

..... To Our Shareholders

nippn

The 198th Period

# Year-end Report

April 1, 2021 to March 31, 2022



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## To Our Shareholders

With the delivery of this “Year-end Report for the 198th Period” to you, we would like to express our sincere appreciation for your continued support.

We sincerely apologize to our shareholders for the inconvenience and concern caused by the system failure resulting from a cyber-attack that occurred in July last year. We have strengthened security measures to prevent a recurrence, and completed the restoration of major core systems in January this year. On May 13, 2022, we announced our consolidated financial results for the fiscal year ended March 31, 2022. I would also like to provide an overview of our business in FY2022 and our outlook for the future.



Representative Director,  
President  
Toshiya Maezuru

前鶴俊哉

### Interview with the President

# FY2022 Business Summary and Future Outlook

## Creating a new era of “Food” that anticipates changes in the environment

### Q Looking back at FY2022, what is your opinion of the business environment?

**A** In the Japanese economy during the fiscal year ended March 31, 2022, economic activities showed signs of normalization as vaccinations progressed, despite the lingering impact of the COVID-19 pandemic. However, prospects for Japan’s economy have remained uncertain as outbreaks of new mutant strains have caused resurgence in infections.

In the food industry, personal consumption has undergone major changes, including the growth of delivery services and an increase in eating at home due to increased demand from people staying at home. There are also concerns about the impact of soaring raw material prices. In light of this, the Group has strived to strengthen its business foundation by adopting a flexible approach in such an unprecedented business environment. We have strengthened our existing businesses by reducing costs and boosting sales while, at the same time, aggressively investing in promising fields.

### Q Please give us an overview of your business performance for FY2022.

**A** Regarding consolidated business results for FY2022, net sales were ¥321.317 billion (111.4% year on year), operating income was ¥11.282 billion (108.8% year on year), ordinary income was ¥14.27 billion (112.7% year on year), and profit attributable to owners of the parent company was ¥9.327 billion (108.0% year on year).

In the previous fiscal year, both sales and profits increased for the full year as the frozen foods business grew due to the recovery of demand in the commercial-use food and ready-made meals (*nakashoku*) businesses as well as further attraction of demand for food products for eating at home arising from the spread of the COVID-19 infection. This happened despite the impact of soaring raw-material prices and increased costs from strategic sales promotions and advertising spending in the second half of the fiscal year.

With respect to the year-end dividend, in order to express our

gratitude to our shareholders who have supported us to date, we have decided to pay a year-end dividend of ¥20 per share (annual dividend of ¥38 per share) by adding an additional ¥2 per share.

### Q Please give us an overview of the long-term vision for the future announced on this occasion.

**A** In 2021, the Group celebrated the 125th anniversary of its founding and made a fresh start under a new corporate name NIPPON CORPORATION. Since the Group’s founding, NIPPON and its Group companies have diversified the scope of our business to include frozen foods, ready-made meals, overseas, and healthcare, with flour milling and food products as core businesses. However, the business environment surrounding the Group has continued to change rapidly even after the company name was changed. So to achieve sustainable growth by building a business model that accurately harnesses change, we have established the new

### FY2022 Consolidated Financial Highlights

(April 1, 2021 to March 31, 2022)

Net Sales	¥321.3 billion (Up 11.4% y-o-y)	Net Income per Share	¥121.59
Operating Income	¥11.2 billion (Up 8.8% y-o-y)	Total Assets	¥325.8 billion
Ordinary Income	¥14.2 billion (Up 12.7% y-o-y)	Net Assets	¥178.6 billion
Profit Attributable to Owners of Parent	¥9.3 billion (Up 8.0% y-o-y)	Net Assets per Share	¥ 2,268.30

### FY2023 Full-Year Forecasts

(April 1, 2022 to March 31, 2023)

Net Sales	¥355.0 billion (Up 10.5% y-o-y)
Operating Income	¥10.1 billion (Down 10.5% y-o-y)
Ordinary Income	¥12.2 billion (Down 14.5% y-o-y)
Profit Attributable to Owners of Parent	¥8.3 billion (Down 11.0% y-o-y)

management philosophy of “contributing to the realization of a sustainable society by pursuing the well-being (happiness, health, and smiles) of people.” In addition, based on this management philosophy, the Group has established a management policy of “creating future-focused value together with our stakeholders, including customers and shareholders.”

