

The logo for NIPPON, featuring the word "nippon" in a lowercase, orange, sans-serif font with a red dot above the 'i'.

Code number: 2001

Briefing Session on Business Results for the Fiscal Year Ended March 31, 2022 (FY2022)

May 23, 2022

NIPPON CORPORATION

<https://www.nippon.co.jp>



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Overview of Business Results for FY2022 and FY2023 Performance Forecasts

Statements of Income

- In the first half of the year, amid the COVID-19 pandemic, the frozen foods business grew and earnings increased as demand for both food in the professional-use category and ready-made meals recovered following sluggishness in the previous year, and further progress was achieved in capturing rising demand for products for consumption at home.
- In the second half of the year, sales remained strong, but profits were lower than for the same period of the previous year because of the impact of soaring raw materials prices and other cost increases, as well as strategic investments in sales promotion and advertising. **For the full year, both sales and profits increased year on year.**

(Millions of yen)		FY2021		FY2022		YoY	
		Result	% of net sales	Result	% of net sales	Change	Change (%)
Net sales	Flour Milling	92,595	32.1%	96,934	30.2%	4,339	4.7%
	Food	160,751	55.8%	185,911	57.9%	25,160	15.7%
	Other	34,977	12.1%	38,471	12.0%	3,493	10.0%
	Total	288,324	100.0%	321,317	100.0%	32,993	11.4%
Operating income	Flour Milling	5,133	5.5%	6,211	6.4%	1,078	21.0%
	Food	4,272	2.7%	4,068	2.2%	(203)	(4.8)%
	Other	965	2.8%	1,000	2.6%	37	3.8%
	Total	10,370	3.6%	11,282	3.5%	911	8.8%
Ordinary income		12,659	4.4%	14,270	4.4%	1,611	12.7%
Profit attributable to owners of parent		8,636	3.0%	9,327	2.9%	691	8.0%

* Net sales for FY2021 are restated by applying the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29).

Response to Large-scale System Failure

➤➤ Overview of the cyberattack

- Before dawn on July 7, 2021, a system failure occurred in most servers and some terminals of the Group's information network owing to multiple simultaneous cyberattacks.
- Damage was extensive, including main servers for mission-critical systems, such as systems for non-consolidated financial management and sales management, and file servers where data are stored.

➤➤ Cause of the occurrence of the incident

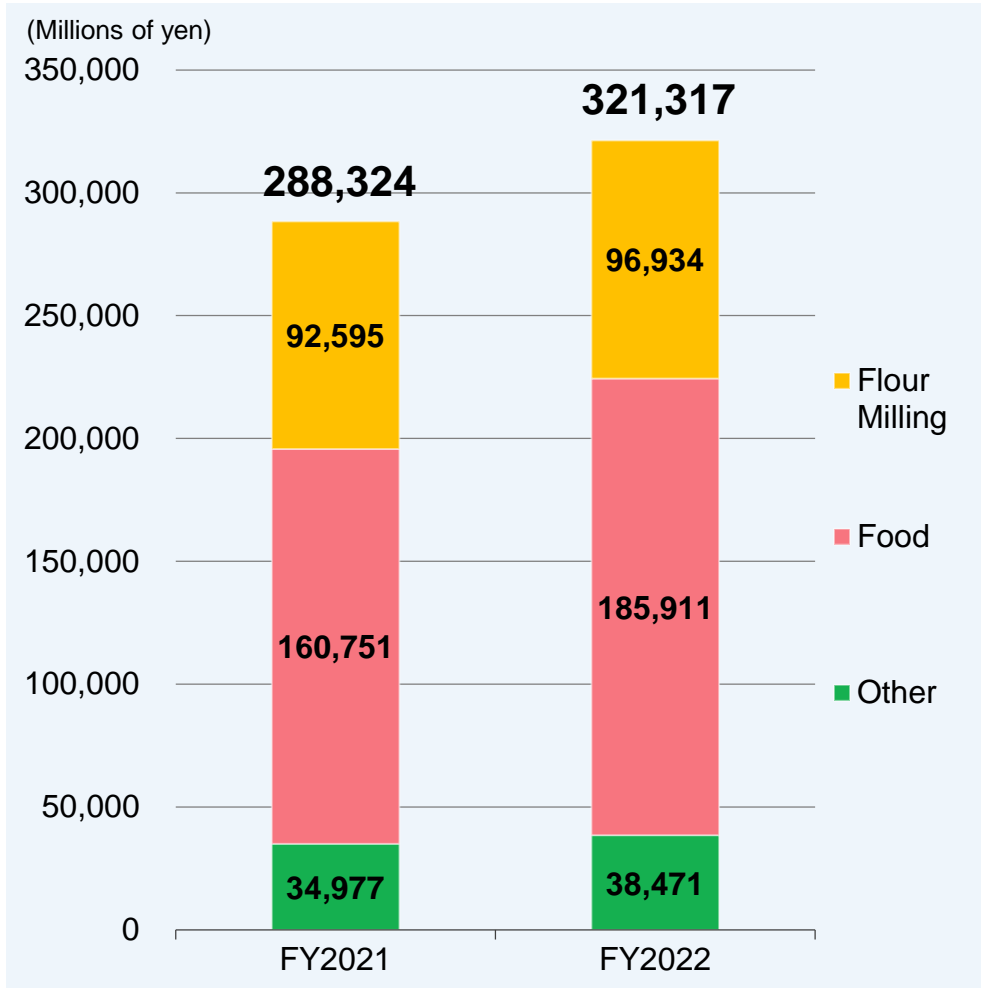
- External experts reported that unknown communication from overseas was detected but it was difficult to identify the attacker or the purpose of the attack.
- No ransomware or other malware was found, and according to the opinion of the external experts who conducted an investigation, the direct cause of this incident was presumed to be direct unauthorized access by the attacker.

➤➤ Measures to prevent recurrence

- The Company implemented various measures in cooperation with external experts to prevent recurrence of such an incident and to strengthen the Company's information security measures.
- As a result, **restoration of the main mission-critical systems was completed in January 2022.**
- The financial accounting system was also restored to the state necessary for normal accounting treatment for financial closing of the fiscal year ended March 31, 2022.

Analysis of Factors for Changes in Net Sales

- ◆ Factors for changes in net sales
(overall increase of ¥32,993 million [11.4%])

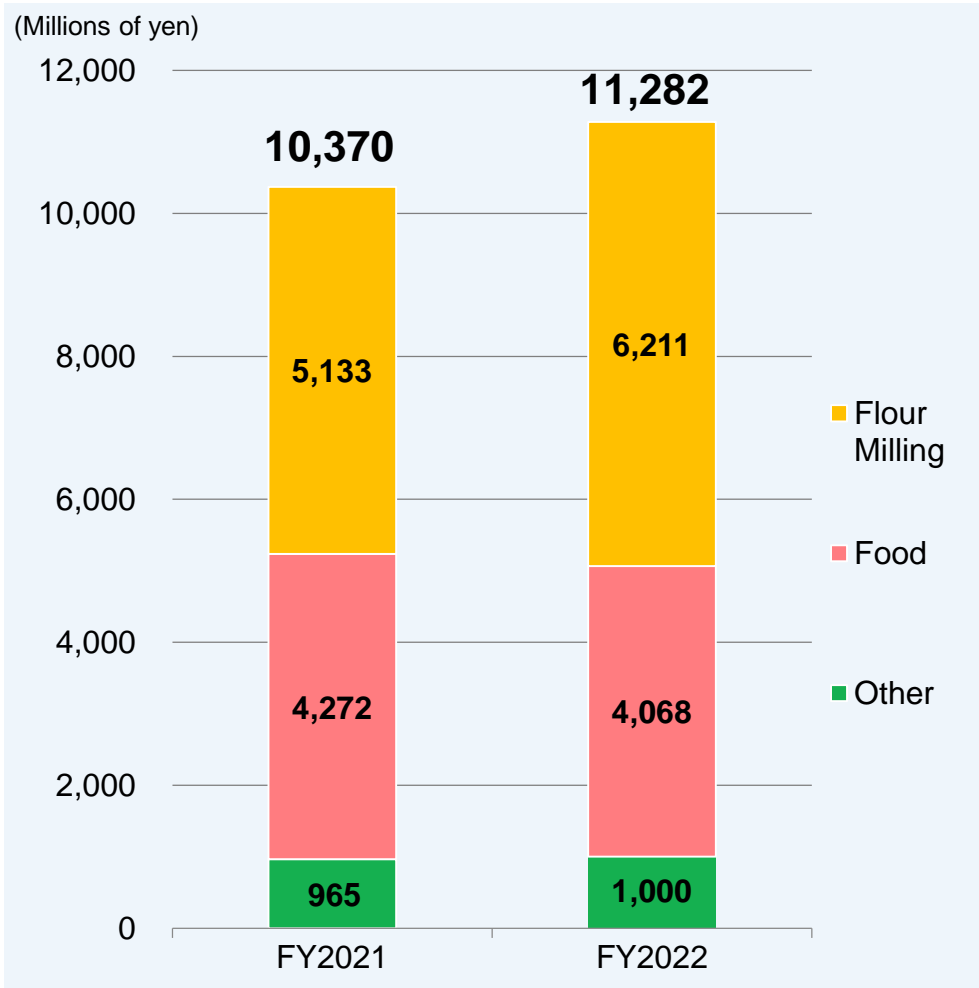


(Millions of yen)

Flour Milling	4,339 [4.7%]
Decrease in wheat flour sales volume	(600)
Impact of the wheat flour price revision in line with the wheat price revision	3,400
Wheat bran price	1,000
Warehouses etc.	500
Food	25,160 [15.7%]
Increase in premix sales	1,600
Increase in processed food sales	1,000
Increase in frozen food sales	5,000
Increase in ready-made meals sales	2,600
Increase/decrease in other food sales	15,000
Other	3,493 [10.0%]
Increase in engineering-related sales	300
Increase in pet food sales	1,700
Increase in restaurant-related sales	1,500

Analysis of Factors for Changes in Operating Income

- ◆ Factors for changes in operating income
(overall increase of ¥911 million [8.8%])



