

Zojirushi Corporation

1-20-5, Tenma, Kita-ku, Osaka 530-8511, Japan

TEL: 81-6-6356-2311

URL: <https://www.zojirushi.co.jp>



“Creating a Better Quality of Life”





Corporate Philosophy



“Creating a Better Quality of Life”

Since our founding, our business has been guided by the mission to provide products for a comfortable and convenient life —products that resonate with many people.

Over the years, we have flexibly responded to diversified lifestyles and the changing business environment. A constant in this journey has been our corporate philosophy of “Creating a better quality of life.” That vision, an expression of the values at the core of the Zojirushi Group, will remain unchanged as we drive our business forward.



Management Policy



Brand Innovation

Strengthening Zojirushi as a brand of household products and developing it into a food and lifestyle solution brand



Section 1 Value Creation Story

- 02 Value Creation History
- 04 Business Overview
- 06 Value Creation Process

Section 2 Strategy

- 08 President's Message
- 12 New Medium-Term Management Plan SHIFT
- 16 Material Issues
- 18 Message from Director Responsible for Finance and Sustainability
- 20 Message from Director Responsible for Technology Development
- 22 Business Strategy
- 26 Special Feature
Debut of oven range that customers will really use

Section 3 Foundation for Value Creation

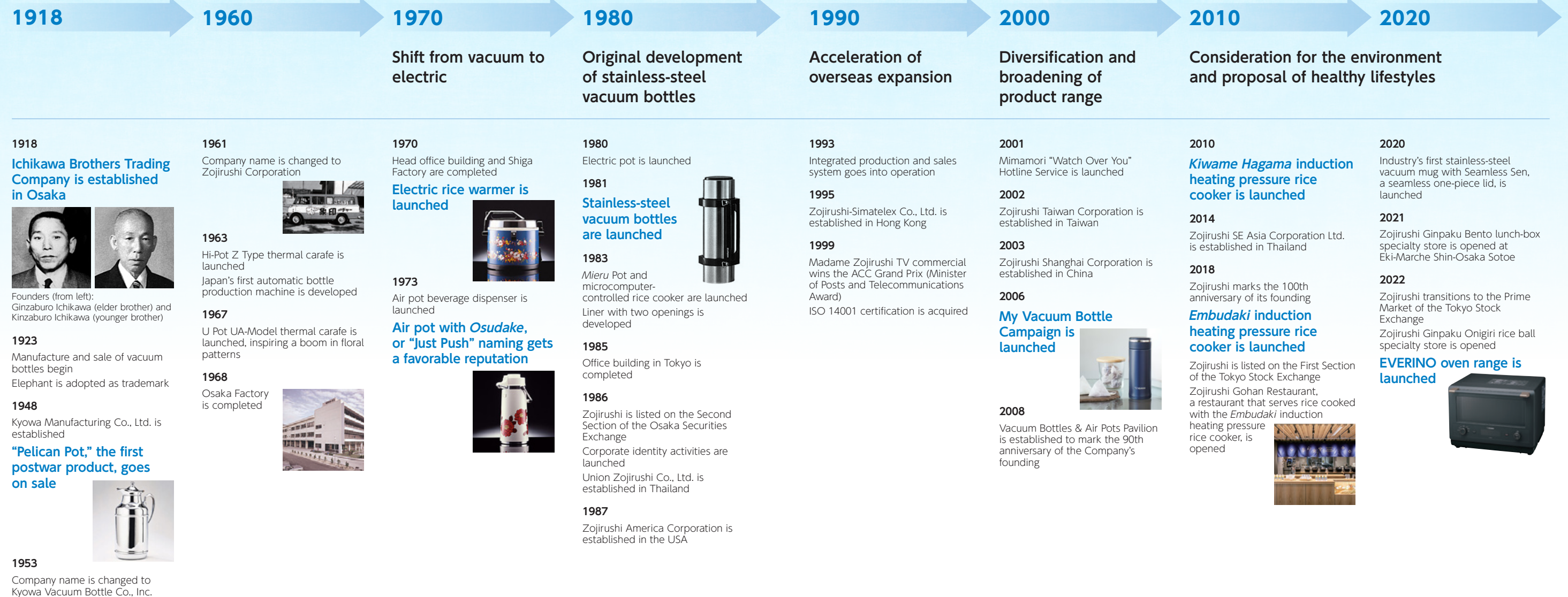
- 28 ESG Strategy
- 30 Human Resources Development Initiatives
- 34 Supply Chain Initiatives
- 36 Environmental Initiatives
- 42 Message from Outside Director
- 44 Board of Directors
- 46 Corporate Governance
- 52 Risk Management

Section 4 Financial and Corporate Information

- 54 Performance Highlights
- 56 Consolidated Financial Statements
- 62 Corporate Information

Value Creation History

More than 100 years ago, two brothers with the dream of making vacuum bottles established the company that would become Zojirushi Corporation. Since then, Zojirushi has continued to create new value while aligning with changing lifestyles, growing as the Zojirushi brand in Japan and around the world.


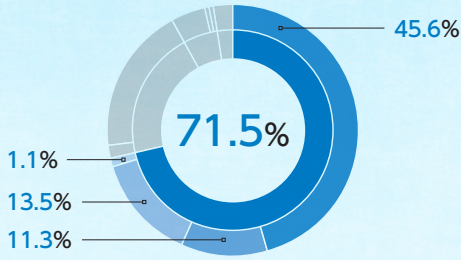

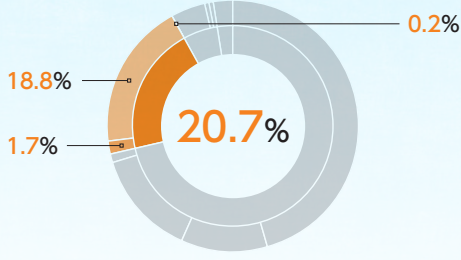

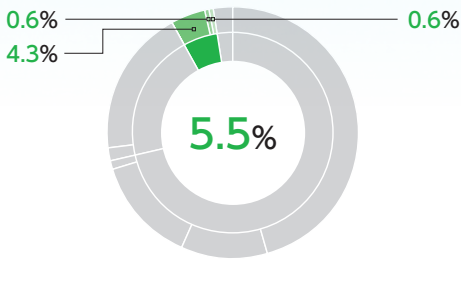

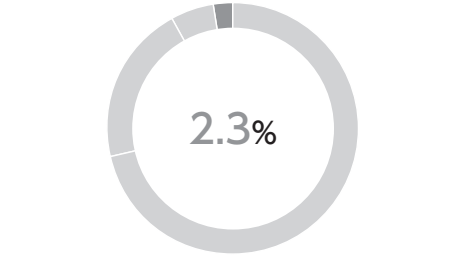

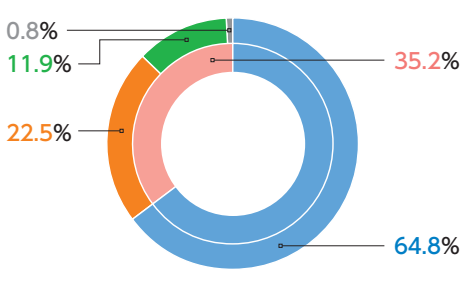


Changes in society and lifestyles

Improvement of infrastructure for daily life	Electrification, Westernization, and the pursuit of affluence (period of rapid economic growth)	Overseas expansion of Japanese companies, bubble economy	Breaking away from mass consumption, era of diversity
<ul style="list-style-type: none"> Electric lights and gas become widespread in the 1910s Home cooking with earthenware pots and broad-brimmed cooking pots; family life revolves around the <i>chabudai</i>, a low table 	<ul style="list-style-type: none"> Life in an apartment complex with a dining room and kitchen Instant noodles and instant coffee, prepared by simply adding hot water, become major hits Tokaido Shinkansen begins service and Tokyo Olympics is held in 1964 	<ul style="list-style-type: none"> Emergence of the nuclear family Expansion of apparel industry and restaurant industry First Oil Shock in 1973 Second Oil Shock in 1979 	<ul style="list-style-type: none"> Gourmet boom; designer and character brand boom Shift from "big and heavy" to "small and light" Emergence of the "new family," which pursues things differently than others do
<ul style="list-style-type: none"> Rise of environmental issues, ecology, and recycling Leisure and outdoor activities boom Hay fever and sick building syndrome become social problems Shift to an aging society 	<ul style="list-style-type: none"> Widespread use of the Internet Intensification of global warming Growing concern about food safety 	<ul style="list-style-type: none"> Spread of smartphones Shift to a super-aging society Growth of emerging economies Japanese cuisine added to UNESCO Intangible Cultural Heritage list in 2013 	<ul style="list-style-type: none"> COVID-19 pandemic Increased adoption of telework and remote meetings Shift to new lifestyles

Business Overview

(Fiscal 2022)
From the beginning of fiscal 2022, the Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and related standards.

By product category	Main products	Net sales	Breakdown of net sales	Summary of financial results
Cooking appliances 	Rice cooking Rice cookers/warmers Water boiling Electric pots Electric kettles Electric cooking Electric griddles Coffee makers Microwave cooking Oven ranges	¥59,007 million Up 5.7% YoY ■ Rice cooking: ¥37,644 million ■ Water boiling: ¥9,314 million ■ Electric cooking: ¥11,126 million ■ Microwave cooking: ¥921 million		Japan Sales of rice cookers/warmers were strong, increasing year on year. Electric kettles also recorded strong sales, but sales of electric cooking appliances decreased year on year, with a fall in sales of electric griddles, toaster ovens, and other products due to a significant reactionary decline in demand for at-home consumption. Meanwhile, the oven range launched in September as a new category product recorded strong sales, contributing to the overall increase in sales. Overseas Sales of rice cookers/warmers were strong in North America, China, Taiwan, and Southeast Asia. Sales of electric pots and electric cooking appliances were strong in Southeast Asia and China, respectively.
Household and thermal products 	Glass vacuum bottles Glass carafes Stainless-steel vacuum bottles Stainless-steel vacuum bottles Stainless-steel tumblers Stainless-steel food jars Thermal lunch boxes Stainless-steel carafes	¥17,065 million Up 5.2% YoY ■ Glass vacuum bottles: ¥1,395 million ■ Stainless-steel vacuum bottles: ¥15,521 million ■ Other household and thermal products: ¥148 million		Japan Sales increased year on year, led by stainless-steel vacuum mugs and stainless-steel carry tumblers that feature Seamless Sen, a seamless one-piece lid that integrates a stopper and a gasket. Sales of stainless-steel carafes also increased year on year. Overseas Sales of glass carafes were robust, while sales of stainless-steel vacuum bottles were sluggish.
Household appliances 	Air-conditioning, cooling, and heating Steam humidifiers Air cleaners Kitchen housework Dish dryers Other household appliances Bedding dryers	¥4,533 million Up 17.1% YoY ■ Air-conditioning, cooling, and heating: ¥3,553 million ■ Kitchen housework: ¥499 million ■ Other household appliances: ¥480 million		Japan Sales increased year on year due to the strong performance of steam humidifiers.
Others 	Mimamori Hotline Service Food and beverage business (Zojirushi Gohan Restaurant, Zojirushi Ginpaku Bento) Industrial equipment	¥1,927 million Up 8.8% YoY		
By region 	Cooking appliances Household and thermal products Others	Japan ¥53,464 million Up 2.8% YoY Overseas ¥29,069 million Up 13.2% YoY ■ Asia: ¥18,606 million ■ The Americas: ¥9,799 million ■ Other: ¥664 million		We are working to realign our sales structure by concentrating resources on growth markets and channels. We aim to further expand the e-commerce market in China and North America, develop new channels in Taiwan, boost sales channels in Vietnam, Thailand, and Indonesia, and grow the market in South America by developing the e-commerce market. Overseas, sales were strong in North America and Southeast Asia.

Value Creation Process

Corporate Philosophy

Creating a Better Quality of Life

Along with Brand Innovation, we will promote ESG initiatives to solve social issues, thereby increasing our corporate value and contributing to the lifestyles of the future.

INPUT

Human capital
Number of employees:
1,308 (consolidated)

Intellectual capital
R&D expenses: **¥882** million
Number of intellectual properties: **2,063**

Manufactured capital
Capital investment: **¥2,457** million
Property, plant and equipment: **¥14,409** million

Social capital
Sales offices in Japan: **18** locations
Overseas locations:
4 sales offices
2 production sites

Natural capital
Annual electricity consumption (Japan): **33,242** MWh
Annual water consumption (Japan): **110** thousand tons

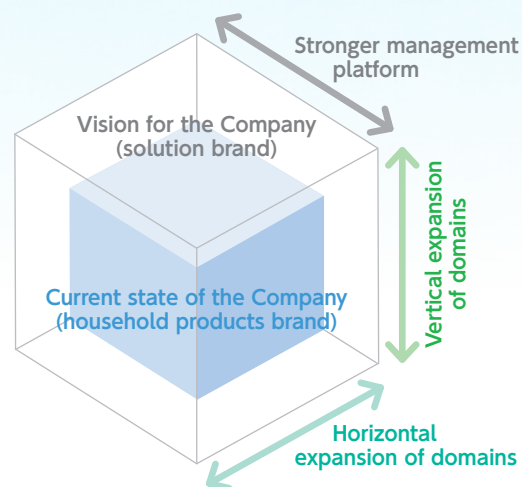
Financial capital
Net sales (consolidated): **¥82,534** million
Equity ratio: **72.4%**

Increases in social value, economic value, and employee value

Realization of Brand Innovation

Horizontal expansion

Vertical expansion



Environmental, social, and governance (ESG) initiatives

Solving social issues through business activities

- Contribution to a sustainable global environment
- Provision of products and services that respond to social issues
- Development of human resources and a workplace that can tackle the challenge of value creation
- Establishment of a governance system that stakeholders can trust

Stronger management platform

2030 management policy: Brand Innovation

Medium-term management plan

ADAPT Phase II

2021-2022

SHIFT

2023-2025

Overall completion period for Brand Innovation

2026-2030

→ Details on page 12

OUTPUT

2030 (target)

Economic value

Net sales (consolidated)
¥100 billion or more
Operating profit (consolidated)
¥10 billion or more
Operating profit to net sales (consolidated)
10%
ROE (consolidated)
8%

Social value

CO₂ emissions (consolidated)
50% reduction (vs. those of fiscal 2019)
Percentage of management positions held by women (non-consolidated)
15%

