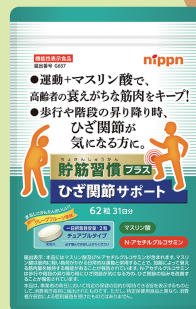


## ● To Our Shareholders ●

The 199th Period

# Interim Report

April 1, 2022 to September 30, 2022



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## To Our Shareholders

With the delivery to you of this “Interim Report for the 199th Period,” we would like to express our sincere appreciation for your continued support.

NIPPON CORPORATION (NIPPON) announced, on November 4, 2022, its consolidated financial results for the first half of the year ending March 31, 2023 (FY2023).

I will explain about our progress and about the outlook for the rest of FY2023.

Representative Director, President Toshiya Maezuru

前鶴俊哉



## Interview with the President

# FY2023 1H Business Summary and Future Outlook

Boosting corporate value by strengthening core businesses and expanding business domains

## Q Looking back at the first half of FY2023, what do you think of the business environment?

A During the first six months of the fiscal year ending March 31, 2023, the Japanese economy saw a sustained recovery in personal consumption led by face-to-face services, despite experiencing the seventh wave of COVID-19 infections in the summer, in response to which the government did not take any measures to restrict economic activity. On the other hand, corporate earnings have been negatively affected by surging grain and natural resource prices stemming from the crisis in Ukraine, as well as by the falling yen driven by a growing gap between US and Japanese interest rates.

The food industry faces continued uncertain business conditions despite a recovery in consumption behavior to near pre-COVID levels. This is mainly due to spikes in raw material grain prices, costs of energy such as electricity and gas, and distribution costs.

Against this backdrop, the Group has strived to grow

sustainably to fulfil its social responsibility as a comprehensive food company, by enhancing its existing businesses mainly through cost cuts and stronger sales, as well as by strengthening its business base and expanding business domains through active investments in growth areas.

## Q Please give us an overview of the consolidated performance in the first half of FY2023.

A Regarding consolidated business results for the first half of FY2023, net sales were ¥176.488 billion (112.0% year on year), operating income was ¥5.829 billion (99.3% year on year), ordinary income was ¥7.211 billion (98.0% year on year), and profit attributable to owners of the parent company was ¥4.963 billion (94.8% year on year).

The Group recorded lower profits on higher sales in the first half of FY2023, weighed down by soaring raw material prices and energy costs, and strategic sales promotions and advertising that increased costs. The decline was despite positive factors such as a recovery in demand for

commercial-use food and ready-made meals (nakashoku) that suffered from the impact of the COVID-19 outbreak in the previous year, and the strong performance of the frozen foods business.

## Q Please provide an overview of the medium-term business plan covering the period until FY2027.

A The Group aims to grow to a scale of ¥500 billion in net sales and ¥25 billion in operating income under its long-term vision to secure its position as a comprehensive food company of high repute. As a milestone toward achieving this goal, we aim to earn ¥400 billion in net sales and ¥15 billion in operating income by FY2027, in five years' time.

We will boost our sales and revenues through efforts on two fronts. In our core businesses—flour milling, food ingredients, and processed foods—we will strengthen brands, differentiate our product offerings, and increase production capacity. With regard to our growth businesses—frozen foods, ready-made meals, and healthcare—and overseas business, we will focus our management resources on them, by designating them as focus fields for the future, in order to build and enhance their supply bases and drive business acquisitions and partnerships.

FY2023 1H Consolidated Financial Highlights (April 1, 2022 to September 30, 2022)			
Net Sales	¥176.4 billion (Up 12.0% y-o-y)	Net Income per Share	¥64.17
Operating Income	¥5.8 billion (Down 0.7% y-o-y)	Total Assets	¥330.9 billion
Ordinary Income	¥7.2 billion (Down 2.0% y-o-y)	Net Assets	¥184.3 billion
Profit Attributable to Owners of Parent	¥4.9 billion (Down 5.2% y-o-y)	Net Assets per Share	¥2,316.99

## Q Please give an update on capital investment.

A We decided to do the following: build a new flour milling plant on land that we have previously acquired in Chita City, Aichi Prefecture; enhance the equipment of Kobe Konan Plant (Higashinada-ku, Kobe City, Hyogo Prefecture); and close down the aging Nagoya Plant (Minato-ku, Nagoya City, Aichi Prefecture) and Osaka Plant (Taisho-ku, Osaka City, Osaka Prefecture).

