

**nippon**

Code number: 2001

# Briefing Session on Business Results for the Fiscal Year Ended March 31, 2023 (FY2023)

May 23, 2023

**NIPPN CORPORATION**

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



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# Overview of Business Results for FY2023 and FY2024 Performance Forecasts

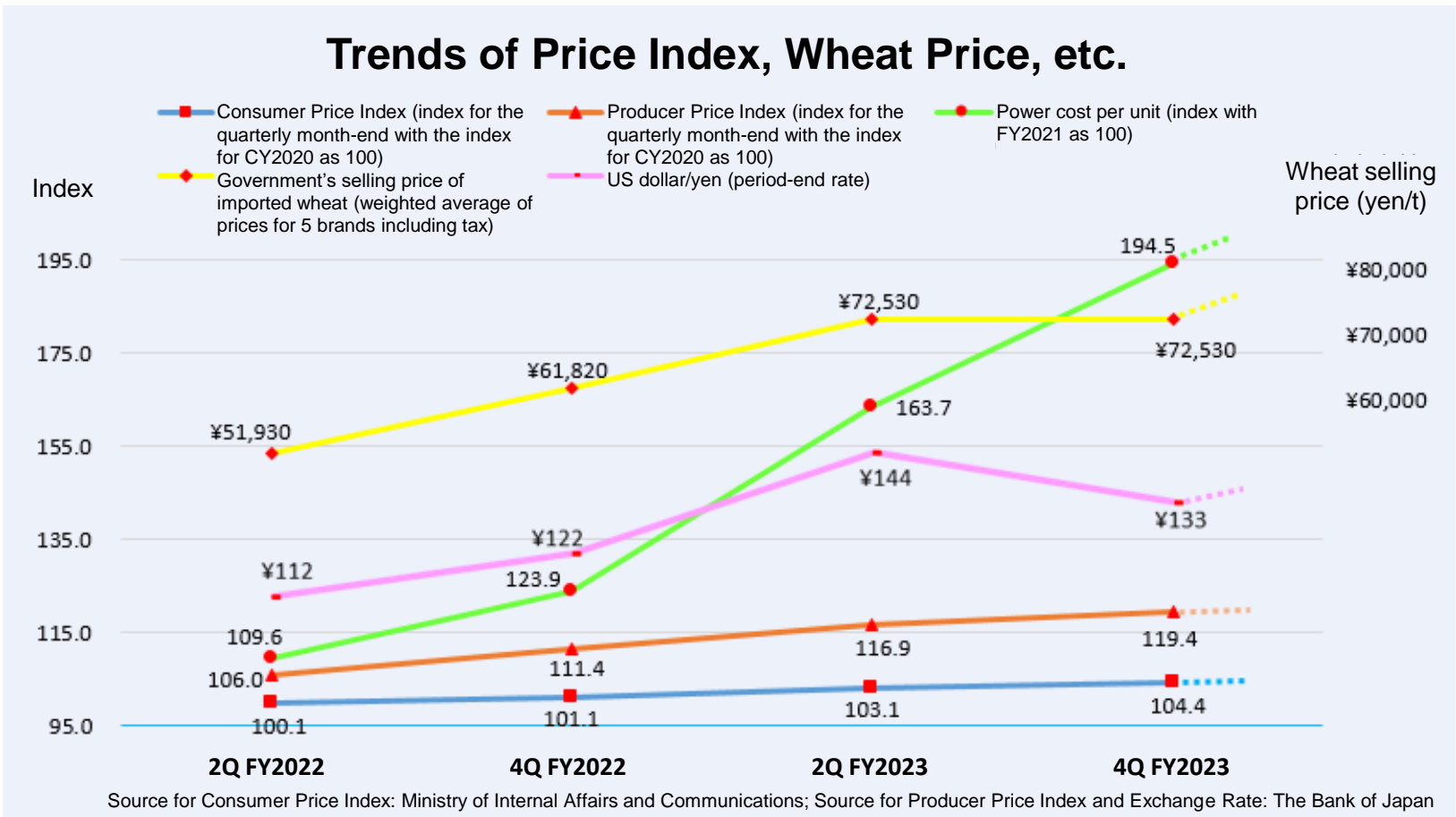
# Statements of Income

- **Net sales increased**, reflecting the implementation of sales price revisions in each business in response to rising prices of wheat and other raw materials, as well as recovery in demand, following the relaxation of restrictions on activities, and the growth of the frozen foods business.
- Despite an increase in strategic costs and soaring prices of raw materials and energy and various other costs, **profit increased** owing to the implementation of sales price revisions in line with costs, the impact of increased shipments reflecting the recovery in demand from the restaurant sector and demand for ready-made meals, and cost reduction thanks to improvement of productivity.

		FY2022		FY2023		YoY	
		Result	% of net sales	Result	% of net sales	Change	Change (%)
(Millions of yen)							
Net sales	Flour Milling	96,934	30.2%	117,604	32.2%	20,669	21.3%
	Food	185,911	57.9%	204,796	56.0%	18,885	10.2%
	Other	38,471	12.0%	43,123	11.8%	4,652	12.1%
	Total	321,317	100.0%	365,525	100.0%	44,208	13.8%
Operating income	Flour Milling	6,211	6.4%	7,528	6.4%	1,316	21.2%
	Food	4,068	2.2%	3,449	1.7%	(619)	(15.2)%
	Other	1,000	2.6%	1,308	3.0%	307	30.8%
	Total	11,282	3.5%	12,288	3.4%	1,006	8.9%
Ordinary income		14,270	4.4%	14,816	4.1%	545	3.8%
Profit attributable to owners of parent		9,327	2.9%	10,260	2.8%	932	10.0%

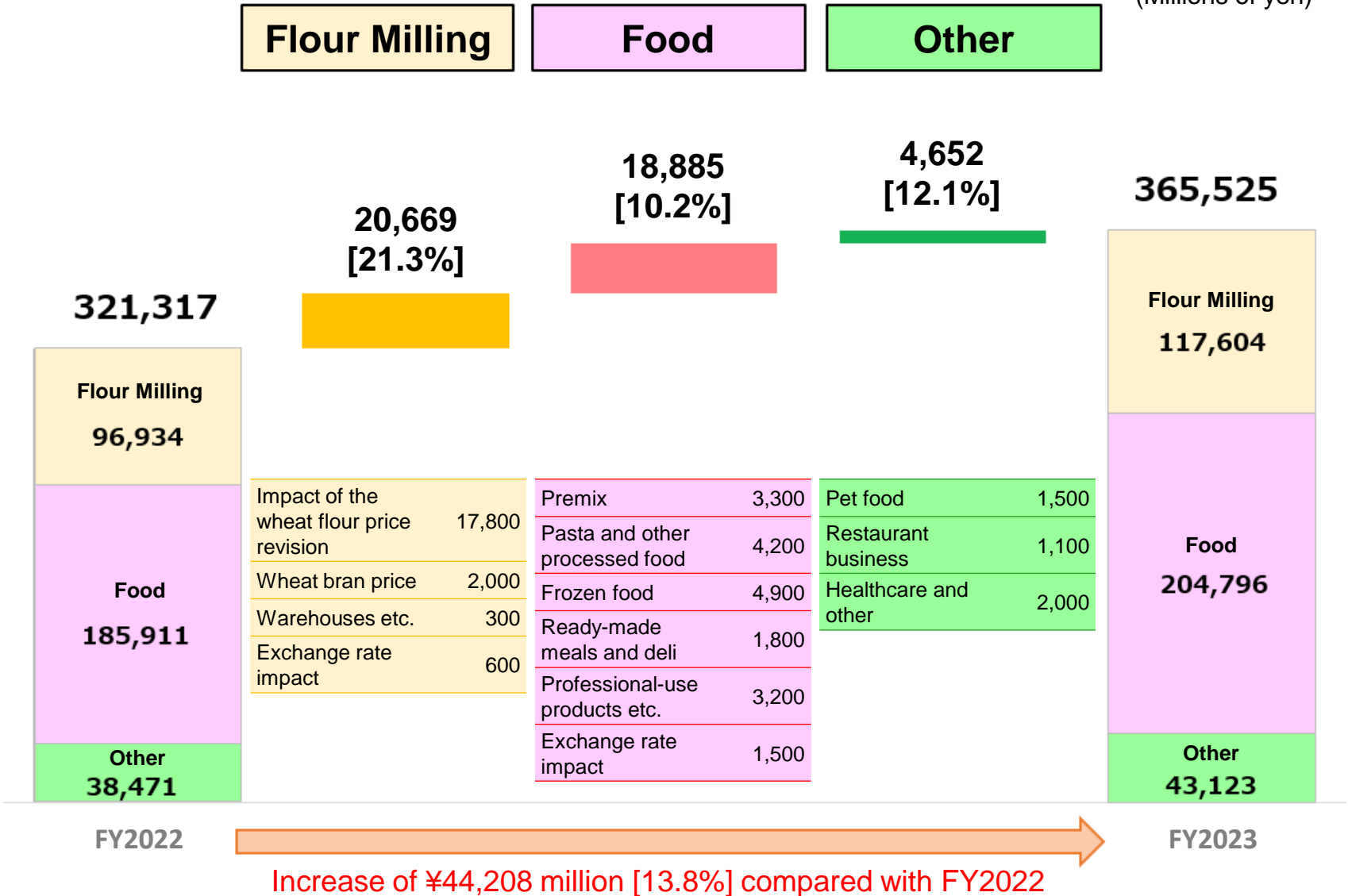
# Trend of Raw Materials Prices, Energy Prices, etc.

- Although the wheat market has become more stable compared with the instability following the Russian invasion of Ukraine, wheat prices remain high. The Japanese government revised sales prices of imported wheat in April 2023 for the first time in 12 months and government sales prices of imported wheat were increased by 5.8% on average for the five key products.
- We will proceed with sales price revisions to reflect increases in prices of raw materials and energy, logistics costs, etc., while securing the understanding of customers.



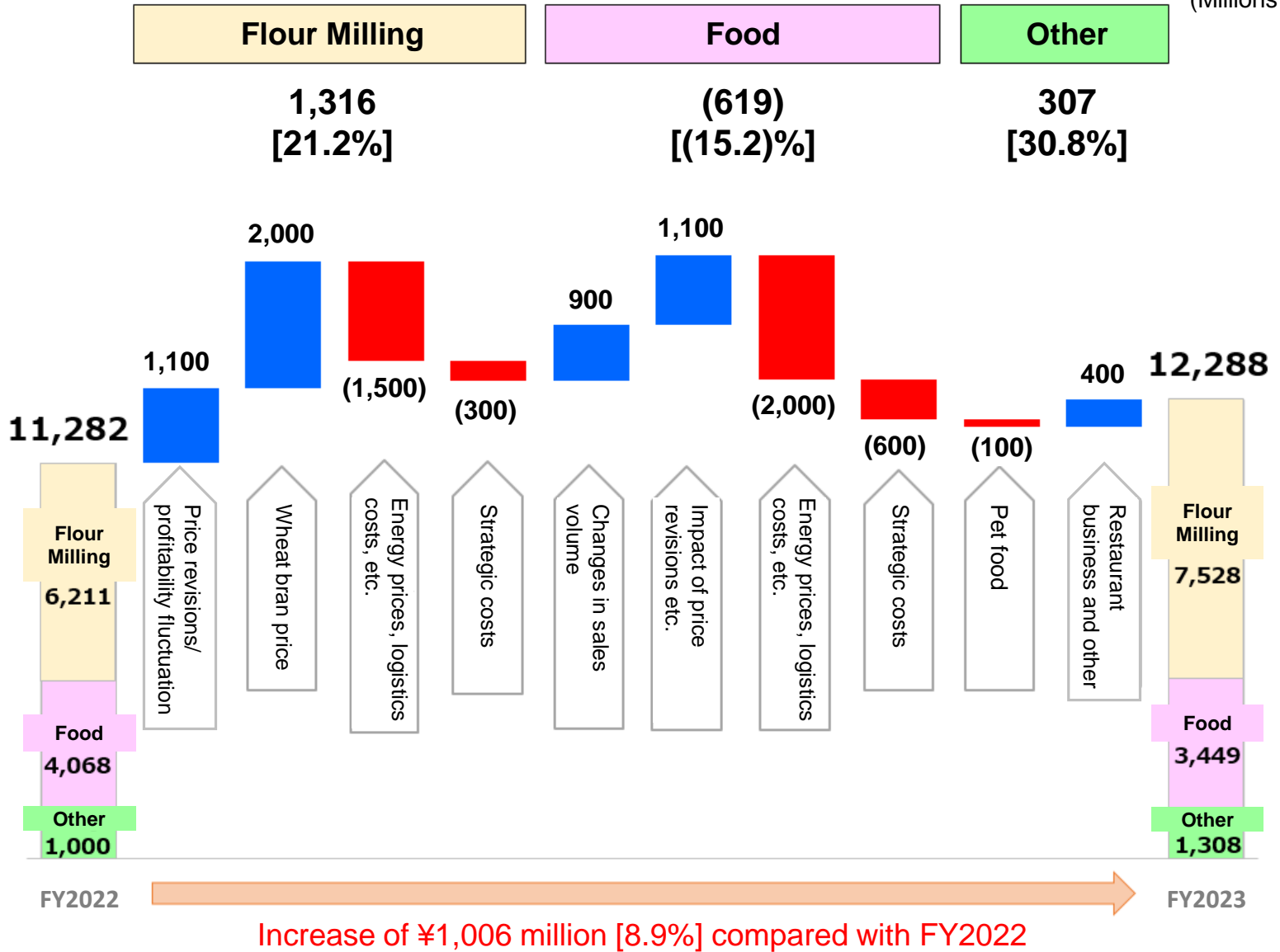
# Analysis of Factors for Changes in Net Sales

(Millions of yen)



