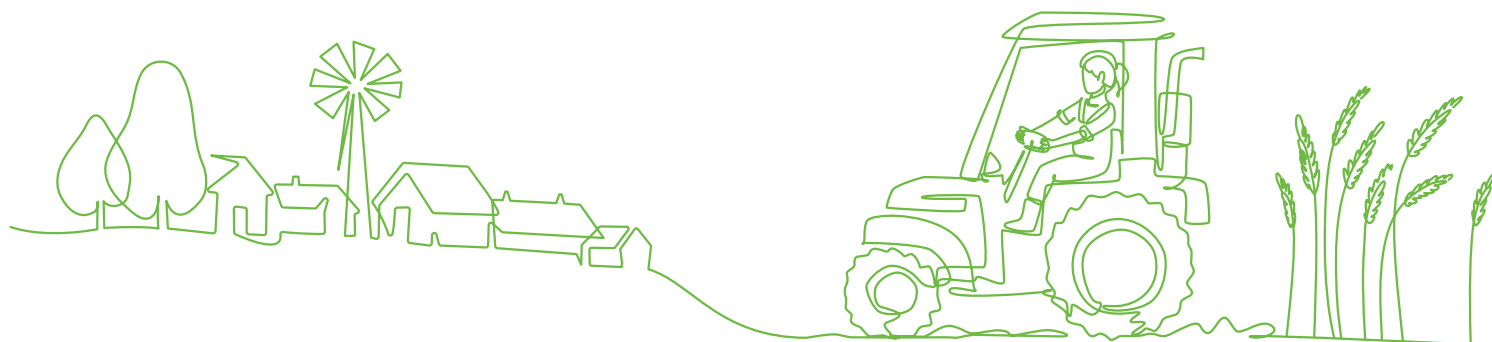
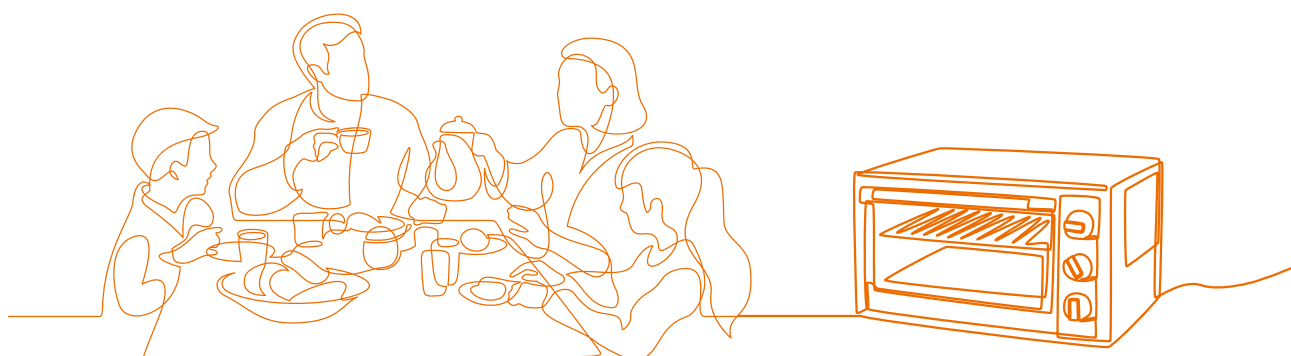
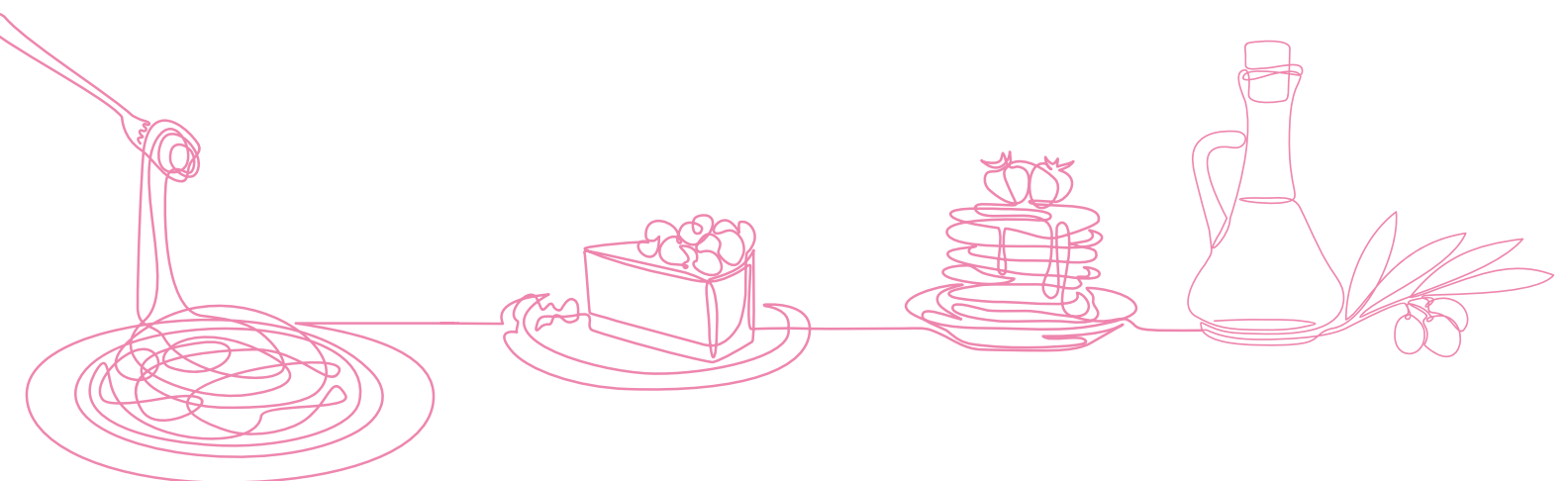
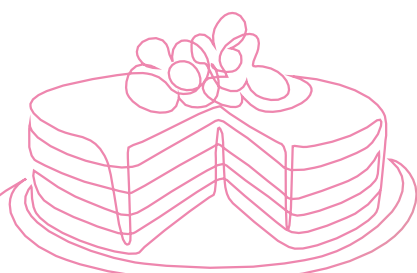


Integrated Report 2023



Pursuing the Well-being of People and Working to Achieve Sustainable Management



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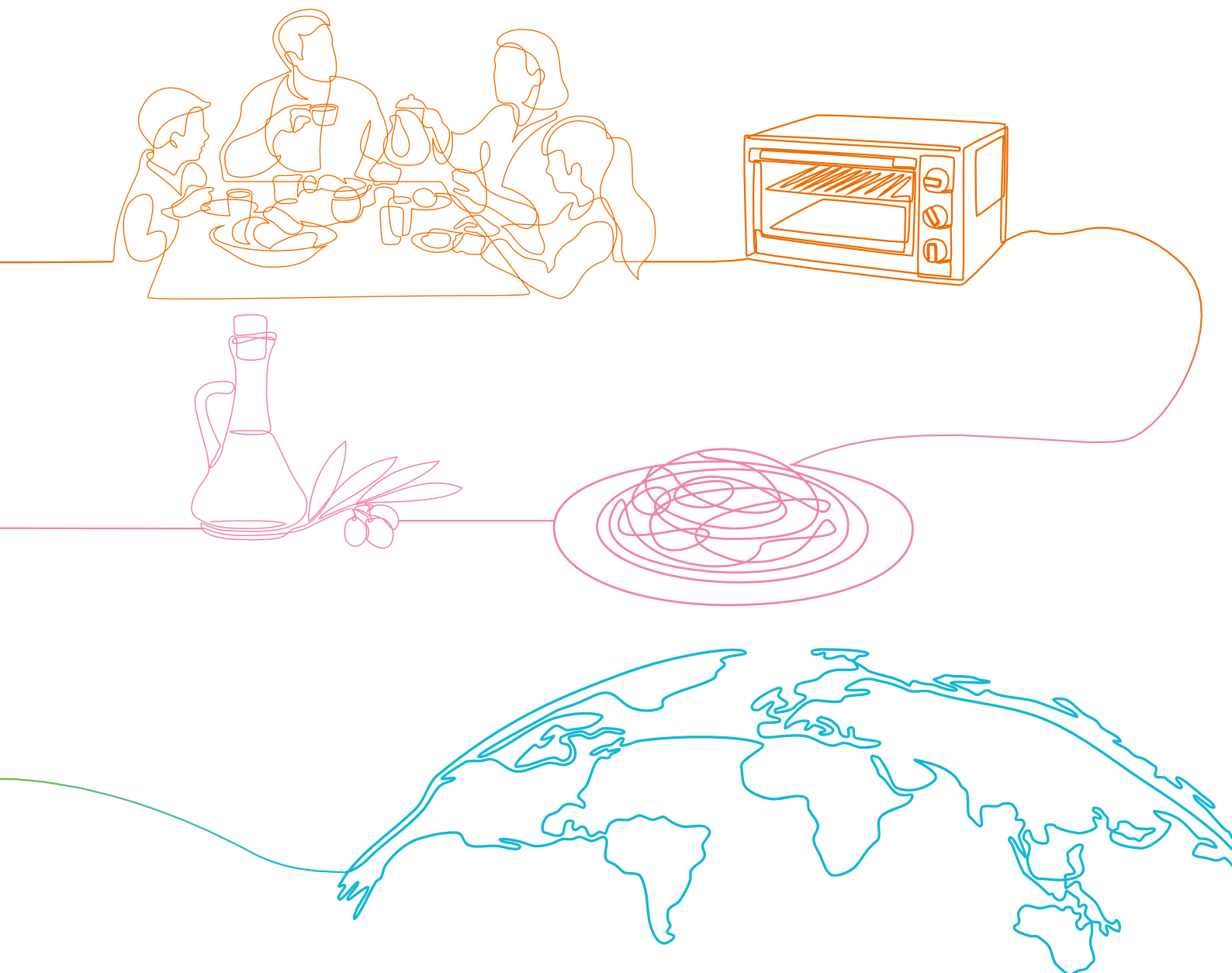
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Editorial Policy

This Integrated Report provides a wide range of financial and non-financial information about the NIPPON Group. It includes messages from the president and directors, and provides a concrete overview of NIPPON, our strategy, and business direction. In contrast to last year's Integrated Report, this report focuses on providing information based on the Group's present situation, which includes details about the Food business.

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: April 1, 2022 to March 31, 2023

However, periods before and after the current period are also mentioned as necessary.

Scope of Reporting: NIPPON Group (NIPPON CORPORATION and major affiliates)

* Some environmental and social data is provided by NIPPON CORPORATION and its subsidiaries (as specified in the text)

Guidelines Referenced:

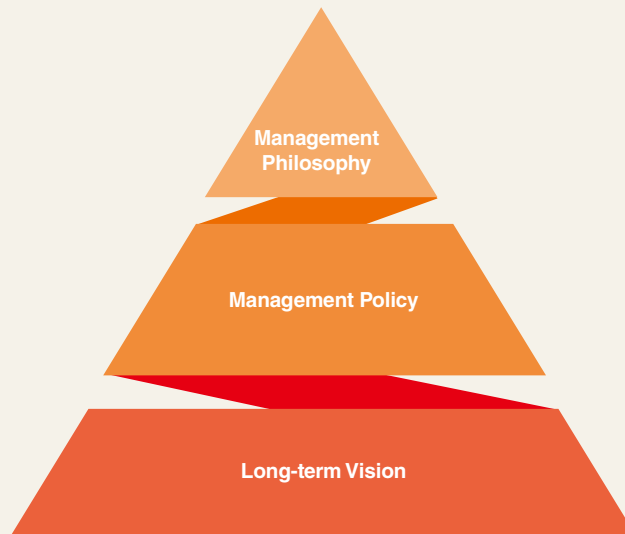
International Integrated Reporting (IR) Framework
Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation
GRI Standards

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.

Management Philosophy / Management Policy / Long-term Vision



In May 2022, prompted by a focus on further expanding our business areas and achieving sustainable growth, the NIPPON Group formulated a new Management Philosophy and Management Policy. Our goal is to be a company with a loyal customer base in a range of product scenarios, delivering happiness, smiles and physical and mental health to everyone through food experience. In addition, we have formulated the Management Policy to realize our Management Philosophy that emphasizes working together with our stakeholders to generate value that will carry through to the future. Prompting the creation of the Long-term Vision was a drive to create foods and solve

social issues with a view to achieving the Management Philosophy, to continually contribute to people's health and the realization of a better society and a better world, and to establish ourselves as a comprehensive food company. We have established six materiality items (key issues) for sustainable growth. To establish themes for and execute initiatives for each, and to achieve "well-being of people," we will continue to create new foods as we fulfill our corporate social responsibility.

Materiality Items (Key Issues)  P25-26





Management Philosophy

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



Management Policy

To realize our management philosophy, the NIPPN Group will work together with stakeholders including our customers, employees, shareholders and societies to create future-focused value.

Together with our customers

We deliver health and smiles to all customers through "Food experience." We will create a new era of "Food" by developing products and services that anticipate change, harnessing the technological capabilities, which have been developed since our founding, and the DX.

Together with our employees

We are committed to solving social issues with enthusiasm and passion within a fair and open corporate culture.

Together with our shareholders

We will work to enhance corporate value through highly transparent information disclosure and dialogue with shareholders.

Together with society

As a resilient company that practices ESG management, we are committed to working with our partners both within and outside of Japan with a focus on the actual situation in Japan and overseas to create a better society and a better planet.



Long-term Vision

We aim to grow to a scale of

Net Sales ¥500B / Operating Income ¥25B
in order to secure our position as a comprehensive food company of high repute.





By enhancing our sustainability management through strengthening of the foundation of our existing businesses and active investment in growth areas, we aim to achieve sustainable growth and make our Management Philosophy a reality.

Review of FY2023, and Outlook for FY2024

The second half of FY2023 saw a relaxing in restrictions on activities related to COVID-19, meaning the market as a whole was trending back toward recovery, with increased needs for restaurant and other professional use products. However, due to the situation in Ukraine, raw material prices and energy costs soared, and so we implemented price revisions after obtaining the understanding of our suppliers and customers regarding costs that we could not absorb.

In business performance, our Flour Milling business performed well, and in our Food business, frozen foods demonstrated healthy growth as customers recognized the convenience, deliciousness and other value of our products during the COVID-19 pandemic. As a result of this, during the initial year of the medium-term targets, we achieved increases in both revenue and profit with net sales of ¥365.5 billion and operating income of ¥12.2 billion, which indicates we achieved a certain level of performance.

However, we expect the business environment to continue to be challenging from FY2024 onward. Given this, we have been enhancing our marketing efforts starting from 2022 in light of the recognition that it is important to understand customer needs for home use products, and to develop products better suited to customer needs. We are also focusing on expanding our e-commerce business and promoting various initiatives so that we can respond to diversifying needs.



Toshiya Maezuru

Representative Director,
President and C.E.O.

As a major strategic investment, we made the decision to invest in Utah Flour Milling, LLC, a U.S. flour milling company. We are also strengthening operations in Southeast Asia and making investments aimed at expanding our Overseas business. In fall 2023, we completed construction of our premix plant in Indonesia. While prices of building materials continue to soar, we are also steadily proceeding with capital investment within Japan, with this positioned as an important investment for the future. We are moving forward with digital transformation, in particular both implementing continuous enhancements in security, and accelerating the implementation of IT system at our plants and mills. We are promoting a switch from paper-based to electronic-based information handling in production and quality control processes, targeting improved work efficiency and visualization.

We recognize that it is our core mission to faithfully deliver our products to our customers, and so from FY2024, we will continue with these initiatives, while steadily expanding our existing businesses including our Flour Milling business. On the other hand, we will continue to invest in growth businesses and expand our range of value creation with the aim of increasing sales and profits in FY2024.

Strategies for Achieving Medium-term Targets and Our Long-term Vision

Toward achieving our Long-term Vision, we will work toward sustainable growth and stable cash generation by strengthening the foundation of our existing businesses and improving production capacity, while also investing management resources in growth areas thereby expanding the domains in which we create value. Also, we will achieve further growth through business expansion by conducting M&A and business partnerships not only within Japan but also overseas, aiming to grow to a point at which we have net sales of ¥500 billion and operating income of ¥25 billion. In addition, we will keep developing our business with a resolute commitment to achieve our medium-term targets of ¥400 billion in net sales in FY2027.

For strengthening of the foundations of our existing businesses and expansion of production capacity, in the Flour Milling business, we will enhance facilities at the Kobe-Konan Mill during FY2024, and complete construction of the Chita Mill in the spring of 2026. In the Food business, we have completed an upgrading and retrofitting of a new line at the Isesaki Frozen Food Plant for frozen foods.

The Nakashoku (ready-made meals) business has developed into one capable of securing steady profits, however we will formulate and implement measures with which we can achieve further growth. We are working to achieve efficiencies in our production systems, and considering business expansion into new areas.



The Frozen Food business has seen intensified competition in recent years, with increases in the market itself. In such an environment, in addition to frozen pasta products, we have recognized and established one-plate complete meal products as a new market segment and have been well received by customers. We will continue development through customers' eyes, as well as develop products based on new concepts. As well as expanding into new categories, we will consider products with health care perspective. In achieving this, it is important to promote marketing and product development with understanding of customer needs. Expanding our business requires increased production capacity, and so we are considering new investments to follow the Isesaki Frozen Food Plant.

In the Health Care business, we are continuing our search for new ingredients, accumulating scientific analysis and test results analysis, and developing foods with new functionalities. Currently, we are focusing on areas related to the human body, but we would like to expand our areas of expertise by gaining knowledge in diverse fields such as sleep quality, mental health, and dementia. For example, as we worked on research into stress relief and other mental health issues, we have scientifically proven rosemary extract to be effective. We will continue with such research activities in the future and are aiming to launch new products to market once or twice a year. In sales, we will expand overseas market by participating in exhibitions including in both North America and Southeast Asia along with conducting surveys into customer needs. We are also working together with farmers in Japan to produce edible flaxseed ingredients. By applying health care elements to other existing businesses we will provide delicious, healthy products which lead to "well-being," the core of our Management Philosophy.

For M&A projects, we will undertake them by considering whether we can create synergies with our existing technologies basically in businesses related to food. The investment in Utah Flour Milling, LLC mentioned above targets direct access to wheat flour produced in North America, as well as enabling the procurement of a variety of raw materials to respond to changes in the food culture in our domestic business.

Sustainability Management in Support of Our Fundamentals

So that we can strengthen our sustainability promotion system, in FY2023 we established the Sustainability Committee, Sustainability Execution Committee, and Risk Management Committee. Under this system, we reviewed our materiality items, including their priorities.

We consider environmental issues as one of social problems worthy of particular focus, and with the understanding of our Group's environmental burden as a whole, we will set medium- to long-term goals. We are also working to respond to recommendations from the Task Force on Climate-related Financial Disclosures (TCFD). As specific initiatives, we are steadily moving forward with changes in packaging materials. As a

priority, we are reducing the use of plastic in our home use products. We plan to keep increasing the ratio of sustainable raw materials used. Also, we have completed installation of solar panel power generation at our Isesaki and Ryugasaki Frozen Food Plants, and at our premix and frozen dough production plant in Thailand. In energy-saving activities, as well as existing measures already in place in plants and mills, we are also promoting activities using IT. All NIPPON departments have obtained ISO 14001 (Environmental Management Systems) certification, and we plan to expand this system Group-wide in the future. We will continue implementing training in raising and spreading environmental awareness amongst employees.

With regard to enhancing our human capital, we are developing a workplace environment easy for everyone to work at. In addition, we are inviting female executives from other companies to present lectures for the promotion of active participation of females in the workplace, to introduce their role models and provide opportunities for thinking about careers. Compared to when we first started employing women for career track, we have seen a changing environment, with more women continuing to work after marriage and childbirth. We are steadily working on initiatives to improve the ratio of women in management positions so that we can produce human resources to assume the future mantle of management. We have commenced new initiatives in our training system such as e-learning, providing employees with more opportunities to gain skills through self-development. Furthermore, in order to improve employee engagement, we are working on enhancement of communications including with 1-on-1 meetings, and are considering changes to the employee performance evaluation and transfer systems in response to requests concerning personnel matters and career advancement. Along with development of the systems, we are also promoting active transfer of employees between departments within an organization hoping to create a work environment with job satisfaction.

Last of all, we will strive to increase our stock price and Price Book-value Ratio (PBR), and enhance our non-financial activities to realize our policy on sustainability initiatives, which aims to create a new era of "Foods" and to fulfill our social responsibility as a company to achieve "the well-being of people." We look forward to receiving your continued support in the future and we hope our efforts will bring about a brighter future for NIPPON.

History of NIPPON

For more than 125 years since our founding, NIPPON has taken on a number of challenges and has provided products and services tailored to each era. We continue to take on new challenges, such as developing new fields, with the aim of establishing our position as a comprehensive food company, which is in our Long-term Vision.

* Figures are for non-consolidated sales before FY1999,
and for consolidated sales after FY2000

1961

Expansion of
Businesses

1896~

Flour Milling

1955~

Food Materials and Processed Foods

1969~

Health Care products

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

Start as a modern mechanical flour milling company

1896 Nippon Flour Mills Co., Ltd. established



1903 Second Ogibashi Mill started operation

1916 Energy for mills changed from steam to electricity

Significant development as a company specializing in flour milling

1920 Merged with Toyo Flour Mills and other companies

1924 Yokohama Mill, Japan's first fully fledged large-scale coastal mill, started operation

1934 Began capital investments on mainland Asia



Reconstruction after World War II and birth of Oh'my

1945 Tokyo Mill damaged in Great Tokyo Air Raid. End of war brought about crisis due to loss of assets and occupation of General Headquarters for the Allied Powers.

1948 Post-war reconstruction began in earnest. 1952 Mill rebuilt and flour milling capacity recovered to prewar levels

1952 Central Research Laboratory established



1955 Birth of the "Oh'my" brand. First produced as artificial rice to solve food shortages after war.



Oh'my Rice
(artificial rice made from wheat)



Entrance into food industry for new development

1958 Pneumatic system introduced at Yokohama Mill

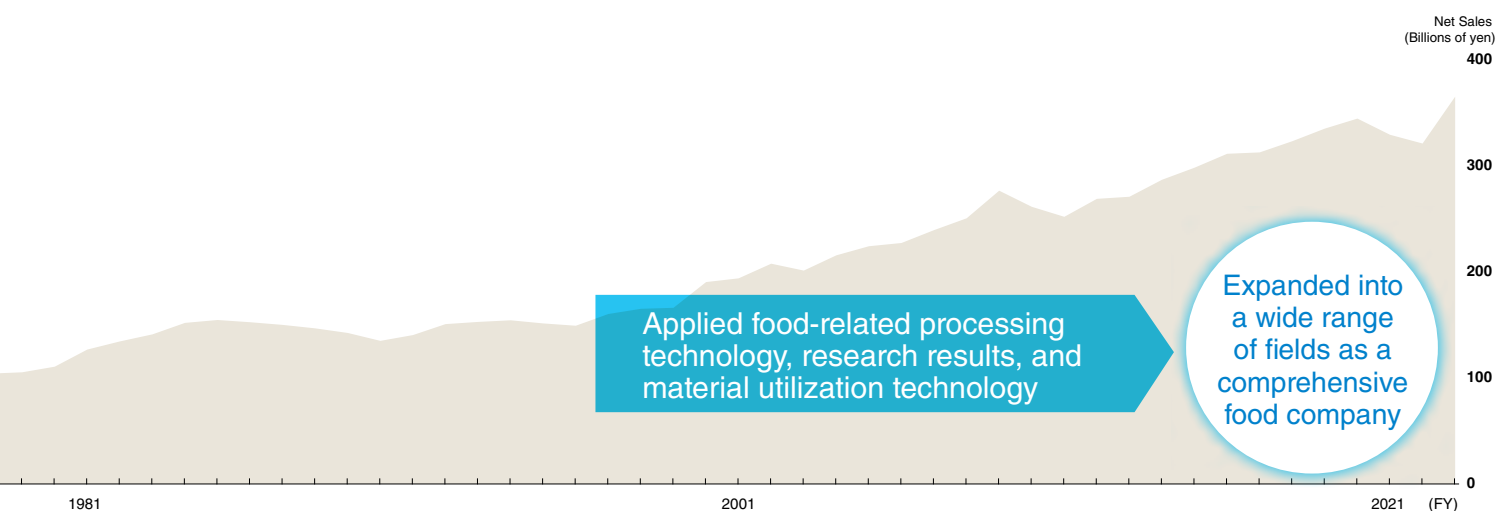


1963 Released "Oh'my Tempura Batter Mix"

1964 Released premix products for professional use

1969 Launched "Family Germ," NIPPON's first health food product





1973~

Frozen Food products

economic growth and social change

Enhanced production capacity and further business diversification

- 1973 Started Frozen Foods business
- 1974 Kobe-Konan Mill completed



- 1975 Technical Center established
- 1978 Chiba Mill completed



- 1985 Fukuoka Mill completed
- 1989 Ryugasaki Plant, which manufactures premix products, completed

1991~

Nakashoku (Ready-made meals)

Responded to growing health awareness and environmental consideration

Toward 100th anniversary

- 1991 Entered into Nakashoku (ready-made meals) business
- 1993 Started Company-wide restructuring to strengthen the management foundation
- 1996 Announced the company nickname "NIPPON" and a new logo

NIPPON

Responding to demands and needs of the times

- 1998 Environmental Committee established
- 2000 Established the corporate philosophy "Mission Statement," "Principles" and "Environmental Policy." Prepared the first environmental report.
- 2003 Released "Oh'my Premium" series of frozen pasta



- 2003 Established Nippon Flour Mills (Shanghai) Co., Ltd. Completed the plant the following year (currently NIPPON (Shanghai Jinshan) Co., Ltd.)