The new plant in Chita is expected to start operations in 2026. This realignment will raise our percentage of oceanfront plants from the current 83% to 95%, thereby reducing raw material procurement costs.

In our overseas business, we are, for example, building a new pre-mix plant in Indonesia and will launch it during 2023. As such, we are actively investing in plants and equipment in both Japan and abroad.

## Q What are the Group's initiatives for sustainability?

A The Group's sustainability initiatives aim to ensure a steady supply of food for the realization of a sustainable society, by resolving various social challenges as a comprehensive food company. To this end, the Group will

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)

also promote ESG initiatives for sustainable growth. We enhanced our systems for contributing to the creation of a sustainable society while sincerely responding to social challenges, by setting up a sustainability promotion department in April 2022. Our recent initiatives on the environmental front include the expanded use of paper containers to reduce plastic waste. Also, we are working to install solar power generation equipment in Isesaki Plant (panel capacity: 500 kW) and Ryugasaki Frozen Foods Plant (390 kW), with our target being the start of operations by February 2023.

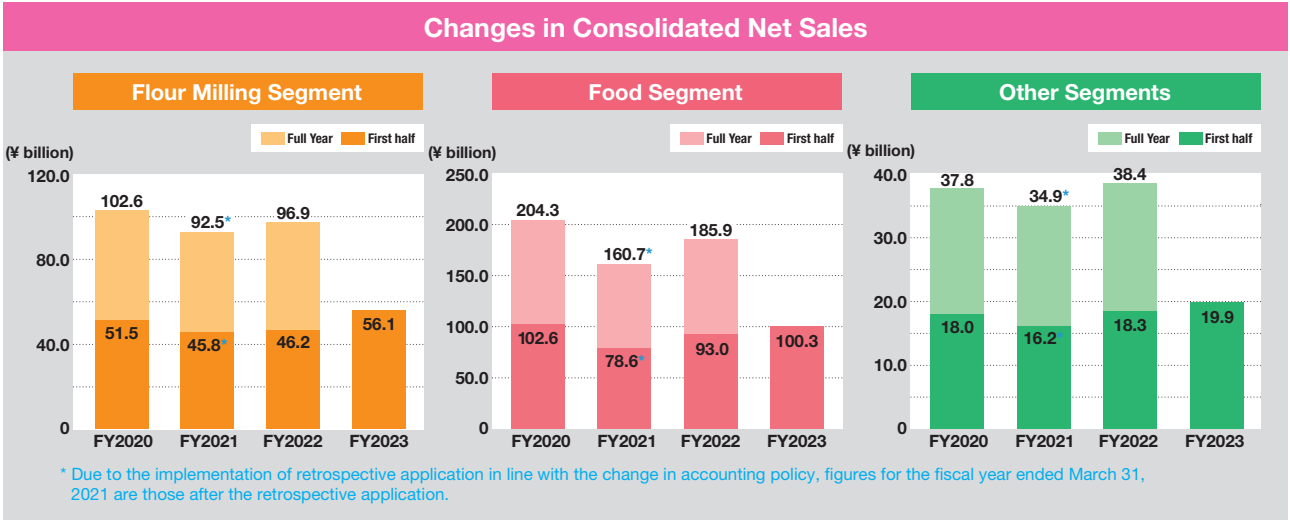
**Q Please tell us about the outlook for the full-year consolidated financial results for FY2023.**

**A** For the full-year results, we maintain the forecast figures released on May 13, 2022, namely: consolidated net sales of ¥355.0 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.

This is because our performance is likely to be affected for some time by stubbornly high raw material and energy prices, which are being mainly driven by geopolitical risks and the yen's rapid depreciation, although our first-half results outperformed the initial forecast, which was mainly due to a stronger-than-expected recovery in demand.

**Q Finally, please give a message to shareholders.**

**A** We will strive to further boost our corporate value as a comprehensive food company by sincerely addressing climate change and other environmental issues, as well as social challenges such as the effective use of food resources, tackling population problems, and increasing healthy life expectancy. This is based on our management philosophy of “contributing to the realization of a sustainable society by pursuing the well-being (happiness, health, and smiles) of people.” We would like to sincerely ask our shareholders for their continued and further support.



