

Message from the CFO

We will deepen business portfolio management to enhance our value chain resilience and strive for greater success.

Shinya Yamamoto

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



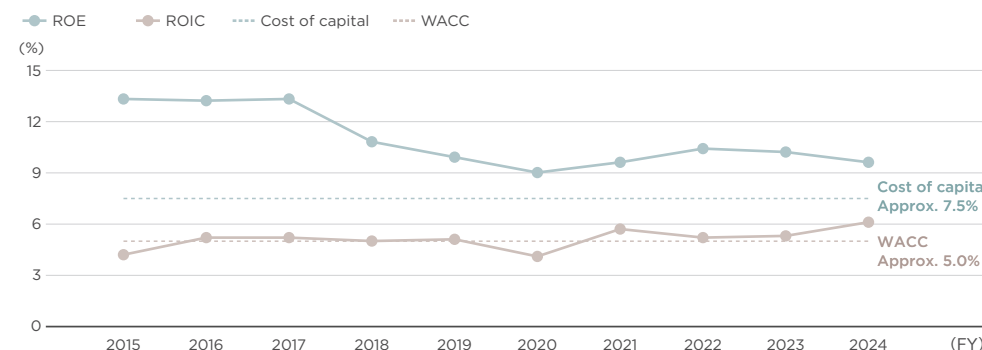
Issues in Realizing the Long-Term Vision and Medium-Term Management Plan “GOOD FOODS Recipe2”

Our goal for 2030 is to be a leading company that delivers friendly foods for people and the earth. “GOOD FOODS Recipe1,” the three-year Medium-Term Management Plan we launched in 2022, was the first step toward that goal. We steadily achieved top-line and operating profit growth, although there were some delays in progress toward sustainability-related targets. We also increased earnings per share (EPS) by approximately 1.5 times compared with 2021 (before the launch of Recipe1), and this growth exceeded the average for the TSE Prime Market over that period. ROE is not quite as high as we would like, but it remained at around 10%, which is the average for the TSE Prime Market. Finally, we measurably improved our equity spread, i.e., the spread between our cost of equity and return on equity (ROE).

Nevertheless, our ROIC spread remains narrow despite the improvement in ROIC. Initiatives in each of our businesses have contributed to tangible growth in the Group’s cash flow generation, but challenges remain.

The Group envisions a business portfolio in which the Marine Products Business and the Food Products Business are balanced in scale, with the highly profitable Fine Chemicals Business functioning as a third pillar. However, delays in increasing the sophistication of the aquaculture business and expanding the Fine Chemicals Business have slowed progress toward that vision. So while we are steadily increasing net sales and earnings, particularly outside Japan, both our PBR and price-to-earnings ratio (PER) remain relatively low. We will work to realize the portfolio we envision as quickly as possible, which will support improved PBR and PER.

ROE and ROIC

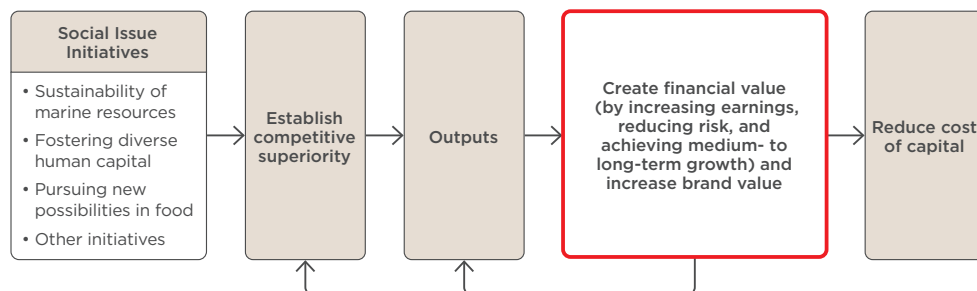


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In formulating Recipe2, the new Medium-Term Management Plan launched in April 2025, the Nissui Group took stock of the challenges of Recipe1 and also reviewed its material issues in response to the rapidly changing external environment. The Group has identified ten material issues [▶ Page 4](#), encompassing key challenges such as decarbonization and securing workforce, the same challenges that many companies must address. They also include driving the mainstreaming of marine biodiversity, which concerns the natural capital that is of particular benefit to the Group, and accelerating global operations, which links directly to the creation of financial value. Additionally, in the process of reviewing material issues, we identified and analyzed key opportunities and risks. We have begun using integrated risk management, which takes a holistic Group-wide perspective, prioritizing risks, incorporating them specifically into management plans, and monitoring them. Effective governance not only reduces risks, but also increases the likelihood of growth because it enables management to maintain an appropriate risk appetite. [▶ Page 38](#)

The Group is committed to addressing such social issues as those relating to the sustainability of marine resources, human capital, and the pursuit of new possibilities in food, all of which are at the very foundation of our business, given that doing so will differentiate us and increase our financial value, which will in turn improve our brand value, enhance our risk management, and reduce our cost of capital.

The Nissui Group has made enhancement of value chain resilience a theme of Recipe2. The keys to doing so are strengthening our value creation capabilities, sustainability, risk response capabilities, and human capital, and organically combining these four elements. We believe that overcoming the challenges we experienced during Recipe1 and enhancing our initiatives to address material issues are the way forward in enhancement of value chain resilience. [▶ Page 25](#)



Expanding the ROIC Spread

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

1. Expanding Growth Businesses That Generate Superior Profits and Investing More Effectively

For over 10 years, we have been allocating resources primarily to our Marine Products Business and Food Products Business outside Japan, the aquaculture business in and outside Japan, and the Fine Chemicals Business. We expect continued growth in these businesses, where we can deploy the technology and expertise we have developed over the years and create synergies within our business portfolio. Our aquaculture business and the Fine Chemicals Business will need more time to address inconsistent growth. Nevertheless, we are confident they will achieve operating profit margins of over 10% and further strengthen our unique value chain.

Other themes are restructuring the Food Products Business in Japan, and addressing issues in the General Distribution Business. Although population decline seems inevitable, our goal is to ensure that the expertise required to thrive in the Japanese market will continue to be passed down. We will therefore explore ways to achieve optimal production and logistics systems that are efficient and effective, which may well include outsourcing and collaboration with other companies rather than relying solely on our own resources.

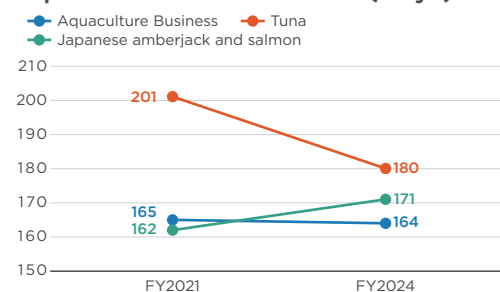
2. Controlling Working Capital

Three years ago (in FY2022), we started using the cash conversion cycle (CCC) as a metric for managing our business. While our aquaculture business is a growth driver, farmed fish can take several years to mature, meaning that earnings in this business will need more time too. We have therefore been investing in inventory with an eye to the future. Sales growth in the Fine Chemicals Business has been slower than expected, resulting in longer inventory turnover for both finished pharmaceutical products and their raw materials. However, several successful initiatives have kept the CCC essentially unchanged.

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Looking in closer detail, expansion of the aquaculture business generally requires significant increases in inventory, but we are seeing positive outcomes from our many years of research into selective breeding techniques for short-cycle farming that produces highly palatable Japanese amberjack and salmon of a suitable size. We are also reducing capital requirements for inventory by transitioning to short-cycle farming of bluefin tuna with a farming period of less than one year. The Fine Chemicals Business began sales in Europe at the end of FY2024, and the conditions now in place give us reason to expect renewed growth in Japan as well. Sales growth naturally normalizes inventory, but by using fish oil produced in Japan as a raw material rather than being overly reliant on

Aquaculture Business CCC (Days)



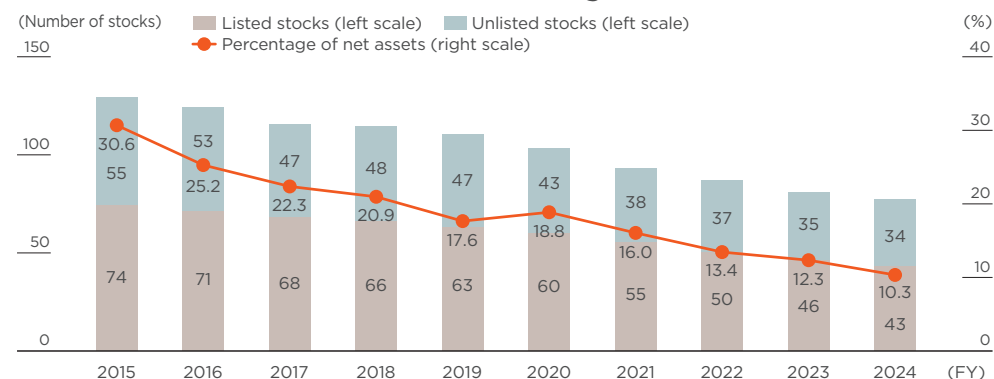
Major Investments in Growth Drivers (Completion Basis)

Business	FY	Amount	Details	Objective	
International	Food Products	2021	Approx. 3.5 billion yen	Expansion of production facilities (U.K.)	Increase production capacity with a focus on fried marine products
		2022-2025	Approx. 20.0 billion yen	New plant construction and plant expansion (U.S. and France)	Increase production capacity and reduce logistics costs to eliminate lost opportunities
	Marine product processing and trading	2023	Approx. 1.0 billion yen	Acquisition of a fresh fish processing and sales company (Netherlands)	Expand sales channels for marine products from the North Sea and Japan-sourced marine products, and increase profitability by adding value
Aquaculture	Outside Japan (Chile)	2024-2026	Approx. 4.0 billion yen	Addition of filleting lines and other facilities (salmon)	Increase processing sophistication to expand sales channels, improve profit margins, and reduce costs
				Construction of juvenile production facilities (salmon)	Enhance juvenile quality to improve aquaculture performance and increase production
	Japan	2024-2025	Approx. 2.0 billion yen	Juvenile facility maintenance, other (salmon and Japanese amberjack)	Enhance juvenile quality to improve aquaculture performance and increase production
				Expansion of processing plant, other (Japanese amberjack)	Increase processing sophistication to expand sales channels, improve profit margins, and reduce costs

Peruvian fish oil as we have been in the past, we will further shorten inventory turnover for raw materials and be able to coordinate production and sales more effectively, which will improve the CCC. In the Food Products Business, we will continue implementing revenue and expenditure management on an item-by-item basis, which allows us to quickly identify products that are struggling to generate profit.

Given rising uncertainty, we may need to maintain safety stock for periods over the short term. We therefore need to be more effective than ever at ensuring that everyone across the Group, at every level, fully understands our strategies for improving ROIC and CCC. Although these strategies are outlined in the plan, we must be quick to update them as circumstances change. We will continue to conduct workshops and meetings to share specific initiatives for items, categories, production facilities, and all aspects of operations to further enhance the effectiveness of our activities to improve CCC.

Number of Cross-Held Stocks and Percentage of Net Assets



3. Using Non-Current Assets Effectively

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. To date, we have sold approximately 40% of our cross-shareholdings, reducing them to approximately 10% of net assets as of the end of FY2024 and freeing up a total of approximately 22.0 billion yen in cash for investments and shareholder returns. We are currently considering a program to increase the effectiveness of tangible assets such as property, plant and equipment. It would involve identifying idle and

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underperforming assets and having the relevant business unit consider specific countermeasures, and delegating it with authority to monitor program implementation.

4. Implementing Measures to Reduce the Cost of Capital

Reducing the cost of capital necessarily involves management based on material issues, enhanced governance and risk management, and management that strengthens our business portfolio. Diverse sources of funding are also key for the Nissui Group. Conventionally, the Group has relied on bank loans, but our progress in improving our financial position earned an A (Stable) rating from Rating and Investment Information, Inc. (R&I) in March 2025.

Interest rates are trending downward around the world while rising in Japan, which requires us to diversify funding sources geographically and by method. We are committed to maintaining and structuring a sound financial foundation. We will use our investment-grade rating to procure funding that builds relationships with stakeholders with an interest in the Nissui Group and that reduces the cost of capital.

Capital Structure and Cash Allocation

The Nissui Group operates globally with natural capital as the foundation of its business. Priority risks include natural disasters and geopolitical risk, so establishing and maintaining a financial foundation that is resilient to these risks will also help us earn investor trust. At the same time, we plan to continue investing in order to realize our growth strategy, and we must capture investment opportunities before they slip away while still carefully assessing investment efficiency. Given our current financial position, we believe that the right balance between these priorities is a net D/E ratio in the range of 0.7 to 0.8 times.

We intend to continue balancing growth and financial soundness while allocating cash over the three years through FY2027 to the growth investments necessary to realize our long-term vision. We plan to generate over 150.0 billion yen in cash over the next three years through means including asset sales, and will deploy this capital for shareholder returns and investments. Moreover, the Group plans to invest 140.0 billion yen (150.0 billion yen on a completion basis) over three years in the aquaculture and international businesses, as well as the Food Products Business in Japan. This amount includes M&A. We are planning to deploy 10.0 billion yen for M&A, but timing is important and we will adapt flexibly to situations as they develop.

