



**Nissui Group's
Value Creation**

Nissui Group's Value Creation

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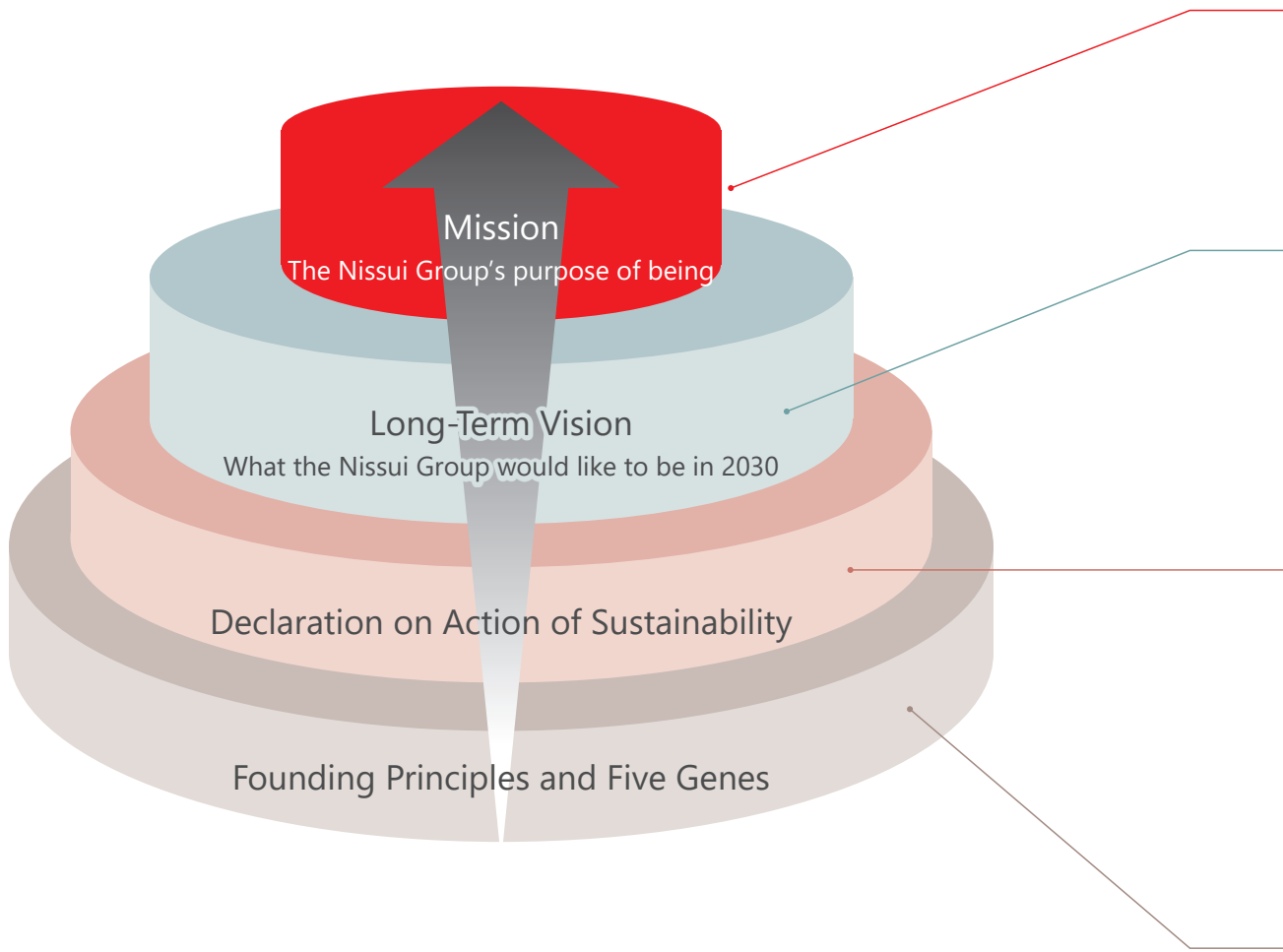
Business Philosophy Framework

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 by our "Declaration on Action of Sustainability," which outlines our commitment to sustainability.

Through the businesses based on our mission, we are aiming to realize our long-term vision, "Good Foods 2030," and to achieve sustainable growth.



Nissui began trawl fishing operations in 1911, 112 years ago, with the construction of its first fishing boat. The concept 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 Nissui's "Founding Principles" have been passed down over the years, being incorporated into our business model in ways appropriate to the values espoused in each era. Over time, our business has expanded through various innovative changes, such as moving into food processing that made it easier for people to consume fish, and starting to process fish oil, a by-product of fish processing, as a raw material for healthcare products, so as not to waste resources. Besides continuing, as we have done ever since our company was founded, to contribute toward the realization of healthy, enriched lives by creating multi-faceted value from nature's bounty and delivering it to people worldwide, all Nissui Group employees throughout the world will also continue working, through food, to address the various societal issues.

■ Mission (Purpose of Being)

Thoughts behind the mission

- Shift toward 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.

■ Long-Term Vision “Good Foods 2030”

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

■ 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 business activities.

For the Customers

For the Employees

For the Business Partners

For the Environment

For the Shareholder and Investors

For Society

■ 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 products 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