Aiming to be a company that can contribute to the well-being of people

- 2005 Launched "Flaxseed Oil"
- 2006 NIPPON (Thailand) Co., Ltd. established
- 2016 Constructed and relocated to a new head office building in Kojimachi, Chiyoda-ku, Tokyo
- 2017 Launched the "REGALO" premium pasta brand for home use
- 2019 Introduced the new corporate logo. The warm orange color and rounded lowercase letters make the image friendly.

nippn

- 2020 Launched "SOYL PRO" plant-based food as a new ingredient that is delicious, healthy and environmentally friendly.



- 2021 Changed our company name to NIPPON CORPORATION
- 2022 Formulated a new Management Philosophy and Management Policy of NIPPON

NIPPN's Value Creation Process

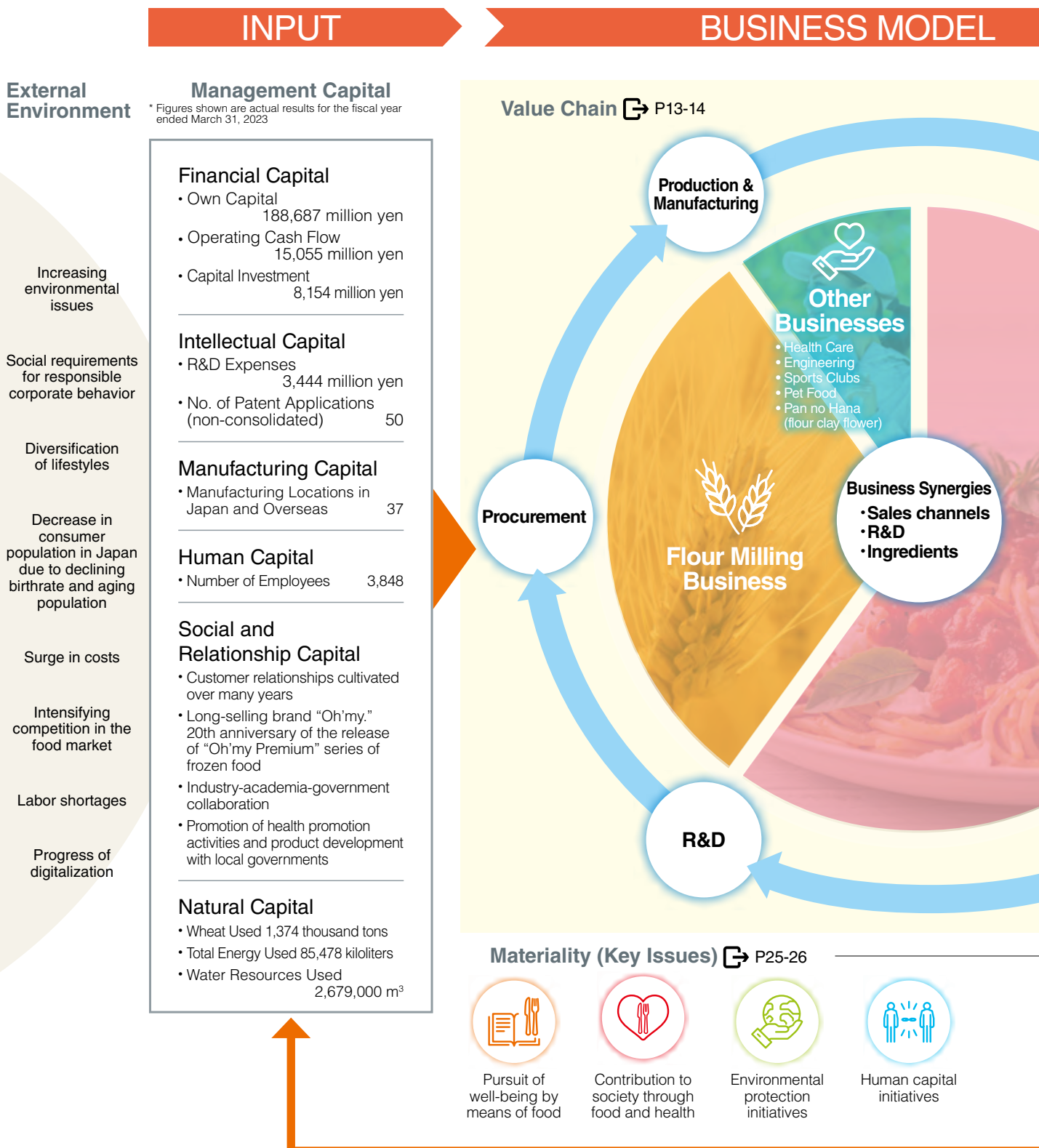
Philosophy System

Management Philosophy

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

Management Policy

To realize our Management Philosophy, we will work together with stakeholders including our customers, employees, shareholders and societies to create future-focused value.



Long-term 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.

OUTPUT

OUTCOME

Financial Value

Targets until FY2027

Operating Income Margin	3.75%
ROE	At least 6%
ROIC	At least 4%
Dividend Payout Ratio	At least 30%

Non-financial Value

- ▶ Creating jobs where diverse human resources can work
- ▶ Achieving satisfaction through the provision of extensive product lineups that match lifestyles
- ▶ Reducing food loss, packaging materials, and environmental impact through 3R activities
- ▶ Gaining trust through communication with society with a focus on safety and security

Our Vision

Realizing the well-being (happiness, health, and smiles) of people and a sustainable society

Logistics



Food Business

- Frozen Foods
- Food Materials
- Processed Foods
- Nakashoku (ready-made meals)

Sales & Marketing

Quality Assurance & After-sales Follow-up Services



Corporate activities for sustainable growth



Strengthening of corporate governance

Reinvestment

Strengths of NIPPON's Value Chain

Since our founding in 1896, we have been working with many customers, business partners, and other stakeholders. As we continue to grow from wheat flour milling to a comprehensive food company, we have demonstrated various synergies. The strength of the NIPPON Group's value chain is the accumulation, knowledge, and execution capabilities that we have co-created with our stakeholders for many years. We will continue to contribute to the pursuit of the well-being of people and the realization of a sustainable society, and strive to continuously increase the corporate value of the Group.

Production & Manufacturing

Features and Strengths

- Cost-competitive production system that can flexibly respond to customer requirements
- Acquired certification for JFS food safety management standard
- Production and manufacturing utilizing cutting-edge technologies such as DX promotion and digital technology
- Stable and high production and processing technology
- Formulation and processing know-how cultivated through many years of knowledge and experience



Procurement

Features and Strengths

- Purchasing power, taking advantage of strong business relationships and economies of scale
- Mills in waterfront areas where imported raw materials such as wheat and corn are efficiently procured and processed
- Stable procurement of distinctive and special raw materials



R&D

Features and Strengths

- Superior product development capabilities that flexibly and diversely respond to customer needs
- System that can demonstrate synergies through extensive research from basic to advanced research
- Response to overseas needs by utilizing overseas R&D facilities
- Active joint research with universities, etc.



Other
Businesses



Flour Milling
Business



Food
Business



Logistics

Features and Strengths

- Network with logistics companies in Japan and overseas
- Realization of transportation efficiency, taking advantage of economies of scale
- Collaboration between specialized departments and logistics companies to improve logistics quality



Sales & Marketing

Features and Strengths

- Sales system that takes advantage of Group synergies to respond to various customer requirements
- High brand recognition and trust through many years of business activities
- Providing information to customers, such as through raw material workshops, utilizing the Group's knowledge



Quality Assurance & After-sales Follow-up Services

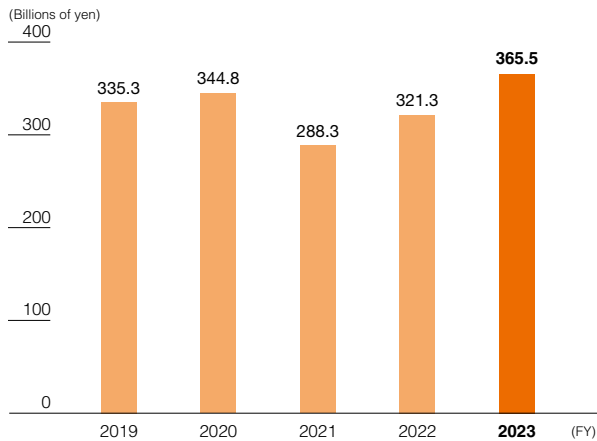
Features and Strengths

- Establishment of high-level quality control know-how and traceability system
- System to communicate and share consumer feedback internally and continuously hold a meeting to consider product quality improvement (Customer Satisfaction Study Group) for utilization in the development of retail products
- Establishment of system for hearing the various needs of customers and sharing information internally even for professional-use products

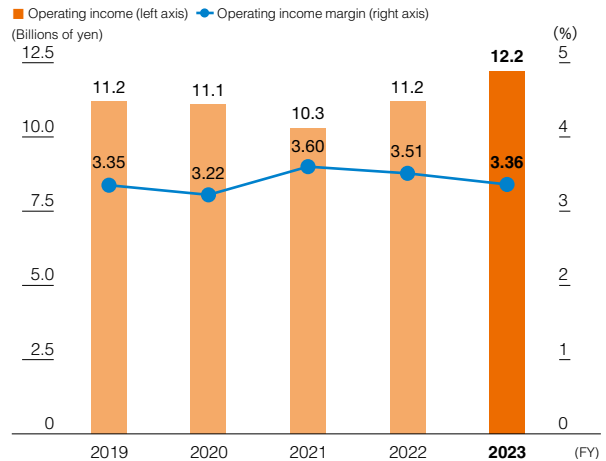
Financial and Non-Financial Highlights

Financial Highlights (Consolidated)

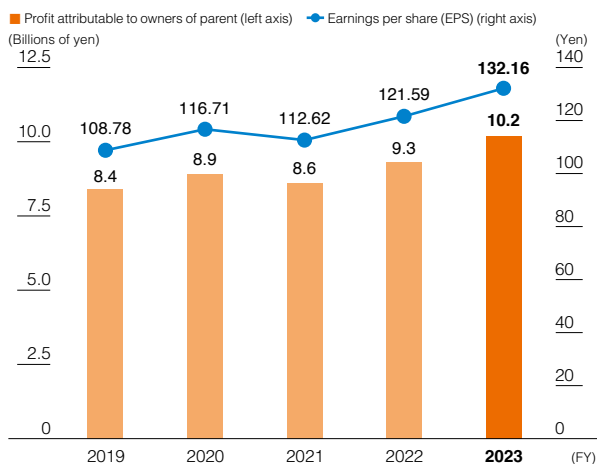
Net Sales



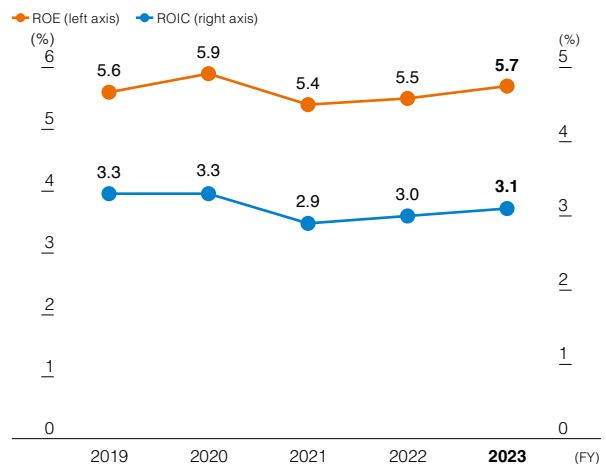
Operating Income / Operating Income Margin



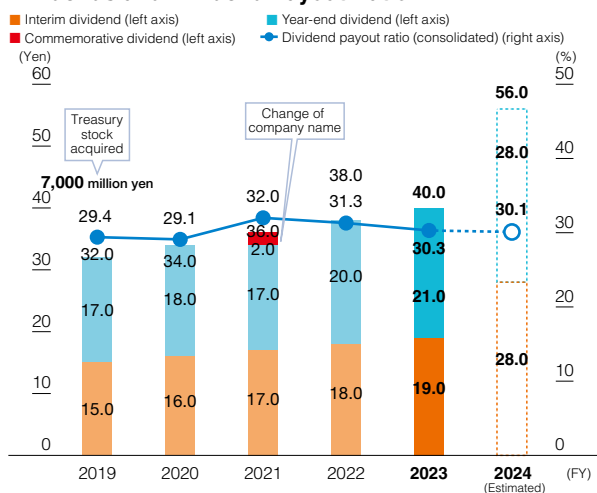
Profit Attributable to Owners of Parent / Earnings per Share



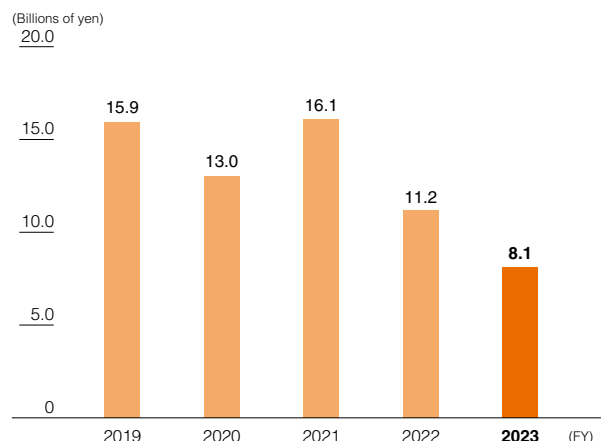
Return on Equity (ROE) / Return on Invested Capital (ROIC)



Dividends and Dividend Payout Ratio



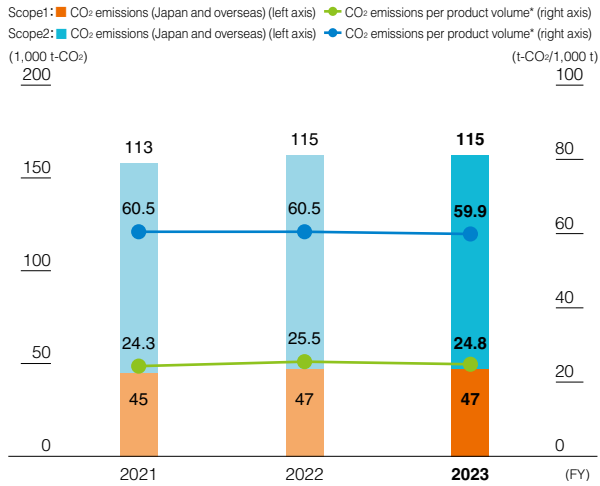
Capital Investment Amount



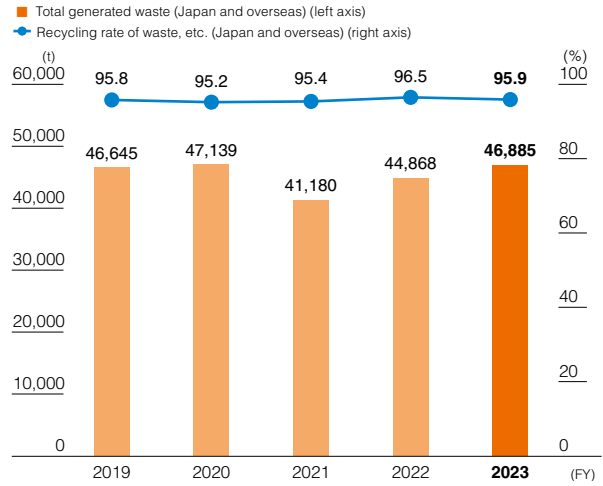
(Note) The Accounting Standard for Revenue Recognition and other standards have been applied from FY2022, and have been retroactively applied to the figures for FY2021

Non-Financial Highlights (Consolidated unless otherwise stated)

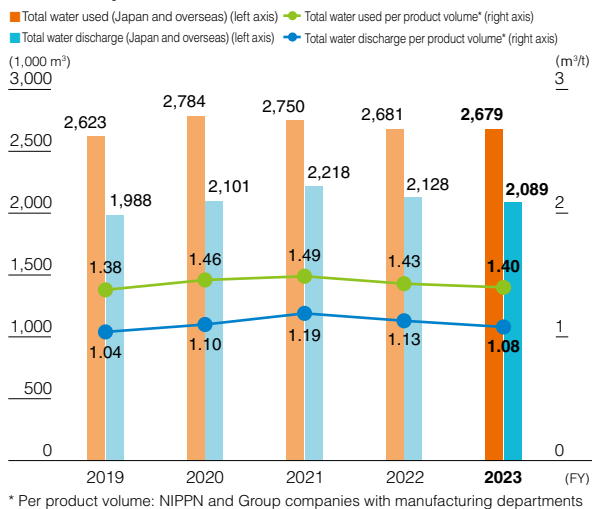
CO₂ Emissions Scope 1-Scope 2



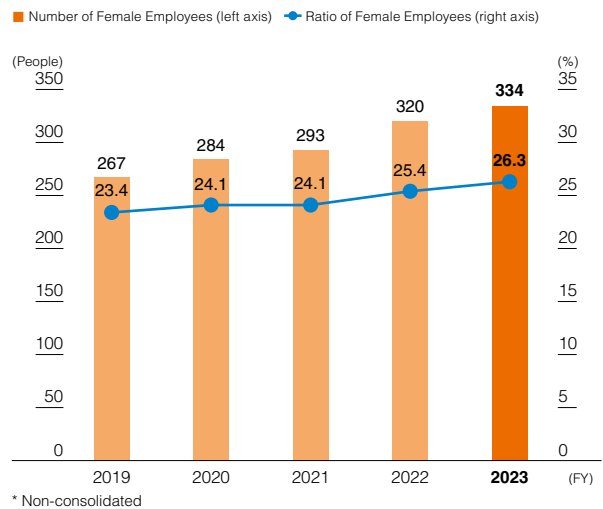
Changes in Total Generated Waste and Recycling Rate



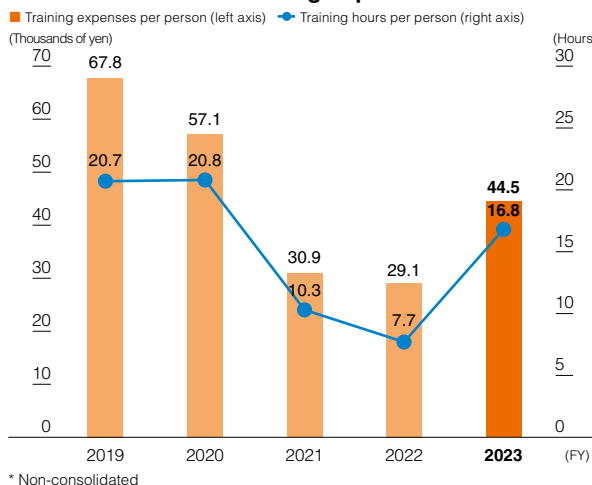
Changes in Amount of Water Used and Water Discharge, and Each per Product Volume



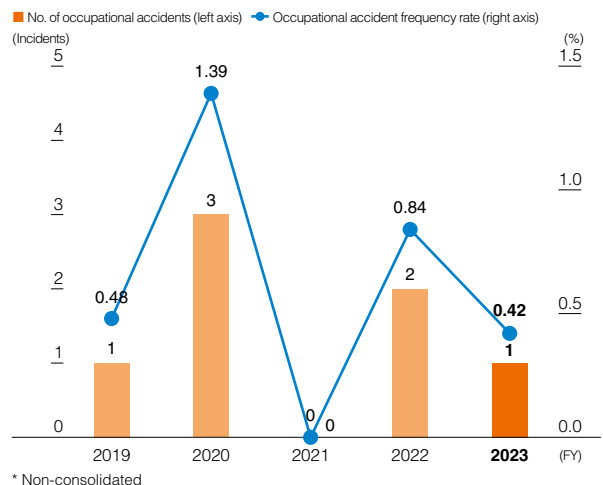
Number of Female Employees / Ratio of Female Employees*



Educational and Training Hours per Person, and Educational and Training Expenses*

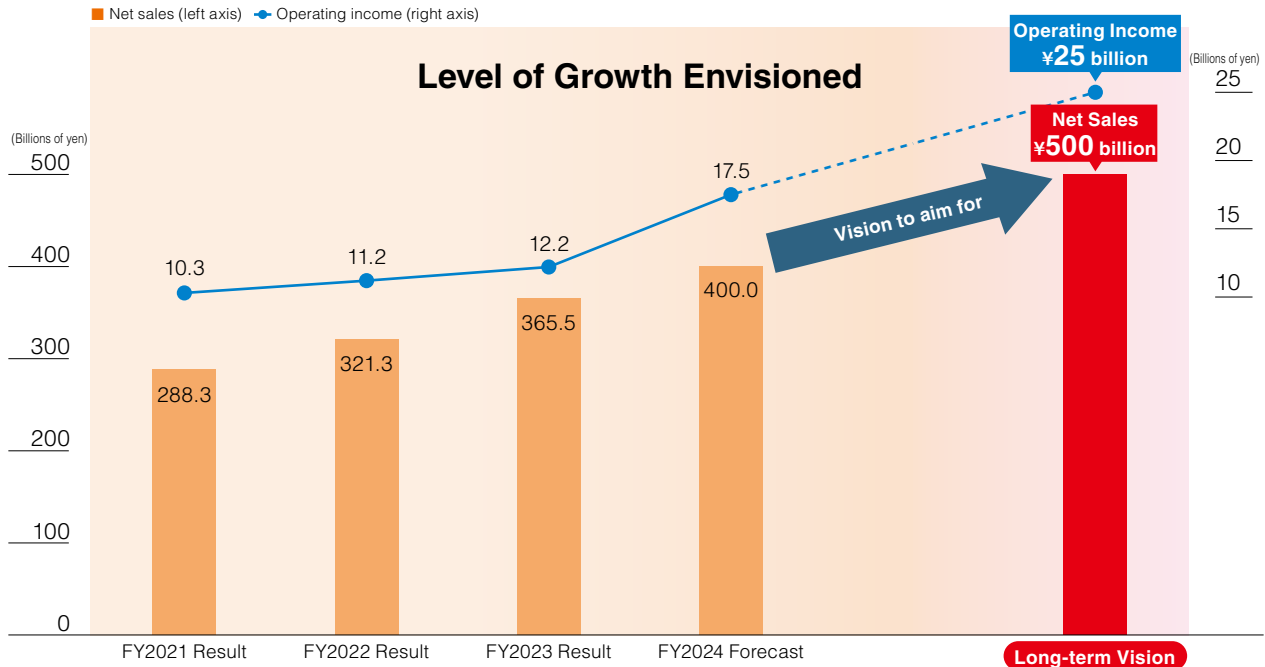


Occurrence of Occupational Accidents*



Long-term Vision

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



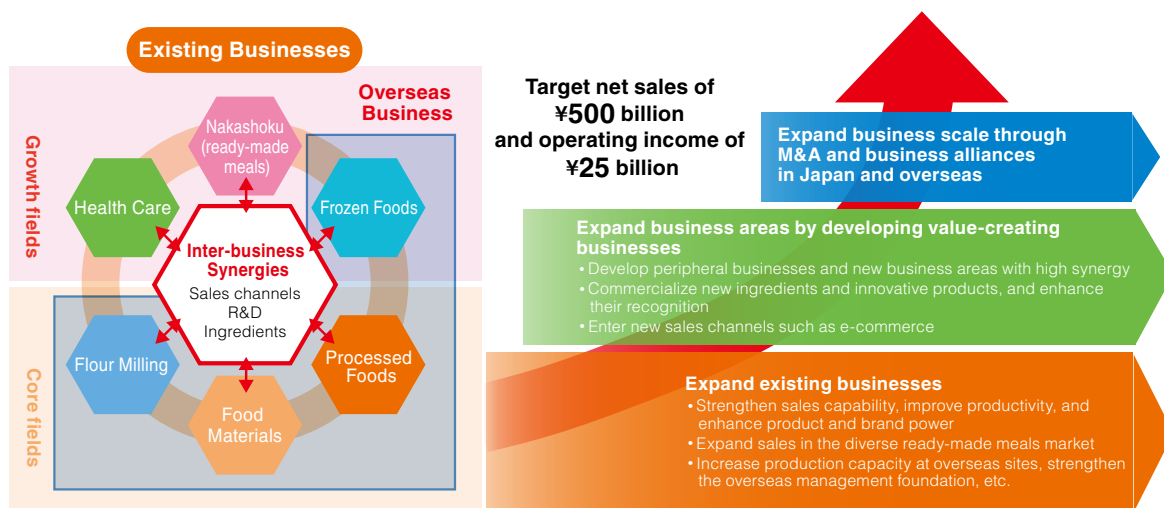
The NIPPON Group's target business scale for the long term, laid out in the Long-term Vision, is to achieve net sales of ¥500 billion and operating income of ¥25 billion. As milestones toward this goal, we have set our medium-term targets for FY2027 as ¥400 billion in net sales and ¥15 billion in operating income.

