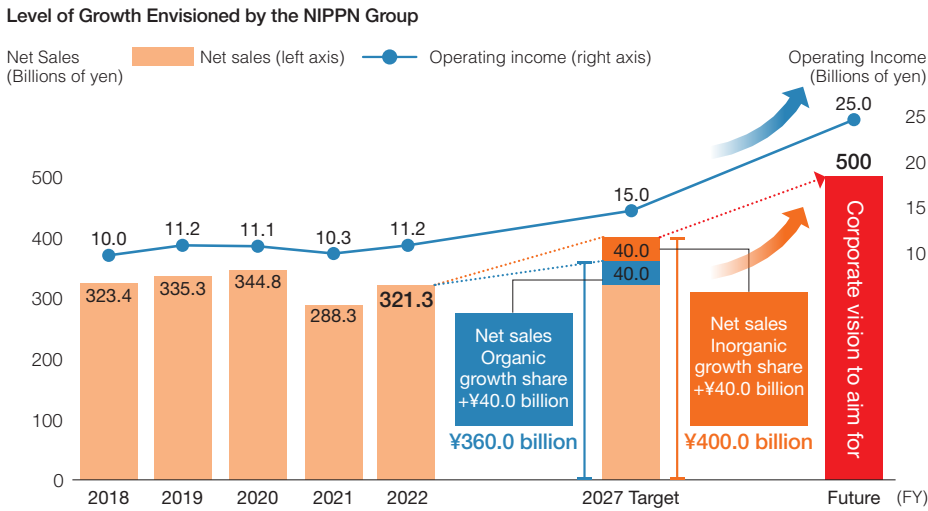
Our Vision

We aim to grow to a scale of 500 billion yen in net sales and 25 billion yen in operating income in order to secure our position as a comprehensive food company of high repute.

As a milestone to achieving this goal, we have set ourselves the targets of strengthening our revenue base and raising annual sales by 40 billion yen through organic growth, and growing sales by a further 40 billion yen through inorganic growth, to achieve 400 billion yen in net sales and 15 billion yen in operating income by FY2027, five years from now.

With regard to our core businesses, we will be raising

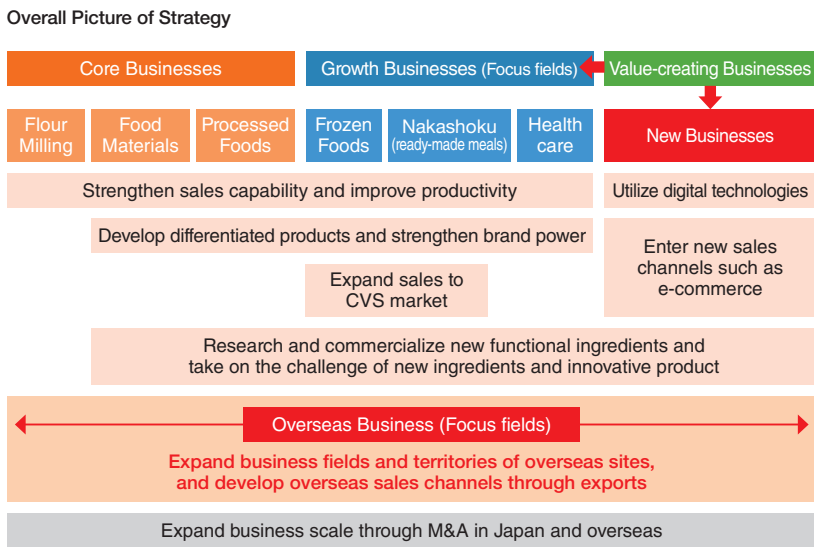
the cost competitiveness of the Flour Milling business and further strengthening its revenue base. In the Food Materials business, we will be implementing a differentiation strategy for our premix products, while in the Processed Foods business we will be expanding sales by developing the market from new perspectives. As regards growth businesses, in the Frozen Foods business we are aiming to capture top market share for frozen pasta, and in the Nakashoku (ready-made meals) business, we will be working to expand the scale of the vendor business. In the Health Care business, we are aiming to double our annual net sales.



\* The figures for FY2021 have been adjusted retroactively due to a change in accounting policy

Strategy for Achieving Our Long-term Vision

By strengthening the foundations of our existing businesses and increasing production capacity, we will achieve sustainable profit growth and stable generation of cash, while also concentrating management resources on growth fields where improved profitability can be expected. In addition, we will be working to realize further growth by business expansion into global markets, creating new businesses, and developing value-creating businesses.



Key Strategies for Growth Businesses

Going forward, we will be positioning the Frozen Foods business as a growth business that is a focus field. In the COVID-19 pandemic, consumers' perception of frozen foods has changed, and their awareness of these products has increased. We will work to increase distribution of rice dishes in trays for one-person servings, a product segment in which we have a competitive advantage, and we are aiming to develop and expand sales of side dish products targeting dual-income households. We are also strengthening our product portfolio of SOYL PRO-products, aiming to increase sales revenue in this area by developing new sales channels such as a website for direct sales and unmanned sales.

With regard to the Nakashoku (ready-made meals) business, which is another focus field for us, there has been a pronounced change in the business environment, and we have responded through measures such as establishing production sites nationwide, strengthening the chilled meals segment, and cultivating new sales channels. To resolve issues affecting this business area, we are strengthening our

R&D capabilities for research on control of the number of bacteria in the chilled temperature range, and for research on extending shelf life, and we are also working to strengthen our production and technology capabilities, for example by production automation in response to labor shortages and promotion of DX.

In our Health Care business, we will be fostering mainstay brands of food ingredients with functional claims, and expanding sales channels through online sales, exports, etc.



Proactive Investment in Expanding and Restructuring Overseas Business Locations

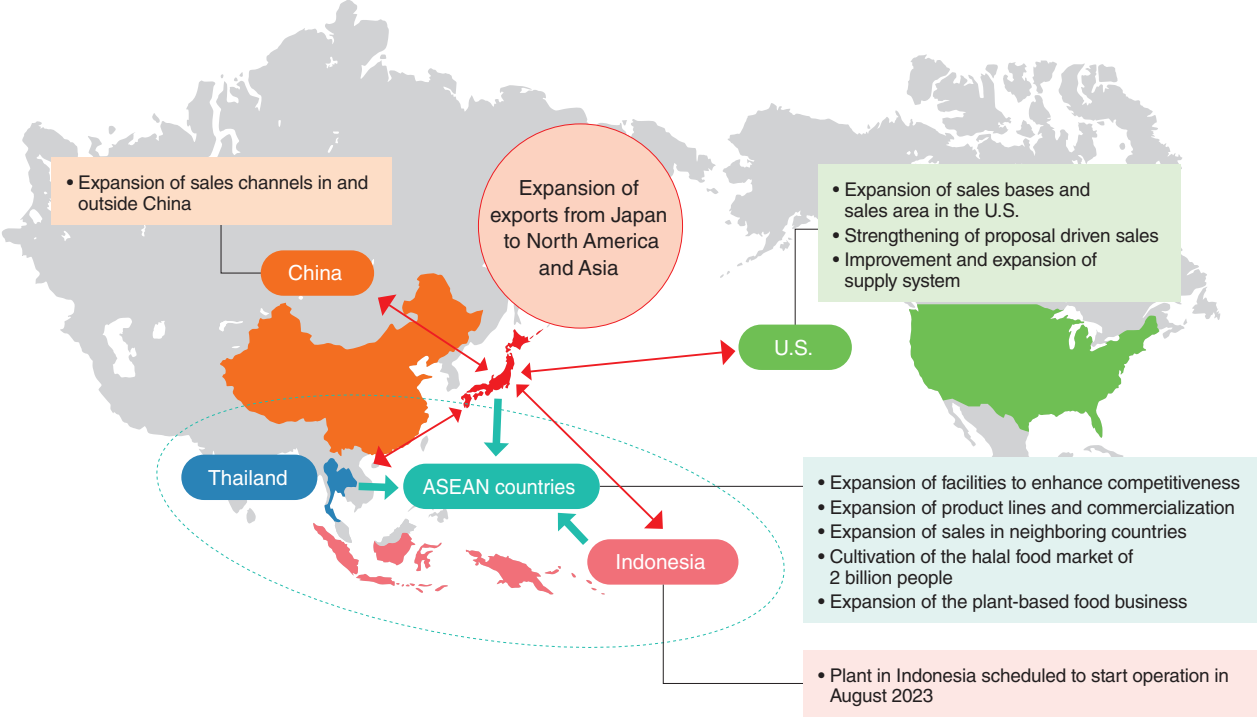
With regard to Overseas business, we are also working to further expand our business in the ASEAN region and China, where the business potential is high, as well as in North America. By developing business speedily including promotion of inorganic growth strategy, we are aiming to increase the ratio of international sales from around 3% in FY2022 to around 6% by FY2027.

To this end, in addition to premix products and pasta, which have been the main focus of our Overseas business in the past, we are also promoting the development of new businesses, including Frozen Foods, new alternative protein

ingredients, health ingredients, and functional ingredients. We are also setting our sights on realizing inorganic growth, and working actively to pursue cross-border M&A opportunities in North America and in the ASEAN countries.

Going forward, we intend to undertake investment which, in North America, will involve expanding our sales bases and sales area, and improving and expanding our supply system in the U.S., while in the ASEAN nations it will involve expanding our facilities to enhance competitiveness, and expanding our product lines and commercialization.

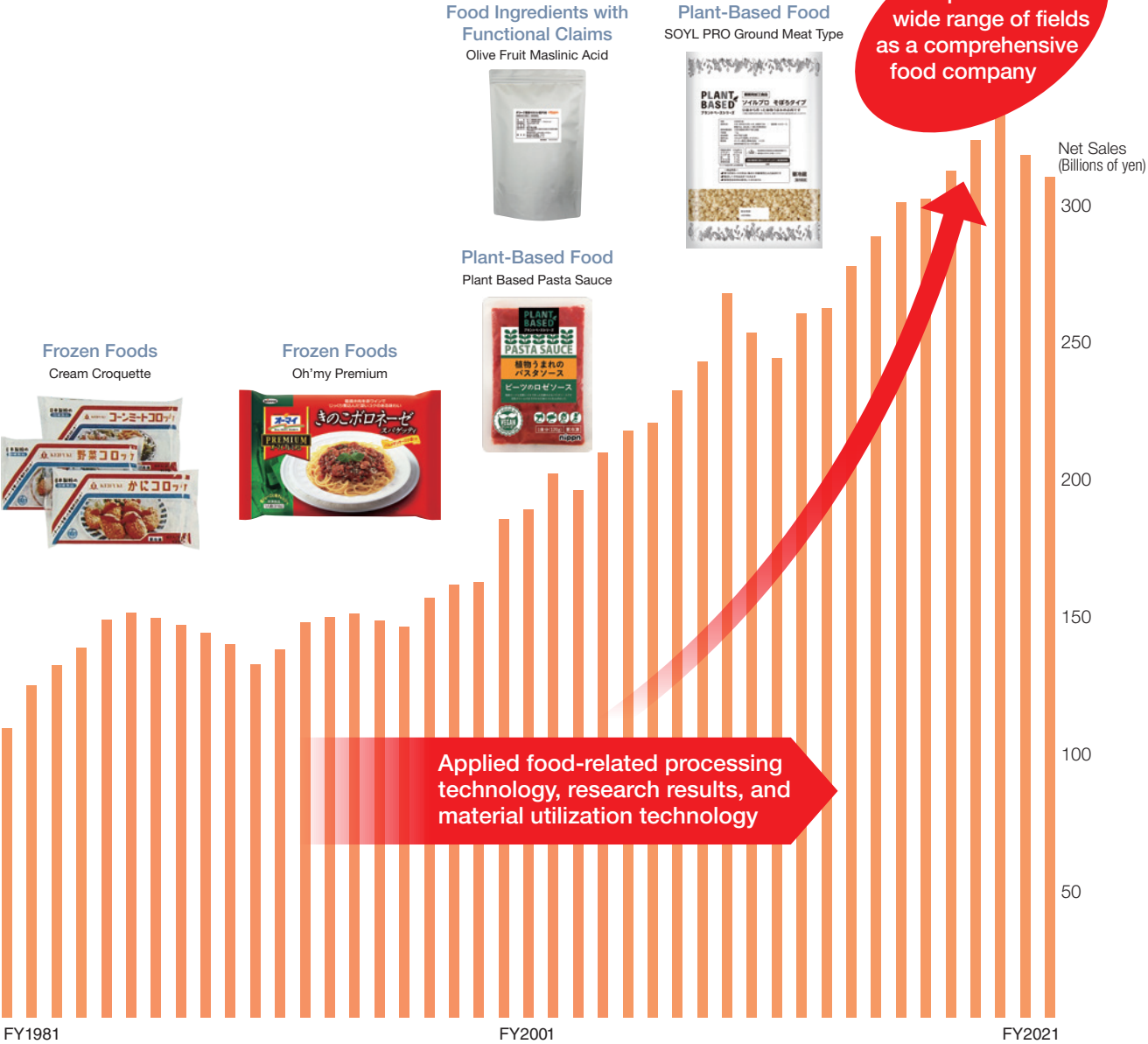
Overseas Initiatives and Future Development



History of NIPPN

In keeping with the changing times and the needs of society, we have promoted diversification and the growth of our businesses.

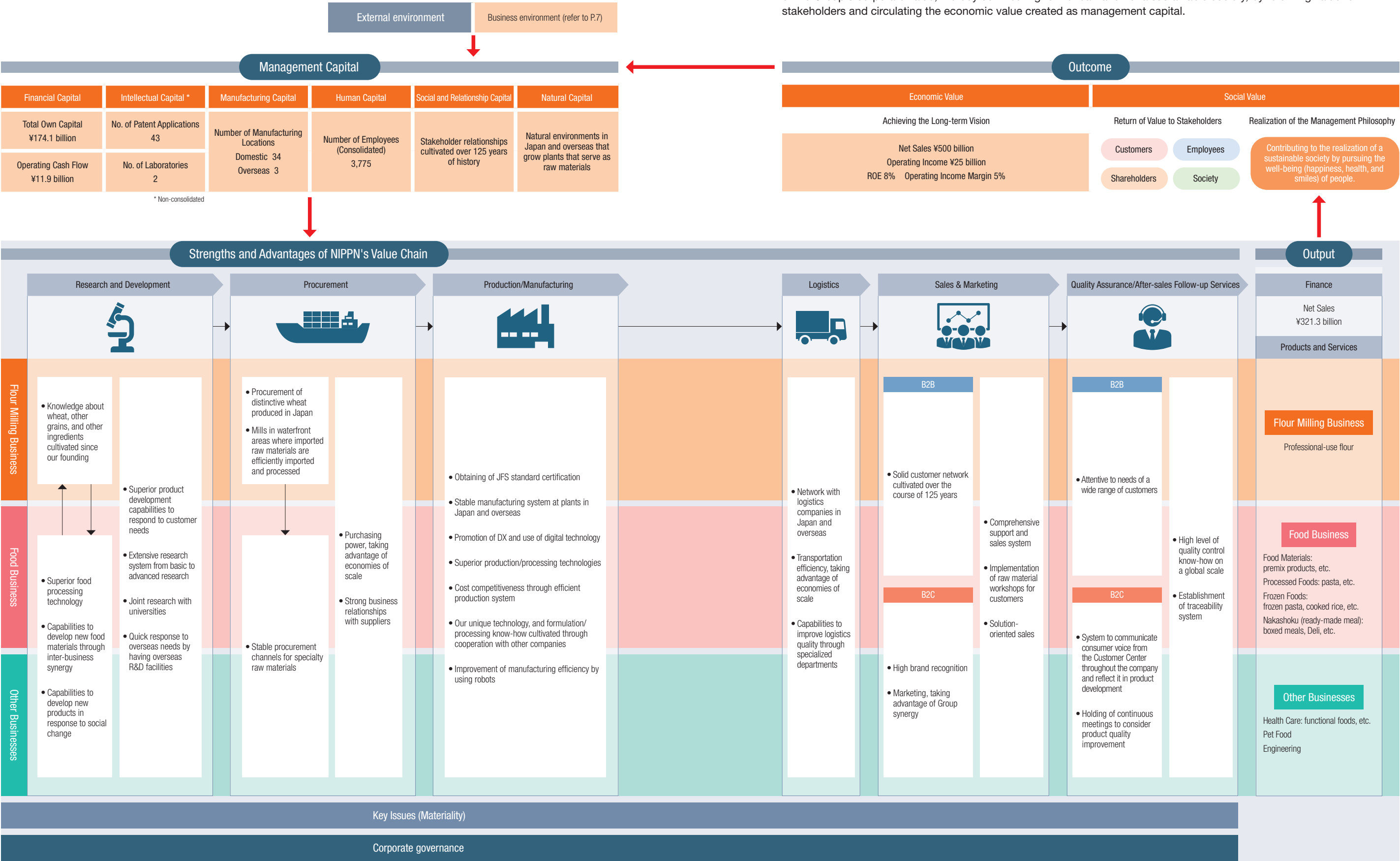
For more than 120 years since our founding, NIPPN has responded to the food needs of customers by providing products and services tailored to each era. From our foundation until the early Showa period, as a company engaging exclusively in the Flour Milling business, we expanded our business through mergers and other means. After World War II, we diversified our business, including Processed Foods, Food Materials, Frozen Foods, and Nakashoku (ready-made meals), to meet the diversifying needs of society. We are currently working to develop new businesses, including the use of soybeans and vegetables, with the aim of further diversifying our business.



