NISSUI INTEGRATED REPORT 2024

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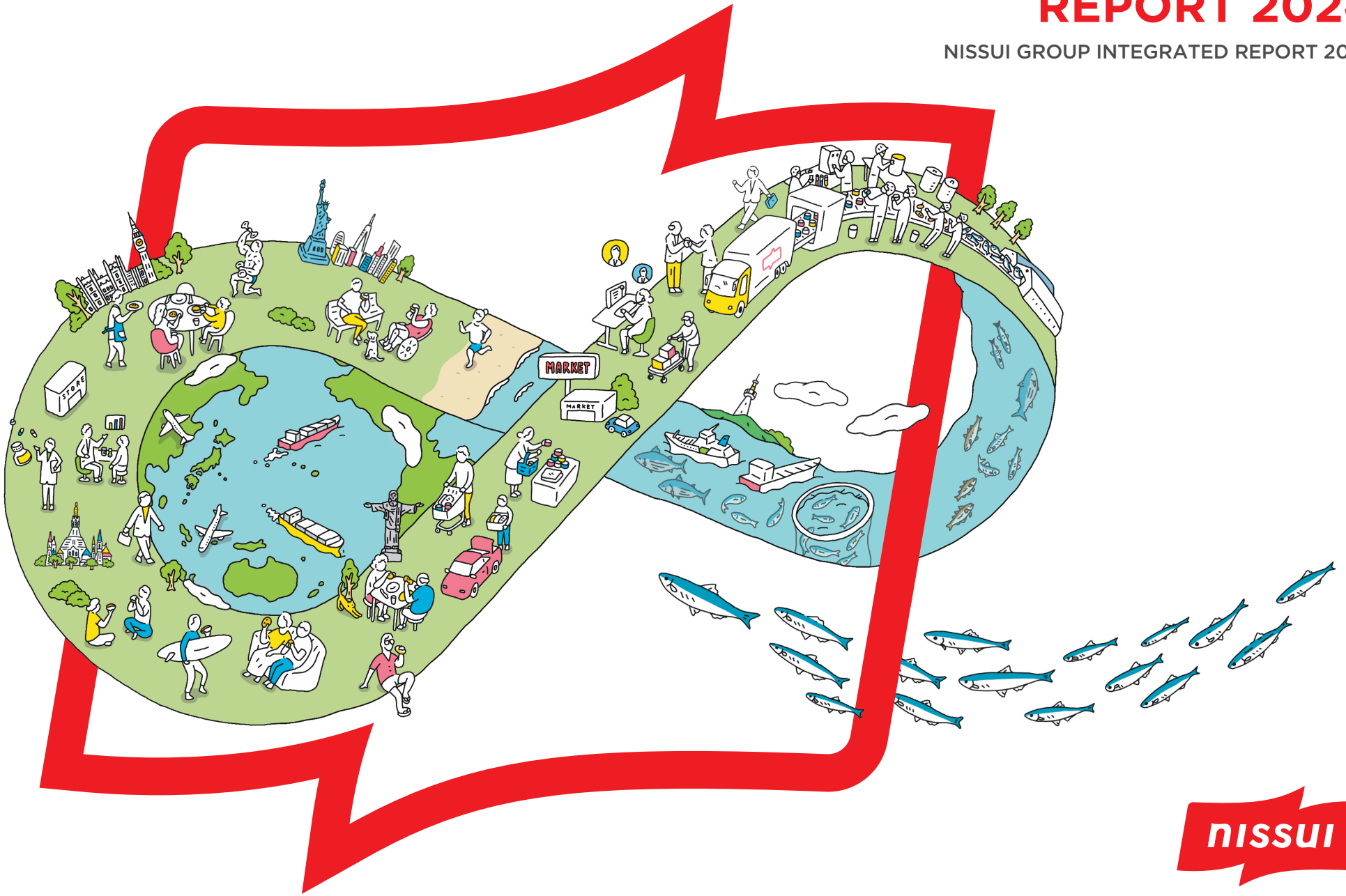
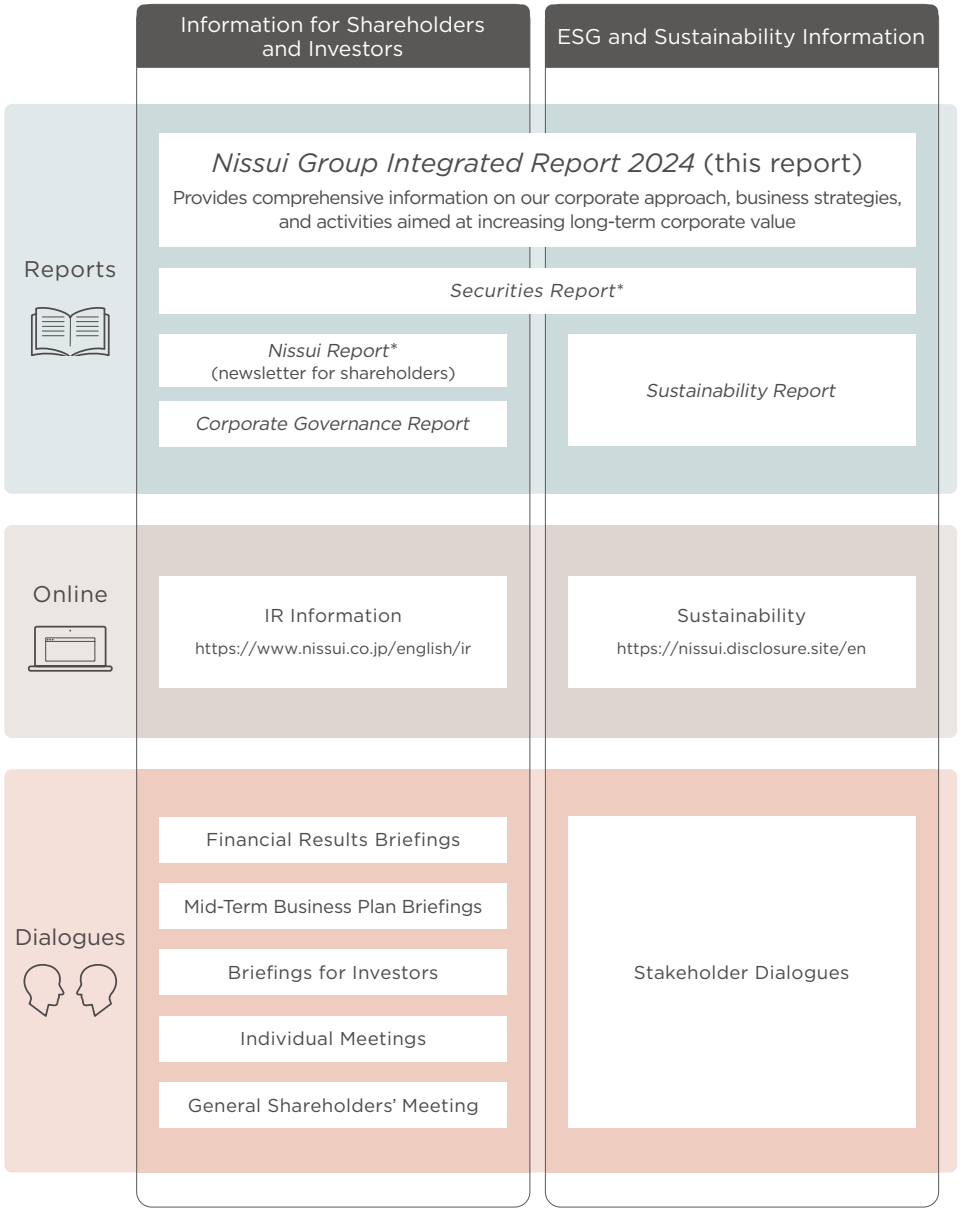


nissui

Our Communication Tools



* Japanese only

Editorial Policy

Nissui Corporation issues this integrated report as a communication tool, mainly for the benefit of shareholders and investors. The report tells the story of how we are enhancing corporate value by describing the Nissui Group's long-term vision, strategies, and business performance, and linking that to ESG and sustainability information. In addition to this report, the Company discloses information through various other communication tools, which we hope you find helpful in gaining a deeper understanding of our business.

Reporting Period

The report mainly covers activities conducted from April 1, 2023, to March 31, 2024. However, exceptions are made where appropriate, such as when citing past circumstances and data or using recent examples for illustrative purposes.

Reporting Scope

This report covers Nissui Corporation ("the Company") and its subsidiaries and affiliates ("Group companies") in and outside Japan (collectively referred to as "the Group" or "the Nissui Group").

Referenced Guidelines

- *Integrated Reporting Framework*, IFRS Foundation
- *GRI Standards*, Global Reporting Initiative
- *Recommendations of the Task Force on Climate-related Financial Disclosures* (TCFD)
- *Recommendations of the Task Force on Nature-related Financial Disclosures* (TNFD)
- *Guidance for Collaborative Value Creation*, Japan's Ministry of Economy, Trade and Industry

Issued: October 2024

Disclaimer Regarding Forward-looking Statements

The business projections and other forward-looking statements contained in this report are based on certain reasonable assumptions and on information available to the Company at the time the report was written. Please be advised that actual business performance may significantly differ from these business projections due to various factors.

Cover Design Concept

The design depicts Nissui's unique value chain, through which we transform procured marine resources into various forms, thereby contributing to the food supply and health of customers worldwide. The infinity symbol, representing the cyclical use of resources, embodies our commitment to realizing a sustainable society. The red "connecting frame" is based on the shape of our brand symbol, tying together these elements as an expression of the Nissui Group's vision.

Contents

What the Nissui Group Would Like to Be

3 The Nissui Group's Compass
5 Business Philosophy Framework
7 Nissui Group's History of Value Creation
9 Nissui Group's Value Creation Process
10 Nissui Group's Strength: Our Value Chain
11 Nissui Group at a Glance
13 Message from the President
19 Governance Linking Risks and Opportunities with Value Creation
20 Material Issues for the Nissui Group
21 Process for Identifying Material Issues
22 Reorganization of Risk Management Systems
24 Material Issue Promotion Framework and Specific Initiatives

Medium- to Long-Term Growth Strategy

33 Message from the CFO
37 Long-Term Vision "Good Foods 2030"
39 Measures to Enhance Profitability
40 Three Growth Drivers
47 Mid-Term Business Plan "Good Foods Recipe1"
49 Business Strategy
55 Investor Engagement

Governance

59 Company Officers
60 Corporate Governance
65 A Conversation between Outside Directors

Data Section

69 Financial Highlights
70 Consolidated Financial Statements
72 Sustainability Data
73 Share Information
74 Company Information
75 Global Network

Nissui Group Integrated Report 2024 Highlights

The Nissui Group's vision for 2030 is to be "a leading company that delivers friendly foods for people and the earth." We are pursuing the realization of this vision and sustainable growth. This report introduces the Nissui Group's initiatives for a sustainable future, and explains the Group's growth strategy and vision.

Point 1

A Unique Value Chain

Not only does the Nissui Group harvest and farm fish, but it also has research and development, processing, storage, and distribution capabilities. We make full use of the marine resources we procure, transforming them into various forms to provide value to customers of all ages around the world.

Nissui Group's Strength: Our Value Chain ▶ Page 10
Accelerate International Growth (Enhancing Our White-Meat Fish Value Chain) ▶ Page 41

Point 2

Strengthened Initiatives That Link to Financial Value

We reviewed our material issues and risk management systems to strengthen our ability to address various risks and opportunities. This report presents our initiatives to link non-financial measures with our business and thereby create financial value.

Governance Linking Risks and Opportunities with Value Creation ▶ Page 19
Material Issues for the Nissui Group ▶ Page 20

Point 3

Enhanced Information Disclosure to Deepen Dialogue with Stakeholders

This report references investor engagement and features a conversation between Outside Directors as a means of enhancing management transparency and deepening understanding of our management policies and strategies.

Investor Engagement ▶ Page 55
A Conversation between Outside Directors ▶ Page 65

The Nissui Group's Compass

With the wellbeing of the ocean and people as our compass, we are driven to offer the world better food choices.

With this compass in mind, Nissui Group employees spoke in their own words about the challenges they would like to take on through their work.

Cultivating Many Overseas Business Seeds

My goal is to cultivate more business opportunities outside Japan, while also sparking interest in Nissui's overseas businesses among people in Japan.

International Business Development Department
Nissui Corporation | S.A.



Contributing to People's Health through the Nutrients in Fish

As the consumption of blue-backed fish becomes less common, we want to provide health benefits to customers by developing products in a variety of forms that allow them to easily incorporate EPA and DHA into their diets.

Fine Chemicals Business Group
Nissui Corporation | H.O.



Unforgettably Delicious Japanese Amberjack

I want to help raise Korose Buri (Japanese amberjack) that livens up any dish and creates unforgettable dining experiences, leaving our customers smiling whenever they think about its delicious flavor.

Marine Department 1
Kurose Suisan Co., Ltd. | K.N.



A Healthy Mind, Body and Planet

I want to research technologies that contribute to health and create delicious food, and also explore environmentally responsible food that aligns with customer sensibilities.

Central Research Laboratory
Nissui Corporation | M.K.



Kaitiakitanga* Food for the World!

We will diligently protect resources for the benefit of future generations. I want people all over the world to understand Nissui's passion through the sustainable food that we provide. I would therefore like to start by communicating information about Nissui Group fishery activities.

* A Māori term that expresses the concept of guardianship and care for the environment and is closely aligned with sustainability

Export Sales
Sealord Group Ltd. | S.I.



Developing and Sharing a Deeper Understanding of European Food Culture

Europe is home to many countries where diverse languages and cultures coexist. I will draw on the experience and knowledge gained by learning about the characteristics and differences of each country's food culture to share insights that will inspire innovative food solutions.

Fresh Fish Department
Nordic Seafood A/S
T.N.



Creating an Environment and Culture That Makes the Most of Our Strengths

I want to explore what I can do to help all employees rediscover the Nissui Group's appeal and value, as well as create an environment and culture in which we can make the most of our strengths and take action to move to the next stage for the next generation.

Human Resources Producing Department
Nippon Marine Enterprises, Ltd.
R.A.



Lighten the Load of Housework and Childcare with Food!

Raising three children, I have had to deal frequently with making lunch boxes, balancing nutrition, catering to likes and dislikes, and managing the situation when they play with their food. I want to solve these and other issues for those currently bringing up kids.

Strategic Products
Development Department
Nissui Corporation
T.M.



Taking Our North American Business to the Next Level

I am involved in all processes in North America from primary processing to delivery to customers. I want to support my colleagues at Nissui Global Links who are working hard in the vast American market, and create new business opportunities that will accelerate growth.

Nissui USA, Inc.
K.M.



Stable Supply of Agricultural Products

The supply of agricultural products is unstable due to factors such as aging of farmers and adverse weather conditions. Therefore, I would like to develop a system that can provide agricultural products all year round, in the same way as indoor cultivation and fish farming.

Food Service Products
Department
Nissui Corporation
H.O.



Inspiring the Team

As part of a team of branches and related departments, I want to inspire our team and create a positive atmosphere by closing the distance between us, and showing initiative in work and communication—seamlessly receiving the ball and passing it onward.

Chubu Branch
Nissui Corporation
K.Y.



The Legacy of Food Culture

We want to help preserve intangible assets such as local cuisines by introducing them to the world as Nissui products and by suggesting new ways to enjoy food.

Kansai Branch
Nissui Corporation
T.D.



A Conduit for Ideas from Producers and Customers

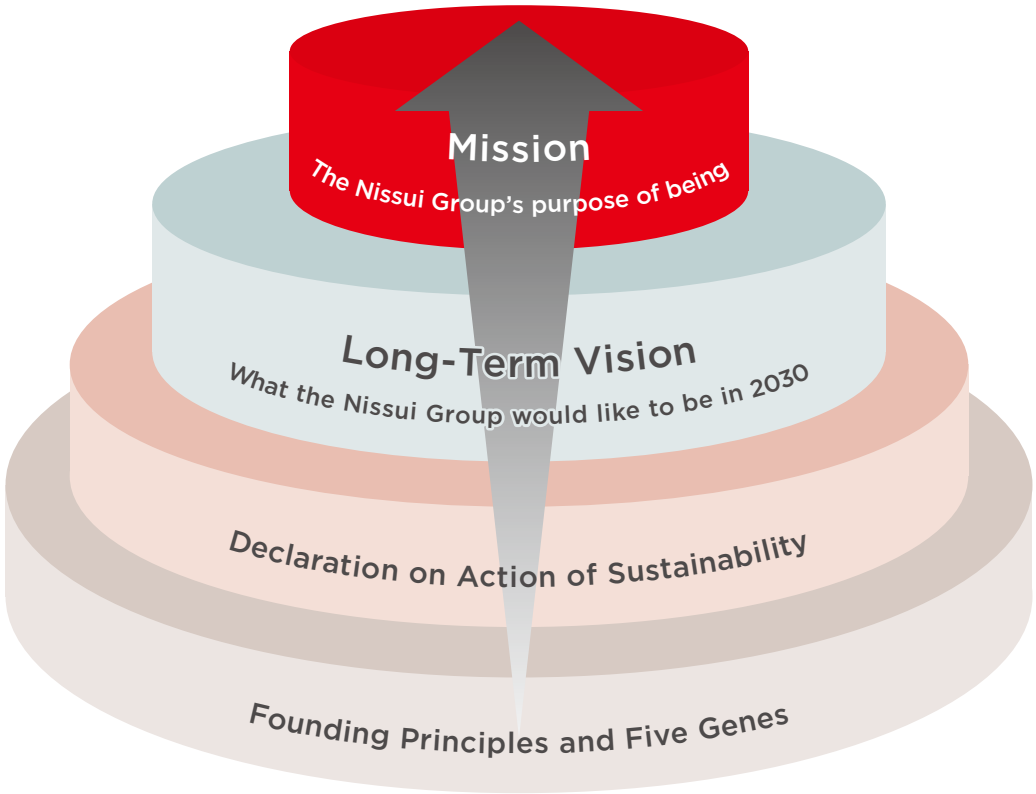
We use data to convey the feedback and ideas of producers and customers to a broad array of people. I believe the insights gleaned from such data will lead to innovative food solutions.

ICT Department
Nissui Corporation
K.U.



Business Philosophy Framework

In 2022, the Nissui Group redefined its mission (purpose of being). Addressing societal issues by exploring new possibilities for food in line with the changing times and environment is the Nissui Group's primary responsibility and purpose of being. Our mission is based on the foundations provided by Nissui's Founding Principles and Five Genes and on our Declaration on Action of Sustainability, which outlines our commitment to stakeholders. With the embodiment of this mission, we aim to realize our long-term vision, "Good Foods 2030," ▶ Page 37 and achieve sustainable growth.



Nissui's history begins in 1911, 113 years ago, with the construction of its first fishing boat and the start of its trawl fishing operations.

Two enduring legacies passed down from that time are the belief that "the fishing industry is the key to solving the problem of over-population and food shortages" (as expressed in Kosuke Kunishi's collection of essays) and our Founding Principles.

Over time, we have developed businesses that maximize the value of marine resources through various innovations. Today, these businesses include processed food products, which make it easier for people to make fish a part of their diet, and a range of health category and pharmaceutical products based on fish oil.

In addition to the commitment we have maintained since our founding to contribute to healthy, enriched lives by creating multifaceted value from nature's bounty and to deliver it to people globally, we, along with our partners and colleagues worldwide, will strive to address various societal issues through food.

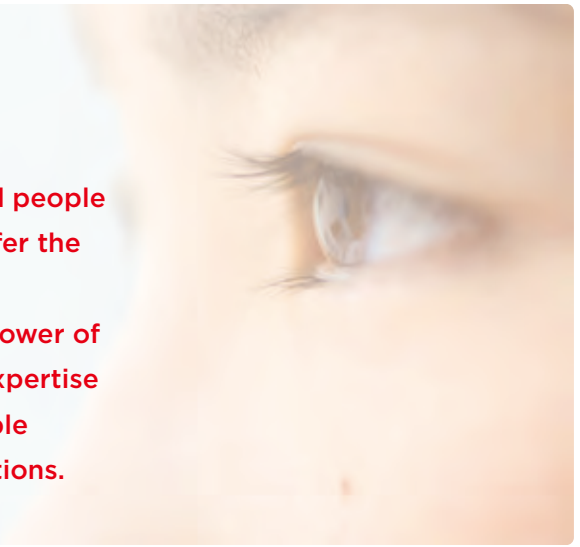
Mission (Purpose of Being)

Thoughts Behind the Mission

- Shift towards a “food solutions” company
- Pioneering spirit natured, developed and honed by the ocean
- The commitment to move towards a sustainable future in sight

Mission

With the wellbeing of the ocean and people as our compass, we are driven to offer the world better food choices.
We are determined to harness the power of our pioneering spirit and industry expertise to create a healthier, more sustainable future through innovative food solutions.



Founding Principles and Five Genes

A tap water supply system is exactly what marine products should be like in their production and distribution.

We seek marine resources from everywhere in the world, ensure that product are always as fresh as possible, set up their worldwide marketing network, just like the tap water pipeline, and distribute them, adjusting their marketing prices in response to demand. Excess costs related to the distribution of marine products also need to be eliminated to realize the distribution costs lowest possible. Earnings through speculation should not be sought in the course of this supply.



Founder
Ichiro Tamura



Person of merit
Kosuke Kunishi



Declaration on Action of Sustainability

Declaration on Action of Sustainability
▸ https://nissui.disclosure.site/en/themes/126

The Nissui Group will appreciate the earth and the sea, and create diverse values from Five Genes (Mission, Innovation, Hands-on approach, Global, Value the customer) inherited since its foundation, and try to solve social issues through its business activities.

- For Customers
- For Employees
- For Business Partners
- For the Environment
- For Shareholders and Investors
- For Society

Nissui Group's History of Value Creation

● Marine Products Business ● Food Products Business ● Fine Chemicals Business ● Others

Historical background

	1911–1944	1945–1976	1977–2000
Key events	First World War; Great Depression; Second World War	Japan's period of high economic growth	Global tightening of fisheries regulations; Adoption of the 200 nautical mile Exclusive Economic Zone (EEZ) by the U.S. and the U.S.S.R.; Contraction of the deep-sea fishing industry; The enactment of the Equal Employment Opportunity Law in Japan accelerates the trend toward greater participation by women in society; Emergence and collapse of the Bubble Economy in Japan
Food-related events	Food shortages in Japan due to population growth	Food crisis; Rapid growth of the food processing industry; Increase in the number of general merchandise stores	Category expansion and growth in the frozen foods market; Expansion of the restaurant and ready-made meal markets

Management policy

Early years

In addition to the deep-sea trawler fishery business, entered related businesses such as processing, ice-making, freezing, storage, and research and development

- ▶ Industrialization of the fishing industry (e.g., research and development, standardization of technology, and export of products)
- ▶ Complete and effective utilization of marine products

Recovery and period of high growth

Post-war recovery and expansion of the fishery and food processing businesses

- ▶ Expansion of import and purchasing of marine products
- ▶ Expansion of the food processing business

Period of stagnation and rediscovery

Exploring and building new businesses as alternatives to the fishery business, and establishing marine resource procurement bases outside Japan

- ▶ Goal of being a leading comprehensive food company with a focus on the fishery business
- ▶ Contraction of corporate value ends as the result of selection and concentration among businesses, products, and operations

Business expansion

- ● Established the Hayatomo Fishery Research Institute, Japan's first private-sector fisheries research institute
- ● Relocated base of operations from Shimonoseki to Tobata and structured an organization for establishing a marine product supply chain
- ● Enhanced the sophistication of trawl fishing through R&D (use of fishing radios, diesel engines, and rapid freezing equipment in fishing boats)
- ● Established and structured storage, processing, distribution, and sales functions for caught fish
- ● Commercial production of fish cakes began



Hayatomo Fishery Research Institute

- ●● Major investments in onshore factories and large trawlers in Japan to strengthen production systems (Hachioji General Plant and elsewhere)
- ● Expanded the range of deep-sea fishing operations
- ● Began full-scale production of fish sausage
- ● Entered the household-use frozen foods business
- ●● Developed and began off-shore production of frozen surimi (paste-based foods)
- ● Rolled out nationwide production and sale of fish cakes



Tuna Sausage, made using tuna as the main raw material

- ● Strengthened access to wild marine resources in North America
- ● Established marine product procurement sites in South America, Europe, and other regions
- ● Launched salmon aquaculture business in South America
- ● Began handling frozen foods in addition to marine products at refrigerated and freezer warehouses
- ● Created new categories of household-use frozen foods, including frozen "Champon" noodles with broth and ingredients included, frozen "Yaki Onigiri" rice balls, and frozen foods that thaw at room temperature
- ● Launched vendor business targeting convenience stores
- ● Began EPA research and obtained the world's first approval for manufacturing high-purity EPA as a pharmaceutical raw material

Value created

- ● More sophisticated trawl fishing
- ● Structured integrated system for freezing, storage, processing, distribution, and sales of marine products

- ● Established a fishing, purchasing, and production system to supply marine products
- ● Developed and provided food at a wide range of temperatures, including room temperature, refrigerated, and frozen

- ● Established locations outside Japan to procure marine resources
- ● Developed and began providing high-value-added products that address changes in society and lifestyles

	2001–2011	2012–2021	2022 onwards
Historical background	**Key events**	September 11 attacks in the U.S.	Global financial crisis Rise of emerging economies (BRICs nations, etc.) Increasing severity of PM2.5 pollution in China	COVID-19 pandemic Russian invasion of Ukraine
	Food-related events	Food Safety Basic Act comes into effect	Trend toward at-home and ready-made meals due to economic downturn	Changes in lifestyle behavior, including demand related to preference for staying at home

	Period of transformation	Period of expansion	
	Building a global supply chain	Accelerating global growth	Moving to a new growth stage
Management policy	▶ **Stabilize profitability** ▶ **Help realize healthy, enriched lives for people worldwide by creating multifaceted value from marine resources and delivering it to customers**	▶ **Pivot to a profitable operating structure (reorganize unprofitable businesses)** ▶ **Accelerating global growth** ▶ **Enhance governance and sustainability initiatives**	▶ **Formulate a mission and long-term vision** ▶ **Increase corporate value with an emphasis on reinforcing business portfolio management and accelerating sustainability management** ▶ Page 37
Business expansion	● Strengthened access to wild marine resources in Oceania ● Entered the Japanese amberjack and Pacific bluefin tuna aquaculture business in Japan ● Entered the household-use and commercial-use frozen food businesses in North America, and the frozen and chilled food businesses in Europe ● Strengthened functional lipid production at the Fine Chemicals General Plant Tsukuba Plant and constructed the Kashima No. 1 Plant (Fish Oil) ● Launched EPA foods for specified health uses (FOSHU) ● Enhanced the quality assurance system  IMARK, a food for specified health use (FOSHU)	● Expanded aquaculture business in Japan (including coho salmon and greater amberjack) ● Enhanced sophistication of the aquaculture business including through full-life cycle aquaculture, breeding, and the use of AI and IoT to improve efficiency ▶ Page 43 ● Integrated commercial-use food and marine product sales in Japan ● Improved productivity and expanded manufacturing capacity for fried white-meat fish and chilled products in Europe and North America ▶ Page 52 ● Launched EPA products as foods with functional claims ● Constructed Kashima No. 2 Plant (Pharmaceutical) ● Released our Declaration on Action of CSR (now the Declaration on Action of Sustainability) ● Began the Nissui Group survey of procured marine resources sustainability ▶ Page 26	● Strengthened access to wild marine resources in New Zealand, making the Nissui Group the number-one company in terms of retained catch quotas and revenues in New Zealand ● Achieved full-life cycle aquaculture for Kurose Buri (Japanese amberjack) ▶ Page 43 ● Reinforced European white-meat fish product processing, production, and sales ● Expanded categories of household-use frozen foods in North America ▶ Page 52 ● Strengthened and streamlined chilled food development and production systems in Japan by integrating management of the convenience store vendor business ● Reviewed material issues ▶ Page 20 ● Strengthened risk management ▶ Page 22
Value created	● **Built a global supply chain for marine products; supplied seafood to international markets**	● **Promoted sustainable marine product procurement worldwide** ● **Expanded provision of fried white-meat fish and chilled products worldwide**	● **Creating innovative food solutions that contribute to a healthier and more sustainable future**

Nissui Group's Value Creation Process

Changes in the external environment

Mission

Inputs

Financial Capital
- Total assets: 606.3 billion yen
- Shareholder's equity: 249.1 billion yen
- Equity ratio: 41.1%

Manufacturing Capital
- Aquaculture sites[1]: 72
- GFSI[2]-certified business locations: 32

Intellectual Capital
- R&D expenses: 4.3 billion yen
- R&D personnel: 147
- Tokyo Innovation Center, Oita Marine Biological Technology Center

Human Capital
- Number of employees (consolidated): 10,104

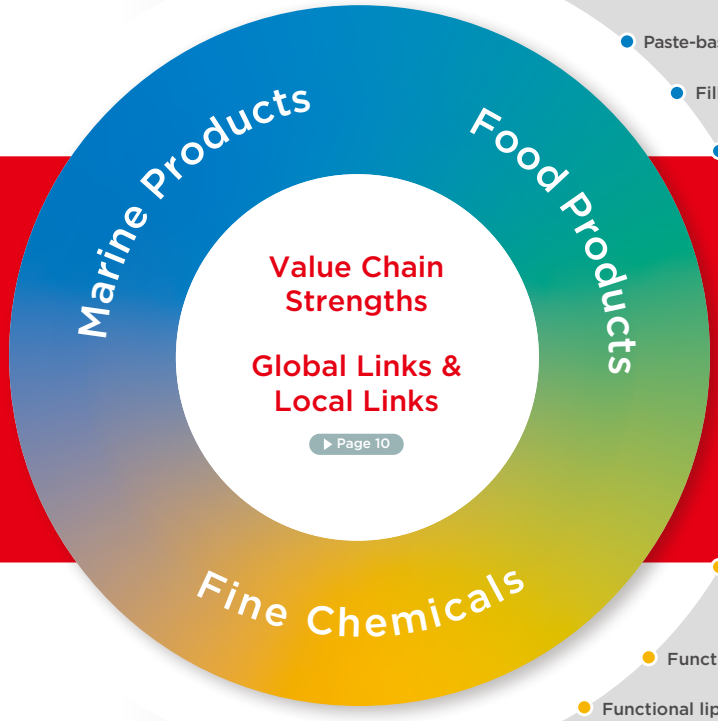
Social Capital
- Trust in Nissui and our brand, built over more than 110 years of history

Natural Capital
- Sustainable procurement rate of marine resources: 75%
- Global supply chain (procurement of marine resources from over 48 countries)

Material Issues

Page 20

- Driving the mainstreaming of marine biodiversity
- Contributing to a decarbonized and circular economy
- Structuring a sustainable supply chain
- Resolving health issues
- Developing human capital and empowering diverse personnel
- Securing a stable workforce and improving productivity
- Embracing our mission and establishing our brand
- Innovating through digital transformation
- Accelerating global operations
- Generating innovations related to food



Outputs

- Paste-based foods (surimi)
- Fillet fish
- Fresh fish
- Fish oil, fish meal
- White-meat processed fish products (fried white-meat fish, surimi products)
- Frozen foods
- Chilled foods (bento, deli foods)
- Alternative proteins
- Health category products (fast-twitch skeletal muscle protein, etc.)
- Functional foods
- Functional lipids (EPA, DHA)

Governance

Declaration on Action of Sustainability

Founding Principles and Five Genes

KPIs for FY2030

Page 48

Financial Value

Capital strength to compete on the world stage
- Net sales: 1 trillion yen
  Operating profit: 50 billion yen
- ROIC: ≥ 7.0%
- International net sales ratio: 50%

Social Value

Resolving health issues
- Sales of health category products: Expand by: 200%

Responsible procurement (human rights)
- Assessment of key Tier 1 suppliers: 100%

Value in Human Capital

Diverse human capital playing an important role
- Employee engagement score[3]: Improved by 20%
- Ratio of female managers[3]: 20%

Environmental Value

Sustainability of marine resources
- Sustainable procurement rate: 100%
- Actions aimed at addressing climate change and protecting marine environments
- CO_2 emissions (Scope 1, 2): Reduced by 30%
- Achieve carbon neutrality by 2050
- Usage of plastics[3]: Reduced by 30%

Long-Term Vision

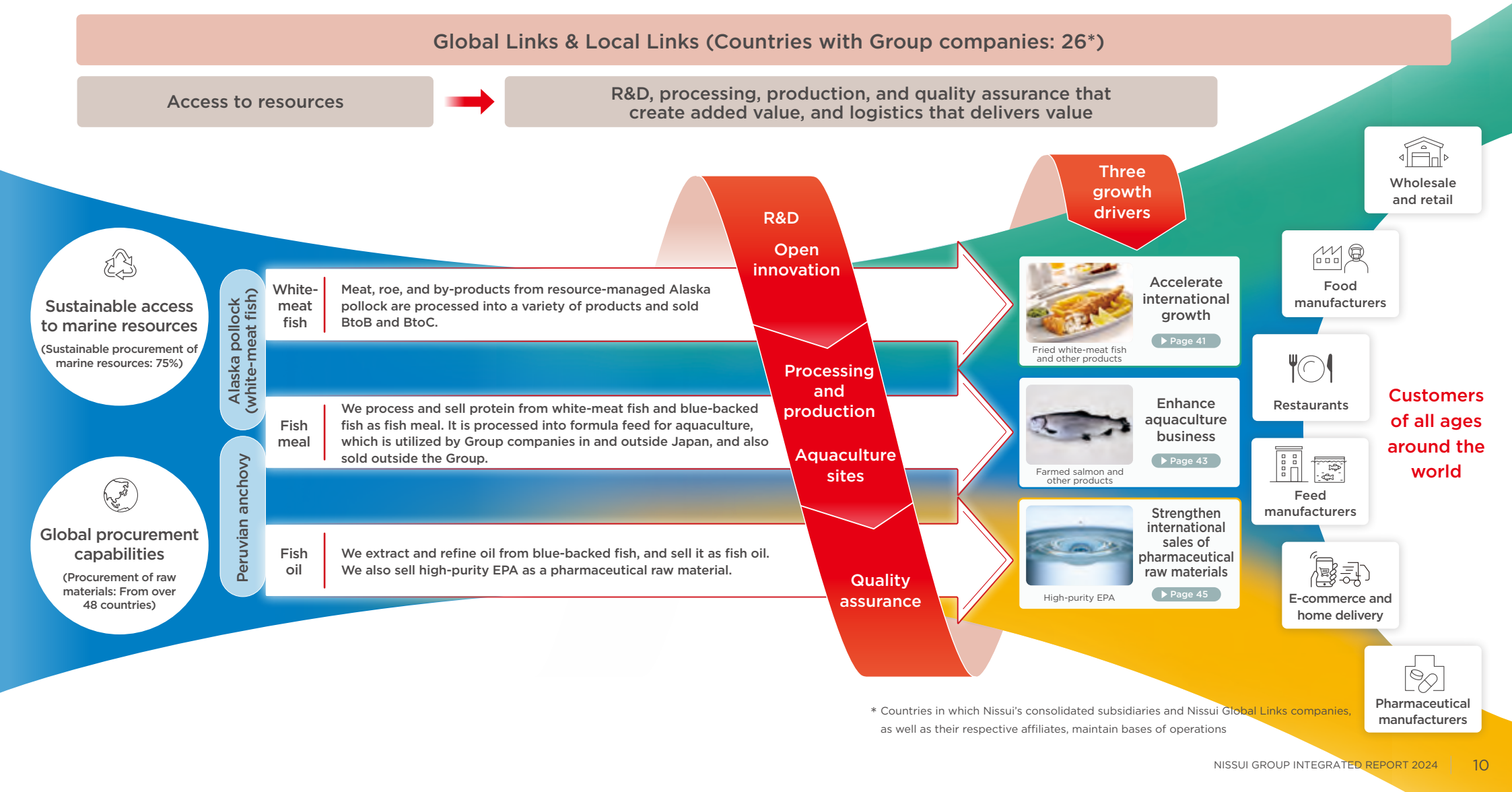
1. Scope: Subsidiaries; each aquaculture area is counted as 1 site
2. Global Food Safety Initiative (GFSI): A private consortium of global food companies working together to improve food safety and strengthen consumer confidence in food products through initiatives such as certification of food safety management standards

3. Scope: Nissui Corporation

Note: Blue: Marine Products Business; Green: Food Products Business; Yellow: Fine Chemicals Business. Our three core businesses are interconnected, working together to maximize value by transforming raw materials into various forms, and delivering products to customers.

Nissui Group's Strength: Our Value Chain

The Nissui Group procures marine products from all over the world, and provides high-value-added products to customers of all ages around the world through R&D, processing, production, and quality assurance that bring out the potential of raw materials. We aim to realize our long-term vision by maximizing the potential of the value chain that is our strength—white-meat fish, fish meal, and fish oil—and through the growth drivers of international growth, the aquaculture business, and international sales of pharmaceutical raw materials.