# Overview of Business

(April 1, 2022 to September 30, 2022)

## Flour Milling Segment

We revised product prices in June 2022 as the government's selling prices for five brands of imported wheat were raised by 17.3% on average (tax inclusive) in April 2022. The Group is strengthening quality control in response to the growing preoccupation with the safety and security of food throughout society. At the same time, to address customer needs and diversifying food preferences, the Group promoted sales initiatives with a view to resolving the issues that concern customers. Given that we are still recovering from the impact of the COVID-19 pandemic, we have been pushing forward sales activities by further strengthening our initiatives

with customers and enhancing our sales capability and brands. As a result, in the Flour Milling business, sales of wheat flour and sales of wheat bran, a by-product, were higher than the levels for the same period of the previous year, mainly because of the revision of wheat flour sales prices and the recovery in demand. As a result, net sales for the Flour Milling segment increased by 21.5% year on year to ¥56,149 million, and operating income increased by 21.9% to ¥3,425 million.

## Food Segment

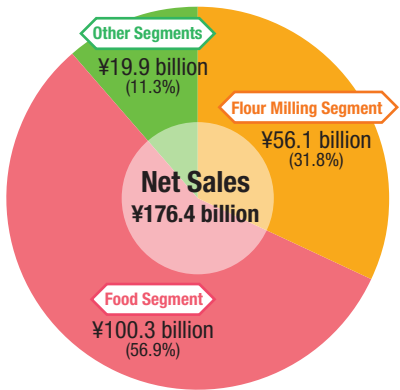
In the professional-use category, demand showed a tendency to recover owing to the relaxation of the restrictions on activities and in reaction to the fact that the government requested large commercial facilities, restaurants, etc. to shorten opening hours in the previous year, and as a result, sales of products in this category were higher than the level for the same period of the previous year. In the home-use product category, although demand for products for consumption at home associated with people refraining from going out ran its course, sales of products in this category were higher than the level for the same period of the previous year, owing to price revisions in January and February 2022 in line with cost increases, such as for raw materials. In the frozen foods category, demand for home-use frozen foods, such as the One Plate Meal series of complete meals consisting of a main dish and

staples and the Trendy Meal series of rice dishes, was brisk. In addition, the price revision in February 2022 also contributed to higher sales. As a result, sales of products in this category were higher than the level for the same period of the previous year. In the ready-made meals business, sales were higher than the level for the same period of the previous year because demand is recovering in line with the relaxation of the restrictions on activities. As a result, net sales of the Food segment increased by 7.9% year on year to ¥100,364 million, while operating income decreased by 26.2% to ¥2,041 million.

## Other Segment

Sales of the pet food business were higher than the level for the same period of the previous year

## Net Sales by Segment (1H of FY2023)



\* Figures are rounded down to the nearest billion yen.