We aim to grow to a scale of 500 billion yen in net sales and 25 billion yen in operating income in order to secure our position as a comprehensive food company of high repute. As a milestone toward achieving this goal, we aim to earn 400 billion yen in net sales and 15 billion yen in operating income by 2026, five years from now, by strengthening the Group’s revenue base while further growing existing businesses and actively working on inorganic growth opportunities such as new business development and M&As.

**Q Please tell us about the direction of the Company’s future business strategy.**

**A** In addition to achieving stable and sustainable profit growth in our core businesses, such as flour milling and food ingredients, as well as our growth businesses, which include frozen foods and ready-made meals, we will create new value and businesses through rapid overseas expansion, development of new materials and innovative products, and entry into new sales channels such as e-commerce, thereby improving our overall corporate value.

**Q Please tell us about the Company’s commitment to sustainability.**

**A** We aim to be a company that delivers happiness, smiles, and good physical and mental health to all people around the world through the use of our products in a variety of situations. We will also build a work environment

where each and every employee can foster their creativity and diversity and proactively engage in a vast range of opportunities, while keeping the pioneering spirit of our founding in mind, and strive to take on challenges in new business domains. Through such corporate activities in line with the concept of the SDGs, we will help to realize a sustainable society by working sincerely on initiatives to address social challenges. These include environmental issues such as climate change, social problems such as the effective use of food resources, population problems, and the extension of a healthy life expectancy.

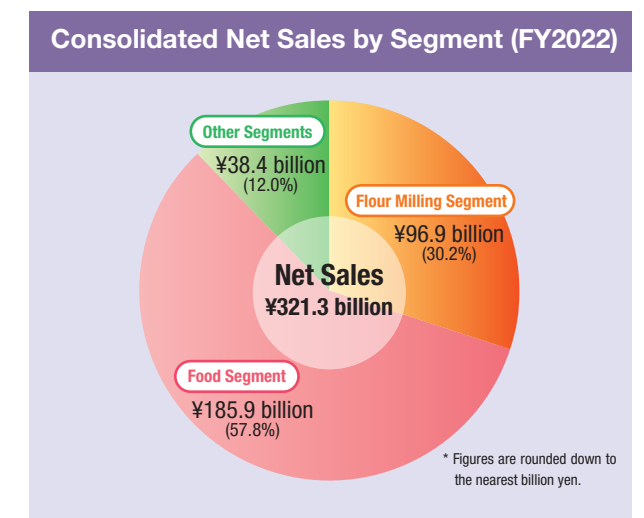
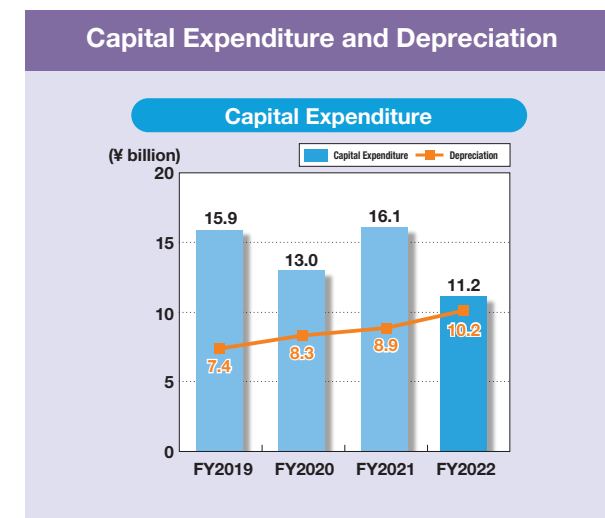
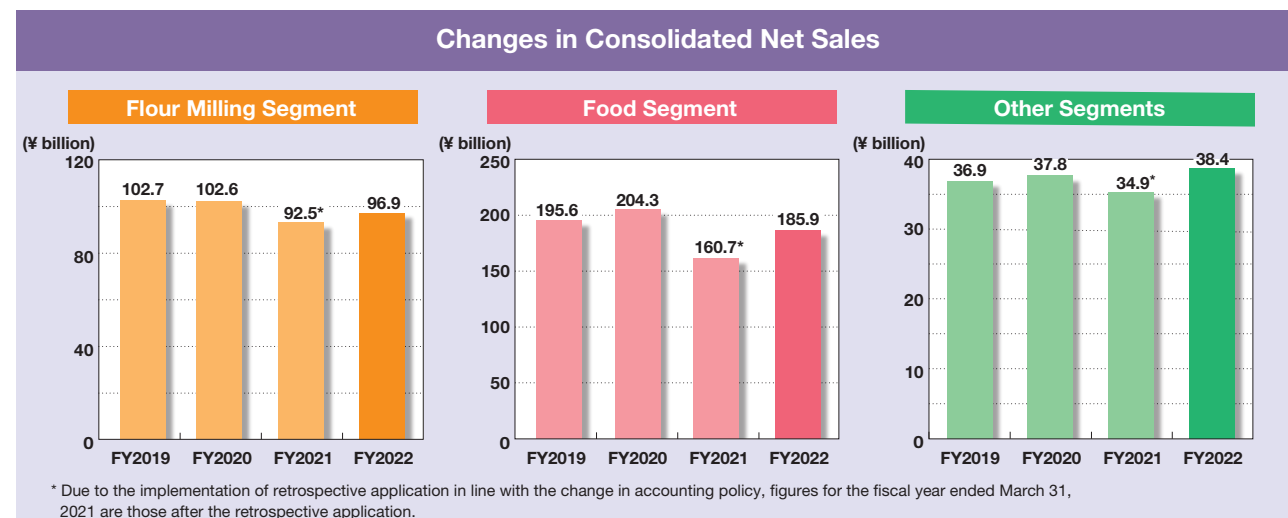
**Q What is your outlook regarding the performance in FY2023?**