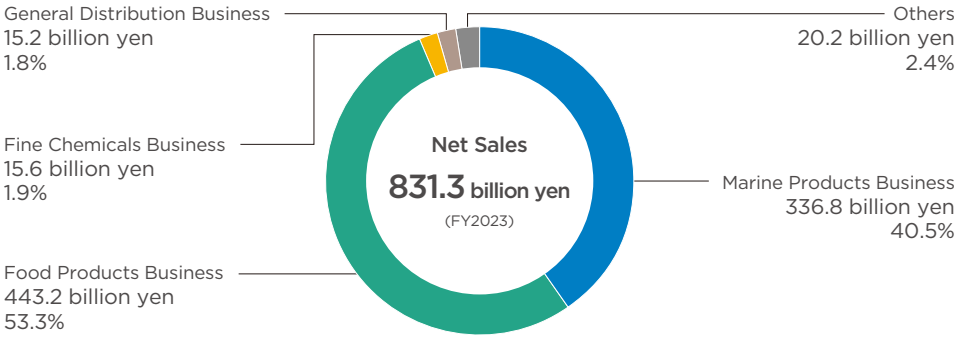
* Countries in which Nissui's consolidated subsidiaries and Nissui Global Links companies, as well as their respective affiliates, maintain bases of operations

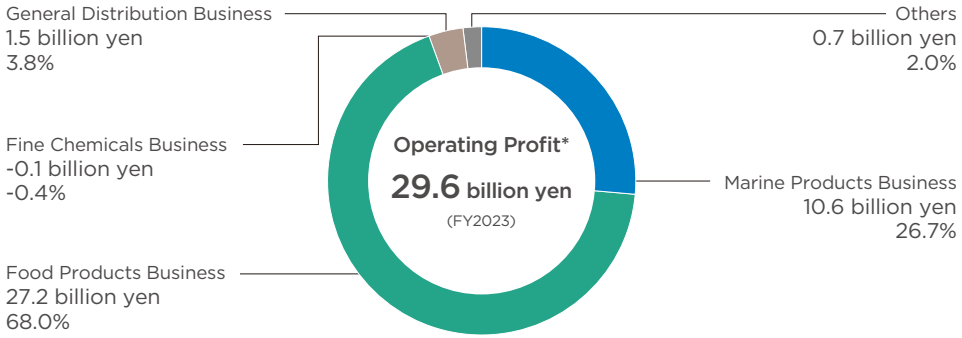
Nissui Group at a Glance

FY2023 Results

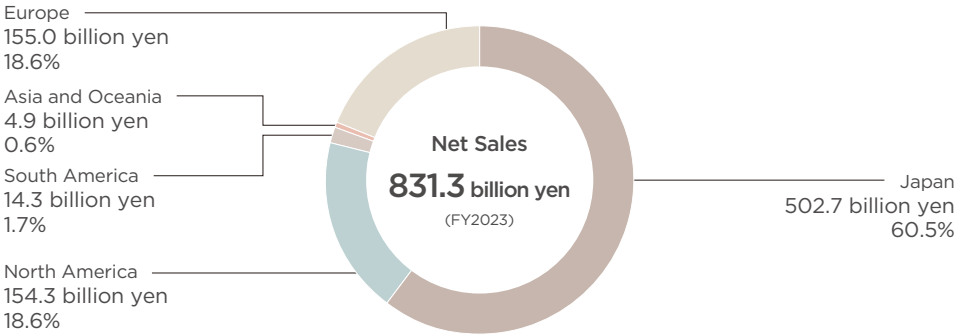
Number of Countries with Group Companies	Number of Employees (Consolidated)	International Net Sales Ratio
26	10,104	39.5%

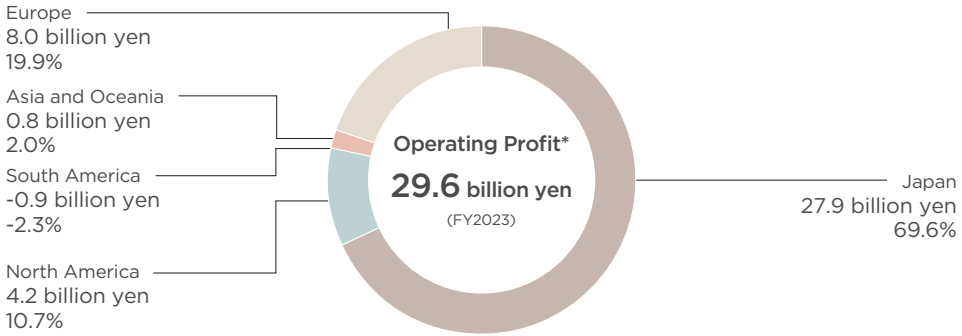
Net Sales and Operating Profit Margin by Business





Net Sales and Operating Profit Margin by Region





* The sum of operating profit for each business/region does not equal the Company's total operating profit, as Company-wide expenses included in the total have been omitted for the purposes of this chart.

The Nissui Group has built competitive advantages in its three core businesses of Marine Products, Food Products, and Fine Chemicals. We are able to provide differentiated, high-value-added products by combining the strengths of each business.

Marine Products Business

Access to global white-meat fish resources

South America



Group fishing companies in South America procure hake, blue grenadier, and other species

North America



UniSea, Inc. procures and processes Alaska pollock

Advances in full-life cycle aquaculture and breeding technology

Japan

Farmed Japanese amberjack



Harvest volume (FY2023)
Approx. **9,500** MT

Market share in Japan (FY2023)
No. 1 Approx. **11**%[1]

Salmon trout

South America



Harvest volume (FY2023)
Approx. **31,000** MT

Market share in Chile (FY2023)
No. 1 Approx. **40**%[1]

Fine Chemicals Business

Advanced refining technology that produces EPA with high purity of 96.5% or more

World



World-first

Obtained approval in 1990 to manufacture high-purity EPA as a pharmaceutical raw material

Marine Products Business × Food Products Business × Fine Chemicals Business

Foods that utilize the functional properties of marine products

Foods with functional claims

Food for specified health uses (FOSHU)

Japan



Fish sausage containing a combined total of 1,050 mg of EPA and DHA per portion



Health-oriented food Triglyceride level improvement category
No. 1 market share in the DHA and EPA category[1]

Developing functional foods using odorless EPA and DHA fish oil refining technologies and odor masking processing technologies

Food Products Business

Well-loved brands

Japan

Frozen grilled rice ball brand



No. 1
worldwide in sales

Launched in 1989
Certified by Guinness World Records™
as the largest frozen grilled rice ball brand
(Applicable period: January to December 2023)

Marine Products Business × Food Products Business

Products that combine the marine product raw materials we procure with our food processing technologies and recognized brand

Fried marine foods for household and commercial use (white-meat fish and other products)

World



No. 1
worldwide in net sales[1]

Japan

Chikuwa (fish cake) and other surimi-based products made from white-meat fish surimi



No. 1 market share in the chikuwa (fish cake) category[3]

North America

Frozen marine foods for household use



Gorton's frozen fried white-meat fish

No. 1
market share in the U.S.[2]

Chilled fried white-meat fish for household use

No. 1
market share in France[1]

Europe



Cité Marine S.A.S.'s chilled fried white-meat fish

1. Nissui research 2. Market Share of Household Prepared and Frozen Seafood Market (Monetary Basis), December 2023, Nielsen 3. Household Fish Cake Monetary Market Share, August 2023 to August 2024, SRI+, Intage Inc.

Message from the President



Improving Corporate Value by Working to Resolve Food-Related Issues



Shingo Hamada
Representative Director, President
Chief Executive Officer (CEO)

Aiming to Become One of the World's Top 50 Food Companies by 2030

FY2024 will be the final year of our Mid-Term Business Plan "Good Foods Recipe1," which started in April 2022. Looking back at our most recent business results, net sales for FY2023 increased 8.2% compared with the previous fiscal year to 831.3 billion yen, and operating profit increased 21.1% to 29.6 billion yen, both record highs, while profit attributable to owners of parent increased 12.3% to 23.8 billion yen, which is a record high for the third consecutive year. Once again, I would like to thank all employees of the Nissui Group for their hard work, as well as all our stakeholders for their support. The current Mid-Term Business Plan was formulated by backcasting from our long-term vision set for 2030, and its goal is to achieve a transformation for moving up toward a higher level. We now believe that the targets of the Mid-Term Business Plan are within reach, but there is still some way to go to achieve the plan's goals, so we will work to achieve greater heights without allowing ourselves to be satisfied with our current state.

To effectively implement the Nissui Group's mission to "create a healthier, more sustainable future through innovative food solutions," every Group employee must embody the mission with the aim of resolving food-related issues. As the world's population grows, so does demand for food, including marine products. However, the environment relating to food is facing potentially critical constraints such as the depletion of food resources and changes in harvest yields and production regions caused by climate change, making it essential to address food-related issues in order to achieve sustainable growth. In addition, society's expectations with regard to food are increasing year by year, and it is no longer enough for food to simply be tasty, convenient, and healthy. Indeed, I believe that we have already

entered an age in which society is turning away from food that does not help to resolve various societal issues by, for example, reducing impact on the environment and ensuring respect for human rights in the supply chain.

Consequently, in our long-term vision "Good Foods 2030," we aim to create and enhance four types of value (financial value, social value, value in human capital, and environmental value) by reinforcing business portfolio management and accelerating sustainability management. In terms of financial value, our KPIs for 2030 are net sales of 1 trillion yen and operating profit of 50 billion yen, which will put us in the world's top 50 companies in the food industry. Joining this echelon will raise recognition of the Nissui Group worldwide, giving us a greater voice and influence in society. Of course, this will also come with greater responsibility, but I believe that as a leading company we must tackle food-related societal issues and balance social value, value in human capital and environmental value with financial value in order to embody our mission and to realize our long-term vision. Looking ahead to 2030 and beyond, my hope is that we will become a leading corporate group able to meet all needs relating to food, and I want our employees to take pride in working for a company that is able to take on this long-term vision.

The "One Table Meetings" that I started with the aim of instilling this mission among the management and employees of Group companies in Japan are now in their second year. These meetings afford me the opportunity to visit individual business locations and workplaces to talk face-to-face with employees and convey my thoughts and intentions regarding our rebranding and transformation. Employees have responded positively, and are now voicing their opinions more proactively. For Group companies outside Japan, we hold the Nissui Global Links Conference (NGLC) twice a year to deepen information sharing and collaboration among companies. Through this program I share our mission and long-term vision, and communicate my thoughts. Each meeting of the conference further strengthens Group unity. I sense increasing awareness of the need to enhance corporate value, with many presidents of overseas Group companies telling me they check Nissui's stock price every morning. Each is particularly enthusiastic about leveraging the benefits of the Group to expand the businesses they oversee, and we have been discussing how this process can drive the growth of the Group as a whole. Spreading this kind of awareness further throughout the Group will unite us in embodying our mission, realizing our long-term vision, and maximizing corporate value.

The International, Aquaculture, and Fine Chemicals Businesses as Our Growth Drivers

We have positioned our international business, aquaculture business, and pharmaceutical raw materials for the international market in our Fine Chemicals Business as growth drivers for realizing the long-term vision. All three are fields where the Group can demonstrate the strengths of its Global Links & Local Links, and where we will achieve steady growth while appropriately managing risks and opportunities. We use the phrase "Global Links & Local Links" to refer to the Group's value chain, through which we are able to access various resources, including marine products, both in and outside Japan, and then process and sell these resources with added value generated through the fruits of our R&D (i.e., our capabilities in research and development, production technology, and quality assurance). A unique feature of the Nissui Group and the core of its competitive advantages is the ability to maximize the value of resources by linking and combining the various functions of Group companies worldwide. Expanding our business with a target international net sales ratio of 50% by 2030 will further strengthen this value chain as it will increase our resilience to exchange rate fluctuations.

International Business

Overseas markets have much more room for business expansion than Japan, with particularly strong demand for seafood in North America and Europe, both of which are strategic regions for the Group. Although various geopolitical risks have arisen in recent years that could destabilize supply chains, the Nissui Group has been able to continue leveraging its strengths through its access to global resources and through its own marine product supply chain. For instance, we are the global leader in sales of fried marine products, and we intend to increase market share by augmenting production capacity for frozen fried marine products in North America. In Europe, in addition to increasing our production capacity for chilled fried marine products and expanding our sales areas within the region, we will also increase and add value to our fresh fish business using North Sea resources, as well as create synergies with our domestic marine products business by adding scallop and Japanese amberjack exports from Japan. While we are just beginning in China and the rest of Asia, these markets hold tremendous potential, and we will continue to focus on breaking new ground in the food service sector.

Message from the President

Aquaculture Business

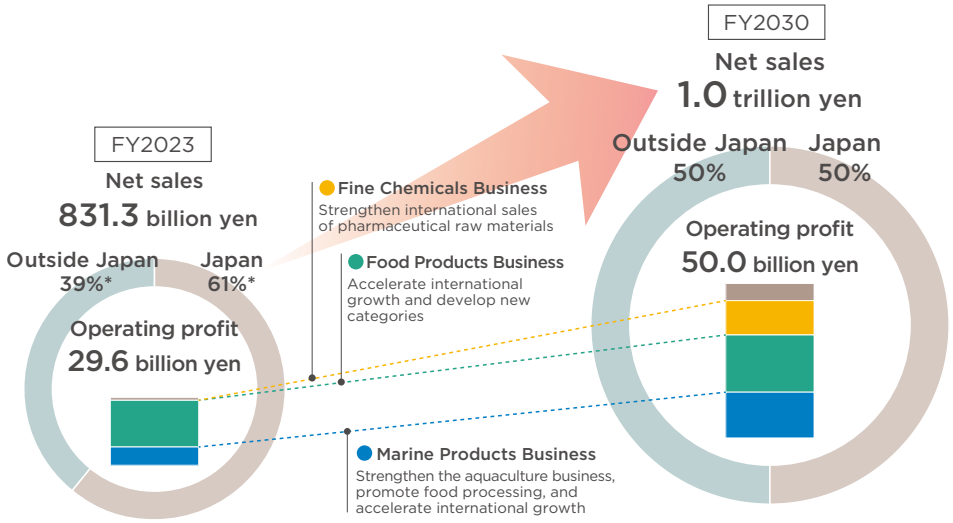
Global demand for marine products is expected to continue to increase and society has high hopes for the aquaculture business as a means of securing access to sustainable resources. Meanwhile, risks in the aquaculture business include the rising temperature of seawater due to climate change and the resulting issues in finding suitable locations for aquaculture projects, as well as soaring feed costs. However, we are focusing on R&D and are confident in our breeding and aquaculture techniques. In addition to our access to marine resources, our ability to produce feed using fish meal gives us a competitive advantage in terms of feed costs. A typical example of this is our full-life cycle aquaculture of Kurose Buri (Japanese amberjack) where we use breeding to select high-quality strains, technology to control roe harvesting periods, automatic systems to deliver appropriate feed amounts, improved feed to prevent post-processing discoloration of the dark muscle, and other means to make us highly competitive. Looking to the future, we will be able to reduce breeding costs and achieve stable, eco-friendly aquaculture by establishing land-based aquaculture and new off-shore farming technologies, deploying our R&D expertise to rapidly grow large, healthy fish among species that are suited to the aquaculture environment, and by developing vaccines and expanding the use of submergible fish cages that reduce the risk from natural disasters such as red tides and typhoons.

Furthermore, we will continue to increase the precision of aquaculture operations by using AI and IoT to deploy fish counters and introduce electronic records of fish diseases, as well as analyze environmental and breeding data to construct models of optimal breeding conditions, thereby promoting the efficient cultivation of farmed fish as we move forward. We will also take a multifaceted approach to ensure a reliable supply of marine products and mitigate business earnings volatility—an approach that will involve cooperating with external parties, including in technology development.

Fine Chemicals Business

The incidence of cardiovascular disease is expected to rise, particularly in Europe, the U.S. and other developed economies. EPA pharmaceutical raw materials are a unique opportunity for Nissui to create value that can contribute to addressing this health issue. In 2021, our Japan plant received approval from the U.S. Food and Drug Administration (FDA) and we are currently working on regulatory approval applications in Europe. We are establishing a system for supplying high-purity EPA to the global pharmaceutical market, but are facing challenges such as slower-than-expected expansion overseas, including in Europe, due to strict technical requirements in the application process. Even from a global viewpoint, we have advantages in terms of the quality of our EPA and our technical expertise, and moving forward we will be seeking sales opportunities not only for pharmaceutical raw materials, but also for intermediates,* while also aiming to improve sales and operating profit through a multi-channel approach.

* EPA ethyl ester of a certain raised concentration for pharmaceutical use. A product in the intermediate stage of high-purity EPA.



* Calculated based on figures prior to consolidation adjustments



Maximizing the Value of Marine Resources through Business Portfolio Management

Under the current Mid-Term Business Plan, we have introduced business portfolio management and set a target for ROIC of 7.0% or higher by 2030. Since FY2023, we break down the cost of capital, which was previously calculated for the Group as a whole, by business and region to better analyze and evaluate the characteristics of each business. Moreover, we have switched to a method whereby we calculate ROIC spreads then use a four-quadrant analysis based on two axes (net sales growth rate and ROIC spread) to evaluate businesses.

Calculating the ROIC spread for each business has enabled us improve performance. For example, in the domestic Food Products Business we did so through extensive measures to increase profitability, including through implementing revenue and expenditure controls, on an item-by-item basis, as well as inventory management. In recent years the Marine Products Business and the Food Products Business have built a complementary relationship, enabling their combined performance to offset fluctuations in each other's results, while steadily increasing their respective profit levels. For example, during a downturn in the marine products market, declining fish prices negatively impact profit in the Marine Products Business due to lower sales prices. However, the reduced cost of ingredients benefits the Food Products Business, which uses marine products as raw materials, positively affecting its profit. Another example of linkage between businesses is the fish oil handled by the Marine Products Business, which provides the Fine Chemicals Business with access to high-quality fish oil. This gives us an advantage in being able to create products (such as EPA and DHA) with high added value from marine resources using fish oil refining technology.

This kind of organic collaboration between core businesses, under which each is also able to fine-tune its own operations, is one of the Nissui Group's strengths. I believe such Group characteristics make it hard to assess businesses using only the ROIC spread and net sales growth rate. Naturally, we will continue to emphasize improving the ROIC spread of each business on a standalone basis, but we also need to actively identify the functions required to maximize the value created by the Group as a whole. We will do our best to explain this business portfolio management to our investors in as much detail as possible.

Governance to Support Growth

In FY2023 we reviewed our existing material issues for sustainability. As a preliminary step in formulating our next Mid-Term Business Plan "Good Foods Recipe2," which will start in FY2025, we re-evaluated the management challenges that should be prioritized and newly specified 10 material issues. Due to the fact that the Nissui Group's businesses are highly dependent on natural capital, we have specified "driving the mainstreaming of marine biodiversity" and "contributing to a decarbonized and circular economy" as material issues. Although we have yet to set specific KPIs for the new material issues, by doing so in parallel with the formulation of Recipe2 we will further expound on risks and opportunities in the next Mid-Term Business Plan and steadily advance sustainability management.

To allow us to respond to the various risks and opportunities arising from changes in natural capital, we have been disclosing information based on the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD) since FY2023. This has enabled us to better understand our dependence on nature and its impact, and also to evaluate associated risks and opportunities. We were among the first in the marine products industry to disclose nature-related information based on the TNFD recommendations. However, the environmental issues identified are not challenges that the Nissui Group can solve alone. Indeed, they are linked to our material issue of "structuring a sustainable supply chain" that involves external business partners, who we are actively engaging with as we address this issue. We believe that adopting a proactive approach to all our material issues will help us to embody our mission, reduce various risks and our cost of capital, maximize cash flows, and ultimately enhance profitability and corporate value.

For the Company to grow, it is important not only to reduce risk overall, but also to identify appropriate opportunities (in the context of taking on risks). To this end, it is vital for us to enhance our risk management and governance systems. Given the aim of expanding our business activities internationally, we have significantly reorganized our risk management systems to take account of the increasing diversity and complexity of the impact of environmental change and the risks that we must prepare for.

The Nissui Group has experienced painful failures in overseas investments in the past, but this has taught us the importance of risk assessment and analysis. It has also reaffirmed that our strengths lie in an integrated value chain that includes both production and sales. That is why we now evaluate and analyze various global risks for investment projects as standard practice, and discuss them with all those concerned from diverse perspectives.

The acquisition of Independent Fisheries Limited by Group company Sealord Group Ltd. in FY2023 was the outcome of risk taken on under effective governance and after consideration by all officers of the Company, including those responsible for business execution. Some questioned the business's ability to generate a good return and its stability, but the project was approved based on researchers' opinions on the state of marine resources and the decision that it would be beneficial to build a new value chain through the acquisition and to secure new access to resources. In order to further strengthen our value chain, or our "Global Links & Local Links," I believe we need to ensure appropriate management decision-making and implement investments necessary for growth.

In FY2024, we added one Outside Director, bringing the total number to four, thereby satisfying our Mid-Term Business Plan target and further strengthening corporate governance. Each Outside Director possesses not only specialist expertise, but also knowledge and experience in our core business areas, along with the flexibility and creativity to promote integration between our businesses. They bring a diverse range of perspectives, including gender diversity, to Nissui's management.

In terms of Group governance, we plan to strengthen management, increase the effectiveness of each Group company's board of directors, tighten investment controls, and enhance overseas audits, among other matters. So far, the Group's growth in North America and Europe has been driven by acquiring companies with both production and sales functions, while also building trust by respecting the entrepreneurial abilities and management policies of managers who are deeply familiar with each region. We will accelerate our international growth by not only enhancing management systems, but also by sharing our mission and increasing the number of colleagues with the same aspirations.



A fishing vessel owned by Independent Fisheries Limited, which was acquired by Sealord Group Ltd. We are working to maximize the value of New Zealand's marine resources and increase our ability to meet rising global demand.

Drawing Out the Potential of Our Human Capital to Create Innovative Food Solutions

The source of the Nissui Group's value is its human capital. No matter how much we mechanize or automate our production lines and business operations, ultimately it is the human resources involved who control the quality of our products. In our long-term vision, we place great emphasis on creating value in human capital. In our mission, we use the phrase "innovative food solutions" to refer to foods (or related goods/services) that take into consideration current problems and future needs Our innovative solutions, which are undoubtedly the fruit of our exceptional human capital, go beyond dining options and products to help resolve a variety of societal issues.

In March 2024, we partnered with the French company Amethis to invest in a private equity fund for Africa and began research into this vast market. This is the first such initiative for Nissui. I believe that this shows the benefits of encouraging freedom of thought, even if the idea may be outside the box for us. Our Group's people are highly diligent and of exceptional quality. They carry out assignments and tasks properly and demonstrate

outstanding skill. Meanwhile, to realize our long-term vision, what we really need is a sense of entrepreneurship and the attitude to accept challenges to change the status quo. I would like to see our employees think outside the box and always be willing to take on the challenge of new initiatives. At the moment, we still need more of such people. However, this does not mean that entrepreneurship has disappeared from the Company, nor that it needs to be created from scratch. Indeed, it is something that has been there in our genes since the Company was founded, and it is my wish to draw out the skills and potential of our personnel. Consequently, we are currently emphasizing employee engagement and, as a matter of priority, we are training personnel who are able to independently identify problems and take the initiative.

I also believe that to realize our long-term vision, it is vital that we create an organization full of diversity—an organization that respects not only diversity of gender, but also diversity of thought, knowledge, experience, and other attributes. Respecting each other's diversity creates synergies that lead to improvements in business results and ultimately have a positive impact on the growth of individuals. This human capital is the key to achieving the Group's various management strategies in the future. In addition, given the link between management strategies and human capital strategies, we have also been discussing succession planning from a medium- to long-term perspective. For management, the ability to plan, strategize, and execute is essential, as is the skill to manage risk and personnel. We need to train personnel with a broad vision who understand the details of our business and who can supervise the actions of the people involved in that business, while also being able to guide our future business path and identify current problems. Furthermore, I think it is important that we construct succession mechanisms that include the on-site transfer of skills between employees on our production lines and in other workplaces.

Toward Our Next Mid-Term Business Plan, "Good Foods Recipe2"

As we carry out initiatives for the final year of Good Foods Recipe1, we are also preparing our next Mid-Term Business Plan, "Good Foods Recipe2," which will start in FY2025. Recipe2 is being formulated based on our mission and long-term vision, as well as our new material issues. There are many difficult challenges ahead, but with your understanding and support, we will tackle them with tenacity. By reinforcing our business portfolio management and accelerating sustainability management, we aim to create and enhance financial, social, human capital, and environmental value, and improve our corporate value. And, with each and every employee embodying our mission and taking on new challenges, we will supply innovative food solutions around the world—food solutions that enrich the heart and the body, and solve social issues. This is precisely the future that we are aiming for at the Nissui Group.

President and CEO Shingo Hamada's aspiration to embody the Nissui Group's mission



Forward without fear of failure!

Shingo Hamada

Governance Linking Risks and Opportunities with Value Creation

Basic Approach to Corporate Governance

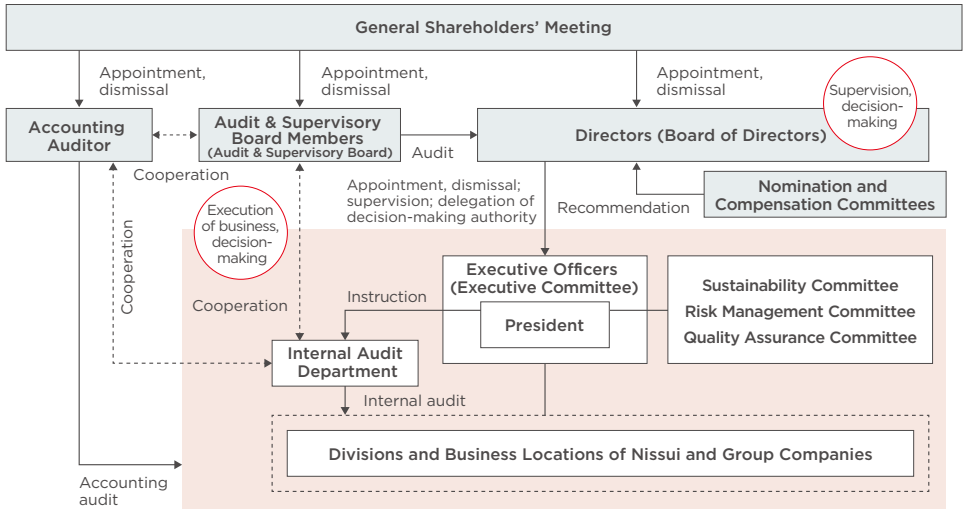
Risk Management ▶ Page 22 Corporate Governance ▶ Page 60

The Nissui Group considers corporate governance an important part of the management foundation for achieving sustainable growth and improving corporate value, and continuously enhances its governance system.

The Group's business environment is changing and becoming more diverse and complex, exemplified by accelerating global business expansion and changes in natural capital such as marine resources. Identifying risks comprehensively rather than individually is increasingly important, as is quickly identifying and addressing opportunities as well as risks. We have therefore been enhancing the diversity and effectiveness of the Board of Directors and strengthening Group governance, especially since FY2018. With regard to the Board of Directors, members express opinions from multiple viewpoints at meetings and engage in energetic discussions of medium- to long-term themes, such as creating a resilient business portfolio in light of global environmental changes, investment projects such as M&A, and human capital. This results in a system that enables us to supervise management and address risks, and also to adopt an appropriate risk appetite.

In FY2023, we reviewed the Group's material issues and reorganized its risk management systems, and we have established a system to incorporate sustainability and other medium- to long-term risks and opportunities into our management strategies. We will use our material issues as a starting point to implement risk management that takes a wide-ranging view of the entire Group, and incorporate our observations into the next Mid-Term Business Plan now being formulated. The Board of Directors will regularly review material issues, risks, and opportunities, and oversee strategies and key performance indicators (KPI) as part of our governance system.

Corporate Governance System Diagram (As of June 26, 2024)



Timeline of Measures to Strengthen Corporate Governance

Toward a governance system that supports the embodiment of our mission by incorporating risks and opportunities arising from changes in the business environment and feedback from stakeholders into management

	To 2017	2018	2019	2020	2021	2022	2023	2024	From 2025
Organizational design	• Introduced executive officer system (2009) • Began evaluating the effectiveness of the Board of Directors (2016)			• Completely revised the Board of Directors regulations					
Group governance	• Initiated NGLC (2002)	• Established Nomination and Compensation Committees (chaired by an Outside Director)		• Completely revised governance regulations for subsidiaries		• Established an International Business Department; appointed an executive responsible for overall international operations • Strengthened supervision of Group companies outside Japan			• Restructure the nomination and compensation system for Group companies
Executive compensation system	• Abolished retirement benefit system (2007)	• Introduced performance-linked compensation system				• Incorporated sustainability into business performance goals		• Increased the ratio of stock-based variable compensation from 5% to 20%	
Sustainability and other matters	• Identified material issues (2016) • Established Sustainability Department (2016)					• Redefined mission		• Reviewed material issues • Reorganized risk management systems • Began succession planning	
Stakeholder communication		• Enhanced IR outside Japan				• Established Corporate Communication Department • Published integrated report for the first time			

Material Issues for the Nissui Group

The Nissui Group has been working on the evolution toward sustainability management based on the material issues it identified in FY2016, but reviewed its material issues in FY2023 in response to the increasing complexity of the external environment.

In the review, we positioned material issues as the issues that management should focus on addressing in order to enhance the Nissui Group's sustainable growth and its corporate value over the medium to long term, in line with embodying its mission and realizing its long-term vision.

In the process of reviewing material issues, we determined and analyzed the opportunities and risks associated with each material issue, identified priority risks that could have a significant impact on the Group's medium- to long-term priority issues and business strategies, and reorganized risk management systems.

To realize our long-term vision, "Good Foods 2030," we will formulate strategies and set KPIs in the next Mid-Term Business Plan based on the material issues.



Process for Identifying Material Issues

STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6
Identification and organization of societal issues	Review by the Sustainability Committee	Evaluation of importance by stakeholders	Executive workshop and review by Outside Directors	Validity evaluation by external experts	Resolution by the Board of Directors following re-deliberation by executives

STEP 1 Identification and organization of societal issues

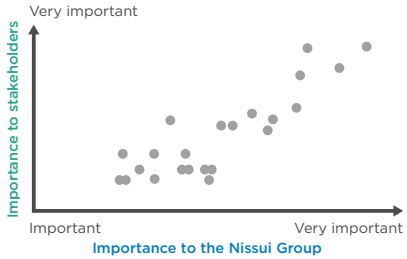
To meet diverse social needs and demands, societal issues were identified from sources such as the SDGs and sustainability disclosure guidelines, ESG evaluation criteria, regulatory and administrative requirements, and the content of stakeholder engagement. The Group listed potential material issues based on risk and opportunity analyses conducted in all departments, as well as the results of executive workshops.

STEP 2 Review by the Sustainability Committee

A meeting of the Sustainability Committee was held to discuss the sustainability of the Group's business model, and to review the list of material issue candidates to ensure that no items were missing.

STEP 3 Evaluation of importance by stakeholders

Surveys were conducted among various internal and external stakeholders (employees, labor unions, overseas Group companies, NPOs/NGOs, academics, investors (shareholders), international organizations, government agencies, industry groups, business partners, and young people) on the material issue candidates reviewed by the Sustainability Committee. The importance of these issues was assessed from two perspectives—their importance to stakeholders and their importance to the Group.



STEP 4 Executive workshop and review by Outside Directors

Based on the results of the importance evaluation, an executive workshop was held to finalize the material issue matrix and identify specific material issue candidates. In addition, Outside Directors conducted a review of the matrix and the material issue candidates.



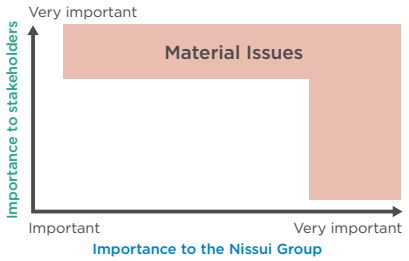
STEP 5 Validity evaluation by external experts

External experts* provided a validity evaluation of the material issue identification process and the final proposal.

* Setsuko Yano of Asset Management One Co., Ltd., Satoshi Maekawa of World Wildlife Fund for Nature (WWF) Japan, Aiko Yamauchi of Seafood Legacy Co., Ltd., and Keiko Akuto of Sumitomo Mitsui DS Asset Management, Limited

STEP 6 Resolution by the Board of Directors following re-deliberation by executives

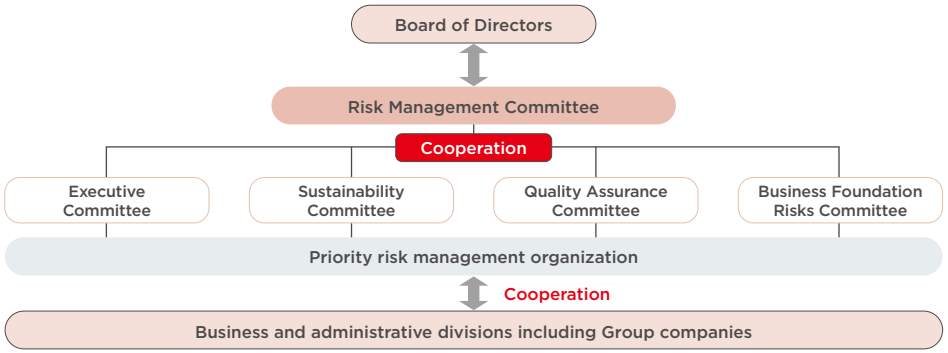
Taking into account the opinions of external experts, the Sustainability Committee and the Executive Committee held several discussions, with the final material issue proposal deliberated at a meeting of the Sustainability Committee. Subsequently, the material issues to be addressed by the Nissui Group were determined by a resolution of the Board of Directors.



Reorganization of Risk Management Systems

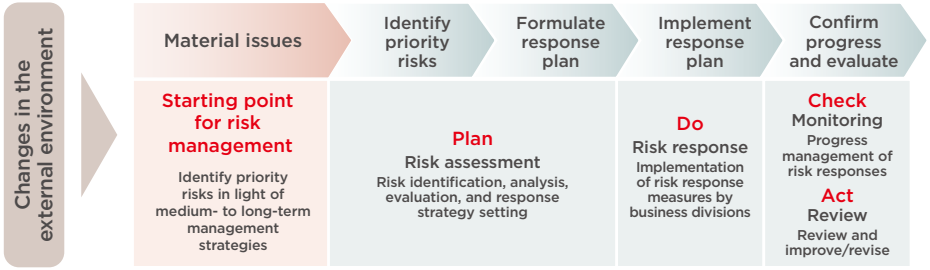
We began reorganizing Group-wide risk management systems in FY2023, and carried out a review of governance and risk management, including the details of risks, to cover not only preventive aspects, which we had done previously, but also proactive aspects. Our previous risk management system, in which issue themes were discussed by their respective committees, has been revised to create a new framework capable of accurately identifying Group-wide risks whenever necessary. More specifically, we have transitioned to a framework where the secretariats of the Business Foundation Risks Committee, Sustainability Committee, Quality Assurance Committee and Executive Committee cooperate, and priority risk responses are centrally managed by the Risk Management Committee from a Group-wide perspective. This enables us to prioritize risk responses, integrate them into management strategies, and work for sustainable growth and enhancement of corporate value through accurate management of future growth opportunities and risks.

Risk Management Promotion System



Risk and Opportunity Management Process

In conjunction with the reorganization of risk management systems, we also revised the risk management process. We have identified priority risks in light of our medium- to long-term management strategies, positioning material issues, which we redefined due to changes in the external environment, as the starting point for risk management. We will implement risk management strategies by following an annual PDCA cycle. In addition, we plan to periodically review priority risks when we update our material issues.

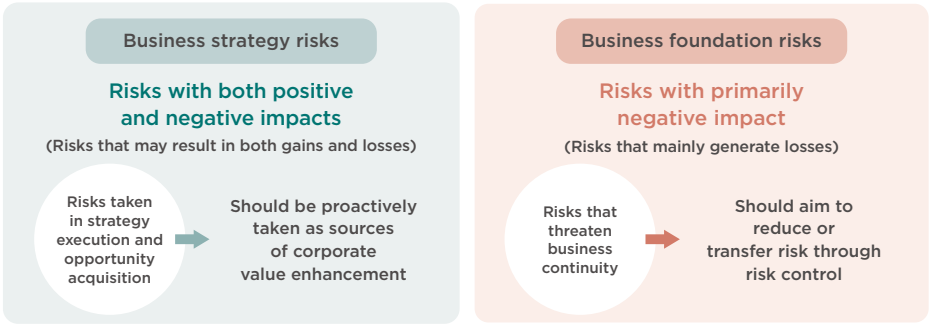


Process for Identifying Priority Risks

Identified Priority Risks ▶ Page 23

We believe that in order to maintain and enhance corporate value over the medium- to long-term, it is important to respond strategically to risks and opportunities arising from changes in the external environment. The Group reviewed its material issues in light of changes in the external environment. In this process, we extracted and analyzed risks and opportunities related to material issues, and identified risk items that are perceived to have a significant impact on business strategies and key issues in the medium to long term as priority risks.

Additionally, as we transition to risk management systems that integrate management of risks with both positive and negative impacts and risks primarily with negative impacts, we have categorized the former as business strategy risks and the latter as business foundation risks.