NIPPON'S PROVIDED VALUE					
Significantly contributed to the promotion of Japan's modern flour milling industry		Provided the high-quality artificial rice "Oh'my" during the post-war period of food shortages		Met the need to simplify food due to economic growth and social change	
1896 Beginning of NIPPON		1955 Birth of the "Oh'my" brand		1991 Entry into the Nakashoku (ready-made meal) business	
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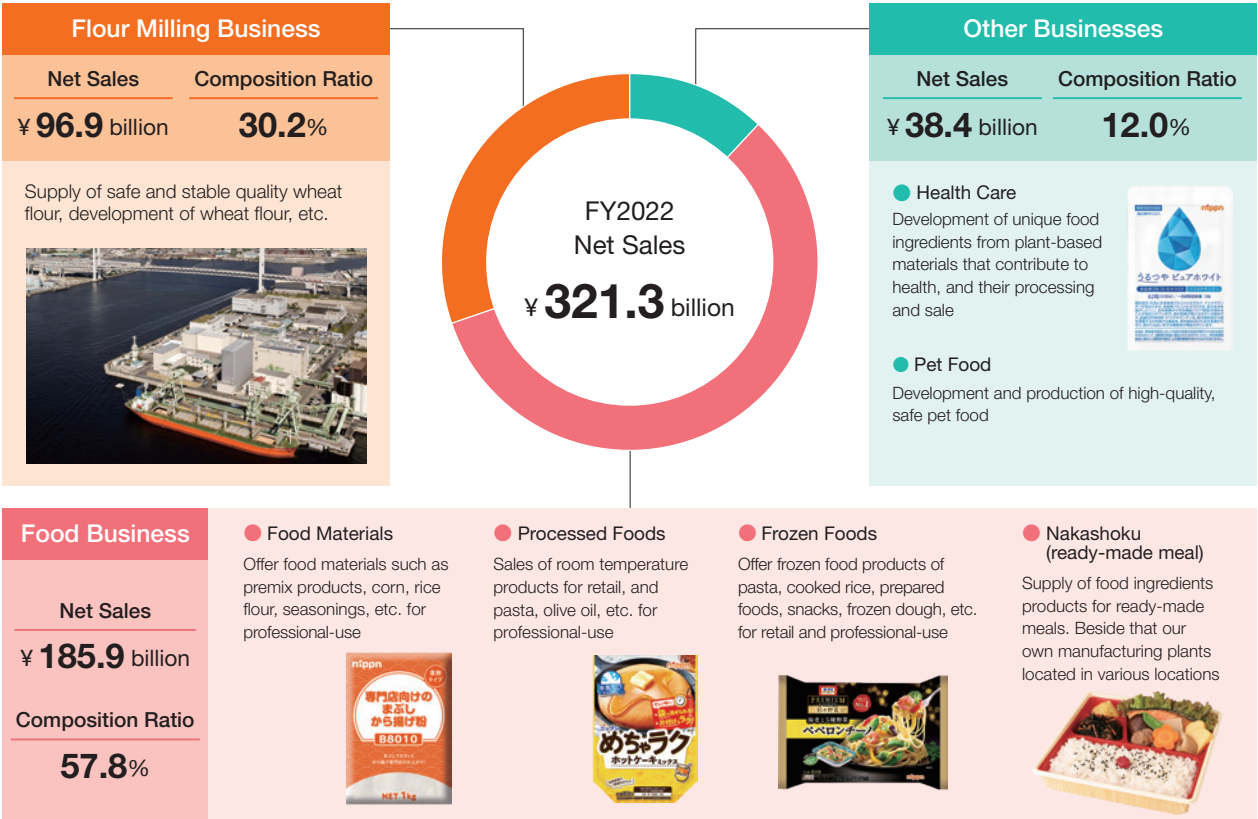


We are developing responsible business as a comprehensive food company

Since our foundation in 1896, we have been diversifying our business by starting from Flour Milling and expanding to Food and Nakashoku (ready-made meals). In the fiscal year ended March 31, 2021, the Food business accounted for about 60% of the Group's net sales. In recent years, we have been focusing on environmentally friendly products such as plant-based food\*1 and upcycle products\*2, and are developing our business more responsibly than ever before.

\*1 Plant-based ingredients that reduce the environmental impact of raising livestock  
\*2 Products upgraded with added value that would otherwise have been discarded

NIPPN's Businesses



FY2022 Net Sales

¥321.3 billion

Main Products and Businesses



Flour Milling Business

Japan's first new durum wheat variety "Setodure"



Other Businesses

Long-selling health food

40 years



Wheat Germ "Family Germ"

Japan's first flour clay flower "Pan no Hana"



\* Current product names and packaging

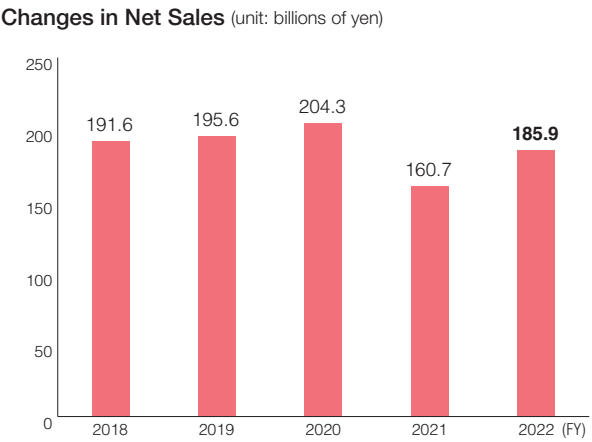
Food Business

We offer a wide range of products for professional and home use, including premix products and other food materials, processed foods (pasta, pasta sauces, etc.), and frozen foods (pasta, cooked rice, etc.).

Achievements in FY2022

Sales of retail processed foods were lower than the previous fiscal year due to a rebound from the previous year's stay-at-home consumption demand. However, sales of Frozen Foods were significantly higher than the previous fiscal year as a result of an increase in the number of customers seeking convenience in their meals and aggressive advertising activities such as TV commercials. In the Foods business for professional-use and Nakashoku (ready-made meal) businesses, despite the impact of sluggish demand caused by the COVID-19 pandemic, demand was on a recovery trend compared to the previous fiscal year, and sales were higher.

Sales in the Food business as a whole increased year on year, and operating income decreased year on year.



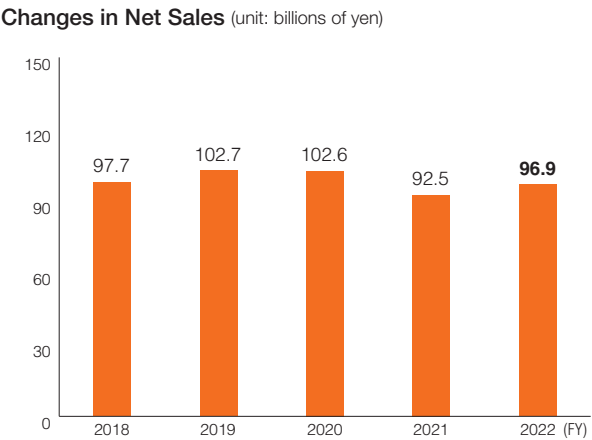
\* Rounded down to the nearest ¥100 million  
\* In line with the adoption of the Accounting Standard for Revenue Recognition, changes have been retroactively applied to figures for FY2021

Flour Milling Business

We have eight mills in Japan, and provide a stable supply of wheat flour under a thorough management system from procurement of raw materials to production and shipment.

Achievements in FY2022

As a result of efforts to bolster initiatives with customers and strengthen sales and brand power by focusing on the promotion of problem-solving sales, sales of wheat flour and wheat bran, a by-product from flour milling, increased in FY2022, and total sales and operating income of the Flour Milling business exceeded that of the previous year.



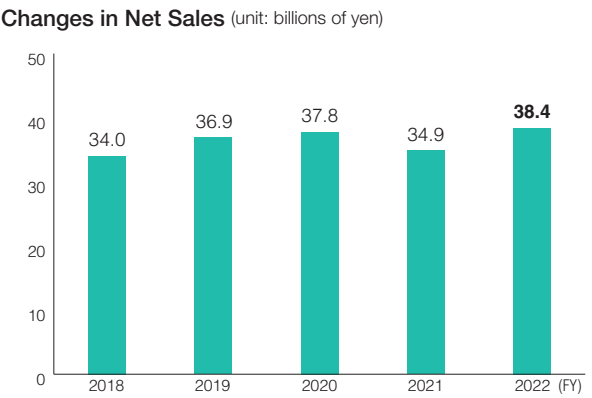
\* Rounded down to the nearest ¥100 million  
\* In line with the adoption of the Accounting Standard for Revenue Recognition, changes have been retroactively applied to figures for FY2021

Other Businesses

In addition to the Health Care business, we are engaged in businesses that make use of our food know-how, such as the Pet Food business, the Engineering business, and the management of classrooms that make flowers from flour clay.

Achievements in FY2022

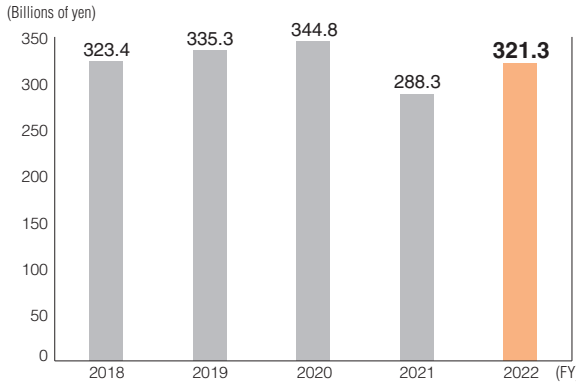
Sales in Other businesses increased and operating income decreased year on year in FY2022 due to the strong performance of the Pet Food business and an increase in inquiries for large-scale construction projects in the Engineering business.



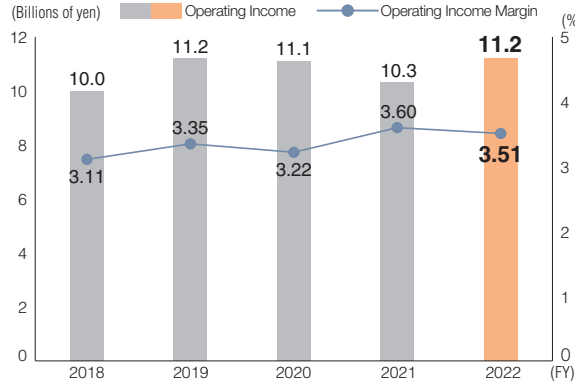
\* Rounded down to the nearest ¥100 million  
\* In line with the adoption of the Accounting Standard for Revenue Recognition, changes have been retroactively applied to figures for FY2021

Financial Highlights (Consolidated)

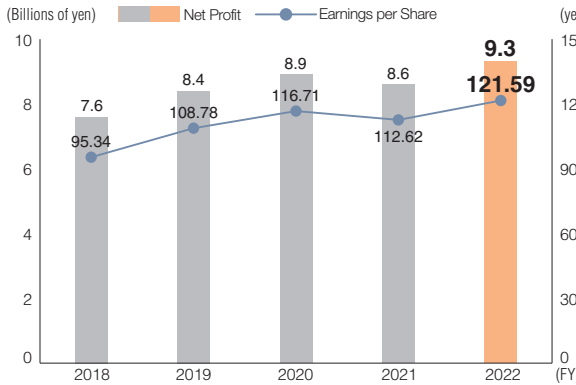
Net Sales



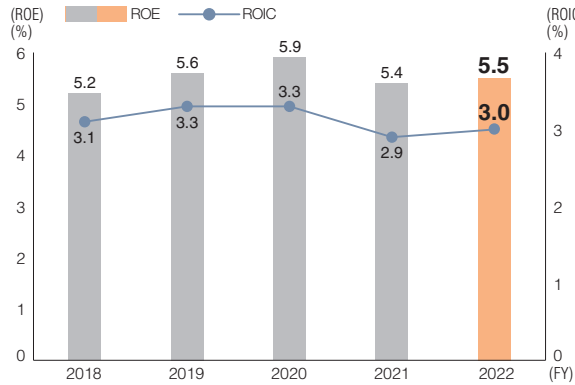
Operating Income / Operating Income Margin



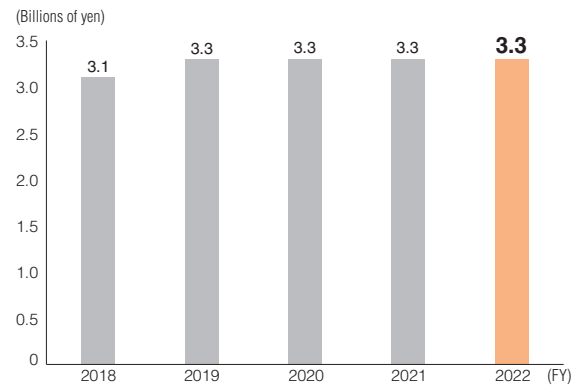
Profit Attributable to Owners of Parent / Earnings per Share (EPS)



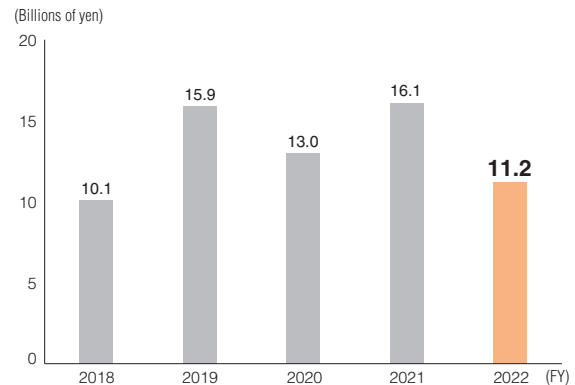
Return on Equity (ROE) / Return on Invested Capital (ROIC)



Research and Development Expenses



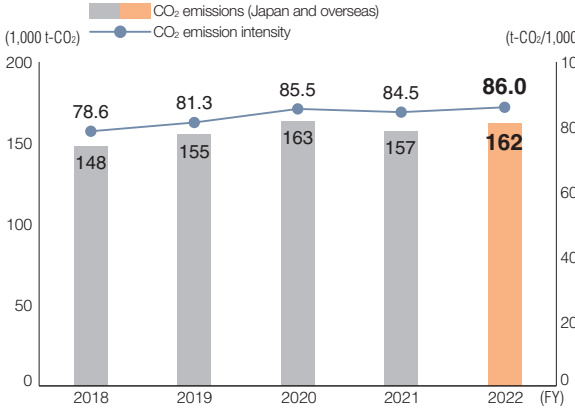
Capital Investment Amount



(Note) The Accounting Standard for Revenue Recognition and other standards have been applied from FY2022, and have been retroactively applied to the figures for FY2021

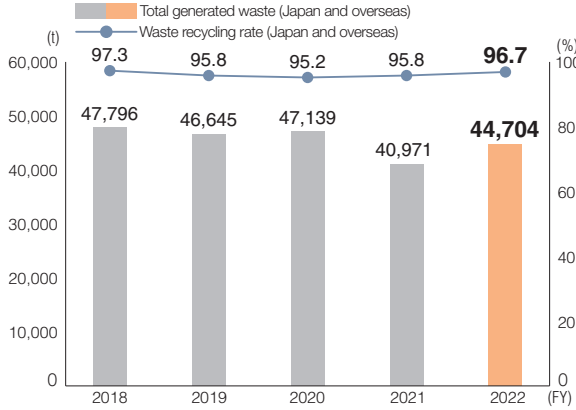
Non-Financial Highlights (Non-consolidated unless otherwise stated)

Changes in CO<sub>2</sub> emissions\*<sup>1</sup> and CO<sub>2</sub> emission intensity\*<sup>2</sup>