Launched in FY2025, Recipe2 has targets for shareholder returns that include total return ratio of 40% or more over 3 years while maintaining stable dividends, with returns totaling at least 30.0 billion yen. We have already repurchased shares valued at 6.0 billion yen in FY2025, and would like to repurchase more if feedback through our dialogue with investors is favorable.

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 is improving. However, as mentioned above, our current share price remains slightly above a PBR of 1 and a PER of around 12, which are below the average for companies in the food industry. We need to be even more forthcoming with investors about our strategies, profitability, and the non-financial capital strengths of our growth drivers and our aquaculture and Fine Chemicals businesses. In particular, in conjunction with on-site tours in the aquaculture business, we have set up opportunities for investors to judge for themselves the future direction of the business (including sustainability initiatives), the level of our aquaculture research and operational improvements, and our risk response capabilities. Through these opportunities, we intend to explain the Group's competitive advantages and value creation story with even greater clarity and simplicity.

By making disclosure thorough and incorporating feedback from dialogue with investors in and outside Japan in management, we will continue to aim for sustainable enhancement in corporate value.

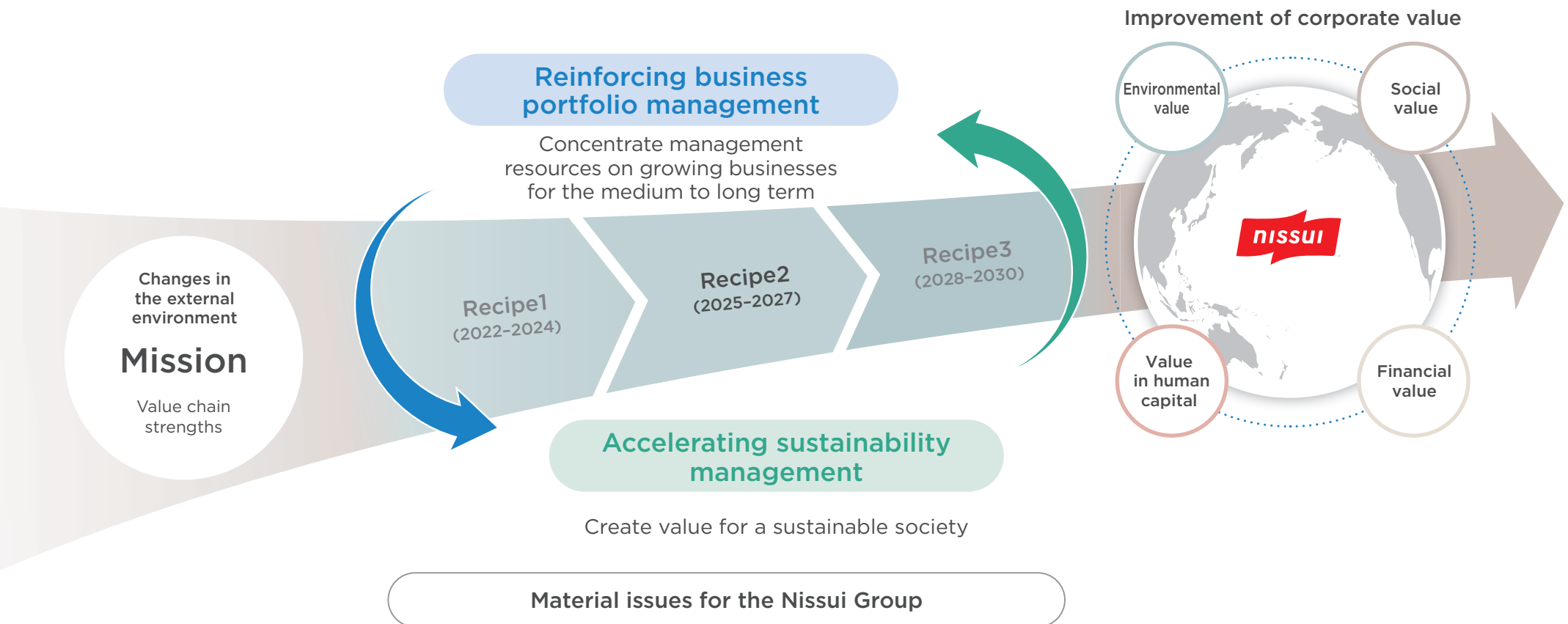
PBR and PER



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 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 “GOOD FOODS 2030”

Long-Term Vision Targets
for FY2030Net sales: **≥ 1 trillion yen**Operating profit: **≥ 50.0 billion yen**

We will stabilize and expand the Marine Products Business to bring it into balance with the Food Products Business, which is performing strongly, and move quickly to develop a business portfolio that incorporates the Fine Chemicals Business. Specifically, we will implement the following three key measures with the FY2030 goals of increasing our international net sales ratio to 50%, achieving net sales of 1 trillion yen or more, and generating operating profit of 50.0 billion yen or more.

- ① **Accelerate international growth:** We will enhance value-added products that meet customer needs such as health and convenience, create new categories, and expand our sales area in Europe, Asia, and Oceania.
- ② **Enhance aquaculture business:** We will expand and stabilize juvenile production, thereby improving and stabilizing aquaculture performance and establishing the foundation for mass production.
- ③ **Increase pharmaceutical raw material sales:** We will strengthen profitability by expanding sales of EPA pharmaceutical raw materials in and outside Japan.

FY2024 Results

International net sales ratio:
40%Net sales: **886.1 billion yen**Operating profit: **31.7 billion yen**

FY2027 Plan

International net sales ratio:
Approx. 43%Net sales: **970.0 billion yen**Operating profit: **41.0 billion yen**

Long-Term Vision Targets for FY2030

International net sales ratio:
50%Net sales: **≥ 1 trillion yen**Operating profit: **≥ 50.0 billion yen**

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

Review of Previous Medium-Term Management Plan “GOOD FOODS Recipe1” (FY2022–FY2024)

Our initiatives to realize “GOOD FOODS 2030,” our long-term vision for 2030, progressed steadily despite slower progress toward some targets, which was due to business expansion and other factors.

Recipe1 in Review

Basic strategy		Review
Evolve sustainability management	<ul style="list-style-type: none"> Reviewed material issues Improved external evaluation of the quality and volume of ESG information disclosure, including rapid response to TNFD recommendations 	<ul style="list-style-type: none"> Insufficient linkage between sustainability and business strategy (internal and external awareness of mission; implementation of human capital management)
Accelerate global operations	<ul style="list-style-type: none"> Made investments for growth in international business (European and U.S. food product plants, New Zealand fishing companies, European fresh fish companies, other) 	<ul style="list-style-type: none"> Increased international net sales driven by investment outcomes and by top-line growth from area and category expansion in the Food Products Business in Europe and North America
Enter new businesses and expand business boundaries; innovate productivity	<ul style="list-style-type: none"> Expanded health category product lineup and enhanced products that meet needs for single-serving and convenient meals 	<ul style="list-style-type: none"> Expanded chilled products businesses (acquired chilled products vendor business, integrated chilled products and frozen foods businesses)
Enhance financial strategy and governance	<ul style="list-style-type: none"> Restructured business portfolio (sold Nissui Pharmaceutical Co., Ltd. (now Shimadzu Diagnostics Corporation) and Hohsui Corporation) Implemented asset-light management, using CCC as a metric and reducing cross-shareholdings 	<ul style="list-style-type: none"> Increased shareholder returns and maintained ROE of around 10% while improving equity Strengthened Group governance and reorganized risk management systems

KPIs (Financial Value, Social Value, Value in Human Capital and Environmental Value)

Value created	Themes	Goals	KPIs	Base year (Unit)	FY2021 results	FY2024 results	Recipe1 targets
Financial value	Growth and profitability		Net sales	—	693.6 billion yen	886.1 billion yen	790.0 billion yen
			Operating profit	—	27.0 billion yen	31.7 billion yen	32.0 billion yen
	Capital efficiency		ROIC	—	5.7%	6.1%	≥ 5.5%
	International expansion		International net sales ratio	—	33.9%	40.3%	Approx. 38%
Social value	Sustainable procurement	Responsible procurement	Assessment of Tier 1 suppliers*	—	—	97.5%	100%
	Resolving health issues	Expand health category products	Sales of health category products	FY2021	—	Expanded by 10%	Expand by 30%
Value in human capital	Diverse human capital playing an important role	Employee engagement	Employee engagement score*	FY2021	—	Improved by 16.8%	Improve by 10%
		Women's empowerment	Ratio of female managers*	—	7.3%	7.9%	10%
Environmental value	Actions aimed at addressing climate change and protecting marine environments	Reduction of CO ₂ emissions	CO ₂ emissions (Scope 1, 2)	FY2018 (Total amount)	Reduced by 5.8%	Reduced by 6.4%	Reduce by 10%
		Reduction of plastics	Usage of plastics*	FY2015 (Per unit of sales)	Reduced by 6.4%	Reduced by 6.7%	Reduce by 10%
	Sustainable procurement	Sustainability of marine resources	Sustainable procurement rate	—	71%	75%	80%

* Scope: Nissui Corporation

Review of Previous Medium-Term Management Plan “GOOD FOODS Recipe1” (FY2022–FY2024)

Reorganization of Risk Management Systems

During Recipe1 we added a proactive perspective to our conventional preventive risk management, and transitioned to risk management systems that takes a wide-ranging view of the entire Group when setting priorities. We identify priority risks based on material issues and address them using a PDCA cycle. We also categorize risks into those that are business strategy risks and those that are business foundation risks, as we work to meticulously address opportunities and risks.

Risk Management Promotion System

We have transitioned from managing risks separately to Group-wide risk management systems that enables us to expeditiously identify and address risks throughout the Group.

Specifically, the Risk Management Committee coordinates centralized management of risk among respective risk management organizations, including the Executive Committee, Sustainability Committee, Quality Assurance Committee and Business Foundation Risks Committee. In accordance with priority, we incorporate the outcomes from this approach in our management strategy to precisely manage both growth opportunities and risks, thereby contributing to sustainable growth and enhanced corporate value.



Risk Management Committee

Chairperson	Representative Director, President & CEO	Secretariat	General Affairs Department
		Reports to	Board of Directors
Members	All Executive Officers	Meeting frequency	4 times a year
Future initiatives and issues	<ul style="list-style-type: none"> Establishing a PDCA cycle based on our new risk management systems and management process Quantifying risk assessment Strengthening risk management among Group companies 		

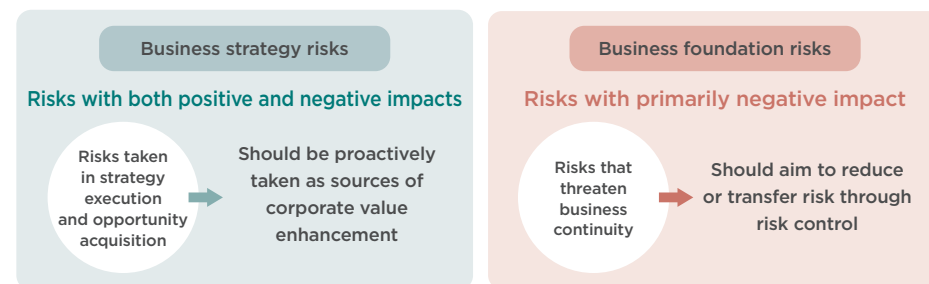
Risk and Opportunity Management Process

In conjunction with the reorganization of risk management systems, we also revised the risk management process. Using material issues based on changes in the external environment as the starting point, we identify priority risks in light of our medium- to long-term management strategies. We are addressing these issues with an annual PDCA cycle, and will regularly review priority risks when reviewing material issues.



Process for Identifying Priority Risks

We emphasize strategic responses to risks and opportunities arising from changes in the external environment as the means to maintain and enhance corporate value over the medium to long term. We therefore reviewed our material issues and drew on the risks and opportunities extracted and analyzed during that process to identify the priority risks that significantly impact our material issues and business strategies. Concurrently, we are categorizing risks as business strategy risks and business foundation risks as we transition to integrated management systems.



New Medium-Term Management Plan “GOOD FOODS Recipe2” (FY2025–FY2027)

The Nissui Group has positioned enhancement of value chain resilience as the core theme of Medium-Term Management Plan “GOOD FOODS Recipe2.” Our value chain is one of our strengths, and we want to raise its resilience from the perspective of our material issues. In doing so, we seek to ensure that we can continue to create value in an increasingly uncertain business environment. Under the plan, we will implement three basic strategies to strengthen our capabilities in four areas—value creation, sustainability, risk response, and human capital—as we strive toward realizing our long-term vision.