# Analysis of Factors for Changes in Operating Income

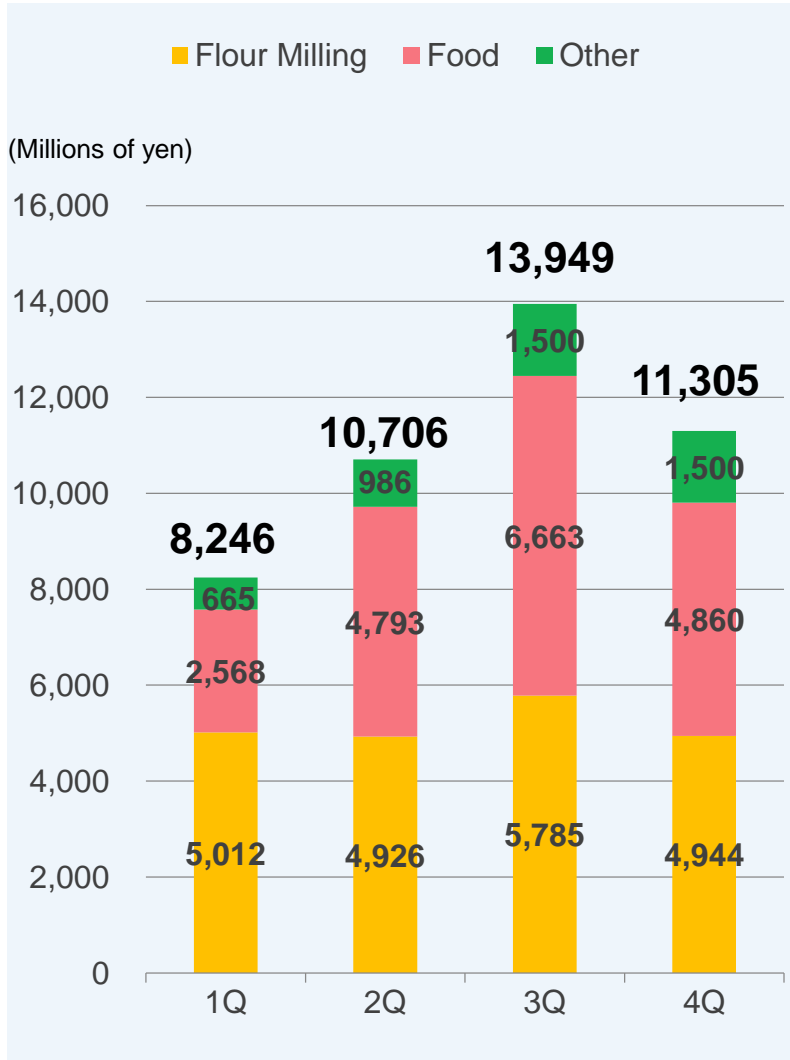
(Millions of yen)



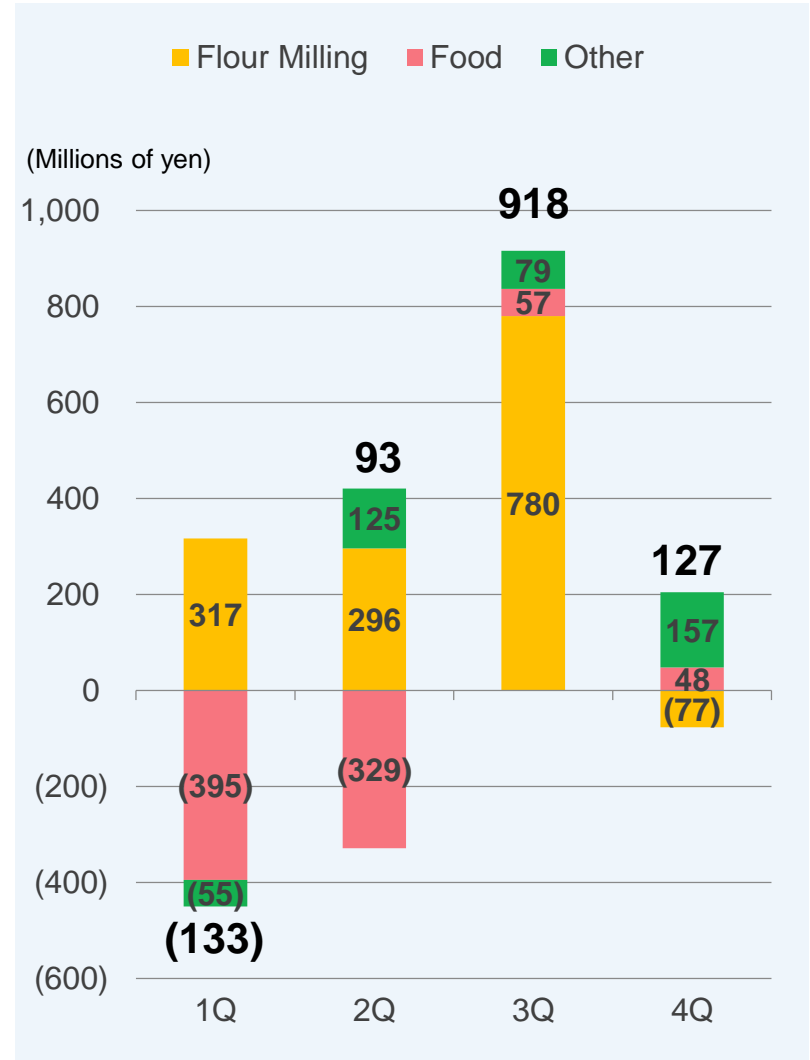


# Quarterly Changes in Net Sales and Operating Income

## Net sales YoY change



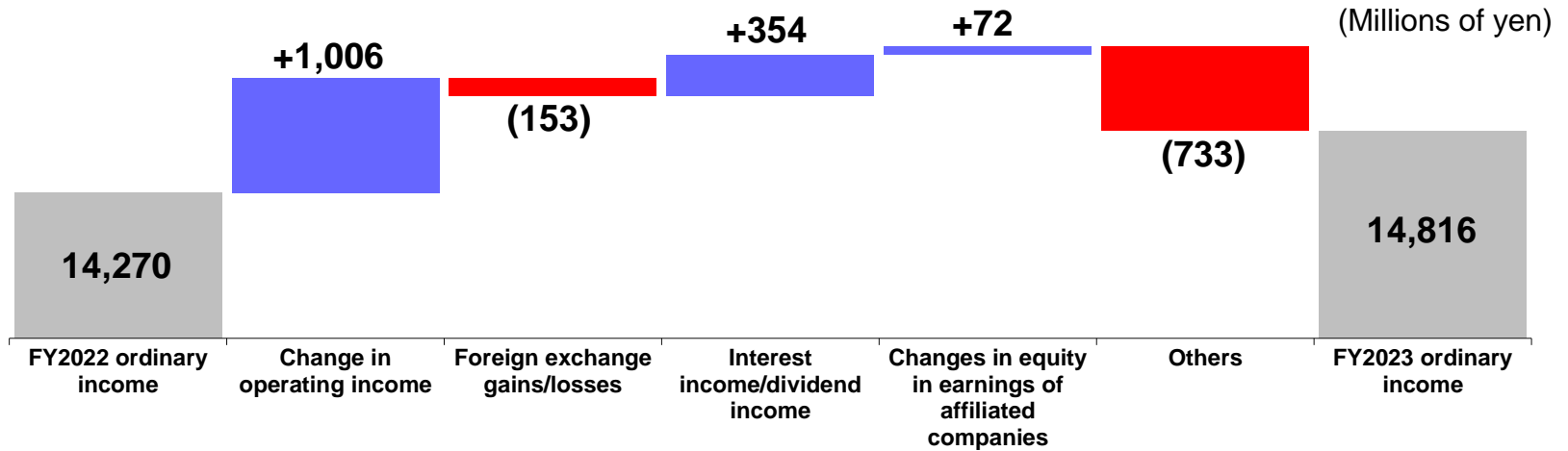
## Operating income YoY change



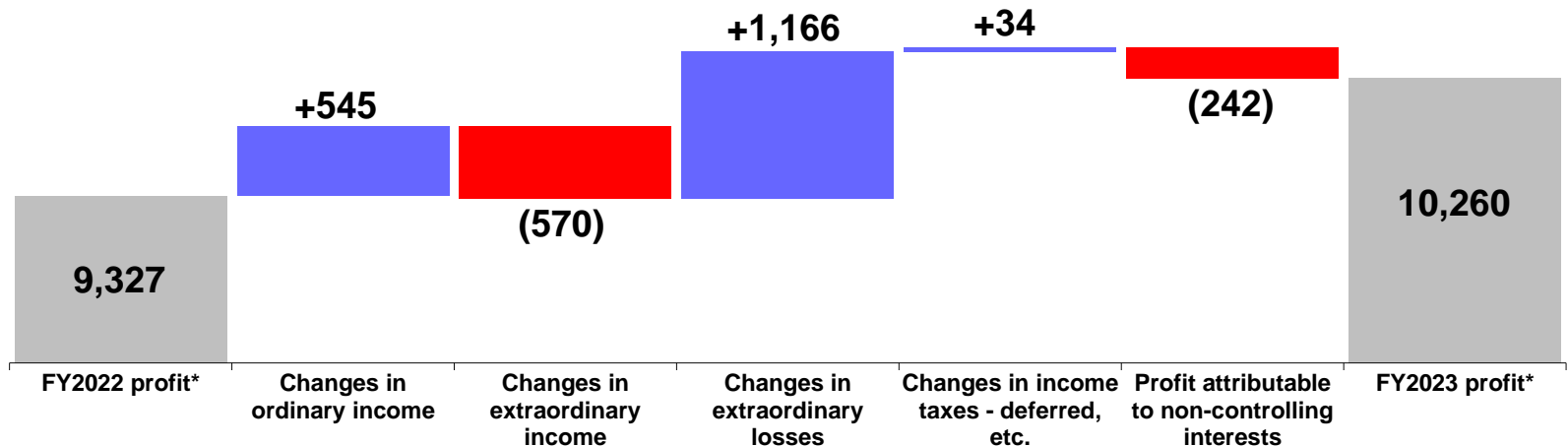


# Analysis of Factors for Changes in Ordinary Income / Profit\*

## ■ Factors for changes in ordinary income (overall increase of ¥545 million [3.8%])



## ■ Factors for changes in profit\* (overall increase of ¥932 million [10.0%])



\* Profit attributable to owners of parent

# Balance Sheets

	FY2022		FY2023		Change	
	(As of Mar. 31, 2022)	Component ratio	(As of Mar. 31, 2023)	Component ratio		
(Millions of yen)						
Current assets	130,768	40.1%	143,021	41.5%	12,253	1.4p
Property, plant and equipment	115,611	35.5%	113,467	32.9%	(2,143)	(2.6)p
Intangible assets	2,529	0.8%	2,175	0.6%	(353)	(0.2)p
Investments and other assets	76,922	23.6%	85,914	24.9%	8,991	1.3p
Non-current assets	195,063	59.9%	201,557	58.5%	6,494	(1.4)p
Deferred assets	37	0.0%	26	0.0%	(11)	(0.0)p
Total assets	325,869	100.0%	344,606	100.0	18,737	-
Current liabilities	74,842	23.0%	78,613	22.8%	3,771	(0.2)p
Non-current liabilities	72,328	22.2%	73,378	21.3%	1,050	(0.9)p
Total liabilities	147,171	45.2%	151,992	44.1%	4,821	(1.1)p
Shareholders' equity and accumulated other comprehensive income	174,120	53.4%	188,686	54.8%	14,566	1.4p
Subscription rights to shares	195	0.1%	226	0.1%	31	0.0p
Non-controlling interests	4,381	1.3%	3,699	1.1%	(682)	(0.2)p
Total net assets	178,697	54.8%	192,613	55.9%	13,915	1.1p
Total liabilities and net assets	325,869	100.0%	344,606	100.0	18,737	-

# Statements of Cash Flows

(Millions of yen)	FY2022	FY2023	Change
<b>Operating activities</b>	11,975	15,055	3,080
<b>Investing activities</b>	(10,103)	(5,026)	5,077
<b>Financing activities</b>	(4,278)	(8,402)	(4,124)
<b>Effect of exchange rate change on cash and cash equivalents</b>	209	394	185
<b>Net increase (decrease) in cash and cash equivalents</b>	(2,196)	2,021	4,218
<b>Cash and cash equivalents at beginning of period</b>	35,320	31,215	(4,105)
<b>Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation</b>	(1,908)	(78)	1,830
<b>Cash and cash equivalents at end of period</b>	31,215	33,157	1,942

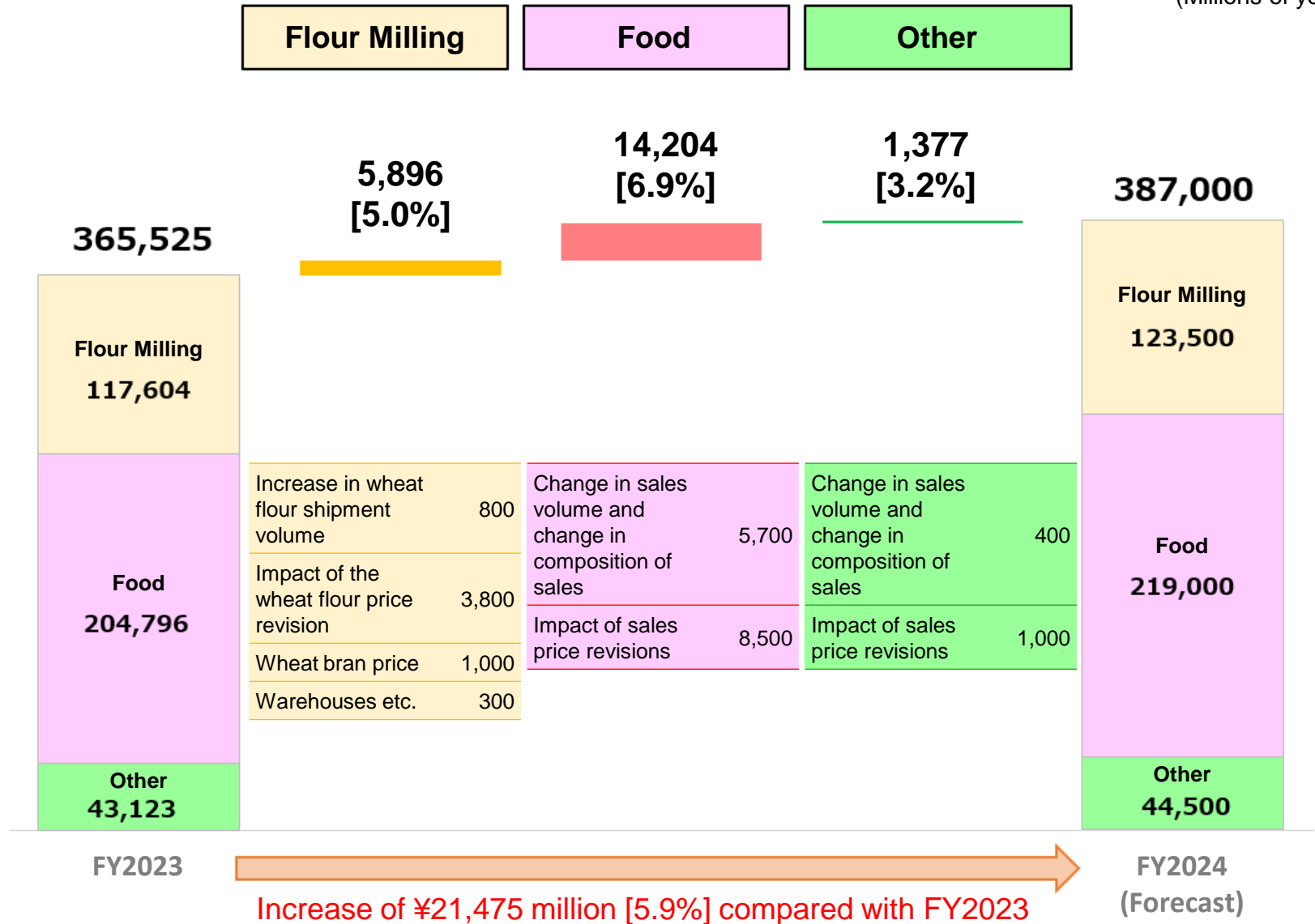
# FY2024 Performance Forecasts

- **Net sales** are expected to increase 5.9% or 21.5 billion yen compared with FY2023 owing to the transfer of increases in prices of raw materials, energy, etc. to sales prices, in addition to increases in shipments in all segments.
- **Operating income** is expected to increase compared with FY2023 owing to sales expansion and further productivity improvement, despite increases in energy prices and logistics costs and increases in various other costs due to strengthening of advertising and sales promotion in the food segment, strategic investment in new business fields, and strengthening of investment in systems.