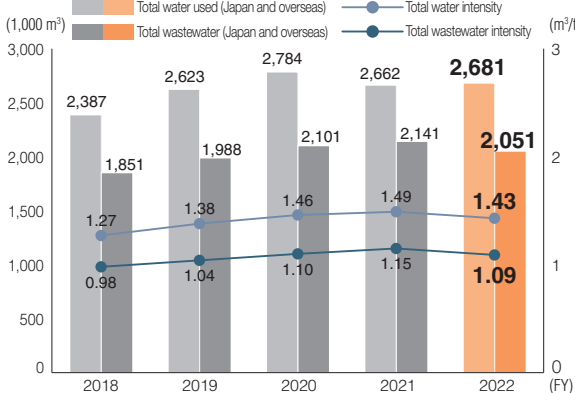
\*1 Consolidated  
\*2 NIPPON and consolidated subsidiaries with manufacturing departments

Changes in total generated waste and recycling rate\*<sup>1</sup>



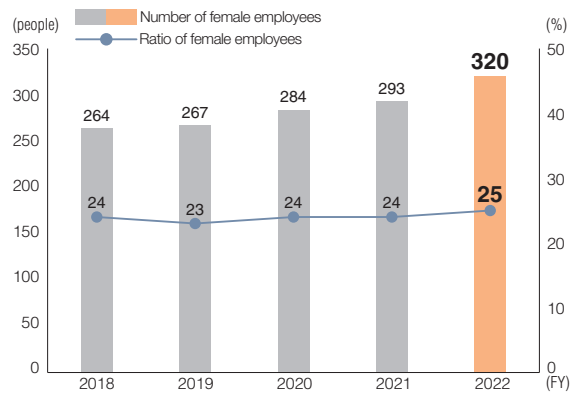
\*1 Consolidated

Changes in amount of water used and discharged\*<sup>1</sup>, and each intensity\*<sup>2</sup>

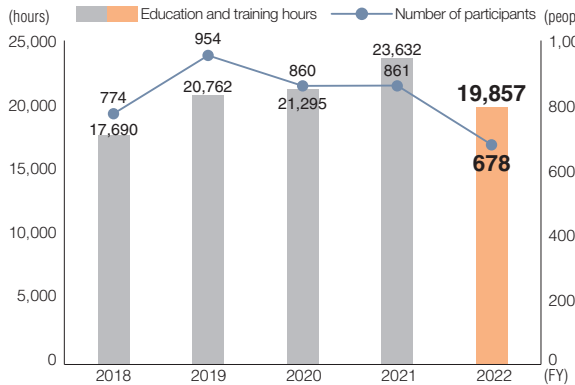


\*1 Consolidated  
\*2 NIPPON and consolidated subsidiaries with manufacturing departments

Number of female employees / Ratio of female employees

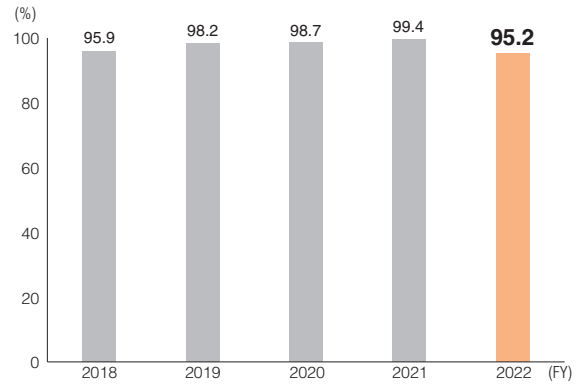


Education and training hours / Number of participants\*<sup>1</sup>, \*<sup>2</sup>



\*1 The training-related figures above are limited to those led by the Human Resources Div., and does not include training by other business departments.  
\*2 The calculation method has been changed from FY2022. Data in and prior to FY2021 have also been recalculated.

Stress check response rate



## Message from the Director in Charge of Finance

Doing our utmost to realize the company's medium- and long-term objectives, by positioning the improvement of capital efficiency as a vital issue, and accelerating investment to achieve growth.

Takaaki Aonuma  
Managing Director



### NIPPN's Business Portfolio and Looking Back on FY2022

NIPPN's businesses comprise the Flour Milling business, Food business and Other businesses. In terms of the profit structure, the Flour Milling business and the Food Materials segment within the Food business account for the largest share of profits, with the Flour Milling business in particular having maintained stable profitability. However, this business is being affected by the fact that the Japanese market is shrinking due to the falling population, so from the point of view of future growth, the Frozen Foods segment within the Food business will be an important driver of growth in the future. NIPPN has been steadily growing its market share in the Frozen Foods business. Currently, our original high-value-added and high-price-band products are attracting a lot of positive comment, and are growing into an important source of revenue for the company.

By comparison with the situation in FY2021, when the COVID-19 pandemic had a severe negative impact, the effects of the pandemic had eased in FY2022, and sales revenue rose back up to around the same level as in FY2020. Besides a recovery in demand in the Flour Milling business, and the support provided by a rise in the price of wheat bran, the Food business also saw a gradual recovery in demand for both the restaurant segment and Nakashoku (ready-made meals) for the convenience store segment. However, we still need to keep a close eye on the global rise in energy, transportation and raw materials costs.

### Realizing an Enhancement in Capital Efficiency, With the Aim of Achieving Our Targets for FY2027 and Our Long-term Vision

Our basic financial strategy of applying the cash flow from the Flour Milling business, which plays a core role as the stable foundation of our business, to support growth businesses remains unchanged. More specifically, we will be allocating this in an optimal manner to the Frozen Foods, Nakashoku (ready-made meals) and Health Care segments, which are positioned as growth areas for the future, and to Overseas business development, and going forward we will strive to continue our transformation into a comprehensive food company. In our financial strategy, we are constantly

focused on realizing an optimal capital structure through the efficient use of capital. For this reason, asset reduction in relation to balance sheet optimization, and improvement of profitability, constitute key issues for us. Our medium-term financial objectives for FY2027 are to achieve annual operating income of at least 15 billion yen, return on equity (ROE) of at least 6%, and return on invested capital (ROIC) of at least 4%. With regard to fund procurement, we will attach the highest priority to the maintenance of our credit rating, while also considering the use of various different funding methods, including procuring funds from external sources and conversion of company assets.

### An Investment Strategy With a Clear Decision-making Process

We have clarified our standard for ROIC, in order to get a clear picture of profitability as a criterion for investment decision-making in the future. Besides making the process used for investment-related decision-making clearer, we are also aiming to enhance capital efficiency with the aim of improving profitability. In addition, we are planning to strengthen long-term profitability by promoting labor-saving measures in labor-intensive production processes and by investing in digital transformation (DX) throughout the company.

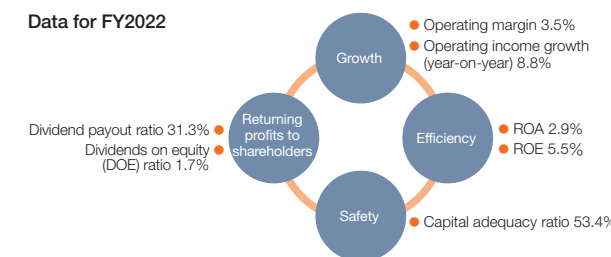
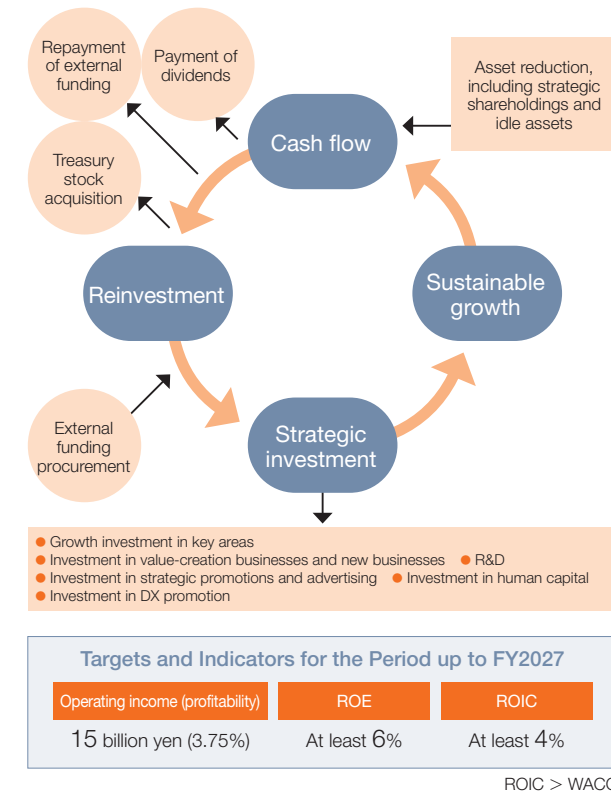
### For Our Stakeholders

NIPPN CORPORATION has announced that the company's dividend payout ratio for FY2023 will be at least 30%. With the maintenance of stable dividends as our first priority, we are aiming to increase dividend payouts by raising the amount of profit available for dividend payment. Regarding the acquisition of treasury stock, we are always willing to consider this, within the limits imposed by the amount of free cash flow available. As regards strategic shareholdings, we continue to engage in discussions aimed at reducing these, based on a clarification of the purpose for which the shares are being held.

For NIPPN, achieving our medium-term targets represents a commitment that we have made to our stakeholders. Going forward, we will be doing our utmost to enhance corporate value by attaching the utmost importance to the enhancement of capital efficiency, investing in projects that offer high profitability, and focusing on strengthening the NIPPN brand.

## NIPPN's Financial Strategy

### Financial Approach and Management Indicators



### Returning Profits to Shareholders

NIPPN believes that returning profits to shareholders is an important issue for management. Our basic strategy in this regard is to implement profit distribution while strengthening the company's fundamentals and taking into account the needs of future business expansion and of near-term performance.

Our goal is to achieve a steady, continued increase in the extent to which profits are returned to shareholders, aiming to have a dividend payout ratio of at least 30%. Seeking to strengthen the company's financial health, we will endeavor to maintain stable dividends, while monitoring the business environment carefully. As an expression of gratitude to our shareholders, the dividend awarded in FY2022 was increased by 2 yen per share, for a total annual dividend payment of 38 yen per share.

We are also implementing the acquisition of treasury stock in a flexible manner.

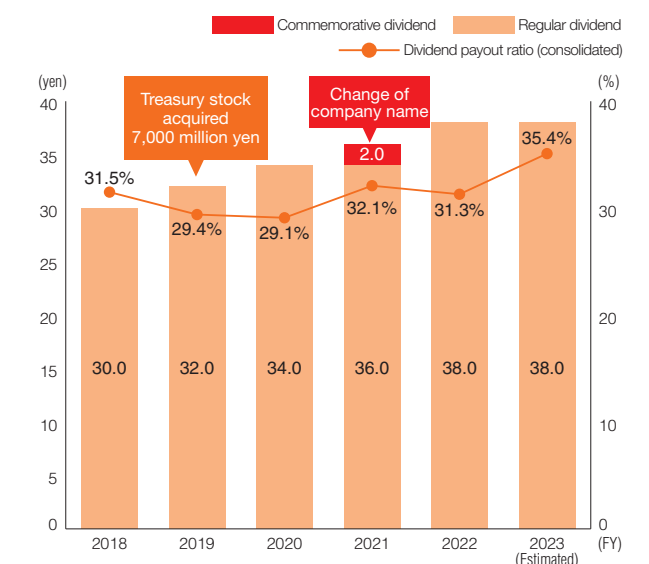
NIPPN CORPORATION's fundamental approach to corporate finance is to realize appropriate allocation of the cash flow generated from the increase in earnings achieved through sustained growth. While giving priority to using cash flow for strengthening the company's fundamentals, growth investment in key areas which constitutes strategic investment, and investment in value-creation businesses and new businesses, we have also adopted a flexible attitude toward acquiring treasury stock to return profits to shareholders, and while taking into account the need for investment to be efficient from a long-term perspective, we decide on funding allocation with the aim of maximizing corporate value.

In addition, while making effective use of financial leverage, we also intend to utilize M&A activity and alliances to expand our Overseas business operations and create new businesses. In order to maintain a financial structure that allows NIPPN to execute flexible funding, NIPPN aims to maintain its long-term credit rating of A.

Furthermore, NIPPN is proceeding with ROIC-focused management, aiming to strengthen its financial fundamentals while also enhancing its capital efficiency, and maintaining a sound balance sheet able to maintain high investment efficiency. Over the period until FY2027, NIPPN will be implementing an "asset light" strategy through asset reduction, the selling off of strategic shareholdings, and the effective utilization and reduction of idle assets.

As medium-term objectives, NIPPN has set itself management indicator targets of raising ROE to at least 6% and ROIC to at least 4%, which will contribute toward enhanced capital efficiency, and we will be working to strengthen our business portfolio management.

### Dividends and Dividend Payout Ratio





In line with NIPPN’s management philosophy, which emphasizes working toward the “realization of a sustainable society,” we are further strengthening our sustainability initiatives.

Keizo Kagawa  
Managing Director



Since the adoption of the Sustainable Development Goals (SDGs) by the United Nations in 2015, there has been growing global demand for companies to implement sustainability activities more actively than before. These sustainability activities help to secure the future of the Earth, and so it goes without saying that they need to be implemented.

Sustainable corporate activities, which enhance the future value of the company, can be assessed using environmental, social and corporate governance (ESG) indicators which measure non-financial value. The Principles for Responsible Investment (PRI) were announced by the UN in 2006, and following the signing of the PRI by Japan’s Government Pension Investment Fund (GPIF) in 2015, there was a pronounced trend toward ESG-aware investment throughout the world, with ESG indicators coming to be used as a reference by companies when evaluating investment decisions. Set against this background, there has been a global increase in the number of companies that have incorporated a sustainability-based approach in their management strategy and which are viewing sustainability as a source of business opportunities.

In 2022, the NIPPN Group formulated its new management philosophy: “The NIPPN Group contributes to the realization of a sustainable society by pursuing the well-being (happiness, health, and smiles) of people.” This philosophy embodies NIPPN’s goal of fulfilling its corporate social responsibility and realizing sustainable growth as a business enterprise. We will be implementing sustainability initiatives to achieve this sustainable growth and “secure our position as a comprehensive food company of high reputation,” and so that we can continue to be an enterprise that is seen as vital by all people and by society as a whole.

The NIPPN Group’s policy for sustainability initiatives identifies seven key issues: “environmental protection initiatives,” “corporate activities for sustainable growth,” “earning trust of stakeholders,” “offering high-quality products and services,” “initiatives for human capital,” “contribution to international society and local communities,” and “legal

compliance and internal controls.”

With regard to “environmental protection initiatives”, we will promote the development of more environmentally-friendly products, for example by reducing food loss, and adjusting the materials used for product packaging. In addition, starting from 2011 we have been developing the “NIPPN Shikinomori Forest” in Fukagawa City, Hokkaido, with continued implementation of measures to “safeguard biodiversity”, including tree-planting activities in collaboration with local residents.

As regards “corporate activities for sustainable growth”, we are working to diversify our business operations, for example by strengthening R&D and developing plant-based foods.

In terms of “earning trust of stakeholders,” we are striving to implement appropriate disclosure, with a focus on “stakeholder engagement.”

We have also recognized the importance of other key issues, such as “initiatives to enhance customer satisfaction,” “promotion of health and productivity management,” “execution of dietary education,” “engagement with local communities,” and “risk management.” We are constantly reviewing these issues, and working steadily to fulfil our responsibilities in regard to each one. During this process, the needs of the times and of society are constantly changing; we respond to these changes speedily in an appropriate manner and with careful timing.

In the past, the NIPPN Group has implemented various initiatives, with a focus on CSR activities, in different regions. Going forward, while continuing to respect the spirit behind the self-directed initiatives taken in each region, we will be shifting over to an approach based on a unified roadmap in order to implement initiatives in a more systematic manner throughout the company, with the Sustainability Promotion Division at Head Office playing a central role in this process.

We look forward to receiving your suggestions as to how the NIPPN Group can continue to be trusted and seen as vital, in terms of both corporate activities and its role in people’s daily life.

Materiality

The NIPPN Group’s mission is to provide a safe and stable supply of food. Taking into account the impacts on both our business and society as a whole, we have identified seven materiality items (key issues). These are items that we recognize as representing both risks and opportunities for the NIPPN Group as a whole, and as being items of great importance in terms of their impact on society and on the global environment.

In order to contribute to the realization of a sustainable society by pursuing the well-being (happiness, health, and smiles) of people, the NIPPN Group is aiming to proceed with materiality-related initiatives and achieve sustainable growth.