Material Issues for the Nissui Group

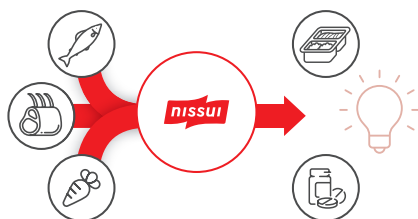
Enhancement of value chain resilience to respond flexibly and rapidly to changes in an uncertain environment



Four Areas for Strengthening Capabilities

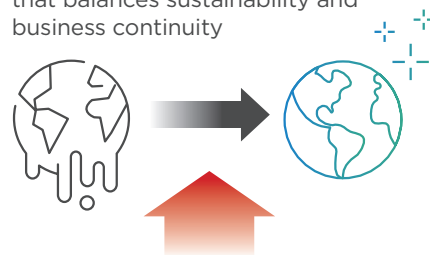
① Value Creation

Ability to optimize functions and create value amid diversifying and changing customer needs



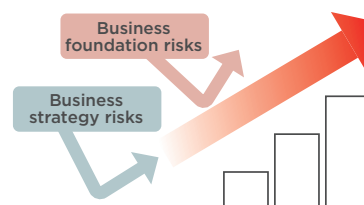
② Sustainability

Ability to sustainably generate earnings through a business model that balances sustainability and business continuity



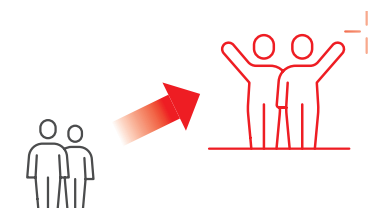
③ Risk Response

Ability to balance taking preventative measures and proactively seizing opportunities amid uncertainties



④ Human Capital

Ability of employees to maximize their potential, which is the key driver of our corporate activities



Three Basic Strategies

1 Strengthen business portfolio

- Deepen business portfolio management
- Accelerate global expansion
- Open up new businesses and business boundary areas
- Promote digital transformation (DX)

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2 Deepen sustainability management

- Strengthen linkage between sustainability and business strategies
- Promote human capital management and branding

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3 Strengthen governance

- Risk management linked to business strategies
- Strengthen Group governance

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Financial KPIs

The Nissui Group is expanding the potential of global food resources and creating innovative food solutions that will support a healthier, more sustainable future. To this end, under “GOOD FOODS Recipe2” we will enhance corporate value by achieving both sustainable growth and improved capital efficiency. Our targets in terms of financial KPIs for Recipe2 are net sales of 970.0 billion yen, operating profit of 41.0 billion yen, ROIC of 6.0%, and ROE of 10.0%.

Financial KPIs

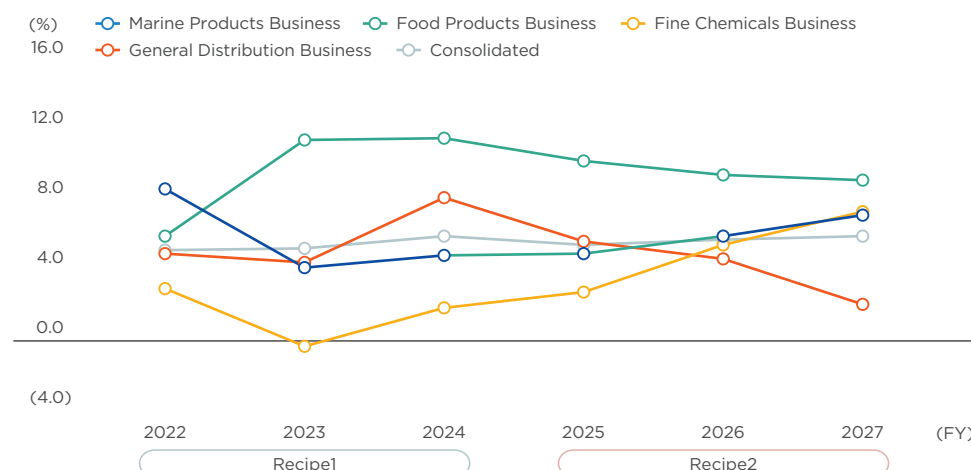
(Billions of yen)

	FY2024 results	Targets for FY2027	Targets for FY2030
ROIC			
6.0%			
ROE			
10.0%			
Net sales	886.1	970.0	1,000.0
Operating profit	31.7	41.0	50.0
Ordinary profit	35.3	42.5	—
Profit attributable to owners of parent	25.3	30.0	—

ROIC by Business

	3-year average for Recipe1	3-year average for Recipe2
Marine Products Business	5.9% (5.7%)*	6.1%
Food Products Business	9.7%	9.7%
Fine Chemicals Business	1.5%	5.3%
General Distribution Business	5.9%	4.2%

* FY2024 included a one-time gain from equity in earnings of an affiliate in Oceania. The figure in parentheses excludes this gain.



KPIs and Promotion Framework for Material Issues

Material issues	KPIs	Targets		Details of initiatives
		FY2027	FY2030	
Driving the mainstreaming of marine biodiversity	Sustainable procurement rate of marine resources	85%	100%	Sustainable Use of Natural Marine Resources ► https://nissui.disclosure.site/en/themes/212
Contributing to a decarbonized and circular economy	Plastic use in containers and packaging ¹ (Base year: FY2015; per unit of sales)	Reduce by 15%	Reduce by 30%	Containers and Packaging/Waste ► https://nissui.disclosure.site/en/themes/197
	Plastic waste at the production stage ² (Base year: FY2017; per unit of sales)	Reduce by 25%	Reduce by 30%	
	CO ₂ emissions (Scope 1, 2) (Base year: FY2018; total amount)	Reduce by 20%	Reduce by 30%	Reduction of CO₂ Emissions ► https://nissui.disclosure.site/en/themes/245
	Refrigerants containing CFCs/HCFCs	—	Zero use	
	Renewable energy ratio ² (percentage of electricity consumption)	—	40%	Food Loss and Waste ► https://nissui.disclosure.site/en/themes/140
	Waste from animal and plant byproducts ² (Base year: FY2017; per unit of sales)	Reduce by 25%	Reduce by 30%	
	Waste from products ¹ (Base year: FY2020; total amount)	Reduce by 30%	Reduce by 50%	
	Food recycling rate ² (resource circulation rate)	95%	100%	Reducing Environmental Impact ► https://nissui.disclosure.site/en/themes/88
	Water use ² (Base year: FY2015; per unit of sales)	Reduce by 10%	Reduce by 20%	
Structuring a sustainable supply chain	Percentage of plants with 99% or higher zero emission rate ²	85%	100%	
	Assessment of Tier 1 suppliers	100% (Key Tier 1 suppliers for Group companies in Japan)	100% (Key Tier 1 suppliers for Group companies)	Sustainable Procurement ► https://nissui.disclosure.site/en/themes/107
	Acquisition rate of third-party certification for food safety	Group companies in Japan: 100%	Nissui Group: 100%	Approach to and Systems to Ensure Safety and Security ► https://nissui.disclosure.site/en/themes/97
Resolving health issues	Major quality incidents such as product recalls	Zero incidents	Zero incidents	Initiatives to Ensure Safety and Security ► https://nissui.disclosure.site/en/themes/98
	Sales of health category products (Base year: FY2021)	Expand by 100%	Expand by 200%	Health and Nutrition Initiatives ► https://nissui.disclosure.site/en/themes/218
	Sharing R&D information to contribute to health, nutrition, and fine chemicals ¹	—	—	Research and Development to Enrich Lives ► https://nissui.disclosure.site/en/themes/99
Developing human capital and empowering diverse personnel	Food education and awareness activities that add health benefits	—	—	
	Ratio of female managers ¹	15%	20%	Diversity, Equity & Inclusion ► https://nissui.disclosure.site/en/themes/148
	Ratio of mid-career hires ¹	45%	50%	
Securing a stable workforce and improving productivity	Internally managed KPIs only	—	—	
Embracing our mission and establishing our brand	Employee engagement score ¹ (Base year: FY2021)	Improve by 18%	Improve by 20%	Employee Engagement ► https://nissui.disclosure.site/en/themes/229
Innovating through digital transformation	Percentage of employees with nationally recognized digital transformation qualifications ¹	10%	30%	Human Capital Development ► https://nissui.disclosure.site/en/themes/103
Accelerating global operations	International net sales ratio	Approx. 43%	50%	► Page 31
Generating innovations related to food	Internally managed KPIs only	—	—	► Page 32

1. Scope: Nissui Corporation

2. Scope: Nissui Corporation and Group companies in Japan

KPIs and Promotion Framework for Material Issues

The Nissui Group promotes 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. Issues relating to sustainability are addressed across organizational lines by the seven subcommittees of the Sustainability Committee, and by the respective subcommittees of the Human Capital Development Committee, Executive Committee, Quality Assurance Committee and Business Foundation Risks Committee. The ideal state and corresponding KPIs defined for each material issue are handled by respective promotion organizations, each led by an executive officer or higher. Through this structure, we are advancing sustainability management that creates value toward realizing a sustainable society by addressing material issues across organizational lines from a management perspective.

Material Issues for the Nissui Group¹

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

1. Icons for the relevant material issues are shown next to each subcommittee.

2. Implemented under the operations of International Business departments.

3. Positive List System: A system introduced by Japan's Ministry of Health, Labour and Welfare for regulating substances found in food utensils, containers, and packaging

Sustainability Committee

Chairperson	Representative Director, President & CEO	Meeting frequency	Six times a year
Members	All Executive Officers and Outside Directors	Main topics discussed in FY2024	<ul style="list-style-type: none"> Consideration of KPIs in the new Medium-Term Management Plan Results of the Third Survey of Procured Marine Resources Sustainability Review of key human rights risks Response to the Corporate Sustainability Reporting Directive of the EU (CSRD)
Secretariat	Sustainability Department		
Reports to	Board of Directors		

Quality Assurance Committee

Chairperson	Representative Director, President & CEO	Meeting frequency	Once a month
Members	Directors, relevant Executive Officers, relevant Department Managers, and two external members	Main topics discussed in FY2024	<ul style="list-style-type: none"> Nissui-specific challenges involving foods with functional claims System for self-led improvement by production plants Compliance with the Positive List System³ for Food Utensils, Containers and Packaging
Secretariat	Quality Assurance Department		
Reports to	Board of Directors		

Basic Strategy ①

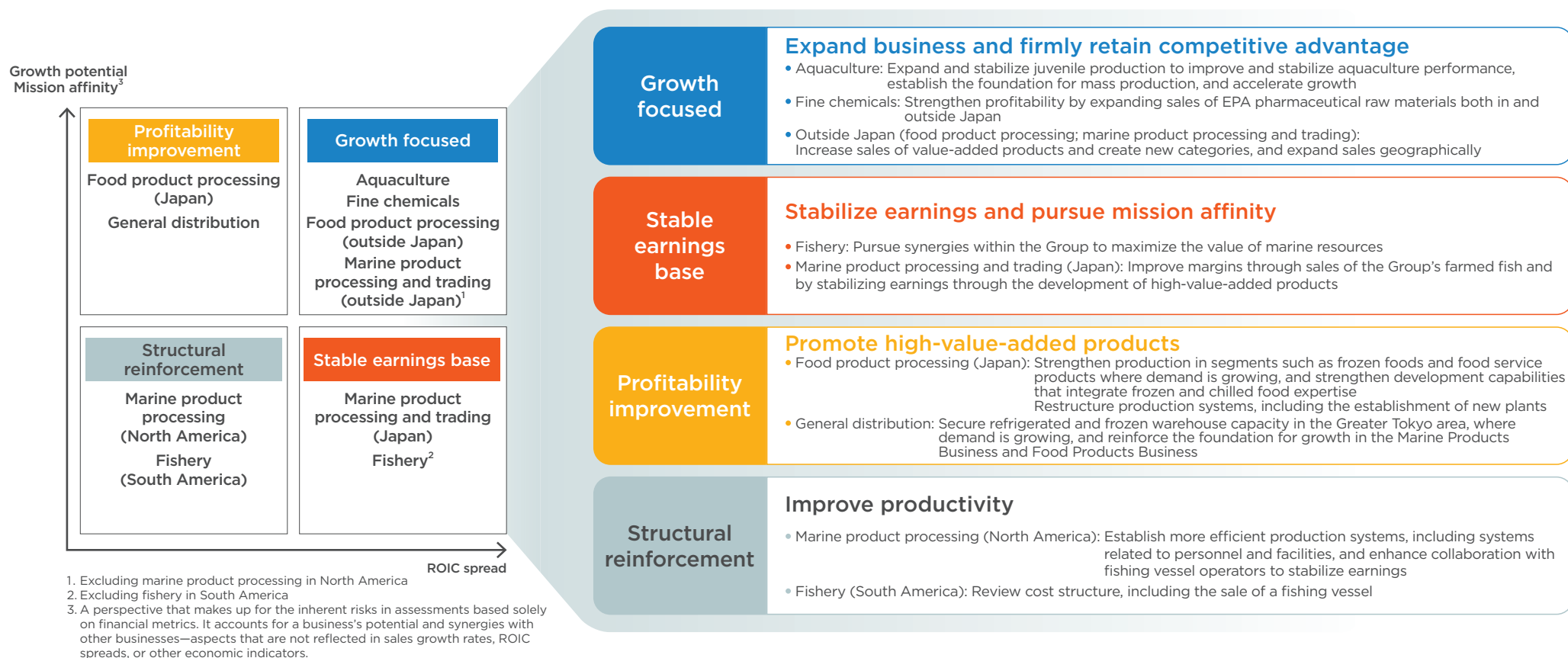
Strengthen Business Portfolio

Value Creation

Deepen Business Portfolio Management

The Food Products Business has improved profitability by expanding in high-growth markets outside Japan and revising prices in and outside Japan. However, initiatives to raise the sophistication of the aquaculture business and expand the Fine Chemicals Business have lagged. We have yet to achieve a portfolio in which the Marine Products Business and the Food Products Business are balanced in scale, with the highly profitable Fine Chemicals Business functioning as a third pillar.