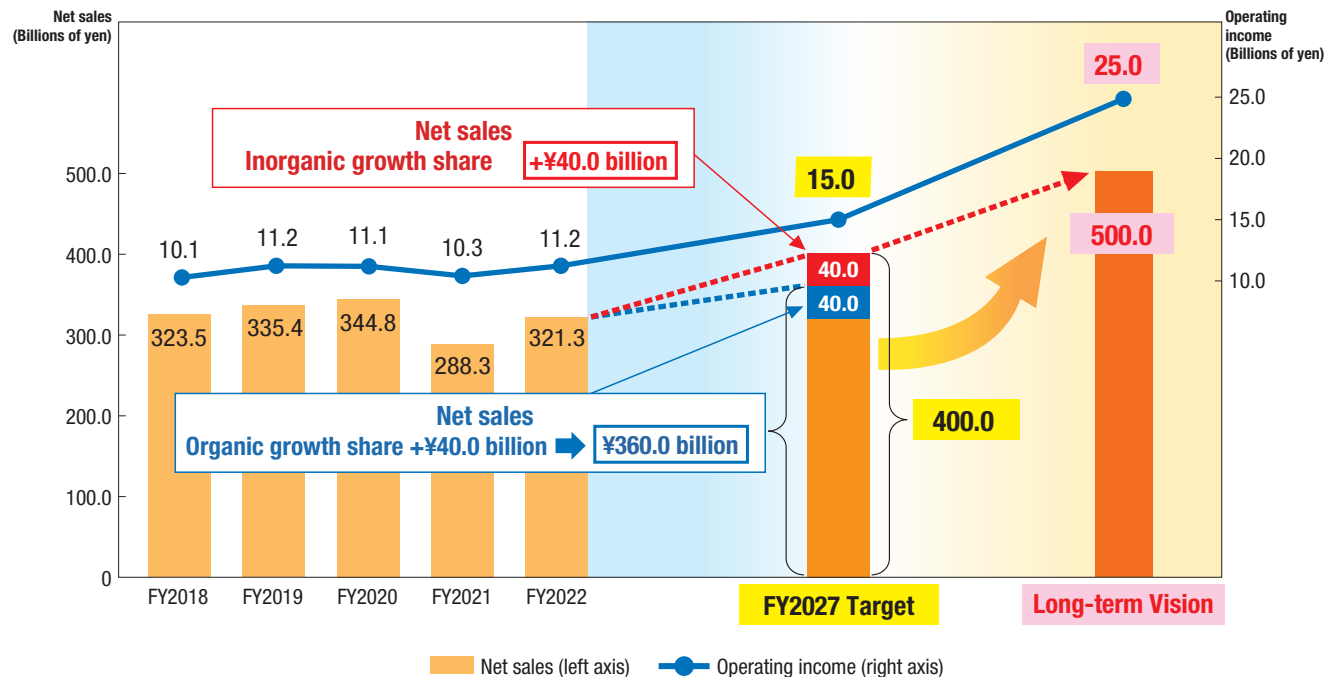
## Capital Expenditure

Capital expenditure for the first half of FY2023 was ¥3,238 million (on an accrual basis).

## The FY2023–2027 Medium-term targets

As a milestone toward achieving this goal, **we aim to earn ¥400 billion in net sales and ¥15 billion in operating income by FY2027, five years from now.**

### ●Level of Growth Envisioned by the NIPPN Group



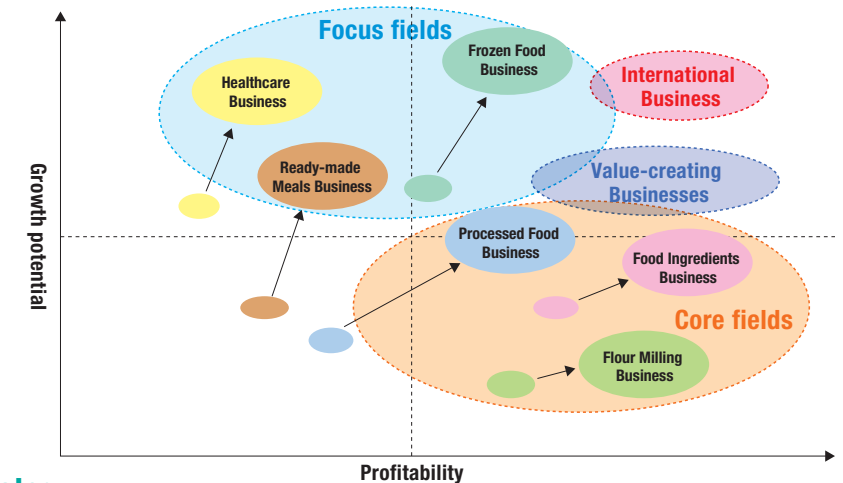
\*The figures for FY2021 have been adjusted retroactively due to a change in accounting policy.

Expand revenue through **organic growth + inorganic growth** by concentrating management resources on high-growth fields and regions, while promoting application of basic technologies and integration with new technologies

### ●Targeted Business Portfolio

The FY2023–2027 Medium-term targets of net sales of 400 billion yen and operating income of 15 billion yen are a set of five-year business policies and strategies aimed at achieving NIPPN's long-term vision of achieving growth to the scale of **net sales of 500 billion yen and operating income of 25 billion yen**. The period from FY2023 to 2027 is positioned as a stage for strengthening the foundation for sustainable growth by expanding business fields in Japan and overseas.