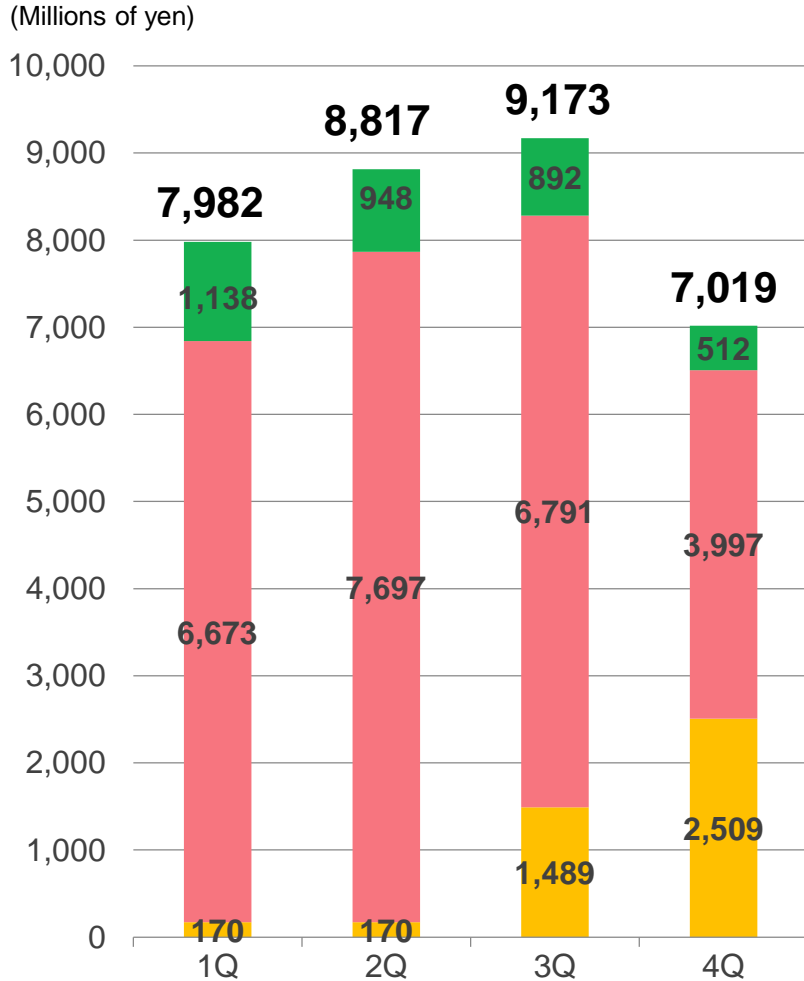
(Millions of yen)

Flour Milling	1,078 [21.0%]
Decrease in wheat flour sales volume	(100)
Cost-related	(100)
Wheat bran price	1,000
Warehouses etc.	300
Food	(203) [(4.8)%]
Increase/decrease in sales volume	1,400
Cost-related and other factors	(1,600)
Other	37 [3.8%]
Restaurant-related sales	300
Healthcare etc.	(300)

Quarterly Changes in Net Sales and Operating Income

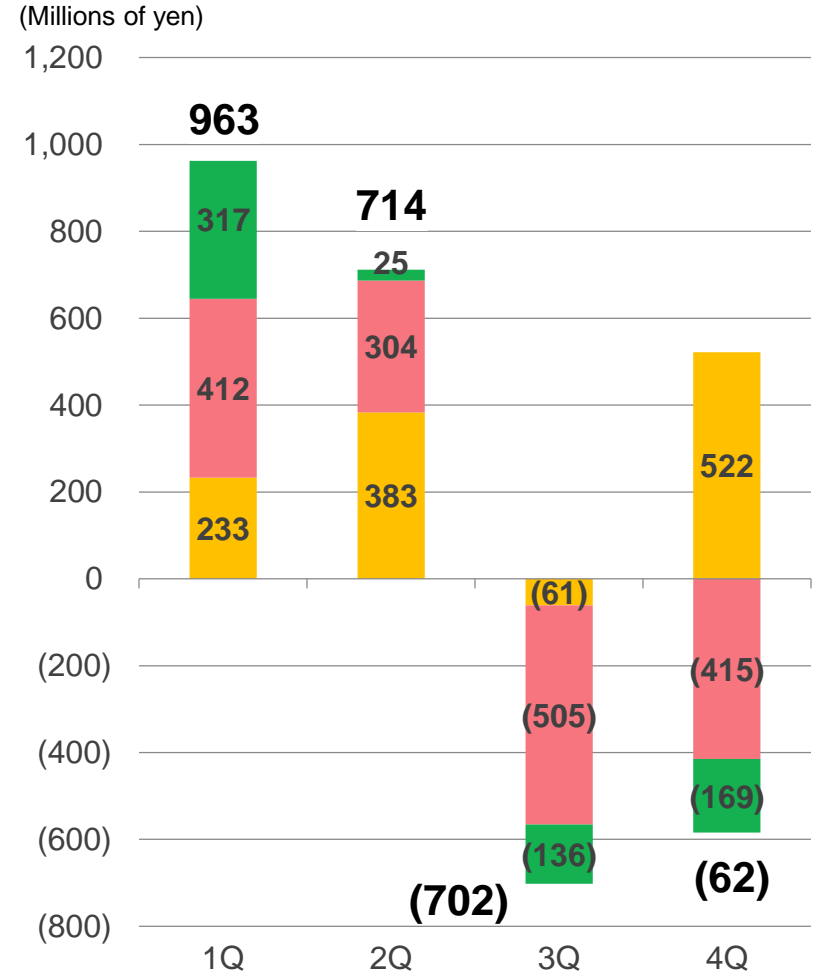
Net sales YoY change

Flour Milling Food Other



Operating income YoY change

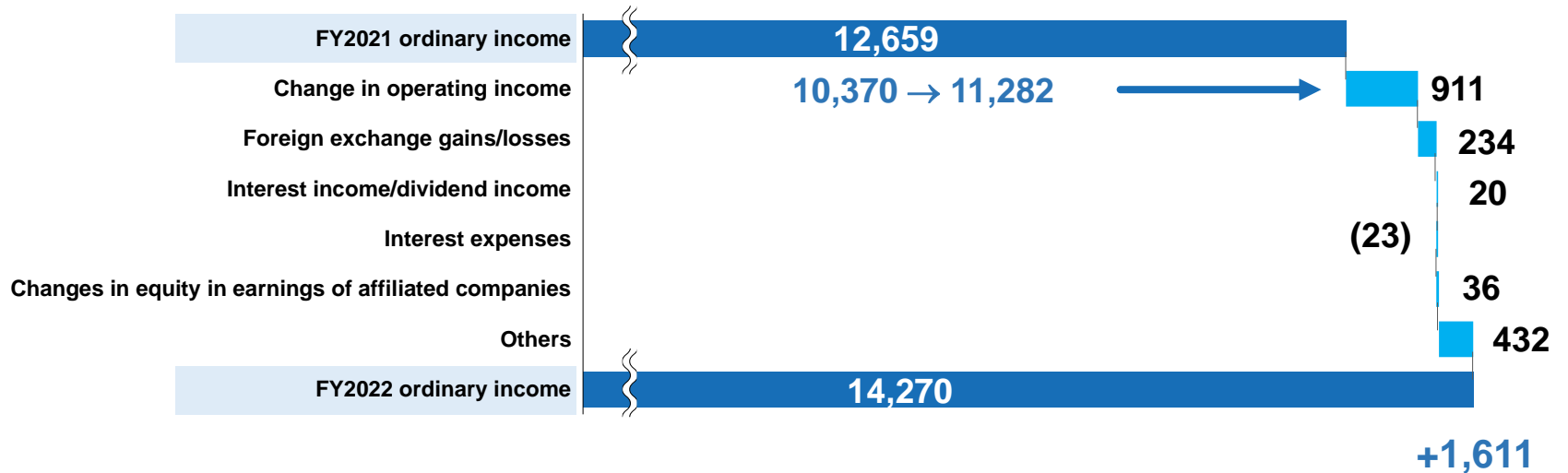
Flour Milling Food Other



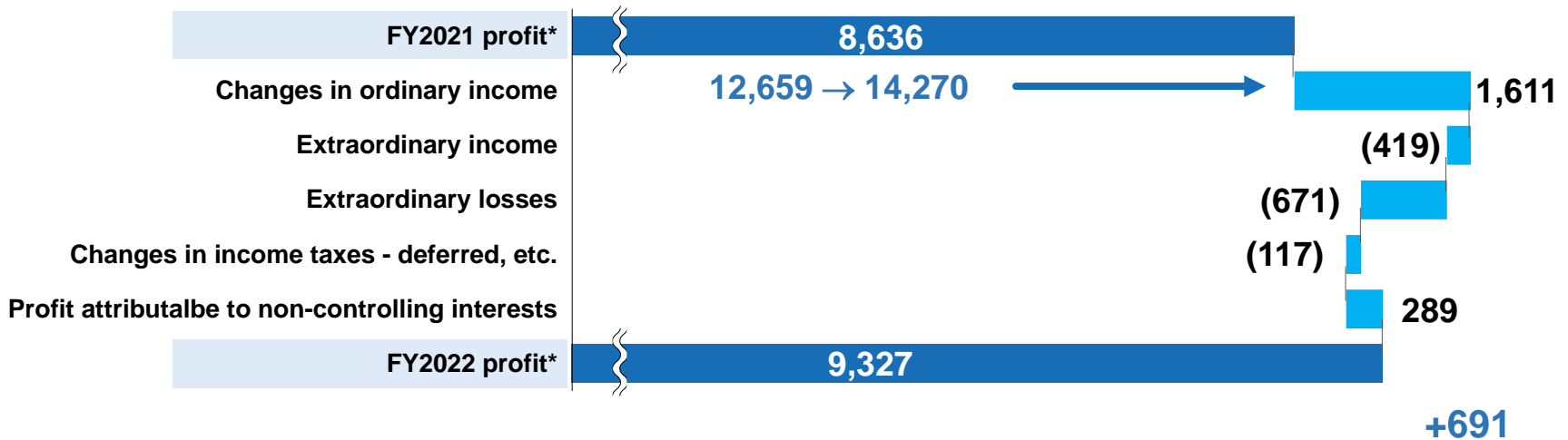
Analysis of Factors for Changes in Ordinary Income / Profit*

■ Factors for changes in ordinary income [12.7%]

(Millions of yen)



■ Factors for changes in profit* [8.0%]



* Profit attributable to owners of parent

Balance Sheets

(Millions of yen)	FY2021		FY2022		Change	
	(As of Mar. 31, 2021)	Component ratio	(As of Mar. 31, 2022)	Component ratio		
Current assets	117,693	38.2%	130,768	40.1%	13,074	1.9p
Property, plant and equipment	114,240	37.1%	115,611	35.5%	1,370	(1.6)p
Intangible assets	2,858	0.9%	2,529	0.8%	(329)	(0.1)p
Investments and other assets	72,970	23.7%	76,922	23.6%	3,952	(0.1)p
Non-current assets	190,069	61.8%	195,063	59.9%	4,993	(1.9)p
Deferred assets	49	0.0%	37	0.0%	(12)	(0.0)p
Total assets	307,813	100.0%	325,869	100.0	18,055	-
Current liabilities	69,544	22.6%	74,842	23.0%	5,297	0.4p
Non-current liabilities	69,205	22.5%	72,328	22.2%	3,123	(0.3)p
Total liabilities	138,749	45.1%	147,171	45.2%	8,421	0.1p
Shareholders' equity and accumulated other comprehensive income	164,209	53.3%	174,120	53.4%	9,911	0.1p
Subscription rights to shares	234	0.1%	195	0.1%	(38)	(0.0)p
Non-controlling interests	4,620	1.5%	4,381	1.3%	(238)	(0.2)p
Total net assets	169,063	54.9%	178,697	54.8%	9,634	(0.1)p
Total liabilities and net assets	307,813	100.0%	325,869	100.0	18,055	-

Statements of Cash Flows

(Millions of yen)	FY2021	FY2022	Change
Operating activities	14,804	11,975	(2,829)
Investing activities	(12,585)	(10,103)	2,481
Financing activities	2,553	(4,278)	(6,832)
Effect of exchange rate change on cash and cash equivalents	(145)	209	354
Net increase (decrease) in cash and cash equivalents	4,627	(2,196)	(6,824)
Cash and cash equivalents at beginning of period	31,012	35,320	4,308
Increase in cash and cash equivalents from newly consolidated subsidiary	-	-	-
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(319)	(1,908)	(1,589)
Cash and cash equivalents at end of period	35,320	31,215	(4,105)

- Major factors contributing to changes in cash flows from operating activities
= Increase in notes and accounts receivable - trade, increase in notes and accounts payable - trade, etc.
- Major factors contributing to changes in cash flows from investing activities
= Purchase of investment securities, purchase of fixed assets, etc.
- Major factors contributing to changes in cash flows from financing activities
= Decrease in loans payable, etc.