Key issues		Corresponding SDGs	Main measures
Environment	Environmental protection initiatives		<ul style="list-style-type: none"><li>Establishment of environmental management system</li><li>Response to climate change</li><li>Reduction of food loss</li><li>Development of environmentally friendly products</li><li>Conservation of water resources</li><li>Decrease and reduction of waste, etc.</li><li>Protection of biodiversity</li></ul>
	Corporate activities for sustainable growth		<ul style="list-style-type: none"><li>Strengthening of R&amp;D</li><li>Strengthening of production systems</li><li>Establishment of a sustainable supply chain</li><li>Business diversification</li><li>Expansion of sales territories/ channels</li></ul>
Social	Earning trust of stakeholders		<ul style="list-style-type: none"><li>Enhancement of engagement with customers</li><li>Enhancement of engagement with employees</li><li>Enhancement of engagement with suppliers</li><li>Enhancement of engagement with shareholders and investors</li></ul>
	Offering high-quality products and services		<ul style="list-style-type: none"><li>Initiatives for enhancing customer satisfaction</li><li>Strengthening of quality management systems</li></ul>
	Initiatives for human capital		<ul style="list-style-type: none"><li>Recruitment and development of human resources</li><li>Protection of human rights and promotion of diversity</li><li>Promotion of work-life balance</li></ul>
	Contribution to global community and local communities		<ul style="list-style-type: none"><li>Execution of dietary education</li><li>Support by donating food</li><li>Enhancement of engagement with the international and local communities</li></ul>
Governance	Legal compliance and internal controls		<ul style="list-style-type: none"><li>Strengthening of corporate governance</li><li>Strengthening of risk management</li><li>Strengthening of compliance</li></ul>

- 1

NO POVERTY
- 2

ZERO HUNGER
- 3

GOOD HEALTH AND WELL-BEING
- 4

QUALITY EDUCATION

5

GENDER EQUALITY

6

CLEAN WATER AND SANITATION

7

AFFORDABLE AND CLEAN ENERGY

8

DECENT WORK AND ECONOMIC GROWTH

12

RESPONSIBLE CONSUMPTION AND PRODUCTION

13

CLIMATE ACTION

14

LIFE BELOW WATER

15

LIFE ON LAND

16

PEACE, JUSTICE AND STRONG INSTITUTIONS

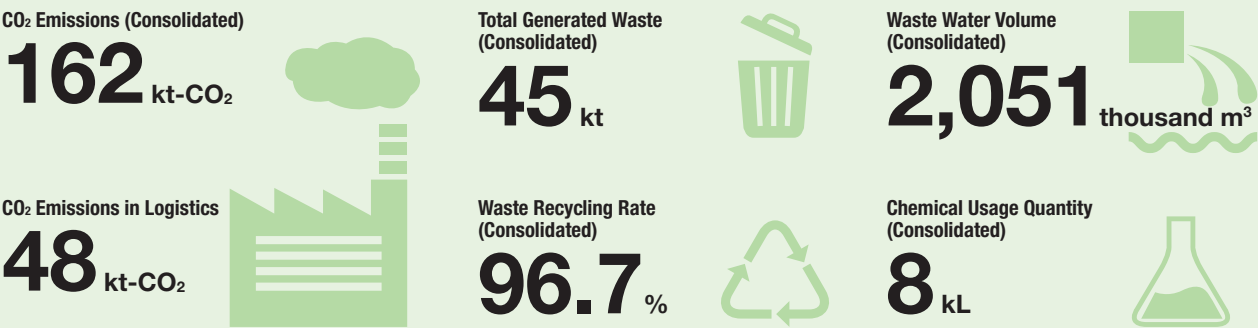
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PARTNERSHIPS FOR THE GOALS

Materiality  
Environment

The NIPPN Group is engaged in food-related business activities, benefiting from the bounty of the earth. By reducing the environmental impact of our business activities, we aim to achieve harmony between people and the environment, and contribute to the realization of a sustainable society.

Priority Initiatives and Results in FY2022



Key Issues	FY2022 Initiatives	
	Themes	Major Achievements
Environmental protection initiatives	Establishment of environmental management systems	<ul style="list-style-type: none"><li>Continued ISO 14001 certification</li></ul>
	Response to climate change	<ul style="list-style-type: none"><li>Introduction of energy-saving equipment and photovoltaic power generation equipment at plants</li><li>Reduction of the environmental impact of logistics by expanding shipping lots and marine transportation</li><li>Reduction of logistics energy by transfer of production to the area where products are consumed</li></ul>
	Reduction of food loss	<ul style="list-style-type: none"><li>Continued improvement of labeling of best-before dates for pasta products</li><li>Promotion of upcycling of food by-products</li></ul>
	Conservation of water resources	<ul style="list-style-type: none"><li>Reduction of water consumption and raising employee awareness</li><li>Promotion of water conservation awareness through environmental education</li></ul>
	Decrease and reduction of waste, etc.	<ul style="list-style-type: none"><li>Reduction of the used amount of chemical substances</li><li>Appropriate handling of industrial waste, etc.</li></ul>
	Development of environmentally friendly products	<ul style="list-style-type: none"><li>Reduction of the amount of plastic packaging materials (Promotion of the use of paper trays for pie sheets, etc.)</li><li>Development of products using the plant-based food "SOYL PRO"</li><li>Release of the "Natural Series" brand</li><li>Research and introduction of new environmentally friendly materials</li></ul>
	Protection of biodiversity	<ul style="list-style-type: none"><li>NIPPN Shikinomori Forest maintenance and tree planting</li></ul>

Environmental Protection Initiatives

Response to climate change

Awareness of climate change risks

Extreme weather events such as droughts and heavy rainfall due to climate change are expected to affect the yield and quality of crops. This is a risk that could lead to an increase in raw material costs, making it difficult to continue to stably provide products with superior quality, which could affect the Group's business activities. The Group is promoting the introduction of energy-saving equipment and initiatives.

Awareness of water risks

Changes in rainfall, typhoons, and snowfall patterns due to climate change lead to droughts and floods, and shortages of water for agriculture and drinking are becoming more significant each year. Water is an indispensable resource to grow raw materials for the Group, and a shortage of water resources could be a major risk for NIPPN. In addition to conducting water risk assessments at all of our business sites, we also monitor the amount of tap, well, and industrial water used, and are working to ensure that it is used effectively and without waste.

Reduction of plastic use and sustainable use of resources

Measures against plastic waste

As a measure against plastic waste, at the G20 Osaka Summit held in June 2019, each country agreed to introduce a target of aiming "to reduce additional pollution by marine plastic litter to zero by 2050." We are committed to reducing plastic use by reducing the thickness of packaging materials and using paper materials. We also participate in the activities of the Japan Clean Ocean Material Alliance (CLOMA).

Review of packaging materials

We actively employ environmentally friendly packaging materials to reduce our use of plastics. We have renewed the packaging materials for our "nippn Flour We Always Wanted"\*1 and "nippn Japanese Flour"\*2. In these renewal, the amount of plastic used has been reduced by approximately 40% while maintaining the conventional sealing properties by using a multi-layer structure of paper and film.



\*1 "nippn Flour We Always Wanted": A highly granular product that is hard to get clumpy due to its granular evenness achieved by sifting  
\*2 "nippn Japanese Flour": A product made from 100% Hokkaido wheat

Adoption of paper trays

We use eco-paper trays made from unbleached wood pulp that are environmentally friendly for our Frozen Food "One Plate Meal" series. By using molded containers\* when manufacturing the eco-paper trays, we have been able to realize a tray with dividers for frozen foods, which had been difficult to make with paper trays. This has also led to a reduction in plastic use. In the future, we will continue to work on more of our Frozen Foods products to use paper trays.



\* Molded containers: Paper molded containers made by dissolving raw pulp in water, straining it through a mold, and drying it

Functional food ingredients manufactured from by-products produced in food plants

Since we discovered that by-products produced in food plants contain high concentrations of ceramides, we have been considering the use of a variety of food by-products. By-products produced in food plants and crushed meal that we are struggling to dispose of are analyzed to search for ingredients with a high content, and research is conducted in collaboration with universities or research institutions to prove the health function of the ingredients, and then commercialized and sold as ingredients. This initiative received the Award of the Director-General of the Agriculture, Forestry and Fisheries Minister's Secretariat at the 9th Food Industry Mottainai Awards sponsored by the Organization of Food-marketing Structure Improvement in Japan.

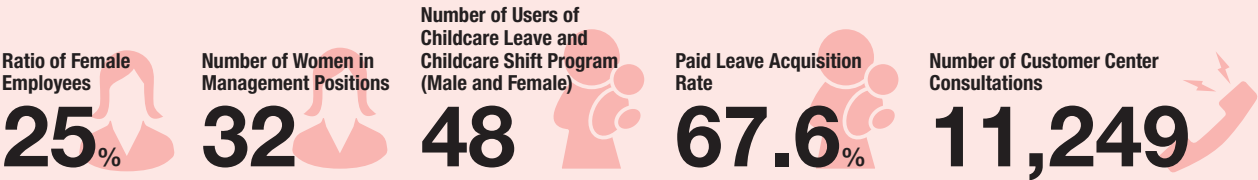




Materiality  
Social

We would like to strengthen our research, development, and production capabilities to provide safe and secure food, and to deliver happiness and health to our customers. In addition, we will fulfill our social responsibilities to all stakeholders, including our employees, and aim for sustainable growth going forward.

Priority Initiatives and Results in FY2022



Key Issues	FY2022 Initiatives * Includes some initiatives from FY2023	
	Themes	Major Achievements
Corporate activities for sustainable growth	Strengthening of R&D	<ul style="list-style-type: none"><li>The 9th Food Industry Mottainai Awards Received the Award of the Director-General of the Agriculture, Forestry and Fisheries Minister's Secretariat</li><li>Release of foods with functional claims: "Flaxseed Wake Up Tea", and "Ceramide Pure White Supplement for Glowing and Hydrated Skin"</li></ul>
	Strengthening of production systems	<ul style="list-style-type: none"><li>Decision to construct a new mill in Chita City</li></ul>
	Establishment of a sustainable supply chain	<ul style="list-style-type: none"><li>Improvement of logistics efficiency/holding of meetings on safety of delivery vehicles</li><li>Continuation of discussion and coordination with the government/producer groups on stable wheat procurement</li></ul>
Earning trust of stakeholders	Engagement with stakeholder	<ul style="list-style-type: none"><li>Enhancement of the content of proposals to customers and strengthening of contacts</li><li>Announcement of long-term vision</li><li>Continued purchasing activities while maintaining good relationships with suppliers, and compliance with purchasing policy</li><li>Holding of briefings for investor relations, appropriate information disclosure, and dialog with institutional investors</li></ul>
Offering of high-quality products and services	Initiatives for enhancing customer satisfaction	<ul style="list-style-type: none"><li>Holding of continuous meetings to consider product quality improvement</li><li>Development and provision of small-volume packaged wheat flour products for commercial use and handy packed type products</li></ul>
	Strengthening of quality management system	<ul style="list-style-type: none"><li>Maintaining JFS-C standard certification</li><li>Maintaining ISO 17025 certification</li><li>Periodic audit of plants and reviews of raw materials</li><li>Establishment of a traceability system</li></ul>
Initiatives for human capital	Recruitment and development of human resources	<ul style="list-style-type: none"><li>Provision of training opportunities such as department-specific training, external training, and online training</li><li>Establishment and implementation of programs for developing global human resources</li></ul>
	Protection of human rights and promotion of diversity	<ul style="list-style-type: none"><li>Promotion of the proactive recruitment of diverse human resources</li><li>Active utilization of people with disabilities</li></ul>
	Promotion of work-life balance	<ul style="list-style-type: none"><li>Expansion of flexible workstyles</li><li>Legal childcare leave acquisition and development of a corporate childcare leave system</li></ul>
	Promotion of health and productivity management	<ul style="list-style-type: none"><li>Ongoing mental health and engagement surveys</li><li>Introduction of "Pep Up" healthcare platform</li></ul>
Contribution to global community and local communities	Execution of dietary education	<ul style="list-style-type: none"><li>Launch of "NIPPN Nutrition Information Website"</li><li>Gained certification as a "shokuiku (food and nutrition education) promoting enterprise" from the Japanese Society of Shokuiku</li></ul>
	Support by donating food	<ul style="list-style-type: none"><li>Donation of foods to food bank and home meal service for children</li></ul>
	Engagement with global community and local communities	<ul style="list-style-type: none"><li>Support for UNICEF and the WFP</li><li>Accepting field trips to NIPPN plants</li></ul>

Corporate Activities for Sustainable Growth

Strengthen development and production capabilities

Underlying research and development system

NIPPN aims to flexibly respond to changes in the social and business environment and expand into new research and development fields related to food and health. To this end, it is essential for us to strengthen research and development efforts ranging from basic research to new technologies and products. In addition to expanding existing business fields, research activities aimed at developing and commercializing new fields, and a research system with sophisticated analytical technologies, including Group companies, we have established a development system to create new products and markets that combine market needs and research results, and are engaged in research and development activities. Research and development expenses for the Group as a whole in FY2022 were ¥3,352 million (¥3,330 million in FY2021).

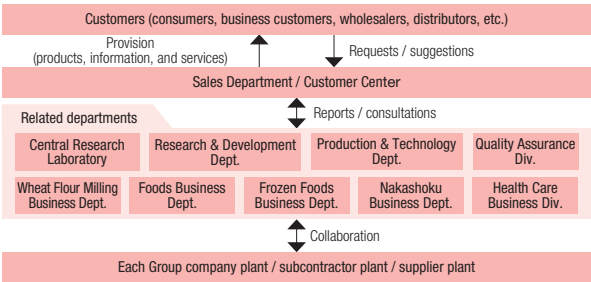
Strengthening production capacity by constructing a new mill in Chita City

We have started construction in Chita City, Aichi Prefecture of a flour mill to serve as a new base at a total cost of ¥14 billion. It is scheduled to start operation in February 2026. The location can be directly connected to silos of the raw material wheat, which will lead to a reduction in raw material procurement costs.

We aim to increase productivity by combining the technological capabilities we have accumulated to date with the latest automation technologies, and to make it a state-of-the-art mill that is resistant to natural disasters and is also sustainable.

In conjunction with the construction of the new mill, we have decided to close our Nagoya and Osaka Mills and expand our facilities at the Kobe-Konan Mill. We will continue to build a more competitive production system for our Flour Milling business.

Role of each organization responsible for product development



Product development system and results

Reflecting customer feedback in our products and services

Our Customer Center works with government agencies and external organizations to gather information, provide in-house training, and disseminate information to the outside world. The Customer Satisfaction Study Group (meetings to consider customer satisfaction) is held mainly at the Customer Center, and by providing valuable customer feedback to relevant departments such as development, quality assurance, purchasing, process management, and plants, we are building a system that can be utilized for product improvement and development.

Maintaining and strengthening the quality control system

In order to maintain and strengthen our quality control system, in addition to establishing safety standards and conducting safety inspections, we identify and improve defects through external audits. All of our plants and some of our Group companies have obtained JFS-C standard certification\*.

\* JFS-C standard: A certification scheme for internationally accepted food safety management systems originating in Japan developed by the Japan Food Safety Management Association.

Launch of a new series focusing on the nutrients contained in ingredients

In the fall of 2021, we launched the "Natural Series" brand focusing on the nutrients of ingredients. It utilizes whole wheat flour and "SOYL PRO", for which tofu processing technology is applied. We use environmentally friendly packaging materials to deliver products that are both healthy and delicious.





Strengthening our supply chain

Quality control in logistics

To strengthen quality control at the logistics stage, logistics departments, plants, and transportation companies regularly hold logistics meetings, and we promote quality and hygiene management at this stage until products reach customers.

At logistics meetings, problems are shared, and we not only prevent similar problems and foreign material contamination by raising awareness, but also try to solve technical problems in cooperation with vehicle manufacturers. We also revise manuals for inspection and confirmation operations and safety and health management standards as appropriate.

Strengthening and expanding the e-commerce business

In April 2022, we started operating “NIPPN Direct” website for direct sales. In addition to the sale of processed foods for home use, health foods and cosmetics, we also sell the frozen fresh pasta and sauce “nest,” which is a special product limited to this website. Going forward, we will build a stable sales base with a view to launching products in new genres utilizing our health ingredients, and aim to establish a revenue model for online business like we did for sales through retail stores.



Earning trust of stakeholders

Engagement with shareholders, investors and suppliers

Earning trust of shareholders and investors

In order to achieve sustainable growth and enhance corporate value, we actively engage in constructive dialog with shareholders and investors while ensuring transparency of disclosure and accountability. We believe that providing opportunities for top management to explain their financial performance and growth strategies directly leads to the acquisition of trust, and we hold briefings for analysts, institutional investors, and individual investors by the President and C.O.O.