Reorganization of Risk Management Systems

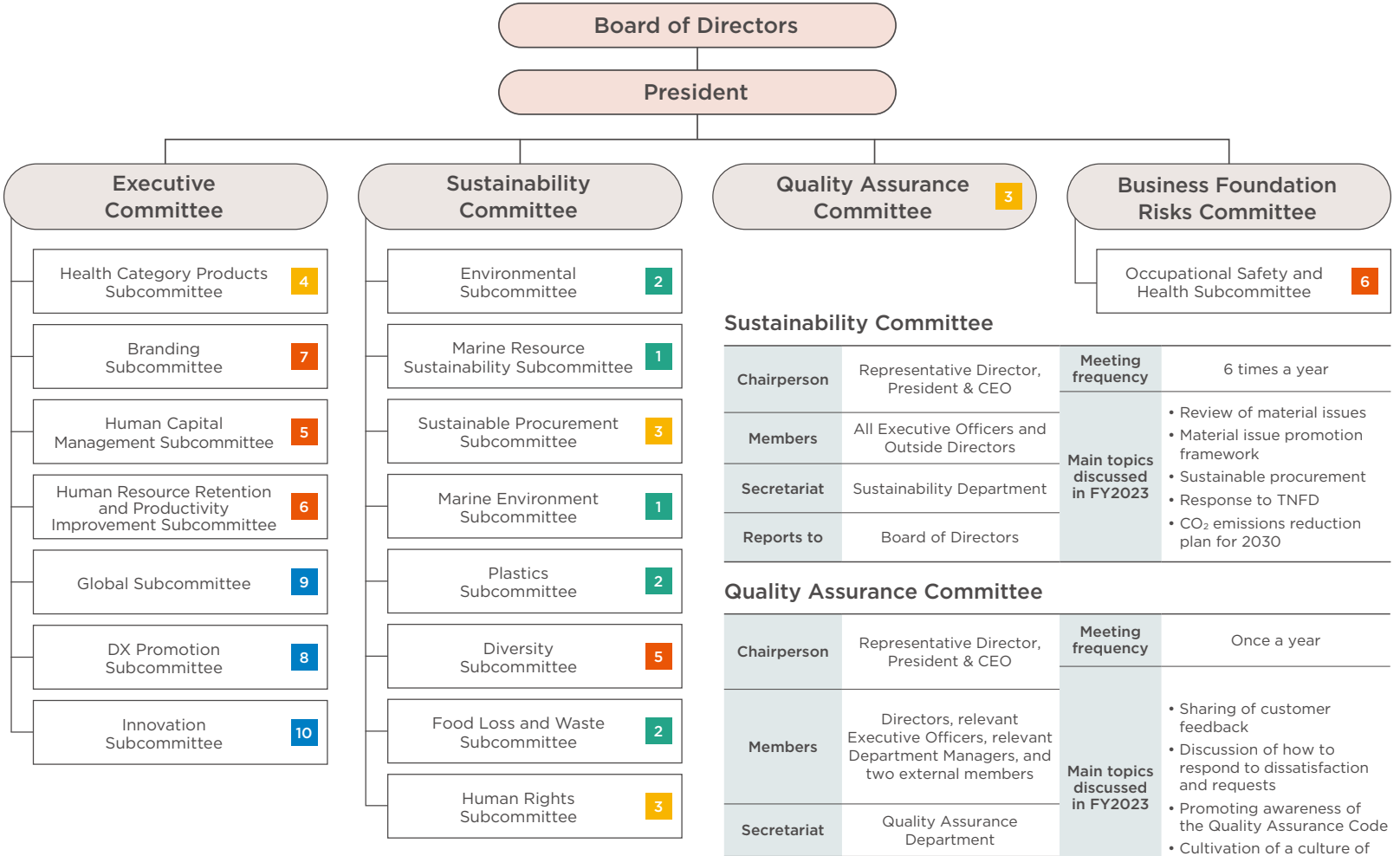
Main Risks and Opportunities from Identified Priority Risks

We extracted and analyzed risk related to our material issues, and organized them by their attributes. As a result, we identified 17 items. We then evaluated the impacts that those items could have on our key issues in the medium to long term and business strategies, determined that 11 items were critically important, and identified them as our priority risks.

Classification	Priority risks	Relevant material issues	Main risks	Main opportunities
Business strategy risks	**Risks concerning climate change response** ▶ Page 27	Contributing to a decarbonized and circular economy	• Decrease in catch of wild-caught fish and farmed fish and increase in procurement costs due to extreme weather and changes in the marine environment • Loss of business opportunities and increase in costs due to reduced availability of water resources and suspension of business caused by drought • Increase in cost of responding to the introduction of carbon pricing	• Productivity improvements and cost reductions through energy-saving measures and the introduction of high-efficiency equipment • Expansion of sales opportunities for marine products to meet rising demand for sustainable, low-carbon products
	Risks concerning biodiversity response ▶ Page 28	Driving the mainstreaming of marine biodiversity	• Depletion of marine resources • Tightening of catch limits in the fishing industry and environmental regulations in aquaculture • Farmed fish mortality due to fish disease	• Stabilization of supply chains through sustainable procurement of marine products • Strengthening resilience and establishing competitive superiority of business through sustainable aquaculture technology development
	Risks concerning human capital response	Developing human capital and empowering diverse personnel Securing a stable workforce and improving productivity Embracing our mission and establishing our brand	• Stagnation of productivity and delay of business expansion due to shortage of professional talent • Increasing difficulty of securing human resources due to decrease in employee engagement • Delay of new business expansion and inability to respond to customer needs due to labor shortage	• Contribution to business expansion and productivity improvement by securing and cultivating professional talent • Improvement of productivity by securing frontline workers
	Risks concerning international business expansion	Accelerating global operations	• Directional shift due to political decisions in various countries on tax systems, catch quotas, wages, regulations, etc. • Impact of rapid swings in exchange rates on performance of overseas subsidiaries	• Expansion of sales channels and market development • A more resilient supply chain through enhanced access to resources
	Risks concerning the environment and human rights in the supply chain	Structuring a sustainable supply chain	• Increase in cost of responding to mandatory environmental and human rights due diligence • Increase in procurement costs and destabilization of procurement due to changes in supply chains	• Achievement of stable procurement, production, and supply, improvement of competitiveness, and enhancement of global brand value by promoting response measures
	Risks concerning geopolitical issues	Structuring a sustainable supply chain	• Loss of business opportunities associated with delays or disruption/suspension in supplying products and providing services due to political, military, and social circumstances affecting the supply chain	• Strengthening of the supply chain through enhanced resilience by promoting response measures
Business foundation risks	**Risks concerning product safety, security, and quality**	Structuring a sustainable supply chain	• Decrease in customer trust (damage to brand value) due to quality-related accidents and problems • Expansion of quality risks in new businesses and expanding businesses (health-oriented products, etc.)	—
	Risks concerning information security	—	• External threats (targeted attacks, hacking, etc.), internal errors (unauthorized access, system failure, etc.), and malicious internal threats (fraudulent operation, data theft, etc.)	—
	Risks concerning compliance	—	• Negative impact on operations and suspension of business due to employee or executive misconduct or legal/regulatory violations • Economic losses, social sanctions, and stock price decline due to criminal penalties, damage claims, or other legal liability	—
	Risks concerning large-scale natural disasters and accidents	—	• Loss of business opportunities resulting from delay, disruption, or suspension of product supply and service provision due to natural disasters (earthquake, volcano, tsunami, wind damage, flood disaster, etc.), fire or explosion, or other disasters	—
	Risks concerning occupational safety and health	—	• Increase in occupational injuries (including occupational injuries associated with aging or due to inadequate skill development of junior employees) • Negative impact on productivity and mental health due to deterioration of the work environment or workplace conditions	—

Material Issue Promotion Framework and Specific Initiatives

The Nissui Group promotes the practice of sustainability management in order to achieve sustainable growth and enhancement of corporate value. To that end, we have established a Sustainability Committee, chaired by the President and comprising all Executive Officers and Outside Directors. We have set up promotional units to respond to each of the Group's material issues, which were reviewed in FY2023. These units, led by managers at the executive officer level or above, will accelerate sustainability management that creates value for a sustainable society by addressing material issues across organizational lines from a management perspective.



Note: Icon for the relevant material issue is shown next to each subcommittee.

Sustainability Committee

Chairperson	Representative Director, President & CEO	**Meeting frequency**	6 times a year
Members	All Executive Officers and Outside Directors	**Main topics discussed in FY2023**	• Review of material issues • Material issue promotion framework • Sustainable procurement • Response to TNFD • CO_2 emissions reduction plan for 2030
Secretariat	Sustainability Department		
Reports to	Board of Directors		

Quality Assurance Committee

Chairperson	Representative Director, President & CEO	**Meeting frequency**	Once a year
Members	Directors, relevant Executive Officers, relevant Department Managers, and two external members	**Main topics discussed in FY2023**	• Sharing of customer feedback • Discussion of how to respond to dissatisfaction and requests • Promoting awareness of the Quality Assurance Code • Cultivation of a culture of food product safety
Secretariat	Quality Assurance Department		
Reports to	Board of Directors		

Material Issues for the Nissui Group

1. Driving the mainstreaming of marine biodiversity
2. Contributing to a decarbonized and circular economy
3. Structuring a sustainable supply chain
4. Resolving health issues
5. Developing human capital and empowering diverse personnel
6. Securing a stable workforce and improving productivity
7. Embracing our mission and establishing our brand
8. Innovating through digital transformation
9. Accelerating global operations
10. Generating innovations related to food

Material Issue Promotion Framework and Specific Initiatives

Recipe for Growth

Accelerating Global Operations

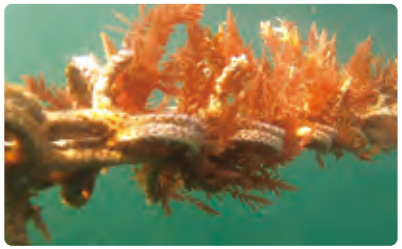
The Nissui Group has positioned acceleration of international growth as one of its growth drivers, and intends to generate 50% of its net sales from markets other than Japan in 2030. In the Marine Products and Food Products businesses, we will strengthen access to resources, the starting point of Global Links & Local Links, to provide products with high added value, and will accelerate growth by expanding our sales areas and categories. We will also expand the Fine Chemicals Business by strengthening sales of pharmaceutical raw materials in international markets.

▶ Page 41 ▶ Page 45

Generating Innovations related to Food

Establishment of the Business Development Department

The Business Development Department headed by the President was established in 2021 to formulate new business strategies and develop new businesses. The department is looking beyond current businesses in search of new businesses that will become future pillars. As one example, Nissui concluded a business partnership agreement with Seascape Restorations Australia (trade name: Immersion Group, "IG") for land-based aquaculture of *Asparagopsis*, a type of red seaweed that is attracting attention for its ability to suppress the generation of methane gas by ruminants, which makes it a potentially valuable tool for reducing greenhouse-gas emissions in the livestock industry.



Asparagopsis

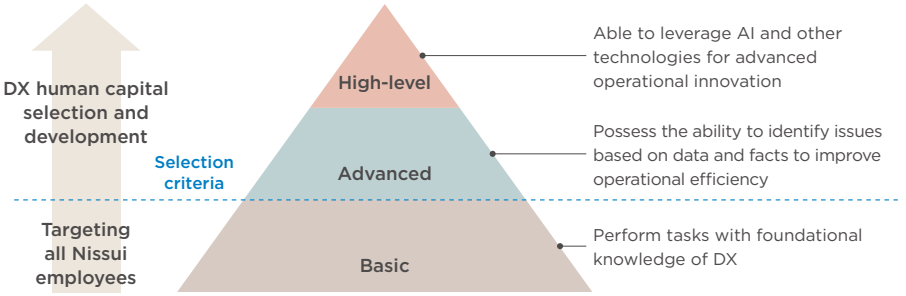
Gathering Ideas Internally for New Business Ventures

Every year, we invite employees to submit ideas for new business ventures, and in FY2023 we received 69 submissions. The plan that received an excellence award in FY2021 under this program, led to an investment in a private equity fund focused on Africa, and other employee ideas are also leading to the creation of new businesses. In FY2024, the goals of the program are to connect business ideas that we consider viable based on future predictions for 2030 and 2050, and on risks and opportunities for the Company, and to foster a culture of embracing new challenges.

Innovating through Digital Transformation

DX and Digital Human Capital Development

The work that companies do to respond to the rapidly changing market environment is increasing and becoming more complicated. Besides operational efficiency and productivity improvements to alleviate growing workloads on employees, we are transferring skills by incorporating business systems in growth fields, and developing DX and digital human capital capable of translating that into stronger competitiveness. In FY2023, we conducted assessments for all Nissui employees to measure their current innovative and digital skills. We are also using e-learning to raise the DX-related skill level of all employees to the "basic" standard by FY2024. Going forward, we will define the roles and skills required of DX human capital, and select and develop top performers from the assessments.



Utilizing Generative AI

In June 2023, we published internal guidelines on the use of AI. We also conducted an AI trial and training on a voluntary basis for 69 employees to better understand how we can utilize generative AI in our business operations and evaluate its effectiveness. As a result, we determined that generative AI can be used in a variety of work in each department, and that generative AI is effective in improving operational efficiency. We have therefore created an environment in which all employees can utilize generative AI. In FY2024, we began providing licenses for external generative AI services on an opt-in basis. A total of 426 employees have taken advantage of this opportunity and are raising their performance using generative AI.

Recipe for the Planet

Driving the Mainstreaming of Marine Biodiversity

Reducing Impact on the Marine Environment

In the aquaculture business, one of the Nissui Group's growth areas, there are concerns about adverse impacts on nature, including the occurrence of antimicrobial resistance resulting from the use of antimicrobial agents to treat fish diseases, negative impacts on ecosystems due to fish escaping from fish farms, and deterioration of the water quality of fish farms and surrounding areas due to feeding. The Group has set targets for each of these issues to help avoid and reduce negative impacts on the marine environment across the Group.

Moreover, with the emergence of global standards based on the establishment of legal frameworks relating to animal welfare in various countries, we also recognize the importance of consideration for animal welfare in our aquaculture business. We support the Five Freedoms defined by the World Organisation for Animal Health (WOAH), and established our Animal Welfare Policy in Aquaculture in FY2023.

Promoting Aquaculture
▸ https://nissui.disclosure.site/en/themes/144

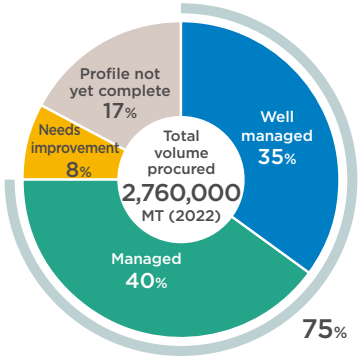
Third Survey of Procured Marine Resources Sustainability

▸ Page 48

In FY2023, the Nissui Group conducted its third Survey of Procured Marine Resources Sustainability. The results of an analysis by an external organization, Sustainable Fisheries Partnership (SFP),* showed that approximately 75% of the Group's procured marine resources were being properly maintained and managed. However, the results also indicated that 8% of resources require improvement in fishery management, and approximately 17% of resources could not be assessed due to missing scores, and we have positioned these as issues to address as we move forward.

In this survey, the state of the resources procured by the fisheries of Group companies was generally good, but many issues were revealed in externally sourced resources, particularly with regard to the fish species that are used as raw materials for processing.

Going forward, based on the survey results we will select fish species for which there are issues, discuss them with Nissui's procurement departments and Group companies, and develop concrete measures to address them.



* A US-based NGO that seeks to improve fisheries through supply chains

Results of the Third Survey of Procured Marine Resources Sustainability
▸ https://nissui.disclosure.site/assets/pdf/212/2022_3rd_survey_en.pdf

Sustainable Use of Natural Marine Resources
▸ https://nissui.disclosure.site/en/themes/212

Contributing to a Decarbonized and Circular Economy

Reduction of CO_2 Emissions

▸ Page 48

In our climate change scenario analysis based on the TCFD recommendations, we identified various risks and opportunities. To reduce financial impact, which was identified as a risk, we formulated CO_2 emissions reduction targets. We are taking steps to reduce greenhouse gas emissions across the Group, including the use of renewable energy (through the installation of solar power generation equipment) and upgrading to equipment with high energy efficiency. Furthermore, to support the decarbonization of fishing boats, for which emissions reductions had been considered difficult, we are participating in a project to develop and test an aquaculture feed boat that uses hydrogen fuel cells.

Initiatives for TCFD Recommendations
▸ https://nissui.disclosure.site/en/themes/223

Reduction of CO_2 Emissions
▸ https://nissui.disclosure.site/en/themes/245

Reduction of Food Loss and Waste

The Nissui Group believes that reducing food loss and waste is a responsibility of all companies that deal with food, and is taking action across the supply chain, such as by reducing food loss and waste in the production, distribution, and consumption stages at domestic business sites, raising awareness among employees, and conducting educational campaigns aimed at consumers. The Group is also conducting initiatives through product development, including the development and sale of canned products that effectively utilize the tail meat of Kurose Buri (Japanese amberjack), which previously had been used in animal feed.



* Food bank: An organization connecting food products that have no quality problems but are unsuitable for sale, with people in need of food assistance.

Food Loss and Waste
▸ https://nissui.disclosure.site/en/themes/140

Reduction of Plastics

▸ Page 48

Marine plastic waste and microplastics have attracted significant attention as problems that impact not just marine environments, but also ecosystems. We have formulated the Nissui Group Basic Policy Regarding the Problem of Plastics, and are working to reduce plastic waste in our business activities, prevent outflow into the ocean by replacing fishing floats and strengthening management of fishing gear, and reduce the use of plastics in containers and packaging.

Plastic Problems
▸ https://nissui.disclosure.site/en/themes/156

Material Issue Promotion Framework and Specific Initiatives

Recipe for the Planet

Enhancing the Sustainability of Natural Capital

The Nissui Group's business depends on natural capital. As the beneficiary of a variety of ecosystem services, the Group recognizes the significant risk of the potential loss of sustainability of natural capital. Climate change in particular entails a wide range of risks that can affect the Group. Moreover, the interaction between biodiversity and climate change has a significant impact on risks such as raw materials procurement. For these reasons, environmental issues require comprehensive approaches. Addressing those risks is a vital task for enhancing the Group's resilience and a key to growth opportunities.

Climate Change Initiatives (Disclosure Based on TCFD Recommendations)

Governance

To address the problem of climate change, in FY2021 we launched the TCFD Compliance Project (a cross-functional project) with the Chief Financial Officer as the project owner. We also analyzed risks and opportunities, and studied climate change countermeasures. The study results are discussed in the Sustainability Committee and reported to the Board of Directors, and reflect the opinions and advice of the Board of Directors. In addition, the Environmental Subcommittee under the Sustainability Committee is implementing Group-wide climate change mitigation measures, including reduction of CO_2 emissions.

We updated the executive compensation structure in FY2022 with a view to achieving our long-term vision and the Mid-Term Business Plan, adding the achievement level of sustainability targets to the evaluation metrics of variable compensation paid to Inside Directors.

Strategy

We performed a climate change scenario analysis comparing two scenarios based on the TCFD recommendations for the marine products, food products, and fine chemicals businesses, which account for more than 95% of the Group's consolidated net sales. We identified climate change risks and opportunities, assessed their financial impact, and considered measures to respond to them. By taking measures in response to the significant risks and opportunities identified, we will reduce risks and steadily seize opportunities in our aim of being resilient to climate change.

Overview of Scenario Analysis in Strategy

- 1.5°C/2°C Scenario
  We found that operating costs attributable to the introduction of a carbon tax would impact business growth, but efforts to proactively reduce greenhouse gas emissions and improve the efficiency of production activities and the acquisition of new customer demand could translate into business growth.
- 4°C Scenario
  We found that the physical risks associated with the increasing severity of natural disasters would impact business growth, giving rise to the need to minimize the impact on earnings by dealing with such risks through initiatives to increase the sophistication of the aquaculture business.

Initiatives for TCFD Recommendations
▸ https://nissui.disclosure.site/en/themes/223

Overview (Only Risks and Opportunities with Large Financial Impact)

Scenario	Risks/ Opportunities	Classification	Main risks and opportunities expected	Impact on business	Timing of impact	Main countermeasures
1.5°C/ 2°C	Transition risk	Regulations	Impact of stricter environment-related regulations	Increase in cost of responding to the introduction of carbon pricing Increase in cost of dealing with stricter regulations on energy-saving, greenhouse gas emissions, etc.	Medium-term	• Set emissions reduction target for each business location • Introduce renewable energy sources more widely, invest in energy-saving equipment • Reduce plastics in containers and packaging • Implement a modal shift and improve transportation efficiency • Reduce food loss and waste • Consider introducing internal carbon pricing (ICP)
				Growing requests to become HFC-free due to stricter regulations against HFCs	Medium-term	• Switch to natural refrigerants
		Reputation	Deterioration in reputation among investors and financial institutions in cases where action against climate change is inadequate	—	Medium-term	• Set CO_2 emissions reduction targets, including emissions up to Scope 3 • Proactively disclose information on action against climate change
	Opportunities	Products and services	Changes in consumers' purchasing behavior (greater environmental awareness, consideration for sustainability)	Increase in demand for sustainability-conscious products	Short-term	• Continue to conduct survey of procured marine resources sustainability • Handle more environmentally friendly products and certified products
				Increase in demand for alternative protein sources due to growing demand for low-carbon products	Medium-term	• Develop and expand alternative protein products
4°C	Physical risk	Chronic	Procurement risk of marine resources due to changes in marine environment	Decrease in catch and increase in procurement cost of fish used in aquaculture feed	Medium-term	• Develop alternative feed (low-fish meal formula feed)
	Opportunities	Products and services	Increase in demand through products and services for dealing with disasters and climate change	Increase in aquaculture demand in association with decrease in natural resources	Short-term	• Enhance land-based aquaculture solutions • Develop high-temperature-tolerant breeds and explore places suited to aquaculture

Risk Management

▸ Page 22

Analysis and response measures with regard to risks and opportunities relating to natural capital, are reviewed by the relevant subcommittee, and then discussed at meetings of the Sustainability Committee. These are then comprehensively managed along with other risks from a Group-wide perspective by the Risk Management Committee, which reports on a regular basis to the Board of Directors, from which opinions and advice are reflected in specific measures.

Metrics and Targets

Under our long-term vision, we have stated our goals of reducing total CO_2 emissions (Scope 1, 2) by 30% in 2030 compared with the FY2018 level, and realizing carbon neutrality by 2050. To fulfill the target on a Group-wide, global scale, we will formulate and proactively implement a CO_2 emissions reduction plan at each business location.

We calculated Scope 3 emissions by dividing them into 15 categories, as outlined in the guidelines issued by Japan's Ministry of the Environment, which are consistent with the Greenhouse Gas Protocol. Going forward, we will pursue greater data accuracy, look into ways to reduce Category 1 emissions—which are relatively large in volume—and make other such efforts to further promote the reduction of CO_2 emissions across the Nissui Group.

Biodiversity Initiatives (Disclosure Based on TNFD Recommendations)

The Nissui Group joined the Task Force on Nature-related Financial Disclosures (TNFD) Forum in September 2023, and discloses information based on the TNFD recommendations.

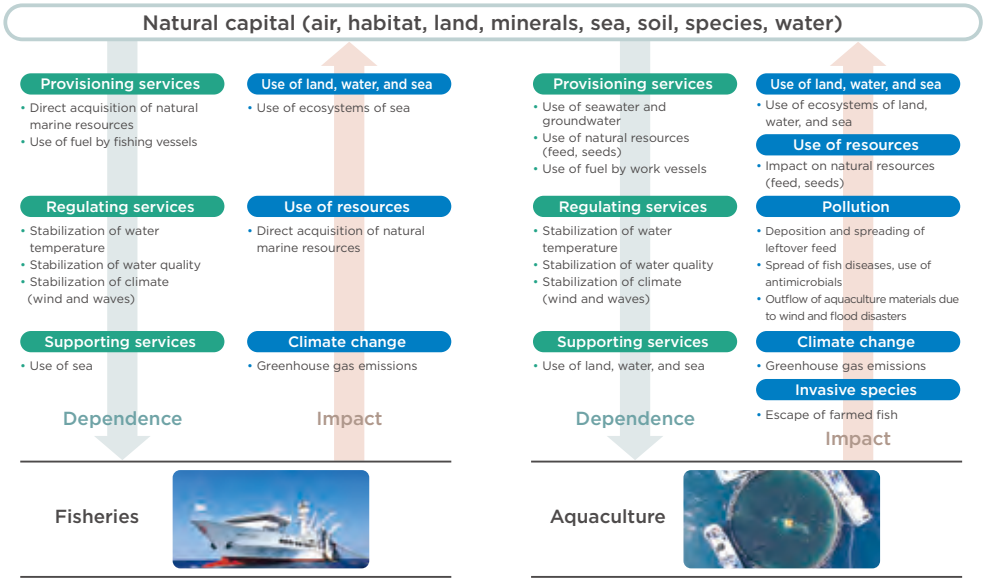
Governance

Efforts related to natural capital and biodiversity are primarily handled by six subcommittees: the Marine Resource Sustainability Subcommittee, the Sustainable Procurement Subcommittee, the Marine Environment Subcommittee, the Plastics Subcommittee, the Environmental Subcommittee, and the Human Rights Subcommittee. Each subcommittee develops and implements policies and strategies, and reports to the Sustainability Committee.

Strategy

To clarify the relationship between the Nissui Group's dependence on nature and the impact of its operations, we conducted a diagnosis of "Dependencies and Impacts" and an evaluation of "Risks and Opportunities" in line with the LEAP Approach,[1] and organized the results as follows. This evaluation focused on "fisheries" and "aquaculture," which represent the upstream points of contact with nature in our value chain. An initial evaluation was performed using the third-party tool ENCORE,[2] followed by a secondary (qualitative) evaluation aligned with the realities of the Nissui Group's operations.

1. The LEAP ("Locate, Evaluate, Assess, Prepare") approach: An analytical process developed by TNFD as a guide for evaluating nature-related risks and opportunities.
2. Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE) is a tool for evaluating dependence and impact on natural capital for each business sector and production process.



TNFD Report 2023
▶ https://nissui.disclosure.site/assets/pdf/89/2023_tnfd_en.pdf

Biodiversity
▶ https://nissui.disclosure.site/en/themes/89

Main Risks and Opportunities Expected

Area	Risks / Opportunities	Main risks and opportunities expected	Impact on business	Main countermeasures
Fisheries	Physical risk	Depletion of marine resources	• Reduced procurement volumes • Increased procurement costs	• Further strengthening of access to resources • Construction of procurement networks • Strengthening of aquaculture business • Development of substitutes for marine resources
	Transition risk	Strengthening of fishing regulations		
	Opportunities	Stabilization of supply chains through sustainable procurement of marine products	• Stabilization of revenues, expansion of sales channels	• Confirmation of status of resources during procurement • Acquisition of fisheries certification and increased handling of certified products
Aquaculture	Physical risk	Suspension of business and increasing management costs from increasing severity of wind and flood disasters	• Losses from damage to aquaculture facilities	• Introduction of submergible fish cages and reinforcement of facilities • Strengthening capabilities in land-based aquaculture
		Spread of fish diseases	• Loss of assets from mortality of fish stocks	• Preventive management using N-AHMS®, an original farmed-fish health management system
	Transition risk	Strengthening of environmental regulations on aquaculture	• Reduction of scale of business and closure of fish farms • Financial impact from fines and taxes	• Environmental monitoring of fish farms • Reduction of environmental impact from feed (EP feed, automatic feeding systems) • Shift to off-shore farming
	Opportunities	Use of full-life cycle aquaculture technology to reduce dependence on natural resources	• Strengthening resilience, establishing competitive superiority	• Establishment of technology and expansion of range of fish handled
		Reduction of impact on the marine environment using land-based aquaculture technology		
		Reduction of environmental impact through smart aquaculture	• Reduction of aquaculture cost, improvement of aquaculture performance • Improvement of the work environment	• Production management using AI and IoT • Development of remote feeding systems
Common to both	Opportunities	Changes in consumer purchasing behavior (Increase in demand for sustainability-oriented products)	• Expansion of sales	• Sustainable procurement of marine resources • Building a sustainable aquaculture business • Diligent disclosure

Management of Risks and Opportunities

▶ Page 22

Analysis and response measures with regard to risks and opportunities relating to natural capital, are reviewed by the relevant subcommittee, and then discussed at meetings of the Sustainability Committee. These are then comprehensively managed along with other risks from a Group-wide perspective by the Risk Management Committee, which reports on a regular basis to the Board of Directors, from which opinions and advice are reflected in specific measures.

Metrics and Targets

The Nissui Group positions the sustainability of marine resources and the conservation of the marine environment as key management issues. We manage nature-related dependencies, impacts, risks, and opportunities using the following metrics and targets.

Area	Metrics	Targets	Method of measurement
Fisheries Aquaculture	Procurement of sustainable marine resources	Procurement of sustainable marine resources: 100%	Using the ODP[1] evaluation method (based on FishSource scores 1-5), a score of 8 or higher for all "Well Managed" and 6 or higher for "Managed" is considered sustainable.
	Procurement of endangered (marine) species	For marine resources in severe danger of extinction, the Group will suspend the procurement of those resources if tangible and scientific measures are not taken to recover stocks by 2030.	Scientific and practical measures for resource recovery (i) Fishery products certified by the Marine Stewardship Council (MSC) or other certification bodies (equivalent to GSSI[2] certification), or Fishery Improvement Project (FIP) products (ii) Scientific fishery management by international resource management organizations such as Regional Fisheries Management Organizations (RFMO)[3] (iii) Rated "Managed" or above based on criteria established by the ODP[1] (iv) Any other specific measures being taken to achieve i to iii above
	CO_2 emissions	FY2030: Reduced by 30% (Scope 1, 2; base year: FY2018)	CO_2 emissions (Scope 1, 2; base year: FY2018)
Aquaculture	Degree of replacement of polystyrene foam floats in nylon covers	FY2024: Complete 100% replacement	Replacement with floats that have a low risk of outflow into the ocean as plastic waste: 100%
	Escape of farmed fish	Reduce escaped fish to zero	Results for escaped fish (Identify, record and count all incidents of escaped fish, regardless of the scale of the escape)

1. ODP: Ocean Disclosure Project. Online reporting platform for voluntary disclosure of seafood sourcing established by the Sustainable Fisheries Partnership (SFP) in 2015.
2. GSSI: Global Sustainable Seafood Initiative. An international partnership that verifies programs assessing the sustainability of marine products.
3. RFMO: Regional fisheries management organizations. International organizations established under individual conventions to achieve the conservation and sustainable use of marine resources.

Material Issue Promotion Framework and Specific Initiatives

Recipe for Teammates

Developing Human Capital and Empowering Diverse Personnel

Personnel Development

Our long-term vision is to generate social, human capital, and environmental value and link it to financial value, with value in human capital positioned as the key element. As one part of "what the Nissui Group would like to be in 2030," we have set the goal of being a company with "diverse human capital playing an important role," which focuses on fostering an organizational culture that encourages new challenges beyond conventional boundaries.

Definition of "diverse human capital playing an important role"
A work environment where people with various values perform their duties proactively and independently, demonstrating strong potential in their respective fields of expertise.

We believe that the knowledge and experience of employees with diverse values will lead to innovation and the creation of innovative food solutions. Therefore, we strive to secure and develop human capital who have backcasting capabilities, the ability to work independently and autonomously, and the ability to accept diverse values, regardless of attributes such as gender, nationality, or educational background.

Furthermore, while we have been implementing measures to raise awareness of and address shortages in human capital, from FY2023 we have been deepening our discussion of the talents and capabilities that we need from a medium- to long-term perspective in terms of human capital, and have begun discussing human capital strategies linked to management strategy and our business portfolio.

Training and Development
▸ https://nissui.disclosure.site/en/themes/103

Diversity, Equity & Inclusion

▸ Page 48

As a goal for 2030, the Group aims drive innovation and create value by leveraging diverse talent and offering opportunities for employees to realize their full potential. We consider diversity of knowledge and experience to be valuable assets, and are proactively promoting women's empowerment, the employment of people with disabilities, and the development of global human capital, centered on the operation of a personnel system and the cultivation of an organizational culture in which each individual can play an active role.

In addition, in 2021 we joined 30% Club Japan and now promote activities to increase the participation of women in management.

Diversity, Equity & Inclusion
▸ https://nissui.disclosure.site/en/themes/148

Securing a Stable Workforce and Improving Productivity

Securing Human Capital

We must secure and develop human capital who can manage frontline operations and who can appropriately utilize and impart knowledge of technology and skills to ensure the sustainability of our business. We urgently need to secure human capital to support our core businesses, beyond growth fields such as our aquaculture and fine chemicals businesses. We are therefore working to secure human capital with the expertise to support frontline operations. An example initiative is conducting joint recruiting information sessions together with Group companies since 2023. We also need to secure highly specialized human capital capable of addressing changes in the external environment, so we have been adding specialist talent such as by hiring mid-career professionals.

Work Style Reform

Nissui has established systems to support diverse working styles, including flextime and teleworking systems, and fosters a corporate culture in which employees can use these systems with peace of mind. In so doing, we are working to improve the productivity of each employee and create a comfortable and rewarding workplace.



Teleworking day at Nissui Head Office

Embracing Our Mission and Establishing Our Brand

In-house Activities to Share the Mission (Brand Promise)

We instill our mission (brand promise) throughout the Group by providing tools such as brand booklets and information magazines, as well as through our Good Foods Talk program, which encourages all employees to think about and share ideas for innovative food solutions. In FY2024, we distributed the *Our Story* brand storybook simultaneously to 52 Group companies in seven languages—Japanese, English, Chinese, Thai, Vietnamese, French, and Spanish—so that employees, regardless of differences in language and culture, can connect with and embrace the Nissui Group's strengths and compass.



Recipe for Teammates

Message from Executive Officer in Charge of Human Resources



We will strive to realize our long-term vision with sustainable growth and strong organizational development through creation of value in human capital.

Hiroshi Inoue

Executive Officer
In Charge of Human Resources

For the Nissui Group, our people are the key element driving the creation of social, human capital, and environmental value, which lead to financial value. My duty as part of the management team is to cultivate talent who can realize innovation related to food and value creation by tackling new challenges while embodying our mission.

Our intent since the Company was founded has been to resolve issues relating to food—a commitment that is also seen in the Founding Principles and Five Genes—an approach that has also taken root among our employees. A recent example of creating financial value by leveraging value in human capital is our spring rolls, a frozen food product. Spring rolls may seem like a simple product consisting of a pastry wrap and filling ingredients, however, employees at R&D departments repeatedly conducted trial production to improve the crispiness of the wrap and the type and flavor of the fillings in order to differentiate our spring rolls from those of competitors. At the same time, we were able to improve productivity as a result of the efforts of production department and plant employees. Our people are also behind the production of various other forms of financial value—for example, the efforts of many of our sales representatives to highlight new product value in business talks with customers have driven the expansion of our market share. We define "increasing value in human capital" not as simply developing the ability to wait for and follow instructions from a supervisor or to complete tasks without issue, but as taking on challenges in cutting-edge fields with a spirit of independence. By working to attract, retain, and develop human capital who can continue to explore and create value on their own, we want to generate social, human capital, and environmental value, and translate that into financial value.

With the increasing complexity and uncertainty of the business landscape, fueled by factors such as climate change and geopolitical risks, balancing solutions to societal issues with economic growth is not easy. The Nissui Group employs more than 19,000 people (including temporary employees) worldwide. It is the knowledge and experience of such employees, each of whom has their own diverse values, that generates innovation, leading to the creation of innovative food solutions. We hope to make that a driving force for sustainable growth. To that end, although later than ideal, we began discussions of how to link human capital strategy to management strategy at meetings of the Board of Directors and Executive Committee in FY2023, and from FY2024 began formulating a human capital strategy that aligns with our management strategy and our business portfolio leading into the next Mid-Term Business Plan. By increasing the linkage between our mission and management strategy and our human capital strategy, and prioritizing assignment of people to the most important tasks, we will produce a positive cycle of creating greater financial, social, human capital, and environmental value.

In addition, although we previously defined personnel requirements for organizational leaders at the section manager level and higher, and implemented related measures, there was not sufficient discussion of consistent management succession. To address that issue, we have pinpointed the talents required in management from a long-term perspective, analyzed the gap between those talents and our current situation, and in FY2024 established the Human Capital Development Committee. This committee is tasked with implementing and monitoring concrete measures to attract, retain, and develop the human capital we currently lack. The Human Capital Development Committee is chaired by the President, and is composed of eight members—Internal Directors, the Executive Officer in charge of corporate planning, and myself—and has started discussions of ways to ensure consistent executive succession, including executives of Group companies. Each year this committee will also liaise with the Nomination Committee (composed of the President and four Outside Directors), which discusses candidates for Director, in order to systematically discuss succession plans, including for the position of President.

Furthermore, with our policies on human capital now clearly defined, the Company will move past simply outlining expectations of employees, to introduce specific human capital measures demonstrating what the Company will do for employees. Along with diversity of human capital, an organizational culture of high psychological safety in which employees can exchange and discuss their ideas freely and openly, is also an important element of enhancing corporate value. That is why I would like to establish an organizational culture that builds empathy with our mission (brand promise) and supports employees in taking on challenges. Even as work styles and values continue to diversify, we aim to realize our long-term vision with a strong organization in which all employees envision what they want to be, do their jobs independently on their own initiative, and continue to pursue self-improvement.