		FY2023		FY2024		YoY	
		Result	% of net sales	Forecast	% of net sales	Change	Change (%)
(Millions of yen)							
Net sales	Flour Milling	117,604	32.2%	123,500	31.9%	5,896	5.0%
	Food	204,796	56.0%	219,000	56.6%	14,204	6.9%
	Other	43,123	11.8%	44,500	11.5%	1,377	3.2%
	<b>Total</b>	<b>365,525</b>	<b>100.0%</b>	<b>387,000</b>	<b>100.0%</b>	<b>21,475</b>	<b>5.9%</b>
Operating income	Flour Milling	7,528	6.4%	7,600	6.2%	72	1.0%
	Food	3,449	1.7%	3,500	1.6%	51	1.5%
	Other	1,308	3.0%	1,400	3.1%	92	7.0%
	<b>Total</b>	<b>12,288</b>	<b>3.4%</b>	<b>12,500</b>	<b>3.2%</b>	<b>212</b>	<b>1.7%</b>
Ordinary income		14,816	4.1%	14,600	3.8%	(216)	(1.5)%
Profit attributable to owners of parent		10,260	2.8%	10,800	2.8%	540	5.3%

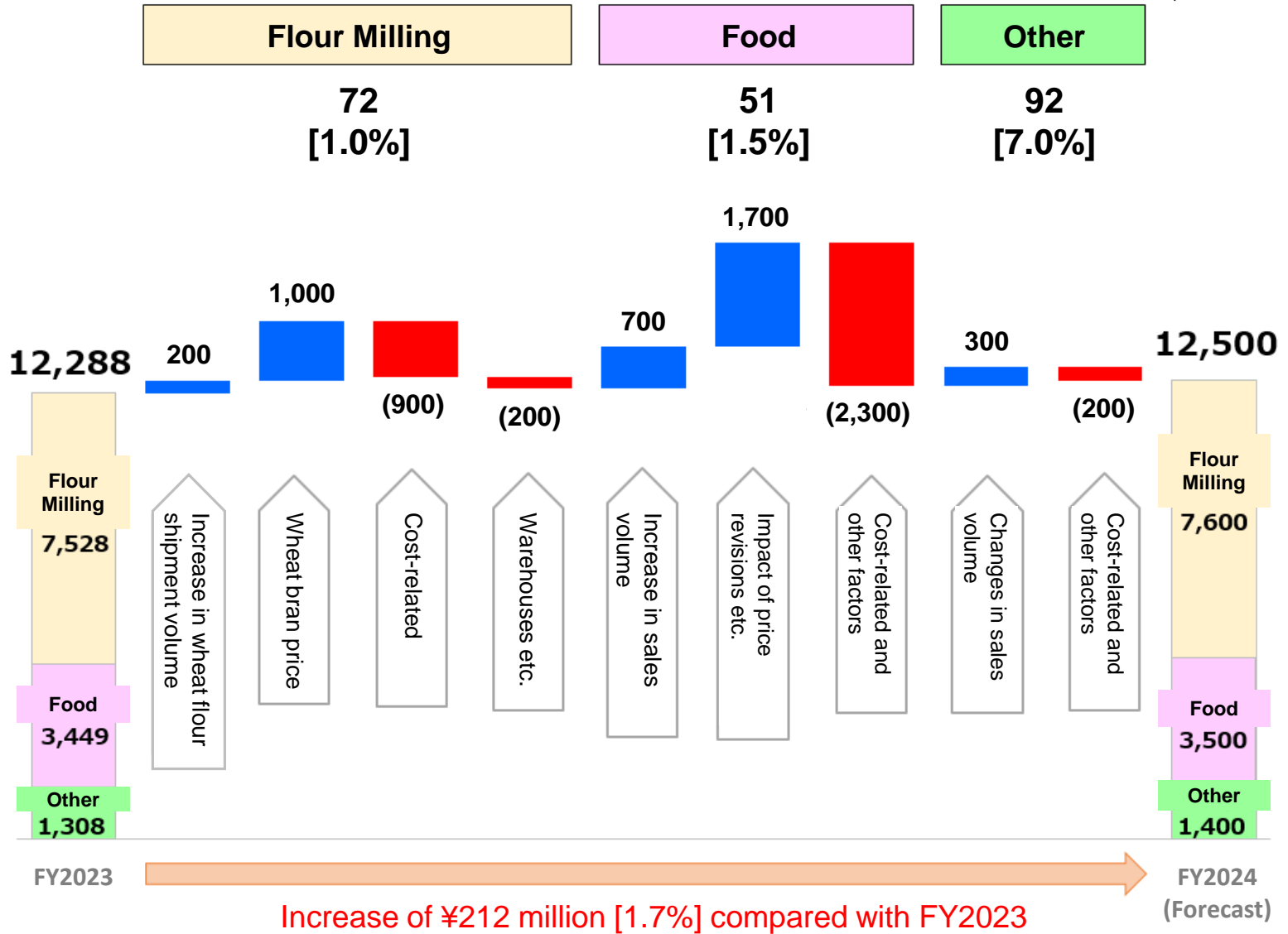
# Analysis of Factors for Changes in Net Sales Forecasts

(Millions of yen)



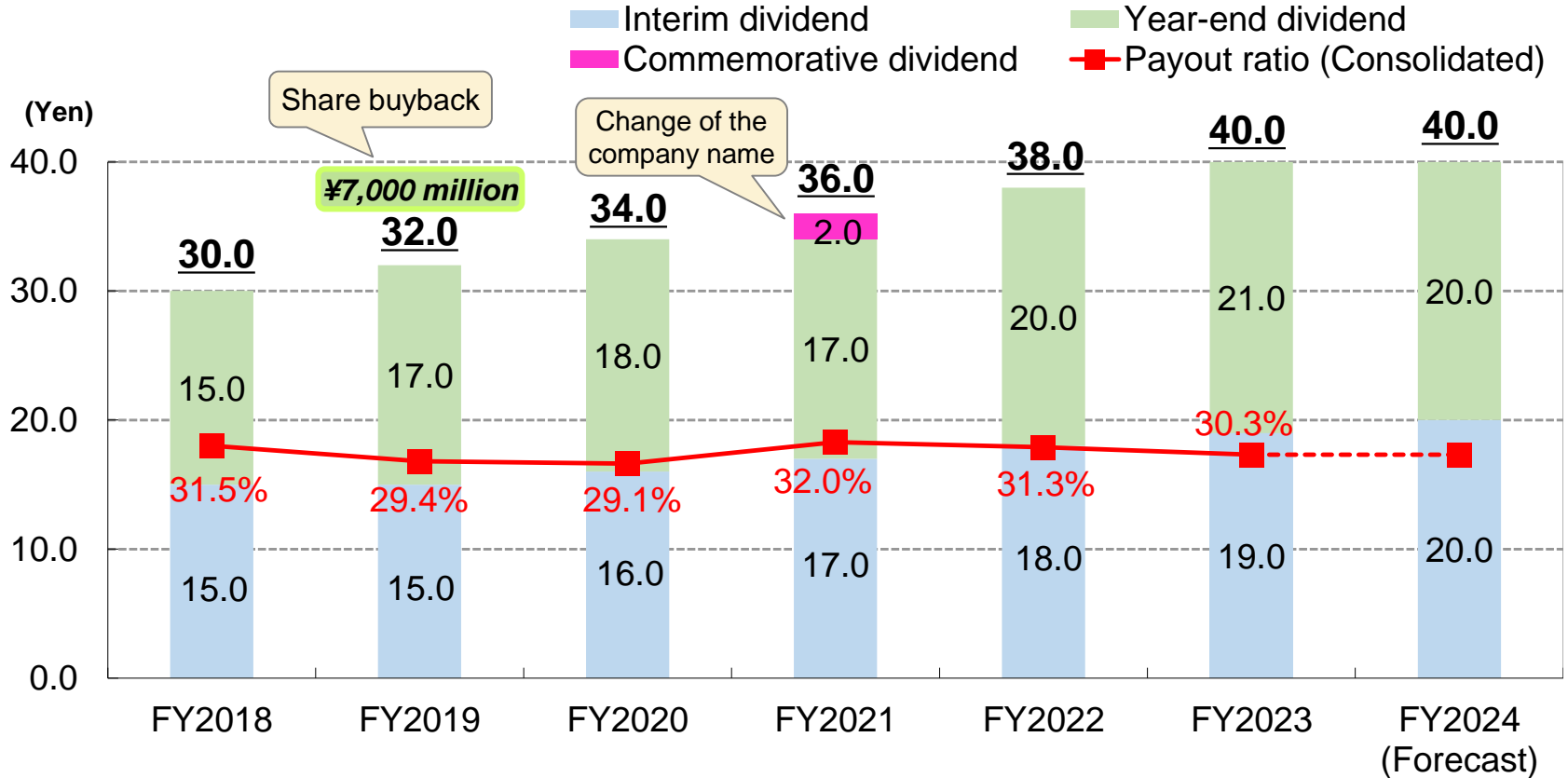
# Analysis of Factors for Changes in Operating Income Forecasts

(Millions of yen)



# 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.







# Progress of NIPPON Group FY2023-2027 Medium-term Targets

— Aim to expand earning power through sustainable growth and achieve the optimal capital structure —

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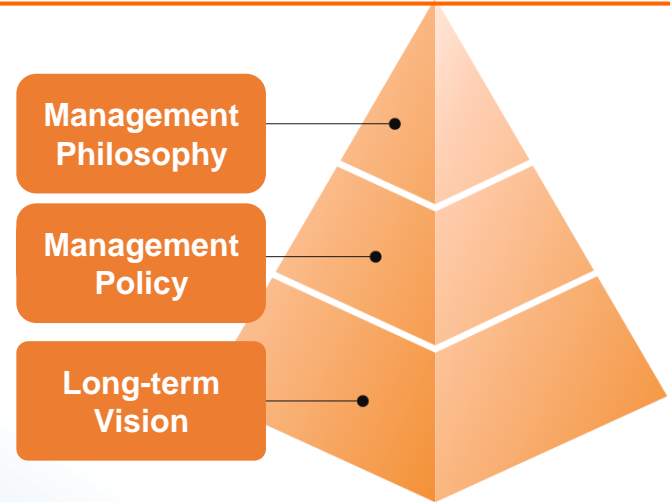
- I. Framework of the Long-term Vision**
- II. Progress of FY2023-2027  
Medium-term Targets
- III. Financial Strategy



# 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

Together with our customers	We deliver health and smiles to all customers through “ <b>Food experience</b> ”. 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 <b>with enthusiasm and passion</b> within a fair and open corporate culture.
Together with our shareholders	We will work to enhance corporate value through <b>highly transparent</b> information disclosure and dialogue with shareholders.
Together with society	As a <b>resilient company</b> 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.

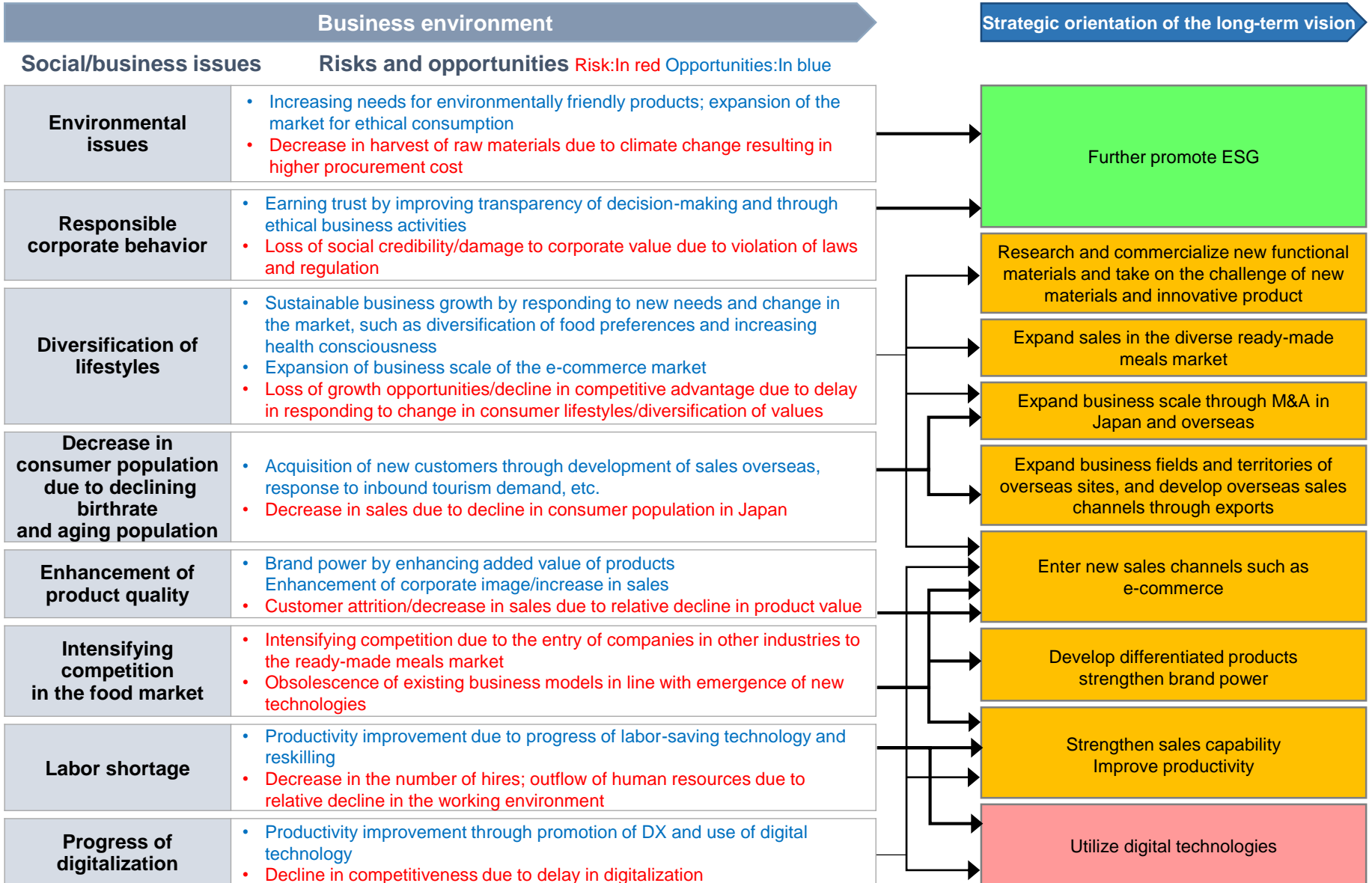
## Long-term Vision

**To realize the management philosophy**, we will deliver happiness, smiles, and physical and mental health to people by creating “food” for the new era, anticipating change, and continue to contribute to a better society and planet while **resolving social issues** such as those related to the environment and human rights.