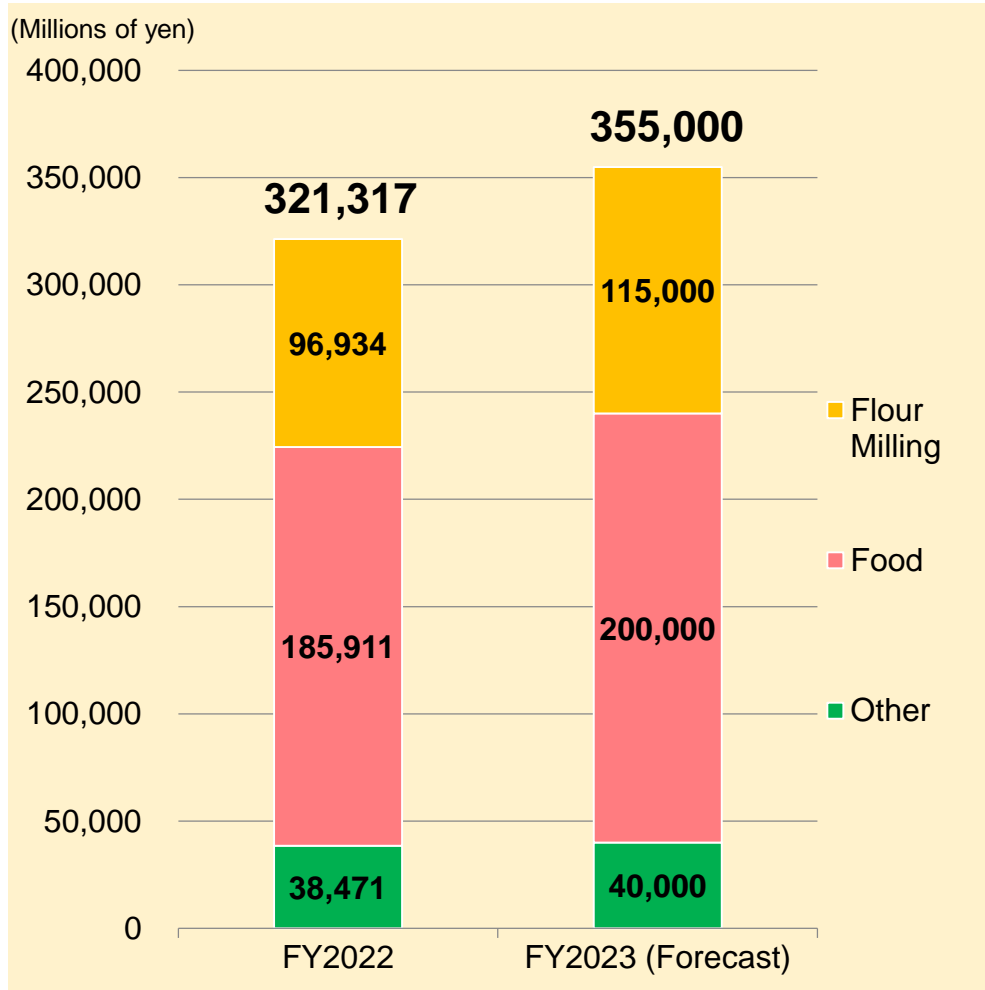
FY2023 Performance Forecast

- Net sales are expected to **increase by** more than 10%, or **¥35.0 billion**, from FY2022 owing to increased shipments in each segment, as well as the reflection of higher costs of raw materials and purchased products in prices of the Group's products.
- Despite the positive impact of higher net sales and improved profitability, operating income is expected to decrease from FY2022 because of the time lag between higher raw materials costs and their reflection in prices of the Group's products, higher power and freight costs, strategic investment in the food segment to strengthen advertising and sales promotion and raise the Group's profile in new fields, such as e-commerce, and increased investment in systems.

		FY2022		FY2023		YoY	
		Result	% of net sales	Forecast	% of net sales	Change	Change (%)
(Millions of yen)							
Net sales	Flour Milling	96,934	30.2%	115,000	32.4%	18,066	18.6%
	Food	185,911	57.9%	200,000	56.3%	14,089	7.6%
	Other	38,471	12.0%	40,000	11.3%	1,529	4.0%
	Total	321,317	100.0%	355,000	100.0%	33,683	10.5%
Operating income	Flour Milling	6,211	6.4%	5,400	4.7%	(811)	(13.1)%
	Food	4,068	2.2%	3,700	1.9%	(368)	(9.0)%
	Other	1,000	2.6%	1,000	2.5%	0	-
	Total	11,282	3.5%	10,100	2.8%	(1,182)	(10.5)%
Ordinary income		14,270	4.4%	12,200	3.4%	(2,070)	(14.5)%
Profit attributable to owners of parent		9,327	2.9%	8,300	2.3%	(1,027)	(11.0)%

Analysis of Factors for Changes in Net Sales Forecasts

- ◆ Factors for changes in net sales forecasts
(overall increase of ¥33,683 million [10.5%])



(Millions of yen)

Flour Milling 18,066 [18.6%]

Increase in wheat flour sales volume	1,600
Change in wheat flour sales prices	16,200
Wheat bran price	200
Warehouses etc.	100

Food 14,089 [7.6%]

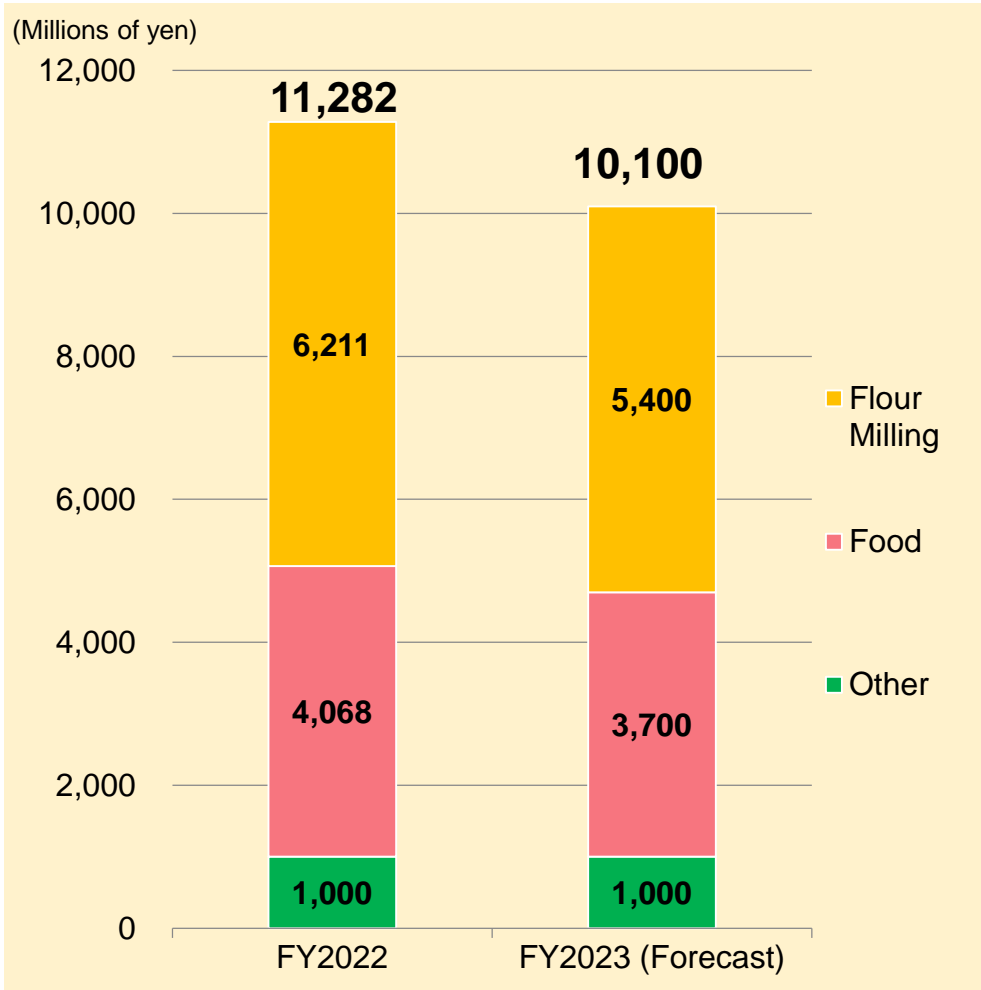
Increase in sales volume and change in composition of sales	5,400
Change in sales prices	8,700

Other 1,529 [4.0%]

Increase in sales volume	500
Change in sales prices	1,000

Analysis of Factors for Changes in Operating Income Forecasts

- ◆ Factors for changes in operating income forecasts
(overall decrease of ¥1,182 million [(10.5)%])



(Millions of yen)

Flour Milling	(811) [(13.1)%]
Increase in wheat flour sales volume and improve profitability	300
Wheat bran price	200
Cost-related and other factors	(1,400)
Warehouses etc.	100
Food	(368) [(9.0)%]
Increase in sales volume and improve profitability	600
Cost-related and other factors	(1,000)
Other	0 [-]
Increase in sales volume	200
Cost-related and other factors	(200)

Shareholder Returns

- With regard to dividends, we will strive to maintain stable dividends, while enhancing our financial position with **a target payout ratio of 30% or more** and keeping a close eye on the business environment.
- For effective use of free cash flow, **we intend to flexibly conduct share buybacks** as a means of returning profit to shareholders.