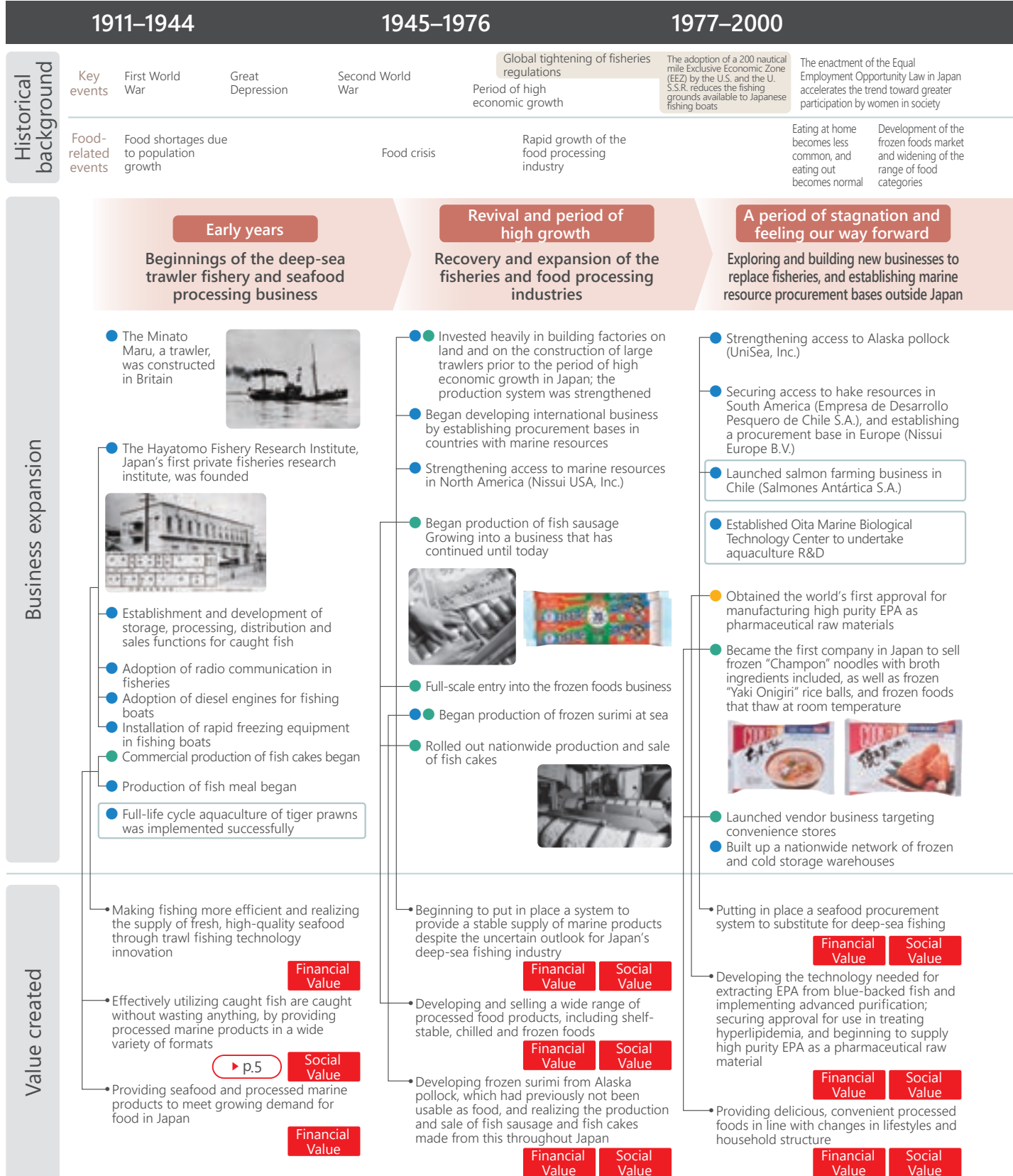


A person of merit
Kosuke Kunishi



A History of Value Creation

– The Innovative Food Solutions that the Nissui Group has Provided Over the Years



● ... Marine Products Business ● ... Food Products Business ● ... Fine Chemicals Business ○ ... Aquaculture-Related Activities

2001–2021

2022 onwards

Emergence and collapse of the "Bubble Economy" in Japan

Global Financial Crisis

Growing prominence of the BRICs nations

Spread of the COVID-19 pandemic

Rising global demand for seafood

Climate crisis becomes readily apparent

Changes in living behavior, including demand related to preference for staying at home

▶ p.33

Period of transformation

Moving to a new growth stage

Forging Global Links

▶ p.49

● Transitioned to Group-based management and built a global supply chain

● Building corporate value through Global Links & Local Links

● Accessed New Zealand's marine resources (Sealord Group Ltd.)

● Making sustainability a key management strategy ▶ p.67

● Entered the frozen foods business using Alaska pollock in North America (King & Prince Seafood Corporation, and Gorton's Inc.)

● Realized a 100% rate of artificial seeds in the aquaculture of Kurose buri, Japanese amberjack ▶ p.29

● Entered the processed foods business in Europe (Cité Marine S.A.S.) ▶ p.27, 60

● Commercializing land-based aquaculture for whiteleg shrimp

● Expanded into the aquaculture business in Japan, for example with the establishment of Kurose Suisan Co., Ltd. to farm Japanese amberjack



● Put in place a quality assurance system, and moved beyond concern for the environment to an emphasis on sustainability

● Began the sale of "Egg-Free" surimi products that do not contain eggs, one of the allergens



● Launched the Q-dish (frozen/chilled deli foods) business ▶ p.57

● Launched "IMARK," a Food for Specified Health Uses



● Published research results on muscle strengthening effects of Alaska pollock protein

● Building a global supply chain for seafood
Supplying seafood to global markets

Financial Value Social Value

● Utilizing aquaculture technology from the Oita Marine Biological Technology Center in aquaculture in Japan, and commercializing it

Financial Value

● Becoming the first company in the world to secure ASC certification for Japanese amberjack

Environmental Value

● Providing food products that consumers concerned about egg allergies can eat with peace of mind

Social Value

● Developing beverage-type EPA Foods for Specified Health Uses which allow EPA to consume easily

Social Value

● Promoting aquaculture that is not dependent on wild-caught seeds

Environmental Value

● Commercializing land-based aquaculture, which can reduce the burden on the environment

Environmental Value

● Helping to reduce food waste with chilled food products for individuals with a long shelf life

Environmental Value

At a Glance

Fried marine foods

Frozen marine foods for household use

No.1^{*1} Market share in the U.S.



Chilled fried white-meat fish for household use

No.1^{*3} Market share in France



Frozen fried white-meat fish for household use

No.1^{*2} Market share in New Zealand



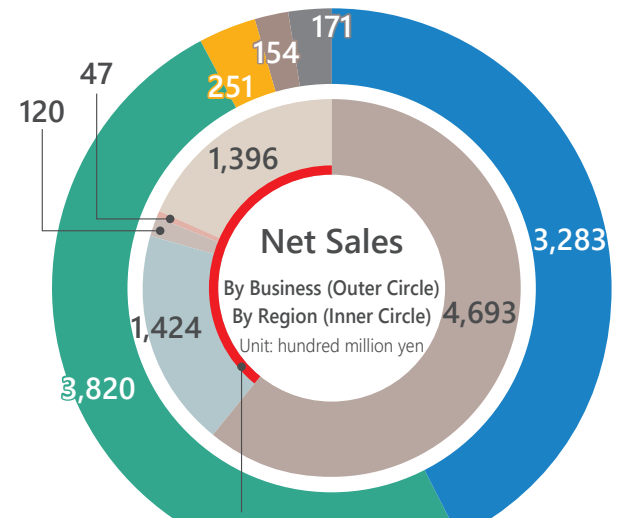
Long-Term Vision

Net Sales **1.0** trillion

FY2022 Net Sales

7,681

- Marine Products Business
- Food Products Business
- Fine Chemicals Business
- General Distribution Business
- Other
- Japan
- North America
- South America
- Asia and Oceania
- Europe



International net sales ratio **38.9%**
(Targets for 2030 50%)

Fried marine foods for household use and food service (fried white-meat fish and fried shrimp)
Net Sales

No.1^{*3} Global market share:



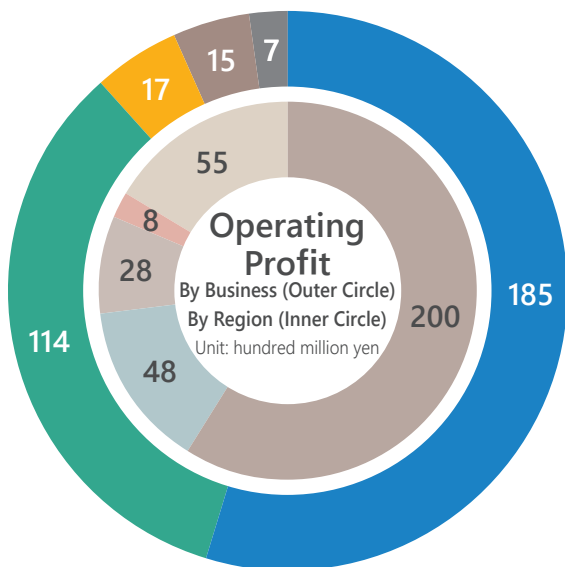
Targets for FY2030

Operating Profits **50.0 billion**

FY2022 Operating Profit

244

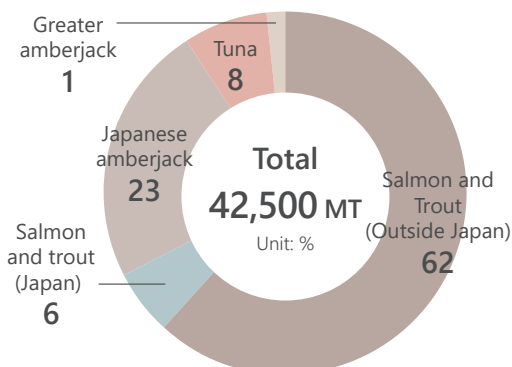
(Unit: hundred million yen)



(Note) Company-wide expenses included in the actual operating profit are excluded from the figures in the operating profit pie chart

Farmed fish harvest volume

42,500MT FY2022



Aquaculture

Salmon trout (FY2022)

Approx. **22,000MT** Harvest volume

Approx. **40%**^{*3} Market share in Chile



Farmed Japanese amberjack(FY2022)