During Recipe2, we will advance our growth-focused initiatives, including accelerating global expansion, strengthening the aquaculture business, and increasing sales of pharmaceutical raw materials. In addition, we will achieve our target portfolio by improving the productivity of our North American marine product processing company and South American fishing companies, both areas in which we are strengthening our business structure.



Basic Strategy ①

Strengthen Business Portfolio

Deepen Business Portfolio Management

We will take action to stabilize and expand the aquaculture business and quickly restore the vitality of marine product processing operations in North America and fishery in South America.

Growth
focused

Aquaculture: Strengthen juvenile production capacity to stabilize earnings and expand the scale of production

We will improve aquaculture performance by raising growth rates, improving heat tolerance, reducing the risk of fish diseases, and other measures. These efforts should lower per-unit fish costs and help stabilize profitability. We will also leverage our enhanced juvenile platform to expand production scale.

For salmon, we will build freshwater farms in South America and increase production by optimizing the operation of offshore aquaculture facilities. We will also expand our aquaculture area in Japan by employing a fishery research facility in Iwate Prefecture as a juvenile production center.

For Japanese amberjack, we aim to expand production scale and improve efficiency by transitioning to larger fish cages.



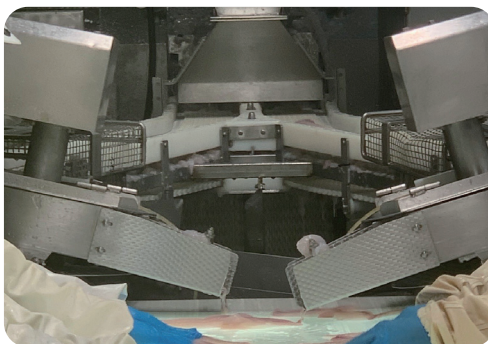
Salmon: Artist's impression of a completed freshwater salmon farm (South America)



Japanese amberjack: Improving production efficiency with larger fish cages

Improve
productivity

Marine product processing operation in North America: Improve productivity



Increasing the proportion of high-value-added fillet products in our product mix by improving the raw material transport system and adding fillet processing lines

Group company engaged in marine product processing operation in North America will collaborate with fishing vessel operators to establish a system that links vessels with processing lines. This will stabilize the quality of our white-meat fish raw materials and allow us to shift from surimi products to fillet products with higher added value. At the same time, we will improve productivity by streamlining plant operations and personnel allocation.

Accelerate Global Operations

The Global Links & Local Links network is one of the Nissui Group's strengths. We will leverage this network to connect the functions of Group companies around the world and maximize synergies.

● Aiming for No. 1 in the Fried Marine Food Market

- Europe** Expand sales and streamline logistics by strengthening production functions
- North America** Increase sales to fast food companies
- Asia** Increase sales to fast food companies

The Nissui Group's production capacity is insufficient to keep pace with growing demand for fried marine foods in Europe and the U.S., so in 2024 we decided to invest a total of 17.0 billion yen in new and expanded plants. The North American facility began operation in September 2025 and the European facility is scheduled to begin operation in 2026, with the goals of expanding production capacity and improving logistics efficiency.

We will strengthen our ability to manufacture products that meet customer needs in order to provide greater added value and further increase earnings. In Asia, plants that are capable of world-class production quality control will be our foundation for increasing sales to fast food companies and other businesses.

● Provide Marine Products That Meet Customer Needs Worldwide





- International** Initiate production and sales of Atlantic salmon, which enjoys strong demand in the U.S.
- Japan** Expand international sales of Japan-sourced marine products such as scallops and farmed Japanese amberjack
- Asia** Expand in markets including the Iberian Peninsula

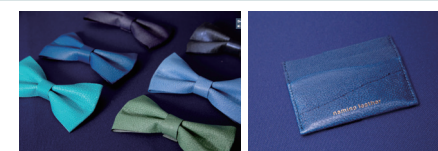
In 2023, the Group added a company in Europe with fresh fish procurement and processing capabilities. By expanding our product portfolio covering both fresh and frozen fish will enable we will broaden our sales channels in Europe and sell Japan-sourced marine products (including farmed Japanese amberjack and scallops), thereby increasing sales and maximizing synergies across both regions. Additionally, our South American aquaculture company will increase production and expand sales beyond its primary market of Japan. Doing so will increase earnings and reduce geopolitical risk.



Open Up New Businesses and Business Boundary Areas

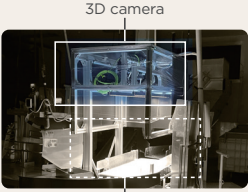

We are targeting growth from innovative food solutions that enrich the heart and the body and resolve social issues.

Approach	Value Delivered and Category
<p>Ramp up marketing</p> <p>Strengthen ability to respond to changes in consumer needs</p> <p>×</p> <p>Strengthen R&D</p> <p>Explore nutritional functions of ingredients Advance aquaculture technology</p> <p>×</p> <p>Open up business boundary areas</p> <p>Search for added value beyond business boundaries</p>	<div> <p>1 Health</p>  <p>Integrating chilled products and frozen foods</p> <p>We offer unique products that combine our chilled and frozen food expertise, such as frozen ready meals that combine rice and side dishes on one plate, and frozen and chilled deli foods. We are targeting the creation of added value through differentiation that meets consumer needs encompassing health and convenience.</p> </div> <div> <p>2 Convenience and Taste</p>  <p>Expanding tapas products</p> <p>We will complement our strength in chilled fried marine products by building seafood tapas and other convenient, ready-to-eat meals into a second core business that expands our presence in marine product retail spaces.</p> </div> <div> <p>3 Safety, Security and Sustainability</p>  <p>Upcycling into high-value-added products</p> <p>During the process of full-life cycle aquaculture Kurose Buri (Japanese amberjack), the skin that is generated as the inedible component was conventionally used for feed. However, we are now using these skins to offer new value through our development of <i>namino leather</i>.</p> <p> https://www.naminoleather.com/ (Japanese only)</p> </div>



Promote Digital Transformation (DX)

We will employ DX to innovate in growth markets.

HIGHLIGHT	3D Fish Measurement System	HIGHLIGHT	Environmental monitoring of fish farms
<p>In 2025, we developed a 3D fish measurement system for Japanese amberjack based on image processing technologies, with a patent currently pending. This system resolves accuracy and volume issues associated with manually collected data on fish body metrics, enabling large amounts of highly precise data to be collected. We will deploy this data to improve the accuracy of models for estimating fish weight and enhance the welfare of farmed fish. This includes enabling early detection and treatment of illnesses, while also reducing costs and environmental impact by tailoring feed quantity to total fish weight.</p>	 <p>3D camera</p> <p>Conveyor belt with weight checker</p>	<p>Since April 2025, all Group aquaculture companies in Japan have been evaluating their aquaculture ground environments under Nissui's aquaculture environmental monitoring program. Standardized analysis items and collection points enable understanding of the environmental conditions at each fish farm using the same benchmarks. We will use this data over time to better understand changes in the marine environment and to take action to reduce the impact of our business activities on the marine environment.</p>	

Basic Strategy ①

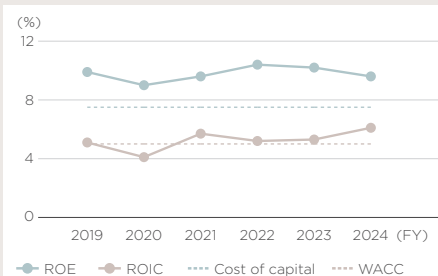
Strengthen Business Portfolio

Financial and Capital Strategies

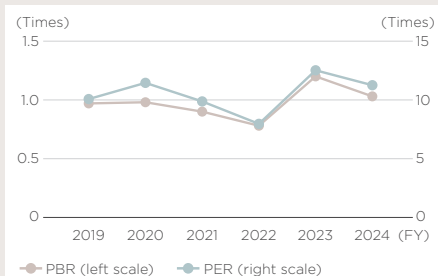
Analysis of Current Status

- Cost of capital is higher than that indicated when calculated under the capital asset pricing model (CAPM), with a WACC of approximately 5.0% and a cost of equity of approximately 7.5%.
- Although we have made improvements in terms of shareholders' equity, ROE has remained around 10%.
- Our share price has increased to some extent, but is still slightly above a PBR of 1.0 times.
- Although the Marine Products Business and the Food Products Business have complementary operating profit structures that serve to balance out earnings, the Marine Products Business tends to draw more attention due to higher awareness of earnings volatility.

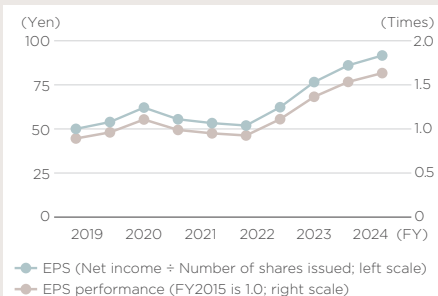
ROIC and ROE



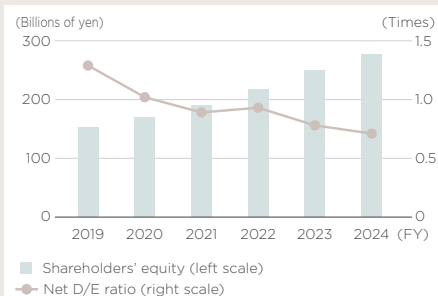
PBR and PER



EPS



Shareholders' Equity and Net D/E Ratio



Direction for Initiatives

- Optimize capital portfolio and improve ROIC with an asset-light business model
- Reduce cost of capital by stabilizing earnings, diversifying funding sources, and promoting sustainability management
- Maintain ROE with appropriate capital policies

Strategy

- Strengthen the business portfolio by expanding and stabilizing the aquaculture business and restoring growth in the Fine Chemicals Business
- Aim to maximize the ROIC spread by incorporating ROIC into strategy and reducing cost of capital

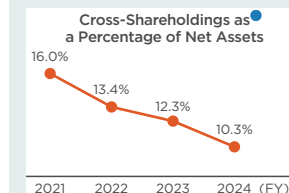
Maximize ROIC Spread

Business Portfolio Optimization

- Firmly establish business portfolio management based on ROIC spread and mission affinity as evaluation criteria
- Set priority order for investments in each business and optimize categories and items
- Execute strategic M&A

Implement Asset-Light Model

- Continue reducing cross-shareholdings and strengthen management of non-current assets
- Sell assets including a fishing vessel in South America
- Deepen working capital management through workshops and other activities to promote management based on ROIC



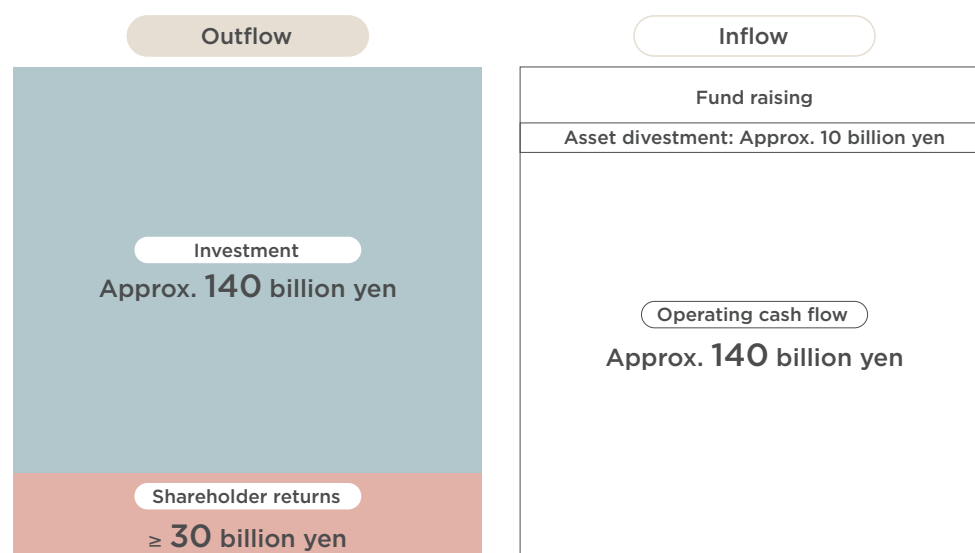
Reduce Cost of Capital

- Promote dialogue with capital markets
- Employ credit rating to diversify funding sources
- Implement optimal capital structure management (net D/E ratio of 0.7–0.8 times)
- Strengthen shareholder returns (total return ratio of 40% or more over the three years of the Medium-Term Management Plan)
- Accelerate sustainability management

Cash Allocation and Investment Plan

Cash Allocation Policy (Payment basis)

Achieve both growth and financial security, aiming for a total return ratio of 40% or more over 3 years while maintaining stable dividends.