Promoting responsible purchasing activities

In order to clarify procurement procedures and ensure fair transactions, the Group has formulated a “Purchasing Policy,” which is published on our website along with our “Anti-Bribery Policy” and “Request to Suppliers.”

To ensure comply with this policy, we also conduct audits and monitoring of suppliers and contractors, and did so for 78 companies (11 new companies and 67 existing companies) in FY2022.

 Purchasing Policy  
<https://www.nippon.co.jp/csr/buying>



Briefing session

- FY2022 Initiatives
- General Meeting of Shareholders
  - Financial results briefing for institutional investors
  - Individual interviews with institutional investors and analysts
  - Preparation and publication of NIPPN Report
  - Dissemination of information on company website
  - Shareholder benefits
  - Company briefings for retail investors

Creating a Workplace Environment

Aiming for a better workplace environment

Work-life Balance

Due to the increasing diversity of values and the COVID-19 pandemic, we are promoting the introduction of various systems to promote more diverse workstyles. We are developing systems to suit the times so that employees can take advantage of telecommuting, staggered working hours, and flextime systems. To reduce overtime work and encourage employees to take consecutive annual leave, we have established the “Work Efficiency Improvement Committee” consisting of labor and management representatives, which sets targets for each workplace, and promotes progress management and improvement.



Work Efficiency Improvement Committee

Childcare Leave and Childcare Shift Program

Amid the declining birthrate, we have introduced the “Childcare Leave and Childcare Shift Program” to support the childcare of our employees. In addition, we started to increase the rate of male employees taking childcare leave, and now we have achieved a rate of more than 50%. We have acquired the “Kurumin” Mark from the Tokyo Labor Bureau as a certified company that supports the development of the next generation. We will continue to review the system as needed to further promote the use of the program.



Promoting of health and productivity management

Health and productivity management

In order to continue to grow as a company that is trusted by all customers, and to deliver happiness, health, and smiles through “Food experience”, we believe that each and every employee must be physically and mentally healthy. Recognizing “the health of employees” as one of our management issues, we have established a health and productivity management declaration and have established a system in which the chief executive of health and productivity management is the President and C.O.O. We are working to maintain and improve the health of our employees by strengthening cooperation with the health insurance association, reviewing lifestyle habits, preventing mental illness, providing health counseling by public health nurses, and supporting various club activities to revitalize internal communication. As a result of these efforts, we were recognized by the Ministry of Economy, Trade and Industry (METI) in Japan as a Certified Health & Productivity Management Outstanding Organization for the fifth consecutive year.

In 2022, we established a new “Health & Productivity Management Promotion Committee” to strengthen our system, revised the declaration of health and productivity management, set target indicators for improving productivity and engagement, and set KPIs for mental and physical health.

We will continue to work to further promote health and productivity management by creating a workspace where employees can work actively and healthily, aiming to help our organization become healthier, more productive, and

more engaged, leading to improved performance, improved corporate value, and the realization of our Management Philosophy.

Declaration of Health and Productivity Management

NIPPN aims to be a company that delivers happiness, smiles, and health to all people around the world through “Food experience”. In order to put this into practice and contribute to the realization of a sustainable society, each and every employee will foster creativity and diversity, as well as boldly and autonomously engage in any challenging activities.

To do so, it is essential that employees and their families are physically and mentally healthy, and this is the foundation for everything we do.

Based on this philosophy, employees will take the initiative in maintaining and improving their own health, and we as a company will actively support this and promote health and productivity management together with our employees.

September 2022  
NIPPN CORPORATION  
Toshiya Maezuru  
Representative Director, President and C.O.O.

## Food Business

## Message from the Director



Using the strengths that we have cultivated in the professional use segment, we are expanding our business in the retail segment, and accelerating investment in the cultivation of the human talent needed to support this. In this way, we are aiming to realize NIPPN's management philosophy and enhance corporate value.

Atsuo Ouchi  
Representative Director, Senior Managing Director

## Our Mission to Safeguard People's Access to Food

Our mission is to protect people's access to food, and support them in their daily lives. In order to realize the "well-being of people," we are working every day to develop our business. The health care and functional ingredients segments that we are currently focusing on offer high growth potential and can contribute toward our company's growth, while also helping us to realize our management philosophy, and we will be aiming to further strengthen these areas in the future. Our SOYL PRO plant-based food products, which are made using soybean protein, are healthy and also environmentally friendly, and will contribute toward the building of a sustainable society. By accelerating this kind of product development initiative, we aim to realize our management philosophy as part of our business strategy.

## A Strong R&amp;D Capability Cultivated Over the Course of Our History

Our Food business covers a wide range of different areas, including Food Materials, Processed Foods, Frozen Foods and Nakashoku (ready-made meals), and handles products for both the professional use segment and the retail segment. In the professional use segment in particular, we have built up solid foundations, having developed close relationships over a long period with customers that include some of Japan's leading companies. With regard to products for the retail segment, we have developed a strong product development capability utilizing a process that involves listening to consumers' needs and then applying our technology to meet those needs.

We also have the flexibility needed to apply the food material properties knowhow that we have accumulated over the years toward R&D in new fields. These strengths serve as a wellspring for generating new seeds of innovation, for example in the creation of new health food products such as Flaxseed. Going forward, we believe that we can make effective use of this knowhow application capability to drive widespread adoption of our outstanding brands throughout the market.

## Aiming to Realize Medium- and Long-term Growth

Regarding the development of our business in the future, in order to apply the strengths that we have cultivated with our professional use segment products to retail segment products, we will need human talent able to accurately identify consumer needs (which are becoming increasingly diversified) and integrate this with our in-house technology capabilities and new product development capabilities. We believe that, to achieve this, investing in human talent cultivation is very important. Going forward, in Japan, there is a strong possibility that we will see major changes in purchasing patterns and consumer needs as a result of changes in the population structure. For example, with the aging of the population, there is likely to be an increase in demand for frozen foods that are rich in nutrients, and frozen foods suitable for care recipients. As we see it, we need to cultivate marketing talent able to precisely identify these kinds of changes in the market, and to put in place the systems that will enable us to offer product solutions suited to the needs of the times.

In addition, with the growth of overseas markets such as China, Indonesia and Thailand, strengthening our development of overseas markets is an urgent task for us. To ensure our competitiveness in overseas markets, besides developing an in-depth understanding of the preferences of local consumers, it is also vital for us to undertake product development that makes full use of our company's originality and innovation to provide products that local firms cannot deliver. We believe that, to this end, we need to set about designing systems to promote diversity & inclusion (D&I), for example by building a workplace environment in which people from diverse backgrounds, including foreign talent, can fulfil their potential.

## Business Overview and Strategic Direction

The Food business accounts for around 60% of the NIPPN Group's total sales. Through flexible coordination between the different segments within the Food business, including Food Materials, Processed Foods, Frozen Foods and Nakashoku (ready-made meals), we are able to generate synergy. With the rapid changes in lifestyles that have accompanied the COVID-19 pandemic, and the change in values resulting from growing environmental consciousness, what people expect from food is now different from what it was in the past. As an example of how we need to respond to these changes in society, we have started using sustainable packaging materials that reflect awareness of the Sustainable Development Goals (SDGs) for some retail segment products. Across all segments, we are responding with precision to the diversification of needs that has emerged due to changes in the social structure and in personal attitudes.

## Our Main Strategies for Realizing NIPPN's Long-term Vision

- Food Materials business: Stable growth of existing business and expansion of business scale, especially overseas
- Processed Foods business: Expand sales by developing markets from new perspectives
- Frozen Foods business: Commercialize new functional materials, cultivate new sales channels, and expand overseas business
- Nakashoku (ready-made meals) business: Expand the scale of the vendor business of ready-made meals for CVS and expand the market area by utilizing our know-how

## Performance in FY2022

With regard to professional use segment food products, the requests for the temporary closure of large-scale commercial facilities, and the closure or reduction in opening hours of many restaurants, that accompanied the declaration of a state of emergency in Japan in response to the COVID-19 pandemic had a major impact on the food services industry. Despite this, there was some recovery in demand compared to the previous year, and sales in the professional use segment were up year-on-year. By contrast, in the retail segment, there was a reaction to the situation in the previous year when demand had risen due to people being encouraged to stay at home, and sales in this segment fell year-on-year. Sales of frozen foods were significantly higher than in the previous year. Demand for products used to prepare meals at home remained strong, and, due to the COVID-19 pandemic, there was an increase in the number of consumers wanting food that could be prepared easily at home. In addition, thanks to an aggressive advertising and promotional campaign that included the showing of TV commercials, sales of our "Oh'my Premium" frozen pasta products were strong, and the complete meal (packaged with a tray) products in our "One Plate Meal" series and "Trendy Meal" series continued to sell well. In the Nakashoku (ready-made meals) segment, although the impact of depressed demand due to the COVID-19 pandemic continued to be felt, there were signs that demand was starting to pick up again compared to the previous year, and sales rose year-on-year.

## Future Initiatives

We have positioned the Food Materials business as one of our core business areas, and we will be working to steadily build up our premix business, as well as to develop new markets and grow exports. We will also be aiming to expand our seasonings and rice flour products business, through tie-ups and collaboration with other companies. In the Processed Foods business, which is also positioned as a core business area, we are proceeding with efforts to stimulate demand through rebranding and a channel strategy. We are also proceeding with new product development, taking health and the environment as key concepts. At the same time, in the Frozen Foods business (another focus field), we are undertaking the development of SOYL PRO-based products sold by the NIPPN Group, developing new sales channels, and growing our overseas business through exports, etc. In the Nakashoku (ready-made meals) business, which is also a focus field for us, we are striving to provide value-creating solutions suited to current consumption patterns.

## Main Product Brands

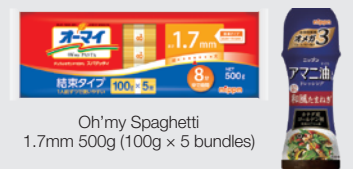
## Food Materials



Kore De Iko  
Batter & Breeding Mix  
for Craggy Crust

Pancake Mix

## Processed Foods



Oh'my Spaghetti  
1.7mm 500g (100g x 5 bundles)

nippn Flaxseed  
Oil in Dressing  
Japanese style  
with onion



nippn HEART  
(Soft Flour)



REGALO  
Bolognese Sauce  
"SHINJITSU"

## Frozen Foods



Oh'my Big Napolitan  
(Japanese Style Ketchup Pasta)



nippn One Plate Meal Japanese Seasoned  
Rice and Chicken and Vegetables  
with Black Vinegar Sauce



nippn Pie Dough Sheet (4 Sheets)



## Message from the Director



**By using our stable supply of wheat flour and our unique technological capabilities to provide high-value-added products, and by demonstrating concern for the environment through our business, we are aiming, in a very real sense, for the “realization of a sustainable society.”**

Toshifumi Horiuchi  
Representative Director, Executive Vice President

## Our Mission to Provide a Stable Supply of Wheat Flour

Our Flour Milling business, which is mainly involved in providing wheat flour, is our company's core business, and also plays an important role in ensuring food security by contributing toward the stable supply of food in general. We believe that, by continuing with the steady operation of the Flour Milling business, we are helping to realize the goal of “realization of a sustainable society” that forms part of our management philosophy.

## Changes in the Domestic Market and in the International Situation that are Affecting the Flour Milling Business

In Japan's wheat flour market, average consumption per person has remained steady, but there has been a gradual decline in overall consumption volume because of the falling of the population. The trend for people to live in nuclear families rather than extended families has been accompanied by an increase in the number of one-person households. The COVID-19 pandemic led to an increase in demand for food that could be prepared at home, and a dramatic fall in the number of tourists visiting Japan, while the situation in Ukraine in 2022 has caused energy prices to rise. As a result of these factors, the Flour Milling business is faced with an extremely challenging business environment. At the same time, however, the popularity of Japanese food overseas has increased significantly, particularly in Southeast Asia, and demand for high-quality Japanese wheat flour has risen.

Faced with these changes in the business environment, we are focusing on promoting problem-solving sales efforts that seek to address issues in line with our corporate customers' needs.

## Key Initiatives for Our Medium-term Goals

In order to strengthen the Flour Milling business, which is our core business, we have closed the Osaka Mill and Nagoya Mill, and we are aiming to expand the facilities at the Kobe-Konan Mill, which is our main production center in Western

Japan. We are also establishing a new flour mill in Chita City, Aichi Prefecture. The new mill in Chita City, which is scheduled for completion in February 2026, will use the latest technology to make it able to cope well with natural disasters, and will be a cutting-edge flour mill with enhanced energy-saving and environmental measures. This restructuring of our flour mill organization will see the share of NIPPON flour mills located on the coast rise from 83% to 95%. Approximately 90% of the wheat used in Japan is imported from overseas, and with a flour mill situated on the coast, the imported wheat can be unloaded directly from the bulk carrier into one of our wheat silos or a neighboring silo, making for reduced raw materials procurement costs.

In addition, besides working to strengthen cost competitiveness through efficient mill management that makes effective use of information technology (IT), and through energy-saving and energy loss reduction, as well as improved logistics through joint delivery with other companies and rearrangement of production locations, and utilization of recycled resources, we are also contributing toward reducing the burden on the environment.

We are also actively involved in the breeding of wheat varieties, for example with the creation of Japan's first durum wheat variety, Setodure, through joint research with the National Agriculture and Food Research Organization (NARO), and with wheat varieties with specific starch characteristics. In this way, we are contributing toward expanding the potential of, and demand for, wheat grown in Japan.

## Aiming to Realize Sustainability

Ensuring the stable supply of wheat flour is an important sustainability measure that we can implement through our business. In addition, by demonstrating concern for the environment in various aspects of our business activities, including reduction of CO<sub>2</sub> emissions by making logistics more efficient, and achieving efficient mill operation through effective utilization of IT, we are aiming to enhance corporate value and also working toward the “realization of a sustainable society.”

In providing a stable, safe supply of wheat flour, and by making the food supply chain more robust, we are fulfilling our responsibility to society.

## Business Overview and Strategic Direction

With the impact of the dramatic upheavals in the global grain markets, as well as the shrinking of the Japanese consumer market, the diversification of food preferences and growing health consciousness, we find ourselves in the midst of unprecedented changes. Despite these changes, we believe that continuing to fulfil our social responsibility to provide a stable supply of wheat flour that can be used with safety and peace of mind remains our most important mission.

While working to improve its operations and realize further cost reductions, the Flour Milling business will use the technology that we have built up over the years to respond to customers' diverse needs. As our core business, we will be striving for steady business development to increase revenue and reinforce our ability to achieve sustained growth.

### Main Strategies for Achieving Our Long-term Vision

- Enhance cost competitiveness and strengthen the revenue base
- Expand the market by creating new demand



Harvesting Setodure wheat

## Performance in FY2022

The NIPPON Group has responded to growing awareness of food safety and of the need for people to be able to consume food with peace of mind by striving to strengthen quality management, and we are also focusing on promoting problem-solving sales activities that make effective use of the technology that we have accumulated over the years to meet customers' diverse needs.

Notwithstanding the continued impact of the COVID-19 pandemic, we have been working diligently to enhance our sales activities, striving to strengthen the initiatives that we undertake together with customers, and endeavoring to strengthen our brand.

As a result, sales of both wheat flour and wheat bran (which is a by-product from flour milling) rose year-on-year in FY2022.

The government-set imported wheat price in Japan (the average price for five brands of wheat, tax included) was increased by 5.5% starting in April 2021, and by 19.0% starting in October 2021. In response to this, we adjusted its product pricing in June 2021, and again in December 2021.

## Future Initiatives

Going forward, we will continue to implement the problem-solving sales operations that we have conducted for many years now. By developing new product proposals and new product categories, we will contribute toward the development of our customers' businesses, while also aiming for further growth ourselves.

We will also be implementing measures to cut costs and reduce the burden on the environment, including energy-saving efforts in our flour mills and the adoption of environmentally friendly packaging materials, as well as reduction of logistics costs through joint logistics, etc.

In addition, we have begun construction of a new flour mill in Chita City, which we are aiming to get operational by February 2026. Besides enhancing productivity by integrating the technological capabilities that we have built up over the years with the latest automation technology, we are aiming to make the new flour mill a cutting-edge facility that has good resistance to natural disasters and also takes the Sustainable Development Goals (SDGs) into account by being energy-saving and environmentally friendly.