Material Issue Promotion Framework and Specific Initiatives

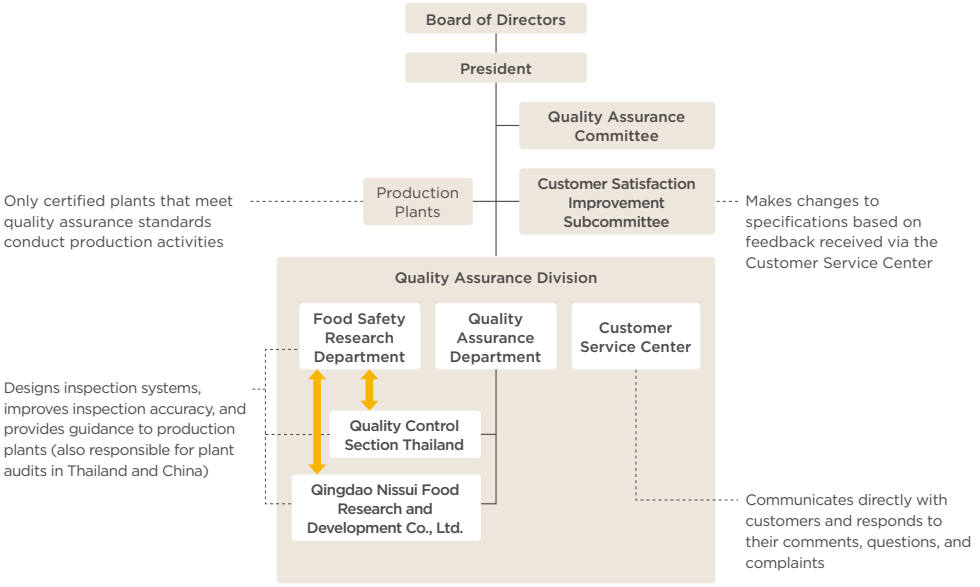
Recipe for Society

Structuring a Sustainable Supply Chain

Food Safety and Security

We established our Quality Assurance Code in 2002. To align all employees toward a common goal, we have also established our Quality Policy and Code of Conduct, based on our Quality Assurance Philosophy, and these serve as the foundation for various standards related to quality assurance. We have positioned the Customer Service Center, Quality Assurance Department and Food Safety Research Department as part of the Quality Assurance Division, and cooperation among production plants and business departments has empowered the establishment of a quality assurance system to create safe and secure products. This ensures quality at global standards in all of our businesses, including marine products, food products, and fine chemicals.

Approach to and Systems to Ensure Safety and Security
▸ https://nissui.disclosure.site/en/themes/97



Initiatives to Ensure Safety and Security
▸ https://nissui.disclosure.site/en/themes/98

Human Rights

The Nissui Group's long-term vision is to be "a leading company that delivers friendly foods for people and the earth." We believe an indispensable condition for achieving this vision is respect for human rights throughout the value chain. In accordance with the Nissui Group Human Rights Policy, we conducted a human rights risk assessment to identify latent and actual human rights risks in our business activities. We identified three major risks as priority issues, and are implementing initiatives to assess current realities and reduce these risks.

Identified human rights risks	1) Forced labor and child labor relating to raw materials of marine products (from procurement of raw materials to production) 2) Work environment of foreign technical intern trainees in Japan (production) 3) Occupational safety and health (fisheries and aquaculture)

Furthermore, based on the UN Guiding Principles on Business and Human Rights, the Nissui Group has established grievance mechanisms and ensured access to remedy. In addition to the existing whistleblowing blowing system for making reports through either internal or external contact points, in FY2023 we newly established an external contact point for a wide range of other stakeholders, including foreign workers.

Human Rights
▸ https://nissui.disclosure.site/en/themes/204

Sustainable Procurement

▸ Page 48

The Group's goal is to confirm the sustainability of all goods it procures by 2030. In order to ensure sustainable procurement, we need to work more closely with business partners. We have therefore formulated the *Supplier Guideline*. We have distributed this guideline (along with explanatory video content) to all Tier 1 suppliers and asked them to sign confirmation forms. As of the end of FY2023, we have secured signatures from 98% of our suppliers. Furthermore, in FY2023 we introduced a supplier engagement platform and structured a mechanism that enables communication with all of our registered Tier 1 suppliers. Aiming to reduce human rights and environmental risks in the supply chain, we are requesting self-assessments through this mechanism in promoting human rights and environmental due diligence among our suppliers.



Supplier Guideline

Sustainable Procurement
▸ https://nissui.disclosure.site/en/themes/107

Resolving Health Issues

Expanding Health Category Products

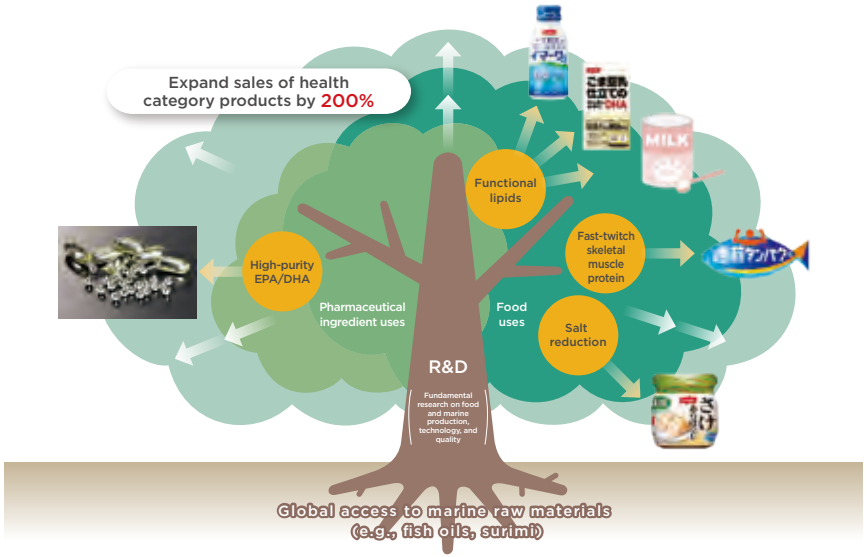
Page 48

Leveraging strengths such as access to marine resources and R&D that we have developed since our founding, we are developing health category products (see definition below), and are targeting a 200% increase in sales of these products by 2030.

Definition of "health category products"
Products that promote "broader perspectives of health"* as defined by the Nissui Group, and support customers' healthy lifestyles through innovative food solutions verified by either government agencies, academia, or the Group.

* Broader perspectives of health: A health concept aligned with either (1) Target items set forth in "Healthy Japan 21" by the Ministry of Health, Labour and Welfare, or (2) "Recommendations for Extending Healthy Life Expectancy Based on Cross-Disease Evidence" by the Japan Health Research Promotion Bureau

Innovative Food Solutions



Health and Nutrition Initiatives
▸ https://nissui.disclosure.site/en/themes/218

Examples of Health Category Products

EPA

We began researching EPA in 1979. Focusing on the diverse effects of EPA, we produce and supply it as a pharmaceutical raw material and as a functional raw material, and also use it in health foods such as foods for specified health uses (FOSHU), foods with function claims, and supplements.

Fast-Twitch Skeletal Muscle Protein

Nissui is participating in research that has revealed that protein from the fast-twitch skeletal muscles of Alaska pollock (responsible for the explosive power behind this species' agile movements) has a muscle increase effect and is a high-quality protein that is efficiently absorbed by the human body.

Salt Reduction

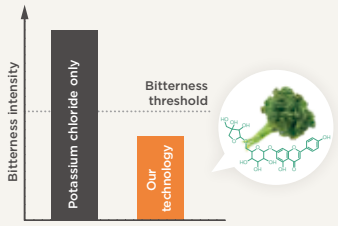
Nissui conducts basic research into aroma and taste, which encompasses work on developing and commercializing ingredients that give the impression of a stronger sense of saltiness and manufacturing methods that reduce salt content without compromising flavor.

HIGHLIGHT

Nissui's Unique Sodium-Reduction Technology

Salt substitutes such as potassium chloride are one way to reduce sodium intake, but potassium chloride has the drawback of having a bitter and distinctly acrid taste alongside its salty flavor. Therefore, we have been conducting exploratory research into ingredients that can reduce the bitterness of potassium chloride. We discovered that apiin, an active compound found in parsley, is highly effective at suppressing this bitterness.

Based on these results, we developed a parsley extract formulation that contains a high concentration of apiin, and created sodium-reduction technology that allows a pronounced salty taste without the sensation of bitterness, despite the significant amount of potassium chloride used (Patent No. 5952832).



Message from the CFO



We will build a robust value chain and enhance corporate value by linking financial and non-financial strategies.

Shinya Yamamoto
Director, Senior Managing Executive Officer
Chief Financial Officer (CFO)

Reducing Cost of Capital by Strengthening Governance and Risk Management

In its long-term vision "Good Foods 2030," the Nissui Group has set financial value targets of 1 trillion yen in net sales, 50 billion yen in operating profit, and a 50% international net sales ratio. In addition to achieving organic growth and improved profitability in our existing businesses, realizing this vision will require proactive investment in our key growth areas of the international Marine Products and Food Products Businesses, aquaculture business, and Fine Chemicals Business to build a robust value chain. However, the Group undeniably lacks the cash flow necessary for aggressive investments to achieve greater heights. In FY2023, we have generated an unprecedented level of operating cash flow through our progress in reducing inventory and other measures, and we consider it important to maintain this level of cash flow to fund investment in growing fields and thereby maximize future cash flow.

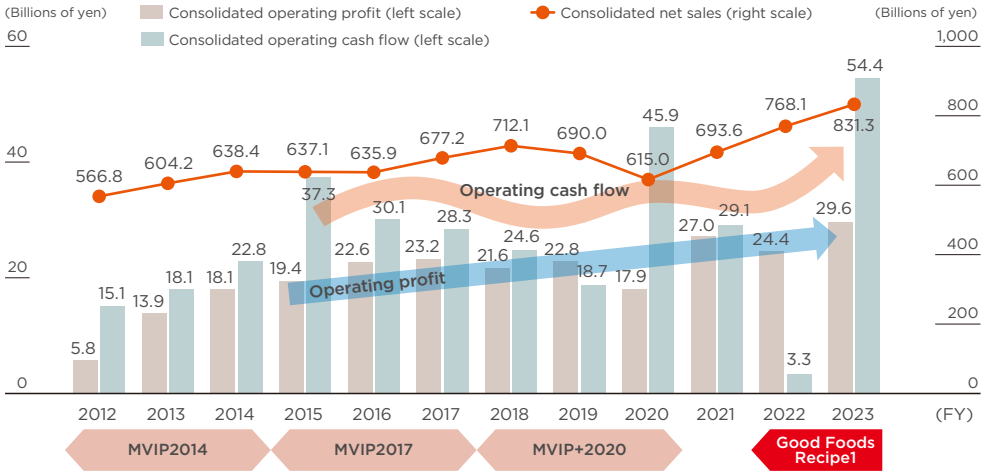
Some investors may have the impression that Nissui is a company that has made unsuccessful investments, or that its performance is highly volatile and lacks stability.

Although we have been proactive about investing internationally for growth since FY2000, there were admittedly times of earnings instability due to underperformance of certain investments made on the basis of overly high expectations. Since FY2010, however, we have dramatically and stably improved consolidated earnings by divesting unprofitable businesses, strengthening corporate governance, and growing our main businesses. Furthermore, since the start of the current Mid-Term Business Plan, we have been further strengthening governance, reorganizing our risk management systems, and steadily implementing financial strategies such as cash conversion cycle (CCC) management. This has not only improved our financial position, but is also laying the foundation for moving up toward a higher level.

As CFO, my role is not simply to execute financial strategies—it includes maximizing future cash flow and increasing corporate value over the medium to long term. In this context, I have been working to strengthen our systems, emphasizing governance, risk management, and sustainability. I consider it crucial not only to respond to increasingly diverse and complex risks, but also to promptly seize opportunities and invest appropriately as the Group ramps up its global expansion and given the possibility of significant impacts on the sustainability of marine resources and other natural capital.

In FY2024, the Group began formulating its next Mid-Term Business Plan. As the basis for this process, we reviewed material issues in light of changes in the external environment. We also categorized risks as those affecting management strategy that could result in either profit or loss,

Net Sales, Operating Profit, and Operating Cash Flow



Note: The Company has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of FY2021. Figures for FY2020 have been retroactively restated to conform to the above accounting standards.

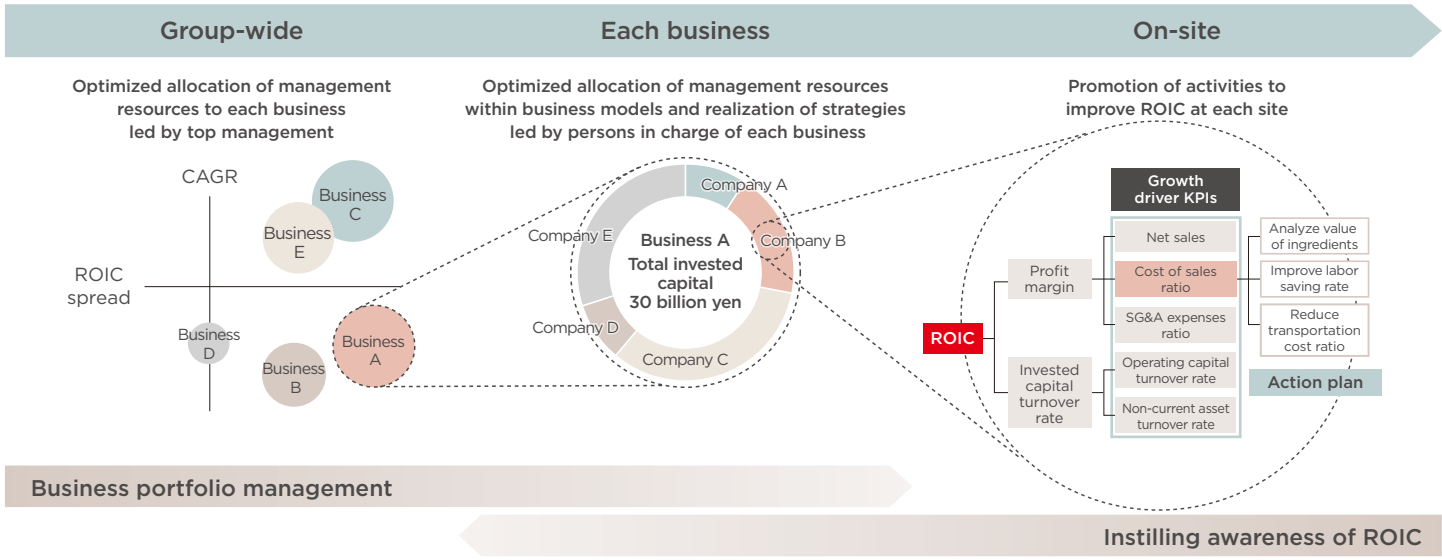
and those affecting the Group's management base that will result in losses if they materialize. The direction of each business under the next Mid-Term Business Plan will be based on an evaluation of our business portfolio, and we are considering an evaluation methodology that takes into account not only financial performance but also non-financial factors, including risks and opportunities. In FY2023, we categorized cost of capital by business and area and evaluated businesses using a four-quadrant analysis based on the two axes of net sales growth rate and ROIC spread, and starting from FY2024 we have added affinity with our mission to our discussions. More specifically, our multifaceted evaluation method includes a four-quadrant analysis based on ROIC spreads and the other forms of evaluation described here, taking into account the perspectives of whether a market will contribute to future sustainable business growth, including factors such as human rights and environmental impact, whether it presents a competitive advantage in line with our mission, and to what extent it contributes to the value chain. Then, Executive Officers and Outside Directors gather to discuss the most desirable business portfolio for the Group over the medium to long term. The person in charge of each business will draw up plans for investment priorities, expansion or reduction of categories, measures to increase capital efficiency, and other matters for their business for implementation in coordination with the Board of Directors.

We believe that discussions from diverse perspectives, rather than judgments based solely on adequacy according to numerical criteria, will lead to reduced risk and increased likelihood of business growth, which consequently will be reflected in our medium- to long-term market valuation. Given that a return to positive interest rates in Japan will lead to increases in the cost of equity and the cost of debt, it will be necessary to secure flexible and stable low-interest sources of funds, as well as our own capital. In March 2023, Nissui entered into a Positive Impact Finance loan agreement with Sumitomo Mitsui Trust Bank, Limited, and we are considering obtaining credit ratings that will enable us to further diversify our fundraising methods. In addition, to reduce the cost of equity, we will emphasize governance and risk management in the current era of growing uncertainty, and will deepen our discussions on the state of equity capital in consideration of the emergence of risks and other factors, as well as the optimal capital structure for the Group. In our FY2024 portfolio analysis, we are using cost of capital calculated based on current circumstances. However, we are also considering setting a hurdle rate that anticipates various future changes and risks.

Expanding the ROIC Spread

Expanding the ROIC spread entails reducing the cost of capital and increasing ROIC, and we are doing so from three perspectives: expanding growth businesses that generate superior profits and reducing costs; controlling working capital, and using non-current assets effectively.

Business Portfolio Management



Message from the CFO

1. Expanding Growth Businesses That Generate Superior Profits and Reducing Costs

We will prioritize the allocation of management resources to our international Marine Products and Food Products Businesses, aquaculture business, and Fine Chemicals Business. We see these as areas that not only promise market growth but also ones where we can further strengthen our unique value chain with our accumulated technology and expertise.

For expansion in our international business, which serves markets where awareness of health and the environment is rising, in FY2022 the Food Products Business acquired a company in France to increase production capacity for chilled fried white-meat fish and alternative protein products, and also made an investment in the U.K. to increase production capacity for white-meat fish products. In FY2023, we decided to make a follow-up investment totaling approximately 17.0 billion yen to expand the business. Specifically, we decided to expand a plant in France that was part of the FY2022 acquisition so that it will have the capacity to meet demand, and in North America, where we have missed out on opportunities over the years due to insufficient production capacity, we will build a new plant in the midwest U.S. With both facilities scheduled to begin operation in FY2025, we expect improved profitability, including reduced logistics costs, and further growth. In the Marine Products Business, in FY2022 we acquired a company that operates a seafood delivery business in the U.K., and in FY2023 we invested in a company in Europe capable of processing and exporting marine products, including Japanese scallops and our Kurose Buri (Japanese amberjack) brand, in addition to local fresh fish. We aim to expand our sales channels by strengthening our fresh fish business, in addition to improving profitability through greater added value.

To ramp up domestic salmon farming in the aquaculture business, we made an additional investment in Otsuchi Town and began trial farming in Rikuzentakata City (both in Iwate Prefecture), and acquired a marine products processing plant for raw fish in the same region. We are also integrating aquaculture companies to simplify management and seek greater efficiency, as well as flexibly using farms to increase production while also dispersing the risk of natural disasters such as typhoons and red tide events. Including other investments aside from the above investments in growing fields, we invested a total of 31.7 billion yen in FY2023.

As we continue to invest in growth areas, we will also identify businesses with limited synergies and take measures to address those issues.

2. Controlling Working Capital

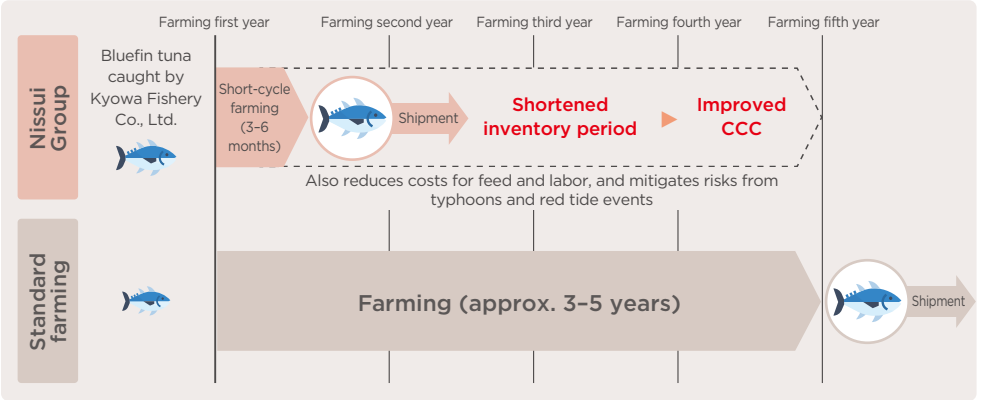
We started our rollout of ROIC-based management to each of our sites in FY2022 by focusing on working capital and working to improve the cash conversion cycle (CCC). However, the CCC worsened due to unforeseen environmental factors. Awareness of ROIC rose throughout the Group in FY2023, and during the expansion of the Aquaculture Business, which requires stockpiling fish over several years until juveniles mature, progress in inventory reductions in the Marine Products and Food Products businesses helped to improve operating cash flow. However, sales of pharmaceutical raw materials in the Fine Chemicals Business moved at an even slower pace than anticipated, so we are still working to improve CCC there.

On the other hand, there were a number of businesses where initiatives made significant progress. We have integrated our Pacific bluefin tuna aquaculture companies for more efficient operations, and are taking advantage of the strengths of Group fishing company Kyowa Fishery Co., Ltd. to further increase the presence of our business of catching bluefin tuna of a certain size and then farming them for about six months. This not only improves CCC by shortening inventory periods, but also reduces feed and labor costs associated with aquaculture operations, as well as mitigates the risk of mortality or industrial accidents due to natural disasters such as typhoons, thereby contributing significantly to the improvement of ROIC. For other species such as Japanese amberjack, in addition to improving flavor through selective breeding, we are reducing inventory capital by shortening the growth period to optimal harvesting size, while also promoting digital transformation (DX) to reduce costs and mitigate risks.

We monitor CCC on a monthly basis and are rolling out Group-wide initiatives to optimize the number of items and categories, production sites, various operations, and other areas. Activities include holding briefings and workshops to deepen understanding of ROIC and CCC and sharing details of the initiatives of each business and Group company at regularly scheduled meetings.

We will continue working with each site to improve capital efficiency and profitability.

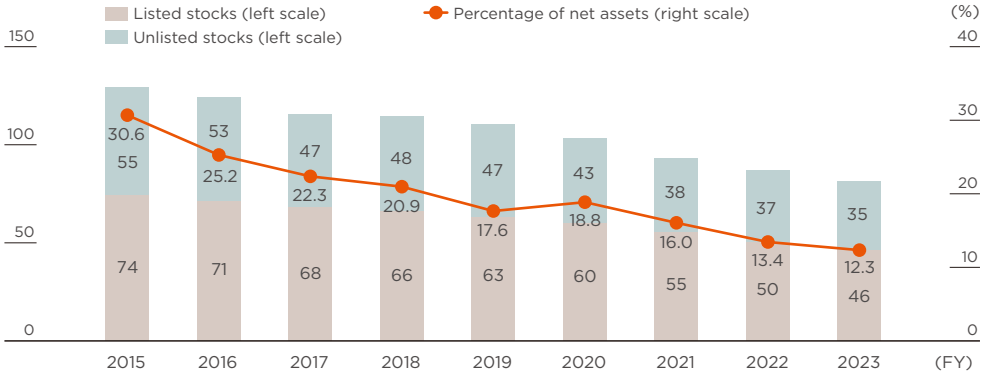
Example Initiative to Improve ROIC (Improving CCC through Short-Cycle Farming of Bluefin Tuna)



3. Using Non-Current Assets Effectively

We study and implement measures to improve the utilization rate of not only idle assets but also operating assets upon verifying their current state of utilization. In addition, since FY2015, as a general rule Nissui retains cross-shareholdings only when it leads to maintaining and strengthening transactions over the medium to long term, and the Board of Directors reviews the appropriateness of holding each stock every year. So far, we have reduced cross-shareholdings by around 40%, freeing up a total of approximately 22 billion yen in cash for investments and shareholder returns. We plan to continue divesting in FY2024 and expect to reduce cross-shareholdings to an amount equivalent to approximately 10% of our net assets. We will continue reviewing our cross-shareholdings to increase asset efficiency.

Number of Cross-held Stocks and Percentage of Net Assets

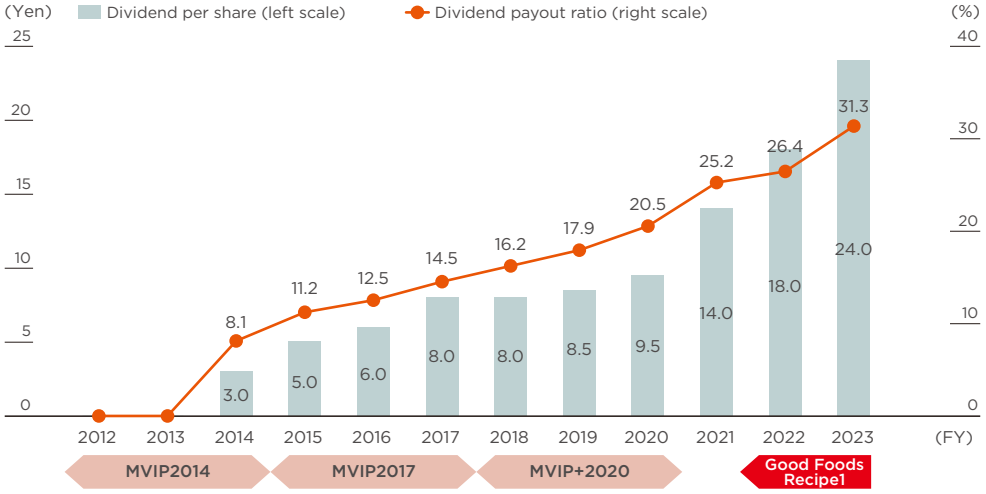


Cash Allocation and Shareholder Returns

To achieve both growth and financial soundness, we will allocate cash to the growth investments necessary to realize our long-term vision without significantly increasing our borrowing levels. Under the current Mid-Term Business Plan, we plan to generate more than 120 billion yen in cash over three years through initiatives such as improvements in CCC and sales of assets, including cross-shareholdings, to be used for shareholder returns and investments. Over three years, we plan to invest 110 billion yen (120 billion yen on a completion basis), mainly to grow the international business. We have been conducting some M&A, but so far not for any large-scale investments. Aside from investing in businesses, the importance of securing and developing human capital, research and development, sustainability, and corporate branding is increasing, and we are aware that we will not be able to create a stronger Nissui Group unless we step up investment in these areas. Based on our new material issues, we will formulate strategies and set KPIs for our next Mid-Term Business Plan and consider the best balance for cash allocation.

We are aware that many companies listed on the Tokyo Stock Exchange are enhancing their shareholder returns, and investor expectations are rising. We have already exceeded the 30% dividend payout ratio targeted in our current Mid-Term Business Plan, and we will consider raising the level further while allocating cash to investment in growth fields so we can continue providing sustainable and stable dividends.

Dividend per Share and Dividend Payout Ratio



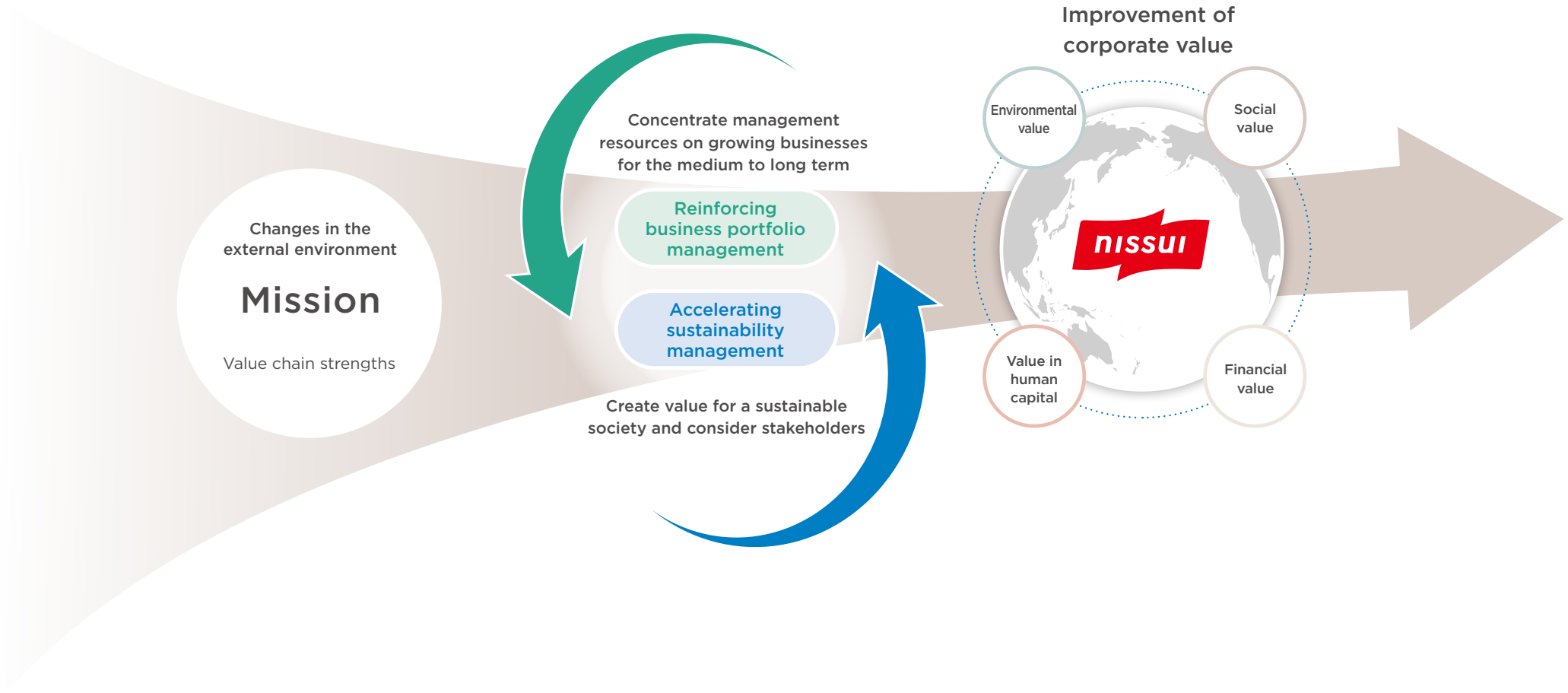
Stakeholder Dialogue and Disclosure

Due to lower volatility in our business results and a higher profit level, as well as our enhanced investor relations activities for proactively communicating our sustainability initiatives, our evaluation from the capital markets has improved, but Nissui's stock price is currently at around 1 times PBR, and we take this valuation seriously. Our ROE has remained at around 10% in recent years, even as we have accumulated equity capital, but our PER is around 10 times, which is below average for the food industry, and we feel the need to do more to share the Group's growth strategy and the strengths of its non-financial capital with investors. For example, in conjunction with on-site tours in the Aquaculture Business, we have set up opportunities for investors to judge the future direction of the business, the level of the Group's aquaculture research and operational improvements, and its risk response capabilities. We intend to explain the Group's competitive advantages and value creation story in a more compelling way. By making disclosure easy to understand and incorporating feedback from dialogue with domestic and overseas investors in management, we aim for sustainable improvement in corporate value.

Long-Term Vision “Good Foods 2030”

A leading company that delivers friendly foods for people and the earth

People’s food needs are becoming more diverse, encompassing health, convenience, and environmental responsibility. Our goal is to promote sustainability management that creates value for society while considering the needs of stakeholders. We are also enhancing business portfolio management that focuses resources on growth areas using ROIC to pursue new possibilities for a variety of foods with the goal of becoming a leading company that creates innovative food solutions that enrich the heart and the body, and solve societal issues.

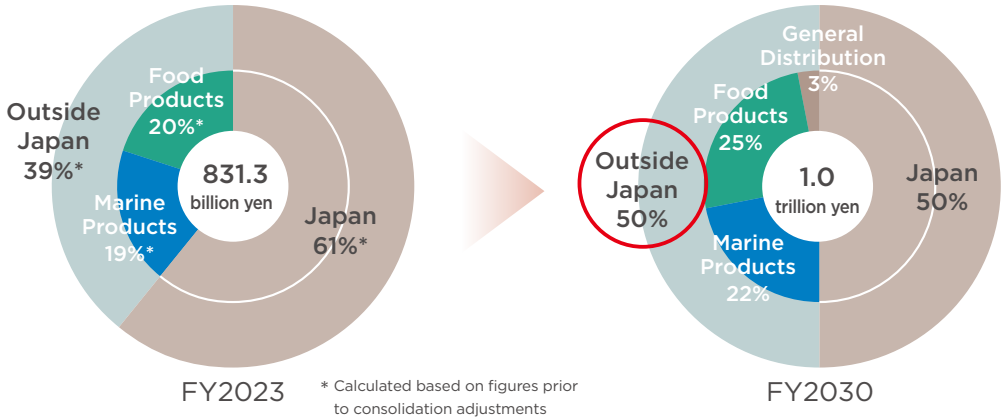


Long-Term Vision Targets for FY2030

Net sales: 1.0 trillion yen | **Operating profit: 50.0 billion yen**

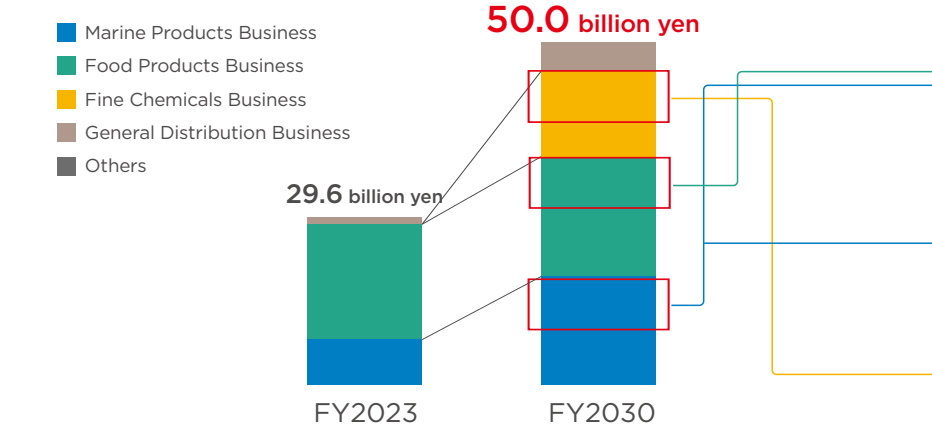
We will achieve our targets of 1 trillion yen in net sales and 50 billion yen in operating profit by enhancing our aquaculture and the Fine Chemicals Business while increasing our international net sales ratio to 50%.

Sales by Location



* Calculated based on figures prior to consolidation adjustments

Breakdown of Operating Profit



Three Growth Drivers

Accelerate international growth	Marine Products Business	Strengthen access to resources and provide high-value-added products through global supply chains
	Food Products Business	Enhance profitability by expanding areas and categories in the high-profit international food products business
Enhance aquaculture business	Marine Products Business	Stabilize and increase profit margins by expanding scale and increasing the sophistication of aquaculture techniques
Strengthen international sales of pharmaceutical raw materials	Fine Chemicals Business	Target substantially higher profits by expanding in the international market for EPA pharmaceutical raw materials

Measures to Enhance Profitability

We have stabilized and enhanced profitability by strengthening and expanding both the Marine Products and Food Products businesses.

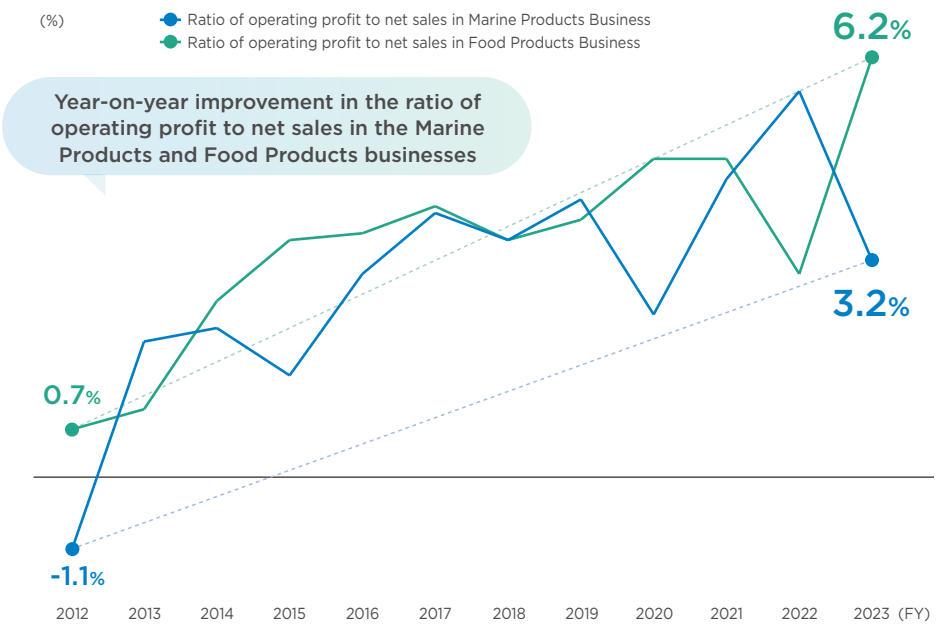
Strengthening and Raising Profitability

Marine Products Business

- **Advancing the sophistication of our aquaculture business**
  We are raising profitability while reducing risk from natural disasters by advancing breeding techniques, improving feed, and promoting digital transformation.
- **Increasing earnings in the Marine Products Business**
  In Japan, we are leveraging our processing and distribution capabilities to develop marine products prepared through more sophisticated food processing, such as grilled and marinated fish, thereby meeting needs relating to health-consciousness and convenience. In Europe, we are expanding our fresh fish purchasing and processing capabilities and processing marine resources produced in Japan such as Japanese amberjack and scallops. We are thus expanding sales channels in both Japan and Europe and increasing profits with high-value-added products.