**A** The domestic economy is expected to remain in a situation where concerns about the re-spread of COVID-19 cannot be completely dispelled. In addition, the global situation remains unpredictable and uncertain due to

soaring crude-oil and raw-material prices, the situation in Russia and Ukraine, and other factors. In the food industry, the need for products that meet consumers’ diverse lifestyles is expected to continue growing, and we can expect more startling changes in consumer behaviors in the future. For the fiscal year ending March 31, 2023, we forecast consolidated net sales of ¥355 billion, operating income of ¥10.1 billion, ordinary income of ¥12.2 billion, and profit attributable to owners of the parent company of ¥8.3 billion.

**Q Finally, do you have any messages for shareholders?**

**A** We will expand our global business and generate new businesses to achieve growth by leveraging the Group’s strengths while continuing to invest management resources in growth areas. We would like to sincerely ask our shareholders for continued and further support.



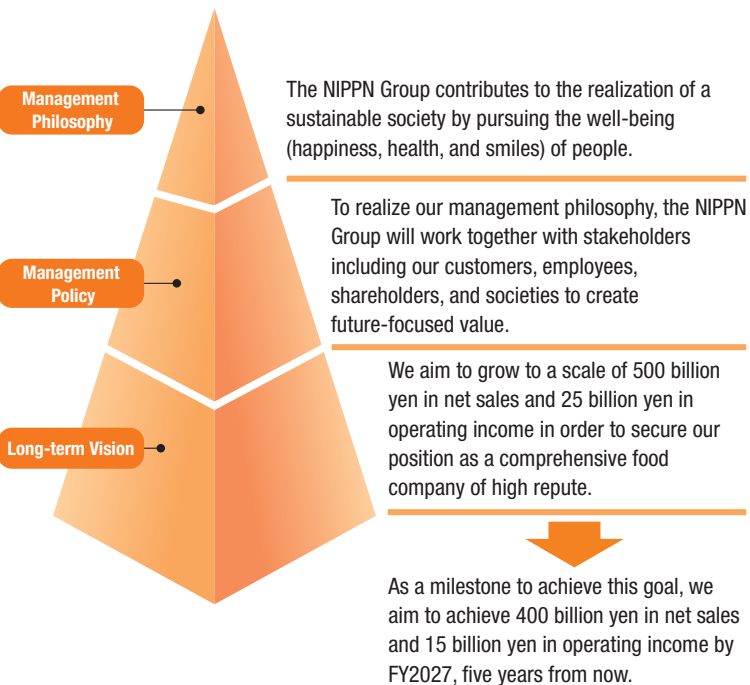
## NIPPN Group's new management philosophy and management policy