To achieve the Long-term Vision, we need to address social and business problems such as “diversification of lifestyles” and “declining birthrate and aging population.” By reducing risks and taking advantage of opportunities,

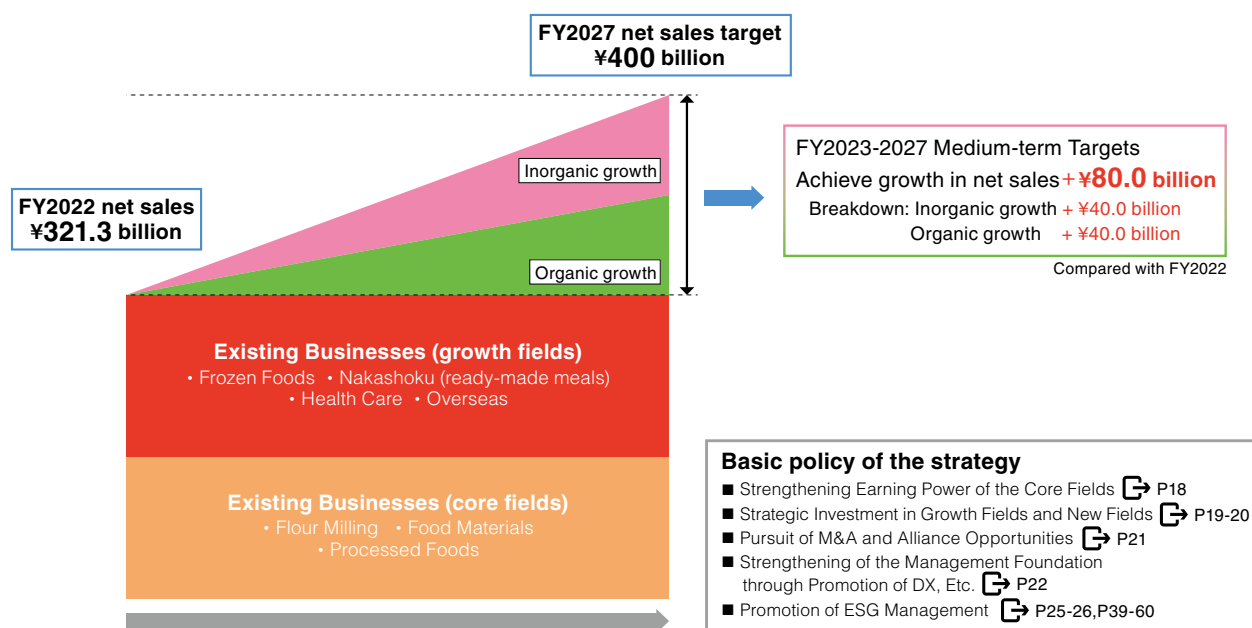
we will continue sustainable growth.

Our strategy to achieve the Long-term Vision is to promote sustainable growth in profit and stable cash flows, and invest managerial resources into growth fields while generating synergistic effects for both the growth fields and core fields of our existing businesses. Along the way, we will expand our business globally while create new businesses, and will achieve further growth by conducting value-creating businesses.

Overview of Strategy for Achieving Our Long-term Vision



Medium-term Targets



Strengthening Earning Power of the Core Fields

Three Core Fields: Flour Milling Business, Food Materials Business, and Processed Foods Businesses

Business Environment for the Core Fields

The business environment surrounding both the core and growth fields of the NIPPON Group is undergoing tumultuous changes in domestic markets, including depopulation, increasing health consciousness, diversification of preferences, and increases in various costs. Although domestic demand has made an overall recovery with the improvement of the COVID-19 situation, it is essential for us to improve cost competitiveness and strengthen our revenue base in core fields to actively pursue our growth strategies.

Flour Milling Business

One change occurring in our business environment is the progression of international trade negotiations. To accommodate this change, we will promote cost reduction by region and work on expansion in the U.S., a growing market. As for our key strategy of initiatives to expand the market, we are engaging in an approach to growth segments, the proposal of strongly selling products, and the acquisition of new customers through vigorous sales activities. To expand sales of value-added products, we will expand sales of distinctive strategic brands and propose products that enhance customer convenience or reduce operation processes. In addition, to reduce production and logistics costs, we have begun consolidating our plants and mills in the Kansai and Chukyo, and are working on improvement of our delivery efficiency while optimizing transportation distances.

Food Materials Business

As a strategy to enhance profitability and increase market share, we are working on reduction of operation processes, sales activities focused on communicating of advantages, and swift response to new demand and changes in preferences after the COVID-19 pandemic. In the other materials business, our strategy centers on growing the rice flour business while expanding market share in maize and plant-based protein, and we are working on development of new applications, promotion of delivering to new users, and development of rice flour using branded rice from various regions. As initiatives for new ingredients, our strategy is to utilize our expertise as a comprehensive food company to develop a seasonings business and we are developing products that focus on distinctive raw materials and consistent quality.

Processed Foods Business

We will foster high engagement with consumers through products and services. Our goal is to pursue a higher topline and stable earning power in order to achieve the highest market share in the category. Our key strategies here are to enhance brand value and promote channel strategy, which entails efforts that include strengthening product development from the consumer's perspective, reinforcing initiatives for Italian ingredients, implementing the category strategy with a focus on refining the master brand, and introducing innovative products.

Strategic Investment in Growth Fields and New Fields

Four Growth Fields: Frozen Foods Business, Nakashoku (Ready-made meals) Business, Health Care Business, and Overseas Business



The NIPPON Group has designated four growth areas, namely the Frozen Foods business, Nakashoku (ready-made meals) business, Health Care business, and Overseas business. The customer base has grown for the Frozen Foods business in the wake of the COVID-19 pandemic, making it a business primed for further growth. We are developing products in line with changes in lifestyles of consumers for the fiercely competitive frozen foods market. In the Nakashoku (ready-made meals) business, we are working on rebuilding the “earning

power” of the vendor business and diversifying sales destinations. In the Health Care business, we will foster and expand foods with functional claims as mainstay brands, and will expand the NIPPON Kenko Tsuhan (health products) business of online sales utilizing NIPPON's proprietary ingredients. Efforts in the Overseas business will focus on further strengthening our overseas management foundation and increasing the ratio of our international sales by expanding business into areas contiguous with those where NIPPON has already established a presence.

Developing New Ingredients — Expanding into New Fields

The NIPPON Group always seeks out new forms of “food and health” that will satisfy the needs of a new era and is constantly developing new ingredients and products. A product we recently developed, “SOYL PRO Ground Meat Type” is a new type of plant-based protein ingredient made from soybeans. This product was developed in response to a growing interest in environmentally-friendly lifestyles worldwide, and is intended to open up the possibilities for sustainable foods for us as a company in the grains business.

Along with selling this ingredient for commercial use, we also use this ingredient for our own professional and home use products. Our “SOYL PRO” based the professional and home use products have received Vegan certification from the NPO VegeProject Japan. By providing products

with Vegan certification in addition to “SOYL PRO” based products and building on our product portfolio, we will keep developing products that a broad range of customers will continue to find delicious.

▶ For more information about SOYL PRO
<https://www.nippon.co.jp/BrandB/soylpro/en/index.html>



Growth of the Frozen Foods Business

Since the early 1970s, demand for frozen foods has increased due to the trend toward simplification of cooking, the spread of freezers in homes, and the introduction of microwave ovens. Focusing on its growth potential, we began the Frozen Foods business in 1973, and fully entered the home use frozen foods market in 1994.

In recent years, as a second core segment alongside frozen pasta for one-person servings, we have focused on developing the “Trendy Meal” series of rice dishes in trays for one-person servings and the “One Plate Meal” series. We began producing and selling rice dishes for one-person servings in 2007 and one plate meal products in 2015. One plate meal products have seen particularly remarkable growth for the convenience they provide as a full meal that only needs to be heated up. We are aiming to expand this market further through efforts that include launching new dishes targeting homemakers, which have long been a core demographic, as well as men, who have grown as a customer base since the start of the COVID-19 pandemic.

In November 2020, we built the Isesaki Frozen Food Plant 2 in order to strengthen our supply system for home use frozen foods. We are also taking certain steps in terms of our manufacturing and organizational structure, including implementing organizational reforms in April

2021 to practice quick decision-making and carry out policies, then strengthen the Frozen Foods business.

In the frozen foods market, sales prices are rising in response to rising raw material and energy costs. Consumers have therefore begun looking for “products that provide appropriate value for the price.”

Only a little over 50% of consumers have consumed frozen pasta products, suggesting there is still room for the market to grow. In fall 2023, we launched three products in our “Oh’mmy Premium SHIGOKU” series. These products were developed pursuing deliciousness and are intended to change consumers’ minds about frozen pasta.

We are aiming to increase recognition for the NIPPON and Oh’mmy brands and provide greater corporate and brand value both inside and outside of Japan by enhancing the brand value of “Oh’mmy Premium,” our top frozen pasta brand*, developing products that will broaden the target demographic of rice dishes for one-person servings and our one plate meal products, while expanding our overseas exports business.

* Intage Inc.’s SCI (Nationwide Consumer Panel Survey) (ages 15 to 79) on the frozen pasta market from April 2019 to May 2023 based on cumulative purchases by brand

Strengthening and Expanding the E-commerce Business

With regard to e-commerce, which has expanded and grown for many product types in recent years, we launched the “NIPPON Direct” website for direct online sales in April 2022. In addition to the sale of processed foods such as pasta, flax seed products, and health foods for the home use that had been also available on our conventional website, we have begun selling frozen foods since the launch of this website. Along with our “Plant-Based” series, which is free of animal-derived ingredients, we also sell the “nest” frozen fresh pasta and sauce, a product limited to this website.

Additionally, Nippon Life Innovation Co., Ltd., one of our Group companies, operates “NIPPON Kenko Tsuhan,” a website dedicated to health foods and cosmetics.

Along with the two above-mentioned websites for direct online sales, we will be building a stable sales base that includes selling products through our general online sales website and establishing a revenue model as sales through retail stores.

▶ NIPPON Direct
<https://nippon-direct.jp/>

▶ NIPPON Kenko Tsuhan online sales
<https://www.nippon-kenko.net/>



Pursuit of M&A and Alliance Opportunities

■ Our Approach to M&A and Alliances

M&A and alliances are one of our core strategies to achieve the Long-term Vision, and are important for accelerating inorganic growth while expanding business scale. As a comprehensive food company, we advance sourcing with an eye on achieving synergy among our existing businesses and segments.

As part of this, we will pursue opportunities to

examine considering each business of the focus fields in our growth strategy, including the Frozen Foods business, Nakashoku (ready-made meals) business and Health Care business, as well as the geographical potential of the Overseas business. We will give shape to our growth strategy through these efforts.

■ Investment in Utah Flour Milling, LLC, a Flour Milling Company in the U.S.

We have decided to invest in Utah Flour Milling, LLC, a flour milling company in the U.S., and have signed a stock purchase agreement with the company on May 15, 2023.

As this company prepares to build a new flour mill in the state of Utah, we acquire a stake in this company and help run the mill as a business and strategic partner.

This investment will further develop our business that include expanding business in North America and implementing our inorganic growth strategy, which are laid out in the Long-term Vision. We will enhance the Group's overall strength in the flour milling business by conducting

flour milling business in the U.S. as a new initiative.

At the same time, by leveraging synergies with our existing two Group companies in the U.S., namely Pasta Montana, L.L.C. (a Montana-based pasta production and sales company) and NIPPN California, Inc. (a California-based premix and other product sales company), we will accelerate the speed of business growth in the U.S. with a view to the further expansion of our Overseas business and achieve sustainable growth for the Group as a whole.

NIPPN Group's Business in the U.S.



Existing businesses in the U.S.

❶ Pasta Montana, L.L.C.

Production and sales of pasta

❷ NIPPN California Inc.

Sales of premixes etc.

Overview of investments

Investment amount: US\$25 million (approx. JPY3.3 billion)

Contract conclusion date: May 15, 2023

Investment ratio: 25% (equity-method affiliate)

Overview of Utah Flour Milling, LLC

Establishment: February 2023

Business: Production and sales of wheat flour

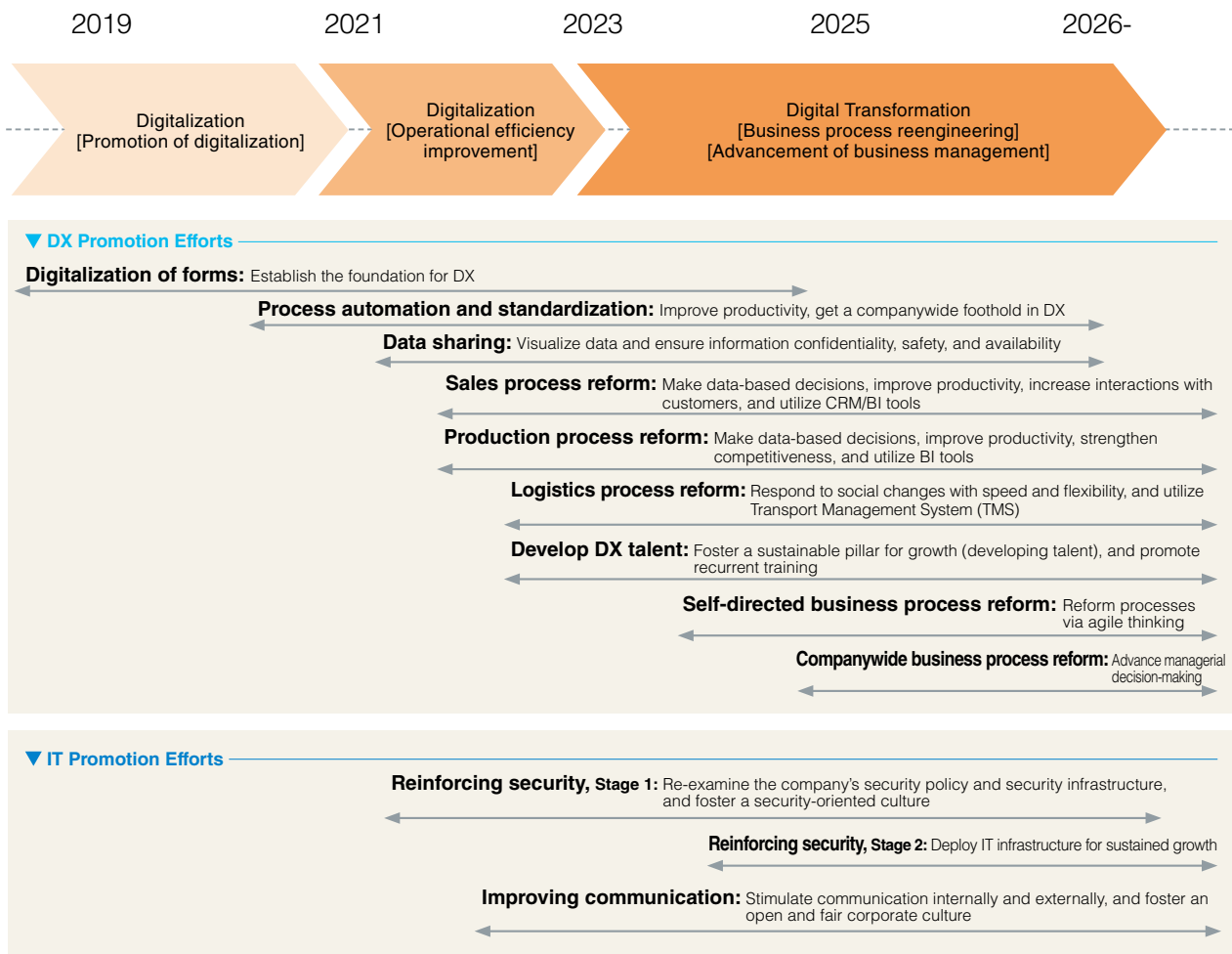
Location of the mill: Utah, USA

Start of operation: Around October 2024

Production capacity: Approx. 340 t/day (flour-based)

Site area: Approx. 21,000 m²

Strengthening of the Management Foundation through Promotion of DX, Etc.



The NIPPN Group is promoting DX with a long-term outlook as we view DX to be an important part of strengthening our business management foundation to achieve the Long-term Vision. We are also considering companywide business process reforms over the long term in order to speed up decision-making.

Our production teams have been promoting digitalization and visualization in advance of society, enabling them to make productivity improvement decisions with speed and precision. We are now working to cascade these efforts to our R&D teams.

Moreover, we are deploying a Customer Relationship Management (CRM) sales support system in our sales departments as part of data-based business process reform efforts. Along with organizing data, we will make effective use of that data by deploying Business Intelligent (BI) tools and leveraging data analysis in daily sales operations. We are also aiming to better communicate with our customers through e-commerce and other means, using approaches that are appropriate to the times and that involve a variety of locations, products, and means of purchasing.

The logistics industry is undergoing unceasing structural changes, and accommodating them is an

urgent task. To this end, we are undertaking DX in its logistics departments while building an efficient vehicle dispatch system and order taking system using IT.

As part of developing human resources, which is the most important for promoting DX, we have put in place a new e-learning-based education system and are building a talent development framework with a view to several years out. We will impartially assess those undertaking self-directed growth and designate them as developed talent as we take further steps to foster a fair and open corporate culture.

With respect to reinforcing security, which undergirds our DX, we are making changes in two stages. For Stage 1, we are reviewing our security policy and establishing security infrastructure in accordance with the policy. We are also actively fostering a security-oriented culture throughout the Group. For Stage 2, we plan to reinforce security with a focus on deploying the latest network infrastructure. Reinforcing security will be an ongoing effort and, so we will keep working on it to flexibly respond according to changes in society.

* An abbreviation of Digital Transformation, DX refers to making sophisticated use of IT and digital data to radically transform a company's operations or society itself.

Message from the Director in Charge of Finance

By making further growth-oriented investments aimed at improving our profit ratio, along with minimizing WACC by reinforcing our ESG initiatives, we will earn the trust of our investors and achieve sustained growth.



Takaaki Aonuma

Director, Senior Managing Director

■ Review of FY2023 Fiscal Strategies, and Future Targets

While we face a very difficult business environment due to rising prices of raw materials and ingredients in FY2023, we have worked to reduce costs by aggressively reducing production costs through good production management, while taking cost pass-through measures. As a result, overall profits increased with an operating income of ¥12.2 billion, ROE of 5.7%, and ROIC of 3.1%. Growth segments such as Frozen Foods and Nakashoku (ready-made meals) performed particularly well, with profits outpacing cost increases. However, consolidated operating income margin amounted to only 3.4% overall, with the Flour Milling and Food businesses at 6.4% and 1.7%, respectively. Along with achieving more consistent profits for the Flour Milling business, we need to boost the profitability of Food business segments such as Frozen Foods, Nakashoku (ready-made meals), and Processed Foods. Medium-term targets in the plan call for an operating income of ¥15.0 billion and an ROE and ROIC of at least 6% and 4%, respectively. Achieving these targets will require growth-oriented investment to boost the operating margin of each business.

FY2023 Results

Growth	Net sales	¥365.5 billion
	Operating income	¥12.2 billion
	Operating income margin	3.4%
	Operating income growth (year-on-year)	8.9%
Efficiency	ROE	5.7%
	ROA	3.1%
	ROIC	3.1%
Safety	Equity ratio	54.8%
Returning profits to shareholders	Dividend payout ratio	30.3%
	Dividends on equity (DOE) ratio	1.7%

FY2027 Targets

Net sales	¥400.0 billion
Operating income	¥15.0 billion
Operating income margin	3.75%
ROE	At least 6%
ROIC	At least 4%

■ Financial Strategy for Achieving Our Medium-term Targets

As our financial strategy to achieve these targets, we expect to have an operating cash flow of about ¥100.0 billion by FY2027, and plan to invest at least ¥90.0 billion of this. This includes capital investments in large facilities as well as investments in existing growth businesses such as our Frozen Foods, Nakashoku (ready-made meals), and Overseas business, as well as conducting M&A, implementing DX, and carrying out environment-related measures. We also plan to return over ¥15.0 billion to shareholders over the next five years. In the long-term, we will be performing asset conversions for strategic shareholdings and idle assets with a view to also reducing our debt. Strategic shareholdings accounted for approximately 30% of consolidated net assets as of the end of last fiscal year, and we will bring this to below 20% by the end of the final year of the medium-term targets. We are researching and negotiating at a quick pace in preparation for selling roughly ¥20.0 billion in assets at fair value.

Critical to increasing total shareholder return (TSR) will be increased dividends and stock prices. We have so far held dividends steady without any significant decreases, and will increase ROE and PER with the goal of achieving a fair value greater than or equal to PBR of 1.

■ Toward Further Increasing Corporate Value

Group employees are all well aware that maximizing ROI for each business is a core goal toward achieving an ROIC of at least 4%. In particular, meetings of the Investment and Loan Committee are held regularly to discuss new investments, and each investment is considered individually for its contribution to improving ROIC. For existing businesses, as well, the committee confirms that each department's ROIC exceeds the Company's overall weighted average cost of capital (WACC) at the end of each fiscal year.

We will continue to strengthen our ESG initiatives, including improving governance and addressing environmental problems, while tending to human capital and risk management and gaining the understanding of our investors. Along the way, we will focus on expanding business profits in order to minimize WACC.

NIPPN's Financial Strategy

Financial Approach and Management Indicators

NIPPN's fundamental approach to corporate finance is to realize appropriate allocation of the cash flow generated from increased earnings. 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. This includes prioritizing growth investment in key areas and new businesses, and taking a flexible approach toward share buybacks to return profits to shareholders. Expanding our overseas business and creating new business will require using M&A and other means to exercise our financial leverage and maintain our

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. Over the period until FY2027, NIPPN will be implementing an "asset light" strategy through the selling off of strategic shareholdings, and the effective utilization and reduction of idle assets. We have set ROE and ROIC targets of at least 6% and at least 4%, respectively, as part of our ongoing efforts to manage our business portfolio.

Strategy for Bringing ROIC Above WACC

Minimize capital costs (minimize WACC)

- Pursue the optimal capital structure by using leverage, while remaining in sound financial condition
- Further reduce the cost of interest-bearing debt
- Reduce the cost of shareholders' equity by enhancing risk management
- Improve the quality of SR and IR activities

Maximize investment efficiency (maximize ROIC)

- Reinforce business portfolio management
- Strengthen ROIC for each business division and practice good management of invested capital earnings
- Improve each business's operating income margin and invested capital turnover ratio

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 taking into account our business foundation, business operations, management environment, and retained earnings. Concerning shareholder return, we aim to provide a dividend payout ratio of at least 30%, increasing it on a consistent and continuous basis. In light of consolidated earnings, dividends paid in FY2023 were

increased by 2 yen per share to 40 yen per share/year in order to express our gratitude to our shareholders.