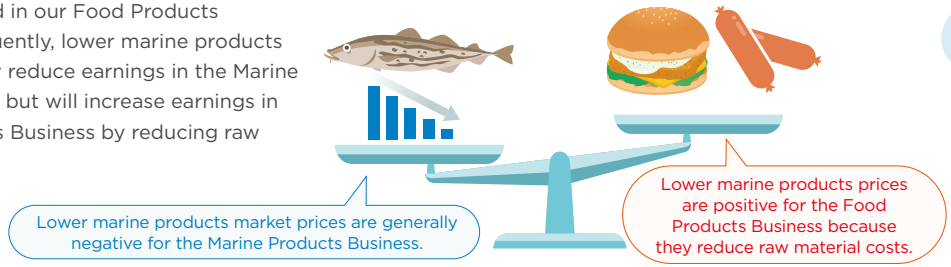
Food Products Business

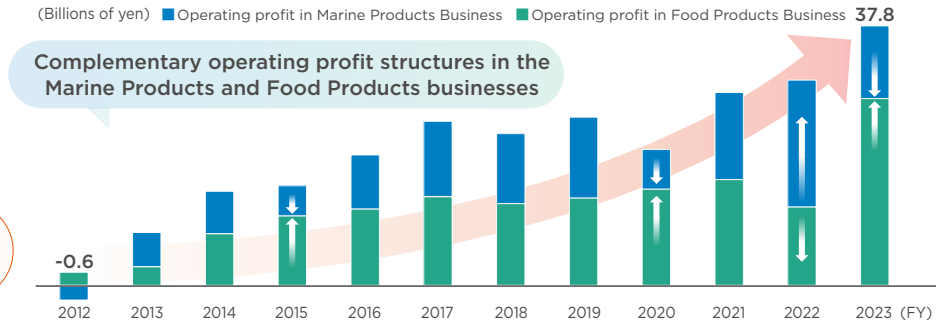
- **Expanding the international business**
  In Europe, we are acquiring and increasing production capacity with a strategy of expanding our sales area to generate continued growth. In North America, we are complementing our core fried white-meat fish products for household use and fried shrimp products for commercial use with a category expansion growth strategy that encompasses health category products and products for the Asian foods market.
- **Expanding our lineup of products that address health consciousness and time-saving needs**
  In Japan, we are developing products for health-conscious customers by leveraging the advantages of our ingredients, such as protein from the fast-twitch skeletal muscles of Alaska pollock. In addition, we are expanding our frozen bento (boxed lunch) products by leveraging our expertise from the Chilled Products Business, in which we prepare a variety of ingredients, and the characteristics of frozen processed foods, in order to meet time-saving and convenience-related needs.



Complementary Operating Profit Structures in the Marine Products and Food Products Businesses

Marine products account for about 60% of the raw materials used in our Food Products Business. Consequently, lower marine products market prices may reduce earnings in the Marine Products Business but will increase earnings in the Food Products Business by reducing raw material costs.





Three Growth Drivers

Actions to Realize Our Long-Term Vision

Accelerate international growth

Marine Products / Food Products

Marine Products Business

2023
A Group company acquired New Zealand's fourth-largest fishing company and became the country's largest fishing company.
→ Strengthening and expanding access to marine resources



2023
Integrating a company with European fresh fish procurement and processing capabilities into the Group, we expanded sales channels and increased added value in the fresh fish business, while also increasing exports of marine products from Japan.
→ Expanding sales and maximizing synergies in Japan and Europe



Product made from Japanese scallops

Food Products Business

2022
The Group acquired a production plant in France to expand production capacity.



2024
The Group decided to invest a total of 17 billion yen to expand its European plant and construct a new plant in North America to increase production capacity, all scheduled to begin operation in 2025.



Architectural rendering of the completed North American plant

Enhance aquaculture business

Marine Products

2022
Realized 100% full-life cycle aquaculture for Kurose Buri (Japanese amberjack)
→ Targeting total harvest volume of 15,000 MT in 2030



Kurose Buri (Japanese amberjack) artificial juveniles

2023
Commercialized land-based aquaculture for whiteleg shrimp
→ Targeting total harvest volume of 300 MT in 2030



2024
Shifted focus for bluefin tuna aquaculture in Japan from the conventional method of raising fish from the juvenile stage to short-cycle farming
→ Targeting total harvest volume of 1,800 MT in 2030



2020
Launched salmon aquaculture in Otsuchi Town, Iwate Prefecture



2023
Initiated trial salmon farming in Rikuzentakata City, Iwate Prefecture
→ Targeting total harvest volume of 9,000 MT in Japan in 2030



2024
Acquired a processing company to enhance raw food processing, including sushi ingredients



Strengthen international sales of pharmaceutical raw materials

Fine Chemicals

2017
Established the Kashima No. 2 Plant (Pharmaceuticals) in anticipation of international sales of EPA pharmaceutical raw materials



2021
Received approval for EPA pharmaceutical raw materials from the U.S. Food and Drug Administration (FDA)

2022
Established the Pharmaceutical Quality Assurance Department in accordance with Good Manufacturing Practice (GMP), a requirement for pharmaceutical manufacturing

2022
Introduced Laboratory Information Management System (LIMS), a GMP-compliant quality control system

2024
Received EPA pharmaceutical raw material approval from the European Medicines Agency (EMA)

2030

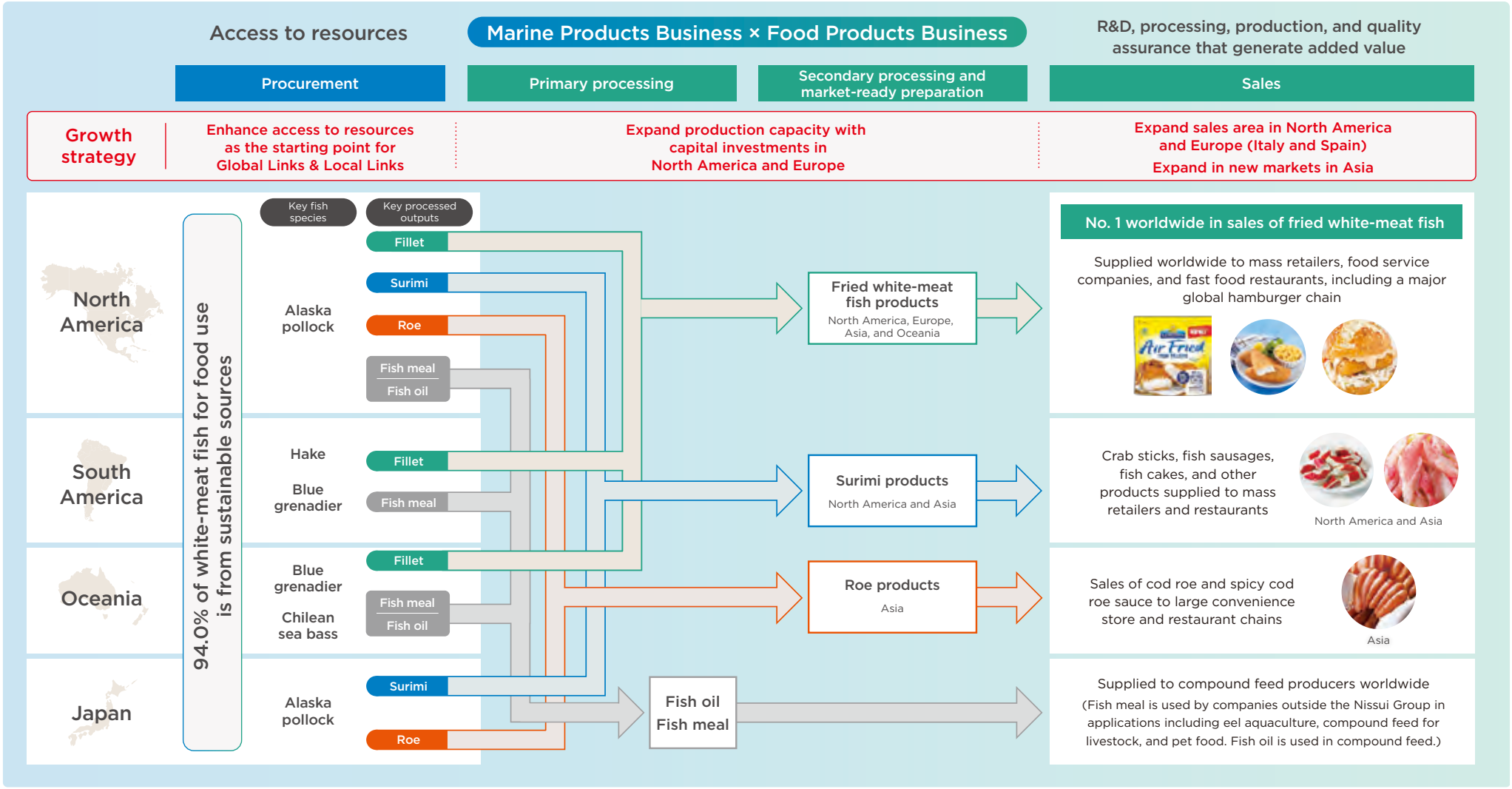
- International net sales ratio: 50%
- International net sales: 500 billion yen
- Aquaculture Business — Net sales: 100 billion yen; Operating profit: 10 billion yen
- International exports of EPA pharmaceutical raw materials — Wide-ranging international supply covering North America, Europe, and Asia

Three Growth Drivers

Marine Products Food Products

Accelerate International Growth (Enhancing Our White-Meat Fish Value Chain)

The Nissui Group, sharing a common mission, is building a global network to co-create innovative food solutions. A prime example is the Group's value chain for white-meat fish. Group companies secure access to and sustainably procure marine resources, then employ the Group's network to process and add value to those resources according to the food cultures of the countries they serve using both BtoB and BtoC business models. White fish meat and roe are used for human consumption, while fish meal and fish oil, made by processing byproducts, have various other applications including aquaculture.



Access to marine resources | Primary processing plant | Secondary processing plant | R&D facility



The Group is targeting international net sales of 500 billion yen.

Masahide Asai
Director, Executive Officer and
International Business Operating Officer

The Nissui Group adds value to the sustainable marine resources it has access to around the world using the proprietary technologies it has developed to supply delicious food and joy to people worldwide.

Nissui Group companies involved in fishing, processing, and distribution share the same mindset and cooperate globally. We call our network "Nissui Global Links." We are targeting international net sales of 500 billion yen, which we will achieve by embodying our mission and growing together. The white-meat fish value chain is one of the core strengths that will help us achieve the Group's objectives.



Rapidly Addressing Europe's Diverse Food Needs

Eric Le Hénaff
President
Cité Marine S.A.S.

Europe is home to diverse food cultures and values. As a core production company in Europe, we are known for our ability to rapidly develop products tailored to the specific requirements of customers. To achieve further growth, we aim to expand sales in Western Europe using our plants in France, and are also exploring opportunities to enter markets in other countries.



Entering Asian Markets with Best-in-Class Quality Control

Takakuni Yanagihara
Managing Director
Thai Delmar Co., Ltd.

We have established a mass-production system capable of providing high-quality products to major fast food and quick service restaurant chains.

In recognition of our outstanding safety and security initiatives in FY2024, we received the highest quality award in Asia from a major hamburger chain. We aim to become the leading seafood manufacturer for fast food and quick service restaurant chains in Asia, and will continue to grow as the Group's foundation in Asian markets while contributing to local communities.

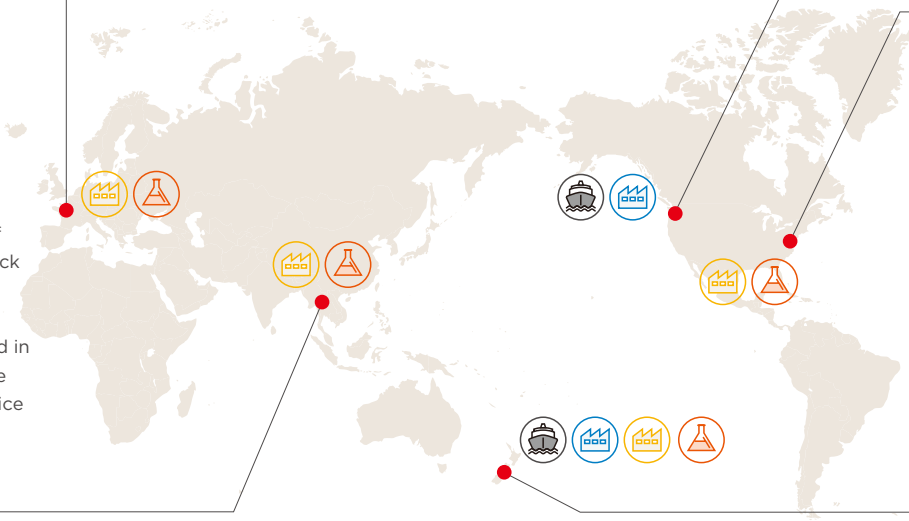


Supporting the Group by Procuring Resource-Managed Marine Products

Tom Enlow
President
UniSea, Inc.

Among our many strengths, our people truly stand out. They are committed to producing high-quality, sustainable Alaskan marine products, even in the challenging conditions of the Aleutian Islands.

With half a century of production and processing history, we hold the processing rights to one of the best managed and most sustainable fisheries in the world. We are therefore a vital component of the Group's supply chain, and are proud to be a member of Nissui Global Links.





Striving for Further Growth through Our Strengths in Marketing and Development

Kurt Hogan
President & CEO
Gorton's, Inc.

Our company celebrated its 175th year in business in 2024. The dedication of our employees, who have worked diligently and passionately to fulfill our mission, "Spreading the goodness of the sea by making quality seafood accessible to everyone!" has driven Gorton's long-term success.

We value listening to and learning from customer feedback. Demonstrating leadership in the U.S. frozen processed marine product food category, we are at the forefront of innovation and category supply. Furthermore, we have committed to further growth by investing in capacity expansion, with new capacity slated to come online in FY2025.



As New Zealand's Largest Marine Product Company, We Are Committed to Sustainable Fishing

Doug Paulin
CEO
Sealord Group Ltd.

We operate with a presence throughout the entire value chain, from fishing and aquaculture to processing, marketing, and sales. In February 2024, we acquired Independent Fisheries Limited to become New Zealand's largest seafood company. Sealord has built strong relationships with customers who value our quality products and services.

We procure marine resources with a management approach that uses scientific data and technology, which is also key to ensuring compliance with regulations and maintaining an abundance of resources in the future.

Three Growth Drivers

Marine Products

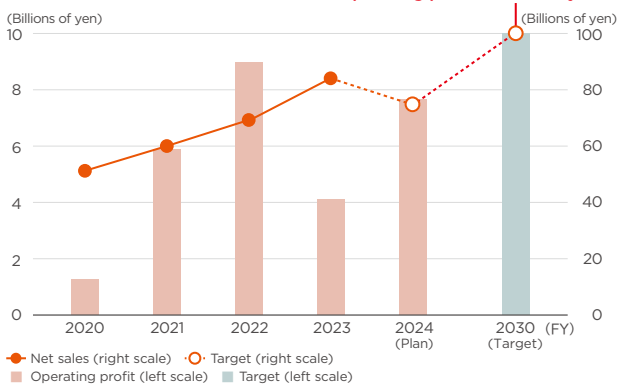
Enhance Aquaculture Business

Aquaculture Value Chain

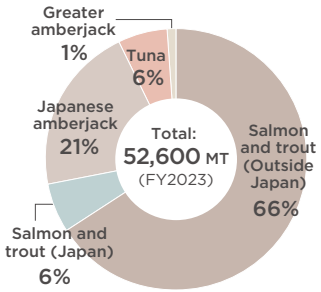
As with white-meat fish operations, the Nissui Group's strengths in the Aquaculture Business are in the value chain. In contrast to wild-caught fish, we operate a full value chain for aquaculture covering everything from fish bioresearch to procuring fish oil and fish meal for feed, aquaculture, processing, and sales. This enables us to reduce costs and risks, as well as achieve highly competitive supply on the world market.

R&D	Strengths in procuring fish oil and fish meal	Advancement of aquaculture	Extensive international sales network
• Full-life cycle aquaculture for Japanese amberjack enables high-quality production and shipment throughout the year • Selective breeding of Japanese amberjack and salmon enhances desirable traits including form and meat quality • Commitment to animal welfare	• Reduction of costs through ability to procure fish oil and fish meal and to manufacture feed • Development of feed to improve the meat quality of farmed fish • Feed formulations that optimize growth	• Use of submergible fish cages to minimize damage from high waves caused by major typhoons • Locating fish farms off-shore reduces risk from red tide events • Optimizing aquaculture production through digital transformation, such as AI fish counters • Land-based circulatory aquaculture initiatives	• Japan Sales in Japan through the Nissui Group's nationwide sales network • Outside Japan Sales through Global Links & Local Links

Aquaculture Business Results and Targets



Share of Total Aquaculture Harvest Volume by Fish Species



Our FY2030 targets for the aquaculture business are net sales of 100 billion yen and operating profit of 10 billion yen.

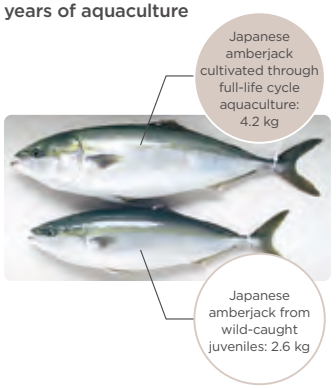
Sophisticated Breeding for Superior Quality Kurose Buri (Japanese Amberjack) Using Full-Life Cycle Aquaculture

R&D

In the production of Kurose Buri (Japanese amberjack) we apply a variety of technologies. Through selective breeding technology we breed parent fish with desired genetic characteristics. Full-life cycle aquaculture technology enables us to hatch and raise roe collected artificially. Maturation management technology allows us to control the timing of parent fish spawning.

The artificial juveniles we produce using our proprietary technologies enable us to consistently produce and supply high-quality farmed fish with outstanding productivity. As a result, the fish have not only excellent quality and consistency, but outstanding growth patterns shorten aquaculture periods and reduce the risk from natural disasters such as typhoons and red tide events. This in turn supports improved productivity and a faster cash conversion cycle (CCC).

Difference in growth rate after two years of aquaculture



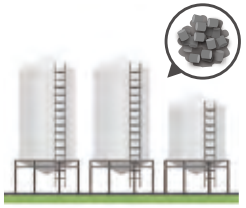
Cost Reduction and Competitive Differentiation through Strengths in Fish Oil and Fish Meal Procurement

Strengths in procuring fish oil and fish meal

Efficient use of procured feed to counter rising costs and promote sustainable aquaculture

We are reducing the proportion of fish-derived feed ingredients such as fish oil and meal, enabling us to lower costs, make effective use of natural marine resources, and enhance our initiatives to achieve sustainable aquaculture.

A Group company involved in salmon farming in Chile has added raw material silos at its feed plant and increased options for alternative raw materials in compound feed, which is supporting lower feed costs.



Differentiation through original feed formulations

We design and manufacture proprietary compound feed formulations that enable us to provide products tailored to customer needs, with good taste and fat content, and minimal color loss after processing.

Normally, the color of the dark muscle meat of Japanese amberjack begins to fade over time after processing. However, Marbless, an original feed developed by Nissui, is compounded with chili pepper, which delays dark-meat discoloration and quality degradation and improves oil content and texture, enabling cultivation of high-quality farmed Japanese amberjack.

Eight hours after sashimi processing (stored at 15°C)

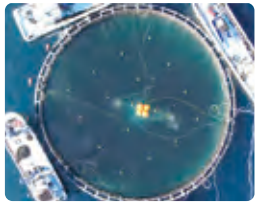


Enhancing Efficiency and Productivity by Increasing the Size of Fish Cages for Kurose Buri (Japanese Amberjack)

Advancement of aquaculture

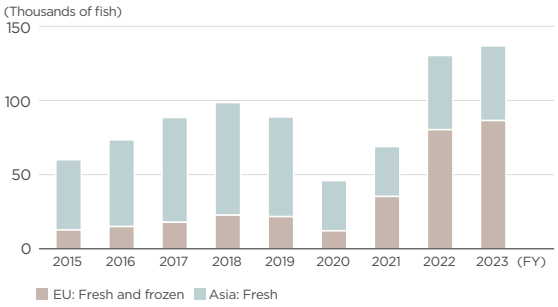
Increasing the size of fish cages

To achieve its target annual harvest volume of 3 million farmed Japanese amberjack by FY2030, Nissui is moving forward with the development of off-shore fish farming technologies. By switching from 10-meter to 30-meter diameter fish cages, Nissui has boosted production volume per block by about 50%, raising both efficiency and productivity. We have thus expanded production capacity and been able to increase international exports.

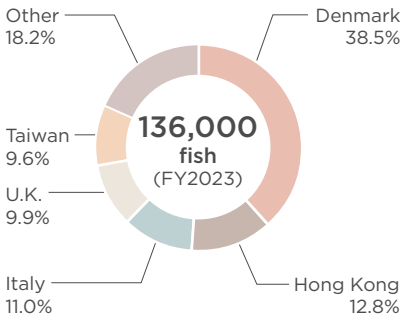


A large 30-meter diameter fish cage

Fish Exports



Fish Exports by Region



Reducing Risk and Stabilizing Production (Improving ROIC by Promoting Short-Cycle Farming of Bluefin Tuna)

Advancement of aquaculture

Conventional bluefin tuna aquaculture in Japan primarily involved catching and raising small fish of around 2 kilograms over about four years. However, in collaboration with Group fishing companies, we are shifting our aquaculture business model toward farming large, 80- to 150-kilogram bluefin tuna over a short six-month cycle. This contributes significantly to improving CCC and ROIC by reducing exposure to risks ranging from typhoons and red tide events to fish diseases while also reducing costs.

Example Initiative to Improve ROIC
(Improving CCC through Short-Cycle Farming of Bluefin Tuna) ▶ Page 35

Optimizing Aquaculture Production through Digital Transformation

Advancement of aquaculture

We are optimizing aquaculture production by deploying AI fish counters that use IT and the IoT at Group aquaculture companies and introducing electronic fish disease charts.

We will continue to analyze environmental and breeding data to model optimal breeding conditions for use in efficient aquaculture.



AI fish counter

Land-Based Circulatory Aquaculture Initiatives for Whiteleg Shrimp, Salmon, and Chub Mackerel

Advancement of aquaculture

Nissui is moving forward with land-based aquaculture to secure future supplies of marine products and as a strategy for growth. Following on from its establishment of land-based aquaculture of whiteleg shrimp in April 2023, Nissui is conducting a feasibility study on land-based circulatory aquaculture of chub mackerel, aiming for commercialization in FY2026. In addition, Nissui Europe has made a joint investment with Marubeni Corporation in Danish Salmon A/S, which operates a closed recirculating aquaculture business for Atlantic salmon in Denmark.

Land-based aquaculture facility in Ei, Kagoshima Prefecture	Danish Salmon A/S	Yonago Land-Based Aquaculture Center*
Species raised: Whiteleg shrimp	Species raised: Atlantic salmon	Species raised: Chub mackerel
Target production volume: 100 MT/year	Target production volume: 2,750 MT/year	Target production volume: 175 MT/year
Features: Biofloc-based recirculating aquaculture system	Features: Closed recirculating aquaculture system	Features: Closed recirculating aquaculture using underground seawater

* Currently conducting trial demonstrations

HIGHLIGHT

Nissui Group's Fish Health Management: N-AHMS®

The Nissui Group has developed N-AHMS® (NISSUI Aquaculture Health Management System), a system used to manage the health of farmed fish in Japan. Under N-AHMS®, we are pursuing the standardization of inspection processes through the establishment of an in-house certification scheme for inspectors and supervisors in charge of checking the health of farmed fish etc., aimed at improving the accuracy and reliability of health checks of farmed fish.

Secretariat (inside Central Research Laboratory)

- Provides information to promote the health of farmed fish
- Develops unique health-check manual
- Develops a mechanism for training inspectors and standardizing skills and knowledge Enables any inspecting department/inspector to conduct speedy checks with a consistent level of accuracy
- Conducts research and development of methods for the stable growth of farmed fish

Information sharing

Nissui Group companies engaged in aquaculture business in Japan

- Farmed fish health observation and environmental measurements (e.g., red tide events) by divers
- Appropriate rearing management and health checks based on inspections conducted by inspectors
- Implementation and verification of measures when farmed fish are in poor health

Contract

Veterinarian

- Treatment

Three Growth Drivers

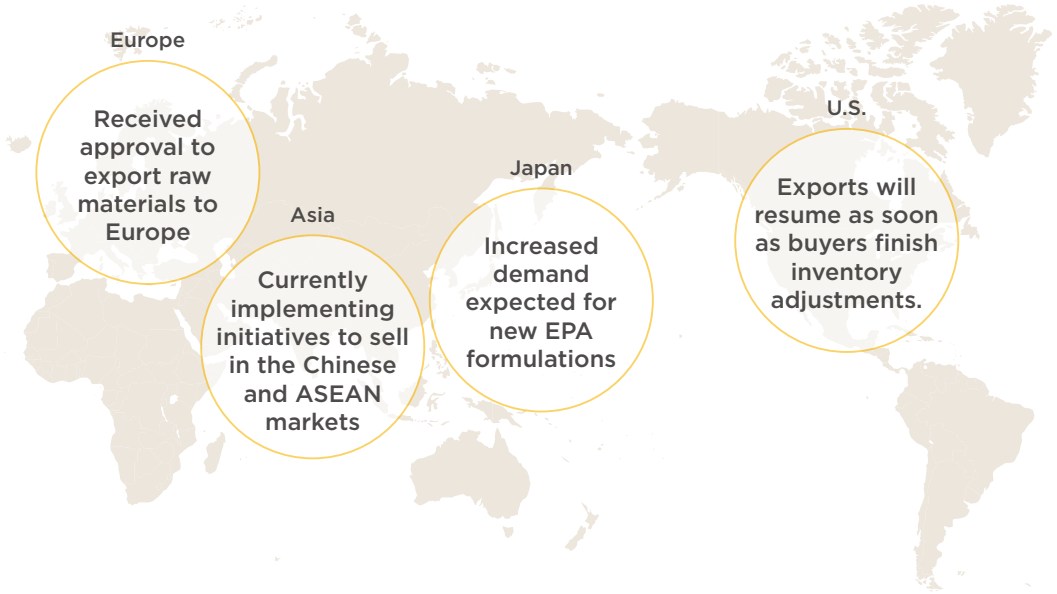
Fine Chemicals

Strengthen International Sales of Pharmaceutical Raw Materials

In 2018, the published results of REDUCE-IT,[1] a large-scale clinical trial on the efficacy of pharmaceutical EPA[2] in the U.S., indicated that high-purity EPA pharmaceuticals[3] with EPA purity of 96.5% or more may contribute to suppressing the onset of cardiovascular diseases. The world's population is aging and the number of patients with chronic diseases is rising, so expectations are great for high-purity EPA formulations, especially in the field of cardiovascular disease.

Nissui has obtained certification for cGMP[4] compliance, which is necessary for supplying pharmaceuticals to the U.S., and began exporting pharmaceutical raw materials to the U.S. in FY2021. In FY2024, we received approval from the European Medicines Agency (EMA) and have established a system to sell in the European market. We are also enhancing our quality assurance system in order to strengthen sales in the global pharmaceutical market.

Raw Materials Sales of Nissui's Pharmaceutical Raw Materials



1. Reduction of Cardiovascular Events with Icosapent Ethyl–Intervention Trial (REDUCE-IT): A double-blind, placebo-controlled randomized controlled trial that examined the preventive effect of high-purity omega-3 unsaturated fatty acids on cardiovascular risk (subjects: 5,785 patients with a history of cardiovascular disease, and 2,394 diabetic patients at risk of cardiovascular disease).
2. Eicosapentaenoic acid (EPA) is an omega-3 polyunsaturated fatty acid found in the oil of sardines and other fish. Known for its benefits in reducing heart disease risk, lowering serum triglycerides, and decreasing inflammation, EPA was approved in Japan as a treatment for arteriosclerosis obliterans in 1990 and hyperlipidemia in 1994.
3. High-purity EPA pharmaceuticals: Pharmaceuticals with EPA purity of 96.5% or more, which is achieved by separating and purifying EPA. Aside from the treatment of hyperlipidemia, in 2019, the U.S. FDA approved its use for high-risk patients (with serum triglyceride levels of 150 mg/dL or more and are taking cholesterol-lowering or statin drugs) with multiple risk factors for cardiovascular disease and other circulatory system diseases.

Products The High-Purity EPA Pharmaceutical Market

North America	• July 2012 – Approval granted for sale of a high-purity EPA formulation in the U.S. • November 2018 – Results of the REDUCE-IT trial announced, indicating that high-purity EPA could be effective for patients with cardiovascular diseases who are taking the latest cholesterol-lowering drugs • December 2019 – New indication[5] approval granted, leading to a substantial increase in the number of eligible patients
Europe	• March 2021 – EMA grants approval for Nissui to sell a high-purity EPA formulation in the European Union; sales to roll out sequentially following drug pricing decisions in each country, with pharmaceutical patents set to remain valid until 2039
Japan	• 1990 – World's first approval of a high-purity EPA formulation for the treatment of arteriosclerosis obliterans • 1994 – Added indication as a medicine for the treatment of hyperlipidemia • September 2022 – Began selling a new self-emulsifying, high-purity EPA formulation
Asia	• November 2020 – Approval granted for sale of a high-purity EPA formulation in Thailand • June 2023 – Approval granted for sale of a high-purity EPA formulation in China • Application under review for sale of a high-purity EPA formulation in Vietnam

4. cGMP: current Good Manufacturing Practice
5. People seeking to prevent the onset of cardiovascular disease and other circulatory system diseases and who have serum triglyceride levels of 150 mg/dL or more and are taking cholesterol-lowering or statin drugs.

International sales of our EPA pharmaceutical raw materials are driven by the following three strengths.

Strength 1 Stable System for Procuring Raw Materials

In recent years, we have been implementing initiatives to use oil produced in Japan from sardines, of which the catch has been increasing. In addition to having secured a stable supply of fish oil raw material from Peru, we aim to reduce foreign exchange risk and logistics costs by using fish oil produced in Japan.



Peru

Leveraging our fishing company capabilities to import sardine oil from Peru to Japan

Japan

Structuring a stable raw material procurement system that uses sardine oil produced in Japan

Key Point

Reduced foreign exchange risk and logistics costs

Strength 2 World-Class Storage Facilities and a Production System with Two Plants

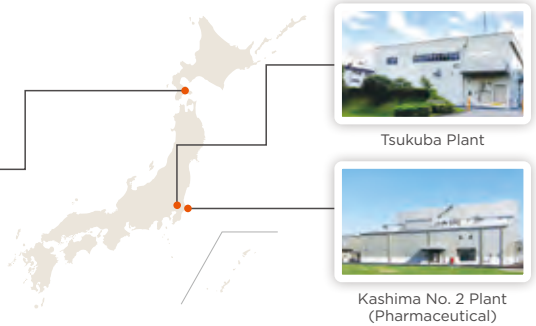
We maintain a stockpile of a set amount of raw oil in Hokkaido, Japan. We have 19 tanks (1,000 kiloliters each) dedicated to fish oil, giving us one of the largest stockpiles in the world.

Furthermore, we have the ability to produce pharmaceutical raw materials at two locations in Japan, and a contingency system in place for emergencies.

- Fish oil tanks in Hokkaido



Hokkaido Fine Chemicals Co., Ltd.



Tsukuba Plant

Kashima No. 2 Plant (Pharmaceutical)

- Ability to produce pharmaceutical raw materials in accordance with cGMP at two plants
- Pharmaceutical Quality Assurance Department established in FY2022 to ensure compliance with global quality assurance standards

Strength 3 High-Purity EPA Production Technology and Cost Competitiveness

The purity of EPA required for manufacturing pharmaceuticals is 96.5% or more, and the production of EPA from raw oil requires both advanced purifying and concentration technologies. In addition to such advanced technologies, the Group has an integrated production system, from raw oil to pharmaceutical raw materials, giving us a significant cost advantage over our competitors.

The Nissui Group's Integrated Production System

Raw oil procurement ▶ Primary refining ▶ Advanced purifying and concentration ▶ Pharmaceutical raw materials

Example Competitor's Supply Chain

Manufacturers of intermediates
(Raw oil procurement ▶ Primary purifying)

Margin

Competing manufacturers
(Purchase of pharmaceutical intermediates ▶ Advanced purifying and concentration ▶ Pharmaceutical raw materials)

Margin for manufacturers of intermediates

Pharmaceutical companies

Mid-Term Business Plan “Good Foods Recipe1”

We have made great progress toward achieving “Good Foods Recipe1,” which is positioned as “moving up toward a higher level.”

Positioning of the Long-Term Vision and the Mid-Term Business Plan “Good Foods Recipe1”	Mid-Term Business Plan “Good Foods Recipe1,” which covers the three years from FY2022 through FY2024, was formulated using backcasting and is positioned as “moving up toward a higher level” in order to realize our long-term vision for FY2030, “Good Foods 2030.”

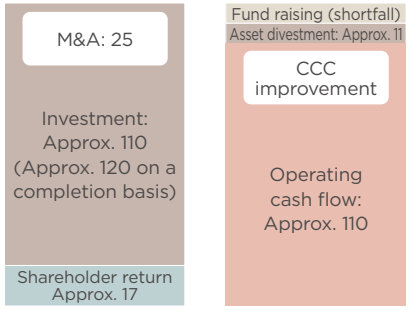


Investment and Financial Strategy under the Mid-Term Business Plan

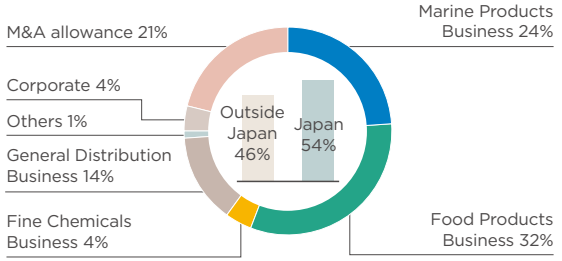
Seeking to balance growth and financial stability, in terms of returning profit to shareholders, we are aiming for a dividend payout ratio of 30% or more.

Investment	• Plan approx. 110 billion yen in investments, including an M&A allowance of 25 billion yen • Aim to maximize investment returns through weighted allocation toward high-priority growing fields
Shareholder Return	• Aim for a dividend payout ratio of at least 30%
Operating Cash Flow	• Improve the cash conversion cycle (CCC) and strengthen cash generation (gradual CCC improvement over three years)
Asset Divestment	• Sell assets such as cross-shareholdings

Cash Flow (Three-Year Total) (Billions of yen)



Total investments: 120 billion yen
(Completion basis)



KPIs and Progress toward Our Long-Term Vision for 2030 and Mid-Term Business Plan

Based on our material issues, we have set key performance indicators (KPIs) relating to our Mid-Term Business Plan "Good Foods Recipe1" (launched in FY2022) and long-term vision for FY2030.

KPIs for Priority Themes

Value created	Priority themes	Goals		Base year	FY2023 results	Mid-Term Business Plan "Good Foods Recipe1" KPIs for FY2024	Long-Term Vision "Good Foods 2030" KPIs for FY2030
Financial value	Capital strength to compete on the world stage	Growth and profitability	Net sales (Billions of yen)	–	831.3	790.0	1.0 trillion yen
			Operating profit (Billions of yen)	–	29.6	32.0	50.0 billion yen
			Ordinary profit (Billions of yen)	–	31.9	35.0	—
			Profit attributable to owners of parent (Billions of yen)	–	23.8	22.5	—
		Capital efficiency	ROIC	–	5.3%	≥ 5.5%	≥ 7.0%
		International expansion	International net sales ratio	–	39.5%	Approx. 38%	50%
Social value	Resolving health issues	Expand health category products	Sales of health category products	FY2021	Base year	Expand by 30%	Expand by 200%
	Sustainable procurement	Responsible procurement	Assessment of Tier 1 suppliers*	–	92%	Nissui Corporation 100%	Group companies 100%

Value created	Priority themes	Goals		Base year	FY2023 results	Mid-Term Business Plan "Good Foods Recipe1" KPIs for FY2024	Long-Term Vision "Good Foods 2030" KPIs for FY2030
Value in human capital	Diverse human capital playing an important role	Employee engagement	Employee engagement score*	FY2021	Improved by 11.6%	Improve by 10%	Improve by 20%
		Women's empowerment	Ratio of female managers*	–	6.6%	10%	20%
Environmental value	Sustainable procurement	Sustainability of marine resources	Sustainable procurement rate	–	–	80%	100%
	Actions aimed at addressing climate change and protecting marine environments	Reduction of CO_2 emissions	CO_2 emissions (Scope 1, 2)	Total amount in FY2018	Reduced by 6.8%	Reduce by 10%	Reduce by 30%
			Carbon-neutral in 2050	–	–		Achieve carbon neutrality
		Reduction of plastics	Usage of plastics*	Per unit of sales in FY2015	Under calculation	Reduce by 10%	Reduce by 30%

* Scope: Nissui Corporation

Business Strategy

Marine Products Business

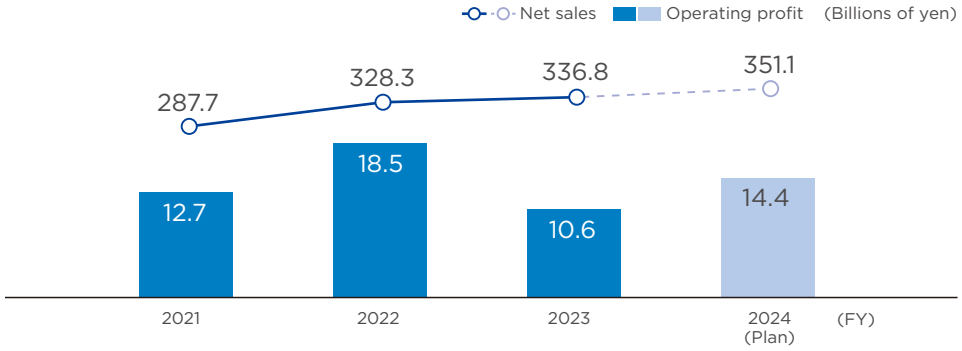


We effectively utilize our access to marine resources and aquaculture R&D capabilities through a marine product supply chain that covers every stage from procurement to processing and sales. Targeting sustainable growth, we aim to limit the impact of marine product market conditions on the Nissui Group by expanding our range of high-value-added products. We will do so by creating products through more sophisticated food processing* to maximize the value that marine resources provide.