### Targeted business scale

Net sales	500 billion yen
Operating income	25 billion yen
Operating margin	5%
ROE	8%

# Strategy for Medium- to Long-term Growth

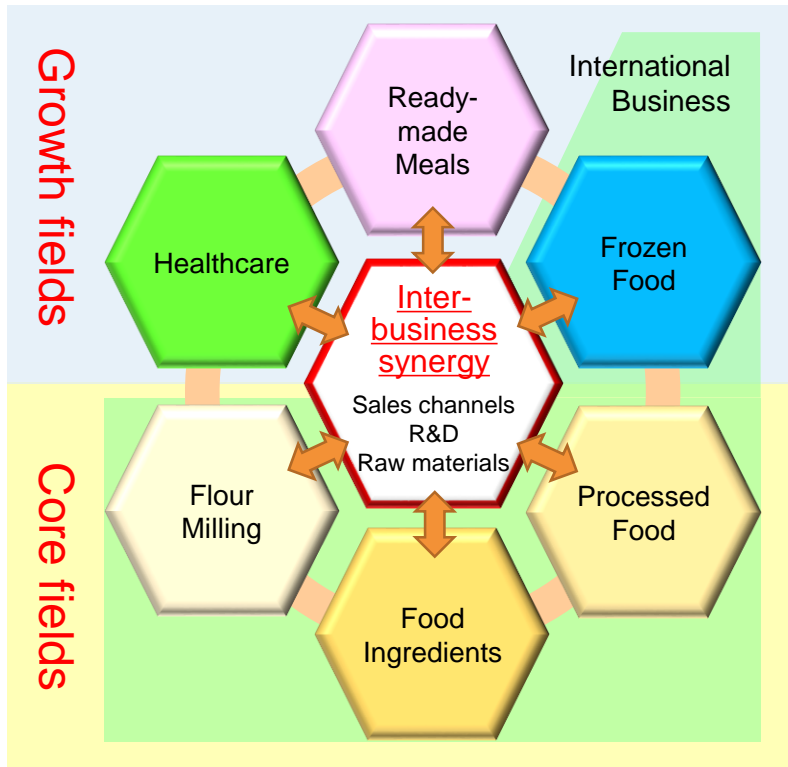


# Strategy for Achieving the Long-term Vision

Strengthen the foundations of the existing businesses and increase production capacity to achieve sustainable profit growth and stable generation of cash; **concentrate management resources on growth fields.**

Develop value-creating businesses through **business expansion into global markets and creation of new businesses** to realize further growth.

## Existing businesses



Target

Net sales of 500 billion yen

Operating income of 25 billion yen

Expand business scale through M&A in Japan and overseas

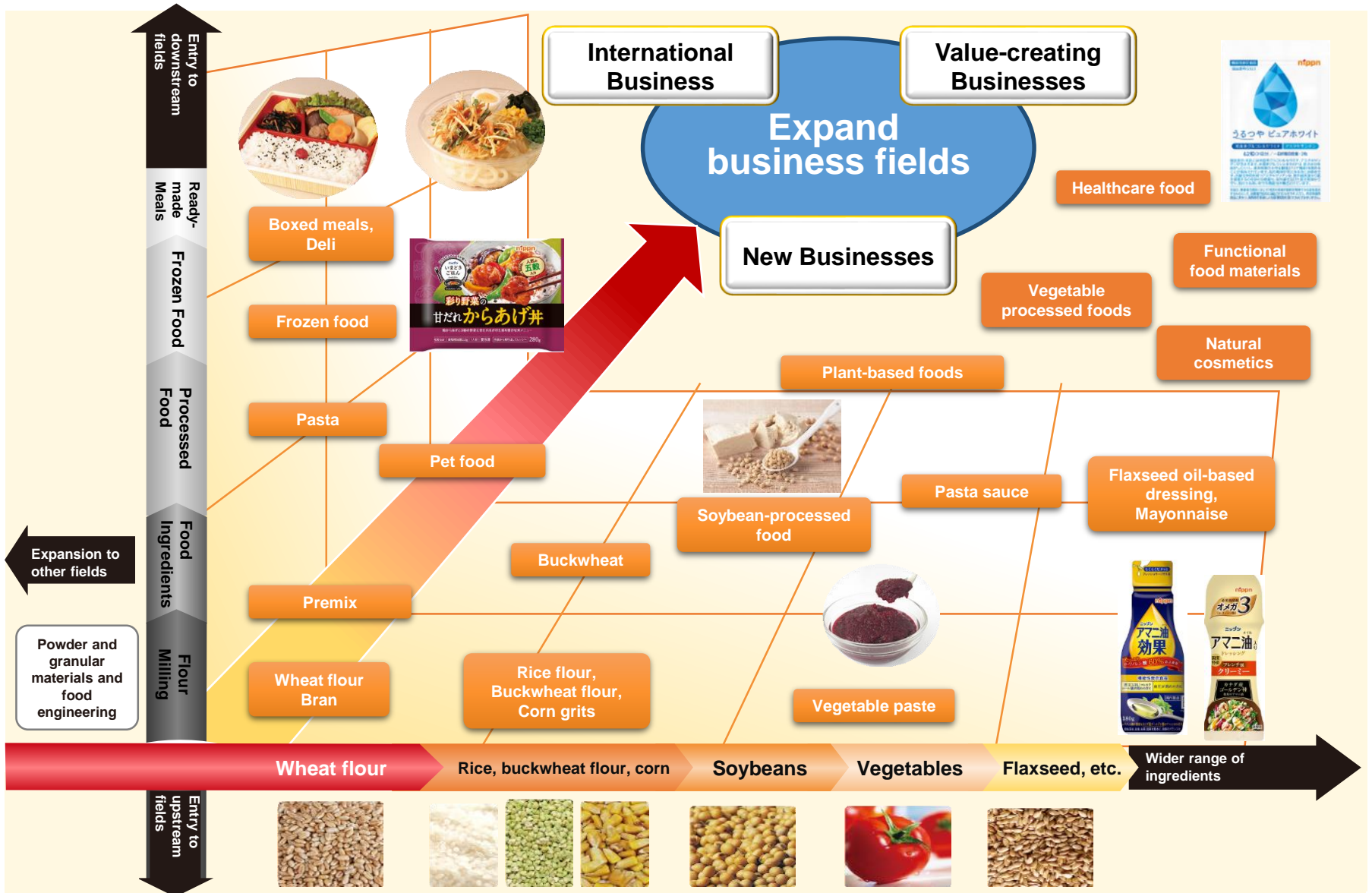
Expand fields by developing value-creating businesses

Develop peripheral businesses and new business fields with high synergy  
Commercialize new ingredients and innovative products and enhance their recognition  
Enter new sales channels such as e-commerce business

Expand existing businesses

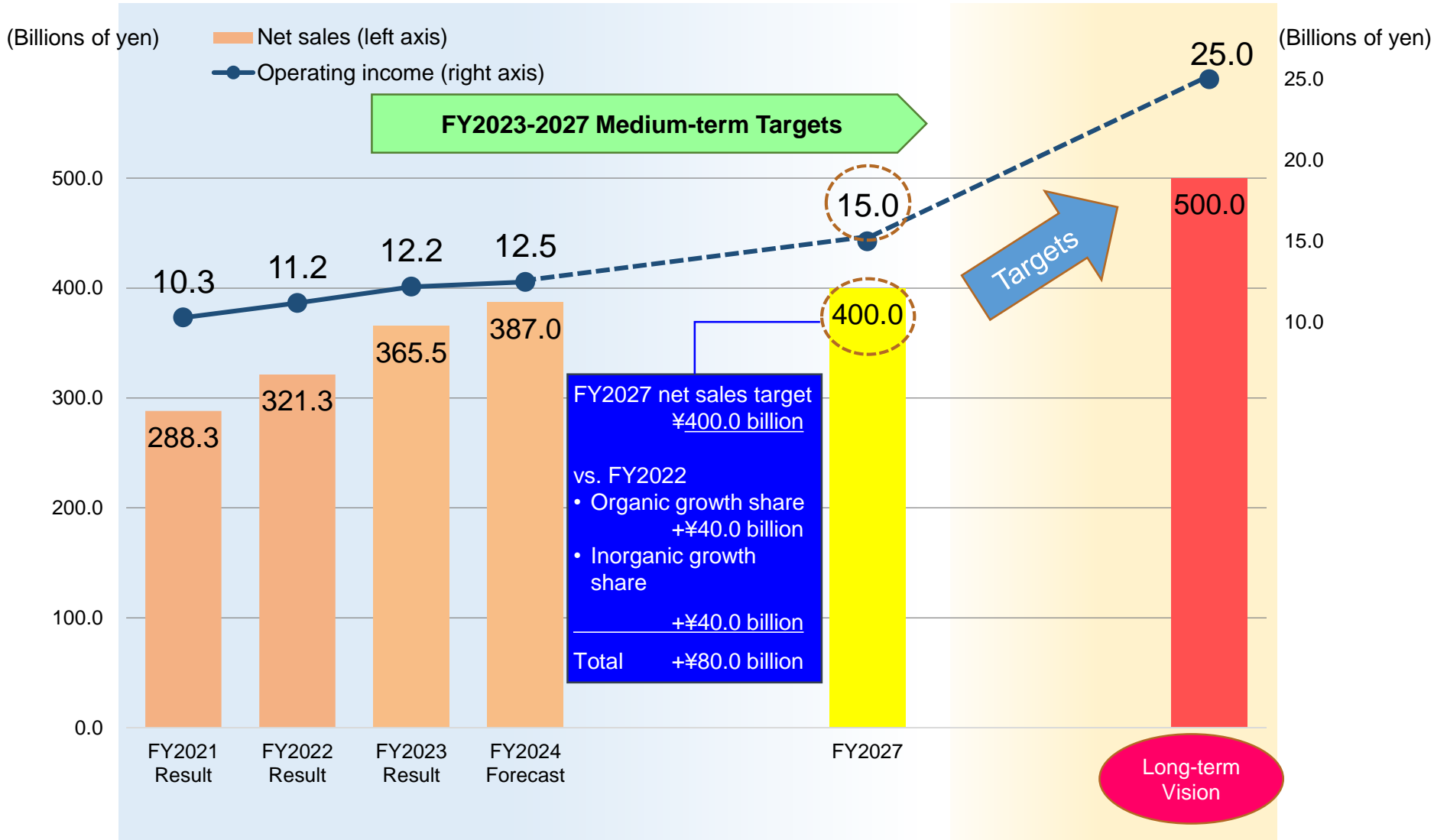
Strengthen sales capabilities, improve productivity, enhance product and brand power, and expand sales in the diverse ready-made meals market  
Increase production capacity at overseas sites, strengthen overseas management foundation, etc.

# Orientation of the business field expansion strategy





# Growth Envisioned by the Group



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



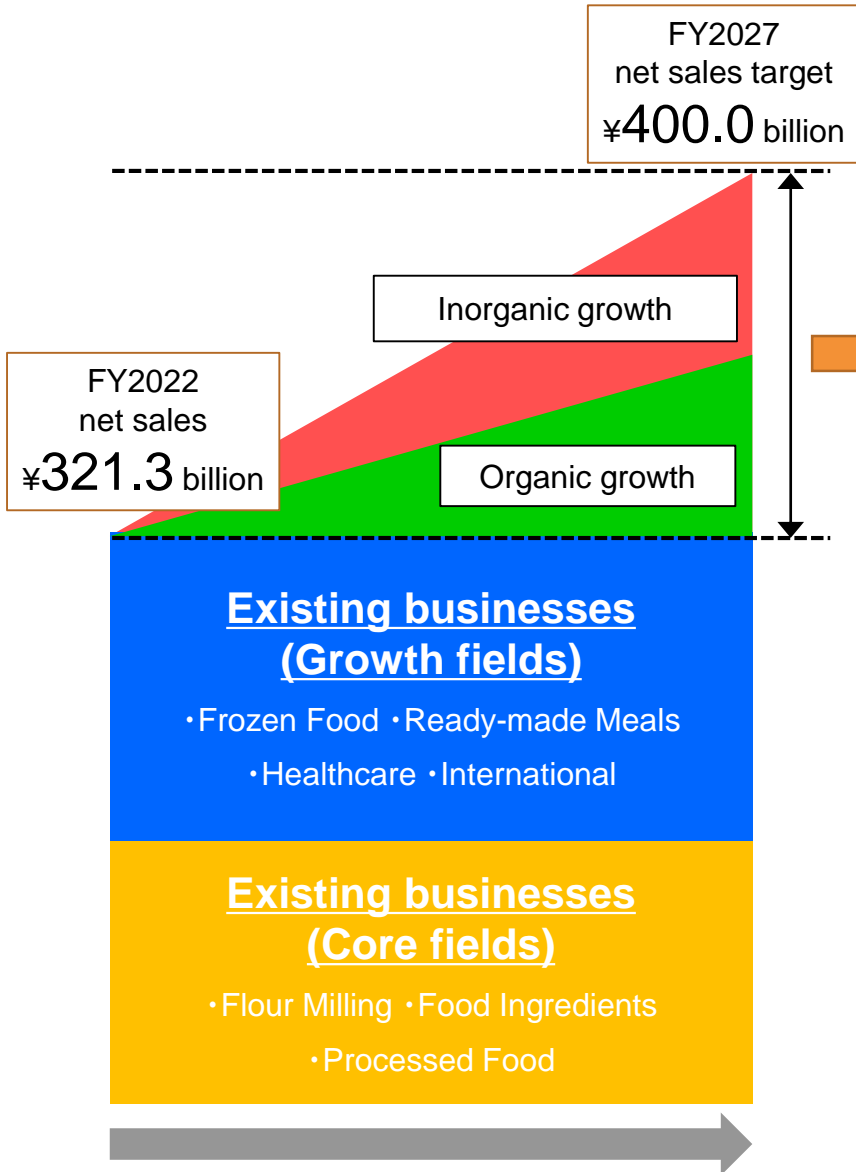
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- I. Framework of the Long-term Vision
- II. Progress of FY2023-2027 Medium-term Targets**
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# To Achieve FY2023-2027 Medium-term Targets



## FY2023-2027 Medium-term targets

Increase net sales by **80 billion yen**

Breakdown) Inorganic growth **+40.0 billion**  
 Organic growth **+40.0 billion**

## Basic policy of the strategy

- Strengthening earnings power of the core fields
- Strategic investment in growth fields and new fields
- Pursuit of M&A and alliance opportunities
- Strengthening of the management foundation through promotion of DX etc.
- Promotion of ESG management

# Business Growth Envisaged by the Group

## Existing businesses

- Flour Milling • Food Ingredients
- Processed Food
- Frozen Food
- Ready-made Meals
- Healthcare • International

## Expand existing businesses

Expansion of territories of overseas sites etc.