### Wheat Flour





Business Overview and Strategic Direction

With the aging of Japan's population and the rise in health consciousness, our Health Care business is expected to achieve significant growth in the future. By linking this business with our development of functional ingredients, we are working to take product development and new product introduction in the Health Care business to a new level.

We are also proceeding with measures aimed at building a new business model. One of these initiatives is the development and commercialization of Food Tech Robots in our engineering business. The background to this is the increasingly strict requirements regarding enhancement of food safety and ensuring stable supply, as well as the need to respond to the various problems affecting production sites, such as the necessity for productivity enhancement and the issue of shortages of human capital.

Main Strategies for Achieving Our Long-term Vision

- Health Care business
  - Foster mainstay brands of foods with function claims
  - Expand NIPPN Kenko Tsuhan online sales
- Initiatives to establish new business models
  - Strengthen and expand e-commerce business
  - Entry to the plant-based foods market
  - Development of Food Tech Robots

Performance in FY2022

There was an upturn in sales volume in our Pet Food business, and as a result net sales in this business rose year-on-year. Our Engineering business also saw net sales rise year-on-year, thanks to an increase in the number of large-scale construction project contracts secured.

Future Initiatives


In our Health Care business, we are aiming to expand exports of functional ingredients to North and Central America, East Asia and Southeast Asia. In the Engineering business, with regard to our Food Tech Robots, in the short term we anticipate that these robots will provide benefits in terms of cost reduction and facilitating the effective utilization of human capital, while in the medium to long term, their development will make a positive contribution toward the growth of not only NIPPN but also the food industry as a whole, and other industries, through the creation of new industrial sectors.

In addition, we are promoting the strengthening and expansion of our e-commerce business, and entry into the plant-based foods market (both of which are areas where we have already begun to implement related initiatives) as a new business model. As regards the e-commerce business, we have established our own online sales website, "NIPPN Direct," and going forward we will be working on new types of products that make effective use of ingredients with health properties, aiming to build a stable sales foundation and revenue base.


Regarding our entry into the plant-based foods market, we are commercializing SOYL PRO, which is a soy-based material for which tofu processing technology is applied. Going forward, we will be exploring the potential of sustainable food products that contribute toward environmentally friendly lifestyles.

We are also working to realize inorganic growth through M&A activities and business tie-ups.

Health Care business




Olive Fruit Maslinic Acid




Flaxseed Wake Up Tea

Pet Food business




Pet food

Engineering business



TOPPING ROBOT "NITORON"

New businesses (plant-based foods)



Plant Based Gapao

TOPICS Taking on the Challenge of Developing New Ingredients and New Core Products

Thus far, the NIPPN Group has developed various different business areas, with the ingredients used expanding from wheat to include rice, buckwheat, corn, soybeans, vegetables and flaxseed, while the businesses have expanded from flour milling to include food products such as premix and pasta, frozen food products, and boxed meals and Deli. Besides the fundamental food functions of nutrition and flavor, we have also developed a functional food ingredients business that makes effective use of the health-giving functions of particular food ingredients.

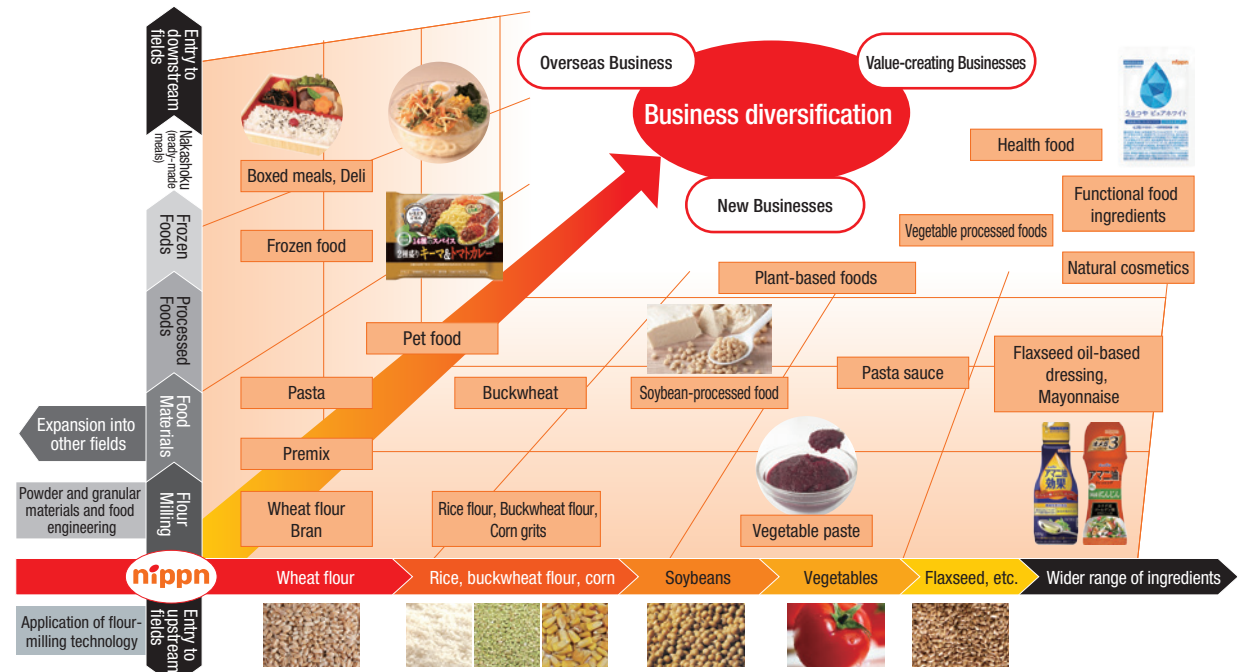
Regarding the evolution of this health segment, up until the 1990s, we were mainly undertaking R&D on the utilization of ingredients derived from wheat, such as wheat germ and wheat bran. However, starting from the late 1990s, when research into the health functions of food ingredients was booming, we began to expand the focus of its ingredient health function R&D to include not only wheat but also other grains, vegetables, fruit and other edible plants, and succeeded in developing original functional food ingredients. These R&D results led to the development of new ingredients – Flaxseed Lignans (derived from flaxseed) and Ceramide (derived from rice and corn) – for the two main markets for food ingredients with health functions: metabolic syndrome, and beauty and skin care. Subsequently, we also developed Olive Fruit Maslinic Acid (derived from olives) and Pomace Extract (derived from grapes) to address Locomotive Syndrome and oral care needs, which have become an increasingly serious issue with the aging of the population. The development of these new ingredients was facilitated by the coming into effect in Japan of a new food function

labeling system in 2015, whereby food products that used newly developed ingredients could have claims regarding health benefits included on the label. In the case of Ceramide, this led to the launch in 2019 of Japan's first (and so far, only) Food for Specified Health Uses (FOSHU) product for the skin, developed in collaboration with another company. Currently, we are responding to the high level of stress that people experience in today's society by undertaking research on stress control, brain function and cognitive function, mental health, the body clock, and sleep. Through collaboration with various Japanese universities, we are working actively to develop new ingredients that have health functions. Besides health functions, we are also conducting research on taste and on ingredients that make effective use of texture and physical properties, and we are using this research to develop new food ingredients.

A further point is that most of the functional food ingredients that NIPPN has developed, including Ceramide, utilize the pomace or other by-products generated in food production facilities. We have been able to use by-products that previously would have had to be used for composting or discarded as waste to develop high-value-added materials. Our food product upcycling initiative, which is helping to build the resource-circulating society, was recognized with the presentation of the MAFF Minister's Secretariat Award at the 9th Food Industry Waste Reduction Awards\* in January 2022.

\* Organized by the Organization of Food-marketing Structure Improvement (OFSI), co-sponsored by the Ministry of Agriculture, Forestry and Fisheries (MAFF)

Orientation of the NIPPN Group's Diversification Strategy



Corporate Governance Structure

Basic Approach

Based on our management philosophy, the NIPPN Group has formulated the Basic Policy on Corporate Governance, which specifies the measures to be implemented to live up to the trust placed in us by our various stakeholders, and we are proceeding with the improvement of our managerial foundations.

Initiatives for Strengthening Governance

FY2003	Introduced Executive Officer system
FY2011	Appointed Outside Director
FY2015	Increased the number of Outside Directors to two
FY2015	Abolished retirement allowance system
FY2015	Introduced share remuneration-type stock options
FY2017	Started effectiveness assessments for Board of Directors
FY2019	Established Nomination and Compensation Advisory Panel
FY2021	Transitioned to a Company with Audit & Supervisory Committee, and increased the number of Outside Directors to five
FY2023	Began to have the Nomination and Compensation Advisory Panel chaired by an Outside Director

NIPPN's Corporate Governance Structure

NIPPN transitioned to a Company with an Audit & Supervisory Committee at the Annual General Meeting of Shareholders held in June 2020. By granting voting rights to Directors who are members of the Audit & Supervisory Committee at the Board of Directors, we aim to strengthen the auditing and supervisory functions, further enhance the corporate governance system, and further increase corporate value. Directors who are Audit & Supervisory Committee members have access to sufficient information by attending important meetings such as the Management Board, and we have established a structure to enable them to supervise and audit the execution of

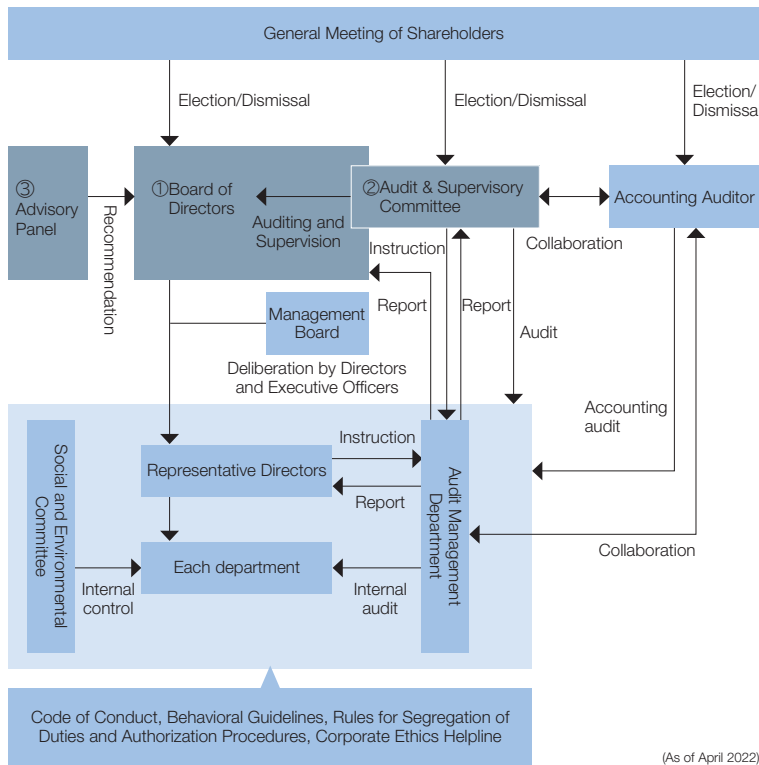
duties by Directors. We believe that this structure will ensure the efficiency of corporate governance and supervisory functions due to its nature and scale.

The Advisory Panel, mainly composed of Outside Directors, was established to report to the Board of Directors on the selection and compensation of Directors. We have also introduced an Executive Officer system, where Executive Officers execute their duties under the authority of the Board of Directors, and have established a Management Board consisting of all Directors and Executive Officers to discuss important matters related to business execution.

Directors' Names			Members			Attendance rate		
			Board of Directors	Audit & Supervisory Committee	Advisory Panel	Board of Directors	Audit & Supervisory Committee	Advisory Panel
Hiroshi Sawada	Representative Director, Chairman and C.E.O.	Inside	○		●	91%	—	100%
Toshiya Maezuru	Representative Director, President and C.O.O.	Inside	●		○	94%	—	100%
Toshifumi Horiuchi	Representative Director, Executive Vice President	Inside	○			100%	—	—
Atsuo Ouchi	Senior Managing Director	Inside	○			100%	—	—
Yuzuru Kogiso	Senior Managing Director	Inside	○			100%	—	—
Takaaki Aonuma	Managing Director	Inside	○			100%	—	—
Akiko Kimura	Managing Director	Inside	○			100%	—	—
Keizo Kagawa	Managing Director	Inside	○			100%	—	—
Takashi Eshima	Managing Director	Inside	○			100%	—	—
Yasunori Tanaka	Managing Director	Inside	○			100%	—	—
Yoshio Kumakura	Director	Outside	○		○	100%	—	100%
Naotaka Kawamata	Director	Outside	○		○	94%	—	100%
Akio Okuyama	Director, Audit & Supervisory Committee Member	Outside	○	●	○	100%	100%	100%
Kazuhiko Yoshida	Director, Audit & Supervisory Committee Member	Outside	○	○		94%	100%	—
Kentaro Naruse	Director, Audit & Supervisory Committee Member	Outside	○	○		100%	100%	—
Etsuzo Tamagawa	Director, Audit & Supervisory Committee Member	Inside	○	○		100%	100%	—

Note: ● denotes the chair; ○ denotes a member other than the chair.  
Note: The number of meetings held during the directors' term of office was 17 for the Board of Directors (11 in the case of Mr. Sawada, 3 in the case of Mr. Eshima, and 14 in the case of Mr. Tanaka), 12 for the Audit & Supervisory Committee, and 1 for the Advisory Panel.  
Note: Positions held were as of FY2022.

Corporate Governance Structure (Diagram)



(As of April 2022)

① Board of Directors (Held 17 times in FY2022)

Directors (including Audit & Supervisory Committee members)	15
Outside Directors out of 15	5

The Board of Directors makes important business execution decisions and supervises business execution, and generally meets once a month, with extraordinary meetings held as necessary.

② Audit & Supervisory Committee (Held 12 times in FY2022)

Audit & Supervisory Committee members	4
Outside Directors out of 4	3

The Audit & Supervisory Committee has four members, of which three are Outside Directors, and one is a standing member.

One of the Audit & Supervisory Committee members is a certified public accountant and has considerable knowledge of finance and accounting, and two of the Audit & Supervisory Committee members are lawyers and have an advanced knowledge of law.

③ Advisory Panel (Held once in FY2022)

Advisory Panel members	5
Outside Directors out of 5	3

The Advisory Panel reports its opinions to the Board of Directors on decision-making policies relating to Director candidates to be submitted to the General Meeting of Shareholders, and Director compensation, individual Director compensation, etc. to be submitted to the Board of Directors.

The members of the Advisory Panel comprise three Outside Directors and two Inside Directors. The panel is chaired by an Outside Director. (As of FY2023)

Approach to Director Diversity

Besides our Inside Directors, who have an in-depth knowledge of the company's business, NIPPN also appoints Outside Directors, in order to enhance the supervision function with respect to the Board of Directors, and strengthen the soundness of the company's management.

There are five Outside Directors, including lawyers, certified public accountants, and food science researchers.

NIPPN has two female Directors, including one Inside Director and one Outside Director (as of June 29, 2022).

Main Decisions Reached, and Matters Discussed, by the Board of Directors in FY2022

Organizational structure	● Establishment of the new Sustainability Promotion Div. ● Establishment of the new Information System Promotion Dept.	Capital investment	● Restructuring of flour mills in the Nagoya and Kansai regions ● Strengthening frozen food manufacturing facilities
Directors	● Revision of the compensation system for Directors	Governance	● Revision of the Standard Policy on the Establishment of Internal Control Systems ● Formulation of the Standard Information Security Policy
Group management	● Making OK Food Industry Co., Ltd. a wholly-owned subsidiary through a share swap arrangement	Others	● Selling off of strategic shareholdings ● Establishment of a headquarters to oversee the response to the large-scale computer system failure experienced by the company

## Initiatives Aimed at Strengthening the Board of Directors

### Evaluating Effectiveness

A survey of 14 Directors and Company Auditors was conducted in May 2022 to evaluate the effectiveness of the Board of Directors in FY2022 and for a self-assessment.

Since matters that should be resolved by the Board of Directors are appropriately allocated between those that should be delegated to management and be resolved by the Board of Directors, sufficient time is spent on the deliberation of those matters that should be resolved, and related party conflicts of interest are appropriately managed, the assessment showed that the effectiveness of the decision-making and supervisory functions is ensured. However, it was noted that there was room for improvement in terms of achieving more efficient, livelier discussion, by adjusting the size of the Board of Directors in a forward-looking manner and striving to ensure that sufficient time is allocated for discussion of matters requiring deliberation.

We will continue to work towards improving the operation of the Board of Directors.