Teru Tanaka
Director, Executive Officer
Marine Products Business Operating Officer

* Processing raw materials into products that add value and convenience for customers

Net Sales and Operating Profit



SWOT Analysis

Internal environment

Strengths

- Good access to marine resources
- A global supply chain covering every stage from procurement to processing and sales
- Aquaculture technology, such as selective breeding, that differentiates us from competitors
- Highly sophisticated material processing to create products with exceptional added value

Weaknesses

- Shortage of personnel able to operate effectively on the global stage
- Challenges sophisticated processing of ingredients for foods such as sushi

External environment

Opportunities

- Increasing global demand for fish due to growing health consciousness
- Rising popularity of Japanese cuisine worldwide
- Japanese government support for marine product exports
- Fishery Act revisions have created the potential to develop new businesses
- Increasing demand for sustainable marine products, including products with Marine Stewardship Council (MSC), Aquaculture Stewardship Council (ASC), and Marine Eco-Label (MEL) certification

Risks

- Susceptibility to marine product market conditions
- Changes in the resource procurement environment due to climate change
- Impact of stricter regulation of fishing rights and aquaculture
- Reputational risk from any perceived failure to safeguard animal welfare or the environment
- Emergence of foodtech and increasing obsolescence of current aquaculture technology
- Country risk relating to raw material procurement and sales
- Foreign exchange risk
- Labor shortages

FY2023 in Review

In FY2023, net sales in the Marine Products Business increased by 8.5 billion yen with the support of products selling well, but profit decreased as the high market prices of FY2022 subsided. However, rigorous inventory management based on sales forecasts has minimized the decline in earnings and enhanced our resilience to market volatility.

The Aquaculture Business is a growth driver for the Marine Products Business, but it is exposed to risks such as exchange rate fluctuations and climate change. We aim to generate additional growth by fully employing the Group's technology and development capabilities.

Market Trends for the Next Mid-Term Business Plan

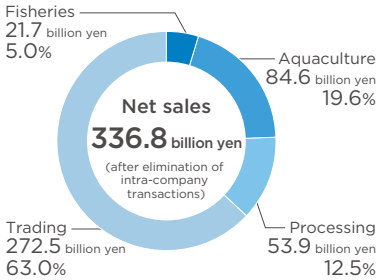
Demand for marine products, including growing global demand for fish, is increasingly driven by rising health consciousness and growing demand for sources of protein due to global population growth. We will serve expanding markets by leveraging our access to marine resources and our global supply chain, which encompasses procurement, processing, and sales.

A key challenge for the Nissui Group is to create systemic resilience that minimizes the impact of marine product market conditions. Our objectives are to develop delicious, high-value-added products with stable demand and that have low sensitivity to market price volatility, and to increase the share of products in our lineup prepared through sophisticated food processing, and which can generate stable profits under any circumstances.

Businesses

Fisheries	The catch in Japan includes sardines, mackerel, tuna, and Japanese amberjack, while the catch in South America includes blue grenadier.
Aquaculture	In Japan, we are increasing full-life cycle aquaculture of Japanese amberjack, short-cycle farming of bluefin tuna, and expanding our salmon aquaculture area, centering on the efforts of Group companies. In South America, we are farming salmon trout in Chile.
Processing	We process Alaska pollock into surimi, fillets, and roe in North America. We also process marine products in Thailand, and in Vietnam we primarily process shrimp.
Trading	We trade marine products mainly in Japan, Europe, and North America.

Breakdown of Net Sales (FY2023)



Measures to Improve ROIC

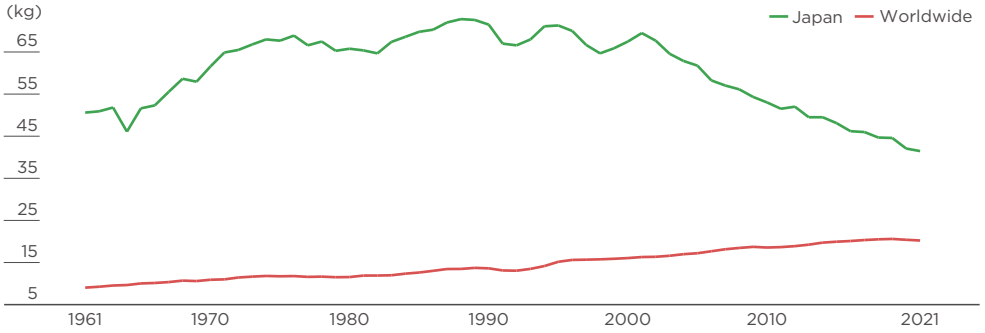
Improvement of ROIC =

	Fisheries	Aquaculture	Processing/Trading
Operating profit after tax	**Cost reduction and adding higher value at our fishing company in Chile** Our initiatives to increase sales and profit include increasing catch volumes by improving fishing nets, reducing costs by reducing expenses for repairs, and creating value by acquiring MSC certification.	**Increasing the profitability of salmon farming in and outside Japan** In Chile, we will increase production of high-value-added products and expand our sales area. In Japan, we will increase profit margins by expanding production in Iwate Prefecture (an area well suited to aquaculture).	**Strengthening profitability by increasing the number of high-value-added products** Japan We are acquiring new processing facilities to increase the range of sophisticated processed products we offer, as well as their share of our product lineup. Outside Japan Having added a company to the Group with European fresh fish procurement and processing capabilities, we will expand sales channels for our fresh fish business and increase added value, while also expanding exports of marine products from Japan. We intend to increase sales in both Japan and Europe and maximize synergies.
Invested capital	**Intra-Group synergy with a fishing company in Japan** Group aquaculture companies use short-cycle farming to raise large bluefin tuna caught in Japan that already weigh 80 to 150 kilograms, which helps to improve the Group's capital efficiency. ▶ Page 35	**Improving CCC by promoting short-cycle farming of bluefin tuna in Japan** Large bluefin tuna are raised for a period of three to six months and shipped. This approach to aquaculture results in a high survival rate and short growth period, which improves the cash conversion cycle (CCC) and reduces the risk of typhoons, red tide events, and fish diseases.	**Continuing to implement rigorous inventory management** We continue to manage inventory by making purchases in accordance with sales plans to prevent opportunity loss and excess inventory.

Market Environment

While people are eating fish less in Japan, demand for marine products is growing around the world, especially in Asia.

Annual per Capita Consumption of Edible Fish and Shellfish



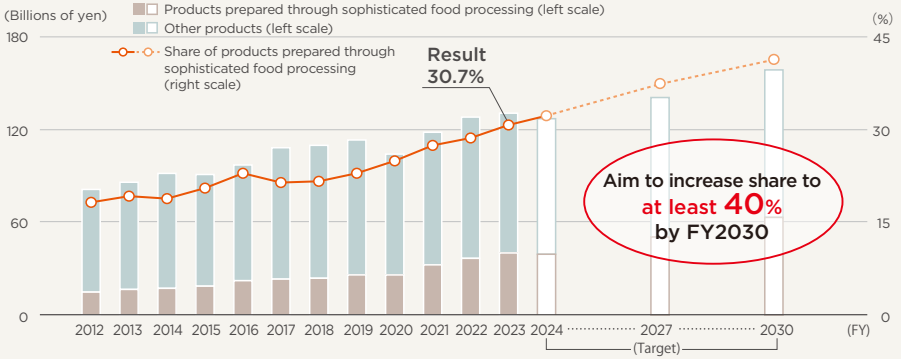
(Source: *Fisheries White Paper 2023*, Fisheries Agency)

HIGHLIGHT

Promoting More Sophisticated Food Processing

With customers increasingly emphasizing health, simplicity, and convenience, we have been implementing initiatives to create more sophisticated processed products, such as fillets, grilled fish, and marinated fish. We are carefully processing ingredients and leveraging our distribution capabilities to provide high-value-added products that address consumer needs, with the goals of enhancing profitability and reducing volatility in the performance of the Marine Products Business, which is sensitive to market conditions.

Progress in More Sophisticated Food Processing (Excluding surimi, oil for feed)



Business Strategy

Food Products Business

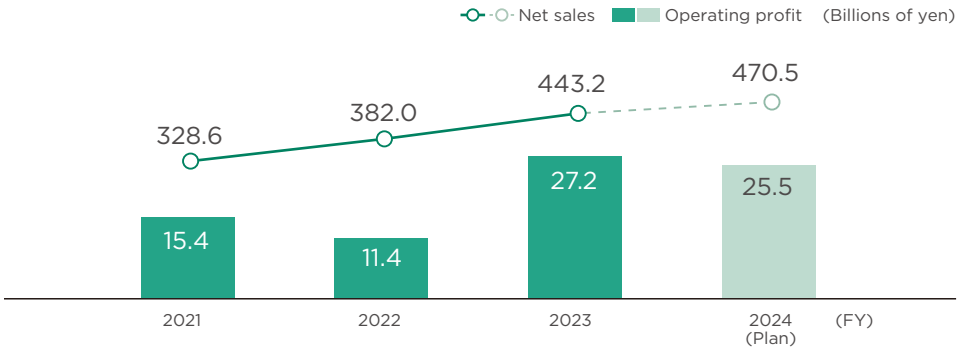


We have rolled out products globally that are tailored to local food cultures, including marine-derived products that make effective use of the Nissui Group's strong value chain and health category products. Going forward, we will continue to respond to customer's diverse needs, including the demand for new categories that explore business boundary areas and environmentally friendly products, by providing innovative food solutions that emphasize sustainability.

Koji Umeda

Director, Senior Managing Executive Officer
Chief Operating Officer (COO), Food Products Business
Operating Officer

Net Sales and Operating Profit



SWOT Analysis

Internal environment

Strengths

- Products that leverage the strengths of the Nissui Group's value chain
- The ability to develop products for a wide range of channels based on strong processing and quality assurance capabilities
- New product development capabilities that leverage research including into functionality (of EPA and fast-twitch skeletal muscle protein, etc.), aroma, and taste
- Product development capabilities that leverage the expertise of the chilled products business, which prepares products using a wide variety of techniques and ingredients
- Powerful brands that include Gorton's, a top-ranked North American brand

Weaknesses

- Procurement concerns resulting from the use of many types of marine products as raw materials
- Aging production facilities
- Insufficient production capacity

External environment

Opportunities

- Global demand for seafood driven by health consciousness
- Growing demand for convenience and single-serving meals
- Increased production efficiency resulting from advances in AI and the IoT
- Increasing demand for environmentally responsible, sustainable products

Risks

- Changes in the marine resource procurement environment due to climate change
- Foreign exchange risk
- Country risk in relation to raw materials procurement and sales
- Labor shortages
- Intensifying competition among manufacturers due to the declining population in Japan

FY2023 in Review

In FY2023, the Food Products Business increased sales and profit by improving profitability through price revisions addressing rising raw material costs and by enhancing productivity.

In addition to accelerating international growth, which is a growth driver for realizing our long-term vision, the Food Products Business successfully addressed the long-standing challenge of increasing the profitability of its business in Japan.

Outside Japan, we expanded our sales area for chilled fried white-meat fish in Europe, and we successfully increased and grew categories in North America. In the chilled products business in Japan, freedom of movement after the pandemic, increased inbound tourism demand, and the addition of a new consolidated subsidiary supported robust growth.

Market Trends for the Next Mid-Term Business Plan

Demand for healthy foods and the need for single-serving meals and convenience are increasing worldwide.

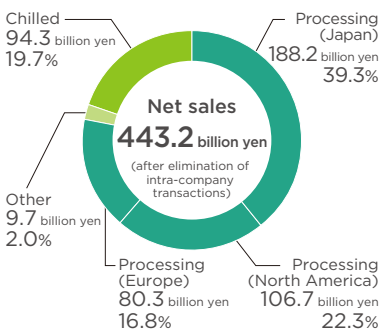
Internationally, we will leverage the strong brand power of Gorton's, a top-ranked North American brand, to expand sales of healthy foods such as Air Fried, which contains 50% less fat than conventionally prepared products. Furthermore, in Europe, we will expand the sales area for chilled fried white-meat fish and enhance our competitiveness in the European chilled market by strengthening our presence in the tapas category. In addition, we will meet increasing demand by investing a total of 17 billion yen in plant construction and expansion to increase production capacity.

In Japan, we will address diversifying market needs and grow our top line by deploying product development capabilities that leverage research including into functionality (of EPA and fast-twitch skeletal muscle protein, etc.), aroma, and taste. In addition, we will expand sales of products that meet needs for single-serving meals and convenience by creating new categories such as the Q-dish series of frozen/chilled deli foods and frozen bento (boxed lunch) products using our expertise in chilled and frozen food processing.

Businesses

Processed foods	Household use / Outside Japan	Production and sales with an emphasis on frozen and refrigerated fried marine foods
	Household use / Japan	Production and sale of frozen foods including rice, bento (boxed lunch) products, and noodles; surimi-based products such as fish cakes and crab-flavored surimi; and shelf-stable products such as canned goods
	Food service / Outside Japan	Production and sale of frozen and refrigerated fried marine products
	Food service / Japan	Production and sales with an emphasis on frozen foods for restaurants and other commercial customers
Chilled		As a convenience store vendor business, we produce products including deli foods and rice balls for convenience stores in Japan.

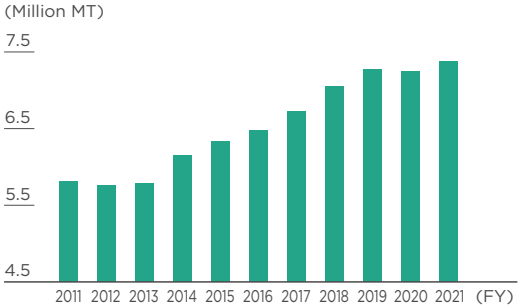
Breakdown of Net Sales (FY2023)



Global Processed Marine Product Manufacturing Volume and Nissui Group's International Food Product Net Sales

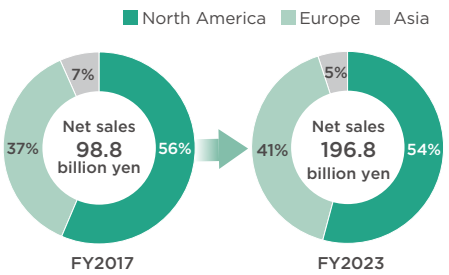
The Nissui Group is expanding net sales in North America and Europe in line with growth in global manufacturing of processed marine products.

Global Processed Marine Product Manufacturing Volume
(Including Canned and Preserved Products)



Source: Compiled by Nissui based on statistics published by the Food and Agriculture Organization of the United Nations (FAO) Fisheries and Aquaculture Division

Nissui Group's International Food Product Net Sales



Measures to Improve ROIC

Improvement of ROIC =

Operating profit after tax

Processing products (Japan) and chilled products

Expanding our range of health category products

We are developing products that emphasize the benefits of fast-twitch skeletal muscle protein from Alaska pollock. In addition, we are increasing operating profit margins by growing sales of high-value-added products that differentiate Nissui from other companies, using materials such as EPA, whose beneficial effects are supported by evidence based on functionality research.

Integrating the chilled products business and frozen foods

Through the effective utilization of our expertise in the chilled products business and frozen foods processing, we are creating new product categories, including the Q-dish series of frozen/chilled deli foods, and frozen bento (boxed lunch) products.

Implementing revenue and expenditure management on an item-by-item basis

Improve operating profit by reviewing criteria for discontinuing items and categories that are not generating a reasonable profit.

International processing

Category expansion in North America

We intend to expand sales of new health-oriented products as well as products for the Asian foods market.

Expansion of sales area with France as a base

We are expanding sales channels with an emphasis on chilled foods while expanding our sales area to countries near to France.

Invested capital

Inventory management

We are enhancing the accuracy of our sales forecasts and strengthening inventory management as part of our initiatives to speed up the cash conversion cycle (CCC), while also increasing plant capacity utilization rates and productivity.

Consider production plant restructuring

Processing: Address aging food production facilities in Japan
Chilled: Optimize production and delivery efficiency

Investment to increase production capacity

We are currently expanding production capacity to meet increasing demand in Europe and the U.S., with operation scheduled to begin in FY2025.

▶ Page 40

HIGHLIGHT

Addressing Diverse Needs by Creating Health Foods and New Categories

North America

In addition to expanding product categories such as shrimp products for household use and white-meat fish products for food service, we are also aiming to increase sales of our new health-oriented product Air Fried and products for the Asian foods market.



Fried white-meat fish and fried shrimp products for household use



Products for the Asian foods market

Europe

Nissui will make use of typical European retail space layouts for refrigerated fried white-meat fish to strengthen its business in new areas by offering products in tapas sections that are adjacent to fresh fish sections.



Japan

We will increase sales of differentiated, high-value-added products, including products containing fast-twitch skeletal muscle protein and through the use of low-sodium technologies.



Business Strategy

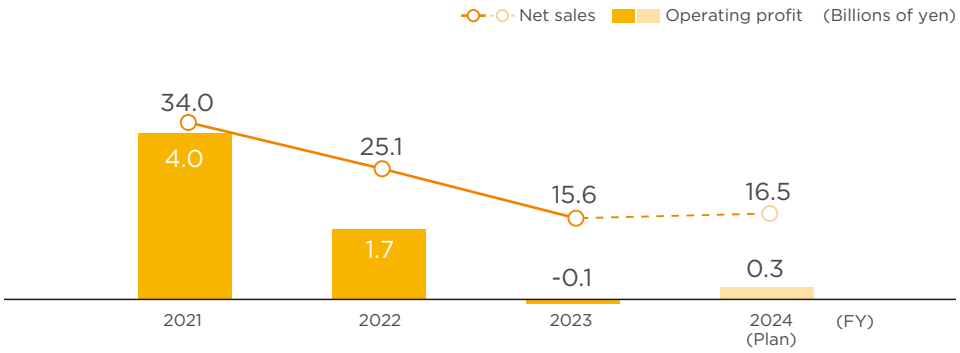
Fine Chemicals Business



Using our advanced purification technology for the production of high-purity EPA (purity of 96.5% or more) for pharmaceutical use, we are addressing health issues relating to cardiovascular diseases, which are expected to become even more prevalent in the future. By growing our business in the EPA market, where demand is forecast to be high worldwide, we will continue to work toward achieving our mission.

Shinya Yamashita
Director, Managing Executive Officer
Fine Chemicals Business Operating Officer

Net Sales and Operating Profit



SWOT Analysis

Internal environment

Strengths

- A strong ability to procure raw materials for sardine oil, including in South America, effectively utilizing our global marine resources network
- EPA and DHA purification technology and production capability able to support a wide range of product specifications, from pharmaceuticals to infant formula
- World-class storage facilities for fish oil
- A track record of supplying pharmaceutical raw materials for over 30 years

Weaknesses

- Procurement concerns due to reliance on raw materials derived from wild-caught marine products
- Delays in R&D to develop products that can follow EPA pharmaceutical raw materials as core future businesses

External environment

Opportunities

- Increasing incidence of cardiovascular disease
- Demand relating to preventative healthcare (including supplements and functional foods) due to growing health consciousness

Risks

- Increasingly demanding customer specifications due to more stringent regulations in respective countries
- Emergence of new raw material sources due to advances in biotechnology
- Extreme exchange rate fluctuations
- Labor shortages

FY2023 in Review

In FY2023, the Fine Chemicals Business had to contend with sluggish international shipments of pharmaceutical raw materials and slower sales in the mail order and retail businesses as the demand related to the COVID-19 pandemic lockdown subsided. However, in FY2024 the EMA approved our application to sell EPA as a pharmaceutical raw material in Europe, which is one of our initiatives targeting future growth. Our upgraded sales organizations in both the U.S. and Europe will help us grow sales in the future.

Market Trends for the Next Mid-Term Business Plan

Nissui expects demand for functional lipids (EPA and DHA) to remain strong due to the rise in health consciousness worldwide. We will strengthen sales of pharmaceutical raw materials in Japan and in international markets by taking advantage of the cost competitiveness we achieve by integrating functions from procurement of fish oil raw materials to production and sales. We will also transform our business structure for marketing raw materials for health foods by leveraging our strengths in refining and deodorization technologies, and by increasing the share in sales of processed products that are easier to add to food, rather than selling feedstock oils for industry-use.

Businesses

	BtoB	BtoC
Pharmaceutical raw materials	We sell active pharmaceutical ingredients that we have refined and concentrated to an EPA purity of 96.5% or more to pharmaceutical manufacturers in Japan and internationally.	Functional foods: **Mail order** We deploy the fish oil refining technology of our Fine Chemicals Business and the quality assurance expertise in our Food Products Business to make food products that contain refined fish oil, which we sell by mail order.  Food for specified health uses (FOSHU)  Foods with functional claims  Supplements
Functional raw materials	**Raw materials for health foods** We sell purified and concentrated EPA and DHA fish oil in accordance with customer needs as raw materials for health foods such as supplements. **Ingredients for infant formula** We sell DHA fish oil refined in accordance with customer needs as a raw material for infant formula.	**Retail** Nissui sells its products through channels including mass retailers and drugstores.  EPA and DHA gummies

Measures to Improve ROIC

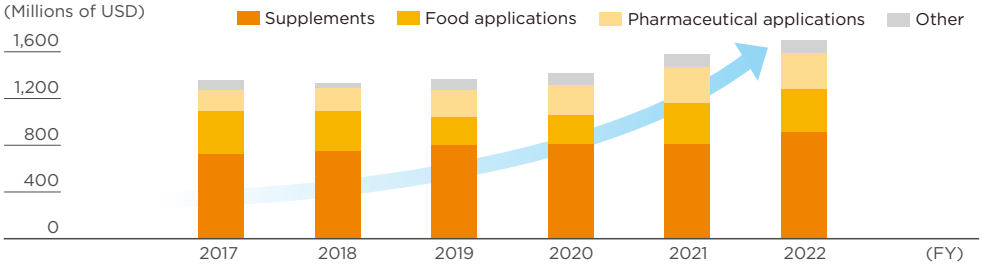
Improvement of ROIC =

	Pharmaceutical raw materials	Functional raw materials	Functional foods
Operating profit after tax	**Feedstock oil diversification** We will reduce costs by using more sardine oil from Japan to complement oil from South America.		**Increasing the number of products that use storage stability technologies** We will complement our advanced purification technology by using storage stability technologies to expand our product lineup through means including deodorization, emulsification, and the prevention of oxidation.
Invested capital	**Optimizing inventory with accelerated sales** We will optimize inventory of raw materials and finished products by accelerating sales.	**Improving product mix** We will evolve our product mix from conventional bulk sales of oil and fat to selling processed food products (such as gummies sold in bulk) to which we can easily add our oils.	**Improving the cash conversion cycle (CCC) through inventory management** We will improve CCC at our production plants in Japan by optimizing inventory of raw materials and products.

Market Environment

The global market for omega-3 fatty acid* raw materials is expanding due to growing demand resulting from heightened health consciousness.

Global Market Size of Omega-3 Fatty Acid Raw Materials by Application

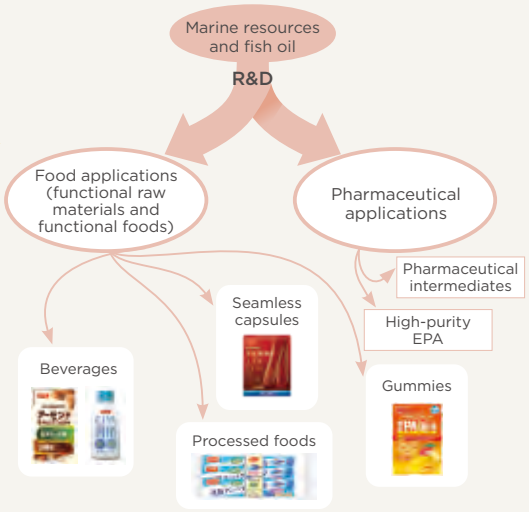


* Source: Compiled by Nissui based on *Omega-3 Ingredient Market Report 2023*, Global Organization for EPA & DHA (GOED)

HIGHLIGHT

EPA Food Additive Technologies

The Nissui Group has developed advanced purification technology that facilitates the use of fish oil in pharmaceuticals, as well as storage stability technologies for deodorization, emulsification, and the prevention of oxidation. Our technologies have removed barriers to adding fish oil to food, and have facilitated the production of functional foods such as beverages and gummies that make it easy for consumers to add EPA to their diet.



Barriers to Adding Fish Oil to Food

(1) Easily oxidized
The omega-3 fatty acids contained in fish oil oxidize easily. As oxidation progresses, the fish oil deteriorates and loses its flavor and quality.

(2) Flavor and odor
Fish oil has a distinctive fishy odor that affects taste.

(3) Stability
Fish oil deteriorates easily during cooking and storage, and maintaining its quality during food processing is challenging.

The market for preventing lifestyle-related diseases and frailty among the elderly is also expanding. We intend to expand sales of highly functional products that leverage our strengths in EPA and DHA fish oil purification technology.

Investor Engagement



A Conversation between an Institutional Investor and the President

Enhancing Corporate Value by Telling the Nissui Group's Value Creation Story: Connecting Strengths and Social, Human Capital, and Environmental Value to Financial Value

Shingo Hamada
Representative Director
President & CEO

Akihiro Shimoda
Senior Stewardship Officer
Stewardship operations team
Stewardship Development Department
Sumitomo Mitsui Trust Asset Management Co., Ltd.

Evolving into a Company That Can Demonstrate Strength in the Medium to Long Term

Hamada In FY2024, the Nissui Group published its integrated report for the third consecutive year. I know you read our report every year, and would like to hear your views on it.

Shimoda The first time I read Nissui's integrated report, it brought back memories of your first financial results briefing over 20 years ago. I recall being impressed that, even for the first time, the Company was well-prepared and gave a high-quality financial results briefing. Likewise, the Company's attitude of not cutting corners and of achieving high quality was also apparent in the integrated report.

Hamada We are committed to quality and execution in everything we do, so I appreciate that assessment. By the way, which sections of an integrated report do you look at most closely?

Shimoda When reading an integrated report, I first check what the president's message says about enhancing corporate value. Is performance trending upward over the medium to long term? Is there effective analysis of the factors and issues when efforts to achieve improved performance are successful/unsuccessful? Investors find reassurance when the content shows an accurate grasp of the current situation and anticipates future developments. At the same time, I also pay close attention to any messages from outside directors. I want to know what they perceive as the issues facing the company. I am reassured if the outside directors highlight specific aspects of governance that have improved; conversely, if such insights are missing, I feel their messages lack meaningful substance for the reader.

Moving to the main point, how about we look back on the results for FY2023? One thing that caught my eye in the financial results briefing materials is that the profit level is rising, with the Marine Products Business and the Food Products Business complementing each other, and the Company is achieving high-quality profit growth. The effects of the shift in business portfolio and stronger management are beginning to appear, and my impression is that this is leading to reduced volatility.

Hamada We have just finished the second year of our Mid-Term Business Plan "Good Foods Recipe1" (FY2022–FY2024), and our progress has already been better than we anticipated before the plan launched, and we expect to achieve all its targets. We do tend to be perceived as a company whose performance has high volatility, but as you said, we have been able to reduce volatility through the complementary relationship between operating profit in the Marine Products Business and Food Products Business. When the marine products market is in a downturn, lower selling prices push down profits for the Marine Products Business; conversely, in the Food Products Business, about 60% of our products use marine product raw materials, so the lower cost of raw materials is a factor that boosts profit.

Aside from having a complementary relationship between the Marine Products Business and Food Products Business, we are also continuing efforts to increase the profitability of each business. For example, in the Marine Products Business, we are strengthening purchasing and

inventory management, increasing added value through food processing, and differentiating ourselves from competitors in the aquaculture business. In the Food Products Business, we are undertaking product development to meet various needs, including health-focused products such as fast-twitch skeletal muscle protein from Alaska pollock that addresses customer health needs. Moreover, if we are able to unlock the true potential of the Fine Chemicals Business, we will have established a more stable foundation for management.

Shimoda You have said that one of your growth strategies is accelerating global operations, and you are actively pursuing M&As. However, Nissui has also experienced setbacks with overseas investments in the past. I am interested in how such successes/failures are assessed and analyzed. Explaining this process properly would help to win the trust of investors and their support for M&As aimed at business growth.

Hamada For any company to grow, it is crucial to not only reduce risk, but also to find opportunities and practice an appropriate risk appetite, so strengthening risk management and the governance system is crucial. The Group is aiming for global business expansion. As such, given the increasing variety and complexity of impacts from external changes and the risks we need to be prepared for, we have reorganized our risk management systems.

As you mentioned, we have experienced some regrettable setbacks with overseas investments in the past; however, it is also true that the core of our current international business originated from those investments. We gained a deeper understanding of the importance of risk assessment and analysis, along with a renewed awareness that our strengths are in the value chain. Today, when we consider a potential M&A, we make the decision only after fully discussing the opportunities and risks we should take on, from the various perspectives of all the Directors, including Outside Directors, as well as the Executive Officers, in some cases referring to the opinions of outside experts as well. Each year there are also opportunities to check and discuss the progress of the investments we have made. Going forward, we will practice appropriate decision-making and make the investments necessary for growth in order to make our value chain even more robust.

Shimoda In the Q&A session of financial results briefings, my impression was that responses focused too heavily on explaining short-term initiatives, and the Company was not effectively showcasing its medium- to long-term strategies. I think talking more about medium- to long-term initiatives in your own words as President would resonate with investors and have a positive effect on stock price. Could you go over again what the Company's long-term growth drivers are?

Hamada We have positioned our growth drivers for realizing the long-term vision as the international business, aquaculture business, and the supply of pharmaceutical raw materials for the international market in the Fine Chemicals Business. I believe the operating profit target of 32 billion yen in FY2024 (the last year of the current Mid-Term Business Plan) is reachable, and we will then aim for 50 billion yen in FY2030.

Shimoda Nissui was once a company that struggled to consistently generate operating profit of 30 billion yen, but as its business has expanded and gained ground, consistency has improved. However, judging from the stock price, this improvement has yet to be fully recognized. I encourage you to use the integrated report to more effectively communicate your medium- to long-term strategies, which should help align the stock price with its true valuation—especially given that the integrated report is the best resource for investors looking at a company for the first time.

Hamada I agree. The way something is conveyed can make all the difference in whether your strengths are recognized and subsequently factored into valuation.

Shimoda Indeed. For example, Nissui's competitive advantages are in its unique value chain and R&D, which enable it to maximize the value of marine resources. These strengths will contribute to achieving the FY2030 operating profit target of 50 billion yen, but have the drawback of being difficult to understand from the viewpoint of investors. Can you explain these for readers now?

Hamada "Global Links & Local Links" is one of our strengths. It comprises a value chain that provides access to marine resources in Japan and around the world. We add value to these resources based on the results of our R&D (i.e., our research, development, production technology, and quality assurance capabilities), and then process and market them. We have Group companies around the world and by connecting and combining their various functions we can maximize the value that marine resources have to offer. In FY2030, we aim to have expanded our international net sales ratio to 50% and made our value chain even more robust to respond to needs in overseas markets, where growth is ongoing.

To give a specific example, UniSea, Inc. is a white-meat fish processor in the U.S. and an important source of access to resources in the Marine Products Business. It supplies high-quality white-meat fish raw ingredients to North America, Europe, and Asia. UniSea supplies Alaska pollock fillets to Gorton's, Inc. in North America and to Thai Delmar Co., Ltd. in Asia, and the fried white-meat fish processed by those two companies is sold to a major global hamburger chain. We have these kinds of vertically integrated value chains (i.e., Global Links & Local Links), which capitalize on our strengths in the functions of procurement, processing and sales, and leverage synergies in tandem with Group companies.

Elsewhere, our R&D departments are contributing strongly to improvement in the quality of white-meat fish raw materials and to the development of new usage applications such as fast-twitch skeletal muscle protein. In addition, in R&D for the aquaculture business, we strive to maintain our advantage over competitors with initiatives that include developing artificial seed stock and feed, securing a quality advantage through breeding, and establishing a proprietary health management system for farmed fish. We will continue to refine our supply chain and R&D.

Shimoda Global Links & Local Links is one of Nissui's unique characteristics that sets it apart from competitors. Having been an analyst for many years, I have a good understanding of how value chains operate, but investors tend to take a granular view. I believe it is a company's obligation to explain the big-picture connections in a way that is easy to understand.

Hamada We want to be able to tell investors not only about specific examples and individual business income and expenditures, but also how we are creating added value in the value chain as a whole.

Investor Engagement

Improving PER as an Issue for Enhancing Corporate Value

Shimoda I see that starting in FY2022, Nissui has introduced portfolio management using ROIC and cost of capital.

Hamada One example resulting from that was the divestment of Nissui Pharmaceutical Co., Ltd. (now Shimadzu Diagnostics Corporation) in November 2022. The reason for the divestment was that our Fine Chemicals Business planned to develop its business by specializing in functional lipids such as EPA and DHA, but this differed from the direction in which Nissui Pharmaceutical wanted to take its business, so synergy would be limited. This led to the conclusion that we were no longer the best owner for that company. In FY2024, we will categorize cost of capital by business segment and by area to better reflect the characteristics of each business in our analyses and assessments, and will evaluate our businesses using a four-quadrant analysis based on the two axes of net sales growth rate and ROIC spread.

Shimoda Investors are also interested in what perspectives and indicators will be used in business portfolio management, and the form and content of information disclosed for each business.

Hamada As for ROIC and WACC, the disclosure of which has been requested by investors at small meetings, before considering sharing this information, further work is needed for us to establish a sufficient grasp of our current status.

Shimoda In business-specific WACC, sharing with investors what metrics you are using to manage it is more important than the actual figures.



Hamada That is true. Recently, my thoughts are that evaluation based on the ROIC spread of individual businesses alone is not enough. We therefore evaluate our business portfolio using three indicators: measurement of affinity with the Nissui Group's mission, ROIC spread, and market growth potential. With this approach, we will not simply withdraw from a business just because ROIC is low, but will first consider whether we can increase profitability while retaining the business's special characteristics, also taking into account affinity with our mission and future potential. However, the challenge with businesses that have a small ROIC spread is that they are difficult to combine, and synergy is not easily generated. In formulating the long-term vision, we will also consider business withdrawals and divestments based on affinity with our newly defined mission.

Shimoda ROIC management will not become ingrained in the Company's operations unless employees factor it into decision-making within their own departments. Incidentally, which businesses have high affinity with your mission?

Hamada As I said before, besides the Marine Products Business, about 60% of products in the Food Products Business use marine product raw materials, so this area has a high degree of affinity with both the overall mission, which sets out to "create a healthier, more sustainable future through innovative food solutions," and specifically one of the thoughts behind the mission—"pioneering spirit natured, developed and honed by the ocean."

Shimoda From what you have said so far, I feel that improving PER is a greater issue for Nissui than portfolio management. What do you think will be the challenges ahead in enhancing corporate value?

Hamada Our PER is low compared with other companies in the food industry, and the fact that our stability and growth potential is relatively unrecognized by the capital markets is something I take very seriously. To enhance corporate value, we will continue working to reduce volatility, further strengthen the profitability of each business, and present a growth strategy that is compelling to investors. We are currently considering various aspects, including financial policy, as we look toward the next Mid-Term Business Plan that starts in FY2025.

Shimoda There are a number of food companies that have similar business characteristics, in that their businesses are affected by market fluctuations, but which have a higher PER. It would be beneficial for Nissui to hold discussions of the factors contributing to this difference in PER evaluation, as addressing these factors should lay the foundation for attaining a higher stock market valuation.

Telling a Story That Connects Social, Human Capital, and Environmental Value to Financial Value

Shimoda What are your thoughts on the non-financial capital that will support growth over the medium to long term? Also, in FY2023 the Company updated its material issues. Was any part related to reorganizing risk management systems?