		FY2019	FY2020	FY2021	FY2022	FY2023
(Yen)						Forecast
Dividends	Year-end	17.0	18.0	19.0	18.0	19.0
	Interim	15.0	16.0	17.0	20.0	19.0
	Full year	32.0	34.0	36.0	38.0	38.0
Payout ratio (%)		29.6%	29.1%	32.1%	31.3%	35.1%
Shareholder return ratio (%)		112.2%	29.1%	32.1%	31.3%	35.1%

* Shareholder return ratio = Dividend payout ratio + Ratio of share buyback (share buyback/profit)



NIPPON Group's New Long-term Vision

Agenda

- (1) Framework of Management Philosophy, Management Policy, and Long-term Vision**
- (2) Orientation of the Business Strategy and Measures**
- (3) Capital Investment Plan / Financial Strategy**
- (4) Sustainability Initiatives**



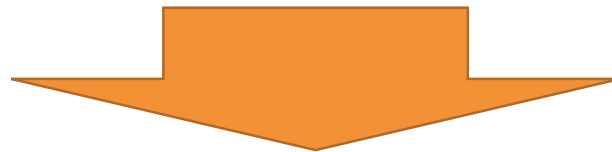


Framework of Management Philosophy, Management Policy, and Long-term Vision

Establishment of the New Management Philosophy

In 2021, the Group changed its name to “NIPPN CORPORATION” to mark its 125th anniversary.

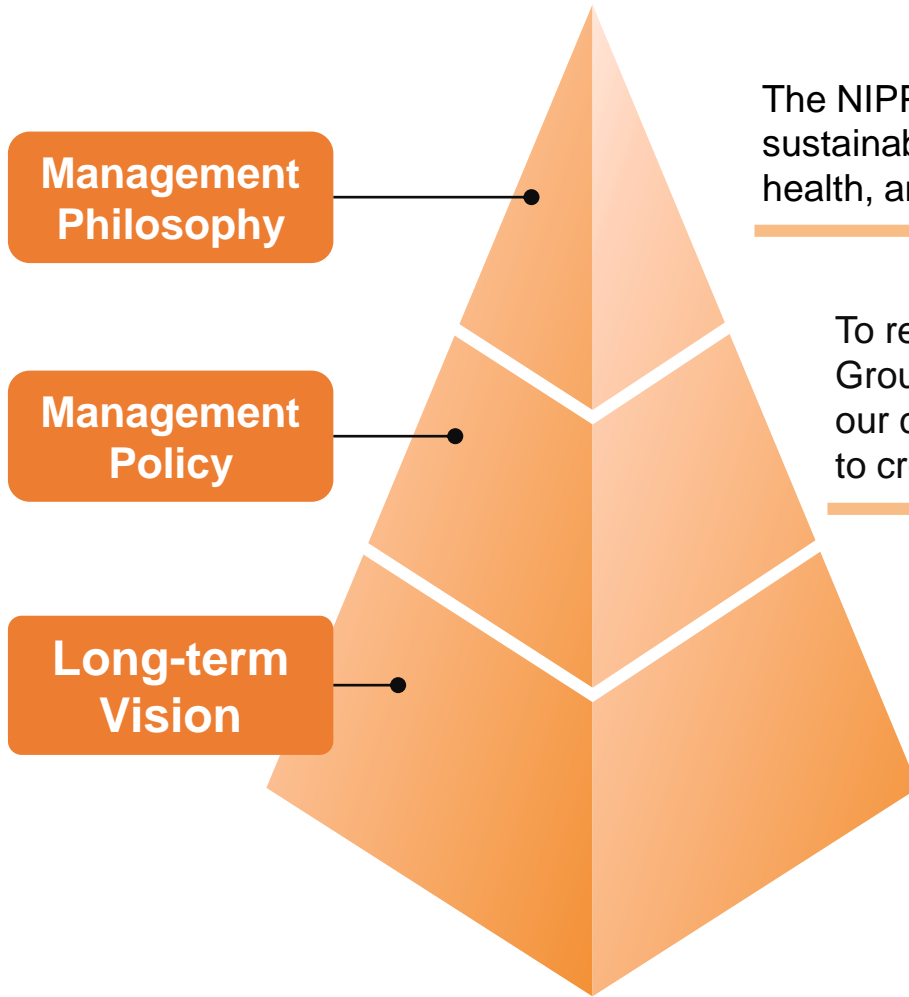
- At the time of the Group’s founding, our core business was flour milling, which was later expanded to include food products. Since then, we have diversified our business into frozen foods and *nakashoku* (ready-made meals).
- Going forward, our focus will also be on businesses such as healthcare, as well as soybean and vegetables, while at the same time expanding our business domains by adding new businesses to achieve sustainable growth. With the aim of enhancing corporate value, we established a new management philosophy to mark the new phase of the NIPPN Group.



<New Management Philosophy of the NIPPN Group>

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

Elements of the NIPPN Group's Vision



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.

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.

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

NIPPN's Management Policy 2022

To realize the management philosophy, the Group established a new management policy.



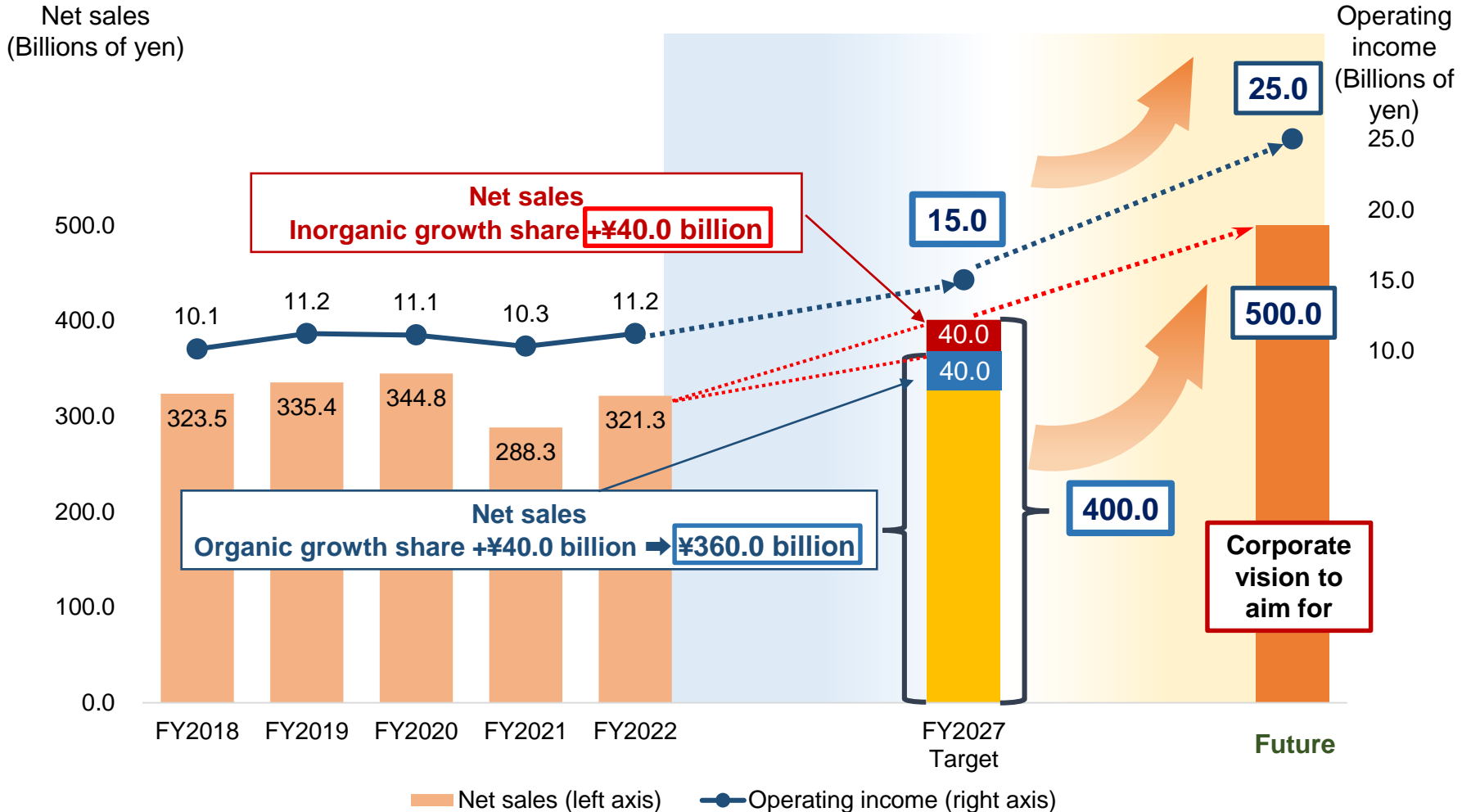
The NIPPN Group will work with stakeholders to create future-focused value with the goal of ensuring people's well-being (happiness, health, and smiles) and contributing to the realization of a sustainable society.

With our stakeholders

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.

Level of Growth Envisioned by the NIPPON Group

Strengthen our revenue base while building up sales through organic growth, as well as enhancing inorganic growth



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

The NIPPON Group's Value Creation Model (1)

Business risks and opportunities and the Group's strategies

Change in Social Environment

Opportunity

More two-income households and elderly households

Changing customer needs

Risk

Decrease in Japan's population

Decline in sales of main businesses

Strategy

Develop products with reduced cooking time / respond to the trend toward eating alone

Strengthen brand power through new product development and research

Expand overseas sales channels, especially in North America and Asia

Review and optimize the business portfolio

Change in the working environment where COVID-19 is a fact of life

Opportunity

Lack of exercise because of teleworking

Dramatic change and diversification of work styles

Risk

Cessation of operations involving physical human contact

Strategy

Expand business in the healthcare field in response to rising health consciousness

Diversify sales channels

Accelerate use of IT in business processes

Promote the smart factory

Worsening of Social Issues

Risk

Climate change

Water resource depletion

Plastic waste problem

Human rights issues

Strategy

Contribute to a decarbonized society, promote energy conservation

Identify and disclose water-related risks, reduce water consumption

Promote use of paper and alternative materials for packaging materials and containers

Ensure sustainable and fair raw material procurement, implement human rights due diligence

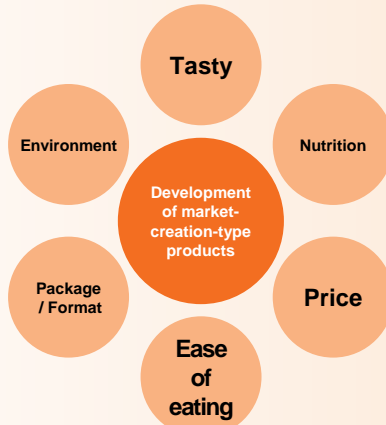
The NIPPN Group's Value Creation Model (2)

Overall image of the Group's business model

Strengths

Vision

Response to Diversifying Needs



Response to Social Issues



- Knowledge of quality control of raw materials and ingredients
- Cost competitiveness based on efficient production system
- Knowhow on mixing cultivated over many years
- Brand power with high popularity among consumers (home-use products)
- Ability to develop new food ingredients through synergy with other businesses
- Ability to propose products from customers' perspectives in response to changing lifestyles



- Technological capabilities and knowhow cultivated since the company's founding are the foundation for other businesses.
- Raw materials procurement and production systems that support stable supply and low costs



- Ability to develop plant-based health foods and foods with function claims by utilizing the results of many years of research centering on grains