Approx. **9,000MT** Harvest volume

Approx. **9%**^{*3} Market share in Japan



Rate of artificial seeds in farmed Japanese amberjack

Share of **100%** realized: FY2022 output:
(A first in Japan^{*3})



*1 IRI, Frozen marine foods for household use in the U.S. – Share by value (Aug. 2022 – Aug. 2023)

*2 Circana, Frozen fried white-meat fish for household use – Share by weight (Aug. 2022 – Aug. 2023)

*3 Nissui research

Message from the President

Steadfast Execution of Management Strategies Aimed at Realizing Our Long-Term Vision and Commitment to Enhancing Corporate Value

S. Hamada

Representative Director,
President
Chief Executive Officer (CEO)



Looking Back at the Previous Fiscal Year and Ahead to the Future

In FY2022, the inaugural year of our Mid-Term Business Plan “Good Foods Recipe1,” we succeeded in updating both net sales and profit for the period to their all-time highs with a 10% increase in net sales and a 22% rise in profit respectively. Our Marine Products Business showed robust sales both in Japan and outside Japan, supported by progress in our Japan-based aquaculture operations and substantial cost reductions in our North American businesses, resulting in a significant increase in earnings. In contrast, the Food Products Business maintained steady sales growth in both Japanese and international markets, but faced significant cost pressures from rising raw material and energy prices, exacerbated by currency depreciation. The Fine Chemicals Business faced several challenges, most notably with the divestment of all shares in our consolidated listed subsidiary, Nissui Pharmaceutical Co., Ltd. (now Shimadzu Diagnostics Corporation), and

was further impacted by disruptions in the export of pharmaceutical raw materials.

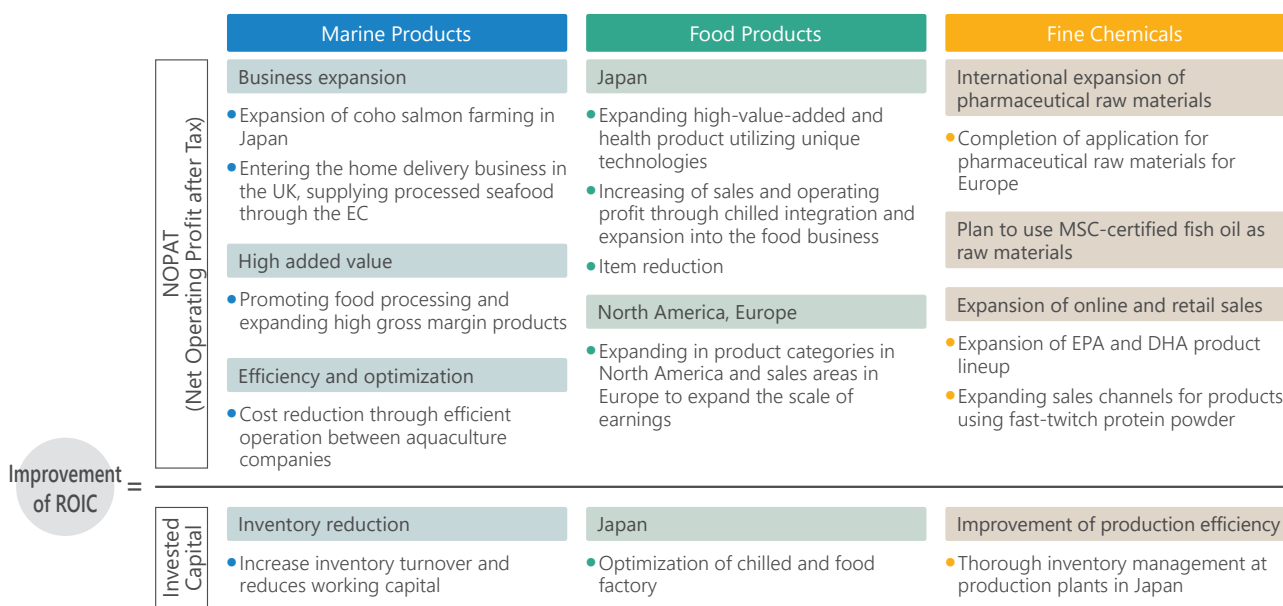
While our financial numbers suggest that we have successfully responded to environmental changes, since I became President in 2021, the external environment has been changing dramatically, including the COVID-19 pandemic, the Ukraine situation, currency fluctuations, rising resource prices, human capital acquisition, and the development of AI and Food Tech and I have been acutely reminded of the importance of agility and flexibility in responding to change. However, thanks to the many years of efforts by my senior colleagues, our three main businesses have been able to generate balanced profits while complementing each other. While it is too early to be overly optimistic about the future, I believe that the achievement of the financial targets, including net sales, set out in our Mid-Term Business Plan is well within our reach.

Specifically, in the Marine Products Business, the expansion of global demand for seafood continues to be a positive driver, and we have successfully adapted to fluctuating market conditions by progressively increasing the international net sales ratio and expanding our aquaculture business, which has solidified profitability and created a robust business structure capable of generating profits despite market fluctuations. In the Food Products Business as well, our focus on expanding our high-margin international sales enabled us to maintain a stable profit base under the severe global business environment of last year. At present, our foundation is being strengthened not only by the expansion and improved penetration of price increases in Japanese and international sales, but also by the refinement of our profitability through strategic reductions in unprofitable products. In the Fine Chemicals Business, the current suspension of exports of pharmaceutical raw materials to North America is creating a challenging environment.

However, we are optimistic about the prospects for FY2024, which include the start of shipments to Europe, the resumption of exports to North America, sales expansion in Japan.

In FY2022, we initiated a comprehensive campaign to elevate our return on invested capital (ROIC) by concentrating on enhancements to the cash conversion cycle (CCC). In hindsight, there was a tendency to overly focus on the CCC. For FY2023, our efforts to improve ROIC will expand beyond working capital compression (the denominator of ROIC) to include measures such as product line reduction. In addition, we have clarified the specific actions necessary to increase our operating profit after tax (the numerator of our ROIC) for each of our businesses and Group companies. By fostering a Group-wide commitment to ROIC improvement, we are poised to take informed, strategic actions that will enhance the corporate value of the Nissui Group.

Initiatives for Each Business to Improve ROIC in FY2023



※Going beyond mere raw marine materials, our products are processed further than fillets, with consumer convenience in mind, such as kirimi (cut fish), slices, flakes, grilled and simmered fish, peeled shrimp, etc.

The Nissui Group's Mission (Purpose of Being)

In April 2022, we unveiled our mission along with our long-term vision, "Good Foods 2030." In December of the same year, we changed our trading name from "Nippon Suisan Kaisha, Ltd." to "Nissui Corporation," embarking on a new growth path.

The mission we have defined puts "food" at the forefront and aims to "create a healthier and more sustainable future through innovative food solutions." In considering our strengths and competitive

advantages in achieving this, we recognize that our scope extends beyond marine products. We possess broader potential and have decided to emphasize "food" as an overarching concept that includes our marine products heritage. This strategy isn't entirely new, but rather builds on our founding principles. Our original philosophy was imbued with a profound spirit: To provide nutritious fish at reasonable prices to (at the time) nutritionally deficient Japanese citizens, not

Message from the President

only to meet dietary needs, but also to eliminate inefficiencies and excess costs. Irrespective of changing times and circumstances, it is our enduring responsibility and purpose of being to relentlessly explore new possibilities in food, thus addressing the societal issues of the time.

To reinforce this mission, we have established "One Table Meetings" as a new platform for dialog between management and employees at Nissui Group companies in Japan. Aiming to candidly communicate our thoughts, I have personally visited around 60% of our sites (achieving full coverage when including visits by other executives) and received a variety of opinions from employees. Meanwhile, to share information among our international Group companies, we held the NGLC (Nissui Global Links Conference) in Tokyo last November and in Barcelona this April, along with a world-renowned seafood expo, where we explained our mission. In the past, the Nissui Group has created synergy by each company utilizing its individual



President Hamada (center) giving an explanation at the NGLC held in April 2023

strengths. By reaching consensus on the mission to explore innovative food solutions, we aim to strengthen the Group's cohesion and generate greater synergy and value than ever before. Furthermore, with the newly established symbol mark of "Nissui Global Links," we intend to imprint the Nissui Group's global outreach in the minds of both our internal team and external audiences.