Hamada We reviewed our material issues because the previous set of material issues was defined in FY2016. We saw the need to align them with our new mission and respond strategically to changes in the external environment. As for their relevance to risk management, in the process of identifying material issues, we extracted and analyzed the risks and opportunities associated with societal issues, and identified those with the potential to have a significant impact on our medium- to long-term priority issues and business strategies. Currently, we are transitioning to a system for the centralized management of responses to those priority risks from a Group perspective. By identifying which risks we should focus on first and incorporating them into management strategies, we will be able to precisely manage future growth risks and opportunities. Of the 10 material issues we identified, three involve human capital (developing human capital and empowering diverse personnel; securing a stable workforce and improving productivity; and embracing our mission and establishing our brand). I believe that human capital is vitally important for management, and we will take the time to work on improving diversity, including promoting women's empowerment, and employee engagement. If we cultivate a diverse team capable of thinking and acting on their own initiative, it will be a powerful advantage for us. Dynamic discussions among diverse people provide fertile ground for innovation, where we hope entrepreneurship will thrive.

Shimoda I also emphasize human capital management. It is important to link human capital strategy and management strategy. For example, I often see companies disclose that they changed their personnel systems, but most of them do not talk about the purpose of the changes, exactly what was changed, and how well the changes are going. It would be better to explain that as part of a cohesive narrative.

Hamada Our various measures each have a purpose, and we are gradually enhancing our disclosure. However, if asked whether we can explain them as a story, I feel our efforts are still insufficient.

Shimoda I will give the example of a company where, although their performance had declined, the stock price did not drop that much. The CFO said that this was the result of clearly explaining their human capital initiatives and medium- to long-term strategies. There was also another company, where they saw the correlation between higher employee engagement and rising profitability in their business, so they added that as a KPI for executive compensation to increase management's commitment to raising engagement. It would be easier to understand if you could identify the non-financial initiatives that link to future financial performance, and tell the story of how the Company will commit to those initiatives.



Hamada We have included raising employee engagement among our executive compensation KPIs, but I agree with you that the explanation of our rationale for doing so has been weak.

Shimoda It seems that setting material issue KPIs is being discussed in parallel with consideration of the next Mid-Term Business Plan, but not all the KPIs are directly connected to financial value. Which ones will lead to financial value, and how? If you choose those with a particularly strong connection as executive compensation KPIs, I think the relationship with corporate value will be clear to investors. Finally, in light of our conversation today, what do you think is necessary for the Company to enhance its corporate value and grow?

Hamada I think the key is human capital. We have excellent talent who possess deep-seated resilience. On the other hand, we cannot expect the Company to grow unless we increase the number of employees who are keen to take on new challenges. Human capital, environmental, social, and financial value are all interconnected—when our people generate environmental value and social value, that achievement is valued by consumers and financial value increases, which in turn will help us to attract talent. Through the creation of environmental value and social value that responds to various societal issues, employee engagement goes up, thereby increasing the value of human capital, and the success of that human capital leads to the generation of new ideas and ultimately financial value. In this way, I believe that value in human capital, environmental value, and social value interacting with each other will lead to greater financial value and corporate value. I hope to be able to present this as a story to investors at the next opportunity.

Shimoda I look forward to seeing greater things from the Nissui Group.

Company Officers



Directors

1 Shingo Hamada
Representative Director, President
Chief Executive Officer (CEO)
Member of Nomination and Compensation Committees

2 Shinya Yamamoto
Director, Senior Managing Executive Officer
Chief Financial Officer (CFO), In charge of Corporate Administration Group

3 Koji Umeda
Director, Senior Managing Executive Officer
Chief Operating Officer (COO), Food Products Business Operating Officer, In charge of Convenience Store Sales Department, Marketing Planning Department, and Strategic Products Development Department

4 Shinya Yamashita
Director, Managing Executive Officer
Fine Chemicals Business Operating Officer, In charge of R&D Group

5 Masahide Asai
Director, Executive Officer
International Business Operating Officer and Business Supervisor in South America, In charge of International Business Development Department and Strategic Products Development Department, President of Nissui America Latina S.A. (N.A.L.)

6 Teru Tanaka
Director, Executive Officer
Marine Products Business Operating Officer

7 Tokio Matsuo
Outside Director
Chair of Nomination and Compensation Committees

8 Atsumi Eguchi
Outside Director
Member of Nomination and Compensation Committees

9 Daisaku Abe
Outside Director
Member of Nomination and Compensation Committees

10 Keiko Tanaka
Outside Director
Member of Nomination and Compensation Committees

Audit & Supervisory Board Members

11 Hiroyuki Hamano
Standing Audit & Supervisory Board Member

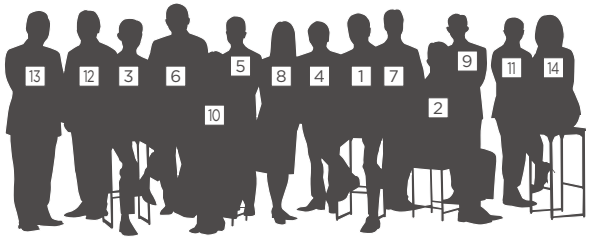
12 Masahiro Yamamoto
Outside Audit & Supervisory Board Member

13 Tadashi Kanki
Outside Audit & Supervisory Board Member

14 Makiko Terahara
Outside Audit & Supervisory Board Member

Executive Officers

Tsuyoshi Koriyama
Takumi Mitani
Hirofumi Nakano
Terutaka Kuraishi
Takashi Koga
Hiroshi Inoue
Yoichiro Hiroi
Kiyonori Nakai
Mikio Susaki
Mitsuru Taniuchi



(As of June 26, 2024)

Corporate Governance

Roles of the Directors and Audit & Supervisory Board Members

Name	Position and responsibilities	Number of years on the Board	Expected areas of expertise									
			Corporate management	Finance and accounting	Marketing and sales	Production and technology	R&D	International perspective	Corporate governance	Risk management	Legal affairs and compliance	Sustainability
Shingo Hamada	Representative Director, President Chief Executive Officer (CEO) Member of Nomination and Compensation Committees	7	○			○	○	○	○	○	○	○
Shinya Yamamoto	Director, Senior Managing Executive Officer Chief Financial Officer (CFO)	9		○				○	○	○		○
Koji Umeda	Director, Senior Managing Executive Officer Chief Operating Officer (COO)	4			○	○			○	○		○
Shinya Yamashita	Director, Managing Executive Officer	3					○	○				○
Masahide Asai	Director, Executive Officer	2	○		○			○	○	○		
Teru Tanaka	Director, Executive Officer	0	○		○	○		○				
Tokio Matsuo	Outside Director Chair of Nomination and Compensation Committees	3	○			○			○	○	○	○
Atsumi Eguchi	Outside Director Member of Nomination and Compensation Committees	1					○			○	○	○
Daisaku Abe	Outside Director Member of Nomination and Compensation Committees	0	○	○					○	○	○	○
Keiko Tanaka	Outside Director Member of Nomination and Compensation Committees	0						○	○	○	○	○
Hiroyuki Hamano	Standing Audit & Supervisory Board Member	5		○				○	○	○	○	
Masahiro Yamamoto	Outside Audit & Supervisory Board Member	3		○					○	○	○	
Tadashi Kanki	Outside Audit & Supervisory Board Member	3							○	○	○	
Makiko Terahara	Outside Audit & Supervisory Board Member	0						○	○	○	○	○

Note: The above table is not an exhaustive list of each individual's knowledge, experience, and other qualifying attributes.

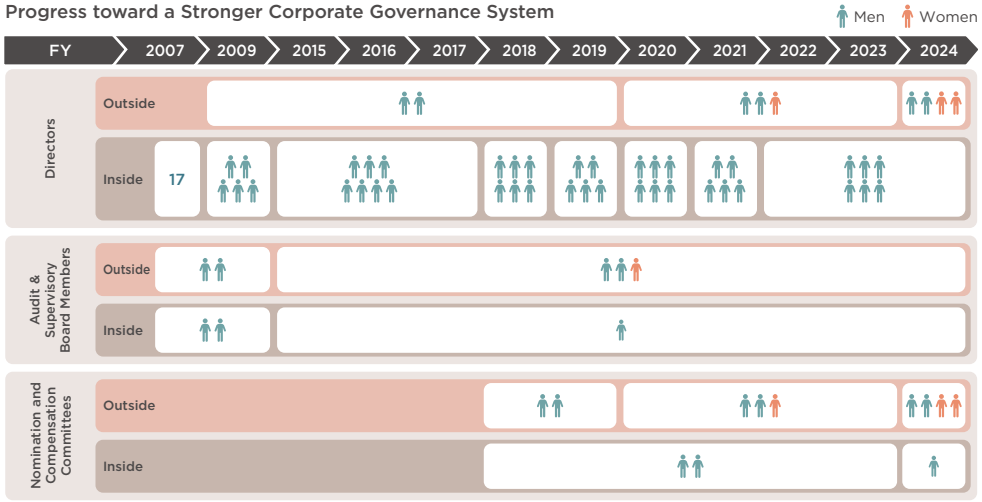
Please refer to the Notice of the Ordinary General Shareholders' Meeting for career summary and reasons for appointment.
▸ https://contents.xj-storage.jp/xcontents/AS06310/62142f80/5a1d/4f38/9530/092b119b4225/140120240613528458.pdf

Corporate Governance

Basic Approach to Corporate Governance

To improve the profitability and the capital efficiency of Nissui and its Group companies, as well as to promote social responsibility initiatives toward the achievement of sustainable growth and the medium- to long-term enhancement of corporate value, the Board of Directors will set the major direction for corporate strategies and other matters and will place greater emphasis on supervising functions while retaining important decision-making functions. Decision-making functions are entrusted to the Executive Officers (and Executive Committee) headed by the President to speed up the decision-making process and to further separate supervision and execution. Furthermore, in addition to the above management supervision by the Board of Directors, Nissui has adopted the governance structure of a company with an audit and supervisory board, based on its belief in the effectiveness of an audit system over management. The Audit & Supervisory Board comprises four Audit & Supervisory Board Members, including Outside Audit & Supervisory Board Members who are independent of management.

Progress toward a Stronger Corporate Governance System



Board of Directors

The role of the Board of Directors is to set the overall direction of the Company, including its mission, vision and medium- to long-term management strategies, etc., and to carry out important decision-making on business operations and provide appropriate supervision with the aim of facilitating sustainable growth and a medium- to long-term increase in corporate value while addressing societal issues. In order to fulfill the abovementioned roles, the Board of Directors must be composed of members with knowledge and experience of the Company's principal businesses, as well as flexibility and creativity to promote synergy between businesses, in addition to expertise and experience in areas such as "corporate management," "finance and accounting" and "corporate governance." At least one-third of the Directors are Independent Outside Directors as it is important to incorporate diverse perspectives, including through gender diversity, in its structure.

Summary of Principal Deliberations in FY2023	• Decisions about important matters based on Board of Directors regulations • Reporting on execution of duties • Medium- to long-term management themes (R&D, intellectual property strategy, new business development, and CO_2 emissions reduction plan)

Nomination and Compensation Committees

The Nomination Committee and the Compensation Committee are voluntarily adopted committees that serve as advisory bodies to the Board of Directors. Each committee consists of four Independent Outside Directors and one Representative Director, and is chaired by an Outside Director. The Nomination Committee deliberates on issues such as the selection and dismissal of candidates for officers, including the President, and succession planning, after which recommendations are made to the Board of Directors. The Compensation Committee annually examines the system and levels, etc., of compensation in comparison with industry peers of similar scale. In calculating individual compensation, the Compensation Committee determines the basic amount of compensation based on corporate performance and business performance targets including those related to sustainability, and evaluates individual performance to make recommendations to the Board of Directors. The final amount to be paid to each Director, etc., is determined by the Compensation Committee under the authority delegated to it by the Board of Directors.

Summary of Principal Deliberations in FY2023	**Nomination Committee** • Skills matrix for the Board of Directors • Succession plan • Nomination and compensation system for Group companies • Composition of the Board of Directors (including number of Directors and skills required in the future) • Board of Directors structure after the 2024 General Shareholders' Meeting	**Compensation Committee** • Revision of the executive compensation system • Individual evaluation for performance-linked compensation and stock-based compensation for FY2022 • Individual performance-linked compensation paid in June and December 2023 • Additional purchases of trust compensation (Board Benefit Trust)

Executive Committee

The Company has adopted an executive officer system in order to increase the flexibility and efficiency of its business operations. The Executive Committee consists of Executive Officers (appointed by the Board of Directors) and holds meetings at least once a month, in principle, to make timely and appropriate decisions and share information regarding major matters relating to business execution on the basis of sufficient and multifaceted deliberations. The committee works to promote the sustainable growth and enhancement of corporate value of Nissui and its Group companies.

Summary of Principal Deliberations in FY2023	• Human capital strategies based on business and division strategies • Business portfolio issues • New business development • CO_2 emissions reduction plan

Audit & Supervisory Board

The Company appoints Audit & Supervisory Board Members who have the expertise required for auditing in areas such as financing and accounting as well as extensive knowledge in a wide range of fields. The Audit & Supervisory Board consists of four Audit & Supervisory Board Members including three Outside Audit & Supervisory Board Members who are independent of management. Each Audit & Supervisory Board Member attends Board of Directors meetings, audits the execution of duties by the Directors, and attends meetings of the Executive Committee, when necessary.

Summary of Principal Deliberations in FY2023	• Audit policy and audit plan • Evaluation of the accounting auditor • Status of audit activities by the Standing Audit & Supervisory Board Member • Communication with the accounting auditor regarding key audit matters (KAMs) • Consideration of the proposal to appoint Outside Audit & Supervisory Board Members

Effectiveness Evaluation of the Board of Directors

Schedule for Effectiveness Evaluation

The Board of Directors Effectiveness Evaluation in FY2023 (the Effectiveness Evaluation) involved all officers (nine Directors and four Audit & Supervisory Board Members) and was conducted according to the following schedule.

January 2024	Implemented a survey using a four-point rating scale
February–March 2024	Collected survey results, conducted individual interviews (via the secretariat) with newly appointed Directors, and identified issues
April 2024	Discussions held separately from the Board of Directors, with an Outside Director as the facilitator

Survey Content and Results Summary

Designed to ascertain the overall state of the Board of Directors, the survey consisted of a total of 29 questions divided into the following five main categories. In addition, each main category had a section for open-ended comments where participants could add notes and observations.

(a) Composition of the Board of Directors (including scale, number of members, diversity, and ratio of Inside and Outside Directors)
(b) Operation and support framework of the Board of Directors (including annual schedule, content and volume of materials, and Chair leadership)
(c) Agenda for the Board of Directors (including number of agenda items, content of proposals, and the suitability of criteria for submission)
(d) External communications (including quality of information disclosure to stakeholders and whether content was appropriate)
(e) Training for Inside and Outside Directors

Overview of Results

Summary

Comparing the major categories, "(e) Training" received the highest average rating, while "(c) Agenda for the Board of Directors," received the lowest average rating, as it did in the previous fiscal year. The favorable rating for "(e) Training" is likely the result of the opportunity to deepen understanding of Nissui's businesses through study sessions for officers, and tours of the Company's plants and subsidiaries for outside officers. On the other hand, "(c) Agenda for the Board of Directors" has been an issue since Nissui first conducted the Effectiveness Evaluation. Among comments was the acknowledgement that improvement measures implemented every year had shown some results, nevertheless this did not translate to a favorable rating for this item. Ratings for "(a) Composition of the Board of Directors" and "(d) External communications" did not change significantly compared to the previous year, but the rating for "(d) External communications" has been increasing each year as IR activities have taken shape.

Conclusions

Under the leadership of the Chair, the exchange of opinions among both inside and outside officers on Nissui's Board of Directors has been energetic, and officers have generally evaluated the current state of the Board of Directors positively. This has been an ongoing trend since the beginning of the Effectiveness Evaluation. In addition, respondents positively evaluated Nissui for implementing measures to address issues identified in the Effectiveness Evaluation.

At the same time, improvement has not been sufficient for some matters. A Group-wide perspective and a medium- to long-term perspective for management strategy among Inside Directors have long been particular issues. Moreover, the criteria by which Inside Directors perform self-evaluations have become more rigorous, leading to a decline in evaluation scores. In addition, new issues brought up by the Effectiveness Evaluation included the timing of distribution of materials and the need for additional verification of investment projects.

Category		Evaluation items
Composition of the Board of Directors		• **Size of the Board of Directors** • Ratio of Inside and Outside Directors • **Diversity of the Board of Directors**
Operation and support framework of the Board of Directors	Operation of the Board of Directors	• Frequency of meetings and time allocation • **Quality and quantity of materials** • Variety in Board of Directors meetings • Content of explanations and reports • **Timing of distribution of materials**
	Decision-making process	• **Chair's leadership and attributes** • **Energetic discussion** • Sufficient time for deliberation • **Group-wide perspective of Directors**
	Support for the Board of Directors	• System for providing information • Communication opportunities outside of Board meetings
Agenda for the Board of Directors	Status of Board of Directors deliberations	• **Number of proposals and delegation of authority to executives** • **Management strategy with a medium- to long-term perspective** • Sustainability • **Verification of investment projects** • **Human capital strategy and succession** • **Risk management**
	Executive nomination and compensation	• **Decision-making process for nomination and compensation**
External communications		• Quality and volume of information disclosure • Internal organization
Training		• Training for inside officers • Training for outside officers

• **High rating:** Score of 3.6 or higher (maximum 4, minimum 1) • **Low rating:** Score of less than 3.0 (maximum 4, minimum 1)
Items that have decreased by 0.3 points or more from last year's rating

Issues Identified by the Secretariat

After analyzing the survey results, the secretariat identified the following issues for attention.

(a) Insufficient consideration of medium- to long-term management themes, including growth strategy, business portfolio, human capital strategy, and succession
(b) Improvement of Board meeting materials (content and timing of provision)
(c) Organization of agenda items
(d) Strengthening the supervisory function of Inside Directors (succession)
(e) Composition of the Board of Directors
(f) Creation of a system for advance verification of investment projects

Discussion Summary and Future Plans

In FY2024, an outside officer once again served as facilitator in a format of open-ended discussion separate from a Board of Directors meeting. The issues listed above were broadly divided into three categories: composition of the Board of Directors; improving materials for the Board of Directors, organizing proposals for submission, and establishing a system for advance verification of investment projects; and deepening consideration of medium- to long-term management themes and strengthening the supervisory function of Inside Directors. Deliberation addressed issues related to each category and approaches to resolving them.

Complementing the open-ended comments section of the survey, participants expressed numerous opinions and requests during the discussions, which enabled in-depth discussion of each issue. In addition, outside officers shared information about initiatives at companies outside the Group, and the management team will consider and implement improvement measures based on this information to further enhance the quality of deliberations.

Corporate Governance

Nomination and Compensation Committees

In FY2023, the Nomination and Compensation Committees discussed the composition of the Board of Directors from the perspectives of the skills matrix and diversity, and as a result one new Outside Director was added to the Board. They also initiated discussion of the succession of management talent, and in FY2024 have been systematically discussing succession up to and including the CEO in cooperation with the newly established Human Capital Development Committee.

Approach to the Appointment of Directors

Every year, the Nomination Committee discusses the ideal Board of Directors from various perspectives, including the balance of knowledge, experience and expertise, diversity, and size, and strives to ensure that the Board of Directors can perform the oversight functions necessary to realize the Company's mission and vision in the medium to long term.

Ideally, the Board of Directors should possess the following skills to ensure effectiveness:

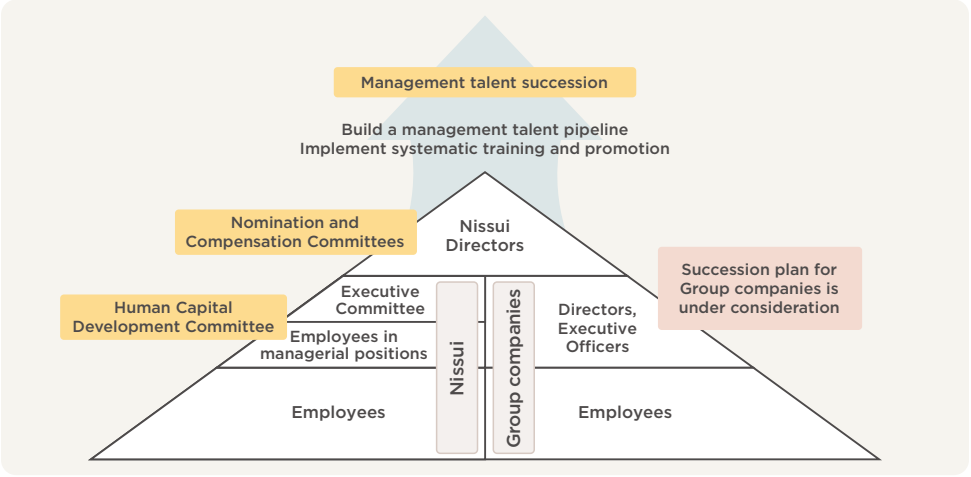
Corporate management　Finance and accounting　Marketing and sales
Production and technology　R&D　International perspective　Corporate governance
Risk management　Legal affairs and compliance　Sustainability ▶ Page 60

Representative Selection Process

1) Consider the ideal Board of Directors for the following fiscal year and beyond	The Nomination Committee deliberates from various perspectives based on the succession plan and skills matrix
2) Search for and narrow down officer candidates	The secretariat searches for officer candidates
3) Interview officer candidates	Interviews with members of the Nomination Committee
4) Discuss officer candidates	Discuss and make recommendation to the Board of Directors based on candidate profiles and interviews
5) Present the officer candidate report to the Board of Directors	The Nomination Committee reports on officer candidates, and if approved, proceeds to submission for final approval at the General Shareholders' Meeting
6) Decision by the Board of Directors	The Board incorporates the above process into decisions about officers from a medium- to long-term perspective

Succession Plan

Discussion regarding a unified approach to succession of management talent at Nissui and Group companies has been insufficient in the past, and we are now making rapid progress in addressing this issue. We will establish mechanisms to identify required management qualities from a long-term perspective, structure a framework for specific measures to secure and develop appropriate human capital, and establish a monitoring system. Conventionally, measures were limited to defining the human capital requirements for organizational managers at the level of section manager or above; creating a talent pool for eligible candidates and developing training plans; providing management experience at subsidiaries and affiliates; and dispatching candidates for external training. We established the Human Capital Development Committee in FY2024. It has initiated discussions in collaboration with the Nomination Committee regarding a unified approach to succession of management talent that includes the executives of Group companies. We will identify the qualities and actions required of management talent for each business based on a long-term vision in 10-year increments, delineate required skills and experience, structure and implement mechanisms to carry out specific measures, and conduct monitoring to secure and develop appropriate human capital, including people brought in from outside the Group.



Executive Compensation

Policy for Determining the Amounts of Executive Compensation, Etc.

A basic policy for the determination of executive compensation has been established, as per the following, in accordance with the Corporate Governance Code.

Policy for Determining Executive Compensation

The policy for determining compensation, etc., of individual Directors is determined by the voluntary Compensation Committee, which is chaired by an Independent Outside Director and consists of three Outside Directors and one Representative Director (Chair: Tokio Matsuo), with the aim of ensuring compensation commensurate with the Company's current stage. Specifically, it is determined by the Board of Directors upon deliberation of (i) the basic policy for compensation; (ii) the compensation system; (iii) compensation levels; and (iv) compensation item composition ratio; among other things, based on verification in comparison to benchmark groups. The amount of compensation paid to each individual Director shall be determined by the Compensation Committee under the authority delegated to it by the Board of Directors from the viewpoint of the objectivity and transparency of the operation of said system.

Executive Compensation, Calculation Method, and Determination Process

Compensation of Directors (excluding Outside Directors) consists of three components; namely, "basic compensation," "performance-linked compensation," and "stock-based compensation." Outside Directors and Outside Audit & Supervisory Board Members receive only basic compensation.

Until FY2022, the target ratio between basic compensation, performance-linked compensation, and stock-based compensation of Directors was roughly 65:30:5 (assuming business performance targets were achieved at 100%). However, starting from FY2023, goals were revised to better align Directors' interests with medium- to long-term improvements in business performance and corporate value. The new compensation structure is designed to have a ratio of 55:25:20 (assuming 100% achievement of consolidated ordinary profit—a KPI under the Mid-Term Business Plan—and other performance targets), and increases the proportion of variable compensation that links to business performance (i.e., performance-linked compensation and stock-based compensation) to nearly half the total. The retirement benefit system for Directors and Audit & Supervisory Board Members was abolished at the 92nd Ordinary General Shareholders' Meeting held on June 27, 2007.

1 Basic Compensation

Basic compensation consists of three elements; namely, representative consideration, supervisory consideration, and executive consideration. Executive consideration is set according to job rank.

2 Performance-Linked Compensation

Performance-linked compensation	=	Either consolidated ordinary profit or total amount of dividends (whichever is lower), multiplied by a certain percentage	×	Distribution rate by job rank	×	Evaluation for each individual (80%–120%) Evaluation items: Single-year business performance targets including sustainability

Performance-linked compensation is paid to Executive Officers based on the idea that the compensation is a distribution of added value generated from business for a single fiscal year. The amount of this compensation is calculated using either consolidated ordinary profit (an indicator for evaluating performance) or total amount of dividends (whichever is lower) in recognition of the perspective of shareholders. The lower of the two is multiplied by a certain percentage, which provides the basic amount of the compensation, which is multiplied by a job rank coefficient and the results of the evaluation for each individual. The composition ratio of compensation is set based on the assumption that Mid-Term Business Plan targets are achieved; performance-linked compensation is designed such that when consolidated ordinary profit or total amount of dividends increases or decreases, the ratio of performance-linked compensation against the total amount of compensation also increases or decreases. Evaluation for each individual was introduced in FY2021 with the aim of clarifying the degree of contribution of each Executive Officer to business performance in a single fiscal year. Business performance targets including those related to sustainability were selected as items used in the evaluation for each individual, with the evaluation assessed within a range between 80% and 120%. The basic amount of performance-linked compensation, the distribution rate by job rank, and evaluation for each individual shall be determined by the Board of Directors after deliberation by the Compensation Committee.

3 Stock-Based Compensation

Stock-based compensation	=	Base point by job rank for the period of the Mid-Term Business Plan	×	Corporate performance evaluation		×	Evaluation for each individual (80%–120%) Evaluation items: Business performance targets including those related to sustainability outlined in the Mid-Term Business Plan
				Financial targets	70%		
				Non-financial targets	30%		

In tandem with the launch of Mid-Term Business Plan "Good Foods Recipe1" in FY2022, the Company adopted the following evaluation indicators for stock-based compensation. Specifically, in order to optimize the business portfolio and raise capital efficiency as well as returns to shareholders, the Company has selected sustainability evaluation items in addition to standard measures such as achievement of consolidated ordinary profit and other targets.

After revision (from FY2022)		
Items		Reasons for selection
Financials	Net sales	To improve growth
	Consolidated ordinary profit	To improve profitability
	ROIC	To improve capital efficiency
Sustainability	Achievement of sustainability targets for marine products	To conduct sustainable procurement
	Reduction of CO_2 emissions at Nissui Group sites	To contribute to addressing climate change and conserving the marine environment
	Improvement of employee engagement score	To enable diverse human capital to play an active role
	Sales of health category products	To solve health issues

As shown in the table above, financial and non-financial (sustainability) indicators have been set to evaluate Company performance, with an evaluation weighting of 70:30. Financial targets are evaluated based on the percentage of achievement in accordance with actual results, while non-financial (sustainability) targets are evaluated in the range of 50%–150%. On top of that, the number of shares to be awarded is then calculated by multiplying the predetermined base points for a specific job rank by the percentage of achievement of the Company's performance and reflecting the evaluation of each individual. The individual evaluation is based on the KPIs outlined in the Mid-Term Business Plan, sustainability, and other factors in the range of 80%–120%. The percentage of achievement of the Company's performance and the individual evaluation are used to calculate the number of shares to be awarded. The Compensation Committee deliberates on the percentage of achievement of corporate performance and individual evaluation, and then the Board of Directors makes the final decision.

Amount of Executive Compensation, Etc., for FY2023

Total Amount of Compensation, etc., by Category of Officers/Type of Compensation and the Number of Officers Paid

Category of officers	Total amount of compensation, etc. (Millions of yen)	Total amount by type of compensation, etc. (Millions of yen)			Number of officers paid
		Basic compensation	Performance-linked compensation	Stock-based compensation	
Directors (excluding Outside Directors)	359	216	83*	58	6 (Stock-based compensation: 6)
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	26	26	–	–	1
Outside Directors	36	36	–	–	4
Outside Audit & Supervisory Board Members	38	38	–	–	3

* The performance-linked compensation of Directors includes the amount expected to be paid in June 2024.

A Conversation between Outside Directors



Board of Director Initiatives for Supporting the Realization of Long-Term Vision “Good Foods 2030”

Tokio Matsuo
Outside Director
Chair of Nomination and Compensation Committees

Atsumi Eguchi
Outside Director
Member of Nomination and Compensation Committees

Significant Improvements in Board Effectiveness and the Establishment of a Governance Structure for Growth

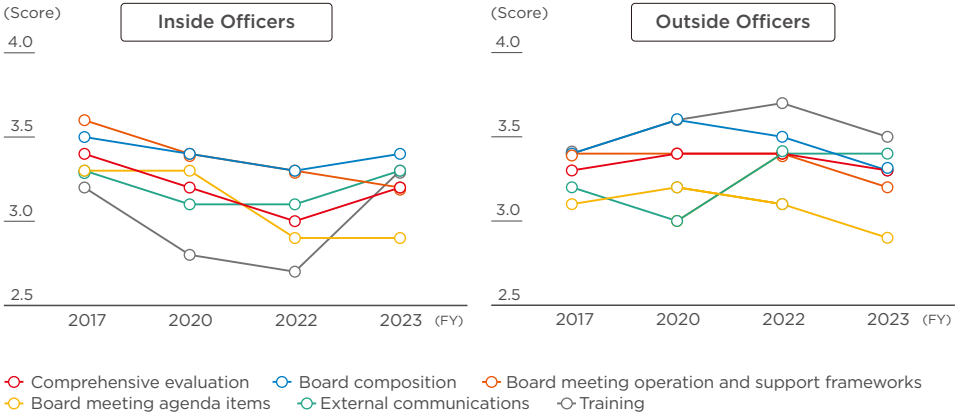
Matsuo I was appointed as an Outside Director in 2021. The most important topic of discussion at the Company lately has been how to consistently achieve performance outpacing the plan. I feel that the effectiveness of the Board of Directors as the highest decision-making body has been quite high in the last few years. While there is need to reinforce the Board’s supervisory function from a Company-wide perspective, a clear distinction has been made between what should be discussed by the executive team and what should be discussed by the Board of Directors. For example, before, we would sometimes receive more than 100 pages of Board documents, which surprised me. Now, though, the descriptions provided in explanatory content have improved, and industry and market conditions, as well as the positioning of specific projects, is better organized and easier to understand. We also have access to the minutes from discussions that took place at recent management meetings. This is one example of how the Board has improved.

Eguchi I was just appointed as an Outside Director in FY2023, so I cannot compare the situation with how it was before, but I will say that the atmosphere in Board meetings is free and open. I was impressed with the willingness of the President and other Directors to listen, and their serious and thoughtful answers to questions. However, I was initially concerned that topics on the meeting agenda were often matters such as the approval of short-term deals for a single fiscal year. While these matters are certainly important, I felt that the discussions lacked sufficient explanation of the value creation story—specifically, why a proposed deal is targeting a particular market, in terms of the potential business synergies and competitive advantages it offers, and consequently how it fits into the overall medium- to long-term strategy. Concern over this issue can also be seen in the results of the effectiveness evaluation survey.

Matsuo As you pointed out, in terms of why a proposed deal is necessary as part of the medium- to long-term strategy or the objectives of specific allocations of human capital and technology resources, explanations can sometimes be lacking. I have also felt that the objective has been unclear when considering M&As. Looking at the survey results, I was surprised to find that the Inside Directors had harsher criticisms than Outside Directors, and the message conveyed was that Inside Directors have a sense of urgency that the quality of discussion must be improved further.

Eguchi That's right. I can see that they are working earnestly on the issues identified as needing improvement in the effectiveness evaluation. Having spoken directly to various frontline employees, my sense is that they are hardworking and have a determined approach to carrying out the course of action, and feel loyalty to the Company. This is surely a pillar that will support Nissui. By boldly deciding which aspects of its business to position as drivers, and then transforming itself, I believe Nissui will be able to achieve further growth.

Board Effectiveness Evaluation (Survey of Nine Directors and Four Audit & Supervisory Board Members)



Matsuo To support that growth, the long-term vision and management policy are being effectively promoted throughout the Group. I attribute this to the President's efforts to set up meetings within and outside the Company and communicate proactively—an approach that has impressed me. I have also heard about his activities and efforts from the other Directors in this regard. Recently, the words of the President have been reaching frontline employees.

Eguchi I am also impressed by his leadership. The Company announced its mission and long-term vision "Good Foods 2030" in 2022, and in December that year changed its name from Nippon Suisan Kaisha, Ltd. to Nissui Corporation. It is currently in a transitional period that includes making a fresh start toward new growth. There are many societal issues that relate to "food," and the Company's mission to "create innovative food solutions" may seem vague but just the other day, the President was talking about how he wants to blend the food culture of Japan with the food cultures of each region around the world to create innovative food solutions, and I found it very compelling. Nissui should leverage the strengths of the Marine Products Business in each region to expand its operations while engaging in corporate branding. In the Marine Products Business, Nissui is already working to conserve the marine environment and use marine resources sustainably. I hope it will continue to be a global leader in this endeavor, and I look forward to contributing to those efforts.

Matsuo Risk management systems in which varied and complex risks are managed on a Group-wide basis are required for speeding up global growth. In the past, Nissui has measured and dealt with risks on a departmental or regional basis, but having reorganized its risk management systems, it is now able to engage in discussions that cover the whole Group.

Eguchi What's more, the addition of another Outside Director, bringing the Board to 10 members, has enhanced its diversity in terms of skills and experience and established a structure that supports an appropriate risk appetite. First, Nissui must strengthen its earning capacity and increase profit, as well as tackle the challenge of developing new businesses. Accordingly, it has a responsibility to communicate these initiatives to the satisfaction of investors.

Matsuo The dividend payout ratio target of 30% in the current Mid-Term Business Plan has already been exceeded, but further efforts are necessary to ensure the understanding of investors, which will in turn enable the Company to deploy cash to further enhance corporate value.

Linking the Business Portfolio and Human Capital Strategy to Develop Management Talent Based on Succession Planning

Matsuo From my position as chair of the Nomination and Compensation Committees, I would like to raise a point regarding succession. When nominating candidates, the Nissui Group has only just begun discussions regarding succession planning and human capital strategy, as well as how to combine those issues with business strategy.

Eguchi I will use the management talent at Nissui, which has a vertical organizational structure, as an example. People with experience in the Marine Products Business might be

well-acquainted with marine products, while people with experience in the Food Products Business tend to be knowledgeable about food products, but it is hard to imagine anyone familiar with only one particular business in one particular region as suitable management talent. At Nissui in particular, management talent needs to have a broader view and higher level perspective of what the Group as a whole should be aspiring to, not just the parent company. As part of the succession plan, they need to learn about management early in their careers, and cultivate the ability to paint the big picture.

Matsuo As we talked about in the first half of this discussion, employees at Nissui are hardworking, and tend to focus on excelling in one area at a time. Up to now, individuals who stay with a specific business and apply their strengths there have generally earned the highest evaluations and appreciation. Of course, every company needs people like that, but there are other types of talent that are also required. The Company's management is a team of different personalities, with each of them expected to contribute their respective strengths. Using a skill map to visualize the abilities of human capital in Japan and globally, and to keep a bird's-eye view, is important when gathering talent, and when developing their abilities. Under the next Mid-Term Business Plan, significant issues will include how to link the business portfolio with human capital strategy to cultivate leaders, and how to connect that to succession. It will take time, but by making the effort to find human capital globally, and not thinking just with the personnel who are geographically close to us in Japan, the Group's overall management talent pool should be strengthened.



Eguchi Future leaders should be entrusted with responsibilities and challenges to gain experience that will foster their growth. Through that process, the Company will produce managers who can demonstrate strong leadership while actively engaging those around them. A company is much like a large ship—to steer it effectively, Nissui needs to cultivate talent with the interpersonal skills to communicate their ideas clearly and rally the crew, rather than attempting to work things out on their own. Until now, personnel policies focused mainly on topics such as specific programs, systems, and qualifications rather than discussion of human capital strategy, but now is the time to switch gears. Human capital development will not succeed under the current vertical organizational structure. Nissui has high-potential human capital, and both the President and the officer in charge of human resources have a sense of urgency about this issue, so we want to support that transformation from our position as Outside Directors.