Channel expansion

Expansion of production scale

Enhancement of competitive advantage of products

Cultivation of demand

## Enter new fields

New ingredients/ innovative products

Expansion of peripheral businesses

Upstream/ downstream business development

- In addition to utilizing existing management resources, we will acquire external resources through M&A and business alliances to achieve growth.
- We are currently considering new initiatives overseas and new investment.
- We intend to disclose information on large-scale investment projects once institutional decisions are made.

# Progress of FY2023-2027 Medium-term Targets

	FY2022 Result	FY2023 Result	FY2024 Forecast	Medium-term Target (FY2027)
Net sales	¥ <b>321.3</b> billion	¥ <b>365.5</b> billion	¥ <b>387.0</b> billion	¥ <b>400.0</b> billion
Operating income	¥ <b>11.2</b> billion	¥ <b>12.2</b> billion	¥ <b>12.5</b> billion	¥ <b>15.0</b> billion
Operating margin	<b>3.5%</b>	<b>3.4%</b>	<b>3.2%</b>	<b>3.75%</b>
ROE	<b>5.5%</b>	<b>5.7%</b>	—	<b>6% or more</b>
ROIC	<b>3.0%</b>	<b>3.1%</b>	—	<b>4% or more</b>

# Focus Fields of Growth Strategy (Summary)

## Frozen Food Business

- Attract new customers through distinctive product mix
- Strengthen brands and develop differentiated products
- Commercialize new ingredients and cultivate new sales channels
- Expand overseas exports

## Ready-made Meals Business

- Expand the scale of the daily maker business
- Rebuild the “earning power” of the daily maker business and reform the organizational foundation for growth
- Acquire a growth platform by cultivating new fields in the ready-made meals market

### Four focus fields

## Healthcare Business

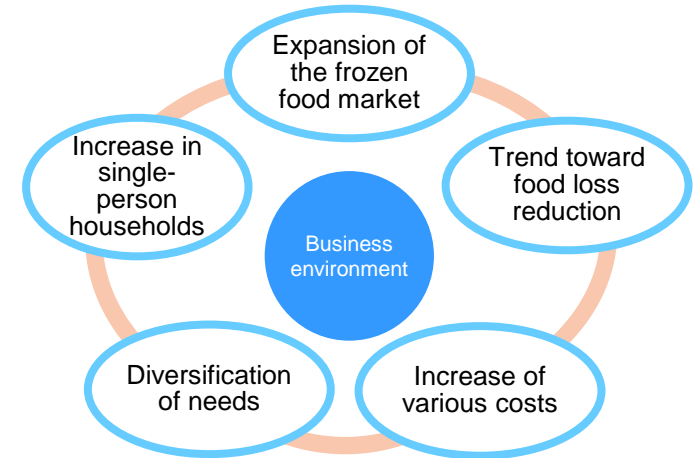
- Foster mainstay brands of functional foods
- Develop delicious products that address deficiencies in nutrition
- Expand the NIPPN Kenko Tsuhan business of online sales of health products made with NIPPN’s proprietary ingredients
- Expand sales channels, including cultivation of new fields and overseas exports

## International Business

- Further expand business in the ASEAN region and China where business potential is high, as well as in North America
- Develop Group synergy globally
- Promote speedy business development including implementation of the inorganic growth strategy

# Status of the Business: Frozen Food Business (Focus Field)

Gain the top share in the frozen pasta market (currently No. 2), reinforce the position as a frozen food manufacturer, and become one of the top 5 frozen food manufacturers in terms of sales



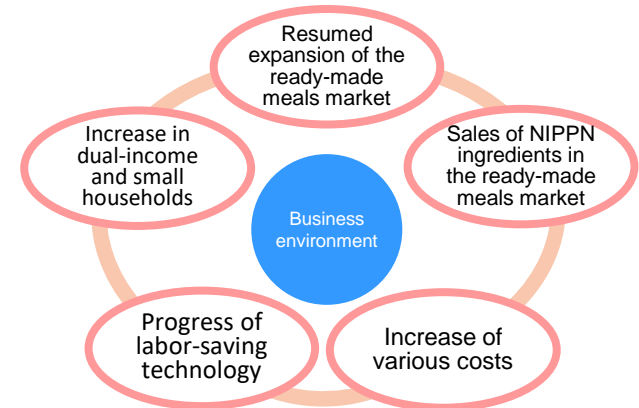
**Sales target: 60% increase compared with FY2022**

**Aim for operating margin of 4%**

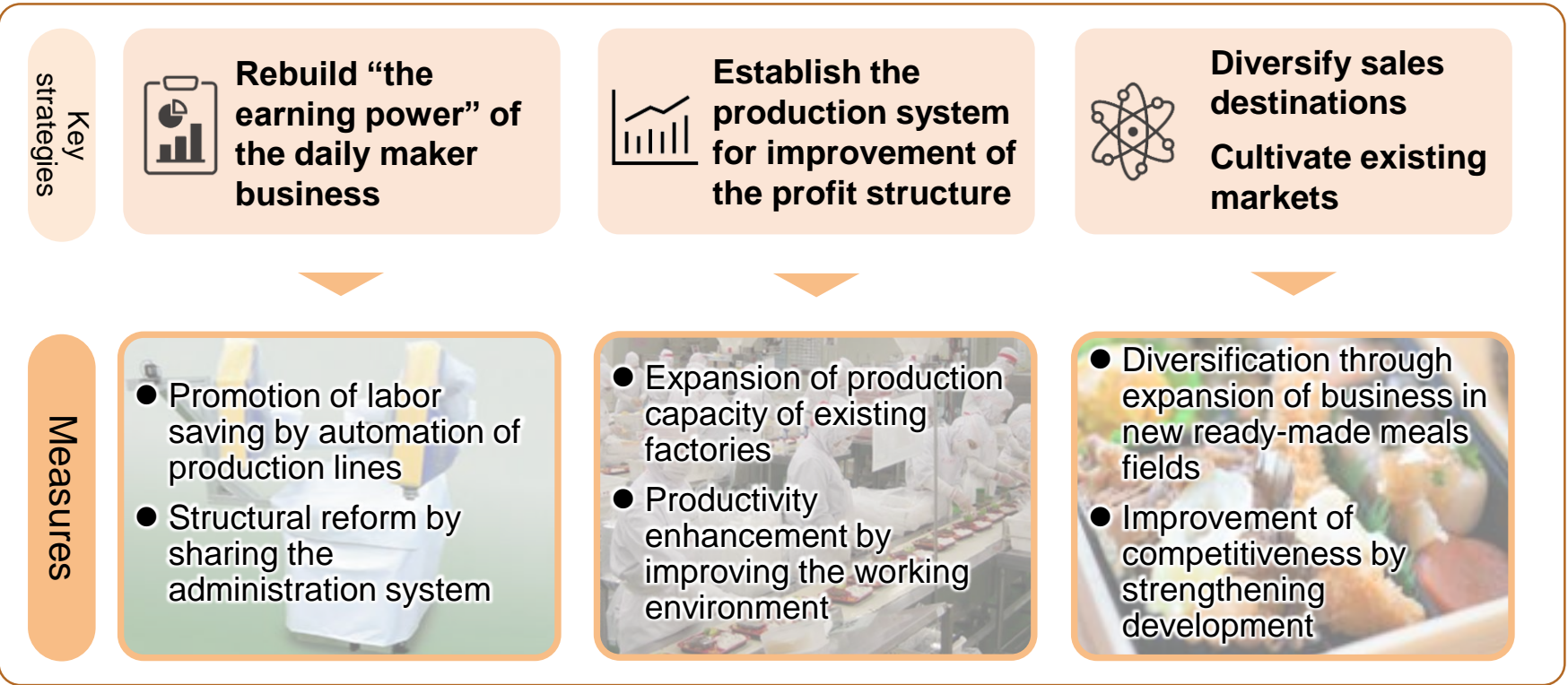


# Status of the Business: Ready-made Meals Business (Focus Field)

- ◆ Expand the scale of the daily maker business (as a vendor of ready-made meals for CVS)
- ◆ Expand the market area by utilizing existing know-how



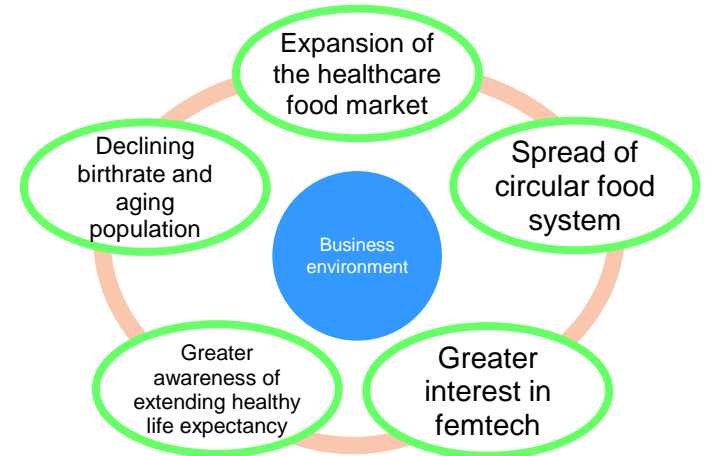
**Sales target: 30% increase compared with FY2022**  
**Target sales in new markets accounting for 10% of net sales**





# Status of the Business: Healthcare Business (Focus Field)

- ◆ Support maintenance and promotion of physical and mental well-being so that people can live fulfilling lives
- ◆ Contribute to extending healthy life expectancy, which is a social issue



**Sales target: Double sales compared with FY2022**

**Aim for operating margin of 6%**

## Basic strategic policies

- Foster mainstay brands of foods with functional claims
- Expand the range of plant-based functional ingredients with high added value
- Expand the NIPPN Kenko Tsuhan business of online sales of health products utilizing NIPPN's proprietary ingredients
- Expand sales channels including development of new business fields and exports
- Promote development of flaxseed and circular food for development of next-generation products
- Promote development with a view to entering the femtech market

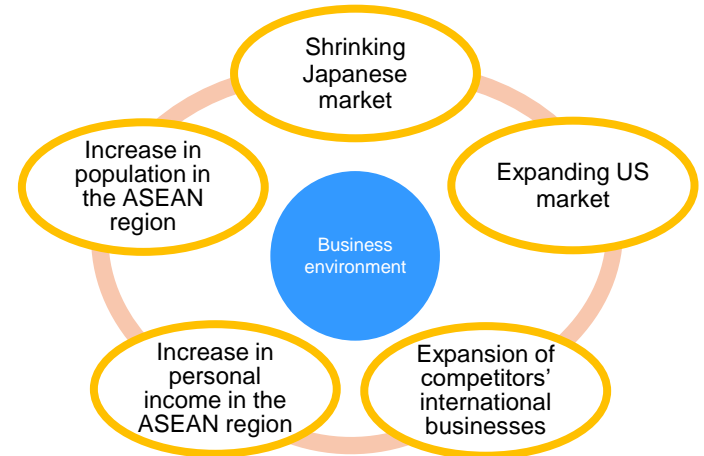


## Measures for achieving the strategy

- Expand functional ingredients, such as ceramide, olive fruit maslinic acid, pomace extract, and rosemary extract, **utilizing functional claims and implement measures to increase recognition**
- **Strengthen functions of flaxseed-related products** and develop new ingredients
- **Expand export of functional materials to North and Central America, East Asia, and Southeast Asia**
- **Strengthen NIPPN Kenko Tsuhan online sales business** and enrich the product range
- Resolve social issues through specific initiatives for well-being, extension of healthy life expectancy, and regional vitalization
- Vigorously publicize divisions' well-being initiatives

# Status of the Business: International Business (1) (Focus Field)

- ◆ Expand business in the regions where NIPPN has already established a presence and areas contiguous with such regions
- ◆ Promotion of the inorganic growth strategy



**Sales target:**

**Increase the ratio of international sales to 6% or higher**

Key strategies	Strengthen overseas management foundation	Expand business to areas contiguous with areas where NIPPN has already established a presence	Implement capital investment to strengthen production capacity and improve efficiency
	Measures	<ul style="list-style-type: none"> <li>■ Strengthening of human resources development                             <ul style="list-style-type: none"> <li>• Expansion of the global talent pool</li> <li>• Enhancement of engagement of local staff</li> </ul> </li> <li>■ Strengthening of risk management</li> </ul>	<ul style="list-style-type: none"> <li>■ Pursue cross-border M&amp;A opportunities                             <ul style="list-style-type: none"> <li>⇒ Investment in flour milling business in North America</li> </ul> </li> <li>■ Expansion of sales in countries contiguous with regions where NIPPN has already established a presence</li> <li>■ Cultivation of the halal market</li> </ul>

# Status of the Business: International Business

## (2) Investment in an American flour milling company

- ◆ Decided to invest in Utah Flour Milling, LLC, a flour milling company in the US.
- ◆ With PHM Brands, LLC, which is mainly engaged in the flour milling business in the US, as an investor, Utah Flour Milling is constructing a new flour mill in Utah and NIPPON will participate in its operation as a business and strategic partner.