*Fiscal 2019: From October 2018 through September 2019

Realizing more comfortable, more convenient, and more fulfilling lifestyles

Changing business environment

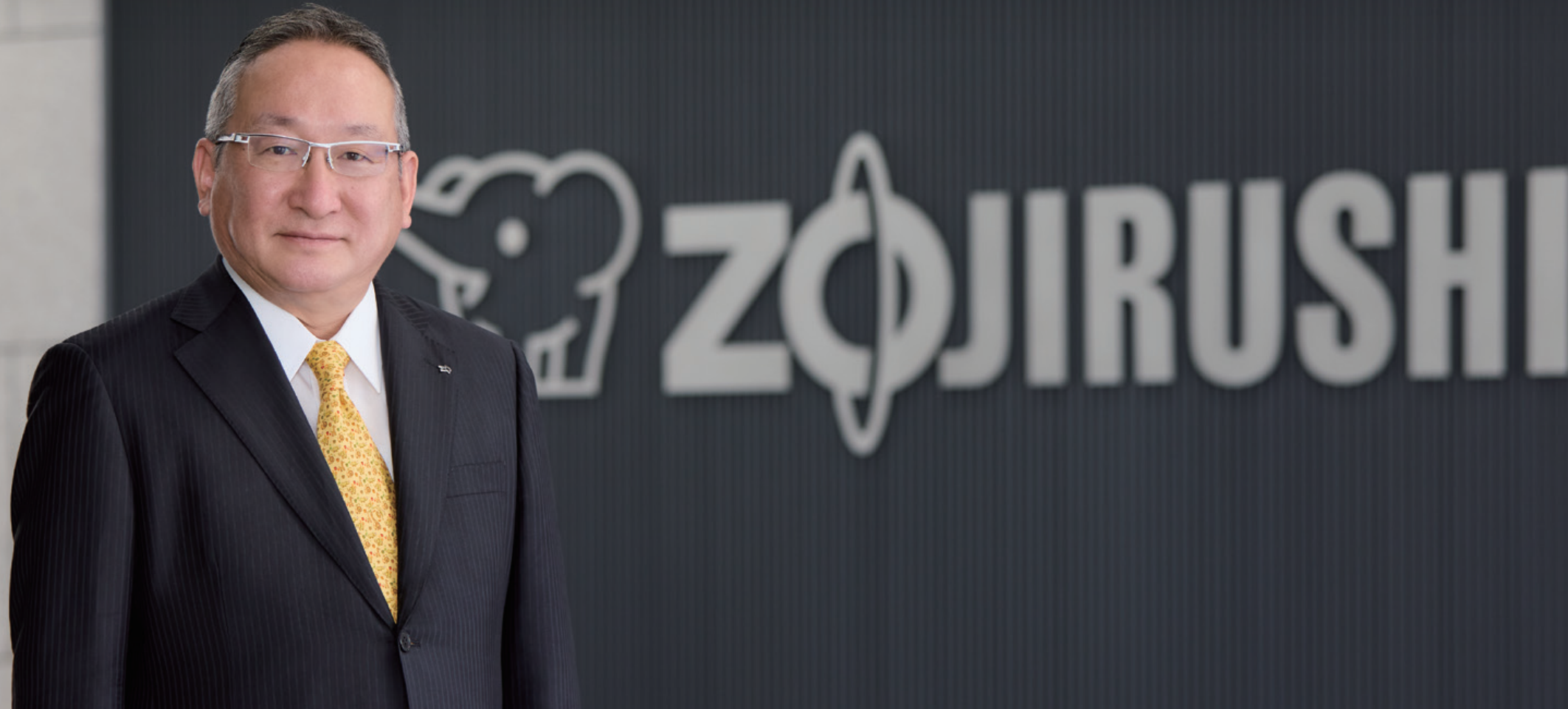
Acceleration of transition toward a sustainable society

Changes in population structure and diversification of lifestyles

Increased uncertainty in the world

Advance of digitalization

President's Message



Even when the path ahead is somewhat obscured,

we will be sensitive to day-to-day changes in

people's lives and strive to make every day

a "today" that is filled with joy.

Norio Ichikawa

President & CEO

**Fiscal 2022, ended November 20, 2022,
was characterized by all-out efforts to
increase sales and secure profit in a
noticeably changing operating environment**

The business environment changes considerably from year to year. And while we are always conscious of this fact, the components of change in fiscal 2022 had significant impacts. The fiscal year started with an unprecedentedly high number of people infected with COVID-19 variants. The situation was compounded when Russia invaded Ukraine, pushing not just these two countries but many countries around the world into economic and political states of emergency. Various highly uncertain factors, notably, a buildup in inflationary pressures, limits on procuring raw materials and components, and repercussions from China's zero-COVID policy, continued to negatively impact world affairs. Under these circumstances, the business environment was more challenging than anyone could have imagined.

What had a large effect on the business results of the Zojirushi Group was the high cost of raw materials. For this, we took a pragmatic approach, accepting that such costs would put considerable pressure on profits and factoring this into projections. Nevertheless, through the second quarter of fiscal 2022, business results exceeded estimates. Then from the third quarter, the prolonged lockdown in China began to affect sales and production. China had been the demand driver of the Group's overseas business, but for the first time in eight years, sales in North America exceeded those in China. On the production front, the situation was kept in check, as measures taken at an early stage mitigated negative factors. Meanwhile, in foreign exchange markets, currency swings were huge. A weak yen spurred the rise in the price of raw materials, sending the cost-to-sales ratio soaring and squeezing profits.

Despite the above challenges, the Zojirushi Group posted a 6.3% year-on-year increase in consolidated net sales for fiscal 2022*. This increase reflects the success of timely responses to various changes in our business environment. Operating profit did fall year on year, but the drop was not as steep as it could have been.

*As of fiscal 2022, Zojirushi applies "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and related standards.

**Over its four-year run, the medium-term
management plan ADAPT produced major
achievements and responses**

The Zojirushi Group celebrated its 100th anniversary in 2018 and in fiscal 2019 launched ADAPT, originally planned for three years, as an essential first step for the next 100 years. Unfortunately, about a year into ADAPT, we were faced with the unanticipated consequences of the pandemic. The environment we presumed would prevail during ADAPT had become very different, and so we formulated ADAPT Phase II, a two-year plan adjusted to meet changes in society by understanding prevailing issues and rethinking priority activities. Even under the adjustment plan, we supported business development by adhering to basic strategies of horizontal expansion of domains, vertical expansion of domains, and a stronger management platform. I believe the plan achieved commendable results over the past four years.

In horizontal expansion of domains, the *Embudaki* induction heating pressure rice cooker, launched in the summer of 2018, realized a cumulative shipment total of 500,000 units in the four years since its market debut. As a result, we successfully grew our market share. Securing a

share above 30% in a market as huge as the rice cooker domain is extremely difficult, and our ability to do this is an enormous accomplishment. The STAN. series, launched in February 2019, is what I see as the new face of Zojirushi. In developing the series, we executed a major shift in product planning and marketing, aiming to attract the attention of young people—a consumer segment that the Zojirushi brand message has not yet permeated—by proposing a kind of lifestyle. Sales have trended favorably over the past four years, both at home and abroad, but a truly welcome result is actually an intangible one—an improved image of the Zojirushi brand among a new fan base.

In vertical expansion of domains, we created Zojirushi Gohan Restaurant, a new business centered on delicious rice. I used to prioritize efforts to strengthen Zojirushi as a brand of household products and took a rather cautious stance on new businesses and diversification. But through new pursuits, namely, entry into the restaurant business with an emphasis on delicious rice cooked with the *Embudaki*, we not only showcased our ability to utilize the Zojirushi brand power in domains beyond the realm of a manufacturer at home and abroad, but also prompted internal rethinking and motivated employees to embrace and enjoy new challenges. To avoid wasting nascent momentum, we established the New Business Creating Department and explored additional vertical expansion opportunities, leading to the opening of a bento lunch-box store, Zojirushi Ginpaku Bento, and a rice ball specialty store, Zojirushi Ginpaku Onigiri. These businesses have not yet become profit-generating operations, but they have extended access in different business sectors in which Zojirushi had not been previously engaged.

To build a stronger management platform, we reinforced our position in light of requirements that companies listed on the Prime Market must satisfy, namely, those related to the corporate governance code, revenue base, and financial condition. In addition, the pandemic suddenly accelerated the need for measures to promote digital transformation—or “DX”—and work-style reform, issues that we had already decided to address, and ADAPT allowed us to act expeditiously.

Waves of change within the Zojirushi Group over the four years of ADAPT led to the creation of new products symbolic of Brand Innovation. In September 2022, we launched the oven range EVERINO, which marked our debut in the microwave oven market. Right from initial availability, demand was tremendously brisk, fueled by positive comments on social media and elsewhere.

Path toward more visibly distinct

Brand Innovation

EVERINO is a product born from an unending desire to embrace challenges successfully, this time hinging on Zojirushi solving all the things about oven range cooking that dissatisfied customers by applying Company-amassed temperature-control technology and presenting a real departure from typical oven ranges. Realization of EVERINO resulted from a change in the development system that the Group had used. Previously, development moved forward with product planning and development departments took the lead. But for EVERINO, right from the start, project participants were invited from many areas—operations, marketing, sales, customer satisfaction, and distribution—and all value chain departments were involved in the development process. All the elements that could be imagined at the launch, such as product features, design, sales methods, advertising, PR, distribution, and after-sales service, were strategized, with participants sharing individual insights to create a product from a customer perspective. Earlier, when we applied this system to the development of *Embudaki* and STAN., the resulting success stories became deeply entrenched in the corporate mind. Employees gained a greater sense of motivation, which undoubtedly became the driving force for the birth of the major product EVERINO.

EVERINO is a product with an expansion trajectory extending diagonally from the starting points of horizontal and vertical expansion—the basic strategy of Brand

Innovation. We will pour even more effort into the product under SHIFT, a new medium-term management plan that began in fiscal 2023, and grow it into a series that becomes a new pillar of the Zojirushi brand.

The Zojirushi Group recently adopted a new corporate slogan—“Treasuring Everyday Life.” When Zojirushi listed on the Second Section of the Osaka Securities Exchange, the household products business seemed the appropriate category from the perspectives of business and product mix, but the Company was classified as an electric appliance business. Consequently, our investors see manufacturers of home appliances as our competitors. We have prided ourselves on being a top brand since our initial listing, but taking the top spot in the electric appliance sector, which is crowded with major manufacturers, is a formidable challenge. Back in 2005, when we were aiming to build a top brand in our core business of household products, we decided on “Inspirations from everyday life” as our corporate slogan, indicating our intention to deepen the concept of *monozukuri* in our home market as well as overseas. As that was more than 15 years ago, we thought we had achieved our goal of being widely recognized as a brand of household products. And then, having made progress toward another stage of corporate evolution—into a food and lifestyle solution brand—we needed a phrase with broader scope, beyond household products, beyond *monozukuri*. Living is the layering of “todays,” which leads to the future. A measure for determining whether a brand is a solution brand is to pinpoint what is important in daily life. This is the underlying concept of our new slogan.

We also identified material issues for the Group. ADAPT, which emphasized improving employee awareness, achieved certain results. We explored material issues, selected some, and announced the results to clearly indicate material issues to employees and to stakeholders. I believe we can be the company we want to be when all employees truly understand material issues related to their own jobs and engage in their assigned tasks day in and day out.

sustainable growth. SHIFT describes the specific measures we will follow to reach our destination. Conditions are likely to persist that prevent an accurate reading of global and national affairs, but SHIFT indicates our strong willingness to work toward stated goals regardless of the situation.

In formulating SHIFT, I reaffirmed the true strength of the Zojirushi brand. It is an undeniable fact that over the past few years everything seems to have gone digital or at least progressively more digital than before. But I wonder, when we ask how life has changed with the increased use of digital technology, maybe we have not changed so much as, oddly enough, returned to the past. For example, food delivery services, such as Uber Eats, sprang up, and demand increased exponentially. But decades ago—and it is different by country, of course, but think of an order phoned to a restaurant in Japan—this kind of food delivery was a common, everyday service. There was no Amazon, but a liquor store in the neighborhood delivered heavy items like *sake* or fermented products such as soy sauce. In those days, hardly any food products were packaged. Consumers asked for a cut of meat or a certain amount of something and carried home their purchases in containers or a shopping basket they had brought with them. From those early days, Zojirushi, as a company that delivers various products and services that create todays filled with joy, has been sensitive to changes in day-to-day trends. Even now, when the path ahead is not at all clear, I am convinced that Zojirushi will continue to post sustainable growth by drawing on accumulated technology and ideas and applying new concepts to improve people’s lives.

Guided by the concept of Brand Innovation, the Zojirushi Group is totally committed to maximizing the appeal of the Zojirushi brand. Although we may not meet expectations for making a huge leap into uncharted territory, I believe we have prepared a platform strong enough to vigorously embrace repeated challenges in ways unique to Zojirushi.

I ask for your continued support and expectations for the growth of the Zojirushi Group.

September 2022

Norio Ichikawa

President & CEO

Three years to steadily “SHIFT” toward
a solution brand that addresses issues
about life and society

The three years beginning with fiscal 2023 will be a time for Zojirushi to steadily shift toward a solution brand that addresses issues about life and society while ensuring



Embudaki induction heating pressure rice cooker



STAN. series



EVERINO oven range

New Medium-Term Management Plan SHIFT

After marking the 101st anniversary of its founding in fiscal 2019, the Zojirushi Group will for the next 100 years follow the management policy of Brand Innovation, aiming to strengthen Zojirushi as a brand of household products and develop it into a food and lifestyle solution brand.

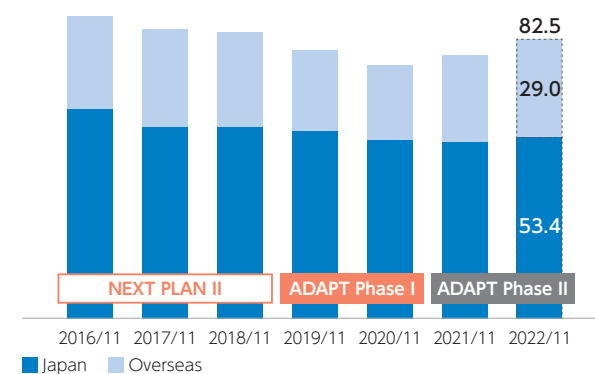
Looking Back on Medium-Term Management Plan ADAPT Phase II

The spread of COVID-19, which started in 2020, significantly changed the business environment envisaged for the medium-term management plan ADAPT. This prompted the formulation of a new two-year management plan, ADAPT Phase II, which started from fiscal 2021, under which we pursued measures designed to align with the new normal.

In horizontal expansion of domains, we captured demand for at-home consumption in Japan and achieved sales expansion of *Embudaki* and growth in the e-commerce channel. Overseas, sales increased as we launched direct-sales e-commerce and strengthened initiatives with e-commerce platforms. In terms of vertical expansion of domains, we entered new markets with the development of the microwave oven EVERINO, started the Zojirushi Rental Service, and made an entry into the ready-made meals and restaurant dining-related businesses.

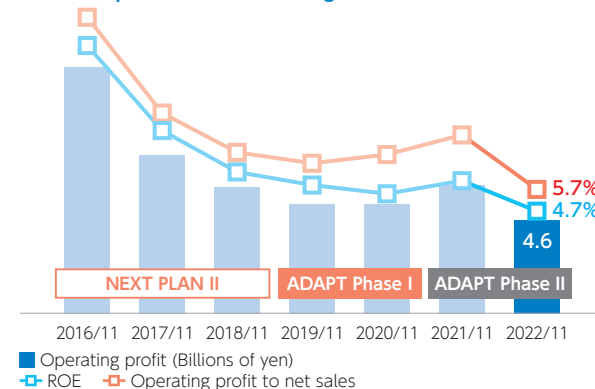
Business results

1 Consolidated net sales (Billions of yen) Seven years from 2016 through 2022



With various measures under ADAPT Phase II, the downtrend hit bottom in fiscal 2020 and the Company shifted to an aggressive strategy.

2 Consolidated operating profit/operating profit to net sales/ROE Seven years from 2016 through 2022



Profit declined in fiscal 2022 due to the yen's depreciation and high cost of raw materials, etc. ROE was 4.7%, a decrease from 6.1% in the previous fiscal year.