### Support System for Outside Directors

NIPPN's Outside Directors are supported by dedicated staff. When Board meetings are held, relevant materials relating to the matters that will be deliberated on at the meeting are distributed to Outside Directors in advance. Outside Directors can attend meetings of the Management Board, at which Executive Officers report on the performance of their duties. The Outside Directors also receive explanations and reports regarding meetings held with factory, branch office and subsidiary managers.

## Director's Compensation System

The compensation of Directors, excluding Outside Directors and Audit & Supervisory Committee members, consists of basic compensation that comprehensively considers their position and responsibilities, business results for the fiscal year, and social conditions, of incentive compensation that fluctuates based on short-term business results, and of share remuneration-type stock options.

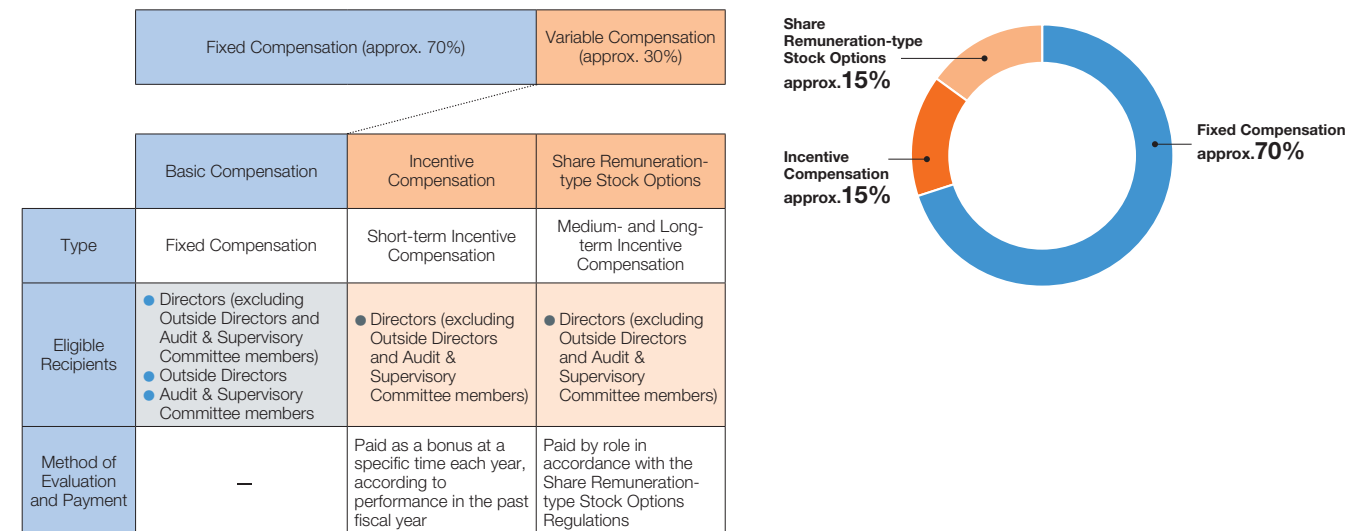
The compensation of Outside Directors and Audit & Supervisory Committee members consists only of basic compensation.

The compensation ratio by type will generally be 70% fixed compensation, 15% incentive compensation, and 15% share remuneration-type stock options.

Incentive compensation is positioned as a

commitment by Directors with respect to annual performance, and is determined within a certain range depending on the degree of target achievement based on predetermined standards for each position, based on the degree of contribution to consolidated operating income, profit attributable to owners of parent, etc. as well as individual performance.

Share remuneration-type stock options are granted to Directors according to their position in accordance with the Share Remuneration-type Stock Options Regulations in order to further increase morale and motivation to contribute to medium- to long-term business performance and corporate value improvements.



### Total Amount of Directors' Compensation, etc.

Classification	Total Amount of Compensation, etc. (Millions of yen)	Total Amount by Type of Compensation, etc. (Millions of yen)			No. of Eligible Directors (persons)
		Fixed Compensation	Incentive Compensation	Non-monetary Compensation, etc.	
Directors (of which, Outside Directors)	399 (25)	285 (25)	43 (—)	70 (—)	12 (2)
Directors (who are also Audit & Supervisory Committee members) (of which, Outside Directors)	50 (30)	50 (30)	—	—	4 (3)
Total (of which, Outside Directors)	450 (55)	336 (55)	43 (—)	70 (—)	16 (5)

Notes: 1. The above figures include a Director who passed away on November 21, 2021, and a Director who retired at the 197th Annual General Meeting of Shareholders held on June 29, 2021.  
 2. Directors' compensation, etc. does not include the employee's salary paid to Directors who also hold the status of company employee.  
 3. Besides the amounts listed above, the Company also made a payment of 331 million yen to the family of a deceased Director who died on November 21, 2021 as a retirement allowance discontinuance payment, in accordance with a resolution passed at the 190th Annual General Meeting of Shareholders held on June 27, 2014. This payment was recorded in the business report for the fiscal year prior to the current fiscal year, and is included in the allowance for Directors' retirement allowance.

## Directors' Skill Matrix

Name	Specialist expertise and experience									
	Corporate management	Production and procurement	Sales and marketing	Research and development	Sustainability	Global business	Finance and accounting	Human resources and human capital management	Legal affairs and risk management	Information system
Toshiya Maezuru	●	●		●	●	●		●		●
Toshifumi Horiuchi	●	●	●			●				
Atsuo Ouchi	●	●	●	●						
Takaaki Aonuma	●				●		●	●	●	
Akiko Kimura	●					●			●	
Keizo Kagawa	●				●		●		●	●
Yasunori Tanaka	●	●		●	●				●	
Tomio Kimura	●		●				●		●	
Hiroaki Kawasaki	●	●	●			●				
Naotaka Kawamata (Outside Director)	●				●	●		●	●	
Hitomi Kumagai (Outside Director)				●	●	●				
Directors who are members of the Audit & Supervisory Committee										
Akio Okuyama (Outside Director)	●				●		●			
Kazuhiko Yoshida (Outside Director)	●				●	●		●	●	
Kentaro Naruse (Outside Director)	●				●			●	●	
Etsuzo Tamagawa							●		●	



Verifying the appropriacy of the company’s policy decisions from a third-party perspective.



Naotaka Kawamata  
Outside Director

Role of Outside Director

With the revision of Japan’s Corporate Governance Code, there has been growing emphasis on the importance of outside directors. Verifying the appropriacy of a company’s policy decisions from a third-party perspective is one of the most important roles played by an outside director, and the emphasis now placed on outside director diversity is an indication of the need for verification of company policies from various different viewpoints.

In order to realize sustained growth in the future, it is vital for NIPPN CORPORATION to expand businesses other than its Flour Milling business, and to become a comprehensive food company. In line with this trend, the company name has been changed from Nippon Flour Mills Co., Ltd. to NIPPN CORPORATION. In May 2022, NIPPN adopted a new management philosophy and management policy, with the aim of integrating the company as a unified organization as it develops diverse businesses. However, I get the impression that, while many NIPPN employees are aware of the need for NIPPN to grow as a comprehensive food company, those employees who have experienced the impressive success of the Flour Milling business sometimes tend to think that the company’s future growth path will continue to be centered around the Flour Milling business. Although the Flour Milling business will remain a core business for NIPPN in the future, in other business sectors, there is a need for an approach whereby business is undertaken in a way that suits that particular sector. I believe that, when a situation where people are still being influenced by the old way of thinking in the course of their decision-making becomes apparent, one of the roles of an outside director is to point this out from a third-party perspective.

Initiatives to strengthen governance

NIPPN appointed its first outside director in FY2011, and by FY2021 the company had five; outside directors currently account for one third of the members of the board of directors. The rise in the number of outside directors on the board has been accompanied by an increase in the extent to which they express their views during board meetings. Prior to NIPPN becoming a company with an audit & supervisory committee in 2020, it already had outside auditors, but with their appointment as outside directors, they now had voting rights on the board of directors, and, as such, naturally had more opportunities to express their

views. With regard to important policy issues, because the outside directors are able to receive explanations of the issues (including the background to the issues) in advance from the relevant executive officers, and engage in an exchange of ideas, the views that they express during board meetings have practical value, and I believe that this has enabled more meaningful discussion in board meetings.

NIPPN has also established an Advisory Panel, a committee which puts forward suggestions regarding the appointment and compensation of directors. In FY2021, outside directors accounted for more than half of the members of the Advisory Panel, and from FY2023 onward the panel has also been chaired by an outside director. It can thus be seen that NIPPN has put in place a framework whereby the participation of outside directors is being strengthened steadily year by year. As regards the diversity of the board of directors, its members now include one female inside director and one female outside director. There are currently still relatively few companies in Japan that have a female executive director appointed from within the company, and NIPPN’s female inside director serves as a role model for the company’s female employees.

Approach to risk management

In July 2021, NIPPN experienced large-scale disruption to its computer system. Since then, the company has been working to clarify the reason for the system failure, and to rebuild the system and prevent a reoccurrence of the problem. Like the inside directors, the outside directors have been strongly committed to determining the cause of the problem and ensuring that it does not happen again. NIPPN’s outside directors have thus been involved in responding to an emergency, in addition to their involvement with the company’s day-to-day operations, and I believe that outside directors need to be able to offer advice in this kind of emergency response situation. Currently, the optimization and updating of the computer system has been positioned as a key policy issue for the board of directors, but the risks facing the company are not limited to system disruptions. I believe that, regarding the identification of and response to latent risks other than those relating to system disruptions, there is a greater need than ever for the board of directors to treat these risks as major policy issues, and to work to clarify the current situation and implement an appropriate response.

Compliance

Approach to Compliance

NIPPN CORPORATION promotes compliance activities so as to abide fully by our Code of Conduct and Behavioral Guidelines.

Both the Code of Conduct and the Behavioral Guidelines are disclosed on our corporate website, and copies are also distributed to all employees, along with the Corporate Social Responsibility Handbook, which explains the Behavioral Guidelines.

We seek to instill the fundamental aspects of corporate ethics into our employees, for example by providing CSR training as part of the initial training that is conducted for new employees each year.

Compliance Education

We have compiled a Compliance Guidebook which contains key points to note regarding compliance, and we have provided related training for business unit officers, business unit managers and group company managers, etc. We have also held study sessions on the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors for personnel responsible for purchasing operations.

Whistleblowing System

We have established a Corporate Ethics Helpline that employees can use for consultations or reporting, with the aim of preventing, discovering at an early stage, and rectifying behavior such as violations of the law or internal misconduct that conflict with corporate ethics or with the requirements of the law.

We have set up two hotlines for whistleblowers, one internal and one external, and we have drawn up rules regarding their use so that no-one will suffer adverse repercussions as a result of having submitted a report via the hotline. No whistleblowing reports were submitted in 2021.

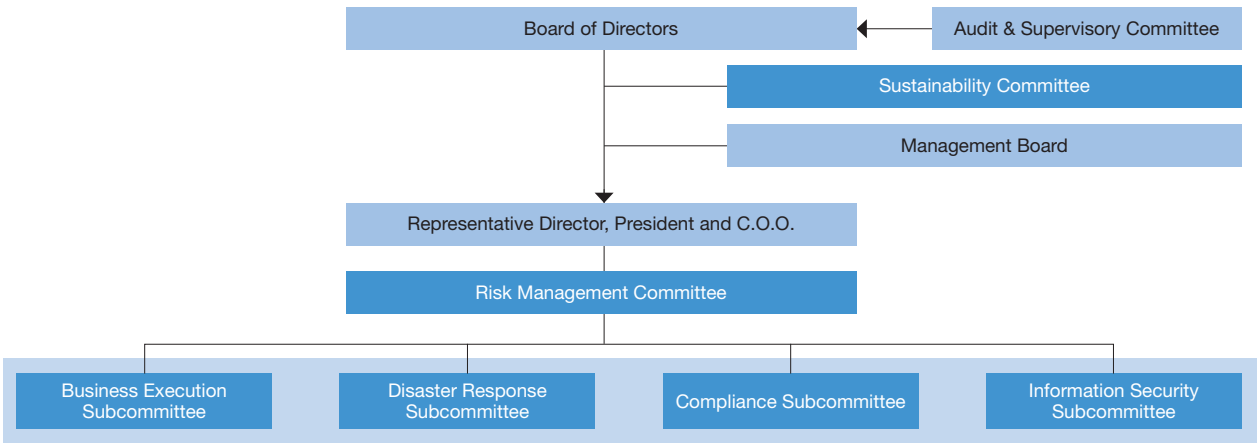
Risk Management

The NIPPN Group’s business activities are affected by a wide range of risks, and these risks include potential crises which, if they occurred, could pose a danger to human health or human life, or could cause significant harm to the NIPPN Group’s operations. In order for the NIPPN Group’s business to be able to continue and develop in a stable manner, we believe that it is vitally important to take adequate measures to prevent risks from emerging, and, in the emergency situation of being faced with a crisis, to respond appropriately, mitigate the harm caused, and bring the crisis to a close as speedily

as possible. To this end, we are striving to strengthen our management structure.

Besides adopting a safety verification system and the use of satellite phones for a large-scale disaster situation, which constitutes a major risk, and formulating Information Security Incident Response Rules in relation to information security risk, with respect to the COVID-19 pandemic, we decided on a response strategy which involved the establishment of a pandemic response headquarters.

Risk Management Structure





**Toshiya Maezuru**  
Representative Director, President and C.O.O.

April 1983 Joined the Company  
June 2014 Executive Officer; General Manager, Production & Technology Div.  
June 2015 Director; Executive Officer; Vice General Manager, Production & Technology Dept.; General Manager, Production & Technology Div., Production & Technology Dept.  
December 2019 Director; Managing Director; General Manager, Production & Technology Dept.; Chairman, Product Development Committee  
April 2020 Director; Senior Managing Director; General Manager, Production & Technology Dept.; Chairman, Product Development Committee  
June 2020 Representative Director; President and C.O.O. (to present)



**Toshifumi Horiuchi**  
Representative Director, Executive Vice President

April 1983 Joined the Company  
June 2014 Executive Officer; Vice General Manager, Wheat Flour Business Dept.; General Manager, Business Administration Div.  
June 2015 Director; Executive Officer; Vice General Manager, Wheat Flour Business Dept.; General Manager, Business Administration Div., Wheat Flour Business Dept.  
June 2017 Director; Managing Director; Vice General Manager, Wheat Flour Business Dept.  
June 2019 Director; Managing Director; General Manager, Wheat Flour Business Dept.  
April 2020 Director; Senior Managing Director; General Manager, Wheat Flour Business Dept.  
June 2020 Representative Director; Executive Vice President (to present)  
(Responsibilities in the Company)  
In charge of Wheat Flour Business Dept., Distribution Administration Div., and logistics administrations.



**Atsuo Ouchi**  
Representative Director, Senior Managing Director

April 1983 Joined the Company  
June 2015 Executive Officer; General Manager, Foods Business Administration Div., Foods Business Dept.  
June 2016 Executive Officer; General Manager, Foods Business Administration Dept.; General Manager, Foods Business Administration Div., Foods Business Administration Dept.  
June 2017 Director; Executive Officer; General Manager, Foods Business Administration Dept.  
April 2019 Director; Executive Officer; General Manager, Foods Business Administration Dept.  
June 2019 Director; Managing Director; General Manager, Foods Business Administration Dept.  
December 2019 Director; Managing Director; General Manager, Foods Business Administration Dept.; Chairman, Product Development Committee  
April 2020 Director; Senior Managing Director; General Manager, Foods Business Dept.  
June 2020 Director; Senior Managing Director  
June 2022 Representative Director; Senior Managing Director (to present)  
(Responsibilities in the Company)  
In charge of Food Business Dept., and Frozen Food Business Dept.



**Takaaki Aonuma**  
Director, Managing Director

April 1982 Joined the Company  
June 2015 Associate Director; General Manager, Related Business Div.  
June 2016 Executive Officer; General Manager, Related Business Div.  
June 2017 Executive Officer; General Manager, Accounting & Finance Div.  
June 2019 Director; Executive Officer; General Manager, Accounting & Finance Div.  
February 2020 Director; Executive Officer;  
June 2020 Director; Managing Director (to present)  
(Responsibilities in the Company)  
In charge of Administrations.