Our free cash flow will be used with a regard for long-term investment efficiency, and we will take a flexible approach to share buybacks. While the Company's stock price has roughly tracked the overall TOPIX index, it has done relatively well in the TOPIX Foods index.

Target dividend payout ratio **30%** or higher

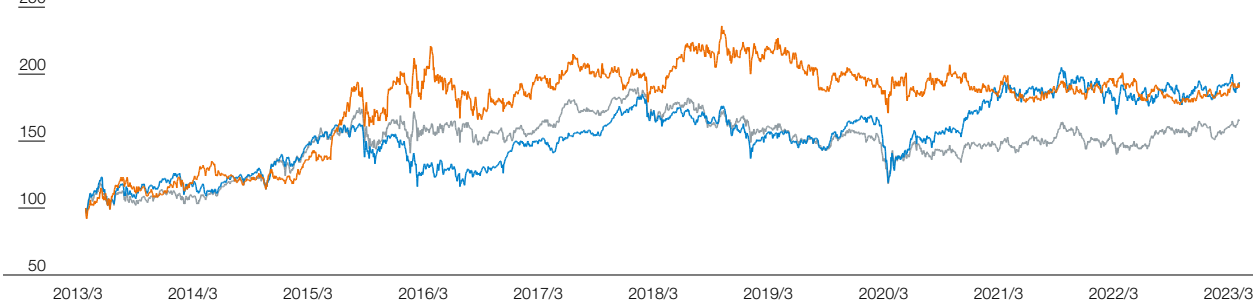
Total Shareholder Return (TSR*)

Investment period	1 year	3 years		5 years		10 years	
	Cumulative / Annual rate	Cumulative	Annual rate	Cumulative	Annual rate	Cumulative	Annual rate
NIPPN	102.2%	105.2%	101.7%	111.6%	102.2%	228.2%	108.6%
TOPIX (including dividends)	105.8%	153.4%	115.3%	131.8%	105.7%	242.1%	109.2%
TOPIX Foods (including dividends)	116.9%	129.1%	108.9%	109.1%	101.8%	205.2%	107.5%

* Total Shareholder Return (TSR): Total return on investment, calculated by taking the total returns from all capital gains and dividends and dividing it by the original investment amount.
 * NIPPN calculates TSR based on the cumulative sum of dividends paid and stock price changes; TOPIX calculates based on the stock price index, including dividends

Share Price Performance

(INDEX) — NIPPN — TOPIX — TOPIX Foods
250



* Stock price index including dividends and assuming a closing price as 100 on the last day of March, 2013

New Materiality

Message from the Director in Charge of Sustainability

Amid a changing market environment, we have established new materiality to achieve our Management Philosophy of “realizing a sustainable society” and are working on key issues now.

Keizo Kagawa

Director, Managing Director



It is said that we live in the VUCA age. Indeed, NIPPON's business environment is undergoing tumultuous change, with the future difficult to predict. When thinking about the company's future path, we will therefore need to identify the many factors at work and clearly define the issues to be addressed.

Along with establishing new materiality and deciding on concrete actions to take, we have made a

short list of particularly important actions and visualized them in a matrix. With achieving our Management Philosophy in mind, we will focus on these issues in order to strengthen our organizational structure so as to flexibly respond to these sudden business environment changes, while further developing our human resources.

Contributing to the realization of a sustainable society by pursuing the well-being (happiness, health, and smiles) of people

Realization of the Management Philosophy

Six Materiality Items (Key Issues)



Stakeholders Involved

Customers

Employees

Shareholders

Society

Process for Redefining Materiality Items

1

Based on assessments conducted by ESG evaluation organizations and on various sustainability information disclosure standards, we have reviewed our existing materiality items from the perspective of “financials” and “impact.”
























2

Based on discussions among members of the Sustainability Execution Committee, we have narrowed down and recategorized key issues. We then organized these into a proposal based on feedback from external experts.

3

The new materiality was adopted following discussions and resolutions on the adequacy of the materiality proposal at Management Meeting and Board of Directors meetings in May, 2023.

Materiality Initiatives

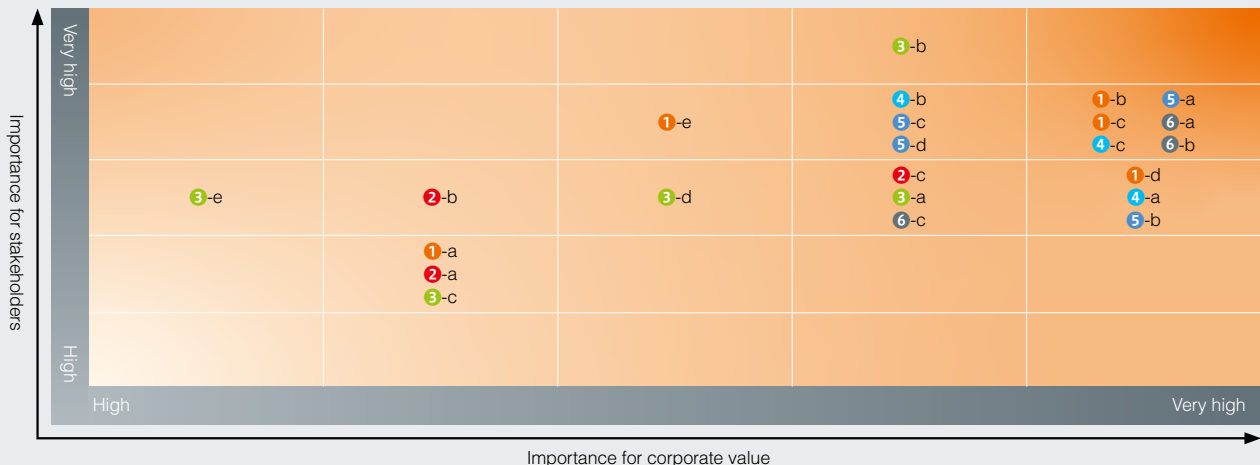
Materiality	Main measures	Materiality classification*		Corresponding SDGs
		Financials	Impact	
1 Pursuit of well-being by means of food	1-a Pursuit of sustainable agriculture		●	    
	1-b Reinforcement of R&D	●	●	
	1-c Initiatives for enhancing customer satisfaction		●	
	1-d Strengthening of quality management systems	●		
	1-e Gaining of trust through communication with society	●		
2 Contribution to society through food and health	2-a Execution of dietary education		●	    
	2-b Support by donating food		●	
	2-c Enhancement of engagement internationally and in communities		●	
3 Environmental protection initiatives	3-a Establishment of environmental management systems	●		     
	3-b Response to climate change	●		
	3-c Conservation of water resources		●	
	3-d Reduction of food loss and waste		●	
	3-e Conservation of biodiversity		●	
4 Human capital initiatives	4-a Recruitment/development of human resources	●	●	 
	4-b Promotion of protection of human rights and diversity	●		
	4-c Creating a fulfilling and comfortable workplace environment	●	●	
5 Corporate activities for sustainable growth	5-a Strengthening of production systems	●		   
	5-b Provision of new value through business diversification		●	
	5-c Establishment of a sustainable supply chain	●		
	5-d Enhancement of confidence in the capital market	●		
6 Strengthening of corporate governance	6-a Strengthening of corporate governance	●		
	6-b Strengthening of risk management	●		
	6-c Strengthening of compliance	●		

- | | | | |
|--|--------------------------------------|--------------------------------------|--|
| 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 | 17 PARTNERSHIPS FOR THE GOALS | | |

*The classification of "Financials" refers to the financial impact of the environment and society on companies, while the classification of "Impact" refers to the impact of companies' activities on the environment and society.

Materiality Matrix

* Numbers correspond to the "Main measures" in the table above



Food Business

Message from the Director

We will strive to further strengthen our marketing, promotion, and brand power, aiming to be a supporter and partner of our customers, with the strength of our total and best solution capabilities, which consistently handles everything from raw materials to highly-processed products.

Atsuo Ouchi

Representative Director,
Senior Managing Director



Business Environment and Initiatives in FY2023

For the business environment in FY2023, the COVID-19 pandemic subsided and demand for products for home use stabilized, while demand for products for professional use recovered due to the increased movement of people. On the other hand, many companies in the food industry decided to raise prices significantly due to cost increases mainly caused by the situation in Ukraine. NIPPON also worked on price revisions for higher costs, but the time it took to raise the prices resulted in a decline in profits.

In addition, sales channels have diversified as consumer lifestyles have changed. Through the “Super Easy” series, which allows customers to enjoy making sweets at home, and one-plate complete meal (packaged with a tray) frozen food products, we were able to reaffirm that there is a large market if we firmly grasp customer needs and the importance of product brand recognition.

Meanwhile, in the area of diversification of sales channels, we have launched the e-commerce website “NIPPON Direct” as a place where we can directly contact customers with our own products. We would like to take the time to nurture this so that we can communicate the values that we are aiming for.

As labor shortages become more serious, highly-processed Nakashoku (ready-made meals) and frozen foods will play a major role by reducing cooking time. In order to commercialize these new needs, human resources with diverse values are a prerequisite, so we believe it is important to enhance human capital.

Further Strengthening the Superior Position of the Food Business

Since NIPPON handles everything from raw materials to highly-processed ready to eat food products, our strength is our total and best solution capabilities to address customer issues. We aim to always be a supporter and partner of our customers by taking advantage of these capabilities. In order to achieve this, it is important to have the marketing ability to grasp the true needs of customers

and the promotional ability to make these customers pick up our products. In addition, enhancing our brand power to be recognized as products with higher added value will lead to long-term resilience and the improvement of corporate value. To this end, we will focus on employee training to develop their marketing and business deployment skills.

We are also considering expanding our business in overseas markets. We believe that deepening our understanding of overseas consumer behavior and values will create new value in Japan. In the medium to long term, we are looking to further develop the Food business centered on the Flour Milling business in North America. In addition, we will respond to the issue of stable procurement of raw materials due to the impact of climate change by leveraging our knowledge for risk hedging and strong relationships with suppliers.

Toward Strengthening Sustainability

At the origin of NIPPON is “food and health.” The products we produce are developed based on health, and we strive to achieve both “convenience” and “deliciousness.” SOYL PRO, a plant-based food, is based on this origin. We are also committed to the procurement of environmentally friendly raw materials and product development. As part of our investments in environmental issues such as climate change, we have been selling frozen food products in eco-paper trays and molds made from PEFC-certified paper. We will continue to provide environmentally friendly procurement and products to maintain our sustainable Food business.



Overview of Food Business

NIPPN's Food Business



Net Sales
¥204.7 billion



Net Sales Composition Ratio
56%

Offer frozen food products of pasta, cooked rice, prepared foods, snacks, frozen dough, etc. for home use and professional use



Frozen Foods



Food Materials



Offer food materials such as premix products, corn, rice flour, seasonings, etc. for professional use



Food Business

Processed Foods



Sales of room temperature products for home use, and pasta, olive oil, etc. for professional use



Nakashoku (ready-made meals)



Supply of food ingredients products for Nakashoku (ready-made meals). Beside that our own manufacturing plants located in various locations



Growth Strategy

The NIPPN Group's Food business covers a wide range of products, including frozen foods, food materials, processed foods, and Nakashoku (ready-made meals). We are developing product strategies based on the concept of "delicious, healthy, convenient, and environmentally friendly." Furthermore, we will develop and sell products that respond to a variety of changing needs, such as the SDGs and ethical consumption.

Through these initiatives, we will strengthen our brand

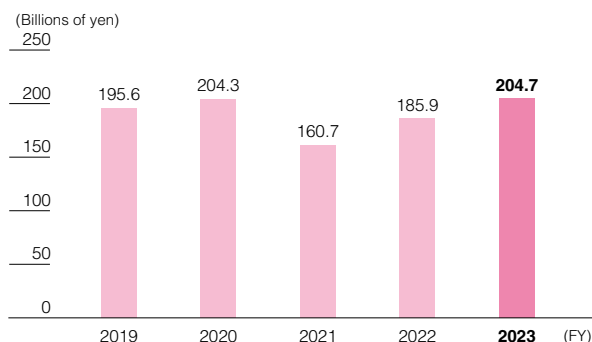
power and cost competitiveness for Food Materials and Processed Foods, which are our core businesses, and increase profitability by raising our production capacity. For frozen foods and Nakashoku (ready-made meals), which are growth businesses and positioned as future focus fields, we will focus on expanding our business scale by concentrating management resources in order to enhance facilities and expand supply channels.

Performance in FY2023

Net sales were ¥204.7 billion (110.2% year-on-year) and operating income was ¥3.4 billion (84.8% year-on-year). Net sales increased due to an increase in sales volume and the effect of price revisions, etc.

On the other hand, operating income decreased due to factors such as the inability to absorb the rise in raw materials, energy and logistics costs, and the delay in passing the increase on to sales prices.

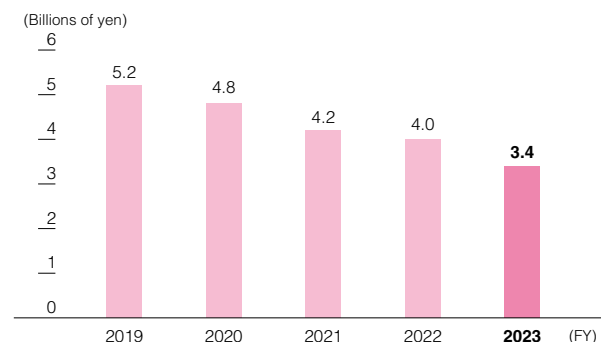
Net Sales



* Rounded down to the nearest ¥100 million

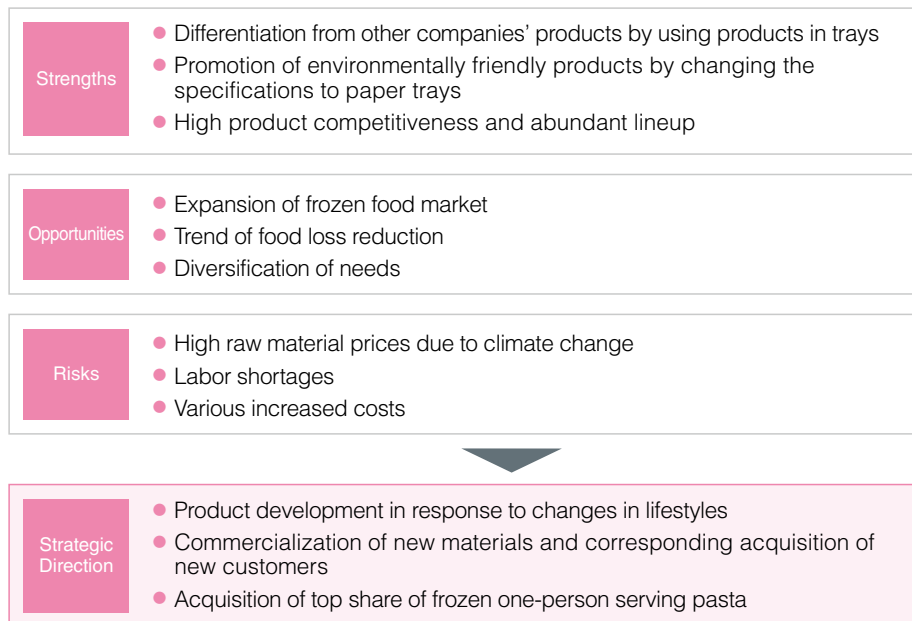
* In line with the adoption of the Accounting Standard for Revenue Recognition, changes have been retroactively applied to figures for FY2021

Operating Income



Frozen Foods

Business Environment and Strategic Direction



Main Initiatives in FY2023

The “Oh'my Lunch Box” series, the No.1 in the frozen lunch box pasta category, reflects customer needs, and we have worked to reduce the allergens used. We have further strengthened the No.1 frozen pasta brand* “Oh'my Premium” series lineup to prepare for the 20th anniversary of its release by introducing new and renewed products that focus on ingredients and sauces.

The “One Plate Meal” series, which is a one-plate complete meal with a main dish and side dish, and the “Trendy Meal” series, which is a one-person serving rice dish in a tray, have both seen continuous growth as they have been supported by seniors and young consumers

living alone, and we have been working to expand the market by expanding the number of menu items and launching TV commercials in the fall of 2022.

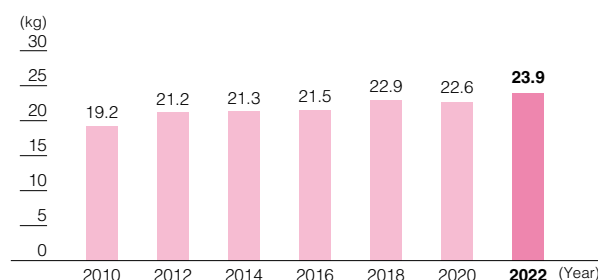
In professional use frozen foods, shipments were strong as the demand for restaurants and leisure facilities recovered due to the recovery in the movement of people and inbound tourism demand. Net sales increased year on year due to these initiatives and product price revisions accompanying increases in raw materials, energy costs, etc.

* Intage Inc.'s SCI (Nationwide Consumer Panel Survey) (ages 15 to 79) on frozen pasta market from April 2019 to May 2023 based on cumulative purchases by brand

Future Initiatives

In FY2023, per capita consumption of frozen foods in Japan increased by 0.8kg (103.5%) from the previous year to 23.9kg, but the ratio of frozen pasta consumption is still more than 50%, and further growth is expected. We will strive for further expansion by launching products with higher quality on the market. For one-plate products that are growing rapidly, we will expand the target audience and increase the number of menu items, and for one-person serving cooked rice products, we will develop new menu items that utilize the unique characteristics of trays, and pursue variety and quality. We will promote initiatives to expand vegan menu items (free of animal-derived ingredients) and switch from plastic containers to paper trays to reduce our environmental impact.

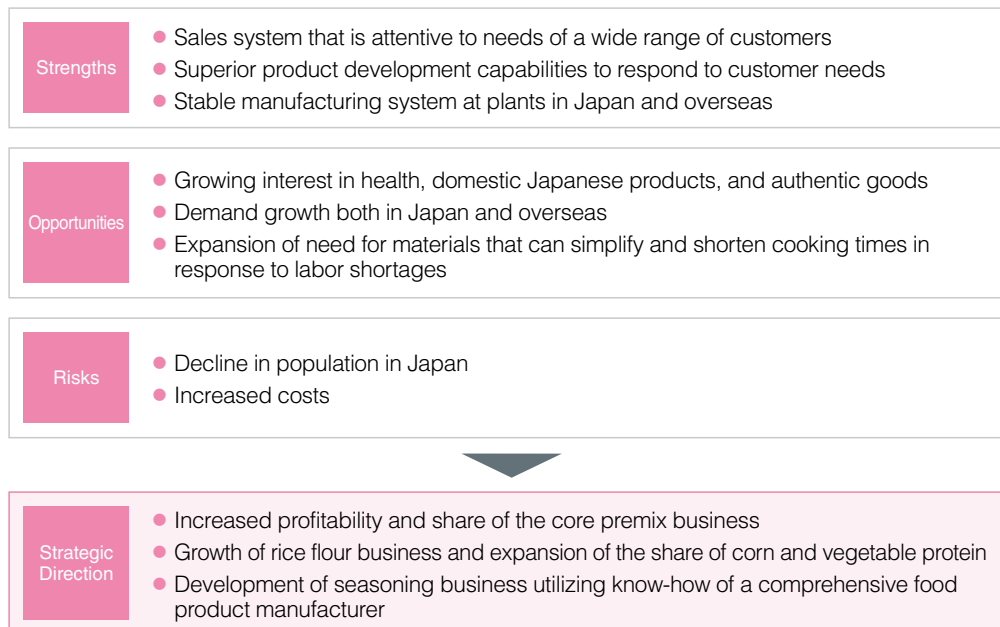
Trend in Per-capita Consumption of Frozen Foods in Japan



Source: Japan Frozen Food Association
<https://www.reishokukyo.or.jp/statistic/consumption/>

Food Materials

Business Environment and Strategic Direction



Main Initiatives in FY2023

In response to the relaxation of the restrictions on behavior of the COVID-19 measures and the cancelation of requests to large-scale commercial facilities, restaurants, etc. for shortened opening hours, we strengthened our sales activities, mainly for restaurant companies whose demand is on a recovery trend.

With the rising price of raw materials and energy, there is a growing awareness among suppliers about cost

reductions. We worked to maintain and expand shipments by providing products that shorten cooking times for improved work efficiency, and contributing to measures to address labor shortages.

Price revisions were implemented in July 2022 and January 2023 in response to rising prices for wheat flour and auxiliary materials, as well as rising freight, power, and cargo handling costs.

Future Initiatives

In the premix business, we will leverage the characteristics of our products to continue our sales activities that emphasize the benefits of reducing customer workload and responding to specialized stores, etc. At the same time, we will develop new products with functionality and put them on the market to increase share in order to respond quickly to market needs such as new demand and changes in preferences due to the COVID-19 pandemic.

In the corn and vegetable protein business, we will develop new applications in each of these businesses and aim to deliver them to new users. In the rice flour business, we will take on the challenge of developing rice flour using branded rice in various regions and consider entering the home use gluten-free market, where demand

is expected to increase in the future.

In the seasoning business, we will develop products focusing on the unique raw materials and quality stability by utilizing our strengths that are not available at existing seasoning manufacturers.



Processed Foods

Business Environment and Strategic Direction



Main Initiatives in FY2023

We sold “Custard Cream Mix” and “Microwave Crepes Mix,” which are new products in the single-use and easy-to-use “Super Easy” series, and they have been received favorably. In recent years, there has been a trend among consumers who prefer small-volume products, and our okonomiyaki and takoyaki flour mixes with a small-volume capacity of 200 g have sold well. We launched “Okonomiyaki Flour Mix Revolution” and “Takoyaki Flour Mix Revolution,” both packaged in two 200 g bags, to meet this consumer trend. These products are also particular about how to make dough at home based on the concept of texture.

In addition, we have released a new product called

“Flaxseed Oil Effective,” a food with functional claims that responds to customers’ health consciousness.

Although stay-at-home demand due to voluntary restraint from leaving home has subsided, net sales increased year on year due to price revisions in addition to such initiatives.



Future Initiatives

While we have a number of long-selling products such as “Oh my Pasta,” we will strengthen our efforts to develop products from a consumer perspective and to develop Italian ingredients even more than ever before.

At the same time, we will increase the value of master brands such as “Oh my” and develop category strategies to introduce new innovative products.

We will promote and deepen our Japan-wide channels, e-commerce business, and export initiatives, in the same way that we will undertake these various revisions.

In addition, we will make further efforts to contribute to society by participating in the Red Cup Campaign to support the United Nations World Food Programme’s efforts to eliminate hunger and poverty with “Oh my Pasta.”

Nakashoku (Ready-made Meals)

Business Environment and Strategic Direction

Strengths

- Product development taking advantage of Group synergies
- Production bases covering from eastern Japan to the Chubu and Tokai regions
- Product supply system for full lineup of bento, rice ball, sushi, sandwich, prepared foods, noodles, frozen foods, etc.