### Targeted business portfolio over the medium term (image)

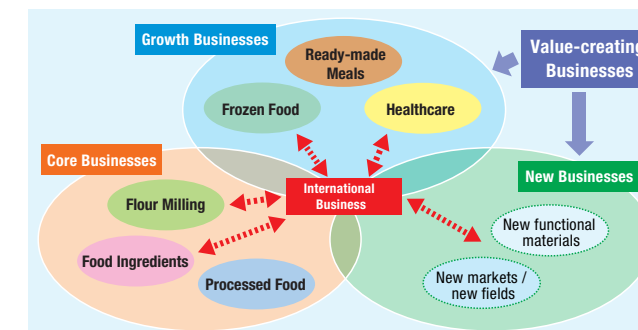


### ●Overall Picture of the Growth Strategy

- Strengthen the business foundation by promoting structural reform of existing businesses and continued development of growth drivers, while optimally allocating management resources to create new businesses
- Aim to expand revenue through **inorganic growth** based on M&A and alliances in addition to steady **organic growth**

#### Basic measures for organic growth

By focusing on growth businesses (frozen food, ready-made meals, healthcare, international), strengthen capital investment and development of products anticipating change to reinforce brand power



#### Basic measures for inorganic growth

Expand the scale of business through M&A and alliances in Japan and overseas

Expand existing businesses and start new businesses

- Expansion of production sites and sales territories and market development in the U.S. and the ASEAN region
- Development and commercialization of innovative functional materials for health-conscious consumers
- Creation of new demand for products in response to change in lifestyles
- Entry to new "food" fields

Business in Japan ¥30.0 billion	+	International Business ¥10.0 billion	=	Sales Up ¥40.0 billion
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# New products for autumn & winter 2022

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

## Processed Foods

### ◆ nippn Flaxseed Oil Effective

Notification number: G1361  
Functional claims submitted:  
This product contains alpha-linolenate, which reportedly lowers the level of LDL (bad) cholesterol in the blood and is suitable for people with high blood pressure.



This amani oil is a food with functional claims, containing more than 60% alpha-linolenate. The new antioxidant bottle covered with a shading film makes it possible to pour out the amount needed without any fuss.

### ◆ nippn Deli Stock Hamburg Steak with Rich Demi-Glace Sauce



The Hamburg steak, richly flavored with a sauce made of demi-glace, red wine, and sauteed onion, comes in a convenient shelf-stable retort pouch. Even when you are busy, just heat it up, and the meal is ready to serve.

### ◆ nippn Natural Series Plant-based Mapo Tofu Mix



\*Certified as a vegan product by NPO VegeProject Japan

It uses plant-based SOYL PRO made of tofu as a 100% replacement for mincemeat. Just add bean curd, and in five minutes spicy bean curd with an authentic taste, flavored with chili bean sauce and Sichuan pepper powder, is ready to serve.

### ◆ Oh'my Gatsumori Peperoncino



All you need to do is to mix it with boiled pasta. The thick sauce comes in a large volume to suit a generous serving of 150 g dry pasta to meet the need to eat a plateful of pasta. Once you have a taste of it, you will get hooked by the garlic-rich sauce.

## Frozen Foods

### ◆ Oh'my Premium Pasta with Aromatic Yuzukosho (Spicy Citrus Paste)



The sauce has a fresh aroma of citrus and tastes spicy, as it is based on Japanese soy sauce and flavored with yuzu kosho (citrus fruit) produced in Japan's Kyushu region. The sauce comes with steamed chicken, okura, and spinach.

### ◆ nippn One Plate Meal 5 Grain Rice with Pickled Plum and Basil Chicken with Vegetables



Savory roasted chicken is topped with refreshing basil sauce, accompanied by 100 g of five different vegetables. Rice is added with five main cereals, and the pickled plum on it stimulates the appetite.

### ◆ nippn One Plate Meal Stamina Meat Combo



This is a big meal that comes with a combination of three meat menus: meat sauce with minced beef, fried chicken, and a pork stamina bowl. This large and delicious meal is quite a treat.

### ◆ nippn Trendy Meal Combo Curry Plate: Keema & Tomato



\*Certified as a vegan product by NPO VegeProject Japan

You can enjoy two types of curry: keema curry made of bean curd and tomato curry with plenty of ripe tomatoes. It comes with sticky barley, which is very popular.

Nest



**“nest,” a new service for delivering frozen fresh pasta and sauce that is exclusive to direct sales, is launched!**

**“nest” is a delivery service for frozen foods, with two kinds of selected fresh pasta and sauce shipped every month.**

Nippn's new “nest” service delivers every month two types of fresh pasta and sauce as two sets of each (four meals). The service, which was launched in April 2022, is available only through nippn's dedicated website for direct sales.

Pasta sauce incorporates the essence of the traditional Mediterranean diet for good health. Fresh pasta is made of durum wheat and flour using wheat produced in Hokkaido, achieving both crispness and chewy texture. “nest” offers a unique taste with selected pairs of pasta menus. The luxury of pasta menus like those from restaurants is easy to enjoy for when you think “I'd like to eat a pasta meal today!”