### NIPPN CORPORATION has formulated a new management philosophy and management policy in line with its long-term vision for the future.

In 2021, the Group changed its name to “NIPPN CORPORATION” to mark its 125th anniversary. At the time of the Group’s founding, our core business was flour milling, which was later expanded to include food products. Since then, we have diversified our business into frozen foods and “*nakashoku*” (ready-made meal). Going forward, our focus will also be on businesses such as healthcare, as well as soybean and vegetables, while at the same time expanding our business domains by adding new businesses to achieve sustainable growth. To mark this new phase of the NIPPN Group, we have established the new management philosophy.

#### ● New management philosophy

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



The environment in which we operate is changing at a dizzying pace. We would like to create a new era of “Food” that anticipates change, combining the technology we have used since our founding with new digital transformation (DX) to generate innovation. 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 the world over.

Internally, we will create a work environment that encourages positive engagement in everything we do, fostering creativity and diversity as we take on the challenge of new business domains, with each and every employee always remembering the pioneering spirit of our founding.

Through such corporate activities, we will contribute to the realization of a sustainable society by sincerely engaging in initiatives to address social challenges including environmental issues such as climate change, social problems such as the effective use of food resources (preservation of biodiversity), population problems, and the extension of healthy life expectancy.

Based on our management philosophy, we have established a management policy.

The NIPPN Group will work with stakeholders to create future-focused value with the goal of ensuring people’s well-being (happiness, health, and smiles) and contributing to the realization of a sustainable society.

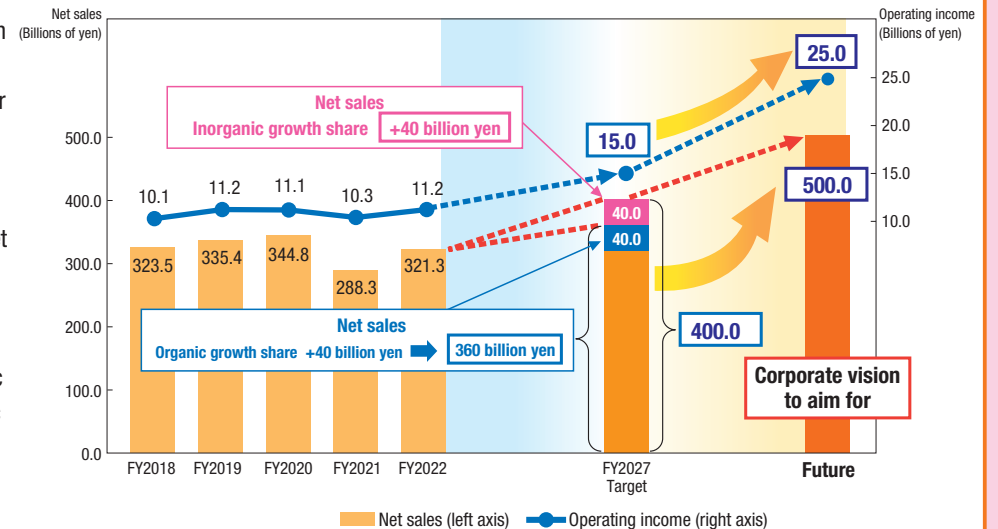
#### ● Management policy

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 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 Level of Growth Envisioned by the NIPPN Group

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

As a milestone to achieving this goal, we aim to achieve 400 billion yen in net sales and 15 billion yen in operating income by 2026, five years from now, by strengthening our revenue base while building up sales through organic growth, as well as enhancing inorganic growth.