Opportunities

- New lifestyles such as one-person serving meals in accordance with diversification of preferences
- Need for simplified food due to aging population and increase in number of small households
- Need to reduce burden of housework associated with increased number of dual-income households and women entering workforce

Risks

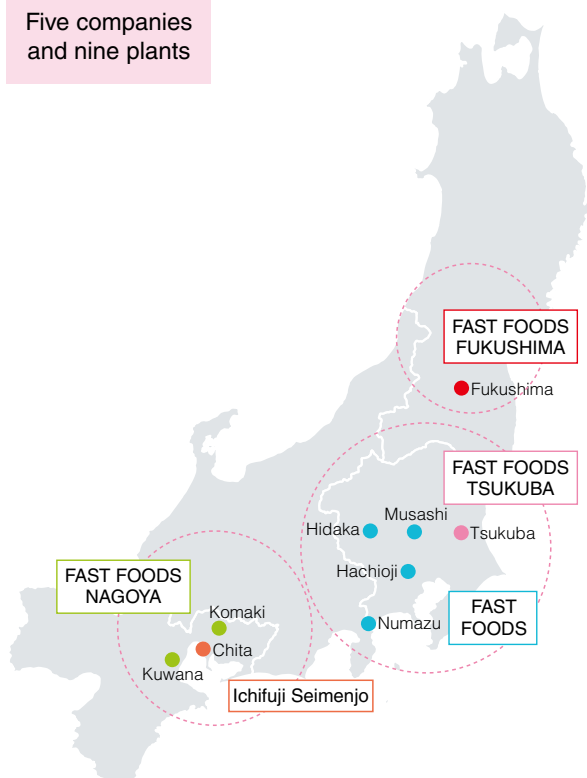
- Increased costs
- Labor shortages due to declining working age population

Strategic Direction

- Deep cultivation of existing business fields through new value creation and acquisition of growth base through development of new Nakashoku (ready-made meals) market areas
- Creation of sales synergies by making effective use of Group's management resources and new sales channels
- Establishment of business bases that serve as basis for sustainable growth and transform organizational foundation for growth while strengthening competitiveness

Nakashoku (Ready-made Meals) Business Production Bases

Five companies
and nine plants



Future Initiatives

The Nakashoku (ready-made meals) market as a whole is recovering from the impact of the COVID-19 pandemic, and the Group is also on a recovery trend. Under these circumstances, we will achieve growth by deepening our existing markets and developing new Nakashoku (ready-made meals) market areas.

In our efforts in existing markets, we will strive to reduce food loss with technologies that extend shelf lives, etc., and to provide products that satisfy customers by contributing to the resolution of social problems and developing products and technologies that pursue deliciousness.

As an initiative in the new Nakashoku (ready-made meals) business field, we will diversify our business by expanding business and strengthen development to increase our competitiveness in order to obtain a foundation for growth. At the same time, we will reinforce our product supply system to meet the needs of our customers, and rebuild the earning power of the vendor business of ready-made meals for CVS.

Flour Milling Business

Message from the Director

We will continue to create and expand the flour milling market and transform our business while fulfilling our responsibility to stably deliver wheat flour to our customers.

Tomio Kimura

Director, Managing Director



■ Business Environment for FY2023 and Basic Future Expansion Policy

In FY2023, we achieved increases in both revenue and profit as a result of our proactive proposal sales activities despite the impact of the sharp rise in grain prices due to the situation in Ukraine. From the 1990s until the late 2010s, the per capita consumption of domestic wheat flour remained steady and the market size was generally maintained. However, the market has been on a downward trend since around 2019. We need to create and expand the flour milling market and transform our business over the long term.

In addition, in recent years, there has been a growing need for materials that can solve issues such as labor shortages and engineer shortages. We believe that firmly grasping individual needs through dialog with customers is the starting point for providing new value that goes beyond the boundaries of our business. We will also actively work on proposals for time-saving menu items. We believe that this will allow for our customers to produce and sell high value-added products by shortening their production processes, and for us to contribute to their business performance and society.

In our overseas initiatives, we made the decision to invest in Utah Flour Milling, LLC, a U.S. flour milling company. This will enable us to expand our business in North America to realize our business development, including the promotion of our inorganic growth strategy.

We intend to further enhance the overall strength of the Flour Milling business through new initiatives. On the other hand, cost reduction is an eternal theme. We will also focus on streamlining all processes in the medium-term targets and allocate management resources to provide added value.

■ We Will Contribute to Fun-filled Dining Tables

Our strength is the ability to respond quickly to various customer needs and offer customized products. Although

versatility is also important, we are developing wheat flour specifically for specific products. We also have unique know-how to improve texture and taste by selecting wheat flours that are suitable for the final product. We intend to make proposals to help our customers create value by taking advantage of this strength.

■ Becoming a Company that Contributes to Society through Work

We are committed to well-being (happiness, health, and smiles) in our Management Philosophy. Based on this philosophy, our mission is to provide consumers and customers with a stable supply of delicious, healthy, and value-added products. Furthermore, we will promote sustainability management based on the belief that each employee's awareness of social contributions through the provision of valuable products will lead to their happiness.

The Flour Milling business, which is mainly for professional use, is highly likely to create new businesses in the process of solving customer issues. We also expect that the lofty goal of launching a new business by themselves will motivate employees. Through solving issues, we want to create a cycle that integrates the happiness of our customers and other stakeholders. We will continue to develop our business by continuing this history of development, just as we have expanded our business domains from solving problems.

In addition, regarding the enrichment of human capital, we aim to create a culture in which it is easy for employees to make more proposals that create new value. We would like to see more challenging proposals in the future.

Furthermore, we recognize that environmental issues are a major issue that companies are responsible for when conducting their business activities. The use of biomass inks, which partially use plant-derived resources, in professional-use flour packaging materials is an example of this, and we intend to work on reducing our CO₂ emissions.

Overview of Flour Milling Business

NIPPN's Flour Milling Business



Net Sales
¥ **117.6** billion



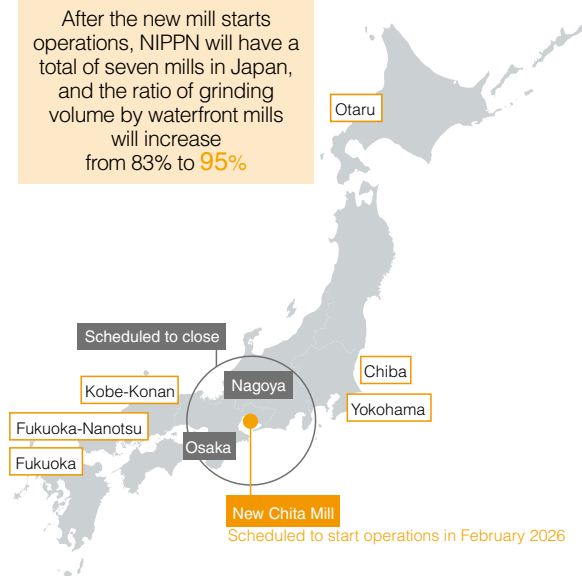
Net Sales Composition Ratio
32%



Supply of safe and stable
quality wheat flour,
development of wheat
flour, etc.

Flour Milling Business Production Bases

After the new mill starts
operations, NIPPN will have a
total of seven mills in Japan,
and the ratio of grinding
volume by waterfront mills
will increase
from 83% to **95%**



Growth Strategy

Based on our knowledge of wheat flour accumulated since our founding, we are working to achieve sustainable growth together with our customers by making proposals that respond to their needs and the changing times.

The NIPPN Group is developing many businesses in addition to flour milling, and by utilizing the synergies of each business to promote solution-oriented sales, we hope to create a virtuous cycle that will respond to the demands

of customers who have diversified values by obtaining more knowledge and working to solve those problems.

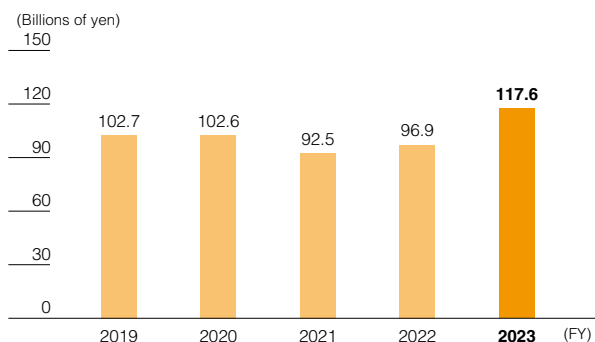
From this virtuous cycle, we aim to realize our Management Philosophy and Long-term Vision by enhancing cost competitiveness and strengthening our revenue base, and expanding the market by creating new demand.

Performance in FY2023

Net sales were ¥117.6 billion (121.3% year-on-year) and operating income was ¥7.5 billion (121.2% year-on-year). Net sales increased year on year due to price revisions for wheat flour and strong sales of wheat bran (which is a by-product from flour milling).

In addition, despite an increase in energy prices, logistics costs, and other costs, operating income also increased year on year due to the effects of initiatives to continuously improve productivity.

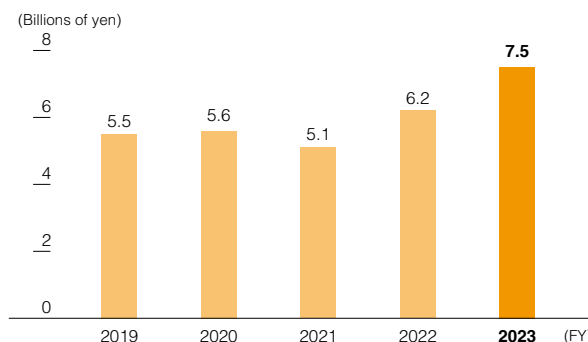
Net Sales



* Rounded down to the nearest ¥100 million

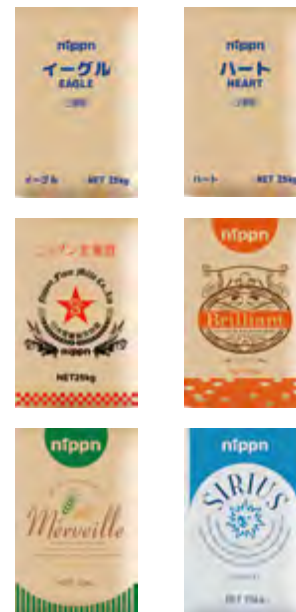
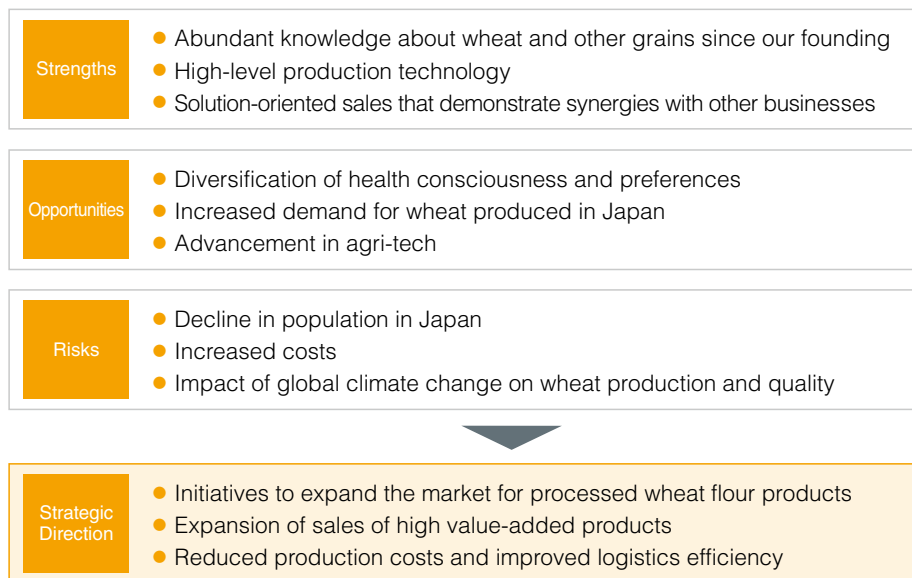
* In line with the adoption of the Accounting Standard for Revenue Recognition, changes have been retroactively applied to figures for FY2021

Operating Income



Overview of Flour Milling Business

Business Environment and Strategic Direction



Main Initiatives in FY2023

We have focused on promoting solution-oriented sales that respond to customer needs and food diversification, and have responded to the recovery of personal and inbound consumption due to the abating COVID-19 pandemic.

In addition to selling products that respond to health-consciousness and high value-added products, we worked to promote product sales and solve customer issues by combining our flour milling technology,

development and sales capabilities in response to changing circumstances, such as supplying raw materials to new category products.

We also made steady progress toward the early improvements in productivity and cost competitiveness by preparing for the expansion of the Kobe-Konan Mill and the closure of the Osaka Mill.

Future Initiatives

We will support our customers to increase added value and differentiate their products, contribute to the development and growth of their businesses, and actively engage in the development of new markets to aim for further growth.

We will strengthen the foundation of the Flour Milling business by closing the Osaka Mill and Nagoya Mill, expanding the facilities of the Kobe-Konan Mill, and establishing a new Chita Mill, thereby improving productivity and cost competitiveness. Moreover, we will

contribute to reducing environmental impact by reducing our CO₂ emissions through improved logistics and delivery efficiency, and by aiming for the new Chita Mill to be a state-of-the-art mill that takes energy conservation and the environment into consideration.

We will also work with stakeholders to increase demand for domestically produced wheat, help promote and increase the use of domestically produced wheat, and contribute to improving wheat self-sufficiency.

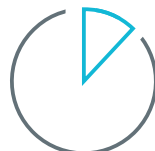
Other Businesses

Overview of Other Businesses

NIPPN's Other Businesses



Net Sales
¥43.1 billion



Net Sales Composition Ratio
12%

Pet Food

Development and production of high-quality, safe pet food



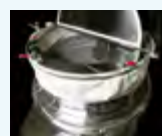
Health Care

From health to beauty, supporting daily life with the power of grains and plants



Engineering

Total engineering of powder and granular materials handling and food plants



Other Businesses

Pan no Hana

Operation of clay flower classes using wheat flour clay



Sports Clubs

Operation of sports facilities such as fitness gyms and swimming schools



Growth Strategy

In Other businesses, the Group is also engaged in real estate leasing, truck transportation, and food service businesses that operate donut shops, etc.

Among the Other businesses, we are focusing on the Health Care business as one of our focus fields.

We aim to expand our business based on the basic strategy of fostering mainstay brands of food ingredients

with functional claims, expanding high value-added functional ingredients derived from plants, expanding NIPPN Kenko Tsuhan (health products) online sales, developing new fields and expanding sales channels including overseas exports, and promoting development for the next generation development and entering the femtech market.

Performance in FY2023

Net sales in Other businesses were ¥43.1 billion (112.1% year-on-year) and operating income was ¥1.2 billion (126.8% year-on-year).

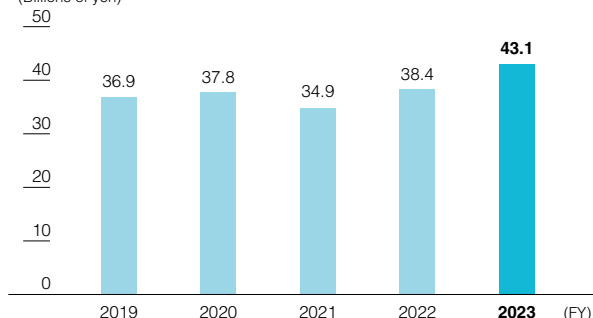
In the Pet Food business, net sales increased year on year due to price revisions and increased shipments of

high-end products.

In the food service business, mainly in donut shops, net sales increased year on year due to a recovery in demand from the easing of restraints on activities and the revision of sales prices.

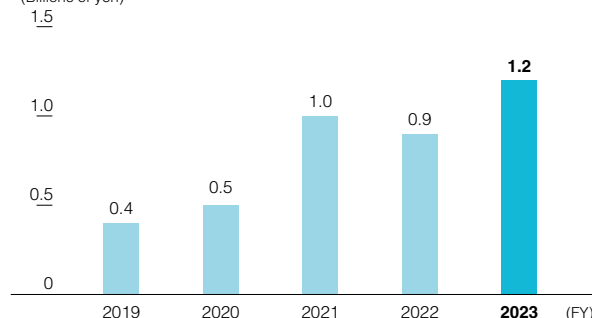
Net Sales

(Billions of yen)



Operating Income

(Billions of yen)

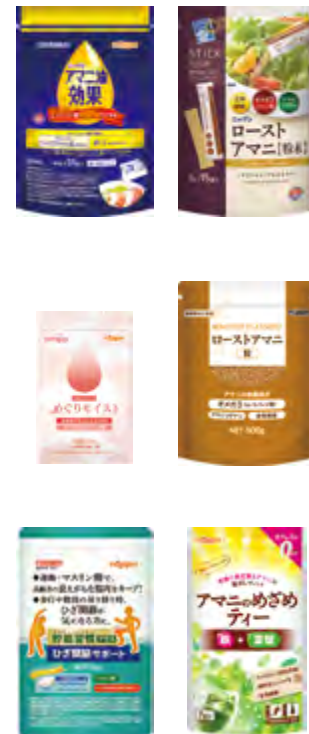


* Rounded down to the nearest ¥100 million

* In line with the adoption of the Accounting Standard for Revenue Recognition, changes have been retroactively applied to figures for FY2021

Health Care Business

Business Environment and Strategic Direction



Main Initiatives in FY2023

In the Health Care business, the health awareness of consumers is growing further due to the declining birthrate and aging population, as well as the impact of COVID-19. In order to achieve the well-being of people as stated in the Management Philosophy, we are expanding sales of high-value-added plant-derived functional ingredients such as ceramide and maslinic acid. We have launched a new ingredient for stress relief called "Rosemary Extract" for professional use. In Japan, we have mainly strengthened our response

to and sales of food ingredients with functional claims, and we have expanded the export business of materials overseas to North and Central America and Southeast Asia. In addition to the development of health foods such as supplements that use our own ingredients and the strengthening of NIPPON Kenko Tsuhan (health products) online sales, we held seminars and carried out awareness campaigns mainly about flaxseed, and thereby contributed to extending healthy life expectancy from both professional and home use perspectives.

Future Initiatives

In the future, the research department will proactively develop new materials by conducting research on health functions for a stressful and super-aging society, such as stress suppression and improvement of brain and cognitive functions, which are highly needed in modern society. We also conduct R&D of materials that make the most of taste, texture, and physical properties. In Japan, we will make full use of the functional food ingredient labeling system to develop new applications for "obvious foods" and expand sales. For online sales, we will also aggressively launch products that utilize functional food ingredient labels to

increase repeat customers.

Overseas, we will actively increase business meetings with local clients, expand sales in existing export countries, and boost the number of new export countries and brands we handle. In new markets, we will enter the femtech market, expand our product offerings for both home and professional use under the newly launched "femgoo" brand, and implement initiatives to pursue the well-being of people. In Japan, we will aim to solve social issues by working with local governments to extend healthy life expectancy and revitalize local communities.

Overseas Business



Overview of Overseas Business

NIPPN's Overseas Business

The NIPPN Group is engaged in our Overseas business with manufacturing and sales bases in the United States, China, Thailand, and Indonesia.



Asian region

- ① NIPPN (Shanghai) Trading Co., Ltd. (sales base)
- ② NIPPN (Shanghai Jinshan) Co., Ltd. (premix manufacturing base)
- ③ NIPPN FOODS CORPOLATION (THAILAND) LTD. (sales base)
- ④ NIPPN (Thailand) Co., Ltd. (premix and frozen dough manufacturing base)
- ⑤ PT NIPPN FOODS INDONESIA (sales base)
- ⑥ PT NIPPN PRODUCTS INDONESIA (premix manufacturing base)



North America

- ① Pasta Montana, L.L.C. (pasta manufacturing and sales base)
- ② NIPPN California Inc. (sales base)
- ③ Utah Flour Milling, LLC (wheat flour manufacturing and sales base)

Growth Strategy

In our Overseas business, we aim to increase the ratio of international sales to around 6% by FY2027. To achieve this, in the organic field, we will strive to expand our sales channels to new areas, such as expanding into neighboring countries starting from our existing bases and developing the halal market. In addition, we will make capital investments to increase production capacity and improve production efficiency, and establish the foundation for a stable supply that supports business development.

In the inorganic field, we will actively pursue opportunities for cross-border M&A in North America and ASEAN regions, and also develop new businesses overseas, including frozen foods, new alternative protein ingredients, health ingredients, and functional ingredients.

Furthermore, we will work to develop global human resources and strengthen overseas risk management to strengthen our overseas management base.

Main Initiatives in FY2023

Despite an increase in raw materials and various costs in each country, our Overseas business remained firm due to the recovery in demand from the easing of restraints on activities and implementation of price revisions. In Indonesia, which has the world's fourth largest population and growing

consumption of wheat flour products, we have started construction of a premix plant (in operation since September 2023). In Thailand, the United States, and China, we also worked to expand sales channels both in and outside of these countries, and actively made capital investments.



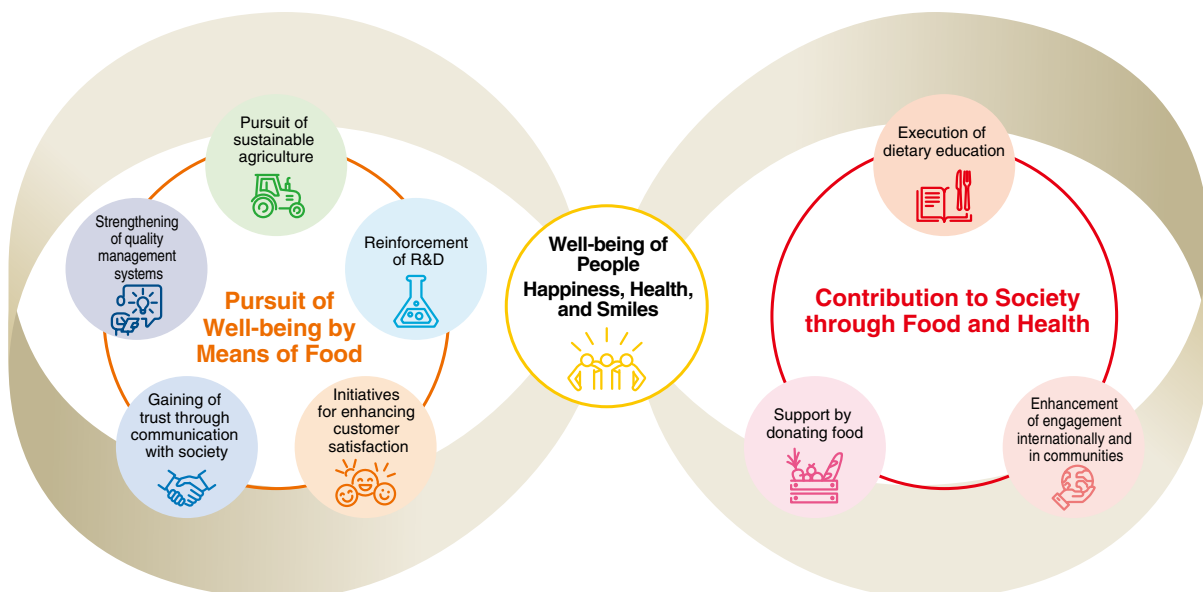
Pursuit of Well-being by Means of Food

For the NIPPN Group, in our desire to attain further growth as a comprehensive food company, this materiality is directly related to our business. Our theme—while responding to increasingly diverse customers' lifestyles and values, along with their changing tastes—is to deliver happiness and health to our customers by providing safe and secure food. Further, in addition to our business-related activities, we will also engage in interactive communication with our customers through social media and other venues.

Corresponding SDGs ▶



“Pursuit of Well-being by Means of Food” and “Contribution to Society through Food and Health” Relationship of Two Materiality Items



The NIPPN Group believes that its mission is to continue the virtuous cycle of resolving both the two materiality items (key issues) of “pursuit of well-being by means of food” and “contribution to society through food and health,” by leveraging the comprehensive strengths of the Group that we have nurtured since our founding.

In the “pursuit of well-being by means of food,” as a company responsible for providing abundant food and promoting healthy eating habits among the populace, we are enhancing our offerings of high-value-added products, services, and information to address a wide range of societal challenges that include food security, climate change, intensified environmental destruction, and a super-aging society, as well as adapting to increasingly diversified consumer behaviors, lifestyles, and the segmentation of

needs in the market.

In the “contribution to society through food and health,” our activities focus on those that contribute to society, such as providing learning opportunities and health information for the development of the next generation, and enhancing engagement through social support initiatives. By continuously promoting a virtuous cycle of balancing financial activities and social contribution activities through our business, we aim to realize the enhancement of our corporate value and sustainable growth for the Group, as well as the well-being (happiness, health, and smiles) for our stakeholders, who include customers, business partners, local communities, shareholders, investors, employees, and society as a whole.

Pursuit of Sustainable Agriculture

The Revitalization of Agriculture through the Development of High-added Value Raw Materials

Joint research conducted between the National Agriculture and Food Research Organization (NARO) and our Company led to the development of Japan's first durum wheat variety, "Setodure," which overturned the conventional belief that "durum wheat cultivation is difficult in Japan." This has resulted in a long-awaited pasta, in which every stage from cultivation to noodle production can be completed within Japan, thus being used for local production for local

consumption, and in dietary education.