### ► Overview of investment

Investment amount: US\$25 million (approx. JPY3.3 billion)  
Contract conclusion date: May 13, 2023  
Investment ratio: 25% (Equity-method affiliate)

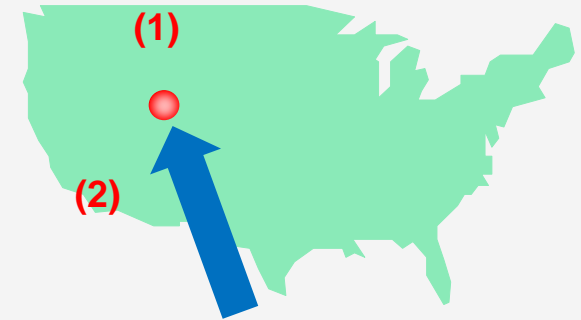
### ► Overview of Utah Flour Milling, LLC

Establishment: February 2023  
Business: Production and sales of wheat flour  
Location of the mill: Utah  
Start of operation: Around October 2024  
Production capacity: Approx. 340 t/day (flour-based)  
Site area: Approx. 21,000 m<sup>2</sup>

### ► Objectives of the investment

- Realize the Group's vision of **business expansion in North America and business development including inorganic growth strategy**
- **Enhance the Group's overall strength as a flour miller through direct engagement** in the flour milling business in the US
- **Achieve synergy** with the Group's two existing sites in the US and accelerate business growth in the US with a view to **further expansion of its international business**

### NIPPON Group's business in the US



### Utah Flour Milling, LLC

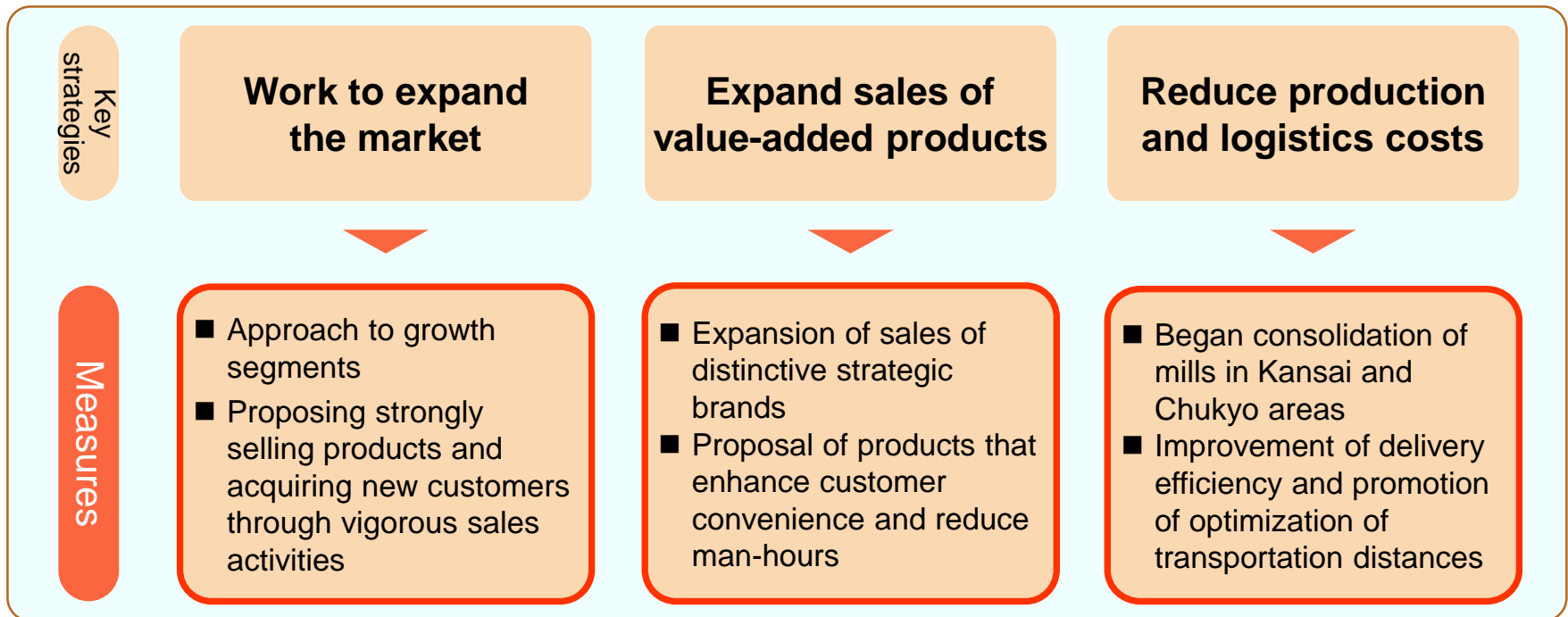
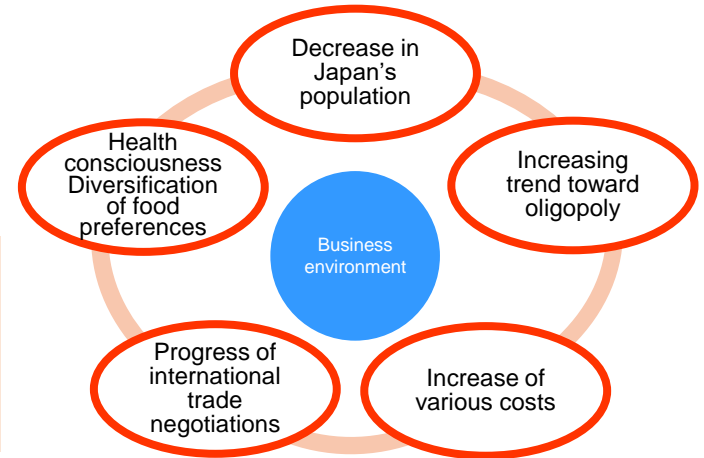
### Existing businesses in the US

- (1) Pasta Montana, L.L.C.**  
Production and sales of pasta, exports to Japan, sales within the US
- (2) NIPPON California Inc.**  
Sales of premixes etc.

# Status of the Business: Flour Milling Business (Core Field)

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

- Promote cost reduction in each region
- Enter the US market, which is a growth market



# Status of the Business: Food Ingredients Business (Core Field)

## 1. Premix business

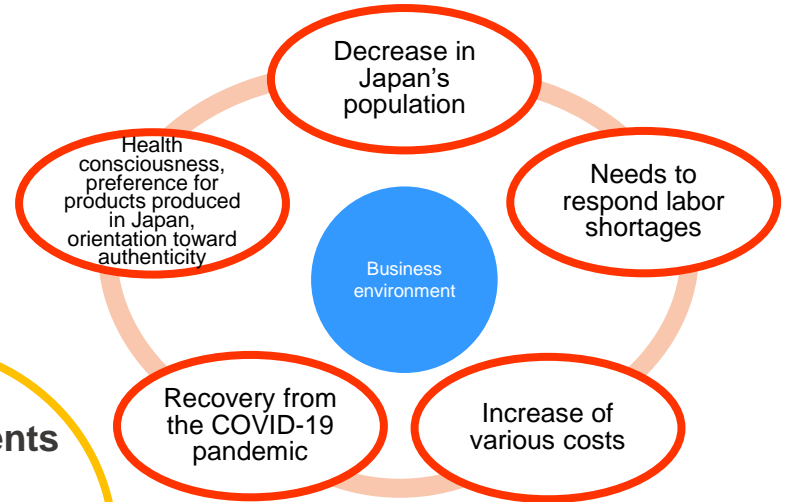


strategy

- Enhance profitability and share of the core premix business

Measures

- Sales activities to communicate advantages, such as reduced man-hours
- Swift response to new demand and change in preferences after the COVID-19 pandemic



### Food Ingredients Business

Sales target:

**40% increase**

compared with FY2022

## 2. Other ingredients business

strategy

- Grow the rice flour business
- Expand shares in maize and plant-based protein

Measures

- Cultivation of new applications
- Promotion of delivery to new users
- Development of rice flour using branded rice of various regions



## 3. Initiatives for new ingredients

strategy

- Develop a seasonings business, utilizing expertise as a comprehensive food company

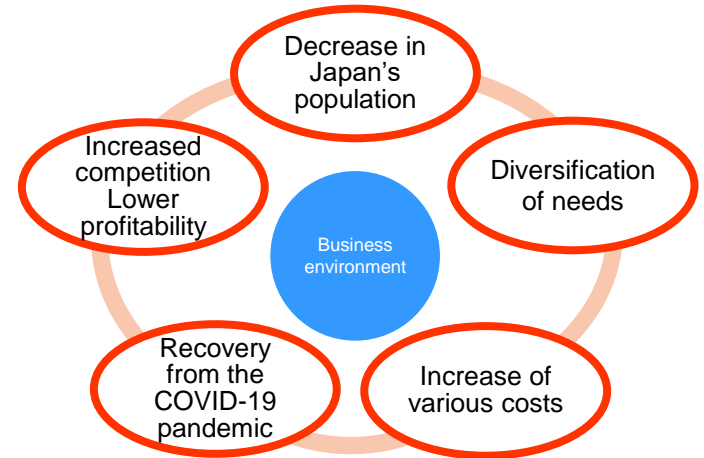
Measures

- Development of products capitalizing on distinctive raw materials and consistent quality
- Meticulous response to customer needs



# Status of the Business: Processed Food Business (Core Field)

- ◆ Create “food” for the new era and pursue people’s well-being
- ◆ Achieve high engagement with consumers through products and services



**Achieve a higher topline and pursue stable earning power to gain the No. 1 market share in the category**



# Orientation of the Digital Strategy and Roadmap

Employees' well-being + Enhancement of NIPPN's competitiveness

## Promotion of DX

## Improvement of the IT environment

\* Customer Relationship Management (CRM):  
Tool for consolidating and managing customer information

Further utilization of CRM

Greater utilization of CRM data and BI data

\* Business Intelligent (BI):  
Tool for collecting and analyzing large amounts of accumulated data and visualizing the results

Greater utilization of RPA  
Promotion of digitalization

2026

Business Process reengineering

Productivity improvement

Operational Efficiency improvement

Visualization Of information

Evolution of Digital infrastructure

Workstyle reform

Development Of Digital human resources

2023

Renewal of the core system

Construction of the next-generation network

Cultivation of security culture

Strengthening of Group security

Improvement of e-learning environment



## (1) Initiatives for e-commerce business

### Strengthen and expand e-commerce business

★ In addition to NIPPN Kenko Tsuhan for online sales of supplements, health foods, and cosmetics, **NIPPN Direct**, a direct online shopping site, was launched in April 2022.

NIPPN Direct offers the “**nest**” series of frozen pasta & sauces, which are only available for online sales.

Capture specific needs in the “diet and wellness” field by enriching the value proposition of “tasty as if dining out” and “quick and easy” and by expanding **vegan (PBF)** products, and **establish a foods-based** cycle of customer acquisition and cultivation.

NIPPN Kenko Tsuhan will continue **emphasizing health**, based on flaxseed and other ingredients, to acquire customers. Strengthen and expand the e-commerce business based on the two concepts of **food and health**.



Going forward, aim to **build a stable sales base** and **establish a profit model**, with a view to introducing products in new categories that utilize NIPPN’s health ingredients.

# Establish New Business Models (2) Expand SOYL PRO business



## SOYL PRO, new plant-based food ingredient developed by NIPPON

The secret of the delicious taste is a patented process that applies tofu processing technology.

Juicy and elastic texture and mild flavor, just like minced chicken

\* Received the 34th New Technology and Food Development Award from the Japan Food Journal

### ★ SOYL PRO-based products (examples)

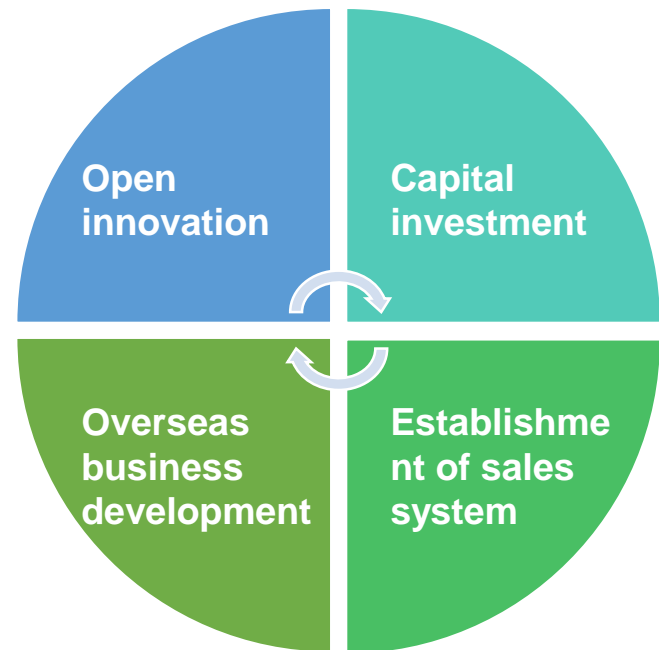
- One Plate Meal PLANT BASED series  
(home-use frozen foods)



- Plant-based series  
(professional-use frozen foods)



### Expand SOYL PRO business



# Contents

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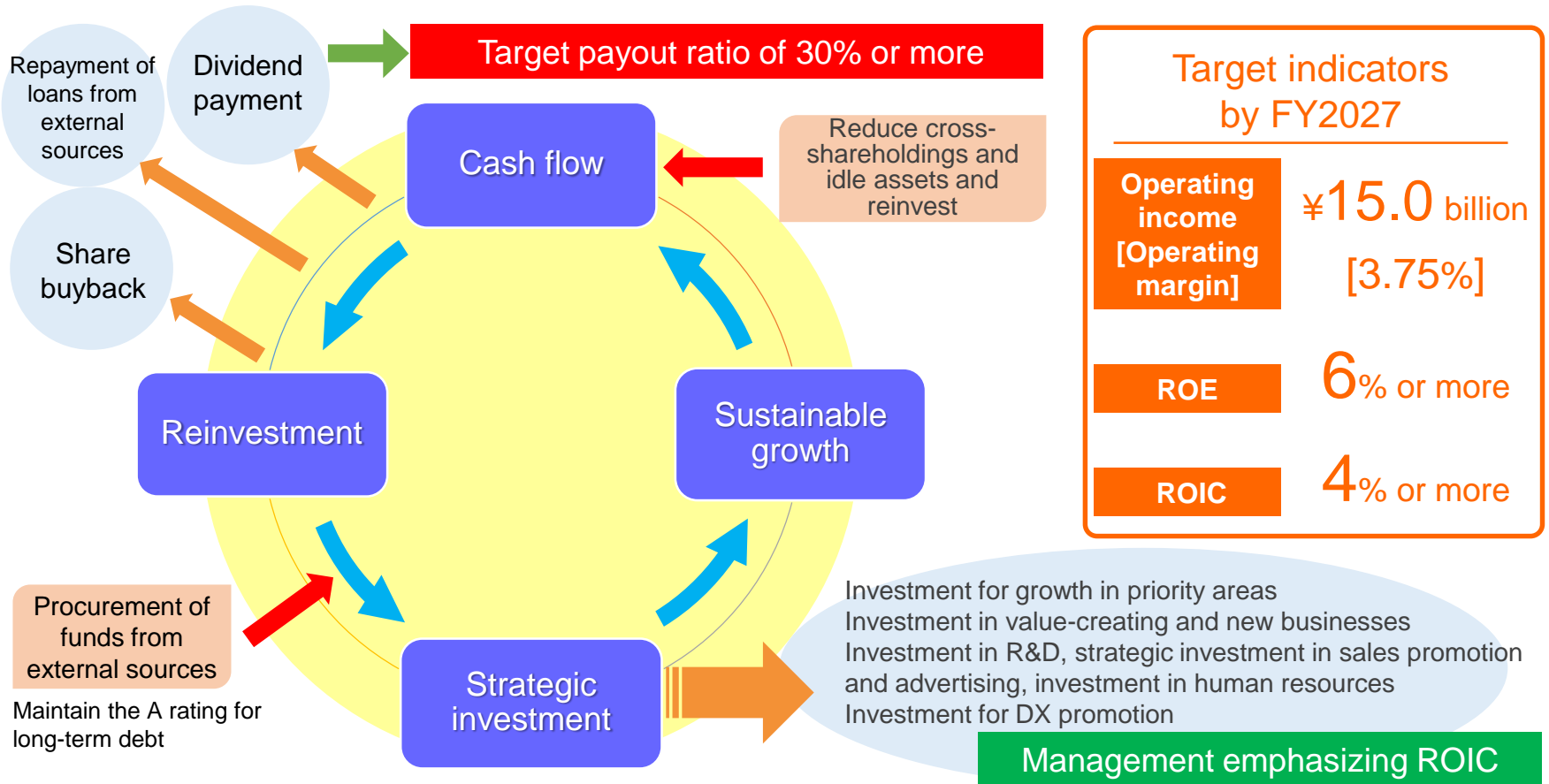
- I. Framework of the Long-term Vision
- II. Progress of FY2023-2027 Medium-term Targets
- III. Financial Strategy**