**Hiroaki Kawasaki**  
Director, Managing Director

April 1986 Joined the Company  
June 2015 General Manager, Otaru Mill  
June 2017 General Manager, Foods Business Administration Div., Foods Business Administration Dept.  
June 2019 Associate Director; General Manager, Foods Business Administration Div., Foods Business Administration Dept.  
June 2020 Executive Officer; Vice General Manager, Foods Business Dept.; General Manager, Foods Business Administration Div., Foods Business Dept.  
June 2021 Senior Executive Officer; General Manager, Foods Business Dept.; General Manager, Foods Business Administration Div., Frozen Foods Business Dept.  
January 2022 Senior Executive Officer; General Manager, Foods Business Dept.; General Manager, Foods Business Administration Div., Foods Business Dept.  
April 2022 Senior Executive Officer; General Manager, Foods Business Dept.  
June 2022 Director; Managing Director; General Manager, Foods Business Dept. (to present)



**Naotaka Kawamata**  
Director (Outside Director)

April 1990 Joined the Ministry of Transport (currently Ministry of Land, Infrastructure, Transport and Tourism)  
April 1994 Registered as attorney  
April 1994 Joined Marunouchi Sogo Law Office  
January 2008 Partner, Marunouchi Sogo Law Office (to present)  
June 2014 Auditor, the Company  
April 2015 Professor, Legal Training and Research Institute, Supreme Court of Japan  
June 2016 Outside Director (Audit & Supervisory Committee Member), Torrex Semiconductor Ltd. (to present)  
June 2017 Director, the Company (to present)  
June 2020 Outside Director (Audit and Supervisory Committee Member), Nippon Densetsu Kogyo Co., Ltd. (to present)



**Hitomi Kumagai**  
Director (Outside Director)

April 1990 Research assistant of College of Agricultural and Veterinary Medicine (currently College of Bioresource Sciences) of Nihon University  
April 1994 Full-time lecturer of College of Agricultural and Veterinary Medicine of Nihon University  
April 2002 Assistant professor of College of Bioresource Sciences of Nihon University  
March 2011 Professor of College of Bioresource Sciences of Nihon University (to present)  
June 2022 Director, the Company (to present)



**Akio Okuyama**  
Director, Audit and Supervisory Committee Member (Outside Director)

December 1968 Joined Chuo Accounting Office  
March 1971 Registered as certified public accountant  
March 1983 Representative Partner, Chuo Accounting Office  
July 2001 Chairman and President, the Japanese Institute of Certified Public Accountants  
May 2005 Chairman, ChuoAoyama Audit Corporation  
February 2007 Director, Okuyama Accounting Office (to present)  
June 2009 Auditor, ADEKA Corporation  
June 2010 Auditor, the Company  
June 2014 Corporate Auditor, Shinkin Central Bank (to present)  
June 2020 Director (Audit and Supervisory Committee Member), the Company (to present)  
June 2021 External Director (Audit and Supervisory Committee Member), ADEKA Corporation (to present)



**Akiko Kimura**  
Director, Managing Director

July 1997 Joined the Company  
June 2015 Associate Director; General Manager, Business Development & Support, International Business Div.  
June 2017 Executive Officer; General Manager, Business Development & Support, International Business Div.  
June 2018 Executive Officer; Vice General Manager, International Business Dept.; General Manager, Business Development & Support, International Business Div.  
June 2019 Director; Executive Officer; General Manager, Business Development & Support, International Business Div.  
June 2020 Director; Managing Director; General Manager, Business Development & Support, International Business Div.  
February 2022 Director; Managing Director (to present)  
(Responsibilities in the Company)  
In charge of Global Business Dept.



**Keizo Kagawa**  
Director, Managing Director

April 1984 Joined the Company  
September 2014 General Manager, Administration Div., OK Food Industry Co., Ltd.  
June 2015 Director, OK Food Industry Co., Ltd.  
June 2016 Managing Director, OK Food Industry Co., Ltd.  
June 2018 Executive Officer; General Manager, Corporate Planning Div., the Company  
June 2020 Director; Managing Director; General Manager, Corporate Planning Div., the Company  
June 2021 Director; Managing Director, the Company (to present)  
(Responsibilities in the Company)  
In charge of IT, CSR, Information System Promotion Div., Corporate Planning Div., Sustainability Promotion Div., and Health Care Business Div.



**Yasunori Tanaka**  
Director, Managing Director

April 1982 Joined the Company  
June 2013 General Manager, Osaka Mill  
August 2014 Managing Director, Tofuku Flour Mills Co., Ltd.  
June 2015 Associate Director, the Company; Director, Tofuku Flour Mills Co., Ltd.  
June 2017 Counselor, the Company; Representative Director, President, Tofuku Flour Mills Co., Ltd.  
June 2018 Executive Officer; General Manager, Plant Engineering Div., Production & Technology Dept., the Company  
June 2020 Managing Director; General Manager, Production & Technology Dept.; General Manager, Plant Engineering Div., Production & Technology Dept., the Company  
June 2021 Director; Managing Director General Manager, Production & Technology Dept., the Company (to present)  
(Responsibilities in the Company)  
In charge of Environmental Issues, Quality Assurance Dept., and Research & Development Dept.



**Tomio Kimura**  
Director, Managing Director

April 1984 Joined the Company  
June 2016 Associate Director; General Manager, Kanto Branch  
June 2017 Associate Director; General Manager, Sapporo Branch  
June 2019 Executive Officer; General Manager, Sales & Marketing Div., Wheat Flour Business Dept.  
June 2020 Managing Director; General Manager, Wheat Flour Business Dept.; General Manager, Sales & Marketing Div., Wheat Flour Business Dept.  
June 2021 Senior Executive Officer; General Manager, Wheat Flour Business Dept.  
June 2022 Director; Managing Director; General Manager, Wheat Flour Business Dept. (to present)



**Kazuhiko Yoshida**  
Director, Audit and Supervisory Committee Member (Outside Director)

April 1990 Registered as attorney  
April 1990 Joined Nakamura & Partners  
January 2001 Partner, Nakamura & Partners  
January 2017 Representative Partner, Nakamura & Partners (to present)  
June 2017 Auditor, the Company  
June 2020 Director (Audit and Supervisory Committee Member), the Company (to present)



**Kentaro Naruse**  
Director, Audit and Supervisory Committee Member (Outside Director)

October 2004 Registered as attorney  
October 2004 Joined Nishimura & Partners (currently Nishimura & Asahi)  
April 2009 Joined Marunouchi Sogo Law Office  
January 2016 Partner, Marunouchi Sogo Law Office (to present)  
October 2019 Civil Conciliator (Part-time Judge), Tokyo District Court (to present)  
June 2020 Director (Audit and Supervisory Committee Member), the Company (to present)



**Etsuzo Tamagawa**  
Director, Audit and Supervisory Committee Member

April 1985 Joined the Company  
March 2014 General Manager, General Accounting Group, Accounting & Finance Div.  
October 2015 Vice General Manager, Accounting & Finance Div.  
June 2017 General Manager, Related Business Div.  
June 2020 Director (Audit and Supervisory Committee Member) (to present)

## Financial and Non-Financial Data

## Financial Data

(Millions of yen)

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
<b>Financial Results</b>										
Net Sales	271,069	287,109	298,511	311,628	312,932	323,495	335,399	344,839	329,566	321,317
Cost of Goods Sold	200,858	211,822	222,363	230,281	226,338	234,823	243,017	247,264	233,885	246,390
Gross Margin on Sales	70,211	75,286	76,147	81,347	86,593	88,672	92,381	97,575	95,681	74,926
Selling, General and Administrative Expenses	60,497	64,478	67,741	70,253	75,019	78,611	81,159	86,473	85,349	63,644
Operating Income	9,713	10,808	8,406	11,093	11,574	10,060	11,222	11,101	10,331	11,282
EBITDA	17,576	18,851	16,436	18,657	19,289	17,851	18,650	19,476	19,312	21,514
Ordinary Income	10,906	12,248	9,807	12,666	13,162	11,862	13,065	12,740	12,620	14,270
Net Income	7,008	7,810	6,981	8,222	8,934	7,651	8,455	8,941	8,608	9,327
<b>Financial Position</b>										
Current Assets	85,671	87,520	94,362	101,017	92,275	106,608	118,330	114,534	117,900	130,768
Non-current Assets	128,857	139,283	154,527	146,902	159,799	166,719	174,988	175,832	190,067	195,063
Property, Plant and Equipment	78,390	85,042	86,349	85,242	90,380	92,867	101,233	106,957	114,240	115,611
Intangible Assets	1,453	1,543	1,131	833	1,297	1,424	1,376	1,624	2,858	2,529
Total Assets	214,528	226,803	248,890	247,919	252,074	273,328	293,392	290,428	308,017	325,869
Current Liabilities	73,741	62,370	64,616	71,641	63,914	77,681	76,100	74,078	69,661	74,842
Non-current Liabilities	27,523	42,796	46,738	40,534	40,714	38,741	62,305	57,768	69,230	72,328
Interest-Bearing Liabilities	43,505	46,165	47,543	46,967	39,758	45,328	61,973	63,934	71,122	69,661
Total Liabilities	101,265	105,167	111,354	112,176	104,628	116,423	138,405	131,847	138,891	147,171
Total Net Assets	113,263	121,636	137,535	135,743	147,446	156,905	154,986	158,581	169,126	178,697
Total Liabilities and Net Assets	214,528	226,803	248,890	247,919	252,074	273,328	293,392	290,428	308,017	325,869
<b>Cash Flow</b>										
Operating Cash Flow	19,198	15,487	11,803	20,675	17,391	15,217	17,063	15,532	14,804	11,975
Investment Cash Flow	-13,055	-13,349	-8,653	-6,336	-12,646	-11,941	-14,614	-14,130	-12,585	-10,103
Free Cash Flow	6,143	2,138	3,150	14,339	4,745	3,276	2,449	1,402	2,219	1,872
Financial Cash Flow	-6,195	-123	-2,813	-6,210	-11,137	2,824	7,135	-759	2,553	-4,278
Cash and Cash Equivalents at End of Period	10,000	12,202	12,847	20,776	14,368	20,556	30,085	31,012	35,320	31,215
<b>Other</b>										
Capital Investment Amount	12,213	13,374	6,206	7,413	12,023	10,119	15,911	13,067	16,197	11,246
Depreciation	7,863	8,043	8,030	7,564	7,715	7,791	7,428	8,375	8,981	10,232
Research and Development Expenses	2,620	2,660	2,688	2,805	2,971	3,187	3,346	3,381	3,330	3,352

\* The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. are applied from FY2022.

\* "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) is applied from FY2019.



Financial Data\*\*1

	FY2018	FY2019	FY2020	FY2021	FY2022
Financial Indicators					
Equity Ratio (%)	55.7	51.2	52.9	53.3	53.4
ROE (%)	5.18	5.59	5.89	5.41	5.51
ROA (%)	2.91	2.99	3.06	2.88	2.94
Total Asset Turnover	1.2	1.2	1.2	1.0	1.0
Financial Leverage (times)	1.8	2.0	1.9	1.9	1.9
Interest-Bearing Liabilities Ratio (%)	29.8	41.3	41.6	43.3	40.0
Dividend Payout Ratio (%)	31.5	29.4	29.1	32.1	31.3
Index per Share					
Profit per Share (yen)	95.34	108.78	116.71	112.27	121.59
Annual Dividends per Share (yen)	30	32	34	36	38
Net Assets per Share (yen)	1,897.64	1,961.17	2,006.14	2,141.91	2,268.30
Stock Information					
Year-End Stock Price (yen)	1,649	1,900	1,687	1,657	1,663
Highest Stock Price during Period (yen)	1,863	2,044	1,925	1,795	1,740
Lowest Stock Price during Period (yen)	1,532	1,641	1,483	1,561	1,546
Price Earnings Ratio (times)	17.30	17.47	14.45	14.76	13.68
PBR (times)	0.87	0.97	0.84	0.77	0.73
Market Capitalization (millions of yen)	136,082	149,765	132,976	130,611	131,084

Non-Financial Data\*\*1

	FY2018	FY2019	FY2020	FY2021	FY2022
Society					
Number of Customer Center Consultations (cases)	14,526	15,159	14,429	13,939	11,249
Number of Employees (people)					
Consolidated	3,696	3,687	3,737	3,880	3,775
Non-consolidated	980	1,002	1,025	1,070	1,137
Number of Female Employees (people)*2	264	267	284	293	320
Ratio of Female Employees (%)*2	24	23	24	24	25
Number of Recruits (people)	55	63	84	93	81
Number of Female Recruits (people)	18	17	27	23	32
Number of Female Managers (people)*2	26	29	29	30	32
Number of Rehired Employees (people)	17	15	14	17	17
Number of Resignations (people)	39	37	40	50	60
Average Overtime Hours (hours)	17.4	17.0	15.4	15.4	17.0
Paid Leave Acquisition Rate (%)	61.4	66.7	75.5	62.7	67.6
Childcare Leave Acquisition Rate (%)*2					
Men	7.9	15.2	43.2	34.5	51.4
Women	90.0	77.8	100.0	75.0	122.2
Employment Rate of People with Disabilities (%)	2.43	1.96	1.89	1.94	2.26
Stress Check Response Rate (%)	95.9	98.2	98.7	99.4	95.2
Environment					
CO <sub>2</sub> Emissions (1,000 t-CO <sub>2</sub> )*3					
Scope 1	—	—	—	46	47
Scope 2	—	—	—	114	115
Waste					
Total Generated Waste (t)*3	47,796	46,645	47,139	40,971	44,704
Waste Recycling Rate (%)*3	97.3	95.8	95.2	95.8	96.7
Chemical Usage Quantity (l)*3	10,405	10,211	10,827	9,504	8,420
Total Water Used (1,000 m <sup>3</sup> )*3	2,387	2,623	2,784	2,662	2,681
Total Wastewater (1,000 m <sup>3</sup> )*3	1,851	1,988	2,101	2,141	2,051
Intensity of Energy Use in Logistics (kl/million ton-km)	33.1	30.7	32.9	32.7	30.4
Total Energy Consumption Intensity*4	130.0	133.5	136.5	136.8	138.0

\*1 Financial data uses consolidated figures. Non-financial data uses non-consolidated figures unless otherwise stated

\*2 Including seconded employees

\*3 Consolidated

\*4 NIPPN and consolidated subsidiaries with manufacturing departments

Corporate Information

Company Name	NIPPN CORPORATION (Trade Name: NIPPN CORPORATION)
Established	September 1896
Business	Flour Milling Business: Wheat flour, Wheat bran, Warehousing, Port transportation Food Business: Premixes, Corn products, Rice flour, Retail wheat flour, Pasta, Pasta sauces, Whole tomatoes, Olive oil, Flaxseed, Dried noodles, Frozen ingredients, Frozen foods, Nakashoku (ready-made meal) business Other Businesses: Health Care, Pet Food, Biotechnology-related business, Machinery sales, etc.
Representative	Representative Director, President and C.O.O. Toshiya Maezuru
Capital	¥ 12.24 billion
Fiscal Year End	March 31 (annual settlement)
Head Office Location	8, Kojimachi 4 chome, Chiyoda-ku, Tokyo 102-0083
Number of Employees	3,775 (as of March 31, 2022) (consolidated)
Branches	Tokyo No.1, Tokyo No.2, Kanto, Sendai, Nagoya, Osaka, Hiroshima, Fukuoka, Sapporo
Plants and Mills	Yokohama, Chiba, Isesaki, Ryugasaki, Ryugasaki Frozen Food, Nagoya, Osaka, Kobe-Konan, Fukuoka, Fukuoka Nanotsu, Otaru
Laboratories	Central Research Laboratory, Research & Development Dept.
Major Group Companies	NIPPUN SHOJI CORPORATION, Matsuya Flour Mills Co., Ltd, NIPPN Donut Co., Ltd., OHMY Co., Ltd., Nippon Rich Co., Ltd., Fast Foods Co., Ltd., OK Food Industry Co., Ltd., NAGANO TOMATO Co., Ltd., NPF Japan Co., Ltd.
Overseas Locations	United States, China, Thailand, Indonesia

Stock Information as of March 31, 2022

Total Number of Shares Authorized to be Issued	300,000,000 shares
Total Number of Shares Issued	78,824,009 shares
Number of Shareholders	24,338 (+2,133 compared to the end of the previous fiscal year)

Major Shareholders (Top 10)

Shareholder Name	Number of Shares Held (thousands of shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	8,516	11.1
NIPPN Clients Shareholding Association	4,535	5.9
Taiju Life Insurance Co., Ltd.	3,497	4.5
Mitsui & Co., Ltd.	3,349	4.4
Duskin Co., Ltd.	2,510	3.3
Itochu Corporation	2,250	2.9
Sumitomo Mitsui Banking Corporation	2,246	2.9
The Norinchukin Bank	2,060	2.7
Mitsui Sumitomo Insurance Company, Limited.	2,004	2.6
Custody Bank of Japan, Ltd. (trust account)	1,757	2.3

\* The calculation of the shareholding ratios excludes 1,871,000 treasury shares.