Results and issues

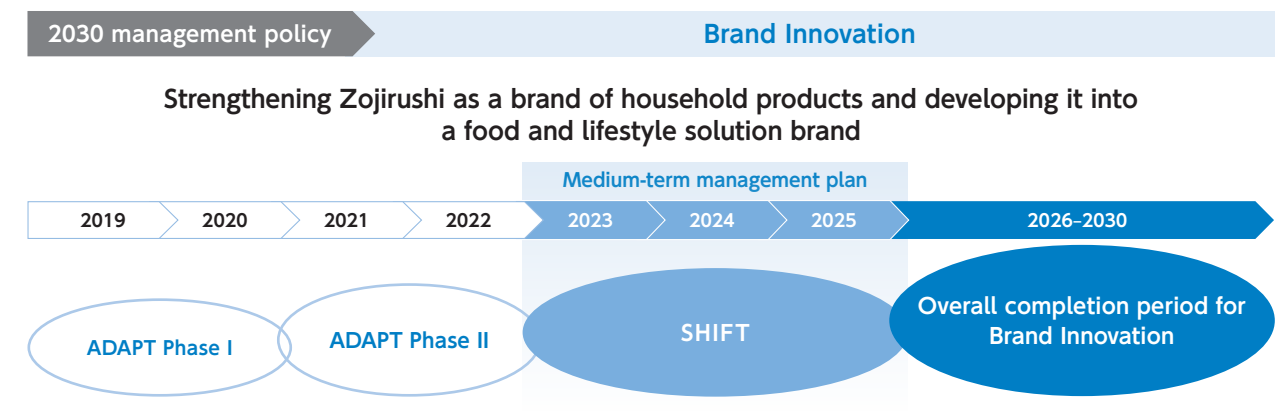
	Status of progress and results	Issues to be addressed
Horizontal expansion	Japan <ul style="list-style-type: none"> Rice cookers: Expanded sales of <i>Embudaki</i> and increased market share (vs. those of fiscal 2020) Stainless-steel vacuum bottles: Increased market share with the impact of Seamless Sen, a seamless one-piece lid (vs. that of fiscal 2020) Created hit products such as electric kettles, mixers, and steam humidifiers Overseas <ul style="list-style-type: none"> Responded to e-commerce channels in major regions (Launched direct-sales e-commerce, strengthened e-commerce platform initiatives, etc.) 	<ul style="list-style-type: none"> Drop in pace of sales of electric cooking products due to decline in demand for at-home consumption Emergence of risks due to supply chain fragmentation
Vertical expansion	<ul style="list-style-type: none"> Entered market with development of the EVERINO microwave oven Started Zojirushi Rental Service Opened Zojirushi Ginpaku Bento and Zojirushi Ginpaku Onigiri 	<ul style="list-style-type: none"> Increase in earning capability of the food and beverage business
Stronger management platform	<ul style="list-style-type: none"> Advanced operational improvements through establishment of the ICT environment and systems Reorganized supply chains (multi-supplier procurement of core components) Increased social media followers and strengthened customer contact points through enhancement of owned media Published integrated report and strengthened messaging through renewal of CSR website Shifted to full engagement on initiatives to reduce greenhouse gas emissions 	<ul style="list-style-type: none"> Response to increase in costs due to high raw material prices and yen's depreciation Appropriate deployment of human resources and revitalization of the organization Further initiatives on climate change and diversity

2023–2025 Medium-Term Management Plan SHIFT

Toward realization of the 2030 management policy Brand Innovation, the four-year period of ADAPT was a time for adapting to environmental change and diversification, and for consolidating our foundation to achieve the management policy. We have positioned the three years of the new medium-term management plan SHIFT, starting from 2023, as a time to

shift steadily to being a solution brand that grows sustainably while solving lifestyle and social issues. Furthermore, from 2026 onward, as the period for the overall completion of Brand Innovation, the entire Group will proceed together toward our vision for 2030.

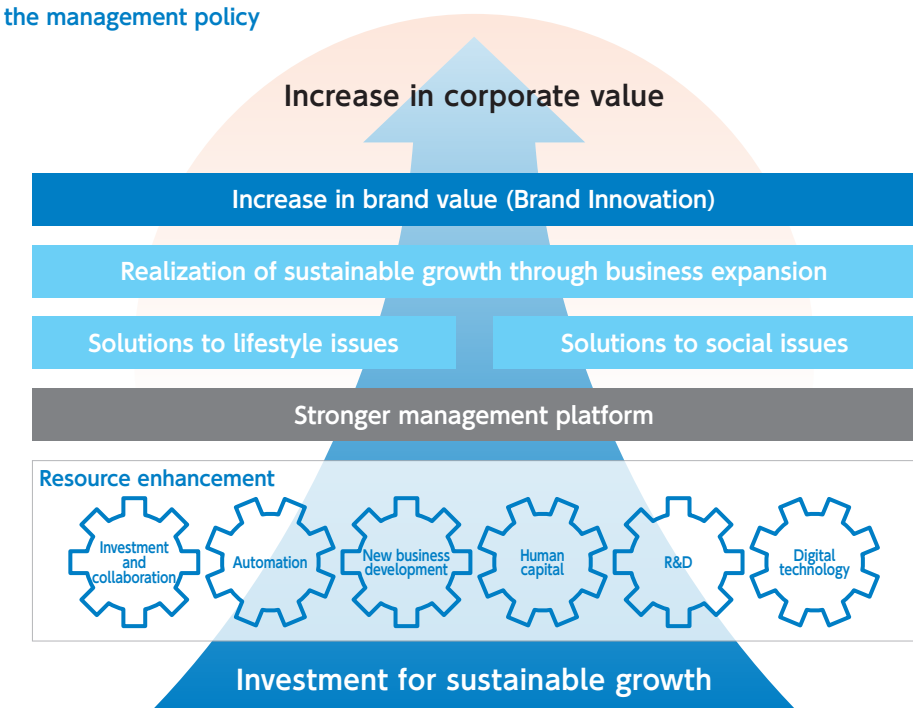
Overview of SHIFT



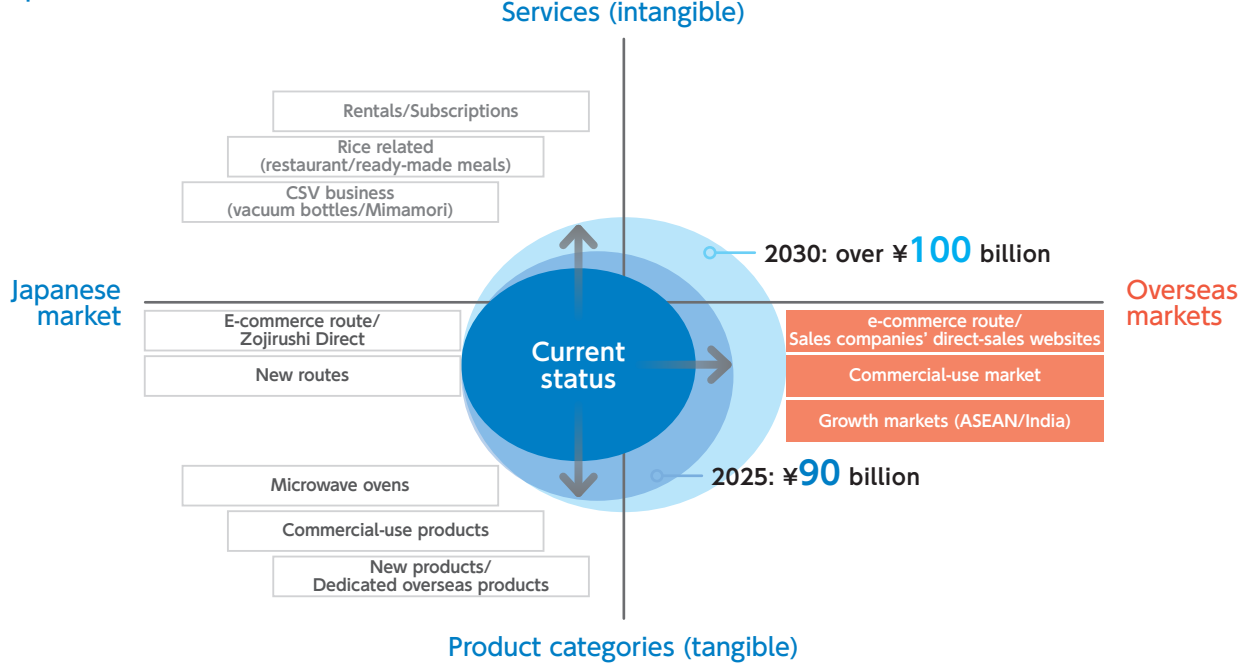
Expansion of business domains

In addition to revitalizing our existing businesses, we will develop and expand new categories centered on microwave ovens and promote the creation of new businesses in domains adjacent to existing businesses (domain shift) and the growth of overseas business (global shift) in order to realize sustainable growth.

Realization of the management policy



Expansion of business domains



Four priority issues and measures

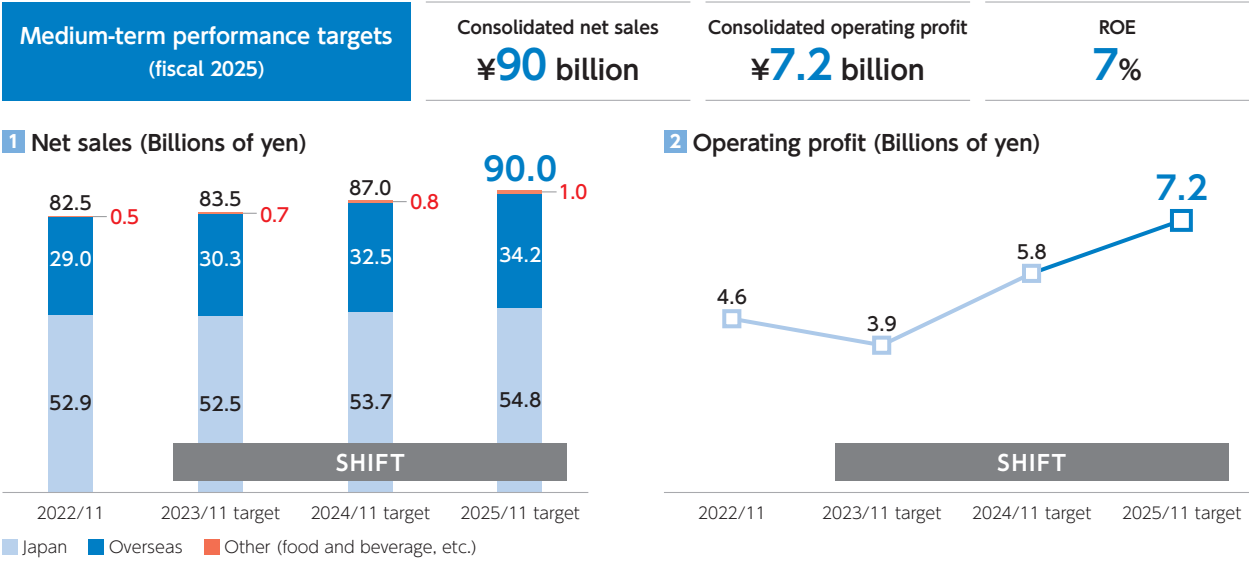
Zojirushi's four priority issues are domain shift, global shift, digital shift, and sustainability shift. We will execute all measures steadily through collaboration between the responsible department and related departments.

Priority issue	Measures
Domain shift Expanding new domains and deepening existing domains	<div>Development and expansion of the microwave oven business</div> <div>Establishment of our position as the leading brand of cooking appliances in Japan</div> <div>Creation and development of new businesses and products</div> <div>Expansion of the CSV* business</div>
Global shift Accelerating growth in global markets	<div>Sustainable growth in overseas business</div> <div>Optimization of global production and procurement systems</div>
Digital shift Promoting digitalization	<div>Promotion of DX to reform operations</div> <div>Promotion of smart technology</div>
Sustainability shift Transforming into a sustainable company	<div>Response to global environmental problems</div> <div>Creation of sustainable customer base</div> <div>Response to new risks</div> <div>Maximization of human capital</div> <div>Enhancement of capital policy and shareholder returns</div>

*Creating shared value: an approach of considering economic value and social value simultaneously

2025 performance targets

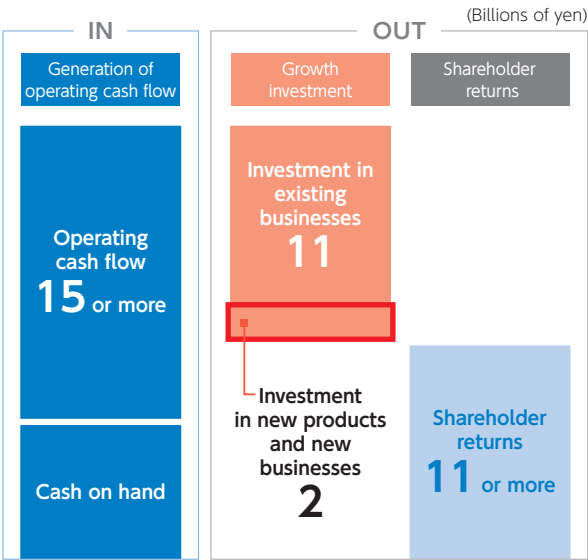
Through the development and expansion of businesses, product categories, the Japanese market, and overseas markets, by 2025 we aim to achieve consolidated net sales of ¥90 billion, consolidated operating profit of ¥7.2 billion (operating profit to net sales of 8%), and ROE of 7%.



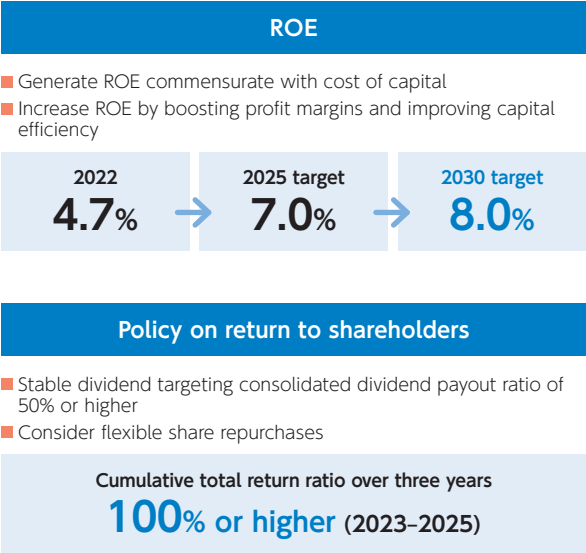
Capital policy and shareholder returns

1 Investment plan for sustainable growth

In addition to investments to augment existing businesses, we will invest for future growth (including investments in new products, new businesses, and digital technology) and aim to increase corporate value over the medium to long term.



2 KPIs



Material Issues

In formulating the new medium-term management plan SHIFT, we reexamined changes in the background business environment and determined material issues for management over the medium to long term. We will promote initiatives in the domains of solving social issues through business activities and a stronger management platform.