We recommend “nest” to people who are not satisfied with impromptu pasta meals.

**Examples of deliveries and exciting menus to look forward to every month!**



Example of first delivery



Example of second delivery

\*(Delivery examples)  
2 types of fresh pasta (2 sets each) +  
2 types of pasta sauce (2 sets each)  
**total 4 meals**

\*Menus are subject to change

For details, search

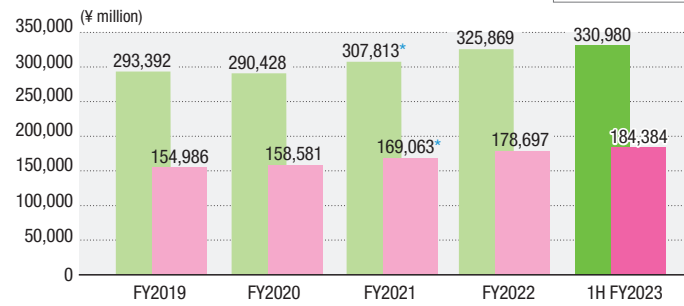


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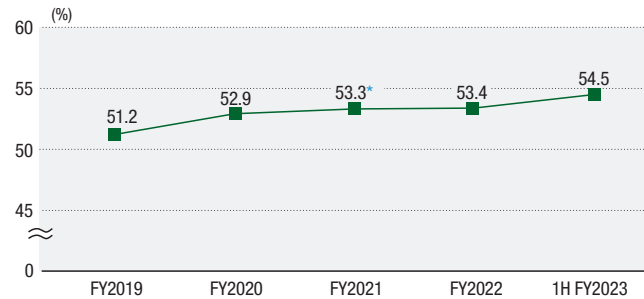


## Consolidated Financial Results

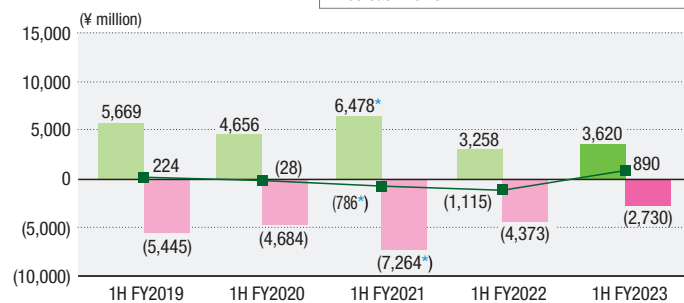
### Total assets/Net assets



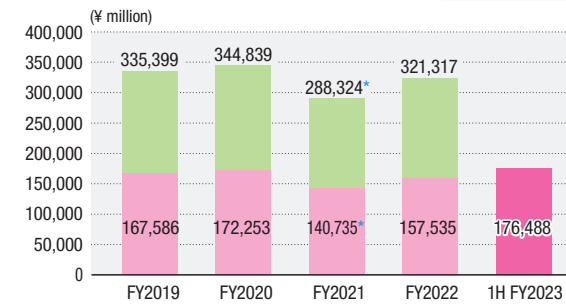
### Equity ratio



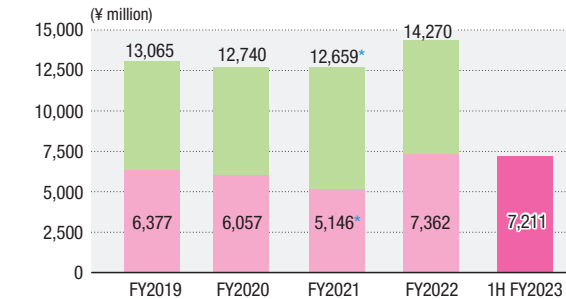
### Cash flows



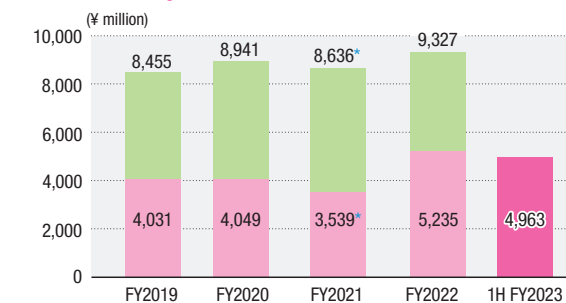
### Net sales



### Operating income



### Profit attributable to owners of parent



\*A change to accounting policies was applied retrospectively to figures for the fiscal year ended March 31, 2021. Therefore, the figures presented are after the retrospective application.