# Financial Policies and KPIs

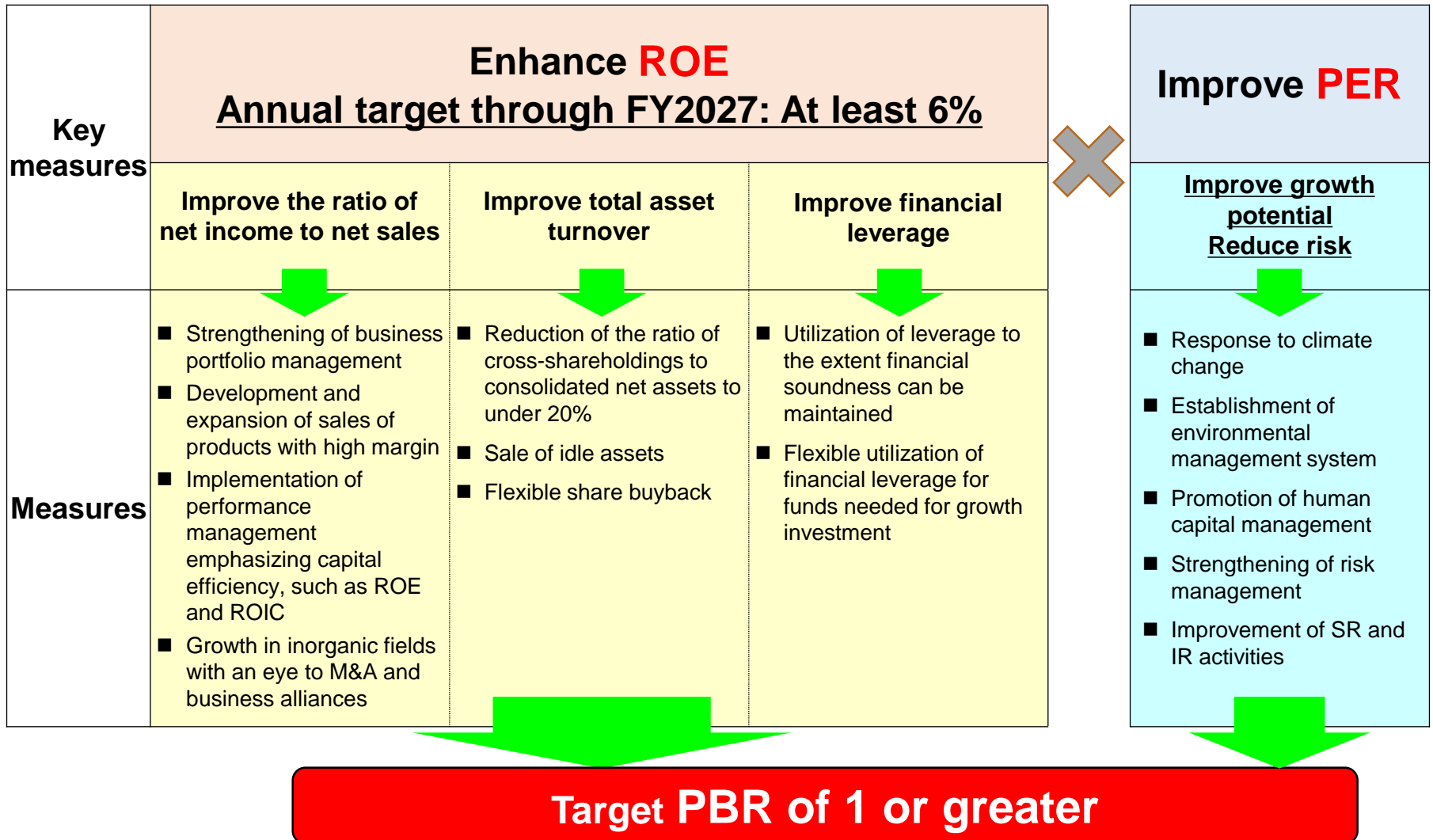
## Basic policies

- ◆ 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



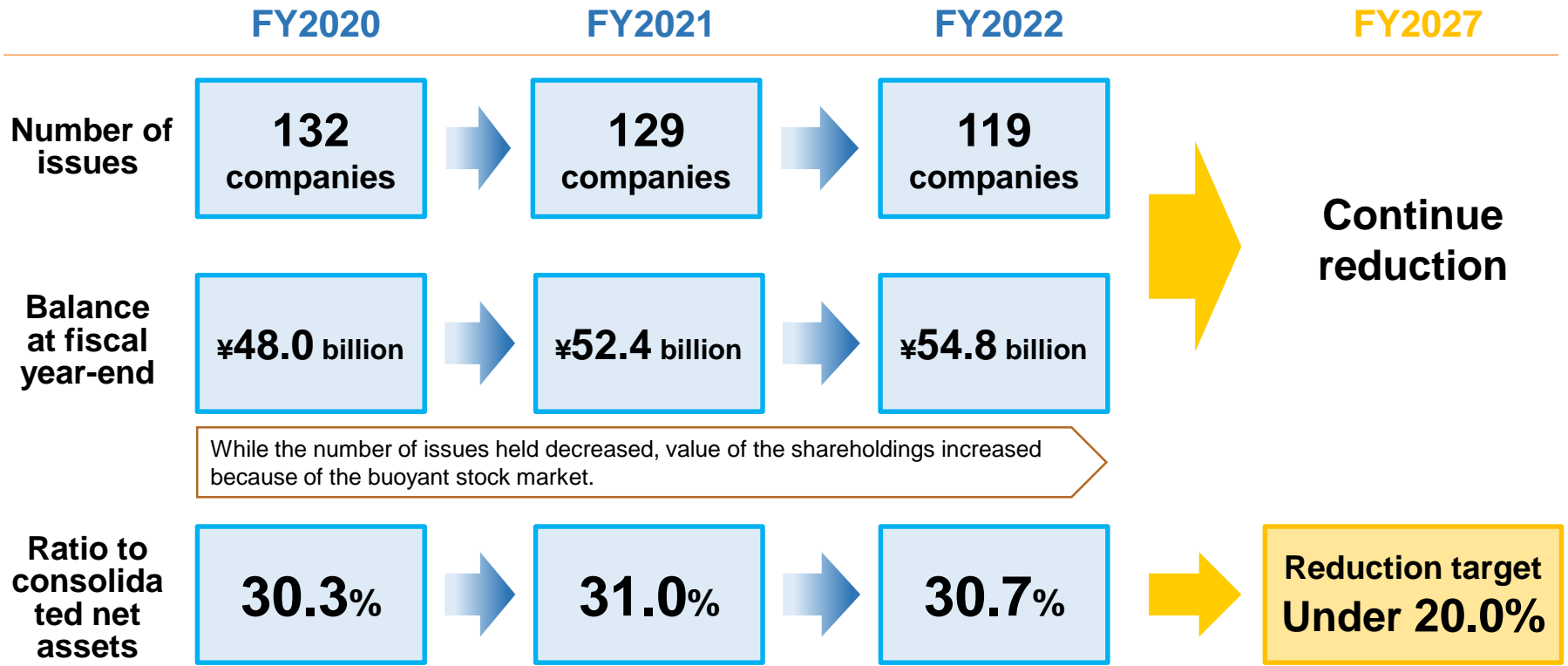
# To Enhance Corporate Value: Measures to Enhance PBR

Address profitability, finance, and sustainability issues in order to achieve sustainable growth and enhance corporate value, and work to improve PBR and ensure ROE exceeds the cost of capital.



# Cross-shareholding Policy

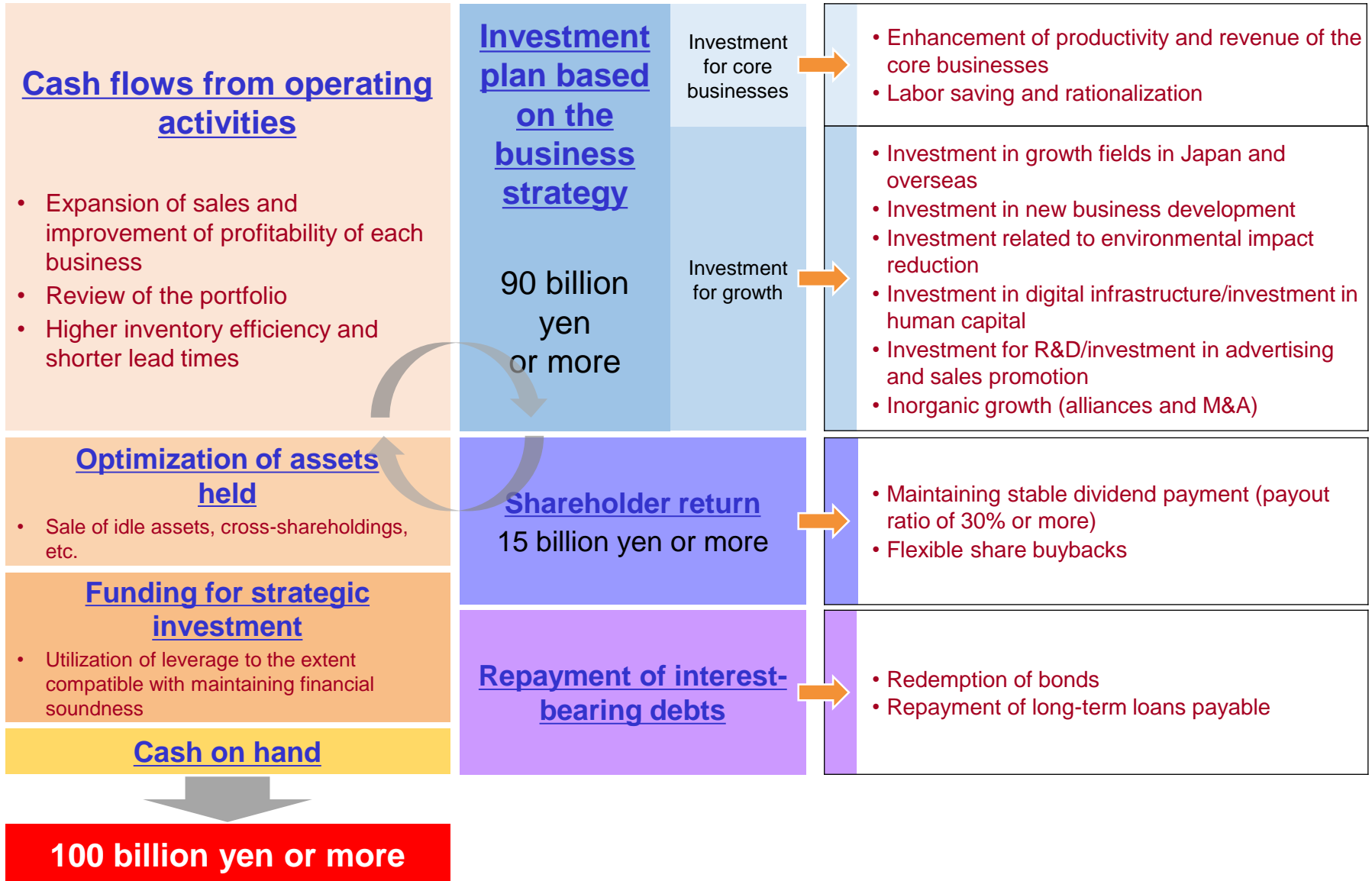
- ◆ Regarding cross-shareholdings, we will verify the significance of the holding of each issue and, if holding shares of that issue is not deemed appropriate, such shares will be subject to sale.
- ◆ We will aim to reduce **the ratio of cross-shareholdings to consolidated net assets to under 20%** by the final year (FY2027) of the medium-term targets.



\* Figures for the number of issues, shareholdings at fiscal year-end, and the ratio to consolidated net assets include those corresponding to deemed shareholdings.