Given the challenges of aging growers and of labor shortages, we are also involved in the development of tomato varieties with excellent field longevity and suitability for mechanical harvesting. We are working to establish a sustainable production system to ensure a stable supply of domestically grown tomatoes for processing ("Manaka") as raw materials.



"Setodure" and products made using this



"Manaka" domestically grown tomatoes for processing

Strengthening of Quality Assurance System

Providing Safe and Secure Products

The NIPPON Group offers a wide variety of products, including flour-related products, pasta, and frozen foods, and the plants and mills that manufacture these products are subject to our own quality control rules, and use production management compliant with international standards for food safety management systems such as the JFS standards.

We also apply our quality control rules to our subcontractor plants and mills, thus striving towards production management standards at a comparable level to that of the NIPPON Group.

At the same time, it is important to maintain production management levels, and to further improve these. To this end, we regularly conduct management reviews as stipulated in the food safety management system, improving any nonconformities through the PDCA cycle. We also have in place initiatives that include confirmation of production management levels through annual safety inspections and activity months aimed at preventing foreign material contamination, as well as reviewing potential hazard areas.

We will keep striving to create "safe and secure" products, while enhancing their quality in response to changing social conditions.

Key Initiatives Going Forward

Expanding acquisition of JFS-B and JFS-C standard certification to Group companies

The NIPPON Group, including our overseas offices, is actively working toward obtaining JFS-C standard, a Global Food Safety Initiative (GFSI) certified standard, as well as JFS-B standard certification based on FSSC22000 and Codex-HACCP. Head Office oversees results from each business site through regular certification audits, working to ensure proper maintenance and control of food safety management.

Main Food Safety Management Certifications

Note) Numbers indicate certified business sites

	NIPPON	Overseas Group Companies	NIPPON Group
JFS-C	10	1	5
FSSC 22000		3	4
BRC		1	
ISO 22000		1	
JFS-B			9

(As of October 2023)

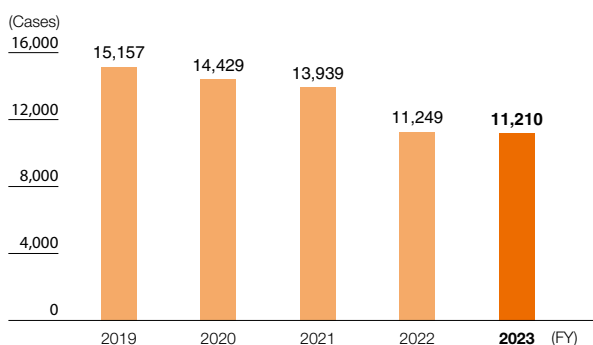
Initiatives for Enhancing Customer Satisfaction

Basic Approach

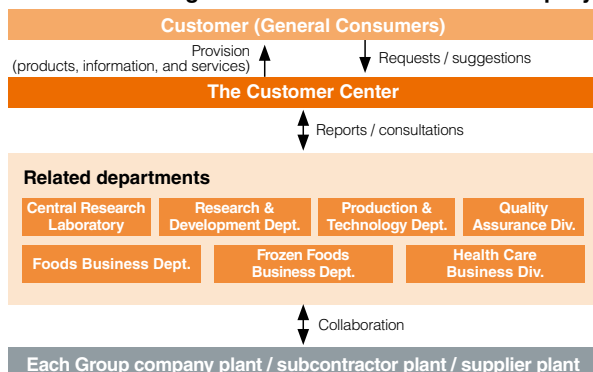
In order to satisfy our customers, we always maintain a “customer-centric” approach, and make it a basic principle to listen to customer feedback and apply this in improving our products and services.

In response to environmental changes surrounding us such as the digitalization of society, the aging of society, and changes in communication, the Customer Center dedicated to dealing with general consumers are going digital.

Changes in Numbers of the Customer Center Consultations



Process in Sharing Customer Feedback with the Company



Holding of Continuous Meeting to Consider Product Quality Improvement

We have a meeting to consider product quality improvement (Customer Satisfaction Study Group) as a central organization for providing customer feedback and considering improvement initiatives within the company. Various departments including development, quality assurance, purchasing, production, sustainability, and other departments participate in these meetings, which are held monthly. Results of these discussions are reported to management, with successful examples of improvements published on our website.

Main items of discussions at meeting to consider product quality improvement in FY2023

- Change in labeling of frozen foods to address the risk of ignition from improper use
- Responding to microwave cooking (boiling) of spaghetti
- Study into easy-to-open containers and packaging for frozen cooked rice “Trendy Meal” series
- Flavor improvements for “Flaxseed Oil & DHA Premium Rich” supplement
- How to present instructions for making frozen pie sheets: Directing visitors to the website with QR codes, etc.



Also sharing customer feedback with employees using the internal electronic bulletin board (Intranet)

Gaining of Trust through Communication with Society

Communications Using Social Media

We started our official Instagram and X (formerly Twitter) accounts in November 2020. On Instagram, we introduce product recipes and menu ideas, whereas on X, we provide information not only about our products but also about the Company, with the goal of using these channels to help consumers learn more about NIPPON.

To facilitate two-way communication, we try to respond to product feedback and inquiries received on social media to the best of our ability. We find these voices of customers motivational, and share these as valuable feedback with relevant departments.





Reinforcement of R&D

Customer satisfaction is important in everything we do. At NIPPON, we want to remain a company held in high esteem by customers, and so we are promoting diverse research in a spirit of continuous challenge and with a scientific mindset, utilizing the latest technologies in our product development.

Main R&D Themes

We are constantly engaged in R&D looking into new forms of food and health as demanded by this new era.

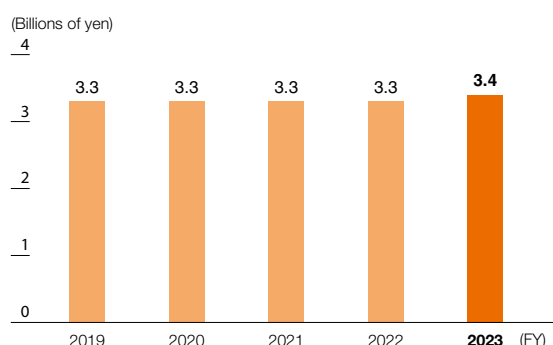
As well as R&D into flour milling and food processing technologies, we are also breeding and raising wheat varieties that will lead to new flour and food products, developing breeding technology for vegetables and other crops, developing functional plant-based food materials with health functions, and developing food analysis methods linked to safety and security. Through active engagement in external partnerships, we are contributing to the sustainable growth of the NIPPON Group.

Development of Functional Health Food Ingredients

Utilizing plant-derived raw materials, we are investigating and analyzing components of plants with health functions and conducting research in evaluating the health functionality of these components. At the same time, we are developing production methods for these materials, and developing functional food ingredients.

We are developing functional food ingredients targeting beautiful skin and metabolic syndrome (Ceramide, Flaxseed), and materials to help with locomotive syndrome and oral care needs (Olive Fruit Maslinic Acid, Pomace Extract) in view of maintaining the health of people in a super-aging society.

R&D Expenses



Academic Conference Presentations and Lecture Activities (FY2023)

Academic conference presentations (7 times)	Technology to determine the place of origin of wheat used as a raw material in bread, research to evaluate the health effects of functional food ingredients, research on the secondary processability of newly developed wheat strains, development of crop breeding technology, and development of detection kits for plant viruses
Academic papers (9 times)	Technology to determine the origin of raw materials, the relationship between intestinal microflora and diseases, the health functions of functional food ingredients (Olive Fruit Maslinic Acid, Flaxseed Lignans, Flaxseed Oil), and dietary education
Lectures (8 times)	The health effect of functional food ingredients, development of functional food materials using food plant byproducts, etc. Symposium on "Food and Health" in collaboration with our endowed chair in the Faculty of Agriculture at the University of Tokyo

Key Initiatives Going Forward

Development using pomace (plant and mill by-products)

At NIPPON, our aim is to build a resource-recycling society and to contribute to human health, by utilizing the remaining health components in plant-based pomace and other by-products from food production in the development of functional food ingredients. This initiative has garnered acclaim, gaining the Award of the Director-General of the Agriculture, Forestry and Fisheries Minister's Secretariat of Japan at the 9th Food Industry Mottainai Awards in January 2022.

Research into food and nutrition in collaboration with other business types

In cooperation with the Center for Preventive Medical Sciences at Chiba University, NIPPON has been participating in the Japan Environment and Children's Study* conducted by the Ministry of the Environment of Japan, investigating the relationship between food, health, and nutrition.

We are also participating in the Ministry of Education, Culture, Sports, Science and Technology's Program on Open Innovation Platform with Enterprises, Research Institute and Academia (OPERA) of Japan, and are also conducting R&D in collaboration with companies in different fields looking to bring about well-being through living environments and foods.

* A cohort study examining the dietary habits and living environments of children and their parents up until the children reach the age of 13.



Contribution to Society through Food and Health

More than 125 years ago in Japan, when rice was a staple food but bread and sweets were nonexistent, NIPPON was founded as Japan's first modern private mechanical flour milling company, and it enriched the dietary habits of the Japanese consumer. Since that time, we have developed high value added products and have diversified our Food businesses while contributing to solving social problems. Our philosophy has always been to provide enriching food, to pursue the well-being (happiness, health, and smiles) of people, and to contribute to the realization of a sustainable society. We will continue to make a variety of such social contribution efforts.

Corresponding SDGs ▶



Execution of Dietary Education

“Shokuiku Promoting Enterprise” Certification Received from the Japanese Society of Shokuiku in FY2023

We engage in a broad range of Shokuiku (food and nutrition education) activities that include holding Fluffy Bread Class (homemade bread-making class) and visiting and holding classes at local schools, as well as providing plant and mill tours, and welcoming company visits for career studies and internships. These activities are conducted under the guidance of the basic principles of the Basic Act on

Shokuiku (Food and Nutrition Education). In recognition of our active contribution to dietary education, we obtained certification as a “Shokuiku Promoting Enterprise.” We will continue to conduct a broad array of Shokuiku activities.



Enhancement of Engagement Internationally and in Communities

UNICEF Support Activities

Since our 100th anniversary in 1996, we have been providing donations and conducting support activities related to water and sanitation for children around the world. Along with regular donations made via deductions from employees' salaries, we solicit donations far and wide both inside and outside the company with donation boxes placed at all business sites, Group companies, trade shows, and special events. Total donations stood at ¥90 million (not including international emergency support funds) as of March 2023. As support related to water and sanitation in FY2023, we sent about 2.38 million water purification tablets and about 110,000 bags of oral rehydration salts (ORS) through “UNICEF Support Gifts” to African countries.

Support Activities for the UN WFP Association

As a company that endorses the aims of the United Nations' World Food Programme, whose mission is to end poverty, hunger, and inequality, the NIPPON has been involved with the programme as a council member since the establishment of the council of the UN WFP Association, a certified NPO, in 2005. Through the UN WFP Association, which is primarily engaged in providing emergency support during disasters and conflicts, remedying nutritional issues, and providing school lunches, we provided emergency support to Ukraine in FY2022 and emergency support donations to earthquake survivors in Turkey and Syria in FY2023. In FY2024, we will be collaborating with the organization in ways that include participating in the UN WFP Association's Red Cup Campaign to provide support for school lunches with our Oh'my Pasta products.

Promotion of Health Promotion Activities and Product Development with Local Governments

The NIPPON Group, together with Obama City Hall in Fukui Prefecture, has developed “KYOKEN SABAKAN,” a canned mackerel product. Launched in 2020 by Fukui Can Co., Ltd., a local company, and intended to stimulate local economic development, this product is made with locally-caught mackerel and “nippn Flaxseed Oil,” and is rich in omega-3 fats. We also conducted a visiting lecture at Wakasa High School, whose students came up with the can's design,

after which we provided the school with ongoing research support. These efforts culminated in the abovementioned company's March 2022 launch of a “high school-produced” canned product containing our flaxseed oil and Japanese Spanish mackerel, which Obama City had not been using in its products.



Main Activities in Pursuit of Well-being by Means of Food

Symposium on Food and Health

In collaboration with an endowed program of the Faculty of Agriculture at the University of Tokyo, we held a symposium entitled “Connecting Food with Good Health — Achieving Well-being (Happiness, Health, and Smiles) by Means of Food” as part of our efforts involving achieving well-being by means of food and the health science of food.

The symposium explored topics such as the health benefits of functional food ingredients and the development of foods with functional claims manufactured from by-products produced in food plants. A panel discussion was held, along with talks from seven instructors in Japan. To accommodate increasingly diverse and sophisticated health and food needs, we will be working to develop new functional ingredients and foods that excel in terms of health function and safety, and that are backed by ample scientific evidence.



NIPPN Healthcare Seminars

The Health Care Business Div. is constantly releasing healthcare-related information with a view to extending the healthy lifespan of the public. In FY2023, we had two expert instructors give a talk on preventing aging after age 40. They spoke on general exercise and anti-aging exercises to improve quality of life, and introduced products to boost health such as flaxseed and maslinic acid.

Awareness-raising Activities for Employees

With the goal of better familiarizing employees with our newly-established Management Philosophy, Management Policy, and Long-term Vision, we have created and distributed two types of posters along with business card-sized “credo cards” for employees and business sites nationwide.



Support by Donating Food

Donations of Food to Food Bank and Home Meal Service for Children

We support the activities of certified NPOs such as Second Harvest Japan and Bunkyo-ku Kodomo Takushoku by taking foods and ingredients that have no quality issues but can no longer be sold due to an approaching sell-by or best-before date, and donate them regularly to facilities, organizations,

Supporting Better Maternal-child Health through Maternal-child Health Seminars

To further contribute to maternal-child health, we have conducted Maternal-child Health Seminars for maternal-child health advisors every year since FY2020 in support of the activities of the Mothers' and Children's Health and Welfare Association. The theme for the seminar in FY2023, which was held in Tokyo, was “Supporting Children's Food and Nutrition.” Two expert instructors provided up-to-date information on food allergies and dietary support for children, along with explaining ways to incorporate flaxseed into one's diet. The seminar was made available for on-demand streaming afterwards.



Providing Company Visit-based Learning for Students

By enabling local elementary and middle school students to participate in plant and mill tours, company visits, and classes at universities, we provide them with opportunities to learn about food and health, and to plan their future careers. We provided 10 such opportunities in FY2023.

NIPPON Nutrition Information Website

Aiming to better contribute to people's dietary habits by providing objective, scientific nutrition information, this site features columns, nutrition-related news, recipes, and detailed information about the nutrients in our products. Overseen by nutrition experts, the columns are posted regularly and cover subjects that relate to the Company's business (whole wheat and grain) or that are much talked about (chrono-nutrition and enterobacteria), and cover a variety of information such as nutrition information helpful for pregnant mothers.

▶ NIPPON Nutrition Information Website
<https://www.nippon.co.jp/BrandB/eiyou/>

or households that need them. We made roughly 60 tons of such donations in FY2023. This initiative will also reduce food waste as one of the measures against global warming.





Environmental Protection Initiatives

Many of the NIPPON Group's businesses carry out a diverse range of operations that benefit from the bounty of the earth. This includes the use of not only grains and vegetables, but also the seafood that goes into our frozen foods. We recognize that environmental problems have the potential to significantly affect business operations throughout our supply chain, whether that is the raw material procurement, product manufacturing, or logistics. To achieve our Group's Management Philosophy of "contributing to the realization of a sustainable society by pursuing the well-being (happiness, health, and smiles) of people," we will diligently confront environmental problems through our business activities.

Corresponding SDGs ▶



Response to Climate Change

In February 2023, we expressed our support for the TCFD (Task Force on Climate-Related Financial Disclosures). We recognize that climate change on a global scale is an issue that could significantly affect the Group's business environment, and that responding to this issue is to be our social responsibility.

The many activities we are undertaking toward this end include introducing energy-saving appliances and photovoltaic power generation equipment, re-examining

our logistics system and the packaging materials used for our products, and proactively taking measures for our upcycled products.

We will continue to examine and disclose our TCFD initiatives and ensure the effectiveness of these activities.



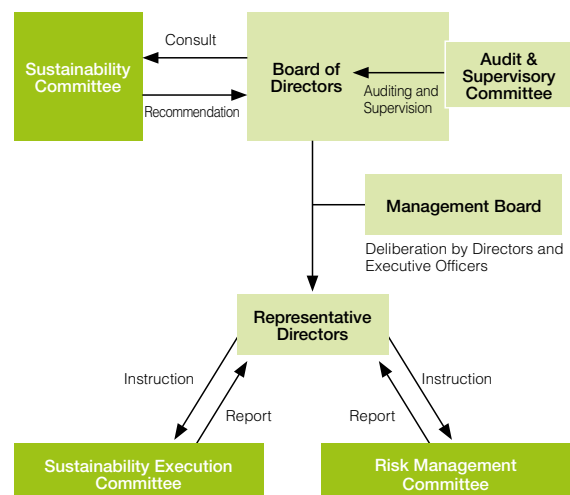
Activities in Support of the TCFD Recommendations

Governance

With the view that environmental preservation activities are the most important management priority, the NIPPON Group has made the Representative Director, President and C.E.O. responsible for handling climate change-related risks and opportunities.

The Sustainability Committee reports to the Board of Directors and meets about twice a year. The committee is staffed by members including outside directors with expert knowledge who draw on diverse perspectives to hold conversations on wide-ranging subjects. It issues recommendations to the Board of Directors following discussions about the course of sustainability initiatives, which includes the Group's actions to address climate change-related issues, as well as the optimal materiality items and strategies. The Board of Directors reflects on these recommendations, approves materiality items, and devises basic strategies based on climate change risks and opportunities. The Sustainability Execution Committee, which acts in accordance with decisions made by the Sustainability Committee and other committees, meets about twice a year and considers

specific proposals concerning the TCFD. Both established in January 2023, these committees each met once in FY2023.



Strategy

As scenarios that involve comparing CO₂ emission levels to preindustrial levels, we will assess the impact of climate change in 1.5°/ 2°C scenario, which assumes that a fundamental system transition was achieved, as well as a 4°C scenario, which assumes that stricter mitigation measures for global warming are not implemented, and will study the proper measures to take. In the 1.5°/ 2°C scenario, the rising cost of carbon resulting from stricter regulations on GHG emissions could have a significant impact on the Group's business. A similar impact could be seen in the 4°C scenario, which assumes an increased severity of unusual weather phenomena and an increased risk of inability to procure raw materials or water.

We recognize the necessity of taking certain measures to address the potential increased severity of unusual weather phenomena, which is both a short and medium-term risk. These measures include disaster readiness measures using a

timeline (disaster prevention action plan) and high tide measures that involve renovating business facilities.

With regard to medium- and long-term risks surrounding raw material procurement, we have already incorporated into our business strategy measures to address risks that could significantly impact our business. Going forward, we will continue taking measures to address climate change, which includes strengthening our coordination with producers, research organizations, government agencies, and others.

To address system transition risks in the event of increased carbon prices, as well as raw material and water procurement risks, we plan to set targets for reducing CO₂ emissions, water usage, food waste, and container and packaging waste based on the 1.5°/ 2°C scenario and 4°C scenario. These and other measures will be taken to strengthen the resilience of our business.

Risk management

The NIPPON Group has a Sustainability Execution Committee and Risk Management Committee, chaired by the Representative Director, President and C.E.O.

In charge of properly managing environmental issues that affect our business, the Sustainability Execution Committee shares information about environmental issues particular to each business and acts from diversified perspectives. This committee will conduct working-level discussions and devise plans for three areas: Environment, Health & Productivity Management Promotion, and Human Capital (HC).

For matters concerning the TCFD, its efforts will include studying, executing, and making improvements to various measures through the Environmental Subcommittee. Under the supervision of the Board of Directors, the subcommittee

shares information about these situations through reports to the Board.

The Risk Management Committee discusses risks that impact the Company's business, including climate change-related risks, identifies and assesses risks with particular significance for our business, and reports its findings to the Board of Directors. At a time of growing "VUCA" (volatility, uncertainty, complexity, and ambiguity), with changes happening more rapidly than ever before, companies must be ready to handle unforeseen risks. The NIPPON Group identifies the risks it faces, including possible risks, prioritizes significant risks, and devises measures to address them. This committee comprises four subcommittees, each of which evaluates relevant cases and takes action accordingly.

Indicators and targets

The NIPPON Group has established climate change mitigation indicators to ascertain the Group's Scope 1 and 2 CO₂ emissions, and will be establishing targets as quickly as possible. To reduce our CO₂ emissions, we will be taking

further steps to save energy while deploying more photovoltaic power generation equipment and using renewables.

Reduction of the environmental impact of logistics by expanding shipping lots and marine transportation

Since being certified as an Eco-Ship Modal Shift Excellent Business in December, 2013, we have been approved to use the Eco-Ship Mark every year.

For marine transport, the Group primarily uses routes from Kanto to Hokkaido and Kyushu. We have recently significantly increased our usage of ferries and RORO vessels for transportation, which use 20-ton trailers, and plan to find further opportunities to use these vessels going forward to reduce our environmental impact.



Reduction of logistics energy by transfer of production to the area where products are consumed

The NIPPN Group has plants, mills and distribution centers throughout Japan, and makes adjustments to its production locations and logistics system as necessary based on considerations such as supply and demand. In October 2020, we completed construction of a premix plant at our Fukuoka Mill. Along with our Ryugasaki Plant and Kobe-Konan Mill, the new plant brings our premix production capacity to three plants. By being located closer to our markets, the production system reduces logistics burdens in the form of reducing driver work hours and CO₂ emissions, for example.



Premix plant at the Fukuoka Mill, completed in 2020
(lower part of the photo)

Key Initiatives Going Forward

Start of plastic resource recycling from pallets for transporting wheat flour for professional use

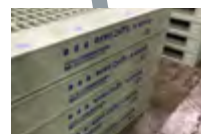
In November 2022, and in partnership with Sanko Co., Ltd., the NIPPN Group launched an initiative to recycle plastic from plastic pallets used for transporting wheat flour for professional use.

Aimed at reducing our plastic usage and CO₂ emissions, this initiative will recycle pallets rendered unusable from damage or deterioration by mixing a portion of them into materials to make and reuse as material recycling pallets. Compared to conventional methods, this effort has halved our plastic usage and cut CO₂ emissions by 37%. We will continue this initiative as a means to make more effective use of resources.

NIPPN CORPORATION



Pallet is damaged, deteriorated, etc.



Pallet is used

Sanko Co., Ltd.



Pallet is ground up and recycled



Recycled pallet is produced

Photovoltaic power generation equipment expansion

To promote the further use of renewables, the NIPPN Group installed photovoltaic power generation equipment at Isesaki Frozen Food Plant and Ryugasaki Frozen Food Plant, which produce frozen foods. These photovoltaic power generation equipment started operation during the period from December 2022 to January 2023. These systems are estimated to produce a total of approximately 1,000 MWh and reduce CO₂ emissions by 460 tons a year. Similar systems will be installed at NIPPN and other domestic and overseas Group companies in the future.



Ryugasaki Frozen Food Plant, with newly installed photovoltaic panels

Reduction of Food Loss and Waste

Products for one-person servings and small quantity packages

Prompted by a growing number of single-person households and a tendency of respect for the lifestyles and preferences of each member of a family, we are developing products for one-person servings and small quantity packages. Not only convenient, these products will help eliminate food waste resulting from families being unable to finish an entire meal.

We recently expanded our microwavable pasta sauce series with the addition of the “Microwave Cooking Crab and Tomato Cream Sauce.” For our frozen food products, we have upgraded and expanded our series of frozen pasta and frozen rice dishes for one-person servings. We have made enhancements to existing products, as well, making them more fun to shop for and something our customers will never tire of. In addition, we are reinforcing NIPPON's supply system to accommodate our customers' growing needs.



Reducing plastic usage

We are careful to use environmentally-conscious packaging materials to cut down on plastic usage. Through the use of FSC-certified paper (cardboard, presentation boxes, display cartons, wheat flour packaging, etc.) and PEFC-certified paper (paper trays and cups for frozen pasta, etc.), we are choosing printed and packaging materials that are friendlier for the environment.



Displaying year and month for, and extending, best-before dates

We are working to display best before-dates on our products in order to decrease food waste and distribution costs while improving inventory management efficiency. These dates will gradually be displayed on pasta, dried noodle, and pasta sauce products. To extend best-before dates and thereby reduce food waste while also keeping quality consistent, we are comprehensively selecting and evaluating ingredients, manufacturing processes, packaging materials, and other factors based on product characteristics.