\*Due to the implementation of retrospective application in line with the change in accounting policy, figures for FY2021 are those after the retrospective application.



# New products for spring & summer 2022

## Processed Foods

### ◆ nippn Crispy Tempura Mix “Hanasakuri”



450 g



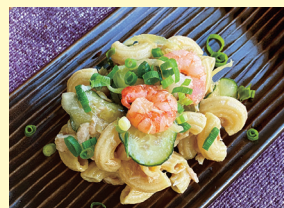
200 g



Kakiage of bitter gourd and corn

In response to customer complaints that they cannot reproduce the texture of tempura experienced in restaurants and that it does not crisp up after an hour of frying, we have introduced a new type of tempura flour that stays crispy and delicious both right after frying and an hour later. This flour mix uses only 2 cm depth of oil to fry, making it easy to clean up after cooking. The new product comes in two sizes, 450 g and 200 g, so you can choose the one that best suits your needs and frequency of use.

### ◆ Oh'my Natural Series Whole Wheat Macaroni for Salad



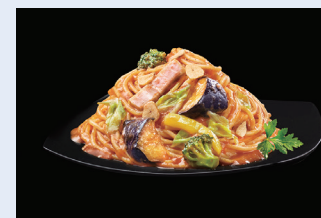
Japanese-style macaroni salad with tuna

Macaroni, which has a rich wheat flavor and is good for health, is now available in the product lineup for the “Shizen no Megumi (Nature's Blessings)” series that is good for both people and the Earth. Made from 100% whole durum wheat flour, this macaroni is a rich source of dietary fiber and three minerals (iron, magnesium, and manganese). The packaging is environmentally friendly, using FSC-certified paper and ink made from plant-derived ingredients.

## More convenient and easier to use! Introducing products designed to meet customers' needs.

## Frozen Foods

### ◆ Oh'my Premium Garlic Tomato Sauce Pasta



A new taste, “Garlic Tomato,” has been added to the Oh'my Premium series. It features a rich tomato sauce with the punchy flavor of three kinds of garlic (grated, oiled, and fried garlic). Bacon and four different vegetables (fried eggplant, broccoli, cabbage, and yellow bell pepper) add color to the frozen pasta.

#### Developer's voice



Sales & Marketing Planning Div.  
Foods Business Dept.  
(At the time of development:  
Food Development Div.,  
Research & Development Dept.)  
**Shunsuke Shigematsu**

Using the taste of a well-known chain restaurant as a benchmark, we have created a product with abundant in colorful vegetables. The flavor of ripe tomatoes, the richness of cheese, and the aroma of garlic combine to make this meal appetizing. We were particular about the sauce, and adjusted the overall balance, including the simmer level and savory garlic flavor, through repeated production trials, aiming to reproduce the taste experienced at the restaurant. Please enjoy the restaurant's flavor in the comfort of your own home!

## Health food

Food with Functional Claims (Registration Number: G323)

### ◆ Ceramide Supplement for Glowing, Hydrated, and Purely White Skin



A new supplement is now available that contains rice-derived glucosylceramide, which has been reported to enhance the function of protecting the skin from dryness (barrier function), and astaxanthin, which has been reported to help protect the skin from UV stimulation. This supplement is recommended for year-round skin care that meets the needs of customers for both moisturizing the skin and protecting the skin from UV stimulation.

#### Developer's voice



Development Team  
Health Care Business Div.  
**Megumi Ito**

NIPPON ceramide, a commercial-use health material that has been studied as a functional ingredient effective for moisturizing skin, is now being used in supplements for home use. We repeated research and trial production to develop products that cater better to customer needs. The addition of astaxanthin enhanced the potency as a skin care product, and using a vegetable-based capsule material enabled the development of a soft-textured supplement that is easy both to swallow and keep taking. Please give it a try!