# Cash Allocation (FY2023-2027)

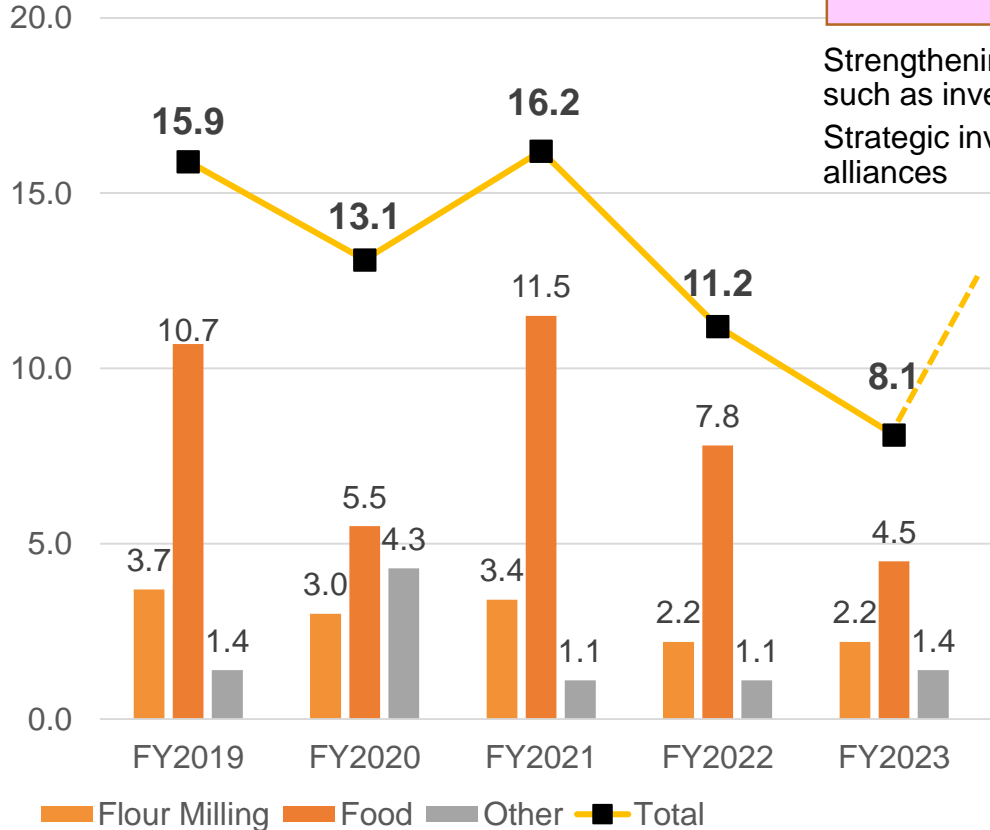


# Capital Investment Plan

To achieve the medium-term targets, we will strengthen core businesses and make strategic investments in growth businesses and inorganic areas to expand the scale of the company.

## <Capital investment>

(Billions of yen)



Capital investment during the period covered by FY2023-2027 Medium-term Targets:  
**90 billion yen or more**

Strengthening of core businesses and investment for growth, such as investment in DX, R&D, human capital, etc.  
 Strategic investment for growth businesses, M&A, and business alliances

### 【 Investment plan already decided 】

Scheduled start of operation	Investment	Division
2023	a new premix plant in Indonesia	International
2023	Isejaki Plant new line	Frozen Food
2024	Line enhancement of Pasta Montana	International
2024	New line of OK Food Industry	Food
2024	New mill of Utah Flour Milling	International
2024	Kobe-Konan Mill facility expansion	Flour Milling
2026	a new mill in Chita City	Flour Milling





# Toward Sustainable Management

# Policy for Sustainability Initiatives

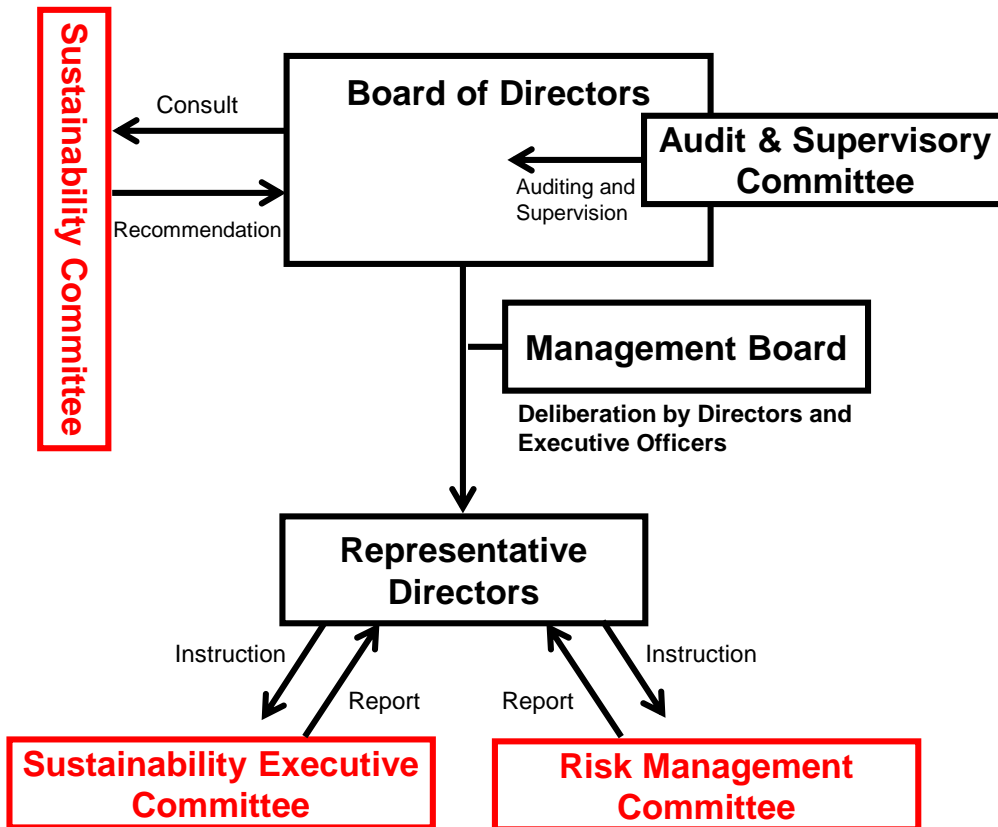
To realize the “well-being of people,”  
we are committed to creating new “food” and fulfilling corporate social responsibility.

Materiality (key issues)	Key initiatives
<p><b>Environmental protection initiatives</b></p>	<p>Reduce environmental impacts of our business activities, aiming for harmony between people and the environment, to contribute to realization of a sustainable society</p>
<p><b>Pursuit of well-being by means of food</b></p>	<p>Provide safe and secure food and deliver happiness and health to our customers while responding to diversification of lifestyles and values of consumers and their changing preferences</p>
<p><b>Corporate activities for sustainable growth</b></p>	<p>Work together with diverse stakeholders to identify social issues, concerns, and risks, and steadily implement initiatives and responses to resolve social and environmental issues</p>
<p><b>Initiatives for human capital</b></p>	<p>Create a working environment in which diverse people can fulfill their potential, working together to create a fulfilling workplace</p>
<p><b>Contribution to society through food and health</b></p>	<p>Develop relationships with societies and communities and support the mental and physical health of people</p>
<p><b>Strengthening of corporate governance</b></p>	<p>Enhance corporate value by addressing environmental and social issues and strengthening risk management</p>

# Sustainability Initiatives (1)

## Governance and Risk Management

### Governance structure concerning sustainability and risk management



- **The Representative Director, President and CEO of NIPPON is responsible** for responding to risks.
- **The Sustainability Committee** (chaired by Representative Director, President and CEO) is established as an organization subordinate to the Board of Directors, and its members include Outside Directors with expertise to ensure diversity.
- The committee conducts multifaceted examination of the sustainability of society from a long-term perspective, discusses the orientation of the Group's sustainability, and submits recommendations to the Board of Directors. ⇒ Reflecting the recommendations, the Board of Directors confirms materiality and determines the basic strategy for sustainability.
- **The Sustainability Executive Committee and the Risk Management Committee**, chaired by the Representative Director, President and CEO, deliberate on matters related to sustainability and risk management, respectively, and report to the Board of Directors.

# Sustainability Initiatives (2)

## Environmental protection initiatives



### Response to climate change

#### Initiatives to reduce CO<sub>2</sub> emissions

- Introduction of energy-saving equipment and photovoltaic power generation systems at plants
- Reduction of logistics energy by transfer of production to the areas where products are consumed
- Promoting the use of paper trays ⇒ Switch from plastic to paper (PEFC-certified paper) trays for frozen food
- Endorsed TCFD



#### Key initiatives from now on

- Expanded introduction of photovoltaic power generation facilities ⇒ Introduction at Group companies
- Promotion of resource recycling of plastic pallets used for transportation of professional-use wheat flour
- Use of vegetable-based ink for bags for professional-use wheat flour



Ryugasaki Frozen Food Plant  
Photovoltaic power generation facility

### Establishment of environmental management systems

- All sites are scheduled to obtain ISO 14001 certification.

Initiatives from now on ⇒ Setting of medium- to long-term targets for environmental issues

### Reduction of food loss and waste

- Development of foods with functional claims made from food residues (Healthcare Business)
- Promotion of food bank activities
- Indication of best-before dates by the year and month, extension of best-before dates
- Provision of products for one-person servings and small-quantity packages

#### Key initiatives from now on

- Bio-coke initiative for use of food residues, consideration of participation in the consortium
- Consideration of biomass power generation using food waste

### Conservation of water resources and biodiversity

- NIPPON Shikinomori Forest (Hokkaido) maintenance and tree planting (Completed in 2022)



NIPPON Shikinomori Forest  
Tree Planting Festival

# Sustainability Initiatives (3)

## Pursuit of well-being through food

### Pursuit of sustainable agriculture

Contribute to development of agriculture to ensure sustainable harvesting of wheat, the bounty of nature

- Vitalization of agriculture by developing high-value-added raw materials
  - Durum wheat produced in Japan (successor to Setodure)
  - Highly cultivable tomatoes etc.

### Reinforcement of R&D

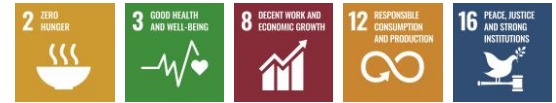
- Development of functional health food ingredients in response to increasing interest in extending healthy life expectancy, sports and exercise
- Presentations at academic conferences and giving lectures
  - Received the FY2023 Excellent Paper Award Published in B.B.B. for from the Japan Society for Bioscience, Biotechnology, and Agrochemistry
  - Japanese Society for Plant Biotechnology
  - Asian Congress of Dietetics
  - Collaboration with the endowed program of the Faculty of Agriculture, the University of Tokyo

Symposium as part of an endowed program of the University of Tokyo



#### Key initiatives from now on

- Development utilizing *kasu* (food factory by-product)
- Research and study on food and nutrition in collaboration with other industries
- Participation in the Strategic Initiative for a Healthy and Sustainable Food Environment → Initiatives to reduce salt consumption



### Initiatives for enhancing customer satisfaction

- Continuous holding of “product quality improvement review meetings”
  - Establishment of a system to reflect the voice of customer in improvement and development of products

#### Key initiatives from now on

- Development and release of professional-use wheat flour in small packages and small-quantity products

### Strengthening of quality management systems

- JFS-C certification ⇒ NIPPON (THAILAND) CO., LTD. gained certification.

#### Key initiatives from now on

- Promoting the gaining of JFS-C certification by Group companies
- Maintaining ISO17025 certification
- Establishment of a traceability system

### Gaining of trust through communication with society

- Interactive dialogue with customers using social media and other communication tools

# Sustainability Initiatives (4)

## Corporate activities for sustainable growth



### Provision of new value through business diversification

- Creation of value-creating businesses and business development (NITORON topping robot received the Japan Food Journal superior award)
- Appropriate allocation of management resources and vigorous investment in growth and new businesses

#### Key initiatives from now on

- Research and commercialization of new materials and innovative products
- Expansion of business fields and territories of overseas sites



Collaborative robot, NITORON

### Enhancement of confidence in the capital market

- Continuing holding of IR briefings etc.
- Appropriate disclosure of important matters
- Publication of the integrated report (December 2022)



IR briefing(online)

#### Key initiatives from now on

- Increasing the number of meetings with investors to increase opportunities for engagement
- Improvement of the integrated report
- Enrichment of the website



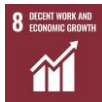
### Establishment of a sustainable supply chain

- Improvement of logistics efficiency/holding of meetings on safety of delivery vehicles ⇒ Consideration of response to the 2024 problem
- Continuation of discussions and coordination with government/producer groups on stable wheat procurement
- Compliance with the Purchase Rules ⇒ Development and review of purchase policies, such as for procurement of raw materials



# Sustainability Initiatives (5)

## Initiatives for human capital



### Promotion of diversity & inclusion

#### Promotion of protection of human rights and advancement of women

- Promotion of employment of people with disabilities

- Lectures on promotion of advancement of women  
Advice on promoting advancement of women in view of expertise and extensive experience



Lecture on promotion of advancement of women (held in March 2023)

#### Key initiatives from now on

- Ratio of female managers  
Target for 2026: 10.0%
- Employment rate of people with disabilities  
Target: above the national average
- Gaining of Platinum Kurumin certification

### Creating a fulfilling and comfortable workplace environment

#### Support for balancing work with childcare/nursing care and enrichment of flexible workstyles

- Childcare leave acquisition rate (men)  
Target for 2023: 55%  
Target for 2026: 65%
- Increase of the nursing care leave acquisition rate
- Increase of the number of annual leave days taken; reduction of overtime work

### Recruitment/development of human resources

#### Improvement of the environment for supporting personal growth of individuals and career development

#### Key initiatives from now on

- Development of digitally proficient human resources with global perspective
- Improvement of educational programs
- Establishment of career paths



### Promotion of health and productivity management

#### Become a dynamic enterprise supporting the physical and mental health of every employee

- Improvement of presenteeism  
**Reduction of the productivity loss ratio**  
Target for 2026: 30.0% (← 38.4%)
- Improvement of absenteeism  
**Reduction of absence rate**  
Target for 2026: 0.20% (← 0.24%)
- **Improvement of deviation** of work engagement/employee engagement  
Target for 2026: 55.0
- **Increase of the ratio of employees maintaining appropriate weight**  
Target for 2026: 80.0% (← 64.8%)
- **Reduction of the ratio of employees with high stress**  
Target for 2026: 7.0% (← 8.4%)

% figures in parentheses are the results for FY2022.

**Recognized as a White 500 under the 2023 Certified Health & Productivity Management Outstanding Organizations Recognition Program**

# Sustainability Initiatives (6)

## Contribution to society through food and health



### Execution of dietary education

- Certified as a *shokuiku* promoting enterprise by the Japanese Society of Shokuiku (dietary education) in FY2022



#### Key initiatives from now on

- Pursuit of the Management Philosophy through dietary education activities
- Resumption of cooking classes



### Support by donating food

- Donation of foods to food bank (Second Harvest Japan) and home meal service for children

#### Key initiatives from now on

- Promotion of food bank activities in various regions



### Enhancement of engagement internationally and in communities

- 55th anniversary of Luna Flora Gained MECENAT 2022 certification



Pan-no-hana (wheat paste)

- Support for UN WFP (support for Ukraine and earthquake victims in Turkey and Syria)
- Collaboration with local government for health promotion activities and product development

#### Key initiatives from now on

- Gaining of MECENAT 2023 certification
- Support of UN WFP Walk the World



Continued support of WFP

## Strengthening of corporate governance



### Strengthening of corporate governance

- Establishment of Sustainability Committee, Sustainability Executive Committee, and Risk Management Committee (Jan. 2023)

### Strengthening of compliance

- Establishment of a whistleblower system (Helpline Rules)
- Execution of compliance training

### Establishment of risk management structure

- Establishment of Risk Management Committee
- Four subcommittees on business execution, disaster response, compliance, and information security



**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.**

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