Nissui Global Links

▶ https://www.nissui.co.jp/english/vision_policy/brand/globallinks.html

Innovative Food Solutions for a Healthier, More Sustainable Future

The concept of innovative food solutions is only just beginning to take shape, but we are beginning to see it come to fruition, and I would like to share a few examples with you.

Creation of New Business Ventures

We have a history of venturing into uncharted waters to develop marine resources, and I am committed to continuing and nurturing this entrepreneurial spirit for the benefit of future generations. Two years ago, with the aim of being unconfined by existing businesses, the Business Development Department was set up directly under the President to promote new business ventures that have the potential to grow to tens of billions of yen and to foster an entrepreneurial spirit, especially among our younger staff. Among the first initiatives spearheaded by this department are capital participation and business cooperation with an Australian startup that aims to develop the land-based aquaculture of "Asparagopsis" seaweed, which could reduce methane gas emissions from cattle, and the launch of a frozen pet food brand called "PAWSOME DELI."

We are also conducting internal solicitations for new business Ventures, one of which is the "Integrated Distribution Business," a specialized distribution platform for marine products. This initiative allows for centralized IT management of all processes from the light processing of marine products to picking, storage, and distribution. By consolidating and meeting the functionalities retailers demand across our Group, we aim to broaden our business horizons.



Mr. Scott Elliott (left), CEO of Australian startup Immersion Group, aiming for land-based aquaculture of "Asparagopsis" seaweed, alongside President Hamada (right)

■ Achievements in Marine Research & Aquaculture Technology Development

Since 2016, our Oita Marine Biological Technology Center (Saiki City, Oita Prefecture) has conducted a feasibility study on the land-based aquaculture of whiteleg shrimp. Having developed a viable approach that enables the production of high-quality products with minimal environmental impact, we launched this venture as a business in April 2023. It was Nissui that established the first private marine research institute in Japan back in 1920, achieving a world's first in the full-life cycle aquaculture of tiger prawns. The full-life cycle aquaculture of Kurose buri, Japanese amberjack, which also incorporates our advanced knowledge and techniques in aquaculture accumulated over the years, stands as a testament to our strengths. This level of expertise in aquaculture technology is, I believe, unmatched anywhere else in the world. Furthermore, the ability to translate R&D into business opportunities

and the strength of our sales force are unique assets that set us apart from the competition.

■ Innovative Food Solutions Expanding internationally

At Gorton's in North America, we have introduced a line of household-use frozen food "Air Fried" that have successfully halved the lipid content compared to existing product, receiving favorable reviews. Similarly, King & Prince Seafood Corp. in North America is expanding its range of Asian foods, including shumai and *takoyaki*. These products are currently produced and exported from Japan, with plans to explore local manufacturing options. Meanwhile, in Europe, Cité Marine S.A.S. is expected to expand its operations with increased production capabilities for both chilled seafood fries and plant-based foods. In addition, Danish Salmon A/S is in the process of expanding its land-based aquaculture production systems, setting the stage for increased production.

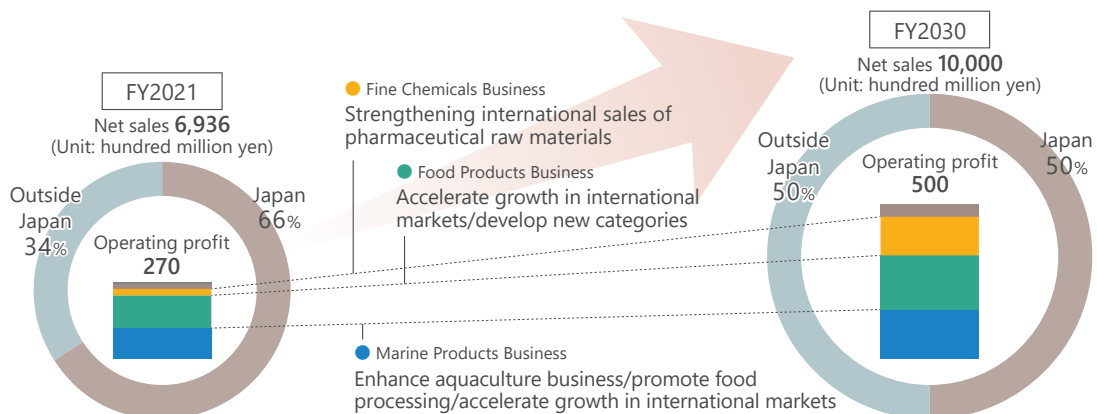
Portfolio Management to Enhance Corporate Value

As part of our long-term vision, Nissui has established "Reinforcing business portfolio management" and "Advancement of sustainability management" as the pillars of the long-term vision, and have accordingly set KPIs across finance, social, human capital, and environmental values. In terms of financial value, we aim to reach a net sales target of 1 trillion yen, an operating profit of 50 billion yen, and achieve a 50% international net sales ratio by FY2030. Our strategy includes accelerating the growth of our Food Products and Marine Products Businesses abroad and boosting the profitability of our Fine Chemicals and Aquaculture Businesses.

Specifically, in our International Food Products Business, we aim for growth in areas with increasing demand, such as seafood fries, health-oriented products, Asian products, and plant-based foods. For our Food Products Business in Japan, we intend to grow new categories that also utilize our expertise in

chilled and frozen foods, such as the "Q-dish" business, in addition to our existing categories. In our Aquaculture Business, we plan to increase our harvest volume by 15% from 2022 to 2024, focusing on breeds such as Japanese amberjack and coho salmon. The full-life cycle farmed Kurose buri, Japanese amberjack, is a prime example of our competitive edge, with the ability to ship during the summer when other companies cannot. By refining such differentiated products, we strengthen our position against market fluctuations and aim to stabilize earnings. Our Fine Chemicals Business is also advancing preparations for the authorization of pharmaceutical raw materials in Europe, with the goal of establishing an internationally reputation as a supplier of EPA.

The key strength of our Group is our value chain: the ability to procure marine resources, add significant value and market them internationally. In addition, we have a unique business model in which our three main



Message from the President

businesses—Marine Products, Food Products, and Fine Chemicals—create synergy and mutually support each other, forming a robust framework. Rather than focusing on the expansion of specific businesses, our strategy ensures that each sector can generate balanced earnings, which in turn strengthens our resilience to environmental changes and reinforces management stability. Historically, significant volatility arose primarily from excessively optimistic foreign investment decisions and fluctuations in the seafood market. We have been able to reduce this volatility through reinforced management of investment projects, careful inventory control, expansion of our aquaculture business, promotion of food processing, and by adding high value to our products through our manufacturing capabilities. This multi-faceted approach is setting the stage for a more stable revenue structure as our three main sectors grow and provide mutual support. For example, in FY2022, strong profits from our Marine Products Business helped offset difficulties in our Food Products Business, while in FY2023, we anticipate the Food Products Business will offset any declines in the Marine Products Business. Furthermore, by increasing the

international net sales ratio, we can mitigate the effects of currency exchange fluctuations.

Going forward, we believe it is necessary to invest in manufacturing functions in profitable international markets with access to resources and growth potential, particularly in North America and Europe. We have allocated a total investment amount of 120 billion yen for the Mid-Term Business Plan period. In terms of investments, we conduct thorough preliminary research and also monitor the progress of annual KPIs set for each investment and financing activity. By understanding the risks at both the entry and exit points and discussing them from various perspectives, we have created a conference environment in which decisions on withdrawals can be made decisively. While the M&A budget for FY2023 is currently set at 20 billion yen, we believe that the crucial factor is the return on investment, and we are willing to increase the allocation for investments that are expected to be effective. By using metrics such as ROIC and cost of capital, we aim to improve the quality of our portfolio discussions and practice more capital-efficient management.