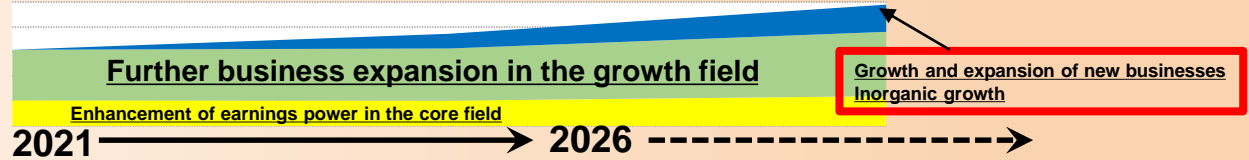
Global comprehensive food company

Net sales	¥50.0 billion
Operating income	¥25.0 billion
ROE	8%
Operating margin	5%

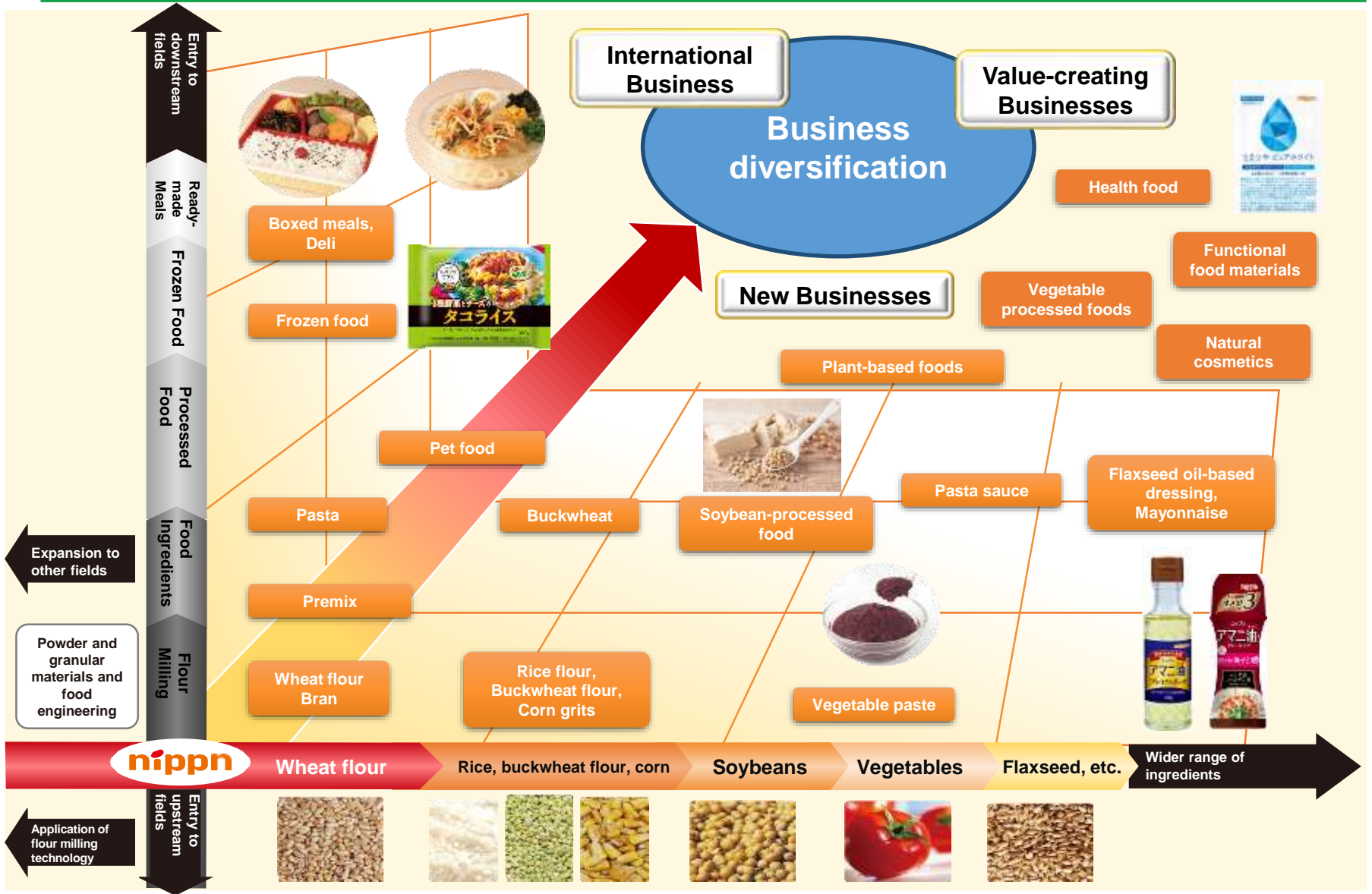
Create "Food" that anticipates change

Food safety and physical and mental health of consumers

Contributing to the realization of an environmentally friendly sustainable society



Orientation of the NIPPON Group's Diversification Strategy





Orientation of the Business Strategy and Measures

Outline of Strategy for Long-term Vision

We will **expand our global business and create new businesses** to achieve growth by strengthening the foundation of existing businesses, increasing production capacity, and responding to diverse lifestyles, leveraging the Group's strengths while continuing to **invest management resources aggressively in growth areas**.



Flour Milling Business

Enhancement of cost competitiveness to further strengthen the earnings base



Outline of the new mill in Chita City, Aichi Prefecture

- Start of construction: Dec. 2022 (plan)
- Start of operation: Feb. 2026 (plan)
- Total construction cost: Approx. ¥14.0 billion
- Capacity: Wheat milling capacity of 600 tons/day

Recognition of the environment

- Accelerated population decline and population aging in Japan
- Progress of international trade negotiations
- Diversification of food preferences and health consciousness

Strategic orientation

- As an essential enterprise in the food industry, continue stable supply of high-quality flour at all times
- Meet customers' precise needs by capitalizing on long-cultivated expertise and create new value and food-related lifestyles
- Reduce environmental impacts while improving the efficiency of production processes and the supply system

Flour Milling Business Production System

After the start of operation of the new mill, there will be 7 mills nationwide, and the ratio of milling at coastal locations will increase from 83% to **95%**.



Food Ingredients Business

Continued growth through a differentiation strategy for core premixes and enhancement of profitability through expansion of sales channels for new ingredients in Japan and overseas



Aim to increase sales by ¥10 billion in the five years to FY2027

Recognition of the environment

- Need for fewer work steps in view of labor shortages at manufacturing sites
- Increase in merchandise for restaurants and delicatessen due to health consciousness, preference for products produced in Japan, orientation toward authenticity
- Growing need for shorter production hours because of promotion of workstyle reform

Strategic orientation

Stable growth of existing businesses and expansion of business scale, especially overseas

- Maintain sophisticated management of raw materials quality that supports product development capabilities
- Strengthen cost competitiveness through the pursuit of efficient production systems
- Continue to provide innovativeness, simplicity, and economy of products achieved by the use of carefully selected raw materials and accumulated knowhow on mixing
- Enter overseas markets, including through M&A

[Main measures]

- Steady build-up of existing business through full operation of main pre-mix plants in Japan
- Consideration of M&A in Japan and overseas
- Acceleration of development of **new businesses at Group companies**
- Entry to **the seasoning business** and execution of investment
- Expansion of **the rice flour business** through collaboration

Processed Food Business

Sales expansion and improvement of the profit structure by developing new markets capable of transitioning to stable businesses that benefit from repeated investment



Recognition of the environment

- Diversification of sales routes, such as e-commerce and home delivery, in response to changes in the market structure triggered by the COVID-19 pandemic
- Increasing needs for new innovative products, such as for health promotion and reduced environmental impacts

Strategic orientation

- Pursue cost competitiveness through the pursuit of efficient production systems
- Strengthen the system for development of products that will be the customers' choice with the aim of resolving dissatisfaction around the kitchen from customers' viewpoints
- Further improve sophisticated management of raw materials quality that supports product development capabilities
- Develop environmentally friendly products

[Main measures]

- **Rebranding of “Oh’ my” and “REGALO”**
- Promotion of channel strategy
Full-scale entry into **e-commerce business, wide-area drug and discount store strategy**, entry to overseas markets, etc.
- Investment in **basic R&D emphasizing health**
- Entry to new category markets with a high level of processing
- **Initiatives to use environmentally friendly paper packaging materials**
- **Expansion of sales in the flaxseed category**
- **Development of health- and environment-oriented products** in small-quantity packaging and mixes

Frozen Food Business

Continued sales growth over the long term through measures to maintain competitive advantage and further strengthen brand power

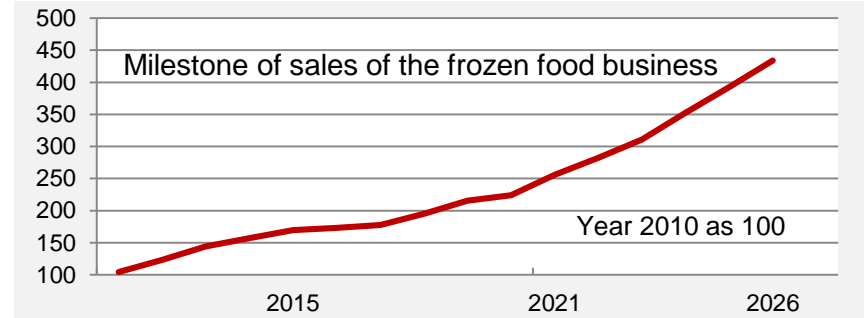


Recognition of the environment

- Change in consumers' perception of frozen foods in the COVID-19 pandemic
- Increased awareness of frozen foods and expansion of customer base
- Increased demand for frozen foods due to increased time spent at home, etc.
- Expectations for ease of stocking up, simplicity, and convenience with no waste

Strategic orientation

- Respond to new lifestyles and scenes where food is consumed
- Tapping the potential by offering distinctive product ranges, expansion of the customer base
- Pursuit of authentic taste, health consciousness, and appeal of functionality
- Introduce differentiated products unique to NIPPON in the market
- Continue development of environmentally friendly plastic-free products



[Main measures]

- Vigorous capital investment to **expand production bases** and strengthen and improve the supply system
- Introduction of innovative products precisely meeting consumer needs
- Full-scale entry to **e-commerce business**
- Strengthening of development of high-value-added products

Target average annual sales growth of 10% and operating margin of 5% through to FY2027

Ready-made Meals Business

Strengthening of business for convenience stores and entry to new businesses by leveraging existing knowhow

Target 30% sales increase from FY2022, including inorganic growth, and operating margin of at least 2% by FY2027.