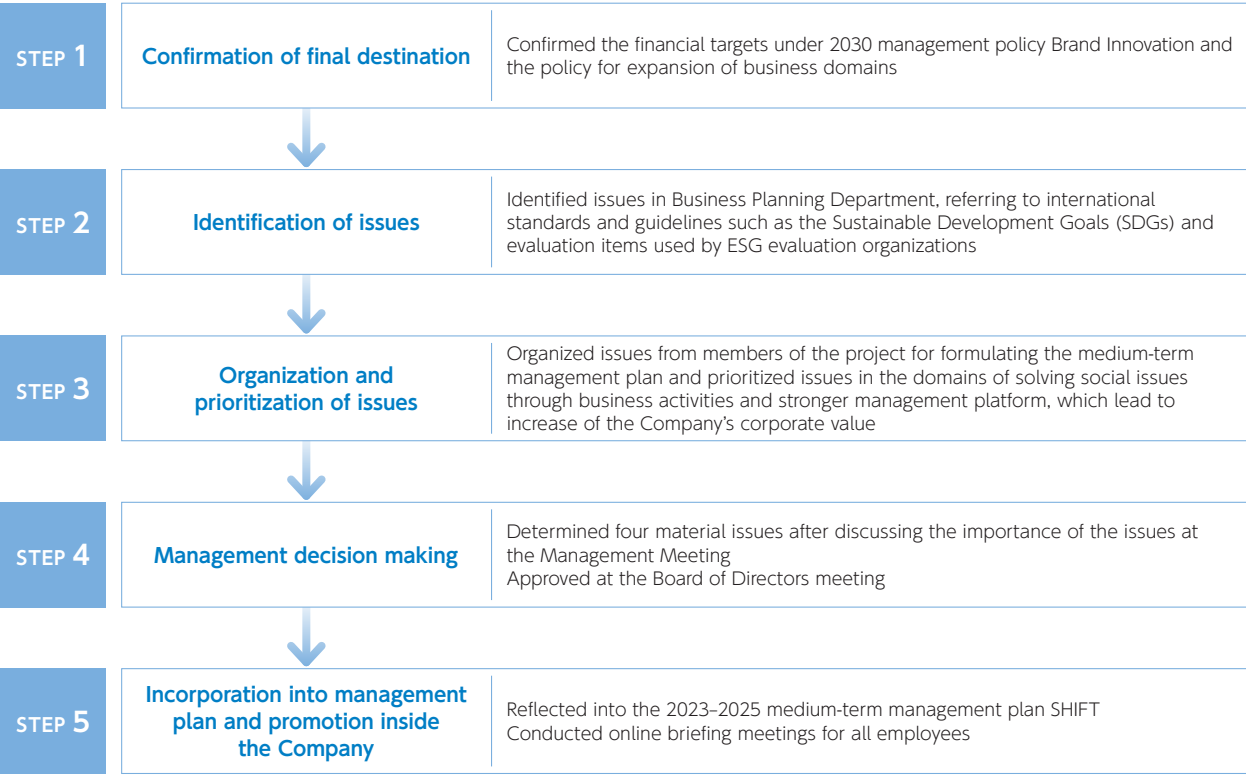
Context for Determination of Material Issues

With factors such as increasing awareness of the preservation and protection of the global environment, change and diversification in work styles and consumption behavior caused by the COVID-19 pandemic, increased uncertainty due to Russia's invasion of Ukraine, and rapid advances in digitalization, we expect to see continued dramatic changes amid an uncertain environment going forward. Because of these uncertain conditions, it is increasingly important to have a

proper shared recognition of the Zojirushi Group's vision among employees from a long-term perspective and to work to deal with short- to medium-term issues.

As demands on companies change with the times, the Group will work as one toward realizing its long-term management policy, Brand Innovation, while also promoting ESG initiatives to solve social issues. With this approach, we will increase our corporate value and contribute to the lifestyles of the future.

Process for determination of material issues



Material Issues for the Zojirushi Group

By dealing with material issues identified in the domains of solving social issues through business activities and a stronger management platform, we aim to increase social value, economic value, and employee value.

Material issues and KPIs

	Material issue	Target	Key performance indicator (KPI)		Relationship with SDGs			
			2025	2030				
Solving social issues through business activities	Contribution to a sustainable global environment	Realization of a decarbonized society	Reduction of CO ₂ emissions (Scope 1 and Scope 2*)	40% reduction for the Group (vs. that of fiscal 2019)	50% reduction for the Group (vs. that of fiscal 2019)	 		
			Increase in ratio of renewable energy used	30% of electricity usage for the Group	45% of electricity usage for the Group			
		Consideration for environmental impact and biodiversity	Conducting of life-cycle assessment** and improvements	Analysis of environmental impact over the life cycle and identification of issues	Continuous improvement in life-cycle assessment toward reducing environmental impact			
			Increase in recycling rate** ³ (reduction of industrial waste)	90% recycling rate (gross weight ratio)	90% or higher recycling rate (gross weight ratio)			
			Contribution to reduction of marine plastic waste	Continuous internal campaign of the movement for zero plastic bottles in the Group joint promotion with local governments, etc.	Continuous internal campaign of the movement for zero plastic bottles in the Group joint promotion with local governments, etc.			
				Zero serious product accidents attributable to design	Zero serious product accidents attributable to design			
Stronger management platform	Provision of products and services that respond to social issues	Pursuit of product safety and quality	Enhancement of production and development system	Enhancement of VOC** feedback system (particularly on products for overseas)	Zero serious product accidents attributable to design	 		
		Development of environmentally friendly products	Design and development based on recycling	Preparation of design standard for recycling	Construction and operation of a management system for the product development flow			
			Development of products with increased energy-saving performance	Act on Rationalizing Energy Use (rice cookers) achievement rate** 102%	Act on Rationalizing Energy Use (rice cookers) achievement rate 102%			
			Increase in use of environmentally friendly plastics and recycled materials	10% or more of total plastic usage amount	20% or more of total plastic usage amount			
			Expansion of the CSV business	Expansion of the Mimamori business	20% increase in electric pot contract holders (vs. that of fiscal 2022) Addition of new functions (frailty** prediction, etc.)		70% increase in electric pot contract holders (vs. that of fiscal 2022) Start of Mimamori service for products other than electric pots	
			Expansion of the vacuum bottle domain	Commercialization of services promoting use of personal vacuum bottles	Commercialization of services promoting use of personal vacuum bottles			
		Protection of intellectual property	Avoidance of infringement on third parties' intellectual property rights	Zero defendant lawsuits	Zero defendant lawsuits			
			Promotion of anti-counterfeiting measures	Establishment of system for exposing counterfeits in hot-spot areas (China, Thailand)	Establishment and reinforcement of system for exposing counterfeits in Asia			
		Realization of a sustainable supply chain	Promotion of CSR procurement** ⁷	Routine application of CSR procurement policy for suppliers in Japan	Expansion of routine application of CSR procurement policy for all suppliers			
		Promotion of social contribution activities	Initiatives in the fields of food and health, the environment, and education	Enhancement and revision of existing initiatives Consideration of new initiatives	Enhancement and revision of existing initiatives Consideration of new initiatives			
Stronger management platform	Development of human resources and a workplace that can tackle the challenge of value creation	Respect for human rights/promotion of diversity and inclusion	Increase in percentage of management positions held by women	6% (non-consolidated)	15% (non-consolidated)	 		
			Meeting mandatory employment rate for people with disabilities	Mandatory employment rate 2.3% (non-consolidated)	Mandatory employment rate 2.3% (non-consolidated)			
			Increase in percentage of childcare leave taken by men	30% (non-consolidated)	50% (non-consolidated)			
			Increase in employee engagement	Continuous increase** ⁸	Continuous increase			
		Promotion of occupational health and safety, and health and productivity management	Realization of work-life balance (reduction in total actual working hours)	5% reduction in overtime work from that of fiscal 2022 (non-consolidated)	10% reduction in overtime work from that of fiscal 2022 (non-consolidated)			
			Increase in percentage of annual paid leave taken	70% (non-consolidated)	80% (non-consolidated)			
		Recognition as Certified Health & Productivity Management Outstanding Organization	Certification acquisition	—				
		Development and acquisition of human resources needed to achieve management targets	Stable securing of core human resources and promotion of active participation by diverse human resources (women, non-Japanese, mid-career hires, etc.)	Enhanced employment of diverse human resources and improvement of work environment	Continued employment of diverse human resources			
		Establishment of a governance system that stakeholders can trust		Increase in effectiveness of the Board of Directors	Effectiveness evaluation and verification		Effectiveness evaluation and verification	
				Construction of a fair, highly transparent, and effective governance system	Rigorous CSR and compliance		Monitoring by CSR Committee/ Compliance Committee semiannually Zero major compliance violations	
Strengthening of risk management system	Monitoring by Risk Management Committee quarterly Formulation of business continuity plan				Continued monitoring by Risk Management Committee quarterly Construction of a business continuity management system			
Promotion of information security measures	Zero major information leaks			Zero major information leaks				
Building of trust relationships with shareholders and investors	Timely and appropriate disclosure and enhanced IR/SR			Increase in opportunities for communication with investors Enhancement of non-financial information disclosure	Increase in opportunities for communication with investors Enhancement of non-financial information disclosure			
Increase in customer satisfaction	Increase in satisfaction with after-sales service (based on customer satisfaction survey by external organization)			Repairs: 76% or higher Telephone inquiries: 70% or higher Support website: 75% or higher	Repairs: 80% or higher Telephone inquiries: 80% or higher Support website: 80% or higher			

*1 Scope 1: Direct emissions from the Company's own fuel use and industrial processes. Scope 2: Indirect emissions from the use of electricity, heat, and steam supplied by other companies

*2 Method of quantitatively evaluating environmental impacts through the life cycle for a given product or service from procurement of raw materials through to disposal and recycling

*3 Recycling rate from recovered products

*4 Voice of Customer. A collective term for opinions, requests, and survey results, etc., from customers

*5 Level of attainment of target standard for promoting increased energy-saving performance stipulated by the Act on Rationalizing Energy Use (overall weighted average)

*6 State of mental and physical weakening due to aging

*7 Selecting suppliers from a social responsibility perspective and setting procurement conditions

*8 From 2023, implementing periodic engagement surveys conducted by an external organization and ensuring that the results are improving, compared with those of the previous survey

*9 Fiscal 2019: From October 2018 through September 2019



Message from Director Responsible for Finance and Sustainability

We aim to grow into a company that is beneficial for the global environment, society, and the people who work here, in order to be accepted by all stakeholders.

Osamu Sanada
Director, Corporate Officer
Chief Administrative Officer

With the market launch of large-scale products, we invested aggressively in advertising and sales promotion activities

In fiscal 2022, we entered the microwave oven market with the launch of our large-scale EVERINO oven range. The development and market launch of this product form a significant pillar in expanding our business domains, a key strategy of our medium-term management plan, ADAPT Phase II. We therefore engaged in extensive market launch, advertising, and sales promotion activities in conjunction with the start of sales. This initiative was a major strategy in our growth investment for fiscal 2022, and we recognize that we have obtained the expected effect of our investments, as EVERINO has earned a strong reputation in the market with sales to match its popularity.

In other areas, we continued to invest in digital transformation (DX) in fiscal 2021, targeting initiatives to systematize and streamline operations, which were important goals. We also prepared an ICT environment and associated systems. Furthermore, from a perspective of increasing employees' intellectual productivity and creating a more comfortable work



A space where people can stand up and move about to refresh themselves and communicate

environment, we established co-working spaces in the Head Office Annex and in the office building in Tokyo.

In accordance with the strategy of the new medium-term management plan SHIFT, the Group plans to make growth investments to expand its business domains

Under our new medium-term management plan, SHIFT, which starts from fiscal 2023, the Group has identified achieving a domain shift as a priority issue, and we will continue to make investments to expand our business domains. Currently, we are planning the construction of the East Japan Service Center. Repair and after-sales service functions for the Zojirushi Group are centered in Osaka. However, it is important that customer services continue if unexpected events such as natural disasters occur. Our plan is to build a new service center in eastern Japan to establish a two-center system with the goals of strengthening and streamlining business continuity plans (BCPs) and service functions.

Furthermore, following our product strategy aimed at becoming a leading domestic brand for cooking appliances, we plan to install a kitchen studio to enhance sales promotions using social media and websites. We will prepare a system that enables in-house production of various types of video content such as recipes and demonstrations for customers and distributors.

Under SHIFT, EVERINO will form another pillar of Zojirushi products. To expand its reach, we envisage increasing the lineup, developing new functions, and promoting EVERINO globally, and we will make systematic investments to achieve these goals. In existing domains, where we will work to expand our reach by developing new products, we will also continue to make R&D

investments, examine M&As and pursue other measures. Ahead of this, in October 2022, we entered into a capital and business alliance with Novars Inc. We are now exploring the development of new products and services that combine a service provided by the Group for keeping an eye on elderly family members who live far away with the connected battery technology and expertise developed by Novars.

As a large-scale capital investment looking forward to 2030, we have started work on a plan to rebuild our Osaka Factory. As the construction will require a large site, we are examining various options to acquire suitable land with an eye to consolidating details of the plan over the three years of SHIFT.

We will strive to maintain a stable dividend, targeting a consolidated dividend payout ratio of 50% or higher

The Group's current finances are sound. However, going forward, funding the renewal of the Osaka Factory, share repurchases, and other expenditures will be difficult with internal funds alone. Therefore, we also envisage borrowing as necessary, keeping to a standard of a D/E ratio not exceeding 100%. For ROE, we have set a target of 7% for fiscal 2025. In terms of shareholder returns, we are aiming to provide a stable dividend, targeting a dividend payout ratio of at least 50%. In addition, we have set a target cumulative total return ratio of 100% or higher over three years. After that, we will continue striving to boost profit margins and improve capital efficiency, while aiming for a balance with shareholder returns for a target ROE of 8% for fiscal 2030.

Identification of the Group's material issues, centered on the New Medium-Term Management Plan Formulation Project

The Group aimed to strengthen its ESG initiatives under ADAPT, but society's demand for companies to solve social issues and the importance of ESG issues have been increasing. As a company, it is of course important to generate earnings. In addition, we recognize that it is essential to our survival and continued growth as a company that we aim to increase our performance in non-financial areas and fulfill our social responsibilities. Our higher prioritization of ESG is reflected in SHIFT, where we have made

sustainability shift one of the four priority issues. The formulation of SHIFT and identification of the material issues were accomplished by the New Medium-Term Management Plan Formulation Project, launched by future executive candidates in each division under the supervision of the Business Planning Department. In the future, the project members will promote and manage progress on the KPIs in the plan.

One material issue is the "contribution to a sustainable global environment." Naturally, we have set aggressive targets for carbon neutrality in light of society's requirements, with newly decided targets for a 50% reduction in carbon emissions by 2030 (compared to those of fiscal 2019) and effective zero emissions by 2050.

In the area of human capital, we have identified the "development of human resources and a workplace that can tackle the challenge of value creation" as a material issue and have set KPIs regarding diversity and inclusion, occupational health and safety, and health and productivity management. We have decided quantitative targets for 2025 and 2030 with regard to the percentage of management positions held by women, the rate of childcare leave taken by male employees, and the number of overtime hours. For employee engagement, we believe that the level is already high and will therefore continue to promote it. Moreover, in recent years, there has been a real sense that the number of employees with diverse values is increasing. I believe that we must make the Company one where all employees can easily work with a sense of job satisfaction and demonstrate their capabilities, whether they are people who like to focus intensely on work, people who value their own personal time, or people with other diverse values.

Under our management policy, "Brand Innovation—strengthening Zojirushi as a brand of household products and developing it into a food and lifestyle solution brand," our current goal is to become a manufacturer that provides solutions to people's various challenges in daily life, such as making life more comfortable or making food more delicious. EVERINO, launched in fall of 2022, is a product that truly embodies our vision. We will work not only to grow earnings but also to grow as a company that is beneficial for the global environment, society, and the people who work here. We are promoting management with the underlying goal of being a company that is accepted and needed by all stakeholders. I would like to thank all our shareholders for their continued support.

*Fiscal 2019: From October 2018 through September 2019

ROE	■ Generate ROE commensurate with cost of capital ■ Increase ROE by boosting profit margins and improving capital efficiency	2022 4.7%	→	2025 target 7.0%	→	2030 target 8.0%
		Cumulative total return ratio over three years 100% or higher (2023–2025)				
Policy on return to shareholders	■ Stable dividend targeting consolidated dividend payout ratio of 50% or higher ■ Consider flexible share repurchases					



Message from Director Responsible for Technology Development

Our goal is to contribute to society
by starting with the philosophy of
“Creating a better quality of life” and
adding “reliable technologies.”