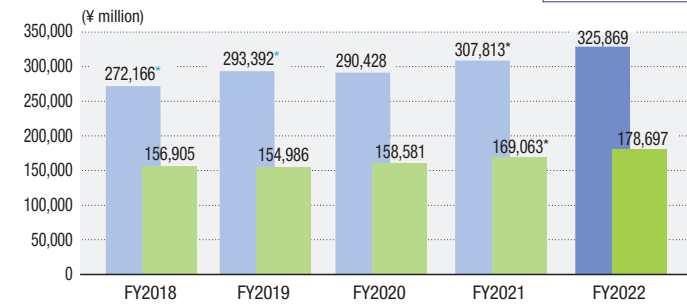
### ◆ nippn Trendy Meal Taco Rice



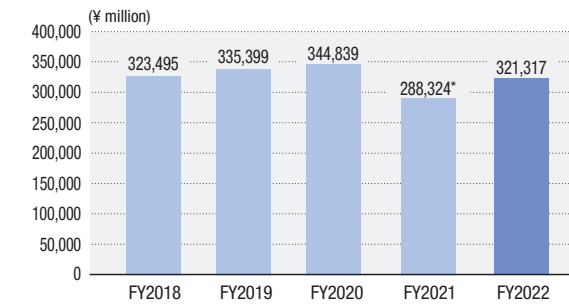
“Taco Rice,” which is a perfect combination of rich tomato-flavored taco meat and spicy salsa sauce, is now available in the “Imadoki Gohan (Trendy Meal)” series, which enables customers to easily enjoy fashionable meals at home. With three kinds of vegetables (broccoli, cabbage, and corn), and generously topped with cheddar cheese, this product is a visually appealing, colorful dish.