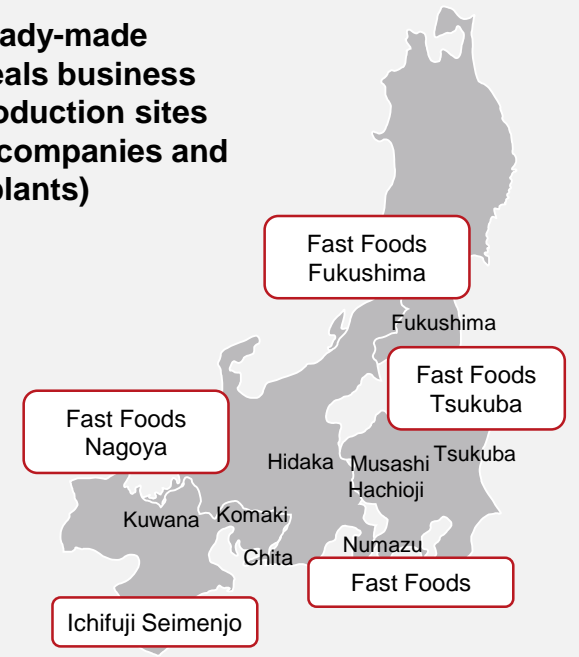
Recognition of the environment

- Slowing pace of expansion of the CVS ready-made meals market
- Further increase in demand for prepared foods as a result of higher female employment rate, increase in two-income households and smaller households
- Difficulty in securing stable workforce, risk of rising labor costs

Strategic orientation

- Promote site development and improve production efficiency at each production site
- Expand sales in growth areas (frozen foods etc.), including the challenge of entering new categories in CVS
- Strengthen sales in the ready-made meals field other than CVS
- Expansion of supply to areas not covered by existing sites, enrichment through M&A
- Proposing products geared to new lifestyles in the COVID-19 era
- Enter new businesses by utilizing existing facilities
- Vigorously address the SDGs

Ready-made meals business production sites (5 companies and 9 plants)



[Main measures]

- Reinforcement of chilled lunch boxes and entry to the dessert business
- Expansion of production bases to western Japan so as to develop the daily maker business nationwide
- Cultivation of sales channels to increase the proportion of non-CVS sales
- Promotion of DX, reduction of food loss, and research on extension of best-before dates

Healthcare Business

Support for customers endeavoring to resolve their health issues and contribution to the social issue of extending healthy life expectancy to achieve the goal of “creating healthy and fulfilling lives for people.”

Recognition of the environment

- Increasing health consciousness in the COVID-19 pandemic, rapid growth of the market
- Move to publicize products' functions contributing to health maintenance and extension of healthy life expectancy
- Greater needs for addressing specific concerns according to age groups and consumption scenes

Strategic orientation

- Strengthen business development of foods with function claims using plant-based proprietary materials
- Develop and provide health foods that are tasty and supplement insufficient nutrients
- Expand NIPPN Kenko Tsuhan online sales business using NIPPN's unique materials
- Expand sales channels including development of new business fields and exports
- Further expand sales of “germ” and “bran” as professional-use ingredients
- Initiatives for the circular food system in response to Goal 2 “Zero hunger” of the SDGs targeting 2030



[Main measures]

- Vigorous dissemination of information through the media, social media, seminars, etc.
- **Expansion of sales channels for roasted flaxseed, and launch of rosemary extract, a new material**
- Cultivation of new business fields through initiatives with local governments
- **Implementation of measures to increase awareness of functional materials, such as ceramide, pumice extract, and olive fruit maslinic acid**
- Increase production and lower costs of ceramide materials
- **Expand exports of functional materials to North America, Taiwan, and Southeast Asia**
- **Strengthen mail-order business of health foods for home use (expand sales fivefold in 5 years)**

International Business

Business expansion in the rapidly growing Asian region and North America and speedy business development including promotion of the inorganic growth strategy

Strategic orientation

- **Increase** overseas sales ratio **from 3%** in FY2022 **to 6%** in FY2027
- **Promote new business development**, such as frozen foods, alternative protein, health-enhancing materials, functional ingredients, etc., in addition to existing premix and pasta products
- Vigorously **pursue cross-border M&A opportunities** in North America and ASEAN with an eye to inorganic growth

Initiatives in each region

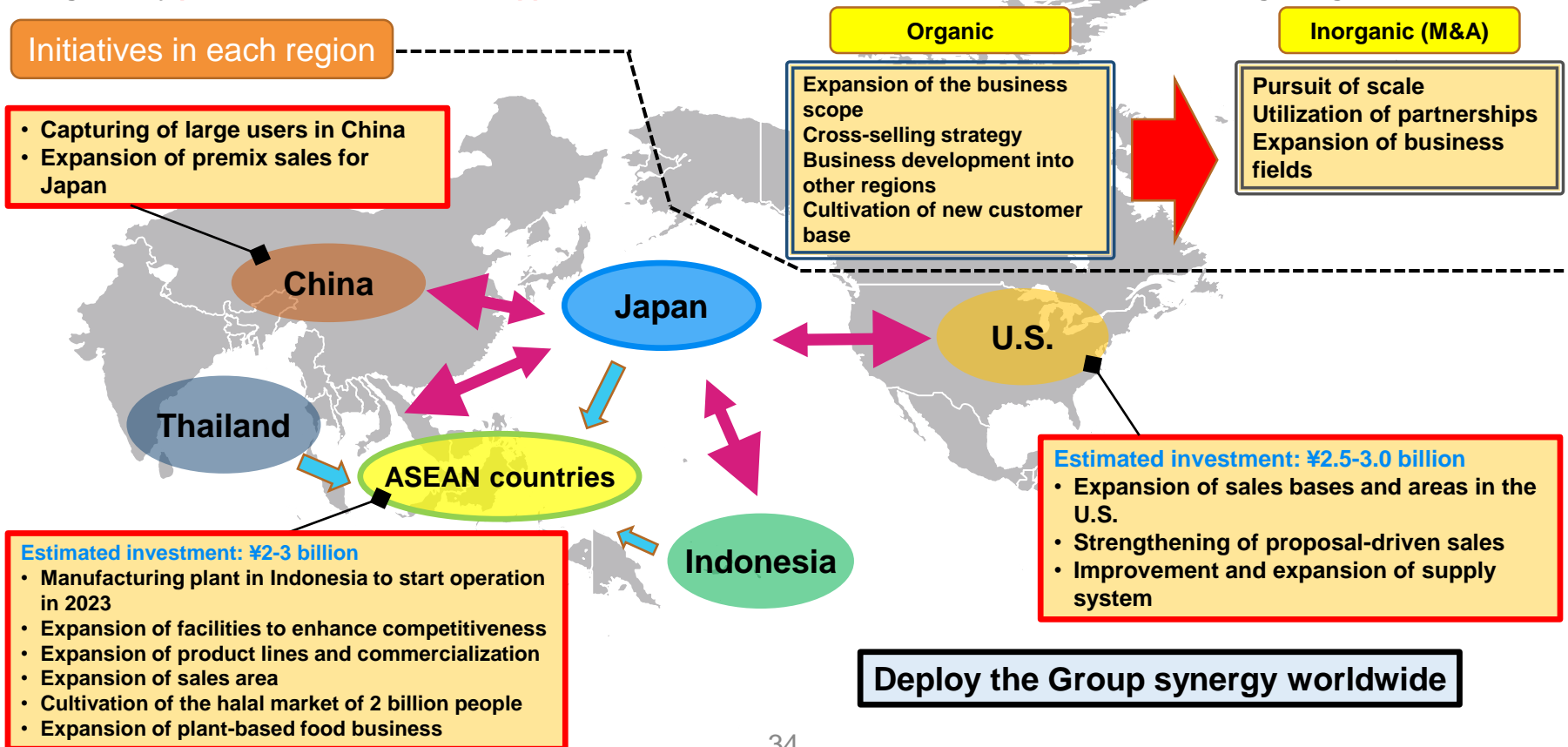
- Capturing of large users in China
- Expansion of premix sales for Japan

Organic

- Expansion of the business scope
- Cross-selling strategy
- Business development into other regions
- Cultivation of new customer base

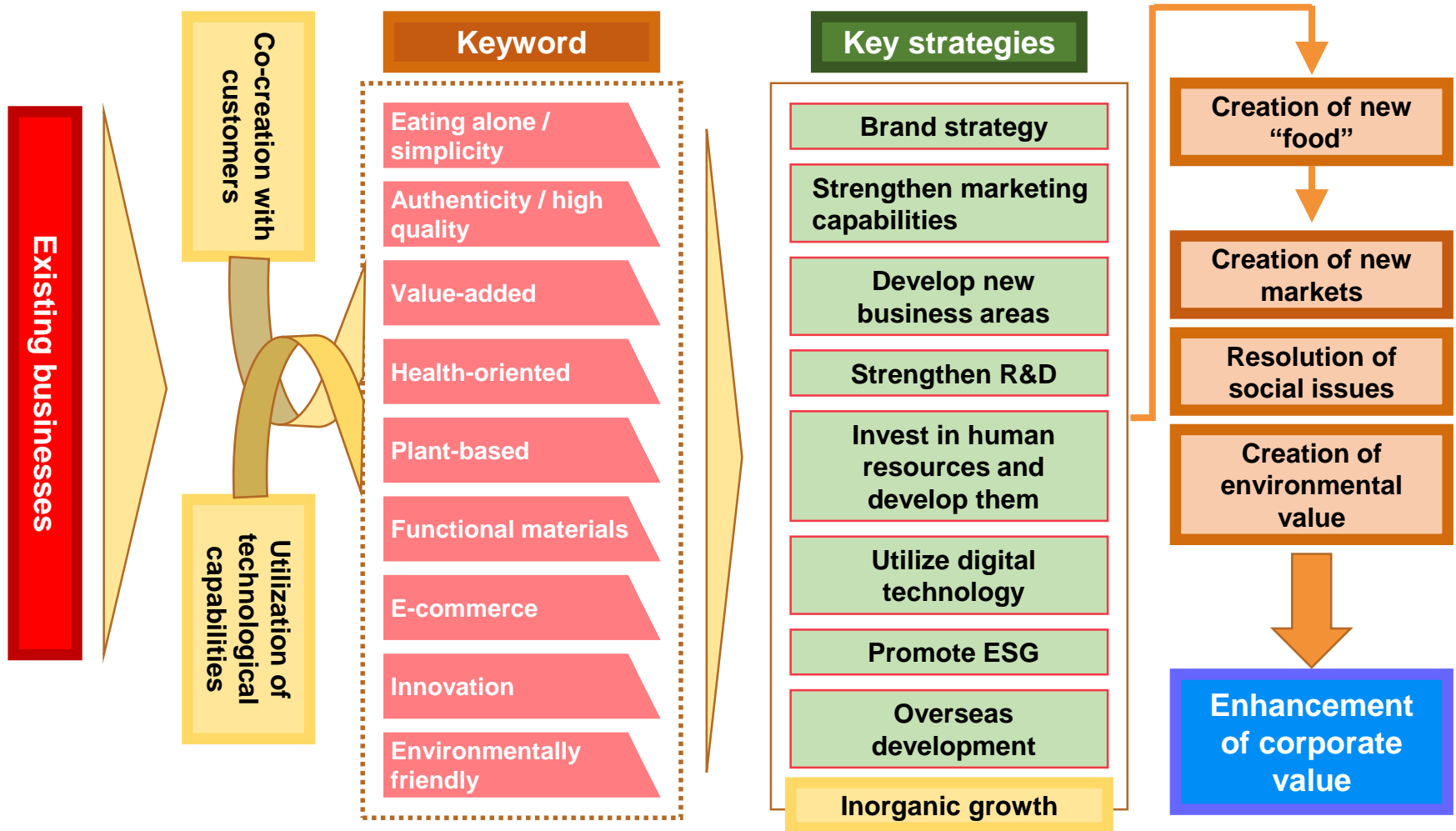
Inorganic (M&A)

- Pursuit of scale
- Utilization of partnerships
- Expansion of business fields



To Create Value-creating Businesses

Continuously create attractive products that meet customer needs and resolve social issues, achieve differentiation from competitors, and enhance brand power to maximize corporate value



Initiatives for Establishing a New Business Model

Strengthen and expand e-commerce business

Established “NIPPN Direct” website for direct sales of high-quality Nippon Group products



Launched sales of “**nest selection**,” a regular frozen food delivery service offering a set of selected fresh pasta and sauces once a month



Not only delicious but also healthy



Establish a stable sales base and a revenue model similar to B2C with an eye to introducing products in new categories utilizing NIPPN’s proprietary health-enhancing materials.