Sustainability the Foundation for Sustained Growth

In the “sustainability management,” another pillar aimed at achieving our long-term vision, we are committed to creating value in society, for our human capital, and in the environment, with the goal of converting these into financial value. I am convinced that the key to creating innovative food solutions lies in human capital, which is why we have deliberately positioned value in human capital among the four core values of our long-term vision.

I joined Nissui in a research role, fascinated by the romance of the sea and the excitement of hypothesis-driven research as an undergraduate. However, my experience as a factory manager made me realize the indispensable role of human capital. For example, the products produced in a factory are not completely identical. Even on the same production line, operators adjust machinery settings based on their observations, such as noticing something is not right or the lack of sheen, resulting in subtle differences in the final product. This realization has reinforced my belief that regardless of advances in automation and machinery, the pivotal importance of human capital remains. As society rapidly moves toward greater AI adoption and digitization, the onus is on our talented workforce to effectively utilize these technologies. Accordingly, nurturing a digitally savvy workforce is of paramount importance to Nissui.

The increasing mobility of talent underscores the need for the Group to be seen as an attractive place to work by offering stimulating career opportunities. It is the responsibility of management to proactively create such an environment. The growth of the Group is critically dependent on our international expansion, for which the development of a global talent pool is essential. In addition, it is important for the development of future management talent to involve our management team in the management of Group companies, and instilling a solid management acumen.

Diversity and inclusion present an important challenge. We have many female employees with outstanding skills and potential, and it is imperative that we engage them in meaningful dialogue to ensure they excel in appropriate roles. At this year's entrance ceremony, I used the parable of the frog in



New employee entrance ceremony

the well to inspire our new employees, emphasizing that while they may not be familiar with the vast ocean, they know the depth and blue of the sky—knowledge we value and want to integrate. The innovative ideas and perspectives that come from diversity are essential to the growth of the Group.

The Nissui Group's operations are heavily dependent on natural capital, a factor that raises critical issues from both a risk and opportunity perspective. The Group is conducting its third survey of procured natural marine resources sustainability and plans to publish the results in FY2024. It is critical that we expand our efforts beyond simply assessing the status of key fish species and translate this knowledge into tangible procurement improvement strategies by next spring.

For this fiscal year, we are streamlining our biodiversity efforts in line with the framework of the Task force on Nature-related Financial Disclosures (TNFD), and we are actively addressing the challenges that fisheries and aquaculture operations pose to the marine environment.

In terms of decarbonization and achieving carbon neutrality, we announced our endorsement of the recommendations of the Task force on Climate-related Financial Disclosures (TCFD) in November 2021 and are seeking to improve both our actions and our disclosures. In pursuit of the ambitious goal of carbon neutrality by 2050 (Scope 1, 2 emissions), we are

actively seeking a variety of collaborations with external partners.

The KPIs for social, human capital and environmental value set out in our long-term vision have their origins in the materiality we set in 2016. However, given the significant changes in the environment since then, we are in the process of reviewing this materiality. The results of sustainability initiatives are long-term and not easily quantifiable in immediate financial metrics such as ROIC, but they play a critical role in mitigating a wide range of risks. Our continued commitment to these initiatives is designed to secure the trust of our investors.

I tend to approach things with a logical mindset, managing by the numbers with meticulous attention to detail, and steadily advancing our efforts. However, sometimes, an “animal-like” intuition comes into play, preventing my judgments from being too reliant on forecasting alone and allowing for a balanced approach. Without getting caught up in immediate tasks, I aim to manage by backcasting from a long-term, larger perspective and advancing management step by step.

Strengthening Risk Management to Stay Ahead of the Curve

We are currently revising the risk management system across the Group. Until now, our Risk Management Committee has overseen subcommittees for ethics, occupational safety, post-disaster BCP, and information security. In addition, sustainability-related risks were managed by the Sustainability Committee, while quality-related risks were managed centrally by the Quality Assurance Committee. This structure was predominantly national and fragmented by topic across subcommittees. We are transitioning to a

system that threads these disparate elements together, enabling a holistic view of all risks, and determining priorities for a thorough evaluation. By timely and accurately identifying risks throughout the Group and proactively incorporating them into our management strategies, we intend to navigate potential growth opportunities and risks for the future.

Message to Stakeholders

The Nissui Group is currently poised for a significant rebirth. This fall, we will initiate the development of our next Mid-Term Business Plan, a pivotal step toward our goals for 2030. Our strength is evident in the value chain, as explained in this integrated report. I am confident that we can further reinforce this value chain. Rather than a slender thread, we are transforming it into a robust and resilient force that

can withstand adversity. United globally, the Nissui Group will continue to strive to enhance corporate value, grounded in our mission. We invite your continued anticipation and support for the Nissui Group's promising journey ahead.

Recognizing Risks and Opportunities

Governance and Risk Management to Make Value Creation Durable

Approach to Governance

One of the basic strategies specified in our Mid-Term Business Plan is strengthening governance. For Nissui, the purpose of governance is to improve profitability and capital efficiency and boost sustainable growth and mid- to long-term corporate value.

In corporate governance, every year Nissui evaluates the effectiveness of the Board of Directors, promoting constant improvement of the Board's effectiveness. Beginning in FY2022, we include sustainability as one of the elements used to determine executive compensation, as part of a larger effort to design systems for heightening Directors' awareness of the need to improve corporate value. In terms of Group governance, we are redoubling our efforts to obtain a 50% international net sales by 2030. One such measure is Global Links, one of the Nissui Group's strengths. Global Links is a network of enterprises in Japan and outside Japan that are tasked with functions from resource access to production and sales. By bringing together the unique strengths of each company, Global Links generates powerful Group-wide synergies. Because food culture and values differ widely from region to region, it makes sense from the perspective of rapid decision-making to delegate discretion to local management wherever possible. Conversely, from the viewpoints of risk control and capital efficiency, it is important to maintain a firm central grip to strengthen global governance.

For Nissui, strengthening the effectiveness of governance will of course require the formulation of rules and reinforcement of systems of management and auditing. However, these alone will not be sufficient. We think it even more important that we share the mission of creating innovative food solutions and the resolute will to achieve it. For this purpose, we are continuously building Group-wide understanding of our mission and long-term vision. In FY2023 we updated the Global Links logo (see image at right). We hope the new logo will assist in sharing the mission, stimulating Group solidarity and serving as a unifying force.



Group Governance System

Nissui requires all its subsidiaries to comply with its governance regulations. Regarding the "important items" specified in the regulations, the Company operates a governance system in which the important items are deliberated on by the Board of Directors and important "reporting items" are reported regularly. To oversee each company from a Group management perspective, Executive Officers of the Company are nominated to serve as "responsible managing directors" for those companies. The responsible managing directors manage and supervise the companies and, through Company members seconded to Group companies as Directors or Audit & Supervisory Board Members, ensure that the Boards of Directors of Group companies fulfill their roles and carry out their duties appropriately.

The internal auditing division carries out internal audits under the direct supervision of the President and reports the results to the President, Audit & Supervisory Board Members and the Board of Directors of Nissui. In addition, the internal auditing division shares audit results and the issues they raise with other divisions within the Company that are involved in Group company management and works with those divisions to find solutions and improve the governance level of the Nissui Group.