Target Capital Structure

- Aim for a net D/E ratio of 0.7–0.8 times at the end of FY2027 as a financial base that can accommodate investment opportunities as well as withstand disasters and other factors

Investment Policy

- Proactive growth-focused investment

Shareholder Returns

- Total return ratio of 40% or more over three years while paying stable dividends
(Share repurchases totaling approximately 6 billion yen in FY2025.)

Asset Divestment and Fund Procurement

- Diversify funding sources by leveraging credit ratings in addition to asset sales such as the reduction of cross-shareholdings

Investment Plan (Completion basis)

We are planning growth investments with emphasis on the Food Products Business.

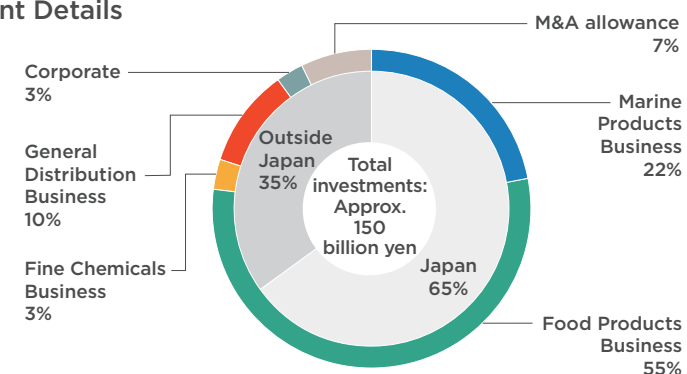
Growth investments 110 billion yen

Marine Products	22 billion yen	Strengthen and expand juvenile production facilities for salmon and Japanese amberjack farming
Food Products	66 billion yen	Construct new plants in North America and Europe to increase production of fried seafood Restructure production systems to create greater value over the medium to long term
Fine Chemicals	2 billion yen	Introduce submerged combustion system in preparation for expansion of the pharmaceutical raw materials business, etc.
General Distribution	10 billion yen	Relocate the Ohi Logistics Center to increase storage capacity
M&A allowance	10 billion yen	Earmark funding for proactive growth-focused investments outside Japan

Maintenance and renewal investments 40 billion yen

Total investment of 150 billion yen,
of which 7 billion yen in sustainability investment

Investment Details



Basic Strategy ②

Deepen Sustainability Management

Value Creation

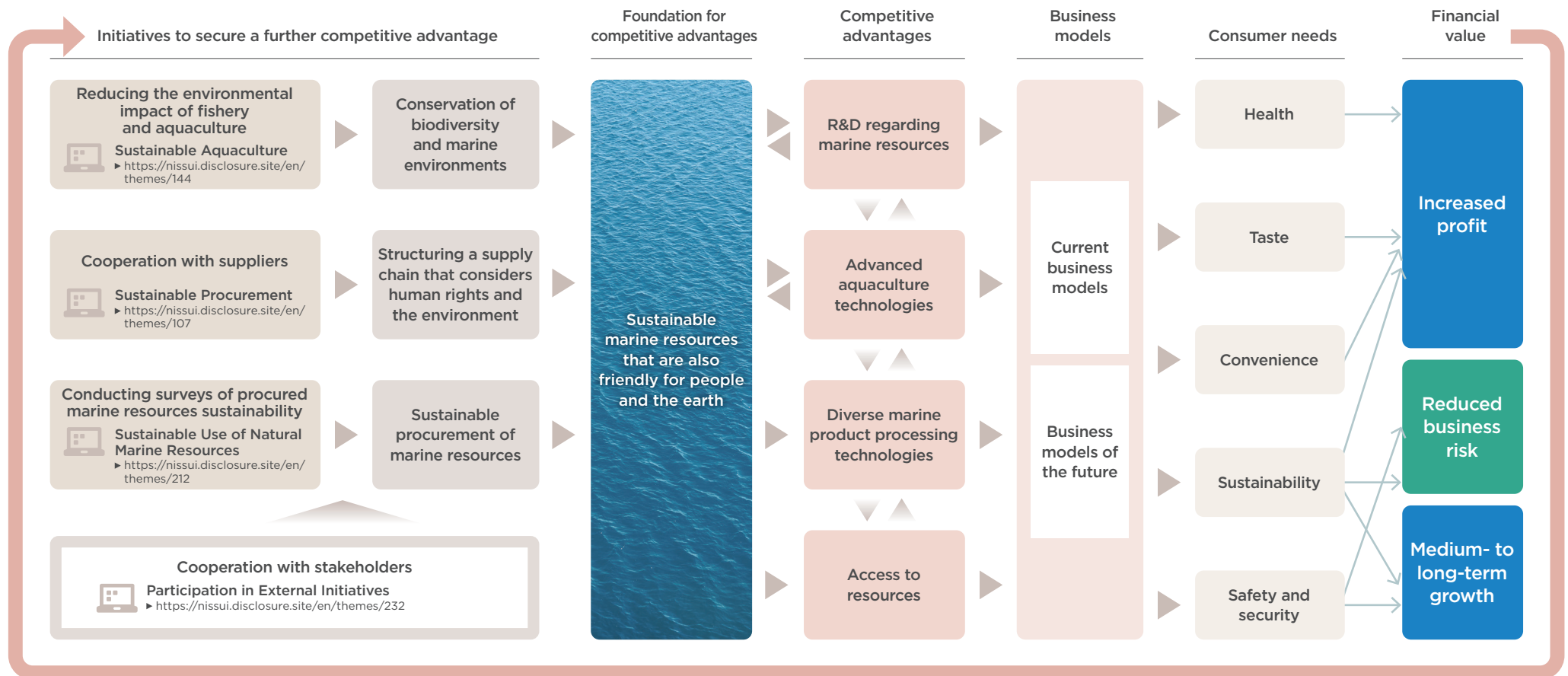
Sustainability

Human Capital

Strengthen Linkage between Sustainability and Business Strategies

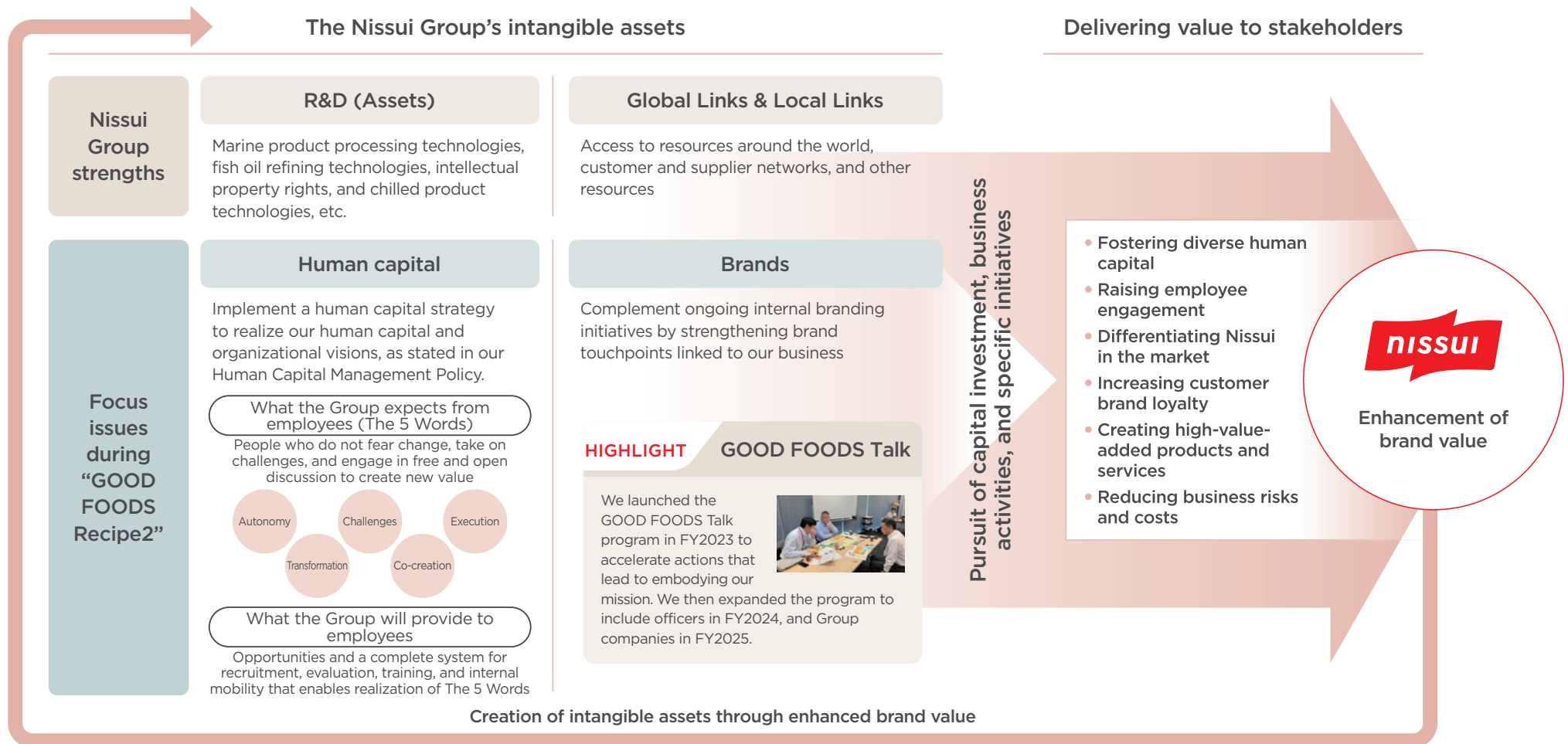
We will build our competitive advantages by implementing business strategies based on sustainability, and enhance corporate value by co-creating value with stakeholders. Furthermore, we use the financial value we create as a resource for initiatives to secure further competitive advantages, thereby establishing a cycle for greater value. This empowers us to structure sustainable business models and deliver value to customers.

Framework for Analyzing the Relationship between Sustainability and Business Activities (Example: Marine Resources)



Promote Human Capital Management and Branding

At the Nissui Group, we recognize our R&D, Global Links & Local Links, human capital, and brands as our four key intangible assets. R&D and Global Links & Local Links are Group strengths that we will complement during Recipe2 with investments and initiatives to strengthen our human capital and brands so that we can provide even more value to stakeholders and enhance brand value.



Basic Strategy ③

Strengthen Governance

Risk Response

Strengthen Group Governance / Risk Management Linked to Business Strategies

The Nissui Group aims to be globally competitive and to increase its international net sales ratio to 50% or more by FY2030. Structuring and implementing an effective management system is crucial for achieving those goals. During Recipe2, we will strengthen governance Group-wide through: (1) Risk management linked to management strategies; (2) Enhancing the functionality of Group company boards of directors; (3) Strengthening monitoring systems such as audits; and (4) Enhancing communication with Group companies.



Timeline of Measures to Strengthen Corporate Governance

The Nissui Group considers governance an important part of the management foundation for achieving sustainable growth and enhancing corporate value, and continuously enhances its governance system. The Group's business environment is becoming more diverse and complex, with the acceleration of global operation and changes in natural capital encompassing marine resources. In response, we have been working to improve the diversity and effectiveness of the Board of Directors and strengthen Group governance.

	To FY2021	GOOD FOODS Recipe1 (FY2022-FY2024)	GOOD FOODS Recipe2 (FY2025-)
Organizational design	<ul style="list-style-type: none"> • Established Nomination and Compensation Committees 	<ul style="list-style-type: none"> • Reorganized risk management systems 	
Functional reinforcement	<ul style="list-style-type: none"> • Updated Board composition to have at least one-third Outside Directors and appointed female members 	<ul style="list-style-type: none"> • Enhanced internal audits 	<ul style="list-style-type: none"> • Restructure and ensure knowledge of compliance policies
	<ul style="list-style-type: none"> • Completely revised the Board of Directors regulations 		
	<ul style="list-style-type: none"> • Introduced a succession plan 		
Group governance	<ul style="list-style-type: none"> • Designated officers responsible for subsidiaries 	<ul style="list-style-type: none"> • Strengthened the system for auditing Group companies outside Japan 	<ul style="list-style-type: none"> • Introduce nomination and compensation committees at Group companies
	<ul style="list-style-type: none"> • Completely revised governance regulations for subsidiaries 		<ul style="list-style-type: none"> • Introduce and operate a global whistleblowing system
Executive compensation system	<ul style="list-style-type: none"> • Introduced a performance-linked stock-based compensation system (Board Benefit Trust (BBT)) 	<ul style="list-style-type: none"> • Increased the ratio of stock-based variable compensation from 5% to 20% 	<ul style="list-style-type: none"> • Increase the ratio of stock-based variable compensation from 20% to 30%
	<ul style="list-style-type: none"> • Incorporated sustainability into individual evaluations 		

Basic Strategy ③

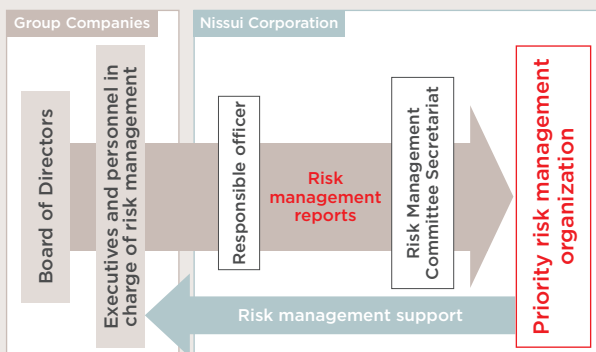
Strengthen Governance

1 Risk management linked to management strategies

▶ Page 24

• Reorganize risk management systems

In FY2024, the Nissui Group reorganized its risk management systems with the objective of having Group companies autonomously manage risk rather than simply looking to Nissui Corporation for risk information and countermeasures. Each Group company will formulate and implement specific plans based on Group-wide guidelines, and then monitor execution. This measure has already begun with Group companies in Japan, but we will extend it to Group companies outside Japan to build a globally unified risk management structure.