## Consolidated Financial Results

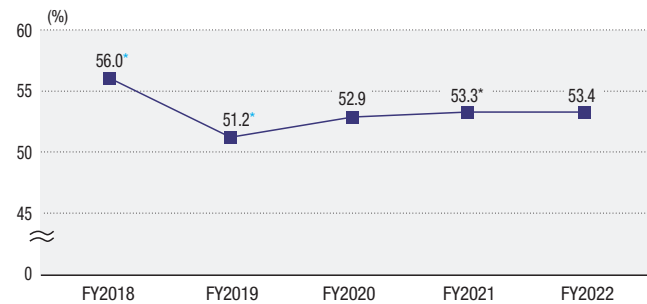
### Total assets/Net assets



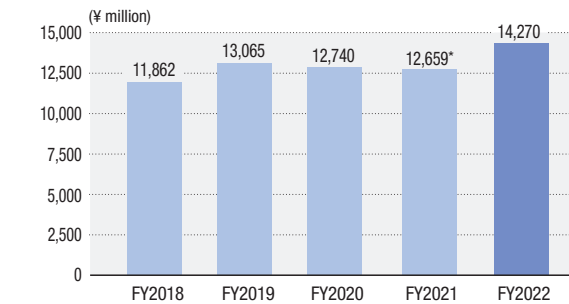
### Net sales



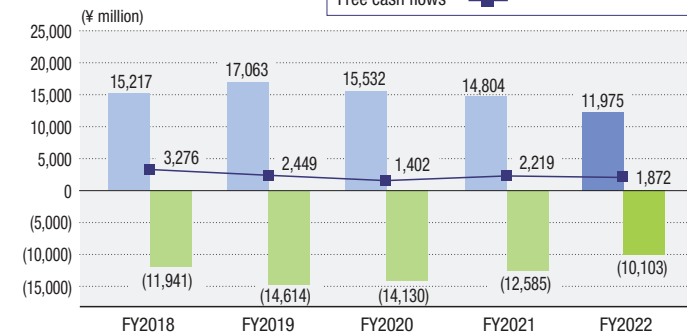
### Equity ratio



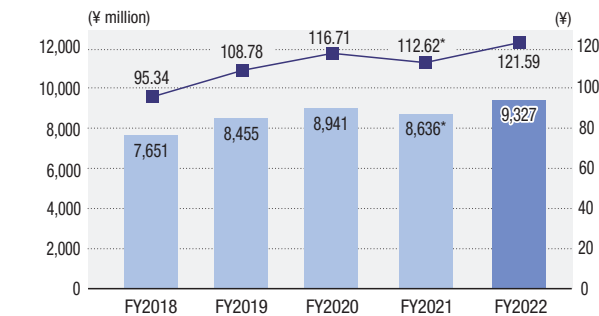
### Operating income



### Cash flows



### Profit attributable to owners of parent/ Net income per share



\* Effective from the fiscal year ended March 31, 2019, the Company has applied the partial amendments to "Accounting Standard for Tax Effect Accounting" and other standards, and the figures for total assets and equity ratio for the previous fiscal year (FY2018) are presented after the retrospective application of these accounting standards.

\*Due to the implementation of retrospective application in line with the change in accounting policy, figures for the fiscal year ended March 31, 2021 are those after the retrospective application.

(As of March 31, 2022)

## Company Overview

Company Name:	NIPPN CORPORATION
Head Office:	4-8 Kojimachi, Chiyoda-ku, Tokyo
Established:	December 1896
Capital:	¥12.24 billion
Number of Employees:	1,137 [non-consolidated basis]
Major Businesses:	Manufacturing and marketing of wheat flour and secondary processed foods, including premixes, pastas and frozen foods, deli (packaged lunch), pet food products, health care products, biotechnology business, etc.
Locations:	Head office (Tokyo), eight branches (nine branches from April 1), eleven plants, laboratory (Atsugi)

## Major Group Companies

Matsuya Flour Mills Co., Ltd.	NIPPN SHOJI 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.
NIPPN Donut Co., Ltd.	Nippon Engineering Co., Ltd.
Overseas (United States, China, Thailand, and Indonesia)	

(As of March 31, 2022)

## Shares

● Number of Authorized Shares	300,000,000 shares
● Number of Outstanding Shares	78,824,009 shares
● Number of Shareholders	24,338
● Major Shareholders	

Name	Number of shares held (thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	8,516	11.1
NIPPN Clients Shareholding Association	4,535	5.9
Taiju Life Insurance Co., Ltd.	3,497	4.5
MITSUI & CO., LTD.	3,349	4.4
DUSKIN CO., LTD.	2,510	3.3
Itochu Corporation	2,250	2.9
Sumitomo Mitsui Banking Corporation	2,246	2.9
The Norinchukin Bank	2,060	2.7
Mitsui Sumitomo Insurance Co., Ltd.	2,004	2.6
Custody Bank of Japan, Ltd. (trust account)	1,757	2.3

Note: The calculation of the shareholding ratios excludes 1,871,000 treasury shares.

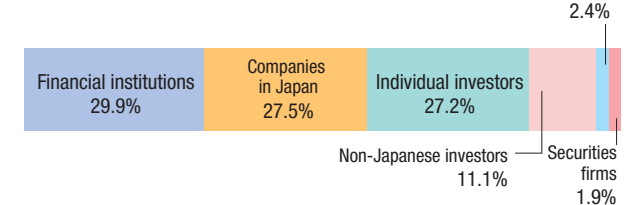
(As of June 29, 2022)