TOPICS

Nissui Global Links Conference (NGLC)

As a means of strengthening communication with our Group company outside Japan the Nissui Global Leadership Conference (NGLC), aimed at top management, has been held annually since 2002. At these conferences, the Nissui Group President personally communicates the Group's mission and Global Links philosophy. The 40th NGLC, held in Barcelona in April 2023, focused on reaffirming the mission and long-term vision set in FY2022 with our Group companies outside Japan and introducing the new "Global Links" symbol mark. The message that was conveyed emphasized that moving forward, each company's business activities will come together under the Global Links symbol, contributing to the collective value of the Nissui Group. Feedback from those attending was positive, with one participant commenting: "Previously, presenting our businesses as being part of the Nissui Group was challenging. The Global Links symbol will now make it easier for our activities to be recognized as an integral part of the Group, both internally and externally. We look forward to engaging in new communication as members of the Nissui Group, fostering greater collaboration within the Group."

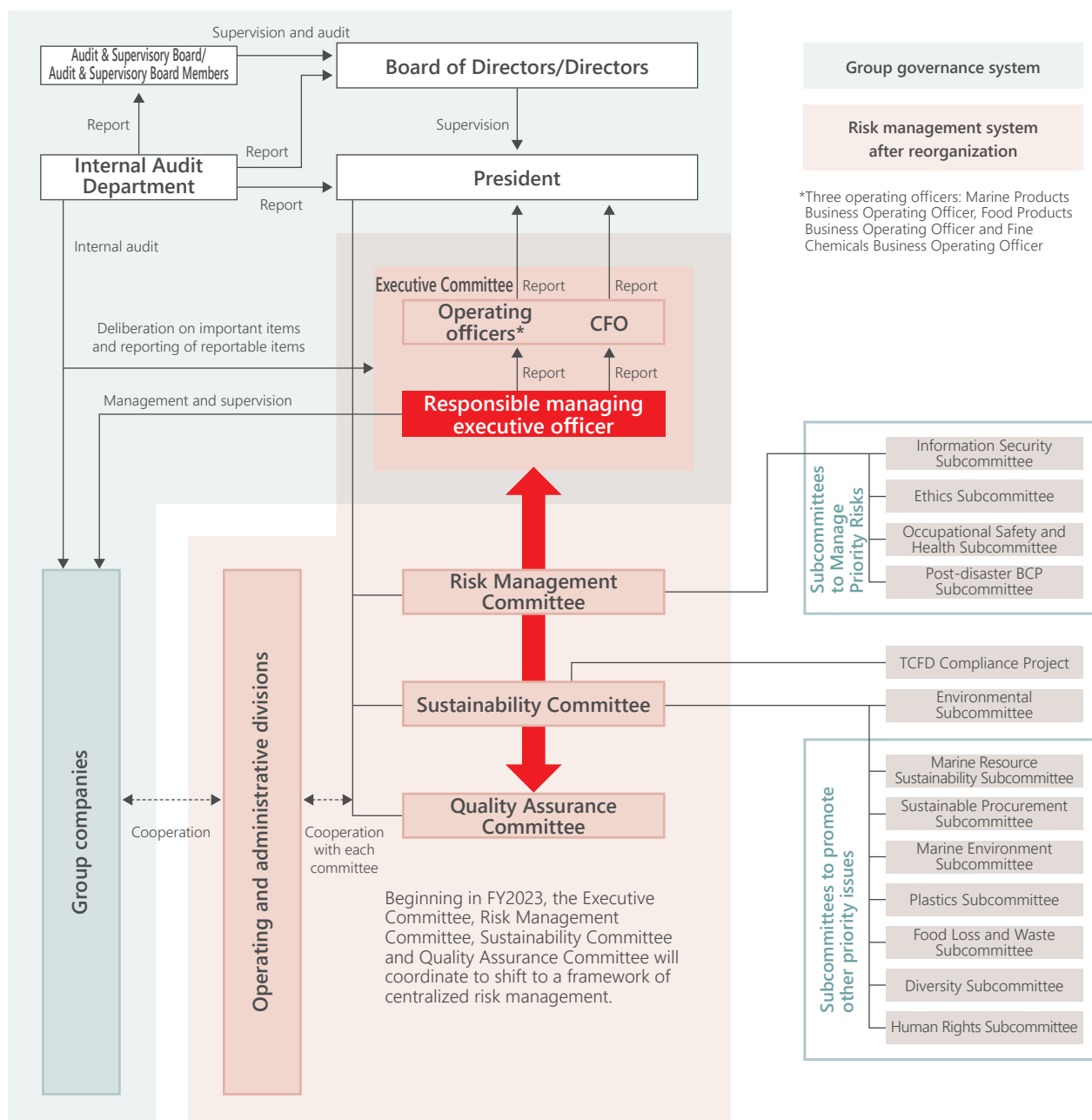


Current Risk Management System

The Risk Management Committee meets four times a year to develop and operate risk management systems. This committee consists of four subcommittees, each of which addresses key risks affecting the Group's management base: the Information Security Subcommittee, the Ethics Subcommittee, the Occupational Safety and Health Subcommittee and the Post-Disaster BCP Subcommittee. The Executive Officer in charge of risk management provides regular activity reports to the Board of Directors. In similar fashion, the Sustainability Committee deliberates on risks and opportunities through eight subcommittees: the Environmental Subcommittee, the Marine Resource Sustainability Subcommittee, the Sustainable Procurement Subcommittee, the Marine Environment Subcommittee, the Plastics Subcommittee, the Food Loss and Waste Subcommittee, the Diversity Subcommittee and the Human Rights Subcommittee. One current issue, however, is that risk management is handled separately by each committee.

Reorganizing Risk Management

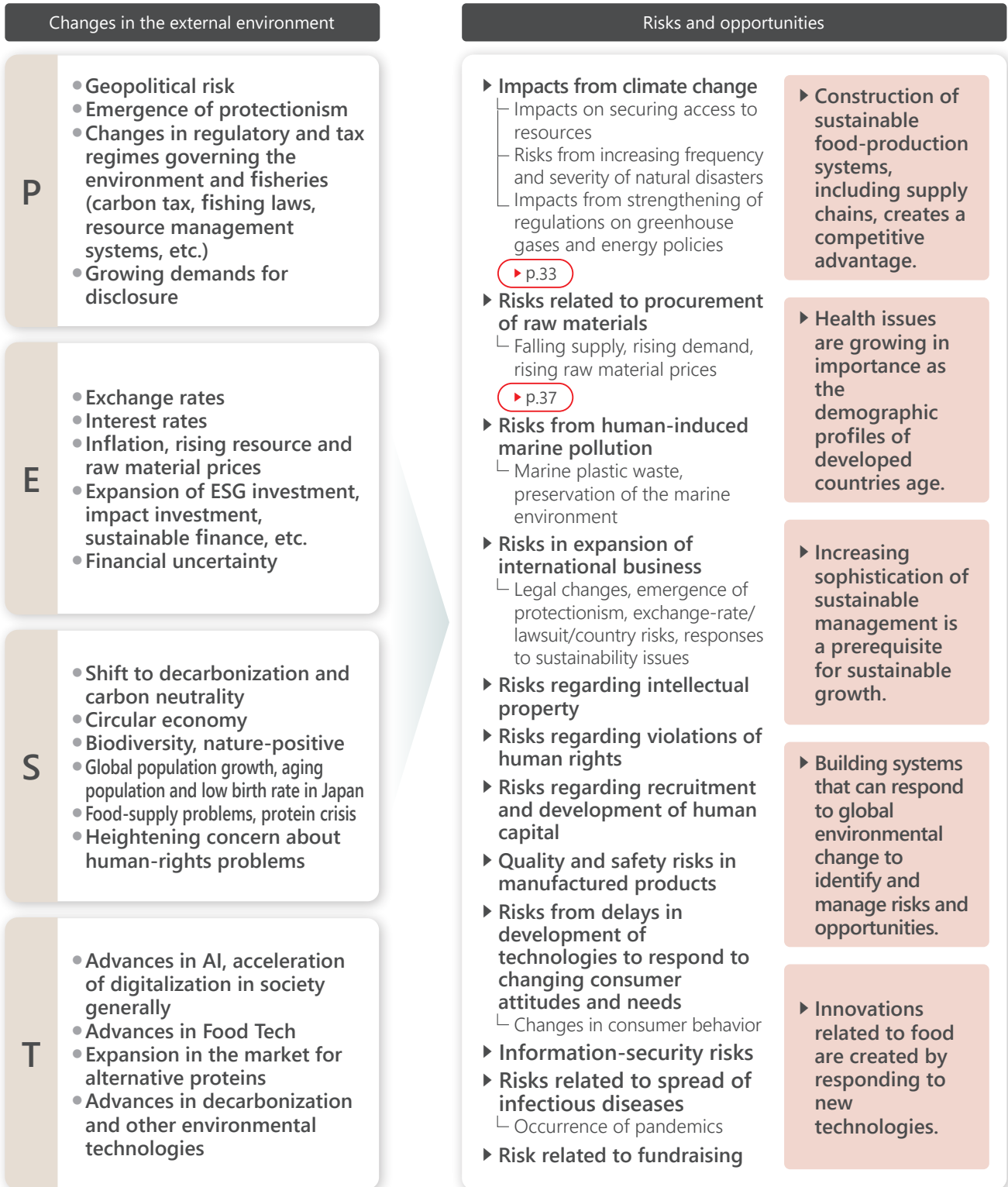
The Nissui Group aims to expand its business activities internationally. Such expansion exposes the Group to impacts from economic, social and environmental changes; clearly, the Group must prepare for such risks, which will continue to grow in diversity and complexity. In FY2023 the Group is reviewing the risk management response of each committee to each theme, identifying risks from a Group-wide perspective that transcends the remit of each committee and drive the PDCA cycle to effect changes in its organization.