2 Enhancing the effectiveness of Group company boards of directors

Nissui Corporation engages in management based on consideration of priority risks, and Group companies must do so also. We are therefore enhancing the effectiveness of Group company boards of directors to reinforce our management foundation.

• Enhance training for Group company directors

We are strengthening governance and developing the management talent of the future. In FY2024, we provided training for newly appointed Group company directors on topics such as basic knowledge for directors and approaches to implementing Group-wide policies and management strategies. In FY2025, we are providing training for currently serving directors to enhance their management skills, with the aim of improving governance and the quality of discussion Group-wide.

• Introduced nomination and compensation committees at Group companies for corporate officers

In FY2025, we unified the systems for nominating and compensating directors at Group companies, and established new nomination and compensation committees at each company. The Group will strengthen its management foundation by establishing processes that ensure fairness and transparency, such as involving Outside Directors in the selection and evaluation process for Directors of Group companies.

3 Strengthening monitoring systems such as audits

• Strengthen accounting and internal audit systems and enhance their quality

During Recipe2, we will employ accounting and internal audits as a starting point for quickly identifying issues and risks Group-wide. The Group will then quickly share the issues identified with audit departments and other relevant departments to formulate and implement measures to preclude recurrence. This approach will strengthen checks and balances and improve audit quality, which will enhance the transparency and soundness of the entire Group.

• Introduce a whistleblowing system for the Group

The Group has introduced a whistleblowing system for Nissui Corporation and Group companies in Japan. However, as we accelerate global operations, we need to further develop a corporate culture and systems that prevent any misconduct that could have a material impact on the Group. During Recipe2, we will introduce a global whistleblowing system to strengthen our ability to quickly detect and discourage fraud and misconduct.

4 Enhancing communication with Group companies

One of our objectives is strengthening communication with Group companies outside Japan to build the foundation for growth by enhancing our ability to respond to geopolitical risk and market change. We will also establish a system that allows Group companies to independently promote their businesses while maintaining effective, centralized control.

Fundamental to this system will be the Nissui Global Links Conference (NGLC), held twice annually since 2002 and attended by senior management at Group companies. At NGLC, we share risk assessments and information, consider solutions, and discuss growth strategies. In recent years, we have been holding meetings on specific themes separately from NGLC, and in total, they are held about six times a year. These meetings featured lively discussions during FY2024 and FY2025, with the theme of creating synergies and sustainable growth in preparation for Recipe2, which further enhanced the Group's sense of unity.



Business Strategy

Marine Products Business



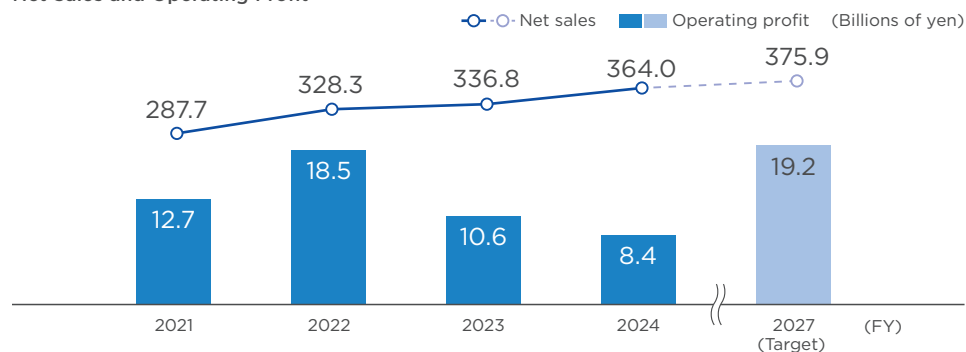
We will strengthen our access to marine resources; enhance our ability to convert them into value for customers at each stage of production, processing, and sales; increase our ability to add value; and strengthen our systems for expanding in markets worldwide.

We will make our business structure more resilient to changes in the market environment, which will support sustainable growth in corporate value.

Masahide Asai

Director, Managing Executive Officer
Marine Products Business Operating Officer

Net Sales and Operating Profit



Recipe1 in Review

We increased sales during Recipe1, but instability in the fishery and aquaculture businesses and setbacks in the North American marine products processing operation hampered stable earnings growth. At the same time, we consistently reinforced our business foundation—strengthening access to resources by adding a New Zealand fishing company to the Group and by upgrading our aquaculture business to increase production.

SWOT Analysis

Internal environment	Strengths <ul style="list-style-type: none"> • 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 high-value-added 	Weaknesses <ul style="list-style-type: none"> • Shortage of human capital able to operate effectively on the global stage
	Opportunities <ul style="list-style-type: none"> • 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 <ul style="list-style-type: none"> • 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 • Emergence of foodtech and increasing obsolescence of current aquaculture technology • Country risk relating to raw material procurement and sales • Foreign exchange risk • Human capital shortages • Higher export and procurement costs due to tariffs

Recipe2 Strategies

We will strengthen our access to marine resources including through the enhancement of our juvenile production capabilities for farmed Japanese amberjack, salmon, and other fish, and short-cycle farming of bluefin tuna and other fish (enabled through collaboration among fishing and aquaculture companies). At the same time, we will increase sophisticated food processing to create value for customers in the form of products that are convenient to prepare and eat.

We will also structure systematic operations in global markets, which will include enhanced processing and international sales of marine products sourced in Japan, such as Japanese amberjack and scallops.

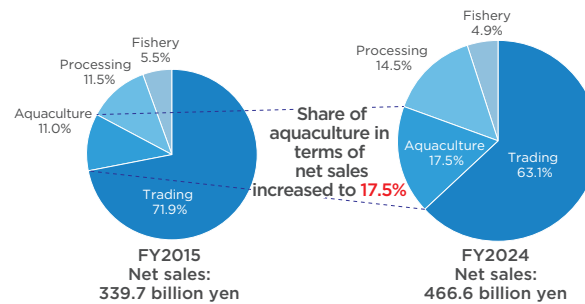
In addition, we will enhance our value chain resilience by resolving challenging issues at our North American marine products processing company and South American fishing company.

Marine Products Business

Businesses

Fishery	The catch in Japan includes sardines, mackerel, tuna, and Japanese amberjack, while the catch in South America includes blue grenadier.
Aquaculture	In Japan, Group companies are leading initiatives to increase full-life cycle aquaculture of Japanese amberjack, expand our salmon farms, and strengthen short-cycle farming of bluefin tuna.
Processing	We process marine products mainly in Japan, North America, and Asia. 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.

Business Structure Transformation: Share of Net Sales



Note: Net sales and share are before consolidation adjustments.

Measures to Improve ROIC

ROIC Target

FY2024
5.9% (5.7%*)

↓

FY2027
6.1%

* Excluding a one-time gain from equity in earnings of an affiliate in Oceania.

Operating profit after tax

Invested capital

Fishery	Aquaculture	Processing/Trading
Improving profitability and enhancing organizational resilience of Group fishing company in South America Reduce the fleet from two ships to one to improve the bottom line. Productizing catch from New Zealand fishing company As the operator of New Zealand's number-one fishing company, develop the value of catch to grow earnings.	Strengthening and expanding domestic juvenile production for Japanese amberjack and salmon farming In aquaculture operations, expand and stabilize juvenile production, thereby improving and stabilizing aquaculture performance and establishing the foundation for mass production. Introduce large fish cages and streamline labor and production to increase efficiency for domestic Japanese amberjack. Hedge risk and increase production with multiple salmon farms in Japan. Expand production scale for salmon in South America by optimizing offshore aquaculture operations.	Strengthening profitability by increasing the number of high-value-added products Japan Add value through means including sophisticated food processing to address customer needs for ready-to-eat and convenient meals, strengthen global sales and market resilience, and increase and stabilize earnings. International Increasing earnings in Japan and Europe by leveraging our fresh fish procurement and processing companies in Europe, alongside our frozen product trading companies, to expand sales channels and market marine products from Japan through those channels. North America Processing Enhance earnings by optimizing raw material procurement systems to increase fillet production share and quality, and by streamlining plant operations and personnel allocation.
Enhancing synergies among fishing and aquaculture companies in Japan Improve capital efficiency through short-cycle farming of bluefin tuna caught by fishing companies in Japan.	Improving CCC by strengthening short-cycle farming of bluefin tuna Short-cycle farming results in a high survival rate and reduced capital expenditures because of the shorter farming period. It also reduces risks related to 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.

HIGHLIGHT

Aquaculture Business Expansion and Global Sales

In the aquaculture business, we will strengthen juvenile production, improve productivity, and reduce costs to stabilize earnings and expand production. We will increase production by transitioning to large fish cages for Japanese amberjack to improve efficiency, expanding salmon farms in Japan, and optimizing operations at seawater aquaculture operations in South America.

Farmed fish take several years to raise, so we are implementing an array of measures to improve ROIC. In addition to selective breeding of Japanese amberjack and salmon, we will further increase the weighting of our bluefin tuna business, which involves catching fish of a certain size and raising them for around six months in a short-cycle farming model. These approaches improve CCC by shortening inventory periods and help improve ROIC by reducing feed and labor costs, as well as the risk of fish mortality and industrial accidents due to typhoons and other natural disasters.

Salmon (Japan) and Bluefin Tuna Farms

Short-cycle farming of bluefin tuna: Expand farming areas



Salmon: Launch and expand operations in Iwate Prefecture



Production Targets by Fish Species

Kurose Buri (Japanese Amberjack)

- Acquire certification to expand international sales
- Invest in juvenile facilities to increase production from approximately 8,700 MT to 16,000 MT by 2030
- Improve production efficiency by introducing large fish cages
- Upgrade processing plants to expand production

Salmon (South America)

- Optimize seawater aquaculture operations and strengthen juvenile production to increase production from approximately 33,000 MT to 50,000 MT by 2030
- Construct freshwater fish farms to strengthen juvenile production
- Expand markets by resuming Atlantic salmon production

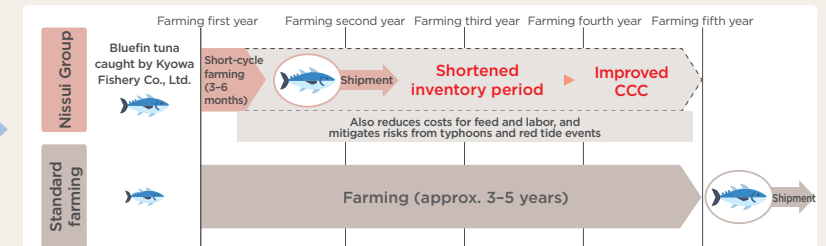
Salmon (Japan)

- Acquire and expand aquaculture grounds and expand juvenile farms to increase production from approximately 2,700 MT to 10,000 MT by 2030

Short-Cycle Farming of Bluefin Tuna

- Expand aquaculture grounds in Japan to increase production from approximately 1,100 MT to 1,800 MT by 2030

Improving CCC through Short-Cycle Farming of Bluefin Tuna



Business Strategy

Food Products Business

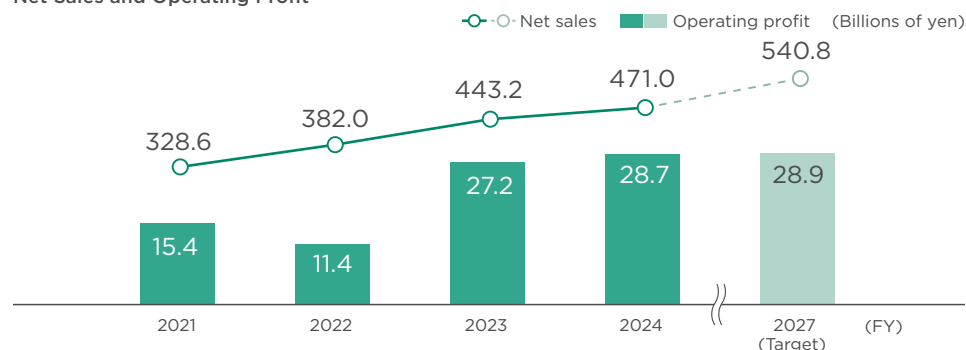


We have rolled out products globally that are tailored to local food cultures, including marine-derived products and health category products. We will continue to respond to the diverse needs of customers, including the demand for new categories that explore business boundary areas and environmentally friendly products. In doing so, we will provide 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



Recipe1 in Review

The Food Products Business significantly improved profitability through expansion in and outside Japan, and through the positive effects of price revisions. In markets outside Japan, geographic and channel expansion for fried marine products contributed significantly to earnings. In the Japanese market, implementing revenue and expenditure management on an item-by-item basis and item/category streamlining supported higher earnings.