Entry to the plant-based market

Soylpro, a new soy-based material applying tofu processing technology

Pursuing the possibility of environmentally friendly lifestyles and food consumption emphasizing sustainability

- Mild taste with soy flavor and meat-like texture
- Suitable for vegan and vegetarian dishes
- Healthy, high protein, low fat, no cholesterol
- Minimal greenhouse gas emissions, contributing to mitigation of global warming
- **Soylpro Flake Type**
Received the 34th New Technology and Food Development Award from the Japan Food Journal



Development of foodtech robots

Promoting development and commercialization of equipment effective for production lines for ready-made meals and prepared foods



Sauce topping equipment

Cup feeder
Small packaging feeder
Container rotating equipment
Automatic sauce dispensing equipment
AI-based inspection equipment, etc.

Purpose of engineering technology development

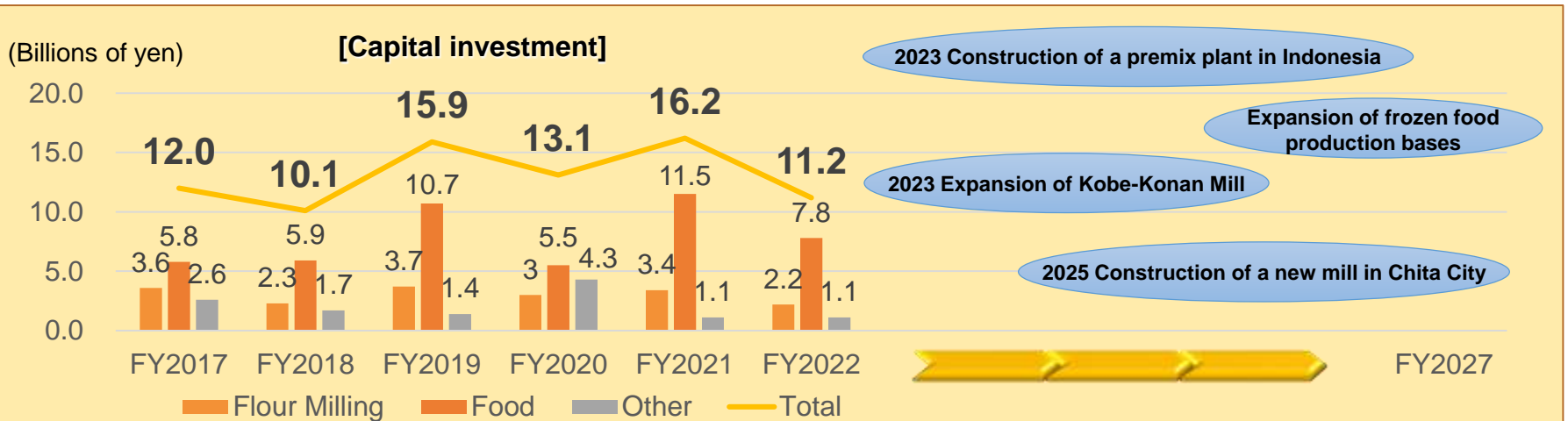
- In the short term, to reduce costs and effectively utilize human resources in the food business
- In the medium term, to contribute to NIPPN and food and other industries through the creation of new industries based on the results of development
- In the long term, to eliminate the problem of purchases of manual labor in the Asian region that Japan is facing.



Capital Investment Plan / Financial Strategy

Capital Investment Plan

Strengthen competitiveness by continuing vigorous investment in growth fields, while reinforcing the foundation, increasing production capacity, and responding to diverse lifestyles.



Utilize cash generated by **core** businesses to invest in **growth and value-creating businesses**

Core businesses

- Improvement of mills
- Renewal of aging lines
- Automation and labor saving
- Expansion of production lines for main products
- Reduction of CO₂ emissions

Growth businesses

- Expansion of frozen food production bases
- Related to expansion of sales of new materials
- Expansion of overseas manufacturing bases
- Expansion of items handled by the ready-made meals business
- Reduction of environmental impacts

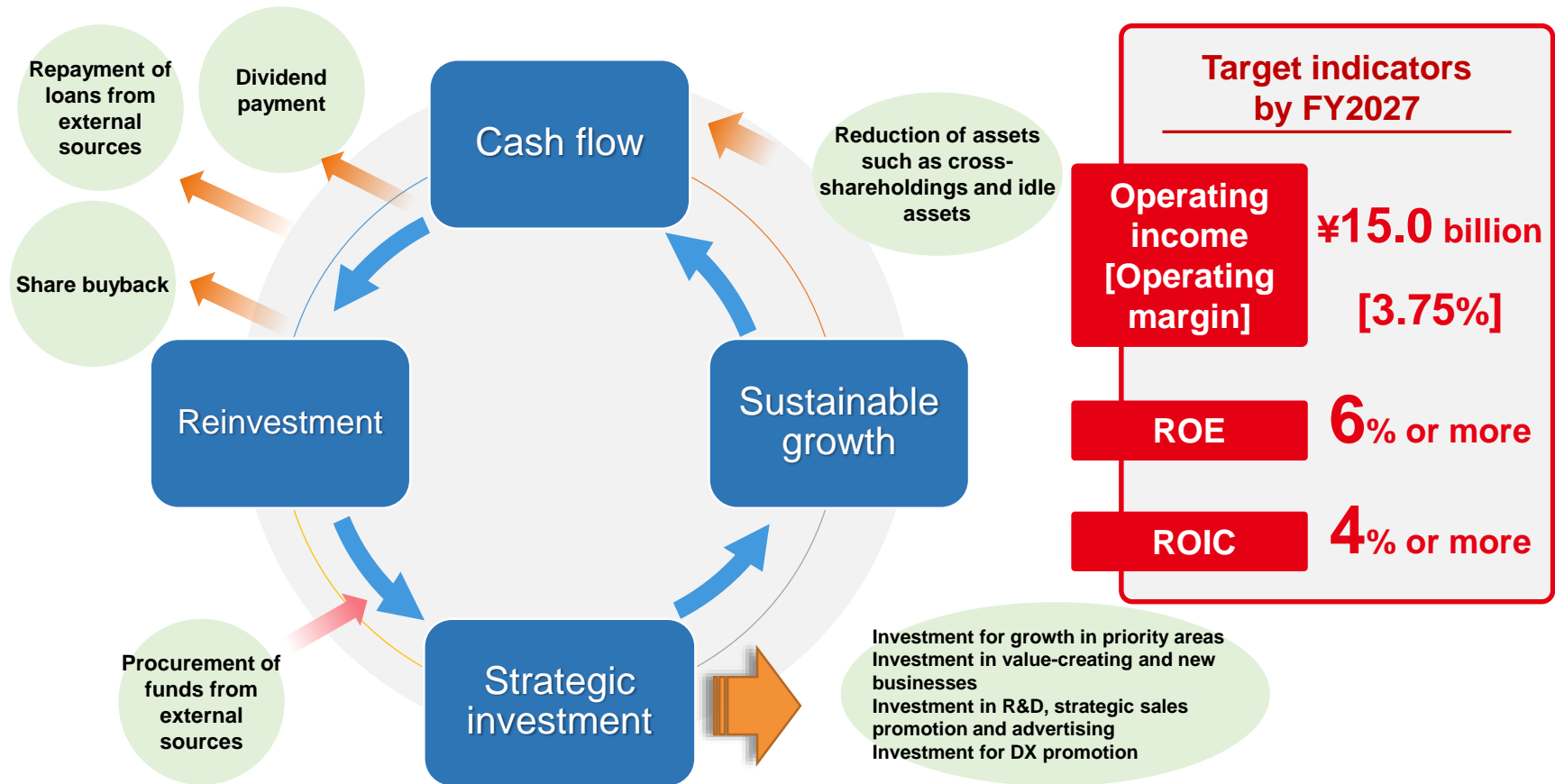
Value-creating businesses

- Response to health consciousness
- Entry into new businesses such as e-commerce
- Development of new functional material products
- Promotion of DX and utilization of digital technology

Strengthening of the Financial Position

— Basic policies —

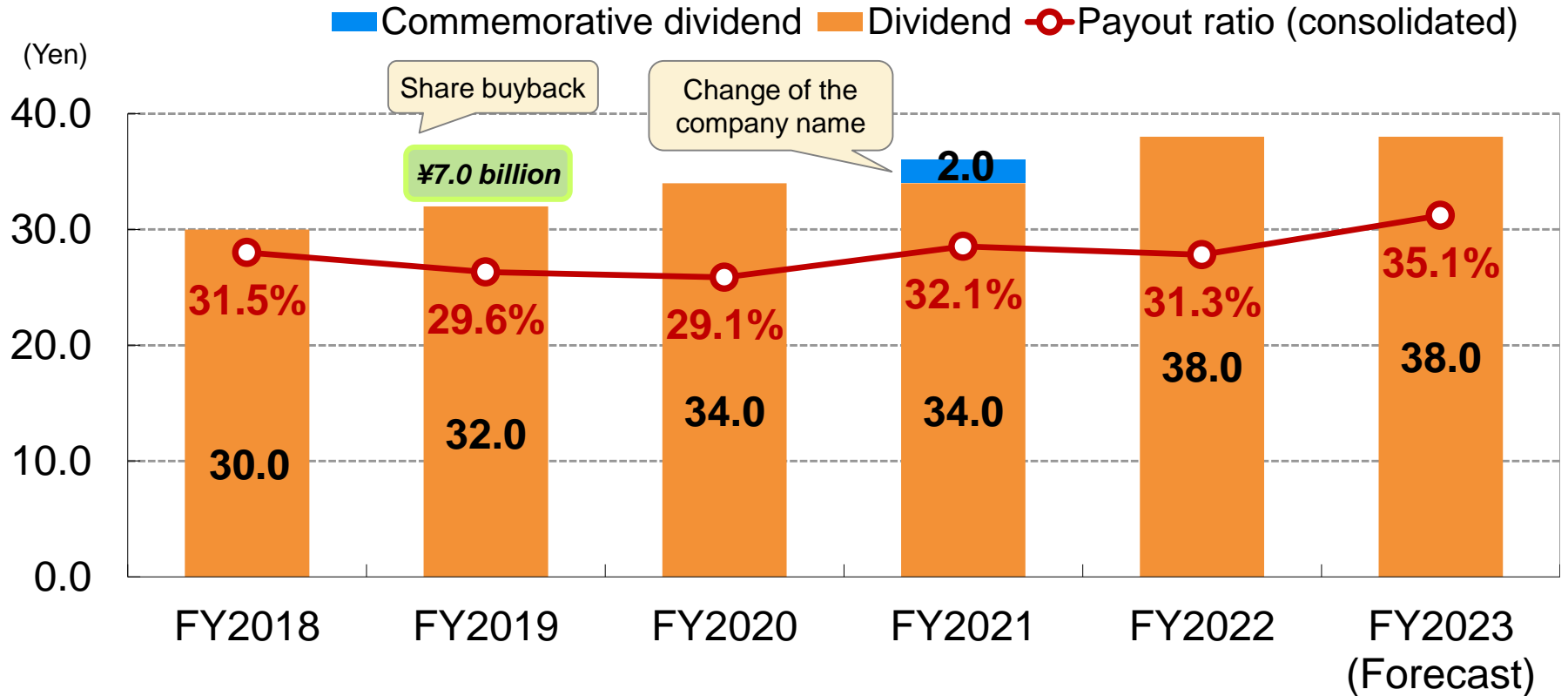
- Optimally allocate cash resources generated from increased earnings through sustainable growth
- Improve capital efficiency and strengthen the financial position by making balance sheets more efficient
- Continue to pay stable dividends and flexibly implement share buybacks