Masao Uwa
Director and Corporate Officer
Chief Production & Development Officer

Zojirushi has accumulated technologies for
controlling temperature by following its corporate
philosophy of “Creating a better quality of life”

With its corporate philosophy of “Creating a better quality of life,” the Zojirushi Group has been closely involved with people’s daily lives for over 100 years. I am confident that this is where our strengths lie. In technology terms, our strength is in temperature control, starting with the vacuum bottles of our founder, the launch of electric rice warmers in the 1970s, and, after that, the development of a wide range of electrical appliances for daily life. Today, over 90% of our products employ “temperature control” such as heating, maintaining warmth, or cooling as the key technology.

In September 2022, we launched EVERINO, an oven range that utilizes our proprietary thermos technology to provide solutions to various points of dissatisfaction for customers. The concept that inspired development of the product was “an oven range that customers will really use.” When customers purchase an oven range after seeing the new functions and recipes in a store, they have high expectations of being able to make various delicious foods. However, from previous research, we understood that when they actually purchase and take an oven range home, they use the heating function almost exclusively. On entering the microwave oven market, we considered what our strength should be. Realizing that it was extremely important to differentiate our offering from a real consumer perspective, we set about developing a product that would not disappoint customers.

This approach shows the true spirit of Zojirushi in building on our philosophy of “Creating a better quality of life” by adding “reliable technologies” and making them work together. EVERINO is a flagship product for our brand and has won highly positive feedback since its launch.

Pursuing Zojirushi-style innovation to
realize “Brand Innovation”

Our objective is to resolve customers’ dissatisfaction and issues by realizing a product that customers will really use. More than 20 years ago, the Company started the forerunner of IoT home appliances with the Mimamori “Watch Over You” Hotline Service, using an electric pot installed with a wireless communication device. I often recall President Ichikawa at the time saying we should strive to remain half a step ahead with technology. It would be possible to achieve such a service based on the monitoring of vital signs, cameras, and other state-of-the-art technologies, but would customers accept something that runs counter to human sensitivity like that? We also discussed whether the communication function of the pot would be able to completely watch over someone, but our half-step ahead technology was selected as the perfect way to keep watch on people without overstepping. Currently, various IoT electric appliances are in the spotlight, but I think that our objective should be pursuing just the right level of IoT.

However, this approach could also be a weakness. Fixating on technologies that are a half-step ahead would make it difficult to generate discontinuous innovation. Therefore, we have set up the elemental technology development teams

within the Production & Development Headquarters. Our goal here is to promote R&D from a medium- to long-term perspective, rather than a short-term one, and to explore opportunities for new innovation. The research team members pursue interesting themes that are discontinuous, regardless of their prospects for practical application. We are also actively promoting joint research and collaboration with companies from other industries and external research and development resources. In October 2022, we announced a business alliance with Novars Inc., which has connected battery technology, and we have already begun such measures as exchanging information. We intend to utilize similar external resources to explore innovation opportunities and strengthen human resources development in the Company.

Through the gradual accumulation of customer
experience and evaluation, we aim to enhance
brand value and achieve sustainable growth

Development and expansion of the microwave oven business is a key strategy of the medium-term management plan SHIFT, which started in fiscal 2023. Our entry into the market has enjoyed an impressive start, but from now, rather than rushing in, we will work to gradually accumulate customer experience and evaluation, which we received with EVERINO, and to increase the Zojirushi brand’s mindshare and lead it to sustainable growth.

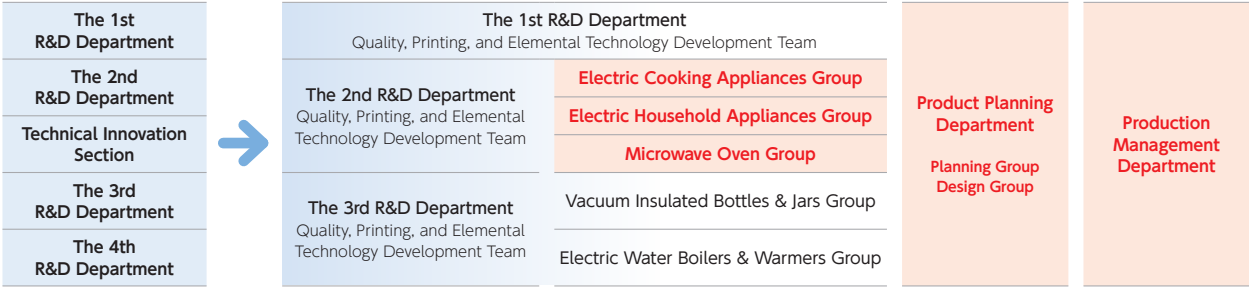
Another goal is to establish our position as the leading brand of cooking appliances in Japan. We already hold the leading share and leading position in the Japanese market for rice cookers, but competition in the cooking appliances market is fierce, and we understand that we cannot relax our guard even a little for fear of immediately losing our position. In fall of 2021, we launched two new mixer products, the BM-SS10 and the BM-SA10. While they did not feature any notable new functions, the mixer bowl is made of a light and highly safe resin like the kind used for baby bottles, which contributed to significant growth in market share. I feel this success shows that the market appreciated our efforts to rejuvenate existing products and propose something new.

To steadily and swiftly deploy this kind of product strategy, we made changes to our organization in November 2022. Rice cookers, electric cooking, household appliances, microwave ovens, hot water supply, and household and thermal products were reorganized into three R&D departments, to create a management structure that functions autonomously. Furthermore, the Product Planning Department was established with the goal of strengthening product planning operations, which had previously been distributed across the R&D departments.

We have two aims in making the Product Planning Department a cross-company organization. First, we think that in today’s world, with global-scale social topics such as the environment and the Sustainable Development Goals (SDGs) being everywhere, it is not enough for the people in charge of rice cookers simply to consider only rice cookers. Rather, they must consider the optimal overall approach in development. The other aim concerns human resources development. I myself have long been involved in product planning, but for the past few years, since planning and development have been conducted in teams organized around products, I have felt that younger team members have fewer opportunities to see older colleagues at work. In departments with a wide range of ages, opportunities exist for people to see up close how senior employees approach things and what kind of ideas new recruits might have. In particular, discussion at planning meetings is a valuable part of human resources development, and the new structure is expected to stimulate more active discussion.

Another way of expressing our key technology of “temperature control” is “handling fire.” In other words, the most important values underpinning the solutions that we bring to customers are safety and reliability. Zojirushi’s reputation for safety and reliability is the foundation of trust in the brand. To this we have added value that appeals to sensitivities such as gentleness, familiarity, and comfort, which are essential for everyday life, and developed a robust bond with customers. We will continue to supply customers with distinctive solutions of the Zojirushi Group and contribute to society. This is what we truly aim to achieve, and I think it is what we should seek to achieve at all costs.

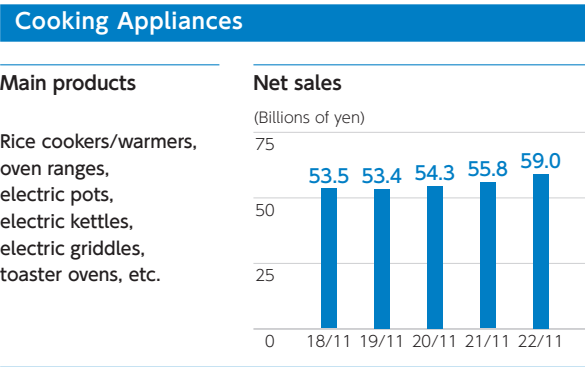
Building a development structure for increasing competitiveness



Business Strategy

Under the medium-term management plan ADAPT, we consolidated our foundation to adapt to environmental changes and diversification in order to realize our management policy. Over the three years from 2023 under the new medium-term management plan SHIFT, we aim to shift to being a solution brand that grows sustainably while solving issues in daily life and social issues.

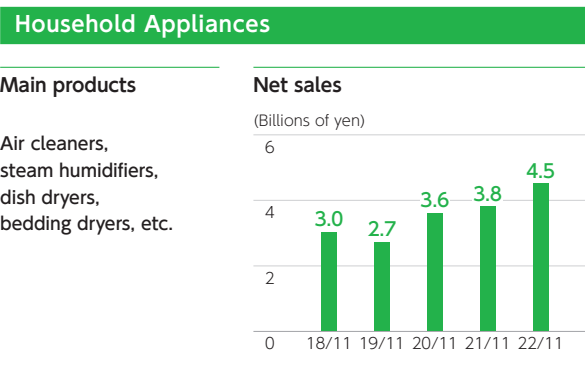
Results and Issues of ADAPT



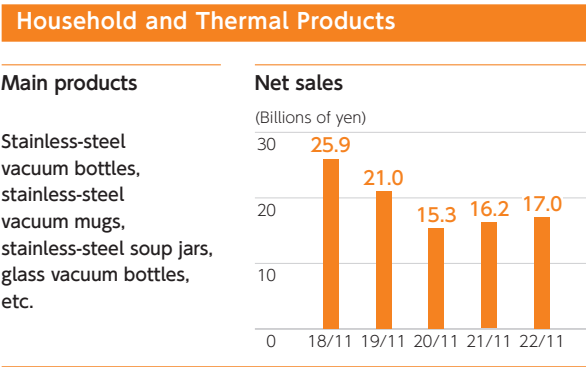
Embudaki rice cookers sold briskly in Japan, increasing their market share. In addition to creating hit products such as electric kettles and mixers, we launched a new category product, an oven range that successfully entered the market.

On the other hand, while electric cooking appliances such as electric griddles and toaster ovens previously enjoyed a temporary increase in sales due to demand for at-home consumption, the pace of sales later slackened due to a subsequent reactionary decline in demand. We strengthened our e-commerce channel, which continued to grow, but issues remained with other new channels.

Overseas, rice cookers/warmers performed well in North America, China, and Taiwan. Electric pots enjoyed favorable sales in Southeast Asia, while electric cooking appliances performed strongly in China.



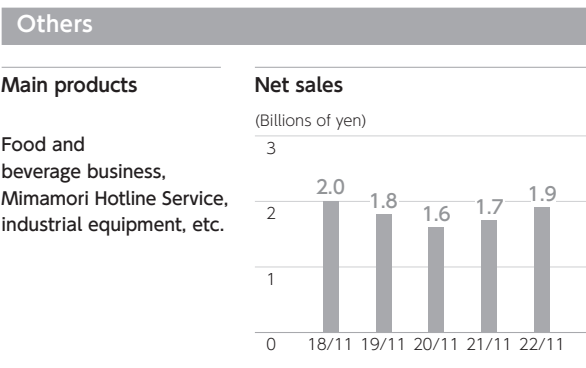
Despite an end to strong at-home consumption demand, sales of certain products performed well during the living-with-COVID-19 phase of the pandemic, and sales of steam humidifiers using electric pot technology were strong.



In Japan, sales were mainly driven by stainless-steel vacuum mugs and stainless-steel carry tumblers that feature Seamless Sen, a seamless one-piece lid integrating a stopper and a gasket, which increased their market share.

However, the overall stainless-steel vacuum bottle market slumped, and with the added impact of high material and logistics costs, securing earnings was difficult.

Overseas, sales of glass carafes were robust, while sales of stainless-steel vacuum bottles were sluggish.



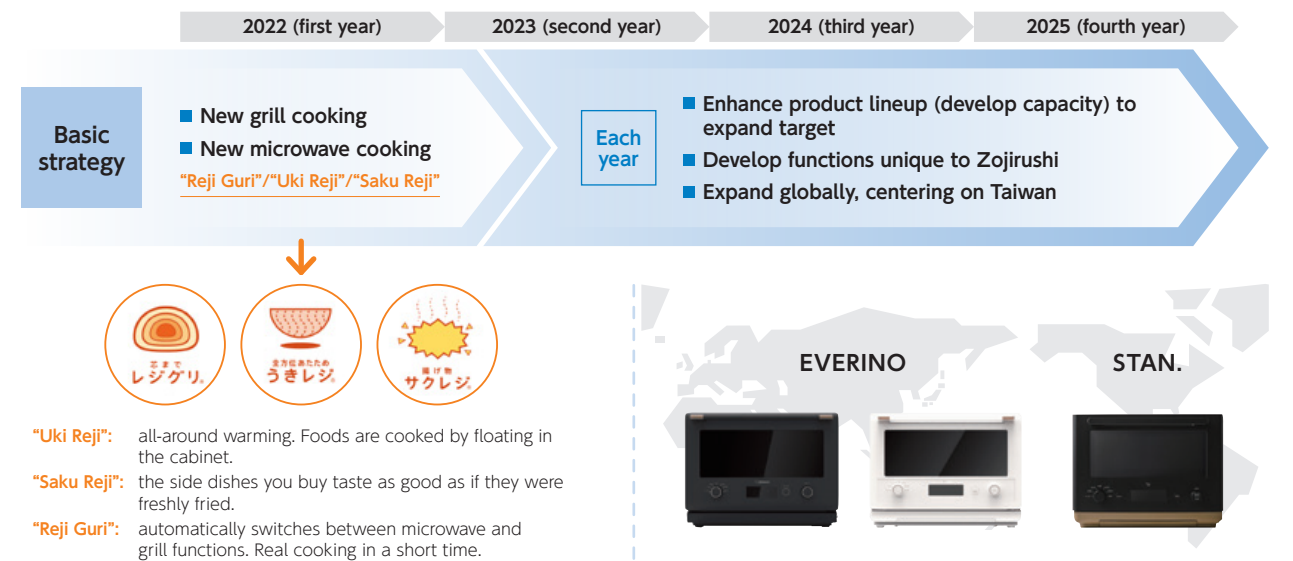
We opened Zojirushi Ginpaku Bento and Zojirushi Ginpaku Onigiri with the aim of developing business centered on rice. However, issues remained for increasing earning power in the food and beverage business.

New Medium-Term Management Plan SHIFT Priority Issue 1—Domain Shift

1 Development and expansion of the microwave oven business

Domain shift, one of our priority issues, is aimed at “expanding new domains and deepening existing domains.” As main measures, we will expand our lineup of microwave ovens, launch them in overseas markets, and proceed with R&D for core technologies with an eye to developing and expanding the business. By enhancing our lineup through capacity development, we will widen our target while promoting development of functions unique to the Zojirushi Group. In addition, we aim to expand not only in Japan but globally with Taiwan as a key region.

Microwave oven development plan



2 Establishment of our position as the leading brand of cooking appliances in Japan

In the cooking appliance market, securing earnings has become more difficult due to factors such as intensifying competition, high material and logistics costs, and supply chain disruptions. In this environment, we will deploy strategies in Japan such as expanding our product lineup of microwave ovens, a market that we newly entered, revamping existing products to keep pace with changes in society and lifestyles, developing new products in response to consumer needs, and strengthening our e-commerce systems. By working to expand our sales and market share, we aim to become the leading brand of cooking appliances in Japan.