Recognizing Risks and Opportunities

Risks and Opportunities and the External Environment

Creating value in the mid- to long-term requires strategic responses to changes in the external environment, including politics, economy, society, technology and other factors. By reducing risks and creating opportunities Group-wide, the Nissui Group is building four types of value: financial, social, human capital and environmental.



Key strategies and responsive measures

Outcome

Marine products

- Further strengthening of access to resources
- Expansion of sales channels by obtaining marine ECO-Labels
- Continuous surveying of the status of marine resources
- Advances in aquaculture technology and preservation of the marine environment (land-based aquaculture, development of new breed and alternative feed, management of fish health and reduction of quantities of antimicrobials used, control of escaped fish, environmental monitoring, etc.)

Food products

- Acceleration of international business expansion, reorganization and strengthening of domestic business
- Expansion of sales of health category products
- Reduction of use of plastics in products and at the production phase
- Expansion of alternative protein products
- Development of products in new categories to respond to consumer needs (Q-dish business, etc.)

Fine chemicals

- Expansion of sales in Europe and the United States
- Stable procurement of raw materials and strengthening of quality assurance systems
- Development of post-EPA

New business

- Seafood platform business
- Asparagopsis aquaculture business

Sustainability (environmental, social, human capital)

- Preparation for drafting of decarbonization roadmaps, calculation of Scope 3
- Environmental responses (renewable-energy facilities, feeding ships powered by hydrogen fuel, shift to CFC/HCFC-free refrigerants, etc.)
- Human-rights due diligence and sustainable procurement
- Diversity and inclusion, improving employee engagement
- Personnel development (global personnel, DX human capital, etc.)



Solar power generation facilities (Thai Delmar Co., Ltd.)

Governance

- Raising awareness of the mission and long-term vision
- Reorganization of risk management systems
- Strengthening of Group governance (strengthened management, overseas audits, investment management)

Finance

- Optimization of business portfolios from a long-term perspective
- Improvement of corporate value and strengthening of investor relations and disclosure
- Diversification of fundraising methods (use of sustainable finance, etc.)

Financial Value

Social Value

Value in Human Capital

Environmental Value

Nissui Group's Value Creation Process

The Nissui Group's vision for 2030 is to be "a leading company that delivers friendly foods both for people and the earth." With that goal in mind, the Group has set key performance indicators (KPIs) for four values: Economy, society, human capital and the environment.

By strengthening business portfolio management and embarking on new businesses, we will maximize value through capital reallocation.

Changes in the external environment

▶ Financial capital

- Total assets: **549,000** million yen
- Shareholder's equity: **216,800** million yen
- Equity ratio **39.5%**

▶ Manufacturing capital

- Aquaculture sites: **71**^{*1}
- GFSI certified business locations: **31**

▶ Intellectual capital

- R&D expenses: **4,600** million yen
- R&D human capital: **150** persons
- Tokyo Innovation Center
Oita Marine Biological Technology Center

▶ Human capital

- Number of employees: **9,515** persons (consolidated)
- Selected as a Health & Productivity Stock for five consecutive years

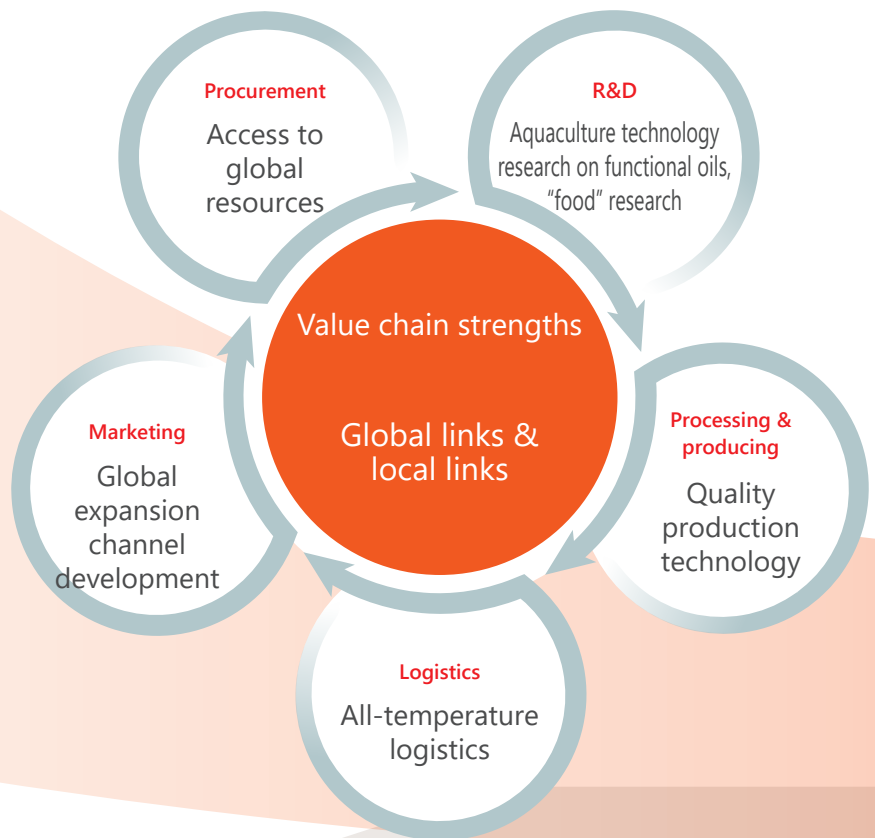
▶ Social capital

- Trust and Nissui brand built on more than **110** years of history

▶ Natural capital

- Sustainable procurement rate of marine resources: **71%**
- Global supply chain (procurement of marine resources from over **48** countries)

▶ p.19



^{*1} Subjects are subsidiaries, and 1 aquaculture area is counted as 1 base
^{*2} GFSI (Global Food Safety Initiative): a private consortium of global food companies collaborating and working together to improve food safety and strengthen consumer confidence in food products through initiatives such as certification of food safety management standards



KPIs for 2030

Financial Value

Capital strength to compete in the world

- Net sales: **1** trillion
- Operating income: **50,000** million yen
- ROIC \geq **7.0%**
- International net sales ratio: **50%**

Social Value

Solve health problem

- Sales of Health Category Products: Expanded by **300%**

Responsible procurement

- Assessment of Tier-1 suppliers: **100%**

Value in Human Capital

Diverse human capital playing an important role

- Employee engagement score*: Improved by **20%**
- Ratio of female manager*: **20%**

Environmental Value

Sustainability of marine resources

- Procurement of sustainable marine resources: **100%**

Actions toward climate change and marine environment

- CO₂ emissions (Scope 1, 2): Reduced by **30%**
- Achieve carbon-neutral in **2050**
- Usage of plastics*: Reduced by **30%**

*Figures are for Nissui only

mission

term vision
(what we would like to be in 2030)



Marine Products

Certified seafood (ASC, MSC, BAP, MEL), etc.