Furthermore, we expanded the scale of the chilled products business in Japan and strengthened its competitiveness through the absorption-type management integration of Gourmet Delica Co., Ltd. At the same time, it became clear that we must resolve several issues to achieve further growth. In the Japanese market, we need to restructure our production system and establish a more efficient and sustainable supply system.

SWOT Analysis

Internal environment

Strengths

- The ability to develop products for a wide range of channels based on 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 flavor
- 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 the North American brand Gorton's and the European brand Cité Marine

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 single-serving meals and convenience
- Increased production efficiency resulting from advances in AI and the IoT
- Increasing demand for environmentally responsible, sustainable products

Risks

- Changes in the raw material procurement environment due to climate change
- Foreign exchange rate fluctuations
- Country risk in relation to raw materials procurement and sales
- Labor shortages
- Intensifying competition among manufacturers due to the declining population in Japan
- Higher export and procurement costs due to tariffs
- Higher construction costs due to rising material prices and labor costs

Recipe2 Strategies

We intend to increase production and improve logistics efficiency. Additionally, we will expand our presence in the marine product retail marketplace by building on our strength in meeting needs for convenient, ready-to-eat meals such as seafood tapas. We will enhance products that meet customer needs to add more value and further increase earnings.

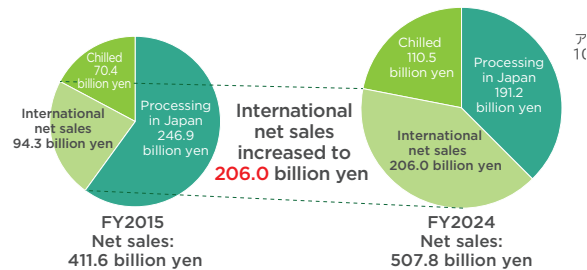
In Japan, we will combine our expertise in chilled and frozen foods. This will enable us to differentiate our offerings with products that employ functionality and technology unique to Nissui, and thereby meet customer needs with regard to single-serving meals, convenience, and health. We will also develop cutting-edge plants that employ IoT and AI to address these needs.

Food Products Business

Businesses

Processed foods	Household use	Outside Japan	Production and sales with an emphasis on frozen and refrigerated fried marine foods.
		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.
		Japan	Emphasize the production and sale of frozen foods for categories including restaurants, ready-made meals, and food service.
Chilled	As a convenience store vendor business, we produce products including bento (boxed lunches), deli foods, and rice balls for convenience stores in Japan.		

Business Structure Transformation: Share of Net Sales



Measures to Improve ROIC

ROIC Target

FY2024

9.7%

FY2027

9.7%

Operating profit after tax

Invested capital

International processing

Category expansion in North America

Given increasing consumer health-consciousness and interest in diverse food cultures, expand sales of new health-oriented products and products for the Asian food market.

Expansion of sales area with France as a base

Generate stable growth by expanding sales geographically to countries neighboring France. Address diversifying food preferences by strengthening business in new areas such as tapas products.

Expand sales in Asia

Enhance in-market development, production, and regional sales capabilities to build out our business foundation.

Investment to increase production capacity

Increase production capacity to meet growing demand in Europe and the U.S. (Operations are scheduled to begin in September 2025 in North America and in 2026 in Europe.)

Processing products (Japan) and chilled products

Expanding our range of health category products

Develop products that emphasize the benefits of fast-twitch skeletal muscle protein from Alaska pollock. In addition, grow 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

Leverage our expertise in the chilled products business and frozen foods processing to create new product categories such as frozen ready meals on one plate.

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.

Inventory management

Enhance the accuracy of sales forecasts and strengthen inventory management as part of initiatives to speed up the CCC, while also increasing plant capacity utilization rates and productivity.

Consider production plant restructuring

Processing Restructure production systems to create greater value over the medium to long term.
Chilled Optimize production and delivery efficiency.

HIGHLIGHT

Addressing Expanding and Diversifying Needs

North America

Leveraging the Gorton's brand, which holds the top share in the U.S. frozen marine products market, we are expanding our product categories to include health-oriented products with features such as 50% less fat. We are also strengthening our presence in channels such as e-commerce and membership warehouse retailers where demand is growing.

Europe

We intend to expand sales beyond France to Italy and Spain, where demand for chilled white-meat fish products is rising. Furthermore, we will expand our presence in the marine product retail marketplace by offering seafood tapas in the convenient, ready-to-eat category.

Asia

We are targeting earnings growth centered on our production facilities in Thailand, which operate to global quality standards, as we strengthen initiatives with major fast food companies.



Business Strategy

Fine Chemicals Business



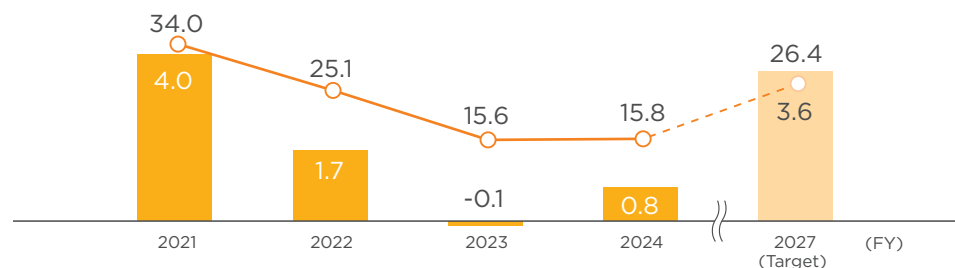
Using our advanced refining technology for the production of high-purity EPA (purity of 96.5% or more) for pharmaceutical use, we will market this product globally, not just for use as a pharmaceutical raw material but also for use in health foods and related ingredients. We will fulfill the Group's mission by addressing health issues for people worldwide.

Kunihiko Toyama

Executive Officer
Fine Chemicals Business Operating Officer

Net Sales and Operating Profit

○● Net sales ■ Operating profit (Billions of yen)



Recipe1 in Review

During Recipe1, the Fine Chemicals Business had to contend with sluggish international shipments of pharmaceutical raw materials and slower sales in the mail order caused by a backlash from stay-at-home demand during the COVID-19 pandemic. Although it took some time, we received EPA pharmaceutical raw material approval from the European Medicines Agency (EMA) in FY2024. With this approval, we are now able to sell in both the U.S. and Europe, creating the environment for future sales growth.

SWOT Analysis

Internal environment

Strengths

- A strong ability to procure raw materials for sardine oil, effectively utilizing our global marine resources network
- EPA and DHA refining technology and production capability able to support a wide range of product specifications, from pharmaceuticals to functional lipids
- World-class storage facilities for fish oil
- A track record of supplying pharmaceutical raw materials for over 30 years
- Food additive technologies

Weaknesses

- Procurement concerns due to reliance on raw materials derived from wild-caught marine products
- Product development and R&D for a second core business after EPA pharmaceutical raw materials remain at an early stage

External environment

Opportunities

- Increasing incidence of cardiovascular disease worldwide
- 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
- Extreme exchange rate fluctuations
- Labor shortages

Recipe2 Strategies

For pharmaceutical raw materials, we will work with pharmaceutical manufacturers to generate renewed growth in Japan while also increasing sales in Europe and other international markets. Employing our R&D capabilities and advanced refining technologies, we will develop a variety of products, including functional raw materials for food products, and expand sales channels globally. Our existing functional foods will serve as the foundation for promoting the multifaceted development of products and sales areas in and outside Japan.

Fine Chemicals Business

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 and outside Japan.	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.
Functional raw materials	Raw materials for health foods We sell purified and concentrated EPA and DHA fish oil as consumable food products and as raw materials for health foods such as supplements, in accordance with customer needs.		 Food for specified health uses (FOSHU)
	Ingredients for infant formula We sell DHA fish oil refined in accordance with customer needs as a raw material for infant formula.		 Foods with functional claims  Supplements Retail We are rolling out products globally through channels including mass retailers and drugstores.
		EPA and DHA products	

Measures to Improve ROIC



HIGHLIGHT

Strengthening International Sales with an Emphasis on Pharmaceutical Raw Materials

Increasing Pharmaceutical Raw Material Sales

Demand for high-purity EPA (purity of 96.5% or more) formulations has increased worldwide since the results of the large-scale JELIS¹ clinical trial were announced in 2007. In 2021, we obtained cGMP² certification and began exporting pharmaceutical raw materials. In FY2024, we obtained EMA approval, enabling us to begin exporting to Europe, and are also working to expand into the Chinese and ASEAN markets. In Japan, a partner pharmaceutical company has launched a new formulation, and the introduction of authorized generics (AG) is also on the horizon. These developments are expected to drive renewed sales growth.

Sales of Nissui's Pharmaceutical Raw Materials

Europe:
We are expanding sales opportunities by initiating exports.

Asia:
We are enhancing initiatives to expand geographically.

Japan:
We have high expectations for recapturing market share.

Diversifying Raw Material Procurement and Improving Cost Competitiveness

We will complement our use of fish oil from South America by using sardine oil produced in Japan to diversify and stabilize raw material procurement. Oil produced in Japan is easier to procure than competing products from outside Japan, and sourcing it in Japan reduces currency risk. Our ability to procure fish oil from both Japan and South America increases the competitiveness of our EPA and DHA products. This system facilitates the stable supply of products that meet demand in applications ranging broadly from pharmaceutical raw materials to health foods.

Offering Products Made Using Purification and Preservation Technologies

We significantly reduce barriers to using fish oil in food by using advanced fish oil purification technologies along with technologies to suppress smell and oxidation. We have rolled out functional foods containing EPA and DHA such as drinks, gummies, and jellies without the characteristic smell of fish oil, as well as oil and fat ingredients processed for easier use as food additives. We are also expanding our lineup to help address social issues such as preventing lifestyle-related diseases and reducing frailty among the elderly.

1. JELIS: Japan EPA Lipid Intervention Study. A large-scale clinical trial conducted in Japan to examine the long-term therapeutic effects of a high-purity EPA formulation on hyperlipidemia.
2. cGMP: current Good Manufacturing Practice

Sustainability Strategy

Natural Capital Initiatives



TNFD Report 2023

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

Biodiversity

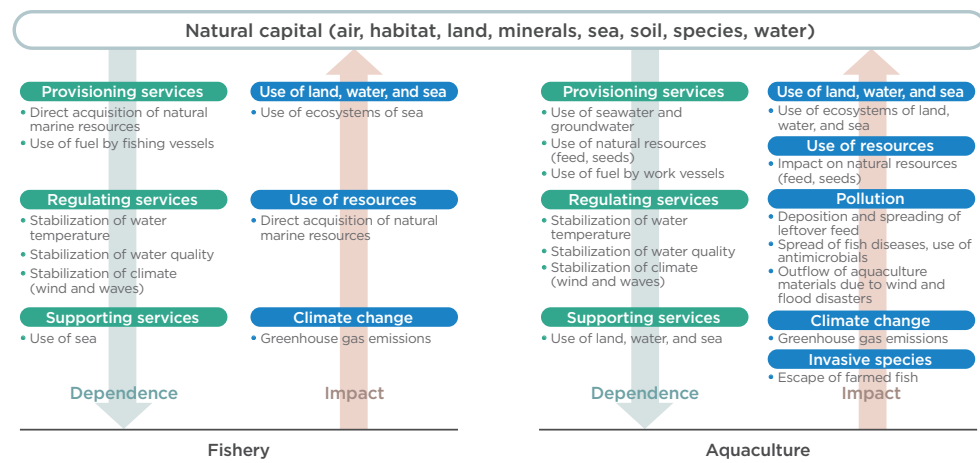
▶ <https://nissui.disclosure.site/en/themes/89>

The Nissui Group recognizes that natural capital—encompassing marine resources in particular and biodiversity conservation and sustainable use—is extremely important to achieving business growth and enhancing corporate value. Furthermore, climate change affects the distribution of marine resources and ecosystems because it alters seawater temperature and the marine environment. It also impacts our entire value chain from various perspectives that include raw material procurement, natural disaster risk exposure among production and logistics facilities, and changes in environmental awareness among consumers. We assess risks and opportunities related to natural capital both quantitatively and qualitatively, and are enhancing our ability to address them throughout our entire value chain. In particular, we are structuring business models in which initiatives to ensure the sustainability of natural capital create competitive advantages. We continue to address risks through a holistic approach to natural capital, thereby enhancing the Group's resilience and unlocking growth opportunities.

Biodiversity Initiatives (Disclosure Based on TNFD Recommendations)

Governance	Six subcommittees of the Sustainability Committee have primary responsibility for natural capital and biodiversity initiatives. Each subcommittee develops and implements policies and strategies prior to deliberation by the Sustainability Committee, which then reports to the Board of Directors. Additionally, we have added the degree of achievement of sustainability goals to the evaluation metrics for variable compensation paid to Inside Directors.
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. This evaluation focused on "fishery" 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.
Risks and Opportunities	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	We regard securing the sustainability of marine resources and the conservation of the marine environment as key management issues, and we manage nature-related dependencies, impacts, risks, and opportunities using metrics and targets.