Product/sales strategy	<ul style="list-style-type: none">Product strategyExpand lineup of microwave ovensRevamp existing products, etc.Sales strategyBuild a system to strengthen e-commerceIncrease the number of new corporate customers, etc.	Business (product category)	2025 target
Rebuild sales system	<ul style="list-style-type: none">Promote effective and efficient sales activities by strengthening backup supportReinforce sales personnel for electrical appliance mass retailReorganize regional store sales systemPromote digital marketing	Rice cooking	¥26.0 billion
		Microwave cooking	¥6.3 billion
		Electric cooking	¥7.5 billion
		Water boiling	¥4.3 billion
Rebuild distribution system	<ul style="list-style-type: none">Establish warehousing system adapted to increase distributionStreamline distribution operations	Household appliances	¥3.6 billion
		Household and thermal products	¥6.1 billion
		Others	¥1.0 billion

3 Creation and development of new businesses and products

From fiscal 2023, we have strengthened our development structure by integrating and reorganizing our R&D departments and Technical Innovation Section. Each group—rice cooking, electric cooking, household appliances, microwave ovens, hot water supply, and household and thermal products—will act independently and compete with a view to developing new products and expanding business over the medium to long term.

In new businesses, we will develop the restaurant dining and ready-made meals businesses that we have already entered, such as Zojirushi Gohan Restaurant, Zojirushi Ginpaku Bento, and Zojirushi Ginpaku Onigiri. At the same time, we will look to develop continuous-charge business models, such as rentals, subscriptions, and the incorporation of IoT functions in products.

Examples of business development centered on rice

Expanding earnings from the food and beverage business

Expanding through collaboration with other companies

"Making delicious rice more convenient and preserving Japanese food culture"

Zojirushi Gohan Restaurant

"A place for delicious rice." Following this concept, the restaurant offers rice steamed in Zojirushi's highest-grade rice cooker, *Embudaki*, with exquisite side dishes selected for their compatibility.

Zojirushi Ginpaku Bento

A lunch-box specialty store inspired by the concept "making delicious rice more convenient and preserving Japanese food culture"

Zojirushi Ginpaku Onigiri

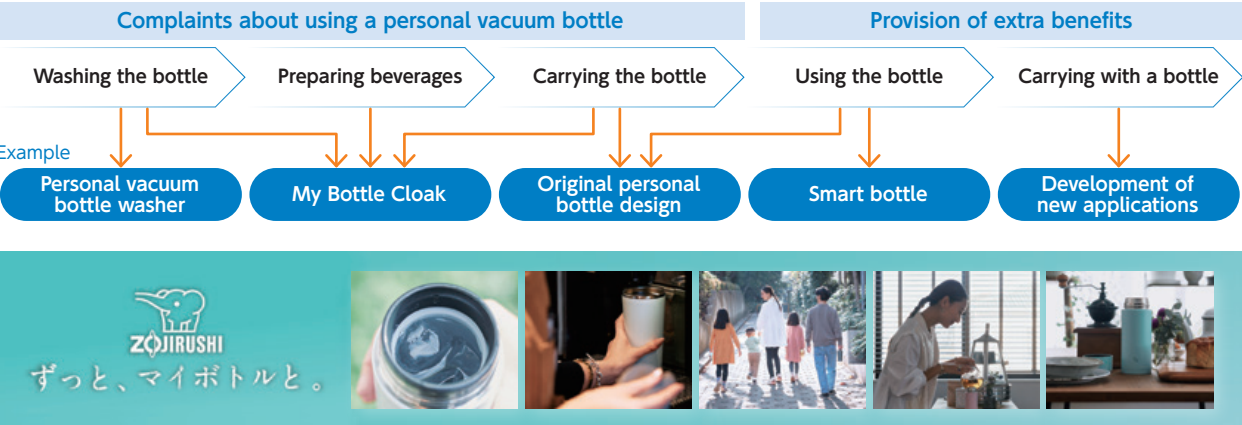
The ideal rice ball envisaged by Zojirushi, each grain of rice having its own distinct chewy texture and giving a pleasantly soft and satisfying feeling in the mouth. Permanent store at Hanshin Department Store Umeda Main Store

4 Expansion of the CSV business

Using Zojirushi's unique perspective and product planning capabilities, we will work to commercialize new services and products with a CSV approach that simultaneously realizes economic value and social value.

We aim to enhance added value and thereby expand earnings by incorporating the Mimamori Hotline Service for confirming someone's safety in new products. In addition, in the vacuum bottle domain, we will promote efforts to resolve customers' various complaints about using personal vacuum bottles and provide extra benefits that enable them to enjoy using personal vacuum bottles as part of daily life.

Example of expanding the vacuum bottle domain

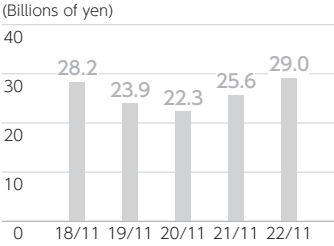


Overseas Business

Main products

Cooking appliances, household and thermal products, others

Net sales



Results and issues of ADAPT

Our mainstay markets include the United States, China, and Taiwan, where we are known as a high-value-added brand offering products with advanced levels of technology and quality. Under ADAPT, we steadily increased our business through measures such as expanding our e-commerce channel and launching direct-sales e-commerce in our key areas. On the other hand, we were delayed in opening up key growth areas in ASEAN, and the COVID-19 pandemic saw the emergence of procurement risks due to supply chain fragmentation.

New Medium-Term Management Plan SHIFT Priority Issue 2—Global Shift

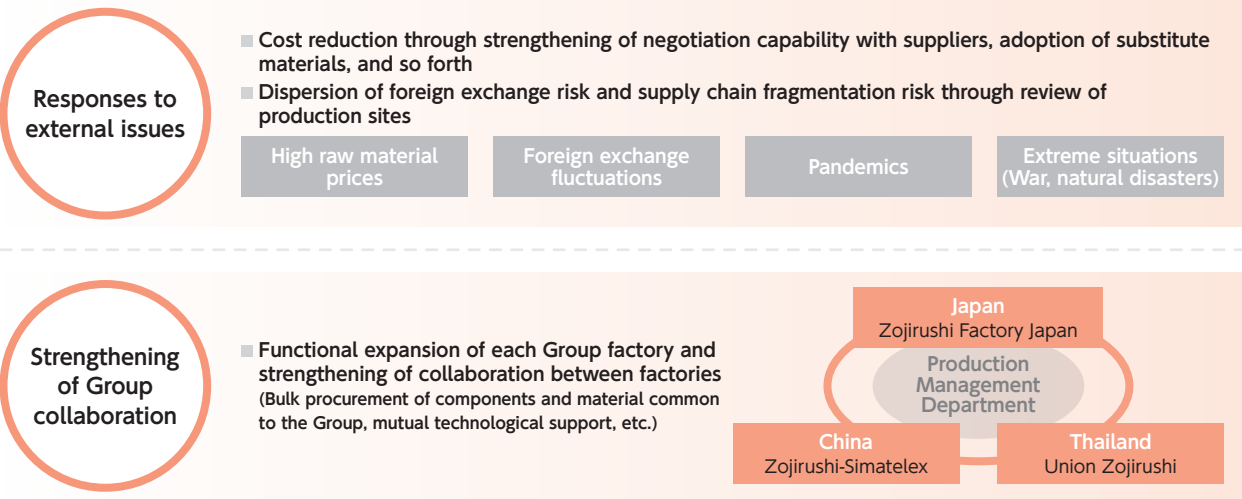
Sustainable growth in overseas business

As the yen depreciated, our profit margin increased overseas, and we expect that further expansion in our overseas business will lead to increased earning power. On the other hand, uncertainties have emerged, such as some Chinese government policies and the slowdown in the U.S. economy. Under the new medium-term management plan SHIFT, we aim to achieve sustainable growth through balanced sales growth without relying on any particular region.

Basic sales policy

- Balanced sales growth
- Robust strategy for the diversifying e-commerce market
 - Strengthening of store openings on e-commerce platforms
 - Enhancement of own e-commerce website
 - Strengthening of consumer points of contact through shift to direct sales
- Full-scale development of the commercial channels
- Strengthening of international direct sales system (regions with no sales company)
- Aggressive launch of dedicated overseas products

Optimization of global production and procurement systems



Special Feature

Debut of oven range that customers will really use

Drawing on composite capabilities of Zojirushi to enter microwave oven market

Zojirushi launched sales of EVERINO, a newly developed oven range, in September 2022. In the microwave oven market, where all manufacturers are competing to develop products that attract consumer attention, positive comments from customers and distributors emerged soon after EVERINO became available, getting sales off to a good start. Members of the development team involved in the value chain share their thoughts about the product.



Complaints about microwave ovens

- High potential for uneven heating
- Microwave cooking takes time
- Some food, particularly deep-fried items, become soggy when warmed up
- Hard to use effectively because functions are complicated

*Based on Zojirushi research
Research period: Online survey running from April 14 through 18, 2022
Target participants: 600 people (married men and women aged 20-69 who have a microwave oven or oven range and cook more than once a week)

Our proprietary thermo technology to provide solutions



Development of the oven range, which is completely different from anything ever seen before, would not have been possible if even one person had been left off the team

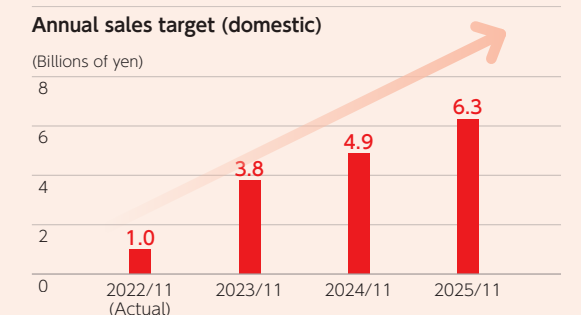
Hiroshi Yamane
General Manager, Technical Innovation Section

In the development process, we referred to surveys and data for direction, but dealing with the issues we ourselves highlighted—uneven heating and too many unused functions—was the key to success. Since we had the background knowledge, such as heating and cooking technology, temperature control, and electronic control, which were accumulated in the development of a diverse assortment of cooking appliances, we knew the answer to making food taste good. As a result, we worked backward from the goal of deliciousness, using the knowledge of experts to create EVERINO. Success would have eluded us if even one person had been left off the development team. EVERINO is a product imbued with the composite capabilities of Zojirushi.



Fantastic post-launch response!
Grill to the core through "Reji Guri," "Uki Reji" all-around warming, and "Saku Reji" for fried food

EVERINO has been the talk of the town since it was launched, with sales growing briskly. Customer comments have been extremely positive—"the Reji Guri setting gives my gratin a beautiful golden crust so quickly. I love it!" "I am a huge fan of the Uki Reji heating feature. I use it three times a week." "So easy to rewarm a croquette with the Saku Reji setting! So delicious." Going forward, Zojirushi will expand the lineup and promote sales overseas, working to establish EVERINO into a third pillar of operations.



ESG Strategy

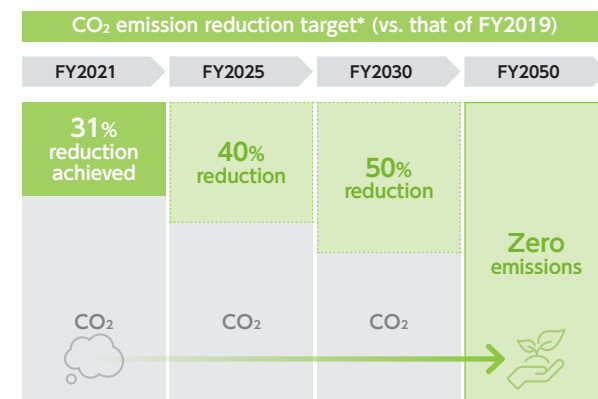
Guided by its corporate philosophy, “Creating a better quality of life,” the Zojirushi Group aims to contribute to solutions for lifestyle issues and social issues through its business activities. We revised our Basic CSR Policy in 2018, we determined material issues in 2022, and we are working to solve social issues.

Transforming into a Sustainable Company

Under the new medium-term management plan SHIFT, we have identified sustainability shift as one approach for steadily shifting to a sustainably growing solution brand. The response to global environmental problems, the creation of a sustainable customer base, the response to new risks, and the maximization of human capital are four perspectives that we will adopt in working on transforming into a sustainable company.

Response to global environmental problems

1 Promotion of carbon neutrality



- Actively using electricity from renewable sources (installation of solar panels and other equipment, procurement of CO₂-free electricity)
- Promoting energy saving in business activities

*Scope 1 + Scope 2
FY: From October of the previous year through September of the current year

3 Promotion of the 5Rs*

While promoting usage of the Eco Centers and Service Centers and strengthening them, we launched projects across related departments and will promote initiatives for the 5Rs.

*Recycle, repair, reuse, reduce, and refuse

2 Development of environmentally friendly products

Issue	Themes for Initiatives	
Energy saving	<ul style="list-style-type: none"> ■ Advancement and expansion of insulation technology ■ Advancement of temperature control 	7 ENERGY EFFICIENCY
Resource saving	<ul style="list-style-type: none"> ■ Increase in usage rate of recycled materials ■ Thinner and more compact designs 	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Waste reduction	<ul style="list-style-type: none"> ■ Increase in recycling rate ■ Increase in reuse 	13 CLEAN WATER
Environmental preservation	<ul style="list-style-type: none"> ■ Adoption of biodegradable materials ■ Use of plant-derived materials 	14 LIFE BELOW WATER
		15 LAND-USE CHANGE, OCEAN AND COASTAL RESOURCES



Creation of sustainable customer base

We will strengthen contact points with customers in both digital and in-store spaces through measures such as expanding Zojirushi Direct and Zojirushi Owner Service and linking these services, as well as opening pop-up stores and live commerce stores, aiming to maximize lifetime value by encouraging people to become fans of Zojirushi products.

In addition, we will look to increase the service level of our customer support by using digital technology, providing even higher satisfaction by solving customers' issues efficiently.

We will strengthen contact points with customers in both digital and in-store spaces through measures such as expanding Zojirushi Direct and Zojirushi Owner Service and linking these services, aiming to **maximize lifetime value** by encouraging people to become fans of Zojirushi products.

Advancement of Zojirushi Direct

Expansion of Zojirushi Owner Service

Incorporation of digital technology to provide greater customer satisfaction

Further **increase** in customer response

Response to diverse inquiry channels

Increase in response rate

Enhancement of communicator support

Enhancement of response to elderly customers

Response to new risks

1 Response to risk of supply chain fragmentation

Set up a system for continuously examining optimal overall parts and materials procurement and risk response by **establishing a Production Management Department**

2 Countermeasures for aging of Osaka Factory

Renew buildings and equipment, increase productivity, and shift to an environmentally friendly **smart factory**

3 Business continuity structure for after-sales service (call center/parts center)

Spread risk with **a dual-location structure in East and West Japan** (install the same kind of functions in East Japan as are in West Japan)

4 Maintenance and enhancement of business continuity plan

Formulate a plan to ensure rapid recovery and continuation of business in a major crisis and **prepare for risks**

Maximization of human capital

We will maximize human resources and organization capabilities to **realize the sustainable growth** of the Company.

Toward realization of sustainable growth

Creation of human resources who can tackle the challenge of new value creation

Revitalization of organization and workplaces through diverse work styles

Maximization of human resources and organization capabilities

- Development and acquisition of human resources needed to achieve management targets
- Promotion of diversity and inclusion
- Promotion of occupational health and safety, and health and productivity management



Human Resources Development Initiatives

The Zojirushi Group is working to strengthen its human resources base to support brand innovation in response to the challenges of human resources management as they continue to evolve with the times. We respect the diversity, personalities, and individuality of our employees, and we strive continuously each day to create a safe, hygienic, and comfortable work environment and realize flexibility and prosperity.

Approach to Human Resources Management

Viewing employees' growth as the Company's growth, the Group works to develop internal systems that empower each employee to work independently. As stated in the human resources development policy, "The source of our business activities is human resources." A company is driven by people. Therefore, we believe that our most important management resource is human resources.