Resource recycling initiatives aimed at achieving a recycling-oriented society

As part of efforts to practice the 3Rs (reduce, reuse, and recycle) at NIPPON's head office, employees bring in their own bottles to reduce plastic bottle waste, and plastic bottles are sorted, collected and recycled. In November 2022, we also began sorting, collecting, and recycling used paper cups. Paper cups collected in special collection boxes are recycled into toilet paper at a recycling plant.

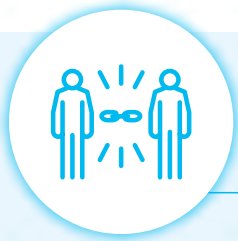
Conservation of Water Resources and Preservation of Biodiversity

Awareness of water risks

Changes in rainfall, typhoons, and snowfall patterns due to climate change lead to droughts and floods, and shortages of agricultural and drinking water 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 NIPPON. 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.

Conservation of water resources and preservation of biodiversity

As biodiversity loss worsens around the world, the risk of water resource depletion and damage to ecosystems grows. In response, the NIPPON Group continues to practice biodiversity preservation in a number of ways. This includes establishing Basic Policy on Biodiversity in 2010, contributions to the Keidanren Nature Conservation Fund, activities to nurture trees in NIPPON Shikinomori Forest (Fukagawa City, Hokkaido) after tree planting, providing experience-based training in harvesting tomatoes to educate new employees on the importance of nature, and using PEFC-certified paper to make the paper trays for our frozen food products.



Human Capital Initiatives

In order to “contribute to the realization of a sustainable society by pursuing the well-being of people” as set forth in the NIPPN Group’s Management Philosophy, it is critical that we achieve sustained growth as a company. To this end, we need to build fulfilling workplaces and make it easier for all employees to demonstrate their full capabilities in good mental and physical health. A respect for human rights and acceptance of diversity will be what supports these efforts. Our goal is to promote the well-being of every employee and realize sustainable growth as a comprehensive food company. Achieving this will require every employee to preserve that pioneering spirit that has been passed on since our founding as we foster creativity and diversity and build workplaces where employees can actively pursue anything, resulting in greater employee engagement and productivity.

Corresponding SDGs ▶



Promotion of Diversity and Inclusion

Promoting Respect for Human Rights, Women’s Advancement, and the Hiring of People with Disabilities

In our Code of Conduct, the NIPPN Group pledges to provide safe, open, and fulfilling workplaces that respect employees’ personalities and individuality. To keep workplaces free of harassment, we take harassment-prevention measures that include conducting End Workplace Harassment Month during which we provide online learning content for all employees. As an effort to promote women’s advancement, we have programs to help female employees expand their job categories and build their careers. When it comes to hiring people with disabilities, we assign each of them to the right workplace and conduct regular individual interviews with them in cooperation with their work sites after their assignment as part of ongoing support for creating workplaces that they can feel comfortable working in for the long term.

Key Initiatives Going Forward

Female managers ratio FY2027 target: 10.0%

We have set a target to achieve a female managers ratio of 10% by FY2027 as we work to maintain female-friendly workplaces and hire a greater proportion of females. This fiscal year, we held a seminar on women’s advancement with the help of a female director and outside instructor. We will continue these programs going forward.

TOPICS Efforts to Promote a Respect for Human Rights

With a diverse array of stakeholders in the entire supply chain, companies are required to conduct business with a respect for the human rights of each and every one of stakeholders. We will continue to do business while keeping in mind the importance of respecting human rights.

▶ Our policy on human rights initiatives can be found here:
<https://www.nippon.co.jp/csr/buying/>

Recruitment/Development of Human Resources

Stepping Up Mid-career Hiring and Early Development of Human Capital

To flexibly accommodate a business environment that grows increasingly complex, we are actively recruiting mid-career personnel to acquire people with specialized skills and achieve a more diverse workforce. We are also conducting cross-sectional personal reassignments with the goal of developing future management candidates in the early stage.

Key Initiatives Going Forward

Cultivating global and digital talent

To further advance business in the global market, including carrying out our inorganic growth strategy, we are reengineering our global talent development framework in order to develop talent in the early stage and expand the talent pool. Providing education aimed at boosting IT literacy, which includes educating employees about information security, will benefit us in promoting and utilizing DX based on the basic competencies employees acquire in the process.

Building an education system to support proactive learning

To accommodate business environment changes on a corporate and individual level while achieving sustainable growth, it will be essential to develop people with a view to sharpening individual skills and strengthening the organization’s capabilities. The NIPPN Group’s education system provides numerous educational opportunities that respect employees’ autonomy. Our system enables employees to autonomously chart their own careers and continue their learning proactively, with employees engaging in OJT as a foundation while also having access to position-based training (Off-JT), career training, department-based training, elective training (internal and external), e-learning, and correspondence courses.

Creating Fulfilling, Employee-friendly Workplace Environments

Increasing Annual Paid Leave Days Taken and Reducing Overtime Hours Worked

To help employees achieve a good work-life balance, we have established the Work Efficiency Improvement Committee, staffed by both labor and management representatives, as part of efforts being made companywide. In FY2023, employees took annual paid leave at an average rate of 69.0% (compared to 67.6% in FY2022) and worked 15.8 hours of overtime a month (compared to 17.0 hours in FY2022).

Engagement Surveys

We began conducting employee engagement surveys in FY2023 to ensure the company's workplaces are healthy, fulfilling, and motivating. As part of efforts to achieve this, we are revising programs to address workplace problems brought to light through these surveys, while also conducting one-on-one meetings.

Engagement survey results

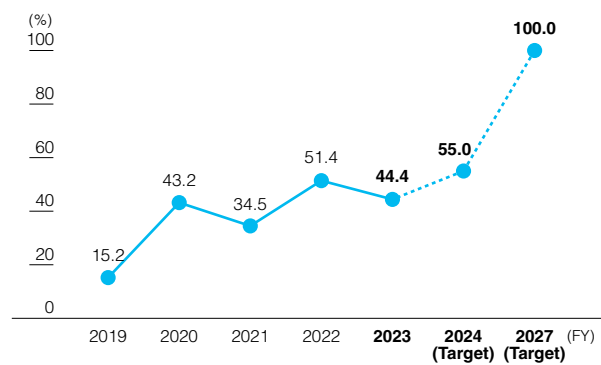
- Survey period: February-March, 2023 (2 weeks)
- Survey respondents: 1,355 NIPPON employees (including seconded employees and temporary workers)
- Response rate: 91.5%
- Overall score: 70.4 (compared to an average score of 68.3 among all companies conducting the same survey)

Targeting a 55% Rate of Childcare Leave Taken (Taken by Males) for FY2024, and 100% for FY2027

Amid a declining birthrate in Japan, we are encouraging more men to take childcare leave as a means to help all employees achieve a good balance between work and childcare. This includes providing pay for a portion of the leave period and individually encouraging employees to take childcare leave when their spouse gives birth. We will further encourage the taking of childcare leave in the future, making changes to programs as appropriate.



Ratio of Males Taking Childcare Leave — Results and Targets



Promoting Health and Productivity Management

Framework and Activities

The NIPPON Group believes that everything begins with good mental and physical health among employees and their families. We therefore practice health and productivity management, working with our health insurance association and industrial health professionals, among others, with the Representative Director, President and C.E.O. serving as chief executive administrator. We established the Health & Productivity Management Promotion Committee and it gauges the effectiveness of implemented policies, decides on future actions, and implements those actions at all business sites. As KPI for employees' health and productivity management, we look at the ratio of employees maintaining an appropriate body weight to gauge physical health and

the ratio of those with high stress levels to assess mental health, with each business site taking measures accordingly. Since the mindset of employees themselves is key to improving every day habits, we conduct seminars and events aimed at improving health literacy and encourage mindset reform. For these efforts, we have been named a Certified Health & Productivity Management Outstanding Organization for the sixth consecutive year. In FY2024, through programs that include providing an e-learning course on women's health problems and holding a non-smoking day, we will look to improve corporate value and achieve our management philosophy through the spirited efforts of all employees.

KPI for Health and Productivity Management

(Unit: %)

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2027 Targets
Ratio of employees maintaining an appropriate body weight	58.4	64.7	65.3	64.8	64.8	80.0
Ratio of employees with high-stress levels	4.9	5.5	6.5	8.4	9.7	7.0

Note: For the ratio of employees maintaining an appropriate body weight, figures given are for employees 40 and above for FY2019 and all employees for FY2020 and beyond.



Corporate Activities for Sustainable Growth

The NIPPN Group will make steady efforts to address social issues while responding to the needs of various stakeholders that include our customers, employees, shareholders, and members of society. We will create new value by diversifying our businesses as we expand our lines and areas of business. To this end, we will properly allocate managerial resources and continue to actively invest. We will also disclose information about these activities. Through these efforts, we will work toward our goal of improving social sustainability by solving social and environmental issues and earning the understanding and trust of our stakeholders.

Corresponding SDGs ▶



Provision of New Value through Business Diversification

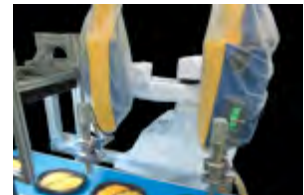
Proper allocation of and enterprising investment in managerial resources for growth and new businesses

By effectively converting portfolio assets and operating cash flows generated from now through FY2027, we will make active investments in new and growth fields. In addition to growth fields and new business development in Japan and overseas, we will optimally allocate managerial resources through, for example, such means as investments to reduce our environmental impact and investments in digital technologies, human capital, and R&D.

Creating and expanding value-creating businesses

Through its Engineering business, the NIPPN Group has developed and commercialized the Food Tech Robots. In addition to improving production efficiency, alleviating personnel shortages, and solving various other production-related problems, the robot will contribute to the industry through the creation of new businesses.

The NITORON collaborative robot receives the 25th "Japan Food Journal Award for Excellent Food Machinery, Materials, and Ingredients" from The Japan Food Journal Co., Ltd.



Orientation of the NIPPN Group's Diversification Strategy



Enhancement of Confidence in the Capital Market

Continuous holding of briefings for investor relations and other meetings

We are actively engaged in constructive dialogue with our shareholders and investors in an effort to better familiarize the capital market with the Group's efforts to improve its corporate value, as well as efforts to achieve the right valuations. With the view that providing opportunities for executives themselves to talk about our financial results and growth strategies will strengthen others' trust in us, we continue to hold briefings for investor relations and other meetings led by the Representative Director, President and C.E.O.

Key Initiatives Going Forward

Improvement of engagement with shareholders and investors

In having executives conduct constructive dialogue with shareholders and investors, the NIPPON Group is working to give the capital market a sense of the Company's value. We share the results of these dialogues with leadership to further deepen discussions aimed at improving our corporate value.

Establishment of a Sustainable Supply Chain

Purchasing activities compliant with our Purchasing Policy

The NIPPON Group fulfills its social responsibility with a regard for complying with all laws and conducting business fairly and in good faith, as well as preserving the environment and protecting human rights, and has established the "Purchasing Policy" as one rule for achieving this.

We will continue to grow together with our supply chain partners by familiarizing our suppliers with this policy as well as our "Anti-Bribery Policy" and "Request to Suppliers."

We conduct plant visits for purposes that include evaluating production contractors and providing quality management guidance in the interest of ensuring policy compliance. In FY2023, we evaluated 13 new contractors and reevaluated two existing contractors, and provided contractors with quality control guidance on 107 occasions.

Purchasing Policy

The NIPPON Group will comply with all laws and conduct business fairly and in good faith. We will preserve the environment, respect human rights, and fulfill our social responsibility.

Our purchasing practices are done in accordance with the following policy.

1. We will deal with our suppliers fairly and in good faith.
2. The decision to begin or continue working with a supplier will be made based on a comprehensive assessment of factors that include that business' quality, prices, credibility, ability to achieve stable supply, and sustainability.
3. We will only purchase from those able to supply guaranteed safe and high-quality products.
4. We will strive to prevent and/or eliminate human rights abuses, including child labor, forced labor, and discrimination, throughout the supply chain for the products we purchase.
5. We will strive to reduce our environmental impact and protect natural resources when choosing the products we purchase.
6. To prevent leaks, we will carefully manage all confidential and personal information we obtain in the course of business.
7. We will strive to engage in dialogue with our suppliers, foster relationships of trust based on mutual understanding, and achieve mutual development.

Improvement of logistics efficiency/Holding of meetings on safety of delivery vehicles

In response to legal revisions coming into force in April 2024 that seek to improve working conditions for drivers, and to address logistics problems such as inadequate transport capabilities owing to a shortage of drivers, we are engaging in joint distribution with other shippers while working with transportation companies to improve logistics efficiency by, for example, shortening loading and delivery times.

Regular logistics meetings are also being held at our logistics departments, plants, and at transportation companies as part of ongoing efforts to provide customers with safe and reliable products. These meetings provide opportunities for all participants to share information about problems that have occurred across the country, as well as remedial actions, in order to prevent similar problems in the future. They also serve to strengthen quality management at the logistics stage.

Continuation of discussion and coordination with the government/producer groups on stable wheat procurement

The stable supply of flour, which is also the mission of our Flour Milling business, contributes to dietary life in Japan as a whole and therefore plays an important role in ensuring food security.

To stably procure the wheat used to make flour, and to improve its quality and solve related problems, we have continued to hold discussions with the relevant government offices as well as wheat producers and producer associations in Japan and overseas as part of efforts to foster a mutual understanding and develop our businesses sustainably.



Meeting with a producer association

The NIPPON Group will strive to continuously enhance the best corporate governance and aim for sustainable growth and increased corporate value over the medium- to long-term based on its Management Philosophy and

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

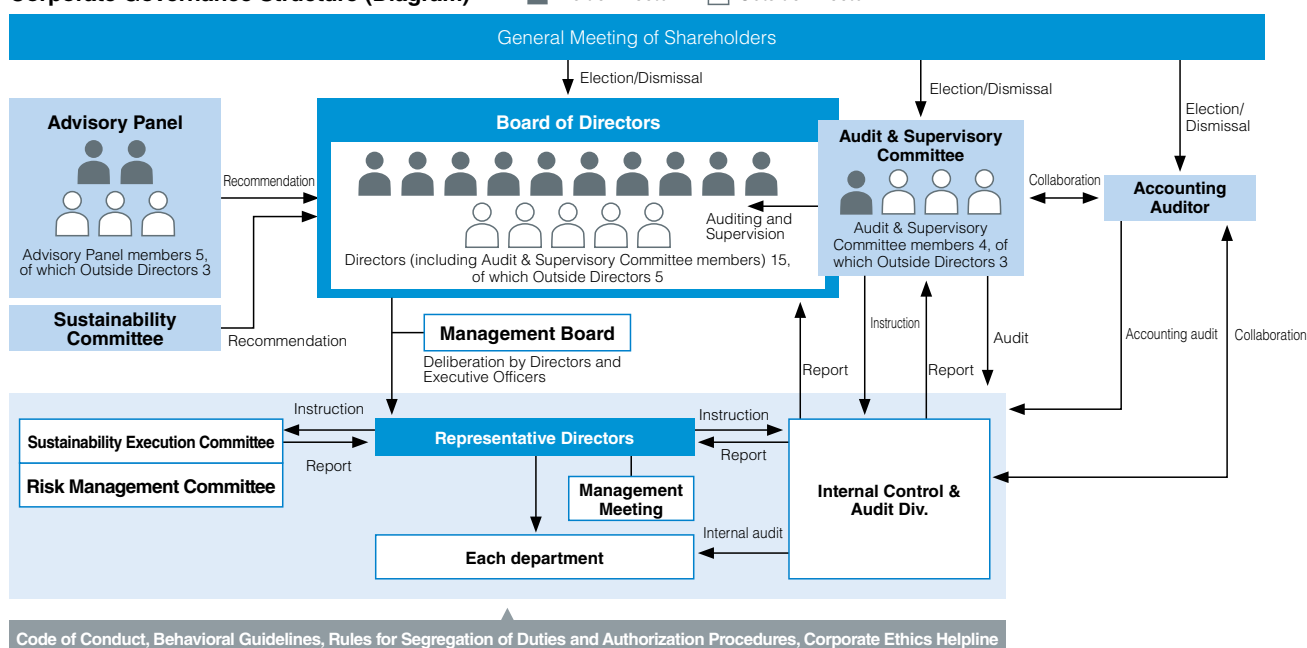
FY2017	Started effectiveness assessments for Board of Directors
FY2019	Established Nomination and Compensation Advisory Panel
FY2021	Transitioned to a Company with Audit & Supervisory Committee, and increased the number of Outside Directors to five
FY2023	Began to have the Nomination and Compensation Advisory Panel chaired by an Outside Director
FY2024	Introduced performance-based stock compensation system

We have adopted a company system with an Audit & Supervisory Committee. By granting voting rights exercisable at the Board of Directors to Directors who are Audit & Supervisory Committee members, we aim to strengthen audit and supervisory functions, further enhance the corporate governance system, and further increase corporate value.

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.

The Advisory Panel, mainly composed of Outside Directors, was established to report to the Board of Directors on the selection and compensation of Directors.

 Inside Director Outside Director



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.

Among Audit & Supervisory Committee members from Outside Directors, one is a certified public accountant having considerable knowledge of finance and accounting, and two are lawyers having an advanced knowledge of law.

The Advisory Panel examines and reports to the Board of Directors on matters related to the personnel of Directors, including Director candidates, decisions on Director compensation, the Director stock compensation system, and combination of skills for Directors.

Role of Directors

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

Note: ● denotes the chair; ○ denotes a member other than the chair

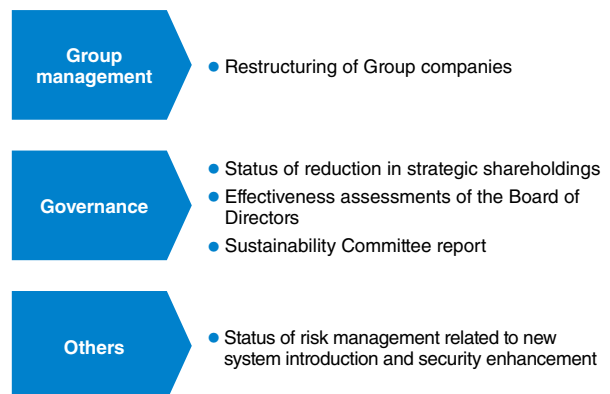
Note: The number of meetings held during the directors' term of office was 16 for the Board of Directors (13 in the case of Mr. Tomio Kimura, Mr. Hiroaki Kawasaki and Ms. Hitomi Kumagai, and 3 in the case of Mr. Yuzuru Kogiso and Mr. Yoshio Kumakura), 13 for the Audit & Supervisory Committee, and 3 for the Advisory Panel (2 in the case of Mr. Kazuhiko Yoshida, and 1 in the case of Mr. Yoshio Kumakura).

Note: Positions held were as of FY2023.

Main Decisions Reached, and Matters Discussed, by the Board of Directors in FY2023

The Board of Directors discusses and decides on management strategies and other matters in order to establish a strategic direction for realizing our Management Philosophy.

In FY2023, the Board of Directors worked to deal with more cases related to non-financial information such as risk management and sustainability.



Initiatives Aimed at Strengthening the Board of Directors

Evaluating effectiveness

A survey of all 15 Directors was conducted in April 2023 to evaluate the effectiveness of the Board of Directors in FY2023 and for a self-assessment.

1. Survey content	<p>The major items of the survey conducted in April 2023 are as follows.</p> <p>Each question is evaluated on a four-point scale, and a free comment box is provided as for “opinions and points of improvement” for the relevant item.</p> <p>I. Prerequisites for ensuring the effectiveness of management of the Board of Directors II. Operation of the Board of Directors III. Supervision of management of the Board of Directors</p>
2. Evaluation results and analysis	<p>Regarding the operation of the Board of Directors, NIPPN has appropriately allocated matter between those that should be delegated to management and should be resolved by the Board of Directors, and it was evaluated that the effectiveness of decision-making and supervisory functions was ensured by taking sufficient time to deliberate matters to be resolved.</p>
3. Issues	<p>The Board of Directors is aware of issues with its composition, and the results of the evaluation will be used to improve the operation of the Board of Directors.</p>

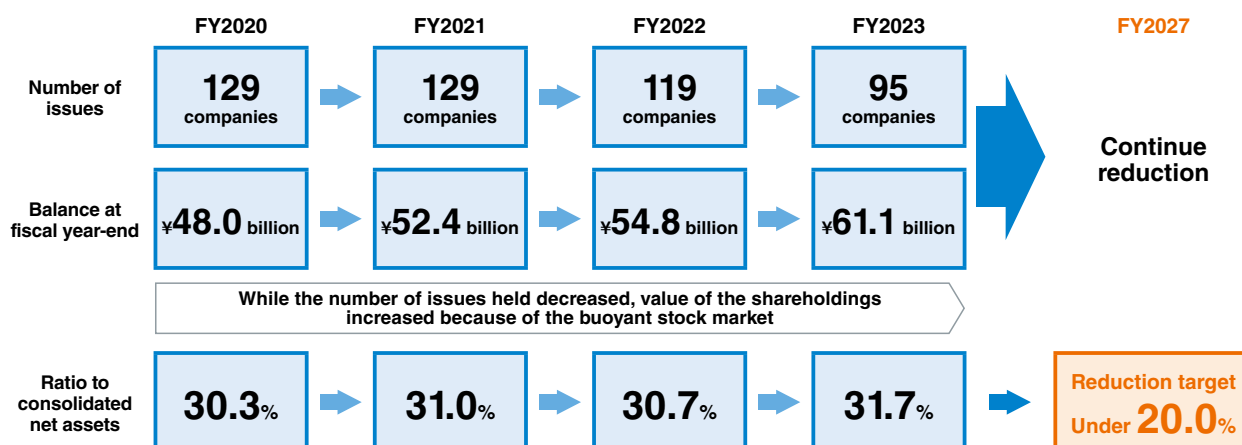
Reduction in strategic shareholdings

NIPPN holds strategic shareholdings, comprehensively taking into account its business relationships, because it is important to strengthen its relationship with investee companies in order to achieve sustainable growth and increase corporate value over the medium to long term.

With regard to the holding of individual shares, the appropriateness of holding such shares is verified annually by the Board of Directors, taking into account the significance of acquisition and holding, capital costs, etc.,

and if the appropriateness of holding such shares is not recognized as a result of the verification, in principle, they will be sold. We aim to reduce the ratio of our strategic shareholdings to consolidated net assets to under 20% by the final year (FY2027) of the medium-term targets.

Exercise of voting rights for strategic shareholdings will be determined after comprehensively considering whether or not it will contribute to the enhancement of the corporate value of NIPPN and the investee company over the medium to long term.



Directors' Skill Matrix

NIPPN is striving for sustainable growth and enhancement of corporate value based on the Group's management philosophy. We believe that Directors have the knowledge and experience necessary to advance these initiatives,

and can be expected to demonstrate their expertise.

Outside Directors are selected based on diversity, knowledge, experience, and ability.

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	●				●		●		●	
Keizo Kagawa	●				●		●		●	●
Yasunori Tanaka	●	●		●	●				●	
Tomio Kimura	●		●				●		●	
Hiroaki Kawasaki	●	●	●			●				
Hiroshi Koura	●				●			●		
Naotaka Kawamata (Outside Director)	●				●	●		●	●	
Hitomi Kumagai (Outside Director)				●	●	●				
Akio Okuyama (Outside Director)	●				●		●			
Kazuhiko Yoshida (Outside Director)	●				●	●		●	●	
Kentaro Naruse (Outside Director)	●				●			●	●	
Etsuzo Tamagawa							●		●	

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. There is one female Director (Outside Director). (As of June 29, 2023)

Director's Compensation System

The compensation of Directors, excluding Directors who are 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 medium- to long-term performance-linked stock compensation.

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

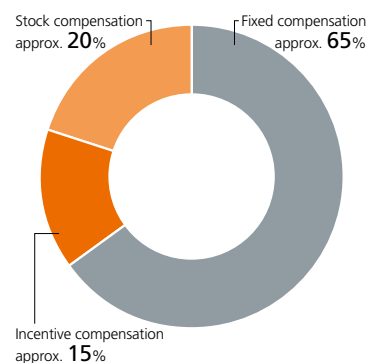
The compensation ratio by type will generally be 65% fixed compensation, 15% incentive compensation, and 20% stock compensation.