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.



Main Risks and Opportunities Expected

Area	Risks/Opportunities	Main risks and opportunities expected	Impact on business	Main countermeasures
Fishery	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 fishery certification and increased handling of certified products
Aquaculture	Physical risk	Suspension of business and rising management costs from increasing severity of wind and flood disasters	• Losses from damage to aquaculture facilities	• Introduction of submersible 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	Establishment of full-life cycle aquaculture technology to reduce dependence on natural resources Reducing the burden on the marine environment through the development of land-based aquaculture technology	• Strengthening business resilience, establishing competitive superiority	• Establishment of technology and expansion of range of fish handled
		Reduction of environmental impact and improvement of aquaculture performance 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

Metrics and Targets

Area	Metrics	Targets	Method of measurement
Fishery Aquaculture	Procurement of sustainable marine resources	Procurement of sustainable marine resources: 100%	Using the ODP ¹ evaluation method (based on Fish Source 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: Reduce by 30% (Scope 1, 2; base year: FY2018)	CO ₂ emissions (Scope 1, 2; base year: FY2018)
	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.

Natural Capital Initiatives

Climate Change Initiatives (Disclosure Based on TCFD Recommendations)

Governance	In terms of initiatives related to climate change, the TCFD Compliance Project serves as an interdepartmental organization that analyzes risks and opportunities, and considers countermeasures. Moreover, measures to mitigate climate change are primarily handled by the Environmental Subcommittee of the Sustainability Committee. The subcommittee formulates and implements corresponding policies and strategies, which are then deliberated on by the Sustainability Committee and reported to the Board of Directors. Additionally, we have added the degree of achievement of sustainability goals to the evaluation metrics for 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 with the goal of being more resilient.
Risks and Opportunities	The TCFD Compliance Project and the Environmental Subcommittee analyze risks and opportunities related to climate change and countermeasures, which the Sustainability Committee then discusses. 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	We have stated goals of reducing total CO ₂ emissions (Scope 1, 2) in 2030 by 30% compared with the FY2018 level, and realizing carbon neutrality by 2050. For Scope 3 emissions, we will continue improving the accuracy of data for Category 1 emissions—which are relatively large in volume—and will promote the reduction of CO ₂ emissions throughout the supply chain. We will also determine targets and measures for sustainable use in terms of natural marine resources, plastics, food loss and waste, water and other resources we procure, and implement relevant initiatives.

Overview of Scenario Analysis (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	<ul style="list-style-type: none"> 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)
		Reputation	Deterioration in reputation among investors and financial institutions in cases where action against climate change is inadequate	—	Medium-term	<ul style="list-style-type: none"> Switch to natural refrigerants Set CO₂ emissions reduction targets, including emissions up to Scope 3 Proactively disclose information on action against climate change
	Opportunities	Products and services	Changes in consumer purchasing behavior (greater environmental awareness, consideration for sustainability)	Increase in demand for sustainability-conscious products Increase in demand for alternative protein sources due to growing demand for low-carbon products	Short-term Medium-term	<ul style="list-style-type: none"> Continue to conduct survey of procured marine resources sustainability Handle more environmentally friendly products and certified products 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Enhance land-based aquaculture solutions Develop high-temperature-tolerant breeds and explore places suited to aquaculture



Initiatives for TCFD Recommendations

► <https://nissui.disclosure.site/en/themes/223>

Strategic Alignment

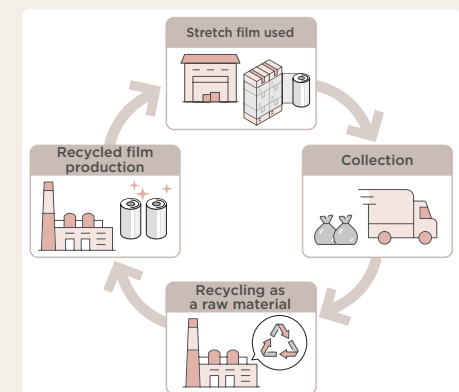
We will draw on the results of the scenario analysis to continue incorporating top-priority countermeasures into plans for each business under Medium-Term Management Plan “GOOD FOODS Recipe2” and align them with our strategies.

Basic strategy		Items	Details
Reinforce business portfolio ► Page 29	Accelerate global operations	Business growth with emphasis on North America and Europe	<ul style="list-style-type: none"> Strengthen access to resources Enhance sustainability disclosure Expand lineup of alternative protein products
	Enter new businesses and expand business boundaries	Growth from innovative food that resolves social issues	<ul style="list-style-type: none"> Develop new businesses (algae-related, waste upcycling and other businesses) Enhance ingredient functionality Deepen aquaculture technology
	Innovate productivity	Establishment of practices for enhancing operational efficiency	<ul style="list-style-type: none"> Enhance sophistication of aquaculture (apply AI and IoT technologies) Transition to smart factories
Deepen sustainability management ► Page 35	Enhance linkage between sustainability and business strategies	Reduction of greenhouse gas emissions	<ul style="list-style-type: none"> Promote energy-saving, use of alternative fuels and renewable energy, and modal shifts Sharpen focus of aquaculture business model Transition from refrigerants containing CFCs/HCFCs to natural refrigerants Expand sales of alternative protein products
		Reduction of plastics	<ul style="list-style-type: none"> Reduce the use of plastic in containers and packaging, and cut back on petroleum-based virgin plastics Reduce waste plastic emissions from business activities Reduce plastic use in logistics materials and promote recycling HIGHLIGHT
		Sustainable use of marine resources	<ul style="list-style-type: none"> Continue to conduct survey of procured marine resources sustainability Increase the ratio of marine products with eco-label certification and increase handling of certified raw materials
		Enhancement of health appeal	<ul style="list-style-type: none"> Expand health category products Enhance ingredient functionality

HIGHLIGHT

Recycling Loop for Stretch Film

Our efforts to realize a decarbonized and circular economy extend beyond the fields of manufacturing and sales to also include logistics. One representative initiative is stretch film recycling initiative at Group company Nissui Logistics Co., Ltd. Stretch film is used to prevent cargo such as frozen foods from shifting during palletized transport, and in the past was generally processed in incinerators after use. In collaboration with recycling companies, Nissui Logistics has established a program to recycle used film as a raw material. Nissui Logistics reuses the recycled film at its production facilities, which contributes to a plastic resource recycling loop. This initiative also helps to reduce the use of petroleum-based plastics and Scope 3 emissions.



Sustainability Strategy

Human Capital Management

To realize its long-term vision, the Nissui Group believes that human capital is critically valuable and the source of its competitive advantage. Based on this belief, the Group seeks to be a company where each employee can continue to grow through their own initiative. We also emphasize a corporate culture that brings together people with diverse backgrounds and employs their respective knowledge and experience to innovate and create new value. We provide opportunities in the course of our business activities for people of diverse gender identities, nationalities, and ages to realize their full potential. This in turn contributes to innovation, the vitalization of our organization, and the creation of value. Furthermore, we develop talent capable of proactively addressing social issues, both locally and internationally, and who help each other improve.

A Strategy Aligned with Our Mission and Vision

▶ Page 36

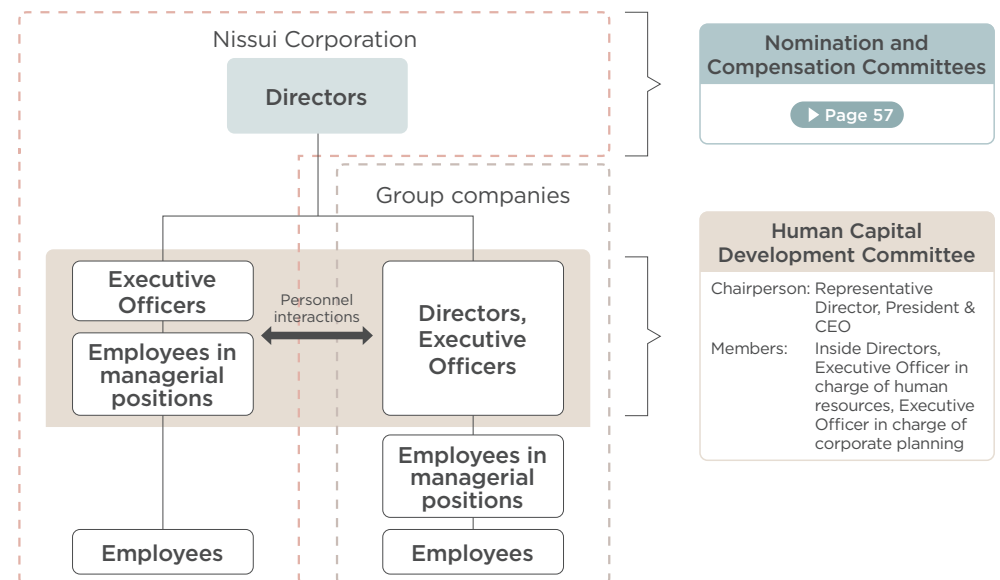
We formulated our Human Capital Management Policy in April 2025 to embody our mission and realize our vision. The policy clearly outlines our need for forward-looking talent who can drive business transformation and value creation, and describes our approach to managing human capital through the execution of a human capital strategy along three axes.

Embodying Our Mission and Realizing Our Vision



Developing Management Talent

The Human Capital Development Committee was established in FY2024 to identify the qualities necessary for Nissui's management from a long-term perspective and to establish a system for implementing and monitoring specific measures to secure and develop human capital. We have linked this committee's deliberations with those of the Nomination Committee and initiated discussions on consistent succession of management talent, including 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.



Sustainability Strategy

Human Rights Initiatives

The Nissui Group gives respect for human rights the highest priority throughout all value chains related to its business. With this mindset, the Group supports the human rights set forth in the UN International Bill of Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and is promoting initiatives based on the UN Guiding Principles on Business and Human Rights.

Initiatives to Prevent and Mitigate Adverse Impacts on Human Rights

Policy commitment	Classification	Nissui Group initiatives
Human rights due diligence	Formulation of a human rights policy	Establishment of a human rights policy; sharing the policy with stakeholders
	Human rights impact assessments	Conducting human rights impact assessments and identifying key human rights risks
	Implementing preventive and corrective measures for potential and actual adverse impacts	Education and training <ul style="list-style-type: none"> • Raising awareness among senior managers, department and section managers, and frontline personnel • Human rights training for all employees
		Upgrading internal environments and systems <ul style="list-style-type: none"> • Revising internal systems (including work style reform) and improving the work environment • Conducting surveys of the work environment of non-Japanese employees and implementing improvements based on the results
		Supply chain management <ul style="list-style-type: none"> • Revising supplier guidelines and sharing the updated versions • Determining facts through self-assessment questionnaires (SAQs), dialogue and visits; preventing, mitigating and correcting negative impacts
Remedial action	Monitoring with follow-up surveys	<ul style="list-style-type: none"> • Conducting employee and business partner surveys • Regularly checking and analyzing the number of reports and consultations • Visits, confirmation, and dialogue involving business sites and suppliers
	Public disclosure of information	Information disclosure through various media
Remedial action	Strengthening grievance mechanisms	Strengthening contact points for non-Japanese employees and external stakeholders; provision of multilingual support

Policy Commitment

In September 2020, we have formulated the Nissui Group Human Rights Policy, based on the United Nations Guiding Principles on Business and Human Rights, and positioned respect for human rights as a management issue. The Nissui Group Human Rights Policy applies to all officers and employees of the Nissui Group. We also ask our suppliers and other stakeholders to support this policy and make every effort to respect human rights.

In FY2024, we provided e-learning on business and human rights, as well as on the Nissui Group Human Rights Policy to all Nissui employees and managers at every level at all Group companies in Japan. Also, in June 2025 we made our Human Rights Policy available in multiple languages, to raise awareness and promote its implementation.

Human Rights Due Diligence

Members of the Human Rights Subcommittee conducted a human rights risk assessment in July 2024 to understand actual or potential adverse human rights impacts within the Group's value chain. A series of Sustainability Committee discussions then identified the following key human rights risks.

- Forced labor and child labor in the supply chain
- Work environment of non-Japanese employees in Japan
- Serious occupational injuries and accidents

To address the key human rights risks we have identified, we explain our supplier guidelines, request suppliers to complete SAQs, and work with our business partners to ensure respect for human rights throughout the value chain. Furthermore, we have established a system in which we continuously inspect the work environment at business sites that employ non-Japanese nationals, identify areas for improvement, and share outcomes throughout the Group. In addition, we are promoting safety education using documents, notices in multiple languages, videos and photographs so that diverse talent, including non-Japanese employees, can work with comfort and peace of mind. The Sustainability Committee regularly monitors these initiatives to ensure their effectiveness.

Remedial Action

Based on the UN Guiding Principles on Business and Human Rights, the Nissui Group has established grievance mechanisms and ensured access to remedy. We have established mechanisms for dialogue and remedy in cooperation with specialized third-party organizations, as described below.