Business portfolio management and new business endeavors

Food Products

Health Category Products, etc.

Fine Chemicals

Pharmaceutical raw materials, etc.

Finance

Materiality

Healthy lifestyle and security

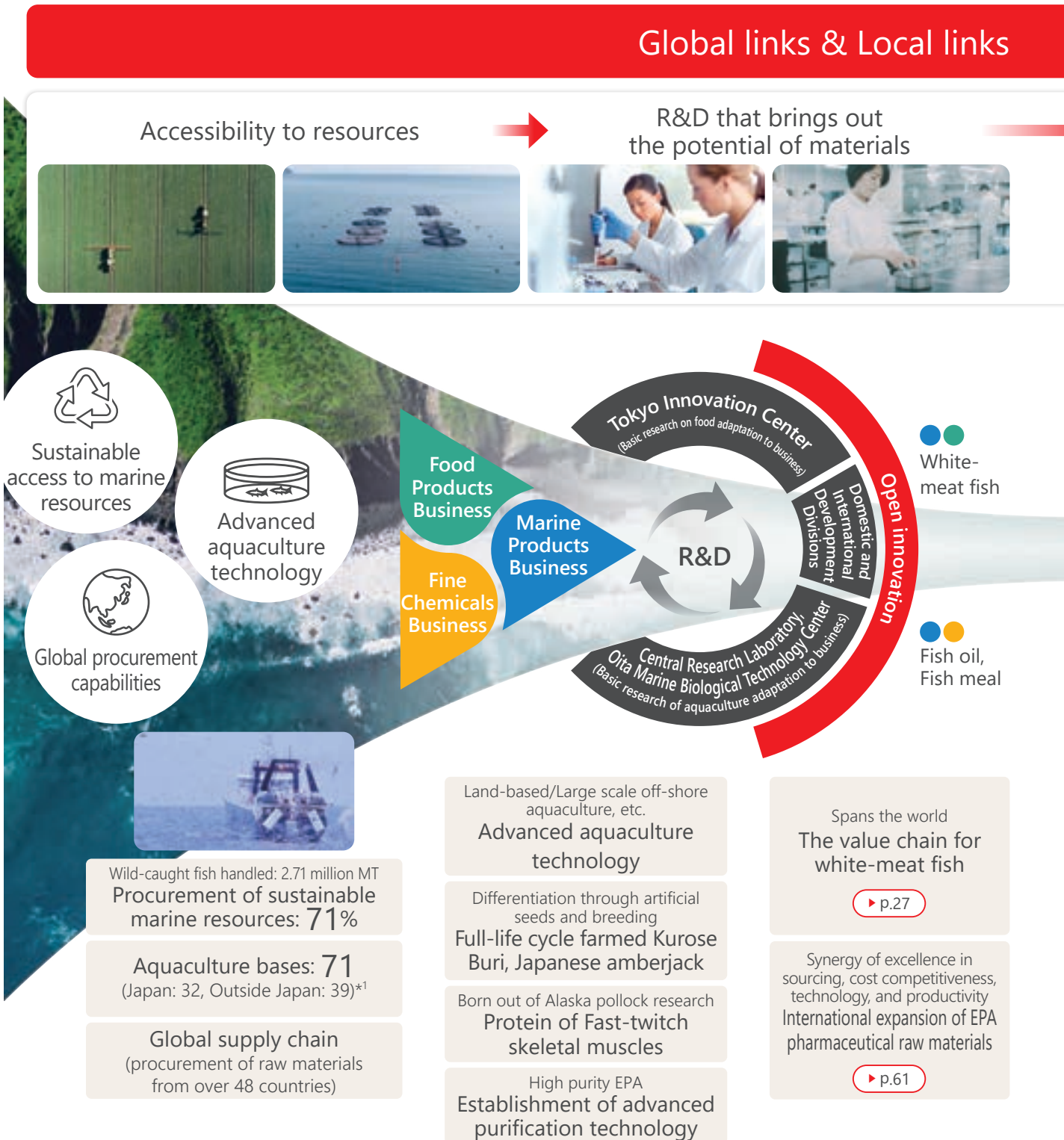
Aim to be a company where diverse human capital play an important role to address the social agenda

Contribution of Sustainability

Business and Five Genes

Nissui Group's Strength: Value Chain

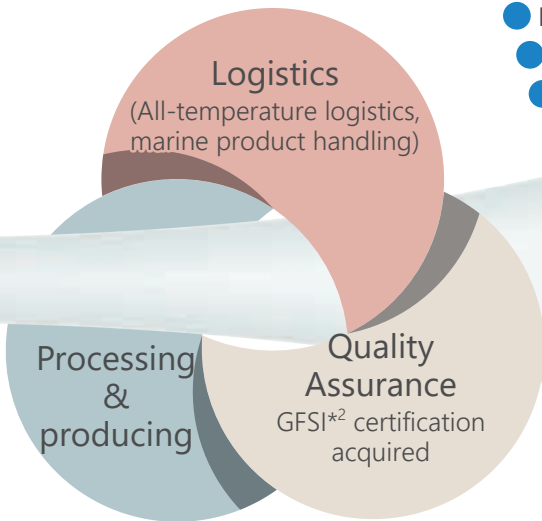
The Nissui Group's strength lies in its value chain, which includes processing, production, quality assurance, and a wide range of product rollout channels. Our accessibility to resources allows us to procure marine resources and other materials from around the world, and our R&D brings out the potential of materials for adding higher value. Through the synergy of our three main businesses – Marine products, Food products, and Fine Chemicals –, we will maximize the value of our materials and provide innovative food solutions to people around the world.



(Number of countries with Group companies: 26*¹)

Customers of all ages around the world

Advanced technology and knowledge that support the value chain (Processing & producing, logistics, quality assurance)



- Fillet and pickled fish
- Fresh fish
- White-meat fish processed foods
fried white-meat fish,
Fish paste-based foods
(eg: crab sticks, fish cakes)
- Health Category Products
(eg: protein of Fast-twitch skeletal muscles)
- Alternative proteins
- Frozen foods
- Chilled foods
- Functional lipids
(eg: IMARK, sesame soymilk*³)
- Functional lipids
(EPA, DHA)
- Pharmaceutical raw materials

Wholesale, retail



Restaurants



EC, delivery



Food manufacturer



Health food manufacturer



Pharmaceutical manufacturer



GFSI*³ standard certification acquired
Standard certification acquired
31 processing/production sites

Providing food in individual servings,
reducing food loss
Q-dish business

Acceptance of functions for seafood distribution
Aqua platform
(Aggregate Distribution Business)

Cité Marine S.A.S.
Alternative protein products



International expansion of EPA pharmaceutical raw materials

- Marine Products Business
- Food Products Business
- Fine Chemicals Business

*1 Number of countries in which consolidated subsidiaries of Nissui, member companies of Global Links and companies affiliated with the above maintain bases of operations

*2 GFSI (Global Food Safety Initiative): a private consortium of global food companies collaborating and working together to improve food safety and strengthen consumer confidence in food products through initiatives such as certification of food safety management standards

*3 Goma Tonyu Jitate no Minna no Mikata DHA (DHA-Contained Drink with Sesame Soymilk Flavor)