(As of September 30, 2022)

## Company Overview

Company Name:	NIPPON CORPORATION
Head Office:	4-8 Kojimachi, Chiyoda-ku, Tokyo
Established:	December 1896
Capital:	¥12.24 billion
Number of Employees:	1,176 [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), nine branches, eleven plants, laboratory (Atsugi)

## Major Group Companies

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

## Shares

- Number of Authorized Shares 300,000,000 shares
- Number of Outstanding Shares 78,824,009 shares
- Number of Shareholders 28,786
- Major Shareholders

Name	Number of shares held (thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	8,020	10.3
NIPPON Clients Shareholding Association	4,600	5.9
Taiju Life Insurance Co., Ltd.	3,497	4.5
MITSUI & CO., LTD.	3,418	4.4
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 Co., Ltd.	2,004	2.6
Sanuki Maruichi Seimen Co., Ltd.	1,755	2.2

Note: The calculation of the shareholding ratios excludes 709,000 treasury shares.

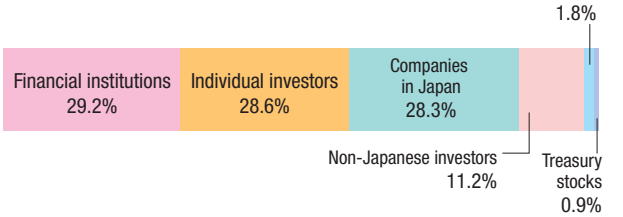
(As of September 30, 2022)

## Directors and Executive Officers

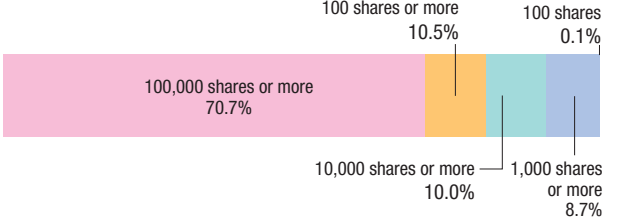
Representative Director, President:	Toshiya Maezuru	Senior Executive Officer:	Akira Higashino
Representative Director, Executive Vice President:	Toshifumi Horiuchi	Executive Officer:	Hideki Okusu
Senior Managing Director:	Atsuo Ouchi	Executive Officer:	Hiroshi Koura
Managing Director:	Takaaki Aonuma	Executive Officer:	Motono 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



## Payment of Interim Dividend

The board of directors resolved at its meeting on November 4, 2022 that the 199th interim dividend per share would be ¥19. You can receive your dividend payment at a nearby branch of JP Bank or post office in exchange for the enclosed “Interim Dividend Warrant” form.

“Payee’s Bank Account Information” and “How to Receive Your Dividend Payment” forms are enclosed for those who have chosen direct deposit and those who have chosen the share-count-based proportional distribution method (to receive dividends through accounts at securities companies in proportion to the number of shares held in the accounts), respectively.

Please note that we have sent everyone the “Statement of Dividend,” which you may use to subsequently check the amount of your dividend payment or as a supporting document for your tax return. (If you chose the share-count-based proportional distribution method, please check with your securities company.)

## 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>

**nippon**

**NIPPON CORPORATION**

4-8 Kojimachi, Chiyoda-ku, Tokyo 102-0083

Phone: 03-3511-5301 (General) Website: <http://e-nippon.com/>

## 2023 Calendar Free Gift

We will send calendars to 1,000 shareholders selected by lottery as usual. Calendars have been popular among our investors as annual gifts.

### Works by Paul Signac



### How to apply

If you would like to get a calendar, please write your name, address and postal code on a postcard, **cut out the application ticket on the bottom left corner, paste it securely on the postcard**, and send it to the address below. Please attach one application ticket per postcard. After a strictly conducted draw, we will send calendars to the winners without announcing the results by the end of the year on or after Friday, December 23, 2022.

### Application deadline

Must arrive no later than Monday, December 12, 2022

### Mail to:

Calendar Section, Legal Group  
NIPPON CORPORATION  
4-8 Kojimachi, Chiyoda-ku, Tokyo 102-0083