Incentive compensation is positioned as a commitment

by Directors with respect to annual performance, and is determined within a certain range based on the degree of contribution to consolidated operating income, return on equity (ROE), etc. as well as individual performance. It is paid as a bonus at a certain time every year.

Performance-linked stock compensation is aimed at raising motivation and morale to contribute to medium- to long-term performance improvement and corporate value improvement, and points calculated according to the degree of achievement of the medium-term consolidated operating income target are granted at a certain time every year. The compensation is paid in the form of NIPPON shares equivalent to the cumulative points granted at the time of retirement and a certain monetary value percentage.

Type	Fixed Compensation (approx. 65%)		Variable Compensation (approx. 35%)
	Basic Compensation	Incentive Compensation	Stock Compensation
Type	Fixed Compensation	Short-term Incentive Compensation	Medium- and Long-term Incentive Compensation
Eligible Recipients	<ul style="list-style-type: none"> Directors (excluding Outside Directors and Audit & Supervisory Committee members) Outside Directors Audit & Supervisory Committee members 	<ul style="list-style-type: none"> Directors (excluding Outside Directors and Audit & Supervisory Committee members) 	<ul style="list-style-type: none"> Directors (excluding Outside Directors and Audit & Supervisory Committee members)
Method of Evaluation and Payment	—	Paid as a bonus at a specific time each year, based on performance in the past fiscal year	Points are granted in accordance with the Rules on Directors' Stock Benefits in consideration of their position, degree of achievement of performance, etc.



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)	338(25)	229(25)	43(-)	65(-)	13(3)
Directors (who are also Audit & Supervisory Committee members) (of which, Outside Directors)	50(30)	50(30)	-	-	4(3)
Total (of which, Outside Directors)	389(55)	280(55)	43(-)	65(-)	17(6)

Notes: 1. The above figures include two Directors who retired at the 198th Annual General Meeting of Shareholders held on June 29, 2022.

2. Directors' compensation, etc. does not include the employee's salary paid to Directors who also hold the status of company employee.

3. Incentive compensation includes the difference between the amount to be paid and the total amount of incentive compensation paid in June 2022 and the amount to be paid disclosed in the previous fiscal year's business report.

Compliance

Approach to compliance

NIPPON CORPORATION has established a Code of Conduct and Behavioral Guidelines, and promotes compliance activities so as to abide fully by them. The Code of Conduct and Behavioral Guidelines are available on our website.

In addition, through training and other activities, we strive to instill an understanding of the meaning and importance of compliance.

Code of Conduct

Code of Conduct 1

We will continue to provide safe, high-quality products and services to all our customers.

Code of Conduct 2

We will always continue to work hard every day to earn the trust of our customers.

Code of Conduct 3

We will always have the willingness to take on new challenges and continue to grow.

Code of Conduct 4

We will ensure a safe working environment and respect the character and individuality of each employee.

Code of Conduct 5

We will maintain a high ethical awareness and comply with laws and regulations.

Code of Conduct 6

We will take environmental issues seriously.

Code of Conduct 7

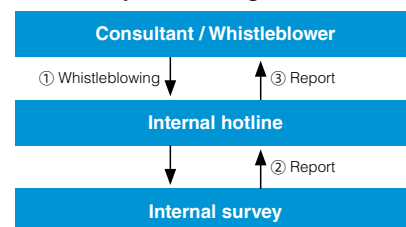
As a member of the international community, we will strive for regional development both in Japan and overseas.

Establishment of a whistleblower system

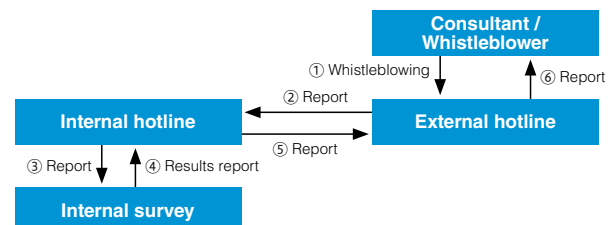
We have established a Corporate Ethics Helpline that employees can use for consultations or reporting, with the aim of preventing, discovering at an early stage, and rectifying behavior such as violations of the law or internal misconduct that conflict with corporate ethics or with the requirements of the law. We have set up two hotlines for whistleblowers, one internal and one external, and we have drawn up operations rules regarding their use to ensure anonymity and confidentiality so that no one will suffer adverse repercussions as a result of having submitted a report via a hotline. In FY2023, there were four whistleblowing reports.

Number of whistleblowing reports (Reports)			
FY2020	FY2021	FY2022	FY2023
0	0	0	4

When consulted/reported using internal hotline



When consulted/reported using external hotline



Execution of compliance training

We have compiled a Compliance Guidebook which contains key points to note regarding compliance, and we have distributed it to spread awareness and provided related training for business unit heads, business unit managers and Group company executive officers, 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. We have also held study session for business unit officers and Group company officers on the handling of personal information.

In addition, we also disseminate information on compliance through our internal electronic bulletin board (intranet).

Risk Management

Four subcommittee structure covering Business Execution, Disaster Response, Compliance, and Information Security

The Risk Management Committee has been established to address the impact of various risks on our business, including those related to climate change. At a time of growing “VUCA” (volatility, uncertainty, complexity, and ambiguity), with changes happening more rapidly than ever before, companies must be ready to handle unforeseen risks. The NIPPN Group identifies the risks it

faces, including possible risks, prioritizes significant risks, and devises measures to address them. The committee comprises four subcommittees (Business Execution, Disaster Response, Compliance, and Information Security), and each of which evaluates relevant cases and takes action accordingly.

Sustainability Governance

Three subcommittee structure covering Environment, Promotion of Health & Productivity Management, and Human Capital (HC)

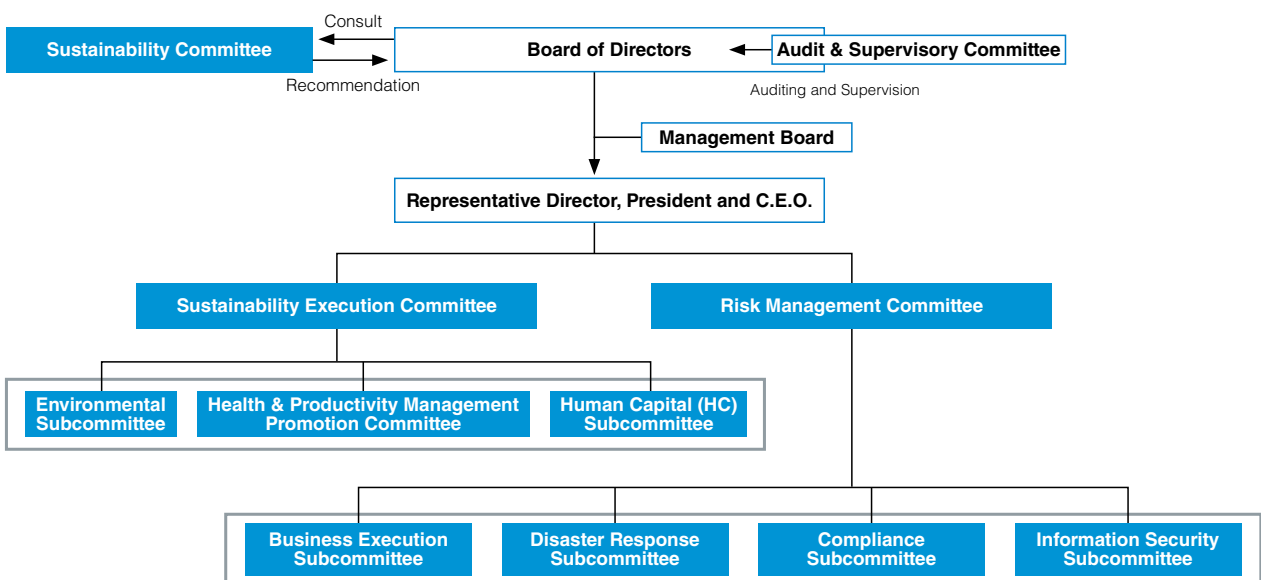
The NIPPN Group regards initiatives to address sustainability issues as management issues, and has established a system led by the Representative Director, President and C.E.O., who is the chief executive in management. The Sustainability Committee, chaired by the Representative Director, President and C.E.O., has been established as a subordinate organization of the Board of Directors to monitor, manage, control and handle sustainability-related risks and opportunities. The committee is staffed by members including Outside Directors with specialized knowledge to ensure diversity.

Meetings are held about twice a year.

In addition, the Sustainability Execution Committee, chaired by the Representative Director, President and C.E.O., has been established to identify, evaluate, and manage sustainability-related risks and opportunities. This committee will conduct working-level discussions and devise plans for three areas: Environment, Health & Productivity Management Promotion, and Human Capital (HC).

Under the supervision of the Board of Directors, the committee shares information about these situations through reports to the Board.

Risk Management and Sustainability Governance Structure



(The Risk Management Committee, Sustainability Committee, and Sustainability Execution Committee were established in January 2023)

Message from an Outside Director

Emphasizing verification of the decision-making process from a third-party perspective, and making efforts to the medium- to long-term enhancement of corporate value and strengthening of sustainability.

Naotaka Kawamata Outside Director



■ Role as Outside Director

As an Outside Director, I put an emphasis on verifying the decision-making process from a third-party perspective. From this perspective, I am encouraging those involved to raise issues and reconsider items that are taken as a matter of course within the Company. In order to achieve the long-term target of 500 billion yen in net sales, we need to work on business development that is different from what we have done in the past. While not only expanding existing businesses but also maintaining the status quo or withdrawing can be an option, this is an opinion that is difficult to come out from within the Company. I review issues from a third-party perspective, such as where to invest our management resources or whether appropriate priorities are being set, so that we can avoid inward-looking discussions.

I believe that discussions at the Board of Directors are becoming more active, and this is reflected in the results of the effectiveness evaluation. In addition to providing detailed explanations in advance to stimulate discussions, specific explanations are being provided for investment projects from the consideration stage, and I think it would be good to continue this in the future.

I have realized that discussions have been deepened by appointing an Outside Director as a chair of the Advisory Panel and setting issues from an objective standpoint. The cultivation of future executive candidates is also being discussed. Outside Directors also communicate directly through participation in company-wide meetings where the next executive employees gather and visits to each business site, so that we have opportunities to learn about the personality of the next executive employees. In particular, I consider the training of female executives to be the most important issue.

■ Towards Medium- to Long-term Enhancement of Corporate Value

For the enhancement of our corporate value, we are focusing on two themes. The first is to further expand the Frozen Foods business from the perspective of expanding business domains in response to changes in the social environment. The other is to expand the business area itself, such as entering the U.S. flour milling business. In order to transform into “a comprehensive food company,” the Board of Directors will monitor the progress of the long-term vision, and pay close attention to the selection and prioritization of capital investment projects and the verification of the post-investment process. These two perspectives and improving capital efficiency are the two wheels that support growth, and we intend to examine and consider them from both sides.

In promoting sustainability over the medium- to long-term, organizational initiatives are making progress. With the establishment of the Sustainability Committee, activities that have been undertaken individually by each department and business site are now examined from a company-wide perspective and promoted across the organization. In our sustainability initiatives, I think that it is important to address issues that are important not only for NIPPON but also for society. Our management philosophy is to contribute to the realization of a sustainable society by pursuing the well-being of people, namely happiness, health, and smiles. This is the cornerstone of our approach to product development, and it is a verbalization of the fields that we will grow in the future. In addition, I believe that ensuring environmental measures and food loss reduction from a sustainable perspective rather than a short-term perspective will lead to long-term sales and profits. From this perspective, I would like to do my best as an Outside Director.

List of the Company Directors



Toshiya Maezuru
Representative Director,
President and C.E.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.
June 2017 Director; Managing Director; 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.E.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 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 Frozen Foods Business Dept.



Takaaki Aonuma
Director,
Senior 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
June 2023 Director; Senior Managing Director (to present)
(Responsibilities in the Company)
In charge of General Administration Div., Accounting & Finance Div., Corporate Communications Div., and Internal Control & Audit Div.



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



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)



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., Foods Business Dept.; General Manager, Frozen 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)



April 1987 Joined the Company
 October 2014 General Manager, Human Resources Group, Human Resources Div.
 July 2017 Vice General Manager, Human Resources Div.
 June 2018 General Manager, Human Resources Div.
 June 2020 Executive Officer; General Manager, Human Resources Div.
 June 2023 Director; Executive Officer (to present) (Responsibilities in the Company)
 In charge of Human Resources Div.

Hiroshi Koura

Director, Executive Officer



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), Torex 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)

Naotaka Kawamata

Directors
 (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)

Hitomi Kumagai

Directors (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)

Akio Okuyama

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)

Kazuhiko Yoshida

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)

Kentaro Naruse

Director,
 Audit and Supervisory
 Committee Member
 (Outside Director)



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)

Etsuzo Tamagawa

Director,
 Audit and Supervisory
 Committee Member

Financial and Non-Financial Data

Financial Data

	FY2014	FY2015	FY2016	FY2017
■ Financial Results				
Net Sales	287,109	298,511	311,628	312,932
Cost of Goods Sold	211,822	222,363	230,281	226,338
Gross Margin on Sales	75,286	76,147	81,347	86,593
Selling, General and Administrative Expenses	64,478	67,741	70,253	75,019
Operating Income	10,808	8,406	11,093	11,574
EBITDA	18,851	16,436	18,657	19,289
Ordinary Income	12,248	9,807	12,666	13,162
Net Income	7,810	6,981	8,222	8,934
■ Segment Information				
Food Business	Net Sales	158,974	166,581	177,417
	Operating Income	6,191	5,676	6,781
	Operating Income Margin (%)	3.9	3.4	3.8
Flour Milling Business	Net Sales	100,129	101,673	103,071
	Operating Income	4,148	2,295	3,918
	Operating Income Margin (%)	4.1	2.3	3.8
Other Businesses	Net Sales	28,005	30,256	31,139
	Operating Income	448	384	367
	Operating Income Margin (%)	1.6	1.3	1.2
	Operating Income Adjustment	20	50	25
■ Financial Position				
Current Assets	87,520	94,362	101,017	92,275
Non-current Assets	139,283	154,527	146,902	159,799
Property, Plant and Equipment	85,042	86,349	85,242	90,380
Intangible Assets	1,543	1,131	833	1,297
Total Assets	226,803	248,890	247,919	252,074
Current Liabilities	62,370	64,616	71,641	63,914
Non-current Liabilities	42,796	46,738	40,534	40,714
Interest-Bearing Liabilities	46,165	47,543	46,967	39,758
Total Liabilities	105,167	111,354	112,176	104,628
Total Net Assets	121,636	137,535	135,743	147,446
Total Liabilities and Net Assets	226,803	248,890	247,919	252,074
■ Cash Flow				
Operating Cash Flow	15,487	11,803	20,675	17,391
Investment Cash Flow	-13,349	-8,653	-6,336	-12,646
Free Cash Flow	2,138	3,150	14,339	4,745
Financial Cash Flow	-123	-2,813	-6,210	-11,137
Cash and Cash Equivalents at End of Period	12,202	12,847	20,776	14,368
■ Other				
Capital Investment Amount	13,374	6,206	7,413	12,023
Depreciation	8,043	8,030	7,564	7,715
Research and Development Expenses	2,660	2,688	2,805	2,971

* 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.

(Millions of yen)

FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
323,495	335,399	344,839	329,566	321,317	365,525
234,823	243,017	247,264	233,885	246,390	285,452
88,672	92,381	97,575	95,681	74,926	80,073
78,611	81,159	86,473	85,349	63,644	67,785
10,060	11,222	11,101	10,331	11,282	12,288
17,851	18,650	19,476	19,312	21,514	22,254
11,862	13,065	12,740	12,620	14,270	14,816
7,651	8,455	8,941	8,608	9,327	10,260
191,643	195,696	204,399	196,514	185,911	204,796
4,435	5,221	4,865	4,264	4,068	3,449
2.3	2.7	2.4	2.2	2.2	1.7
97,752	102,736	102,621	97,653	96,934	117,604
5,216	5,538	5,657	5,102	6,211	7,528
5.3	5.4	5.5	5.2	6.4	6.4
34,099	36,966	37,818	35,398	38,471	43,123
374	439	547	1,034	996	1,263
1.1	1.2	1.4	2.9	2.6	2.9
35	21	31	-70	4	45
106,608	118,330	114,534	117,900	130,768	143,021
166,719	174,988	175,832	190,067	195,063	201,557
92,867	101,233	106,957	114,240	115,611	113,467
1,424	1,376	1,624	2,858	2,529	2,175
273,328	293,392	290,428	308,017	325,869	344,606
77,681	76,100	74,078	69,661	74,842	78,613
38,741	62,305	57,768	69,230	72,328	73,378
45,328	61,973	63,934	71,122	69,661	65,320
116,423	138,405	131,847	138,891	147,171	151,992
156,905	154,986	158,581	169,126	178,697	192,613
273,328	293,392	290,428	308,017	325,869	344,606
15,217	17,063	15,532	14,804	11,975	15,055
-11,941	-14,614	-14,130	-12,585	-10,103	-5,026
3,276	2,449	1,402	2,219	1,872	10,029
2,824	7,135	-759	2,553	-4,278	-8,402
20,556	30,085	31,012	35,320	31,215	33,157
10,119	15,911	13,067	16,197	11,246	8,154
7,791	7,428	8,375	8,981	10,232	9,966
3,187	3,346	3,381	3,330	3,352	3,444

Financial Data

	FY2019	FY2020	FY2021	FY2022	FY2023
■ Financial Indicators					
Equity Ratio (%)	51.2	52.9	53.3	53.4	54.8
ROE (%)	5.59	5.89	5.41	5.51	5.66
ROA (%)	2.99	3.06	2.88	2.94	3.06
ROIC (%)	3.3	3.3	2.9	3.0	3.1
Total Asset Turnover	1.2	1.2	1.0	1.0	1.1
Financial Leverage (times)	2.0	1.9	1.9	1.9	1.8
Interest-Bearing Liabilities Ratio (%)	41.3	41.6	43.3	40.0	34.6
Dividend Payout Ratio (%)	29.4	29.1	32.0	31.3	30.3
Dividends on Equity (DOE) Ratio (%)	1.7	1.7	1.7	1.7	1.7
■ Index per Share					
Profit per Share (yen)	108.78	116.71	112.27	121.59	132.16
Annual Dividends per Share (yen)	32	34	36	38	40
Net Assets per Share (yen)	1,961.17	2,006.14	2,141.91	2,268.30	2,421.48
■ Stock Information					
Year-End Stock Price (yen)	1,900	1,687	1,657	1,663	1,660
Highest Stock Price during Period (yen)	2,044	1,925	1,795	1,740	1,703
Lowest Stock Price during Period (yen)	1,641	1,483	1,561	1,546	1,532
Price Earnings Ratio (times)	17.47	14.45	14.76	13.68	12.16
PBR (times)	0.97	0.84	0.77	0.73	0.69
Market Capitalization (millions of yen)	149,765	132,976	130,611	131,084	130,847

Non-Financial Data

	FY2019	FY2020	FY2021	FY2022	FY2023
■ Society					
Number of Customer Center Consultations (cases)	15,157	14,429	13,939	11,249	11,210
Consolidated Number of Employees (people)	3,687	3,737	3,880	3,775	3,848
Non-consolidated Number of Employees (people)					
* Excluding seconded employees	1,002	1,025	1,070	1,137	1,156
[Average Number of Temporary Employees: other than above numbers]	[182]	[182]	[190]	[217]	[201]
Ratio of Female Employees (%)	23.4	24.1	24.1	25.4	26.3
Number of Recruits (people)	63	84	93	81	71
Ratio of Female Recruits (%)	27.0	32.1	24.7	39.5	32.4
Ratio of Female Managers (%)	7.3	7.2	7.4	7.8	7.9
Number of Rehired Employees (people)	15	14	17	17	21
Ratio of Resignations (%)	1.6	2.3	2.5	2.9	2.7
Childcare Leave Acquisition Rate of Male Employees (%) * ¹	15.2	43.2	34.5	51.4	44.4
Childcare Leave Acquisition Rate of Female Employees (%) * ¹	100.0	100.0	100.0	100.0	100.0
Employment Rate of People with Disabilities (%)	1.96	1.89	1.94	2.26	2.26
Average Overtime Hours (hours)	17.0	15.4	15.4	17.0	15.8
Paid Leave Acquisition Rate (%)	66.7	75.5	62.7	67.6	69.0
Stress Check Response Rate (%)	98.2	98.7	99.4	95.2	97.3
High-Stress Employee Rate (%)	4.9	5.5	6.5	8.4	9.7
Occupational Injury Frequency Rate	0.48	1.39	0	0.84	0.42
Training Expenses (thousands of yen)	67,836	58,473	33,124	32,634	51,394
Training Expenses per Employee (thousands of yen)	67.8	57.1	30.9	29.1	44.5
Training Hours per Employee (hours)	20.7	20.8	10.3	7.7	16.8
■ Environment					
CO ₂ Emissions Scope 1 (1,000 t-CO ₂)	—	—	45	47	47
CO ₂ Emissions Scope 2 (1,000 t-CO ₂)	—	—	113	115	115
CO ₂ Emissions Scope 3 (1,000 t-CO ₂) * ²	—	—	—	—	3,120
Total Energy Used (kl)	—	—	84,235	87,073	85,478
Total Energy Consumption Intensity (kWh/t) * ³	133.5	136.5	136.2	138.0	136.3
Total Generated Waste (t)	46,645	47,139	41,180	44,868	46,885
Waste Recycling Rate (%)	95.8	95.2	95.4	96.5	95.9
Chemical Usage Quantity (l)	10,211	10,827	9,504	8,420	10,210
Total Water Used (1,000 m ³)	2,623	2,784	2,750	2,681	2,679
Total Wastewater (1,000 m ³)	1,988	2,101	2,218	2,128	2,089

*¹ Calculated by dividing the number of employees who took postpartum or childcare leave within the fiscal year by the number of employees who gave birth to a child or their spouse within the fiscal year

*² The scope of the calculation covers the Flour Milling business of NIPPON CORPORATION and emission factors are based on the emission intensity database Ver. 3.3 published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry in Japan

*³ NIPPON CORPORATION and consolidated subsidiaries with manufacturing departments

Corporate Information

Company Name	NIPPON CORPORATION (Trade Name: NIPPON 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 meals) business Other Businesses: Health Care, Pet Food, Biotechnology-related business, Machinery sales, etc.
Representative	Toshiya Maezuru Representative Director, President and C.E.O.
Capital	¥ 12.24 billion
Fiscal Year End	March 31 (annual settlement)
Head Office Location	8, Kojimachi 4 chome, Chiyoda-ku, Tokyo 102-0083, Japan
Number of Employees	3,848 (as of March 31, 2023)
Branches	Tokyo No.1, Tokyo No.2, Kanto, Sendai, Nagoya, Osaka, Hiroshima, Fukuoka, Sapporo
Plants and Mills	Yokohama, Chiba, Isesaki Frozen Foods, Ryugasaki, Ryugasaki Frozen Foods, Nagoya, Osaka, Kobe-Konan, Fukuoka, Fukuoka Nanotsu, Otaru
Laboratories	Central Research Laboratory, Research & Development Dept.
Major Group Companies	NIPPON SHOJI Co., Ltd., Matsuya Flour Mills Co., Ltd, NIPPON 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, 2023

Total Number of Shares Authorized to be Issued	300,000,000 shares
Total Number of Shares Issued	78,824,009 shares
Number of Shareholders	30,053 (+5,715 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)	7,786	10.0
NIPPON Clients Shareholding Association	4,604	5.9
Taiju Life Insurance Co., Ltd.	3,497	4.5
Mitsui & Co., Ltd.	3,349	4.3
Duskin Co., Ltd.	2,510	3.2
ITOCHU Corporation	2,250	2.9
Sumitomo Mitsui Banking Corporation	2,246	2.9
The Norinchukin Bank	2,060	2.6
Mitsui Sumitomo Insurance Company, Limited.	1,879	2.4
Custody Bank of Japan, Ltd. (trust account)	1,793	2.3

* Shareholding ratios are calculated after deducting treasury shares and are rounded to one decimal place.



NIPPON CORPORATION

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