Establishing a Compensation System That Effectively Evaluates Progress toward Medium- to Long-Term Performance and Enhancing Corporate Value

Matsuo Moving on to the compensation system, the Company has been making changes such as introducing performance-linked compensation in FY2018, and incorporating sustainability evaluation into performance evaluations in FY2021 to strengthen evaluation from a medium- to long-term perspective. The variable portion of compensation has increased progressively, and the proportion of basic compensation, performance-linked compensation, and stock-based compensation is now 55:25:20, respectively. Although the system design has followed standard guidelines up to now, a number of issues have become evident. In particular, when evaluating progress toward medium- to long-term performance every year, I feel it is difficult to give an effective evaluation as it is unclear which non-financial factors contributed to performance. This is because these are areas where it is hard to make a difference in the short term or on a

single year basis. This issue is being discussed by the Compensation Committee, which includes the President. On top of that, investors have pointed out that the Company's explanations of how various sustainability-related aspects lead to financial value are weak. The Company has a duty to explain those links more clearly, as well as how those aspects are reflected in executive compensation.

Eguchi As you said, the Company has set non-financial KPIs relating to the sustainability of marine resources and CO_2 emissions, but because the evaluation looks at "sustainability" in total, the weighting of each measure is unclear. Other companies have systems to measure in detail exactly what is strategically important, and which KPIs make the highest financial contribution. Nissui should also discuss those aspects and reflect them in performance-linked compensation.

Matsuo I agree. The variable portion and the medium- to long-term portion are now on par with other companies, but to make it a compensation system suited to Nissui's business model, we have to think about various issues, including those that you pointed out. To enhance the Nissui Group's corporate value toward 2030, we will think about how to inspire management action in the Board of Directors as Outside Directors.

Eguchi When I think about improving corporate value, I am particularly concerned about BtoC markets, but there has been little discussion of R&D as a source of value creation. Nissui has a major role as a manufacturer, and BtoC transactions account for roughly half of its business. Accordingly, R&D should be able to create further value, but this is a strength that is not well recognized within the Company. For example, given Nissui's excellent aquaculture technology and the capabilities of the Central Research Laboratory Oita Marine Biological Technology Center, the Company needs to think about where to make R&D investments in food products to generate value. And, as the tastes of domestic and overseas customers change, it will be important to pay attention to local characteristics in markets outside Japan. This is one area where Nissui is still lacking, so I intend to offer my ideas and suggestions.

Another issue is that given the increasing emphasis on diversity around the world, I feel the Company offers too few opportunities that support women's empowerment. We will continue to encourage measures on this issue, such as a program by which women have the opportunity to present business proposals at Board of Directors meetings, with pathways to executive roles based on successful results. As I mentioned at the beginning of the discussion, the Company may have a value creation *process* but its value creation *story* has yet to be logically and clearly told. The Board of Directors should also discuss and make clear where the Company's competitive advantages are. Sharing those advantages with the whole Company will then lead to enhanced corporate value.



Matsuo If the Company wants to be among the global top 50 food companies, it is important to benchmark not only against domestic Japanese companies, but also against companies headquartered elsewhere around the world. Then, rather than scattering its efforts in all directions, it should work toward breakthroughs—even if only one at a time—by deciding priorities and identifying the appropriate courses of action. Just because Nissui is working to realize a long-term vision does not mean that it should pursue every possible path to achieve it. As such, the Company needs to be rigorous in distinguishing what truly needs to be done. Personally, I will look at other companies both in and outside Nissui's industry, as the basis for providing information that helps to improve the level of governance and contributes to the further development of Nissui's strengths.

Financial Highlights

			FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	**FY2023**
Financial results and cash flows (at fiscal year-end)	Net sales	Millions of yen	638,435	637,164	635,953	677,293	712,111	690,016	615,044	693,682	768,181	**831,375**
	Year-on-year change	%	5.7	(0.2)	(0.2)	—	5.1	(3.1)	—	12.8	10.7	**8.2**
	Operating profit	Millions of yen	18,110	19,442	22,646	23,240	21,685	22,834	17,998	27,076	24,488	**29,663**
	Ratio of operating profit to net sales	%	2.8	3.1	3.6	3.4	3.0	3.3	2.9	3.9	3.2	**3.6**
	Ordinary profit	Millions of yen	21,392	20,696	24,884	24,583	25,358	25,807	22,670	32,372	27,776	**31,963**
	Ratio of ordinary profit to net sales	%	3.4	3.2	3.9	3.6	3.6	3.7	3.7	4.7	3.6	**3.8**
	Share of profit of entities accounted for using equity method	Millions of yen	2,485	2,126	2,965	1,325	2,751	2,820	2,770	2,685	2,401	**2,123**
	Profit attributable to owners of parent	Millions of yen	10,558	12,307	14,216	17,234	15,379	14,768	14,391	17,275	21,233	**23,850**
	Ratio of profit attributable to owners of parent to net sales	%	1.7	1.9	2.2	2.5	2.2	2.1	2.3	2.5	2.8	**2.9**
	Capital expenditure	Millions of yen	18,676	21,907	23,774	29,045	26,530	27,352	22,613	19,352	24,585	**28,582**
	Depreciation	Millions of yen	15,877	16,225	16,355	17,599	18,272	19,450	19,640	19,764	20,422	**22,321**
	Research and development expenses	Millions of yen	3,697	4,670	4,388	4,856	4,608	4,503	4,740	4,731	4,698	**4,356**
	Net cash provided by (used in) operating activities	Millions of yen	22,838	37,395	30,179	28,325	24,693	18,786	45,910	29,118	3,396	**54,486**
	Net cash provided by (used in) investing activities	Millions of yen	(12,135)	(17,051)	(7,445)	(21,540)	(16,803)	(29,446)	(18,023)	(17,260)	(22,571)	**(37,722)**
	Net cash provided by (used in) financing activities	Millions of yen	(7,860)	(23,141)	(11,517)	(8,156)	(15,956)	25,942	(44,786)	(11,265)	17,413	**(12,393)**
	Cash and cash equivalents at the end of period	Millions of yen	17,071	14,056	25,181	24,318	16,165	31,647	14,760	15,683	14,245	**19,533**
Financial position (at fiscal year-end)	Net assets	Millions of yen	109,111	114,030	141,205	157,106	166,158	172,300	187,779	208,598	220,635	**257,304**
	Shareholders' equity	Millions of yen	69,536	81,282	108,163	123,305	135,960	148,069	159,648	172,889	189,457	**206,745**
	Total assets	Millions of yen	461,889	445,707	451,876	482,233	477,913	491,533	475,468	505,731	549,013	**606,384**
	Interest-bearing debt	Millions of yen	254,340	232,657	207,750	203,865	191,058	221,239	180,807	178,136	205,535	**206,410**
	Net interest (Interest expenses – (Interest income + Dividend income))	Millions of yen	1,625	1,385	1,048	883	727	599	424	210	630	**1,949**
Per share information	Earnings per share (EPS)	Yen	38.22	44.55	48.02	55.33	49.41	47.47	46.25	55.51	68.22	**76.67**
	Dividend per share (DPS)	Yen	3.00	5.00	6.00	8.00	8.00	8.50	9.50	14.00	18.00	**24.00**
	Net assets per share (BPS)	Yen	326.38	343.60	388.38	442.13	470.28	492.23	544.55	609.82	696.72	**801.70**
Performance ratios	ROE	%	13.2	13.3	13.2	13.3	10.8	9.9	8.9	9.6	10.4	**10.2**
	ROIC	%	3.6	4.2	5.2	5.2	5.0	5.1	4.1	5.7	5.2	**5.3**
	Dividend payout ratio	%	7.8	11.2	12.5	14.5	16.2	17.9	20.5	25.2	26.4	**31.3**
Scope of consolidation (at fiscal year-end)	Number of employees (Consolidated)	Persons	8,240	8,466	8,722	9,003	9,065	9,247	9,431	9,662	9,515	**10,104**
	Number of consolidated subsidiaries	Companies	59	62	63	65	64	65	66	65	65	**65**
	Number of companies accounted for using equity method	Companies	36	32	33	31	29	30	31	31	23	**24**
	Number of subsidiaries and affiliates	Companies	97	95	97	97	94	97	98	97	89	**91**
Exchange rate	US dollars (at fiscal year-end)	Yen	120.55	120.61	116.49	112.04	110.36	109.24	106.43	110.37	132.08	**151.41**

1. Effective from FY2018, the methodology for converting revenues and expenses of subsidiaries outside Japan, etc., into yen was changed. It was previously based on the spot exchange rate on the accounting closing date of each company, and is now based on the average exchange rate for the period. Figures for FY2017 have been retroactively restated to reflect this change.
2. The Company has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of FY2021. Figures for FY2020 have been retroactively restated to conform to these accounting standards.

Consolidated Financial Statements

Consolidated Balance Sheets (Millions of yen)

	FY2022 (As of Mar. 31, 2023)	FY2023 (As of Mar. 31, 2024)
Assets		
Current assets		
Cash and deposits	10,376	**16,664**
Notes and accounts receivable-trade	95,690	**108,292**
Merchandise and finished goods	92,823	**98,333**
Work in process	31,670	**33,012**
Raw materials and supplies	51,389	**52,727**
Other	22,817	**16,821**
Allowance for doubtful accounts	(419)	**(684)**
Total current assets	304,349	**325,167**
Non-current assets		
Property, plant and equipment		
Buildings and structures	154,583	**168,658**
Accumulated depreciation	(93,912)	**(102,472)**
Buildings and structures, net	60,671	**66,186**
Machinery, equipment and vehicles	156,684	**170,557**
Accumulated depreciation	(119,490)	**(129,813)**
Machinery, equipment and vehicles, net	37,194	**40,744**
Vessels	32,146	**34,778**
Accumulated depreciation	(20,644)	**(20,713)**
Vessels, net	11,502	**14,065**
Land	24,253	**28,127**
Leased assets	10,783	**12,252**
Accumulated depreciation	(4,627)	**(5,506)**
Leased assets, net	6,156	**6,746**
Construction in progress	6,324	**7,056**
Other	16,552	**18,218**
Accumulated depreciation	(13,637)	**(14,836)**
Other, net	2,915	**3,381**
Total property, plant and equipment	149,017	**166,308**
Intangible assets		
Goodwill	1,422	**2,560**
Software	3,077	**3,074**
Other	9,582	**11,734**
Total intangible assets	14,082	**17,369**
Investments and other assets		
Investment securities	29,916	**32,213**
Shares of subsidiaries and associates	38,191	**45,130**
Long-term loans receivable	857	**6,443**
Retirement benefit asset	483	**464**
Deferred tax assets	2,625	**3,240**
Other	10,563	**11,210**
Allowance for doubtful accounts	(1,072)	**(1,163)**
Total investments and other assets	81,564	**97,539**
Total non-current assets	244,664	**281,217**
Total assets	549,013	**606,384**

	FY2022 (As of Mar. 31, 2023)	FY2023 (As of Mar. 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	50,138	**56,623**
Short-term borrowings	100,621	**96,680**
Lease liabilities	1,189	**1,243**
Income taxes payable	3,151	**6,394**
Accrued expenses	25,846	**33,600**
Provision for bonuses	3,485	**4,097**
Provision for bonuses for directors (and other officers)	287	**213**
Provision for loss on litigation	92	**85**
Other	13,957	**13,877**
Total current liabilities	198,771	**212,816**
Non-current liabilities		
Long-term borrowings	104,913	**109,729**
Lease liabilities	4,429	**4,607**
Deferred tax liabilities	5,110	**6,533**
Provision for share awards for directors (and other officers)	31	**134**
Retirement benefit liability	11,097	**9,661**
Other	4,023	**5,596**
Total non-current liabilities	129,606	**136,263**
Total liabilities	328,377	**349,080**
Net assets		
Shareholders' equity		
Share capital	30,685	**30,685**
Capital surplus	21,567	**22,048**
Retained earnings	137,621	**154,715**
Treasury shares	(417)	**(703)**
Total shareholders' equity	189,457	**206,745**
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,046	**14,141**
Deferred gains or losses on hedges	561	**1,006**
Foreign currency translation adjustment	19,541	**29,961**
Remeasurements of defined benefit plans	(3,763)	**(2,661)**
Total accumulated other comprehensive income	27,385	**42,447**
Non-controlling interests	3,792	**8,110**
Total net assets	220,635	**257,304**
Total liabilities and net assets	549,013	**606,384**

Consolidated Financial Statements

Consolidated Income Statements (Millions of yen)

	FY2022 (From April 1, 2022 through March 31, 2023)	**FY2023 (From April 1, 2023 through March 31, 2024)**
Net sales	768,181	**831,375**
Cost of sales	652,129	**705,731**
Gross profit	116,051	**125,644**
Selling, general and administrative expenses		
Sales commission	3,297	**3,607**
Storage costs	5,487	**6,021**
Shipment expenses	21,672	**21,240**
Advertising expenses	4,694	**5,338**
Difference of provision of allowance for doubtful accounts	86	**(47)**
Salaries and allowances	23,232	**25,691**
Bonuses	2,577	**2,359**
Provision for bonuses	1,822	**1,794**
Provision for bonuses for directors (and other officers)	348	**263**
Retirement benefit expenses	1,242	**1,235**
Depreciation	1,786	**2,168**
Rent and repair expense	3,594	**3,562**
Travel, transportation and communication expense	2,208	**2,742**
Other	19,510	**20,001**
Total selling, general and administrative expenses	91,563	**95,980**
Operating profit	24,488	**29,663**
Non-operating income		
Interest income	193	**261**
Dividend income	813	**746**
Foreign exchange gains	55	**286**
Share of profit of entities accounted for using equity method	2,401	**2,123**
Subsidy income	1,080	**974**
Miscellaneous income	765	**1,198**
Total non-operating income	5,309	**5,591**
Non-operating expenses		
Interest expenses	1,637	**2,957**
Miscellaneous expenses	383	**334**
Total non-operating expenses	2,021	**3,291**
Ordinary profit	27,776	**31,963**
Extraordinary income		
Gain on sale of non-current assets	86	**466**
Gain on sale of investment securities	1,997	**3,210**
Gain on sales of shares of subsidiaries and associates	3,464	**—**
Insurance claim income	1,150	**1,045**
Gain on change in equity	15	**—**
Gain on transfer of fishing rights	—	**966**
Total extraordinary income	6,714	**5,688**
Extraordinary losses		
Loss on disposal of non-current assets	475	**691**
Impairment losses	1,884	**920**
Loss on sale of investment securities	327	**—**
Loss on valuation of investment securities	259	**137**
Loss on sale of shares of subsidiaries and associates	107	**—**
Loss on liquidation of subsidiaries and associates	576	**—**
Loss on valuation of investments in capital	54	**—**
Loss on disaster	493	**—**
Accident related losses	1,018	**1,052**
Total extraordinary losses	5,197	**2,802**
Profit before income taxes	29,293	**34,850**
Income taxes-current	7,887	**11,330**
Income taxes-deferred	(624)	**(1,138)**
Total income taxes	7,262	**10,192**
Profit	22,030	**24,658**
Profit attributable to non-controlling interests	797	**807**
Profit attributable to owners of parent	21,233	**23,850**

Consolidated Statements of Cash Flows (Millions of yen)

	FY2022 (From April 1, 2022 through March 31, 2023)	**FY2023 (From April 1, 2023 through March 31, 2024)**
Cash flows from operating activities		
Profit before income taxes	29,293	**34,850**
Depreciation	20,422	**22,231**
Impairment losses	1,884	**920**
Amortization of goodwill	292	**603**
Increase (decrease) in allowance for doubtful accounts	(37)	**218**
Increase (decrease) in retirement benefit liability	(602)	**(739)**
Interest and dividend income	(1,007)	**(1,008)**
Interest expenses	1,637	**2,957**
Share of loss (profit) of entities accounted for using equity method	(2,401)	**(2,123)**
Gain on sale of non-current assets	(86)	**(466)**
Loss on disposal of non-current assets	475	**691**
Loss (gain) on sale and valuation of investment securities	(1,410)	**(3,072)**
Insurance claim income	(1,150)	**(1,045)**
Loss on disaster	493	**—**
Accident related losses	1,018	**1,052**
Loss (gain) on sale of shares of subsidiaries and associates	(3,357)	**—**
Loss (gain) on change in equity	(15)	**—**
Loss on liquidation of subsidiaries and associates	576	**—**
Loss on valuation of investments in capital	54	**—**
Decrease (increase) in trade receivables	(6,651)	**(5,222)**
Decrease (increase) in inventories	(28,601)	**(332)**
Decrease (increase) in trade payables	(495)	**1,880**
Decrease (increase) in accrued expenses	238	**7,214**
Other, net	4,332	**1,335**
Subtotal	14,903	**59,944**
Interest and dividends received	1,165	**1,193**
Interest paid	(1,621)	**(2,904)**
Proceeds from insurance income	1,633	**1,045**
Payments associated with disaster loss	(186)	**—**
Income taxes paid	(12,498)	**(4,793)**
Net cash provided by (used in) operating activities	3,396	**54,486**
Cash flows from investing activities		
Decrease (increase) in time deposits	(1)	**7**
Decrease (increase) in short-term investment securities	28	**—**
Purchase of property, plant and equipment	(20,910)	**(25,222)**
Proceeds from sale of property, plant and equipment	129	**599**
Purchase of intangible assets	(1,861)	**(1,035)**
Purchase of investment securities	(233)	**(205)**
Proceeds from sale of investment securities	4,072	**4,837**
Payments for acquisition of businesses	—	**(412)**
Purchase of shares of subsidiaries and associates	—	**(2,018)**
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(3,183)	**(1,149)**
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	20	**—**
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	(3,262)	**—**
Proceeds from sale of investment in subsidiaries and associates resulting in change in scope of consolidation	2,849	**—**
Decrease (increase) in short-term loans receivable	(186)	**(6,228)**
Long-term loan advances	(1)	**(5,712)**
Other, net	(30)	**(1,180)**
Net cash provided by (used in) investing activities	(22,571)	**(37,722)**
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	16,359	**(8,441)**
Proceeds from long-term borrowings	27,196	**21,361**
Repayments of long-term borrowings	(20,061)	**(18,784)**
Repayments of lease liabilities	(841)	**(1,203)**
Dividends paid	(4,976)	**(6,222)**
Dividends paid to non-controlling interests	(225)	**(181)**
Proceeds from non-controlling interests associated with establishing consolidated subsidiaries	—	**1,579**
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	**(215)**
Decrease (increase) in treasury shares	(2)	**(286)**
Other, net	(34)	**—**
Net cash provided by (used in) financing activities	17,413	**(12,393)**
Effect of exchange rate change on cash and cash equivalents	323	**661**
Net increase (decrease) in cash and cash equivalents	(1,437)	**5,032**
Cash and cash equivalents at beginning of period	15,683	**14,245**
Cash and cash equivalents at end of period	14,245	**19,533**

Sustainability Data

Environmental Data

☑ indicates data for which third-party assurance has been obtained.

				FY2019	FY2020	FY2021	FY2022	**FY2023**
CO_2 emissions (by business division)	t-CO_2	Japan	Marine Products (fishery)	48,612	51,353	46,744	44,160	**44,392**
			Marine Products (processing/ aquaculture)	23,754	23,938	24,273	21,341	**23,672**
			Food Products	110,130	106,218	100,889	98,618	**109,417**
			Fine Chemicals	23,591	20,940	17,018	14,018	**13,908**
			General Distribution	24,674	24,757	24,550	22,636	**24,135**
			Others	9,917	8,091	6,725	6,155	**6,242**
			Total	240,678	235,296	220,199	206,928	**221,767**
		Outside Japan	Marine Products (fishery)	25,580	22,124	22,398	21,521	**23,555**
			Marine Products (processing/ aquaculture)	62,691	64,145	64,137	52,598	**56,145**
			Food Products	32,380	36,438	35,291	37,921	**39,116**
			Fine Chemicals	0	150	175	99	**0**
			Total	120,651	122,857	122,001	112,139	**118,816**
		Total		361,329	358,153	☑ 342,200	☑ 319,067	☑ **340,583**
Scope 1, 2, 3	t-CO_2	Scope 1		215,678	218,625	☑ 207,252	☑ 197,713	☑ **213,356**
		Scope 2		145,651	139,528	☑ 134,948	☑ 121,354	☑ **127,227**
		Scope 3		–	2,282,923	☑ 2,545,561	☑ 2,526,262	☑ **2,780,681**
Energy use	GJ	Japan		4,641,927	4,561,995	4,359,806	4,167,282	**4,172,433**
		Outside Japan		2,492,926	2,767,542	2,751,959	2,809,529	**2,802,041**
		Total		7,134,853	7,329,537	☑ 7,111,765	☑ 6,976,811	☑ **6,974,474**
Solar power generation	MWh	Japan		–	78	977	3,490	**3,987**
		Outside Japan		–	557	1,263	1,294	**1,549**
		Total		–	635	2,240	4,784	**5,536**
Water use	Thousand m^3	Japan		4,184	3,957	3,843	3,711	☑ **4,276**
		Outside Japan		6,487	7,148	6,681	5,782	☑ **6,731**
		Total		10,671	11,105	10,524	9,493	☑ **11,007**
Water discharge	Thousand m^3	Japan	Nissui Corporation	226	257	264	275	**256**
		Outside Japan	Rivers/sea/canals	–	4,359	3,933	3,493	**3,812**
			Sewers	–	224	249	266	**419**

Third-Party Assurance
▸ https://nissui.disclosure.site/en/themes/228

Social Data

				FY2021	FY2022	**FY2023**
Number of employees by business	Persons	Consolidated	Marine Products	3,655	3,493	**3,679**
			Food Products	3,932	4,121	**4,511**
			Fine Chemicals	464	260	**268**
			General Distribution	637	667	**681**
			Others	718	695	**680**
			Company-wide	256	279	**285**
			Total	9,662	9,515	**10,104**
Number of employees by region	Persons	Outside Japan	Japan	4,771	4,651	**5,039**
			Asia	513	597	**612**
			Europe	1,901	2,024	**2,107**
			North America	1,227	1,217	**1,205**
			South America	1,250	1,026	**1,141**
Ratio of women	%	Nissui	Employees	22.4	27.5	**27.6**
			Managers	7.3	6.8	**6.6**
			Officers	8.3	8.3	**8.3**
Ratio of employees with disabilities	%	Nissui		1.98	2.39	**2.78**
Number of persons hired	Persons	Nissui	New graduates	49	44	**39**
			Mid-career hires	12	18	**25**
Average age	Years	Nissui		42.7	43.0	**42.8**
Average years of service	Years	Nissui		16.9	16.3	**15.5**
Gender wage ratio	%	Nissui		—	54.8	**58.1**
Average overtime hours	Hours per month	Nissui		16.1	15.9	**15.1**
Rate of eligible employees taking childcare leave	%	Nissui	Male	117.9	78.9	**110.0**
	%	Nissui	Female	100.0	100.0	**100.0**
Rate of paid leave taken	%	Nissui		75.31	84.49	**85.50**

Governance Data

				FY2021	FY2022	**FY2023**
Implementation of internal audit	Divisions	Nissui		3	9	**11**
	Companies	Consolidated subsidiaries	Japan	8	9	**10**
			Outside Japan	3	5	**4**

ESG Data
▸ https://nissui.disclosure.site/en/themes/119

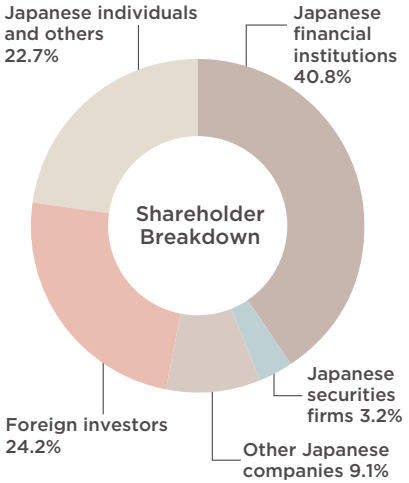
Share Information (As of March 31, 2024)

Listed Stock Exchange	Tokyo Stock Exchange (Prime Market)
Securities Code	1332
Total Number of Shares Authorized	1,000,000,000 shares
Total Number of Shares Issued	312,430,277 shares
Number of Shares per Unit	100 shares
Fixed Date for the Dividend Payment for Shareholders	Final dividend on stock March 31; Interim dividend on stock September 30
Number of Shareholders	105,838
Administration of the Shareholders' Register	Sumitomo Mitsui Trust Bank, Ltd.
Ordinary General Shareholders' Meeting	June
Accounting Auditor	Ernst & Young ShinNihon LLC

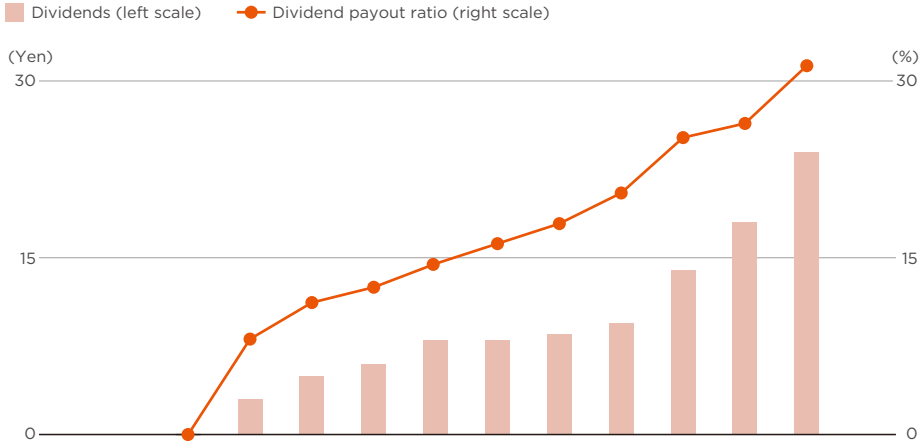
Principal Shareholders

Shareholder Name	Number of Shares (Thousand)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	64,959	20.85
Custody Bank of Japan, Ltd. (Trust Account)	33,379	10.71
Mochida Pharmaceutical Co., Ltd.	8,000	2.57
Mizuho Bank, Ltd.	7,987	2.56
STATE STREET BANK AND TRUST COMPANY 505223	4,477	1.44
STATE STREET BANK WEST CLIENT-TREATY 505234	4,142	1.33
JP MORGAN CHASE BANK 385781	3,979	1.28
JPMorgan Securities Japan Co., Ltd.	3,927	1.26
The Nomura Trust and Banking Co., Ltd. (Investment Trust)	3,679	1.18
JUNIPER	3,624	1.16

Note: Shareholding ratio was calculated excluding treasury shares (845,865 shares). Treasury shares do not include the 623,600 shares of the Company's stock held by the Board Benefit Trust.



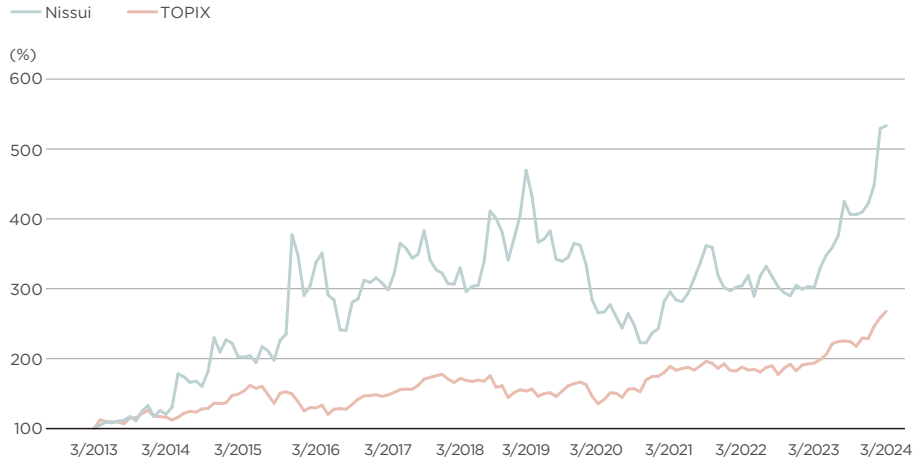
Dividends and Dividend Payout Ratio



	(FY)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Dividends	(Yen)	0.0	3.0	5.0	6.0	8.0	8.0	8.5	9.5	14.0	18.0	24.0
Dividend payout ratio	(%)	0.0	8.1	11.2	12.5	14.5	16.2	17.9	20.5	25.2	26.4	31.3

Share Performance

(Share price index, with closing price data on the last trading day of March 2013 used as the baseline of 100)



Company Information (As of March 31, 2024)



Company Name	Nissui Corporation
Founded	1911
Established	1943

Capital	30,685 million yen
Number of Employees	1,504 (Non-consolidated) 10,104 (Consolidated)
Head Office	Nishi-Shimbashi Square, 1-3-1, Nishi-Shimbashi, Minato-ku, Tokyo 105-8676, Japan

External Recognition

Index Selection

FTSE Blossom Japan Sector Relative Index

FTSE Russell confirms that Nissui Corporation has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Sector Relative Index. The FTSE Blossom Japan Sector Relative Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

FTSE Blossom Japan Index

FTSE Russell confirms that Nissui Corporation has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Index. Created by the global index and data provider FTSE Russell, the FTSE Blossom Japan Index is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE Blossom Japan Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

2024 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

2024 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

THE INCLUSION OF Nissui Corporation IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF Nissui Corporation BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

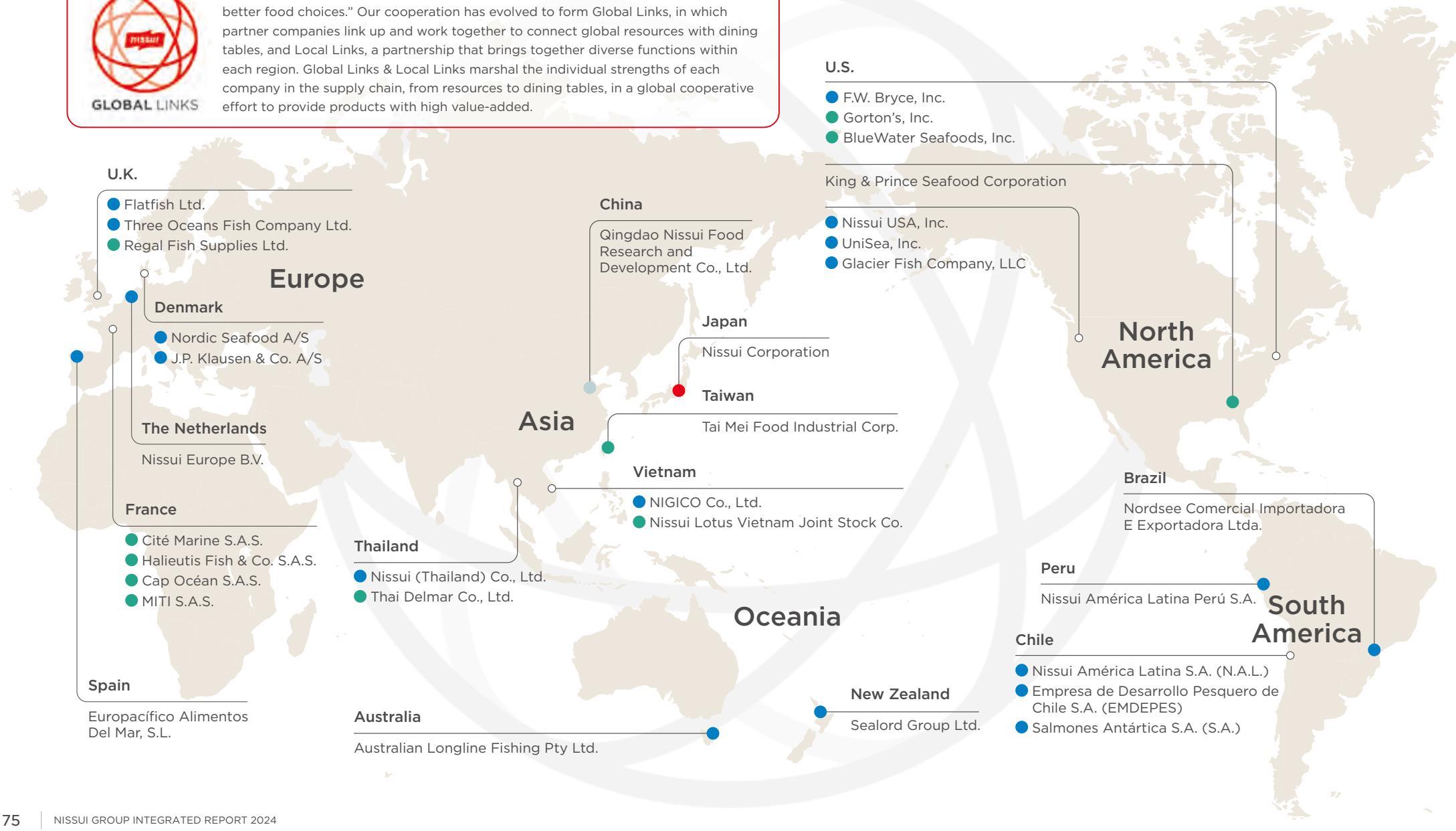
S&P/JPX Carbon Efficient Index

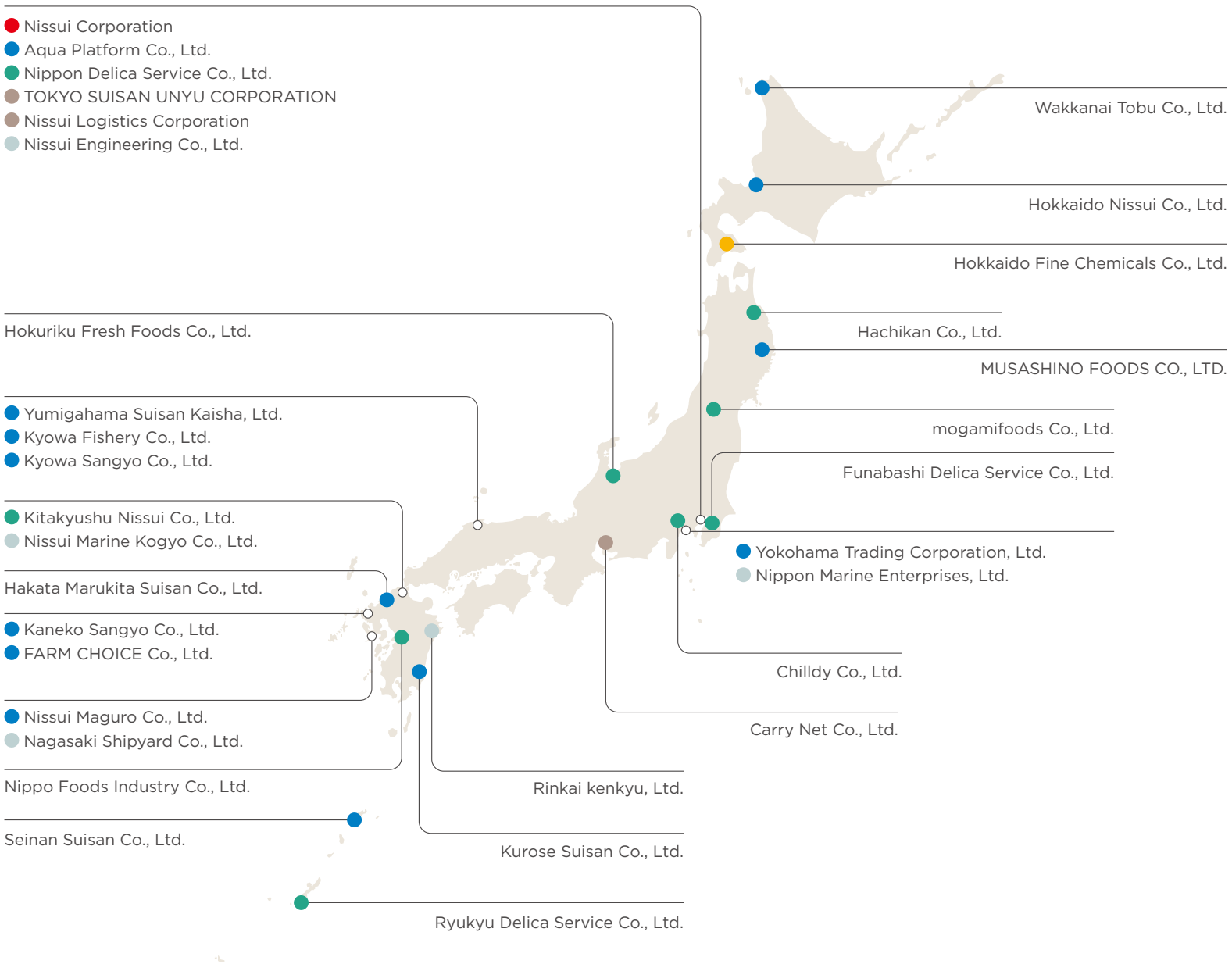
2024 Sompo Sustainability Index

Morningstar Japan ex-REIT Gender Diversity Tilt Index (GenDi J)

Global Network

Nissui Global Links is a global group of companies that leverage their respective strengths in partnership with each other in a common commitment to "offer the world better food choices." Our cooperation has evolved to form Global Links, in which partner companies link up and work together to connect global resources with dining tables, and Local Links, a partnership that brings together diverse functions within each region. Global Links & Local Links marshal the individual strengths of each company in the supply chain, from resources to dining tables, in a global cooperative effort to provide products with high value-added.





Group Companies Outside Japan

Marine Products	19
Food Products	11
Others	1

Group Companies in Japan

Marine Products	14
Food Products	9
Fine Chemicals	1
General Distribution	3
Others	5

Contact Information

Nissui Corporation Corporate Communication Department

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https://www.nissui.co.jp/english