The strength of the Zojirushi Group lies in the Zojirushi brand. This vital asset is in turn supported by the individual strengths of all employees, who are highly aware of its importance. Across all departments, our employees bring to their work a sense of responsibility and pride in the brand. That is the foundation of our competitiveness.

Human Resources Development at Zojirushi

Human resources development system

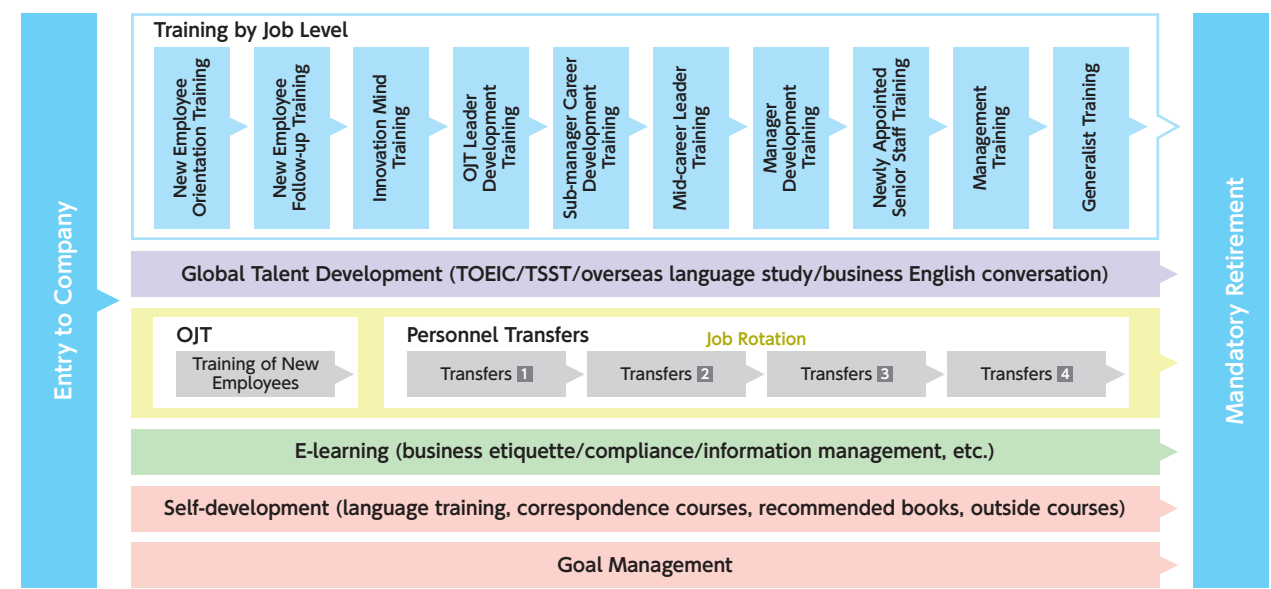
We have established a human resources development system to strengthen our employees' capabilities to realize our management policy Brand Innovation. As part of our training program by job level, we provide "innovation mind training" for employees in their third year of employment. This program teaches the importance of acting independently without being bound by preconceived notions, helping employees develop the ability to devise new business and product ideas and give them shape. In addition, to support our global operations by developing personnel who can contribute to our business overseas, we provide incentives according to the TOEIC score obtained. We also offer various learning opportunities such as an advanced language training program of business English and an overseas language study program, a four-week study abroad program in the Philippines for employees who attain certain TOEIC and TSST scores (currently suspended due to the COVID-19 pandemic).

A companywide approach to human resources development and respect for individuality

In our human resources development, we approach the training of each employee from a companywide perspective, using a standardized training system that includes training programs and on-the-job training. For example, the President and CEO attends the main training programs to give lectures on the brand, answer questions, and engage in dialogue with employees. His presence has helped cultivate a sense of loyalty to the brand among our employees. In particular, since employees from all departments participate in training by job level, the programs promote communication across departments, giving employees the opportunity to broaden their perspectives. In addition, executives from each department collaborate in departmental training programs. This approach enables participants to gain specialized knowledge and skills in areas such as engineering and sales.

This approach is applied in on-the-job training and job rotation as well. We are committed to human resources development under a medium- to long-term career development policy of making the fullest use of the individual characteristics and capabilities of each employee.

Development system diagram



Training by job level	
	Training objectives
New Employee Orientation Training I	■ Acquire the mental attitude and business etiquette of a professional
New Employee Orientation Training II	■ Understand the corporate philosophy, management policy, the organization, and its role ■ Realize the Company's identity as a manufacturer by experiencing sales and production activities
New Employee Follow-up Training	■ Review six months of workplace activities since joining the Company and promote mutual development by sharing personal experiences and growth ■ Clarify personal vision going forward and consider personal development issues and code of conduct
Innovation Mind Training	■ Consider the Company's reason for existing in society and stimulate awareness of the need for innovation ■ Consider personal growth to become an innovation-oriented team member
OJT Leader Development Training	■ Have OJT leaders clarify the goals for growth of new recruits and develop a shared image ■ Acquire guidance techniques for bringing new recruits up to the starting line and drawing out their initiative and self-motivation. At the same time, cultivate a readiness to develop and train new personnel in earnest
Career Development Training	■ Understand and be aware of role as a sub-manager ■ Formulate a career vision for the future and draw up an action plan for advancement to a higher grade
Mid-career Leader Training	■ Learn basic management concepts for a mid-career leader ■ By experiencing the nature of a dynamic and effective group, cultivate leadership and communication skills required to create an activated group
Manager Development Training	■ Achieve awareness of role and self-understanding as a manager and clarify future direction for personal development ■ Learn modern basic management concepts
Newly Appointed Senior Staff Training	■ Acquire basic knowledge of a manager
Management Training (transformative leadership)	■ Cultivate strong leadership to transform the organization and people and achieve high performance and better results
Generalist Training (organization management school)	■ Cultivate the management perspective of a general manager and become a leader in organizational transformation

Maximization of Human Capital

Under the new medium-term management plan SHIFT, we have identified sustainability shift as a priority issue. As an important measure to achieve this, we will work to maximize human capital.

Promotion of diversity and inclusion

The Group aims to create a workplace where the abilities of diverse personnel can be utilized to the fullest. To promote the advancement of women, in April 2016, we set a goal to increase the percentage of new graduates who are women to 25% or more. We achieved this goal for seven straight years through fiscal 2022. We are currently expanding our environment and systems to reach our target of 6% or more of management positions held by women. In addition, our re-employment rate of

retired employees has reached 100%, and we have also revised their employment conditions to enhance their job satisfaction. Going forward, we will consider employment systems to enable employees to continue to work after age 65. For promoting the employment of people with disabilities, we will aim to meet the new mandatory employment rate by systematically hiring new employees every year.

Employee engagement is already high in the Group, and we aim to continue increasing it going forward.

Targets for diversity and inclusion (2025 and 2030)

Target	Results	Targets	
	FY2022	FY2025	FY2030
Increase in percentage of management positions held by women	4.0%	6%	15%
Meeting mandatory employment rate for people with disabilities	2.0%	2.3% (Mandatory employment rate)	2.3% (Mandatory employment rate)
Increase in percentage of childcare leave taken by men	6.7%	30%	50%
Increase in employee engagement	—	Continuous increase	Continuous increase

Promotion of occupational health and safety, and health and productivity management

We implement various measures aimed at eliminating occupational accidents. In addition to implementing the 5S method ("sort," "set in order," "shine," "standardize," and "sustain"), we established the Health and Safety Committee to patrol workplaces to identify and eliminate potential safety hazards. We conduct fire and disaster prevention drills every year.

Furthermore, we are strengthening initiatives related to

employee health, working in cooperation with the health insurance association. In the follow-up process after the results of health checkups, the department head directly checks in with employees eligible for a secondary checkup to ensure that they receive it. We are also working to increase employees' health awareness through interviews with industrial physicians and the setting of health goals. For mental health, we are working to reduce mental health problems through stress diagnosis and a 24-hour telephone consultation service.

Targets for work-life balance and health and productivity management (2025 and 2030)

Target		Results	Targets	
		FY2022	FY2025	FY2030
Realization of work-life balance (reduction in total actual working hours)	Reduction in overtime work	16.0 hours/month *Values reflect effect of the COVID-19 pandemic	15.2 hours (vs. that of FY2022)	14.4 hours (vs. that of FY2022)
	Promotion of annual paid leave taken	67.6%	70%	80%
Certification as a Health & Productivity Management Outstanding Organization		—	Certification acquisition	—

Human Resources Data

New graduate hires (Number of persons)					
	FY2018	FY2019	FY2020	FY2021	FY2022
Total	20	18	19	20	21
Women	5	5	5	5	7
Percentages	25.0%	27.8%	26.3%	25.0%	33.3%

Retention rates of new graduates for three years (as of March 31, 2022)

Retention rate	94.7% (men: 95.2%, women: 93.3%, hired in fiscal 2019–2021: 42 men and 15 women)
----------------	--

Personnel data

	FY2019	FY2020	FY2021	FY2022
Percentage of annual paid leave taken	52.7%	60.9%	64.7%	80.3%
Overtime work (monthly average per employee)	33.4 hours	20.1 hours	26.9 hours	34.2 hours
Average age	36.1 years old	40.0 years old	41.0 years old	41.0 years old
Average years of service	7.3 years	9.4 years	10.4 years	10.8 years
Percentage of management positions held by women (non-consolidated)	3.9%	4.3%	4.7%	4.0%

Data on occupational accidents (manufacturing departments)

	FY2018	FY2019	FY2020	FY2021	FY2022
Lost-time injury	2 cases	4 cases	5 cases	2 cases	1 case
Non-lost-time injury	14 cases	7 cases	6 cases	4 cases	3 cases
Frequency*1	1.92	4.11	5.33	2.39	1.11
Severity*2	0.01	0.20	0.14	0.00	0.00

*1 Frequency: Number of casualties due to occupational accidents per 1 million total actual working hours. Indicates the frequency of occupational accidents
*2 Severity: Number of workdays lost per 1,000 total actual working hours. Indicates the degree of severity of occupational accidents

Supply Chain Initiatives

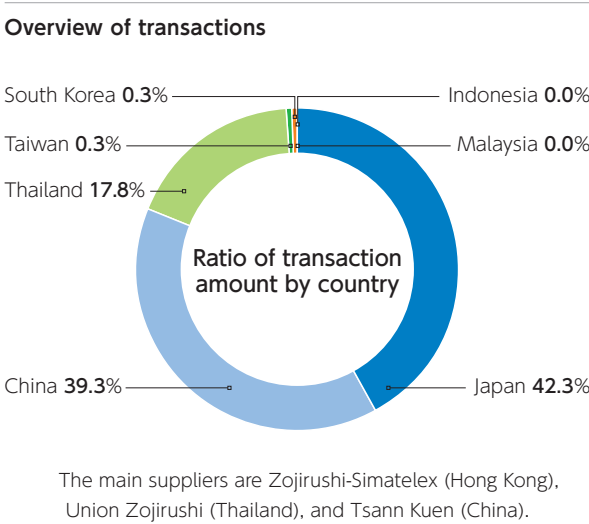
To continuously realize its corporate philosophy of “Creating a better quality of life” through the development and production of its products, the Zojirushi Group shares its values with its suppliers and is working to promote responsible procurement.

Supply Chain Policy and Basic Approach

The Group procures products, parts, and materials from approximately 230 suppliers across seven countries. As well as complying with the Subcontract Act, we always aim to treat our suppliers fairly and impartially after entering into contracts. We act with goodwill and in good faith toward our suppliers, fostering good relationships with a view toward mutual growth.

Procurement Policy

In November 2021, the Group established a new procurement policy consisting of four items: compliance with laws and social norms, fair and equitable trade, promotion of CSR procurement, and co-existence and co-prosperity. From fiscal 2022, we are sharing this procurement policy with our suppliers and working to ensure that it is understood.



Procurement Policy

The Zojirushi Group (“the Company”) conducts business based on the corporate philosophy of “Creating a better quality of life.” To continue applying this philosophy by developing and manufacturing products, it is essential that we share our values with our suppliers and work together with them.

The following is an outline of our procurement policy, which is based on our corporate philosophy. We request that our suppliers, as partners in implementing our corporate philosophy, understand our procurement policy.

1 Compliance with laws and social norms

The Company will comply with laws, regulations, and social norms related to business transactions and conduct procurement activities in good faith.

2 Fair and equitable trade

We will provide our suppliers with opportunities for fair and equitable trade. When selecting suppliers, we emphasize the following points:

- 1

Alignment with our corporate philosophy
- 2

Compliance with laws, regulations, and social norms
- 3

Sound business conditions and the capability of continuing to do business with the Company
- 4

Appropriate quality, price, and delivery date of products and materials to be supplied
- 5

Stability and flexibility in supply capacity

3 Promotion of CSR procurement

To fulfill our corporate social responsibility (CSR), the Company requests our suppliers to follow the Supplier Guidelines, which are detailed separately.

4 Co-existence and co-prosperity

The Company will strive to build relationships of mutual understanding and trust with our suppliers and to grow together.

Promotion of CSR Procurement

As part of our corporate social responsibility, we aim to conduct responsible procurement across the entire supply chain. We have stipulated Supplier Guidelines, which we explain to our suppliers to gain their agreement before asking them to observe them.

Main content of the Supplier Guidelines

1 Business ethics <ul style="list-style-type: none">■ Compliance with transaction-related laws, regulations, and social norms■ Respect for free and fair trade■ Implementation of proper accounting procedures. Prohibition of untruthful reporting■ Prohibition of bribery, illegal political contributions, giving, or receiving entertainment or gifts■ Prevention of the leakage of business secrets■ Information security measures and thorough information management■ Exclusion of antisocial forces■ Respect for intellectual property rights■ Prohibition of the use of conflict minerals	2 Work environment <ul style="list-style-type: none">■ Maintaining and improving a safe, healthy, and comfortable work environment■ Respect for human rights and elimination of discrimination■ Prohibition of forced and compulsory labor and child labor■ Compliance with labor laws, regulations, and minimum wages■ Guarantees of employees' freedom of association and right to collective bargaining	3 Environmental protection <ul style="list-style-type: none">■ Proactive introduction and continuation of global warming countermeasures■ Control of hazardous substances and compliance with emission standards■ Water resource use management■ Wastewater management and regulatory compliance■ Promotion of green procurement■ Promotion of 3Rs, effective use of resources, waste reduction	4 Management <ul style="list-style-type: none">■ Establishment of PDCA cycle■ Management of own risks and disclosure to stakeholders
---	---	---	--

Conducting Supplier Surveys

The Group conducts regular voluntary assessments of its suppliers, requesting that they confirm the status of their implementation of each item in our Supplier Guidelines. Following the results of this survey, we conduct questionnaires and hearings as necessary. If an area for improvement is found, both parties take immediate improvement measures to build a sounder supply chain.

BCP in the Supply Chain

Procurement functions, which were previously distributed across the R&D departments, are now concentrated in the Production Management Department (established in November 2022), and we have started investigations for the optimal overall parts and materials procurement and risk response. We aim to establish an optimal global production and procurement system, including a BCP.

Green Procurement

In 2005, we formulated the Green Procurement Management Regulations, and we now prioritize procurement of raw materials with low environmental impact in our production activities in Japan and overseas. We have concluded memoranda of understanding with our suppliers aimed at procuring products that are free from hazardous substances, and we also request that they provide guarantees that products do not contain hazardous substances. Our procurement policy is based on the Restriction of the Hazardous Substances (RoHS) Directive, and our newly developed electrical products from the second half of fiscal 2006 are compliant with it.