Shareholder Returns

— Basic policies —

- Return of profits to shareholders is also an important management objective, and the Company's basic policy is to maintain stable and sustainable dividend payments.
- Business performance, financial condition, business environment, future business development, and other factors are comprehensively taken into consideration for determining dividends.
- Target dividend payout ratio of **30% or more**





Sustainability Initiatives

Policy on Sustainability Initiatives

Aim to realize a sustainable society as a comprehensive food company



As a comprehensive food enterprise, the NIPPON Group will strive to protect the stable supply of “food” and realize a sustainable society by resolving numerous social issues. To this end, we will promote ESG initiatives to achieve sustainable corporate growth.

Major ESG initiatives

Environment	Social	Governance
<ul style="list-style-type: none"> • Reduction of CO₂ emissions • Introduction of energy-saving equipment • Promotion of marine transportation • Introduction of photovoltaic power generation systems • Reduction of plastics usage • Reduction of CFC emissions • Protection of biodiversity • Reduction of food waste 	<ul style="list-style-type: none"> • Development of products that meet customer needs • Consideration of suppliers' human rights issues • Promotion of diversity • Promotion of work-life balance • Promotion of health and productivity management • Employee training and skills development • Contribution to local communities • Protection and management of personal information 	<ul style="list-style-type: none"> • Appropriate disclosure of corporate information • Thorough compliance • Strengthening of risk management • Ensuring of information security • Disclosure of the method for determining compensation for directors • High consciousness of capital efficiency • Constructive dialogue with shareholders • Reduction of cross-shareholdings

ESG Initiatives (1) Environment



Mitigation of global warming [Use of renewable energy](#)

Installation of photovoltaic power generation systems as part of sustainability initiatives

- Scheduled to be introduced at Isesaki Plant and Ryugasaki Frozen Food Plant (Electricity generated will be used by NIPPN's plants.)
- Timing of introduction
Construction to start in November 2022, operation to start in February 2023

Site	Panel capacity	Amount of electricity generated	CO ₂ reduction
	kW	1,000 kWh/year	t-CO ₂ /year
Isesaki Plant	500	620	270
Ryugasaki Frozen Food Plant	390	410	190



Second Isesaki Plant

Protection of biodiversity [NIPPN Shikinomori Forest Tree Planting Festival](#)

The 10th tree planting festival will be held in 2022 at the NIPPN Shikinomori Forest in Fukagawa City, Hokkaido, where 100 trees have been planted every year as part of an ongoing scheme since FY2012 as a model case site for ecosystem conservation.



Building a recycling-oriented society

[The 9th Food Industry Mottainai Awards](#) [Received the Award of the Director-General of the Agriculture, Forestry and Fisheries Minister's Secretariat](#)

[Theme awarded]

“Promote health and extend healthy life expectancy by making the best use of lees!”

—Functional food materials derived from various food processing by-products—

Extract and commercialize functional food materials from food processing by-products and lees that can contribute to extending healthy life expectancy

Technology to establish a recycling flow of food waste and quantitatively confirm the health functions of extracted components has been highly evaluated.

[Future development]

Investigate by-products of food processing in Japan and overseas, and utilize them and increase the application of functional food materials, thereby revitalizing the areas where they are produced

[Functional food materials produced by NIPPN from food factory by-products]

Material	Origin	Health function
Ceramide	Corn, rice	Skin health maintenance
Olive fruit maslinic acid	Olive	Supports reduction of fatigue of muscles and joints
Pumice extract	Grape	Dental and oral health maintenance
Flaxseed lignans	Flaxseed	Improves metabolic syndrome
Bran ace	Wheat flour	Helps healthy digestion

ESG Initiatives (2) Environment



Sustainable resource use

Promoting use of paper packaging

Switch to paper packaging

Switching of a portion of packaging for home-use products from plastic to paper (FSC-certified paper)

- * FSC stands for Forest Stewardship Council, an international NGO.
- * Use of plant-based biomass ink for some packaging

[Increase in the number of items with paper packaging]



NIPPON *Nihon no komugiko* (Japanese Wheat Flour)
NIPPON *Konna komugiko hoshikatta* (Wheat Flour You Wanted)



Oh! my *Shizen no megumi* (nature's blessing) series
Whole wheat spaghetti and macaroni

Use of paper trays

Switching from plastic to paper (PEFC-certified paper) trays for frozen foods (Oh! my Premium series).

- * PEFC stands for Programme for the Endorsement of Forest Certification (PEFC Council), an international NGO.



PEFC認定紙を使用した紙トレー

Eco-paper trays made from environmentally friendly unbleached wood pulp are used for the Yokubari Plate and Yokubari Gozen series of frozen foods.

Use of molded pulp containers* in the production of eco-paper trays enabled realization of paper trays with partitions for frozen foods, which had been difficult in the past.



Molded pulp containers

- * Molded pulp containers: Molded containers made from paper pulp. They are produced by dissolving raw pulp in water, molding, and drying.

ESG Initiatives (3) Social



Corporate activities for sustainable growth

- R&D structure (Central Laboratory, Development Division)
- Human resources development in product development
- Health-enhancing materials (Flaxseed, olive fruit maslinic acid, ceramide)
- New products addressing customer needs



“Nippon Report”

Offering of high-quality products and services

- All NIPPN plants and plants of Group companies gained JFS-C certification* to strengthen systems for ensuring food safety and reliability. Overseas plants are also working to gain the certification. * International standard developed by the Japan Food Safety Management Association, of which the Company is a member
- All NIPPN sites are scheduled to become ISO14001 certified.

Improvement of workplace environment

Promotion of health and productivity management

- Certified Health & Productivity Management Outstanding Organizations Recognition Program Recognized in 2022 in the large enterprise category for the fifth consecutive year Health Declaration established in 2017 Communication among employees enhanced through sports events and club activities transcending the boundaries of business sites (suspended due to the COVID-19 pandemic)
- Introduction of health support application “Pep Up” To improve the health literacy of every employee in cooperation with the health insurance association. 92% participation rate (as of February 2022) Health management and promotion through participation in various challenging health-enhancing events such as walking rallies



Promotion of diversity

- Promotion of active participation of women A female director appointed in 2017; ratio of female managers 7.8%
- Promotion of employment of people with disabilities Promoting employment of people with disabilities and following up, including periodic conferences with them so that they can work for NIPPN over the long term

Promotion of work-life balance

- Flexible work styles Enhancement of tools for web conferencing and working from home Enhancement of work-life balance through flexible work styles (working from home, flextime, staggered working hours)
- Balancing work with childcare and nursing care 100% of women and 51% of men have taken childcare leave. Gained *Kurumin* certification six times, supporting a good balance between work and childcare



ESG Initiatives (4) Social, Governance

Contribution to international society and local communities

- Donation of foods to food banks, home meal service for children, etc.
Support for Second Harvest Japan, home meal service for children in Bunkyo City, Donald House, etc.
- Support of UNICEF
Donation of relief supplies such as oral rehydration salts (ORS) and water purifiers
- Support of WFP
Donated ¥10 million for emergency relief for Ukraine in March through WFP



Contribution to local communities

NIPPN Group

- Matsuya Flour Mills Co., Ltd. registered in “Tochigi SDGs Promotion Company Registration System”
A system established by Tochigi Prefecture whereby companies and other organizations that are vigorously addressing the SDGs register their declarations corresponding to the three aspects of “environment,” “society,” and “economy.”
- Junco flora school
Charitable activities including lessons for people with disabilities and the Luna Flora Exhibition
In 2022, the 55th anniversary exhibition will be held in five locations throughout Japan



Legal compliance and internal control



- Corporate governance structure
Adoption of the company with an audit & supervisory committee system
Follow-up system for outside directors, evaluation of the effectiveness of the Board of Directors, appointment of outside directors and criteria for independence, executive compensation, and audit department
- Compliance
Compliance with the Code of Conduct and Behavioral Guidelines
→ posted on the intranet
- Risk management
Diverse risks (COVID-19, large-scale disasters)
→ Strengthen management system to respond promptly

SDGs tackled by NIPPN

<p>2 飢餓の撲滅 Zero Hunger</p> <p>End hunger</p>	<p>3 健康と福祉 Good Health and Well-being</p> <p>Good health & well-being for all</p>	<p>4 質の高い教育をみんなに Quality Education</p> <p>Ensure quality education</p>	<p>5 男女の平等 Gender Equality</p> <p>Achieve gender equality</p>	<p>6 安全な水とトイレを世界中に Clean Water and Sanitation</p> <p>Clean water and sanitation</p>	<p>7 持続可能なエネルギー Affordable and Clean Energy</p> <p>Ensure access to affordable clean energy for all</p>
<p>8 働きがいと経済成長 Decent Work and Economic Growth</p> <p>Promote decent work and economic growth</p>	<p>12 持続可能な消費と生産 Responsible Consumption and Production</p> <p>Ensure responsible production and consumption</p>	<p>13 気候変動に具体的な対策を Climate Action</p> <p>Take action to combat climate change</p>	<p>14 海の豊かさを守ろう Life Below Water</p> <p>Conserve life below water</p>	<p>15 陸の豊かさを保ち支えよう Life on Land</p> <p>Protect life on land</p>	<p>16 平和と公正 Peace, Justice and Strong Institutions</p> <p>Promote peaceful societies and provide access to justice</p>

This document includes details of the Company's current plans and performance forecasts. These future plans and forecast figures are based on information currently available as well as the Company's plans and projections. Actual results and performance may differ materially from these plans and forecast figures due to a variety of conditions and factors. This document does not represent a definitive commitment or guarantee by the Company to achieve stated plans and forecast figures.

**Investor Relations Office
Accounting and Finance Div.
NIPPON CORPORATION**