

Aug 16 ,2021

Notice of Submission of an Application Form for Extending the Deadline for Submission of the
Quarterly Report for the First Quarter of FY2022

NIPPON CORPORATION (President and COO: Toshiya Maezuru; Head Office: Chiyoda-ku, Tokyo) announces that today it has decided to submit an application form for extending the deadline for submission of a quarterly report provided for in Article 17-15-2, Paragraph 1 of the Cabinet Office Order on Disclosure of Corporate Affairs to the Kanto Local Finance Bureau. Details are as follows.

1. Relevant quarterly report

Quarterly report for the first quarter of the fiscal year ending March 31, 2022

2. Submission deadline before extension

August 16, 2021

3. Submission deadline if extension is approved

November 15, 2021

4. Reason that the approval relating to the submission of the quarterly report is needed

(1) Overview of a cyber attack

In the early morning of July 7, 2021, a system failure occurred in the Group's information network, which is managed and operated by Nippon Business System, a subsidiary of the Company. The failure was caused by a cyber attack that encrypted all or part of the data in most of the servers and some of the terminals at the same time. Damage has been done to a large part of the network, including major critical system servers for non-consolidated financial management and sales management and file servers storing data. A sales management system (used by 11 companies) and an accounting system (used by 26 companies) for domestic group companies, systems operated in the Group's network, have also been damaged. The users include OK Food Industry Co., Ltd., a listed subsidiary. To contain the damage, the Company stopped all servers and cut off connections between the Group's network and networks outside the Group. As a result, access to all internal systems, including critical systems, and the shared file servers that store data has become impossible. The servers that are independent of the network, including part of the production management system, have not been affected.

The Company requested outside experts to investigate the network. Their report says: in all the information systems affected, a large part of the volumes of the servers or a large part of the electronic files stored in the servers are encrypted, and the systems cannot be booted, no technical means that can swiftly restore the servers have been found at moment, and the servers that manage data backup for the systems are in the same condition as described above, and no effective technical means that can restore data have been found. A separate report says that there have been few cases where a cyber attack has widespread effects like this case and that it will take a considerable amount of time and effort to restore the network and ensure safety.

(2) BCP against system failure

On the hardware front, under the BCP against system failure, the Company has located data centers at distant places from each other in anticipation of disasters and in case of unexpected circumstances. The Company anticipated system failure at individual business sites. However, this time, a single cyber attack targeted most of the servers of the Group at the same time, and all the business sites, including the head office, were affected in the same way. The damage has been far more serious than anticipated in the Company's BCP. With regard to the security and backup system for the Company's information system, the Company has introduced an unauthorized access detection system and antivirus software to defend against cyber attacks and update them in a timely manner. It has a system where its PCs and servers are kept up to date. The Company outsources firewall operations to an outside managed service provider and has established a system where it receives advice from an expert perspective and proposals if the setting of firewalls needs to be reviewed. As for network connections with external entities, the Company has limited the use of privileged accounts and has conducted security monitoring activities, including the monitoring of exporting data to external devices. The Company stored backup data online. However, as mentioned above, backup data were also affected in the system failure.

(3) Setting up a task force

The Company's management discussed future policy. In light of the urgency of the problem and the impact on management, the Company has set up a task force and is making Group-wide efforts, also using external resources, to investigate the cause of the situation, take action to prevent secondary damage, restore the process of placing and receiving orders and accounting processes, restore the information system as soon as possible, and examine measures to prevent recurrence.

The task force discussed progress and means of restoration and has determined that restoring the main systems swiftly is difficult because it will take considerable time to review the complete network environment, rebuild the servers, and acquire the lost accounting data to restore the

information system given the very large magnitude of the failure, the technical difficulty, and the prolonged period required for investigation due to the expansion of the scope.

(4) Action to resume accounting work

At this point, it is uncertain when the accounting system will be restored. The outside experts say that the system is unlikely to be restored soon.

Based on the experts' explanation, the Company has decided to implement in a different environment the accounting system used by the Company and certain Group companies to complete the account closing procedures as soon as possible. The new system will be fully available for use in early September. The backup data of the accounting system used by the other domestic Group companies has not been damaged, and the Group will ensure safety and restore the system to the state before the system failure. Accounting closing procedures will be resumed in August. The Company is implementing a new consolidated accounting system and is building a system to resume account closing procedures for the first quarter.

To expedite account closing work when the replacement system starts to operate, the Company will resume importing data into the accounting system and entering data on accounting slips. For the difficult task of restoring and collecting data that are necessary for account closing, the Company is requesting business sites to prepare the necessary documents.

The accounting system used by domestic Group companies is expected to be restored within a certain period of time. The Group is working to restore the sales management system linked to accounting information as soon as possible.

The Group is securing personnel other than staff in the accounting division to help perform account closing procedures. The Group is receiving advice and support from outside experts for overall account closing work. To expedite data entry on accounting slips, the Group is working to secure additional human resources, including external ones.

(5) Outlook for completion of the quarterly report for the first quarter

The Group will strive to complete data entry on all accounting by early September. The non-consolidated results of the Company and each Group company for the first quarter are planned to be prepared around mid-October. The consolidated financial statements for the first quarter will be prepared about a month after the completion of the non-consolidated financial statements. The accounting auditor will start a quarterly review before the completion of the financial statements but says that the review will take a much longer time than usual.

The Company thus expects that it will not complete the consolidated financial statements and the accounting auditor's review for the first quarter of the fiscal year ending March 31, 2022 by the deadline for the submission of the quarterly report, August 16, 2021, and has decided to apply for the extension of the deadline for the submission of the quarterly report for the first quarter of the fiscal year ending March 31, 2022. Considering the current status, the Company plans to

complete the preparation of the consolidated financial statements for the first quarter of the fiscal year ending March 31, 2022 and the accounting auditor's review and submit the quarterly report for the first quarter by November 15, 2021, the date to which the Company will apply for extending the deadline.

The announcement of the consolidated results for the first quarter of the fiscal year ending March 31, 2022, whose postponement was announced on August 5, 2021 will be made by November 15, 2021.

5. Outlook

If the application for extending the submission deadline is approved, the Company will disclose the approval promptly.

The Company is continuing normal operations and supplying food as usual to fulfill its social responsibility to consistently provide food.

We offer our sincere apologies to shareholders, investors, and other stakeholders for a great deal of inconvenience and worry we have caused.

The Company has already been taking steps to restore the systems. We hope we can continue to count on your support.