## Directors and Executive Officers

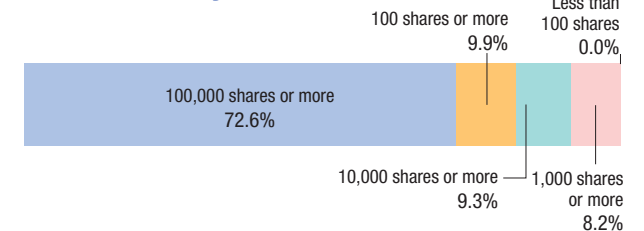
Representative Director, President:	Toshiya Maezuru	Senior Executive Officer:	Akira Higashino
Representative Director, Executive Vice President:	Toshifumi Horiuchi	Executive Officer:	Hideki Okusu
Senior Managing Director:	Atsuo Ouchi	Executive Officer:	Hiroshi Koura
Managing Director:	Takaaki Aonuma	Executive Officer:	Motonao Takahashi
Managing Director:	Akiko Kimura	Executive Officer:	Hiroyuki Matsumoto
Managing Director:	Keizo Kagawa	Executive Officer:	Hisayasu Soejima
Managing Director:	Yasunori Tanaka	Executive Officer:	Shigeyuki Ookanda
Managing Director:	Tomio Kimura	Executive Officer:	Itsuo Hayashi
Managing Director:	Hiroaki Kawasaki	Executive Officer:	Toru Otao
Director (Outside Director):	Naotaka Kawamata	Executive Officer:	Naoki Abe
Director (Outside Director):	Hitomi Kumagai	Executive Officer:	Masahiko Korematsu
[Directors who are Audit & Supervisory Committee Members]			
Director (Outside Director):	Akio Okuyama		
Director (Outside Director):	Kazuhiko Yoshida		
Director (Outside Director):	Kentaro Naruse		
Director:	Etsuzo Tamagawa		

## Distribution of Shares

### Distribution by shareholder type



### Distribution by shareholder size



## The 198th Annual Shareholders Meeting: Notice of Resolutions

We are pleased to inform you that the following matters were reported and resolved at our 198th Annual Shareholders Meeting held on June 29, 2022.

### Details

#### Matters reported

1. Business report, consolidated financial statements and audit reports on the consolidated financial statements by the accounting auditor and the board of corporate auditors for the 198th period (April 1, 2021 through March 31, 2022).
  2. Non-consolidated financial statements for the 198th period (April 1, 2021 through March 31, 2022).
- The details of the above items were reported.

#### Matters resolved

- Proposal 1:** Appropriation of retained earnings  
This matter was approved and adopted as originally proposed, and the year-end dividend was determined to be ¥20 per share.
- Proposal 2:** Partial amendments to the Articles of Incorporation  
This matter was approved and adopted as originally proposed.
- Proposal 3:** Election of eleven directors (Audit & Supervisory Committee nonmembers)  
This matter was approved and adopted as originally proposed, and Toshiya Maezuru, Toshifumi Horiuchi, Atsuo Ouchi, Takaaki Aonuma, Akiko Kimura, Keizo Kagawa, Yasunori Tanaka, and Naotaka Kawamata were reappointed and assumed office as directors (Audit & Supervisory Committee nonmembers), and Tomio Kimura, Hiroaki Kawasaki, and Hitomi Kumagai were newly appointed and assumed office as directors.
- Proposal 4:** Election of four directors who are Audit & Supervisory Committee members  
This matter was approved and adopted as originally proposed, and Akio Okuyama, Kazuhiko Yoshida, Kentaro Naruse, and Etsuzo Tamagawa were reappointed and assumed office as directors who are Audit & Supervisory Committee members.

### Notice of abolition of Quarterly Reports

Starting from the 199th period (April 1, 2022 to March 31, 2023), we have decided to discontinue the publication of quarterly reports that have been issued in September and March each year. This decision takes into consideration the global environment and the fact that key information is disclosed on the Company's website. We will continue to publish interim and year-end reports in the future as well. Thank you very much for your understanding.

### Shareholder Information

Fiscal Year:	April 1 to March 31
General Meeting of Shareholders:	June
Record Date:	March 31 for the General Meeting of Shareholders and Year-end Dividend September 30 for the Interim Dividend
Administrator of Shareholder Registry	Sumitomo Mitsui Trust Bank, Limited.
[ Manager of Special Account ]:	4-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo
Mailing Address:	Stock Transfer Agency Business Planning Dept., Sumitomo Mitsui Trust Bank, Limited. 8-4 Izumi 2-chome, Suginami-ku, Tokyo 168-0063
[ Telephone Contact ]:	0120-782-031 (toll free in Japan)
Website:	<a href="https://www.smtb.jp/personal/procedure/agency/">https://www.smtb.jp/personal/procedure/agency/</a>



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