Enhancing Work Efficiency with Web EDI

From May 2017, to enhance work efficiency, the Group switched from fax data to electronic data, using Web EDI for exchanging documents with suppliers. By reducing manual work, we can decrease our suppliers' workloads. The switch to paperless processes has also reduced our environmental impact.

COLUMN

Dialogue with suppliers

Zojirushi Kyoei Business Association

The Zojirushi Kyoei Business Association is made up of our suppliers in Japan. This organization provides opportunities to interact and deepen our friendship four times a year, including a general meeting and a year-end party that our President and related officers attend.

Meeting with suppliers to show our appreciation

Once a year, the Group announces its new products at new product planning and business meetings in major cities in Japan. The events provide an opportunity to express our gratitude to many suppliers, from those in product manufacture to those in sales.



New product planning and business meetings

Environmental Initiatives

The Zojirushi Group recognizes that the earth’s environment is irreplaceable. Its preservation is ultimately a condition essential for the existence and activities of the Company. We see it as our responsibility to pass on a better environment to future generations. With this in mind, we have been voluntarily and proactively addressing environmental issues.

Environmental Management

Policy and Basic Approach

In the Basic CSR Policy, the Group states that “we will actively work to protect and improve the environment.” Conscious of the impact our business activities have on the environment, we have set targets and conduct improvement activities to protect the environment.

Environmental Management Structure (ISO 14001)

The Group has established an environmental management structure, headed by the Chief Production & Development Officer, to implement environmental policies based on the Basic CSR Policy.

ISO 14001 Certification and Environmental Audits

In February 1999, the Group acquired ISO 14001 certification for its environmental management systems at the Production & Development Headquarters and at Zojirushi Factory Japan Co., Ltd. In March 2017, we shifted to the 2015 version of the standard, holding an operational briefing for managers and departments. Two of our five manufacturing sites have acquired ISO 14001 certification for an acquisition rate of 40.0%. We also hold ISO 14001 internal auditor training. In fiscal 2020, 15 people, including employees of Zojirushi Factory Japan, participated.

Dealing with Environment-related Complaints and Criticisms

We disclose complaints and environmental information in accordance with the communication management rules of environmental standards. The general affairs departments serve as the points of contact for complaints and comments and respond to them promptly. No incidents requiring public reporting occurred in the past year.

Number of Environment-related Infractions, Details Thereof, and Improvement Measures

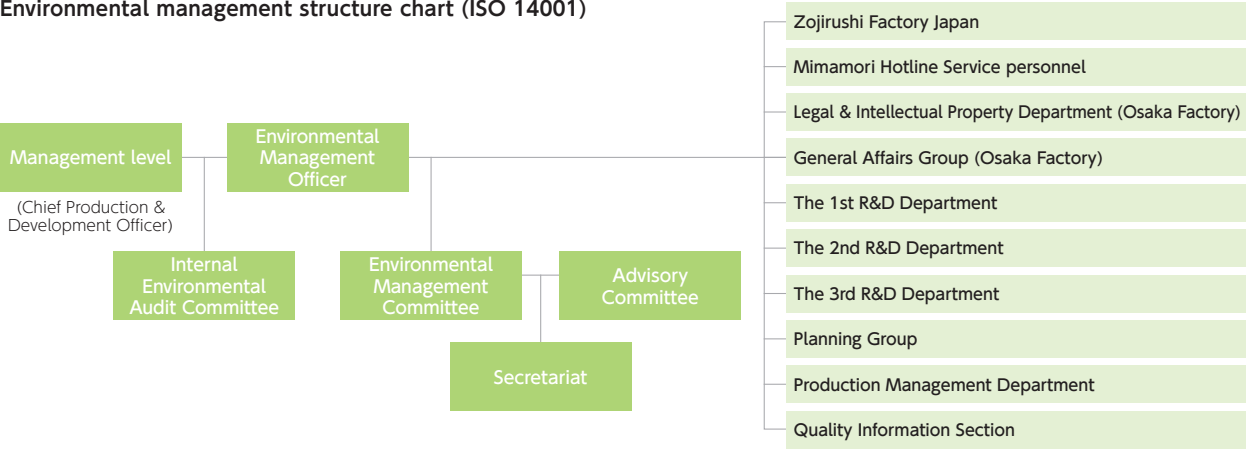
In the past year there have been no serious infractions for which Zojirushi would incur punitive action or penalties.

Progress toward Achievement of Environmental Targets

In our efforts to prevent global warming, we have been working to cut energy usage and reduce car-exhaust emissions. Our target for energy savings was a reduction of 1% per year over three years, compared with average actual results recorded during the three years from fiscal 2014 through fiscal 2016. As of fiscal 2020, we had cut energy consumption 1% from the fiscal 2018–fiscal 2019 average, fully satisfying the stated target. For reduced car-exhaust emissions, fiscal 2020 saw a 35% decrease, compared with average actual results over the fiscal 2017–fiscal 2019 period.

*Fiscal year: From October of the previous year through September of the current year

Environmental management structure chart (ISO 14001)



Initiatives to Prevent Global Warming

Addressing Climate Change Issues

Responsibility in climate change issues
Interest in climate change issues continued to mount in 2020, illustrated by countries around the world setting the goal of carbon neutrality by 2050. The Japanese government has also made this declaration. Guided by our corporate philosophy of “Creating a better quality of life,” the Zojirushi Group recognizes that we have a responsibility to help achieve decarbonization in people’s lifestyles and in society as a whole.

Zojirushi’s activities to prevent global warming
During the medium-term management plan ADAPT Phase II, the Group has rolled out initiatives to achieve new environment targets, including measures to help stop global warming. Given that global warming is clearly progressing, evidenced by the frequent occurrence of abnormal weather and natural disasters, an accelerated approach in our responses is essential. Under the new medium-term management plan SHIFT, we highlight sustainability shift, transforming into a sustainable company, as one of the priority issues.



Initiative Highlights

Solar panel installation at Union Zojirushi

Solar panels have been installed on the factory roof and on the ground at Union Zojirushi, our manufacturing facility in Thailand, and renewable energy derived from these installations is used on-site. This approach reduces CO₂ emissions and contributes to the realization of a decarbonized society.



Information Disclosure Based on TCFD Recommendations

The Group recently added its support for the final report announced by the Task Force on Climate-related Financial Disclosures (TCFD). The CSR Promotion Committee analyzes climate change risks across the Company’s business activities, identifies those requiring particular attention, and then discloses information using the framework recommended by the TCFD.

1 Governance

Climate change risk is a global issue that requires action, and the Group is not alone in recognizing this as a priority. At the Group, the CSR Promotion Committee—chaired by the President and CEO, comprising directors as members, and under the supervision of the Board of Directors—analyzes climate change-related risks and other risks across the Group and shapes responses.

The CSR Promotion Committee analyzes risks related to climate change and implements responses through the

plan-do-check-act (PDCA) cycle, confirming progress on implementation plans and discussing measures every six months, toward achievement of environmental targets set out in the medium-term management plan. The Board of Directors receives a report on important matters from the CSR Promotion Committee and undertakes discussion and supervision of the direction of responses for dealing with climate-related issues and implementation plans.

2 Strategy

Overview of scenario analysis

The Group implements scenario analysis based on risks and opportunities brought about by climate change, as described in the TCFD recommendations.

In scenario analysis, we have to choose and set multiple temperature scenarios, including below 2°C. We selected the 1.5°C scenario, where transition effects rise, and the 4°C scenario, where physical effects rise.

1.5°C scenario*1

Scenario calling for tough measures against climate change to ensure that the temperature in 2100 is held to an increase of 1.5°C higher than the temperature recorded during the industrial revolution.

Scenario in which measures to address climate change are strengthened, and transition risks inherent in such drivers as government policies, market changes, technology changes, and reputation increase.

*1 Parameters applied for estimating impact use RCP 2.6 scenario with reference to information from the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA).

4°C scenario*2

Scenario in which vigorous measures are not taken to stop climate change, with the temperature rising around 4°C by 2100, compared with the temperature during the industrial revolution.

Scenario in which physical risks, such as devastating natural disasters, rising sea levels, and more abnormal weather events increase.

*2 Parameters applied for estimating impact use RCP 8.5 scenario with reference to information from IPCC and IEA.

Key risks and opportunities related to climate change

Classification of climate change risks/opportunities		Global changes	Anticipated scenarios	Risks	Opportunities	Time of emergence
1.5°C scenario	Transition risks/opportunities	Government policy/legal regulations	Tougher regulations on greenhouse gas emissions, etc., in line with wider environmental awareness	▲		Medium to long term
			Introduction of carbon tax and emissions trading	●		Medium to long term
		Market/technology	Conversion to renewable energy requires capital investment and creates new costs	▲		Short to medium term
			Contribution to low power consumption through product development applying vacuum insulation technology		●	Medium to long term
		Reputation	Wider recycling society		●	Medium to long term
			Tougher energy-saving specifications	▲		Medium to long term
	Physical risks/opportunities	Chronic	Skyrocketing cost of resources	▲		Medium to long term
			Changing precipitation/ weather patterns (increased volume of rain, higher average temperatures)	▲		Long term
		Acute	Ensuring of safety of employees in times of increased rainfall	▲		Long term
			Demand for Zojirushi products rises as consumers look for ways to avert heatstroke		▲	Long term
4°C scenario	Physical risks/opportunities	Chronic	Interruption in supply of raw materials due to natural disasters	●		Long term
			Downtime due to damage at production points and supplier facilities	●		Long term
		Acute	Property damage and lost sales opportunities paralleling increase in natural disasters	▲		Long term
			Capital investment costs related to disaster prevention rise at principal locations	▲		Medium to long term

○ Major impact: Events that could have huge impact on business and finances
● Moderately large impact: Events that could have moderately large impact on business and finances
▲ Minor impact: Events that could have only minor impact on business and finances

Short to medium term: High possibility of occurrence between now and 2030
Medium to long term: High possibility of occurrence between 2030 and 2050
Long term: High possibility of occurrence after 2050

3 Risk management

The risk management system at the Group applies appropriate safeguards in accordance with the Basic Rules of Risk Management.

Risks related to climate change have been positioned as priority risks from a companywide perspective. To identify and assess the impact of climate change on our operations, we undertake analysis based on multiple scenarios and pinpoint risks and opportunities associated with climate change. The risks and opportunities that were identified are then discussed, mainly by the CSR Promotion Committee, and any topic of high importance is passed on to the Board of Directors. For measures to deal with identified climate change risks, the medium-term management plan lays out steps and targets, and the entire Zojirushi Group makes concrete efforts to implement and achieve them. Progress is confirmed by the CSR Promotion Committee, which watches for new issues and ensures continuous efforts for improvement.

4 Metrics and targets

Greenhouse gas emissions

Greenhouse gas emissions in fiscal 2021 reached 2,360 tons under Scope 1 and 21,840 tons under Scope 2.

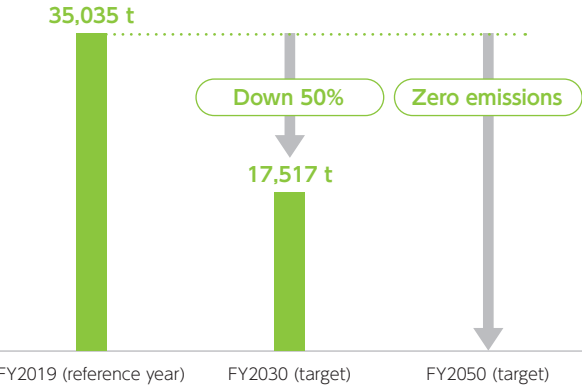
Recognizing that climate change is an urgent issue for society, the Group is working to reduce greenhouse gas emissions and expand energy-saving measures. To contribute to the realization of a sustainable society, we are targeting a 50% reduction in CO₂ emissions Groupwide by the end of fiscal 2030, compared with the level in fiscal 2019, for Scope 1 and Scope 2, and net zero emissions by the end of fiscal 2050.

In reducing greenhouse gas emissions, we are focused on efforts to save energy and power while introducing fossil fuel-free renewable energy and promoting robust use of the J-Credit Scheme, approved by the Japanese government. These efforts underpin our goal to contribute to the realization of a decarbonized society.

Going forward, we plan to calculate Scope 3 emissions as well. We will assess the environmental impact along our supply chain and work on improvements. In addition, we will strive to address social issues through our business activities and contribute to the realization of a sustainable society.

*Fiscal year: From October of the previous year through September of the current year

Greenhouse gas emissions reduction targets



*1 Total consumption of power and fuel at all offices and factories of Zojirushi Group in Japan and overseas
*2 FY: From October of the previous year through September of the current year

Addressing Environmental Pollution and Biodiversity

Preventing Pollution

Conserving water resources

Due to the nature of our products, the Group does not have processes that use large amounts of water. However, we manage and control the use of water with environmental conservation in mind. Since our industrial water is discharged into the sewerage system, we manage water quality in accordance with the Sewerage Act.

Managing chemical substances

In accordance with the PCB Special Measures Law, the general affairs departments serve as the main executive office and store ballasts and condensers that were used in equipment such as fluorescent lamps. In addition, Zojirushi Factory Japan manages chromium and its compounds, nickel, and molybdenum and its compounds, and reports on these to the Ministry of Economy, Trade and Industry in accordance with the PRTR Law.



Developing Environmentally Friendly Products



The Group maintains product assessment standards, compares new products with standard products to assess their energy saving, resource saving, and recycling, and evaluates our progress in improving environmental considerations.

Product assessment standards

- | | |
|--|---|
| 1 Reducing mass or volume | 8 Packaging |
| 2 Using recycled resources or recycled parts | 9 Safety |
| 3 Improving the possibility of recycling | 10 Environmental protection |
| 4 Supporting long-term use | 11 Energy and resource saving, etc., during product usage |
| 5 Simplifying collection and transportation | 12 Providing information |
| 6 Simplifying manual dismantling and sorting | 13 Reducing environmental impact at the manufacturing stage |
| 7 Simplifying crushing and sorting processes | 14 Other environmental considerations |

Initiative Highlights

Redesigned individual packing box reduces paper usage

To reduce the environmental impact, Zojirushi works to trim paper usage, recently switching from a four-corner design for individual packaging boxes for a stainless-steel vacuum mug or stainless-steel soup jar to one with eight corners. In the last few years, awareness of and interest in the SDGs and issues affecting the natural environment such as plastic in the ocean have grown. Against this backdrop, stainless-steel vacuum bottles have attracted attention as sustainable items that help reduce waste because they are reusable. Since 2006, Zojirushi has presented choices for a sustainable lifestyle with stainless-steel vacuum bottles.



The PU-AA50 air cleaner wins at Fiscal 2021 Energy Conservation Grand Prize

The PU-AA50, a product in Zojirushi's air-cleaner lineup, captured the Chairman's Award at the Fiscal 2021 Energy Conservation Grand Prize, sponsored by the Energy Conservation Center, Japan, in the product category and business model category. In developing this air cleaner, Zojirushi applied a highly efficient, contra-rotating propeller fan, based on technology used in aircraft propellers and ship screws, and made the filter medium area as wide as possible. With low pressure loss, a wide-area filter, and compact yet highly efficient DC motor, the PU-AA50 has the capacity to purify the air in a large space such as a living room. The PU-AA50 operates at 10 W, about 20% lower than same-class products made by rival companies, and it is quiet, generating a noise level of just 39 dB.



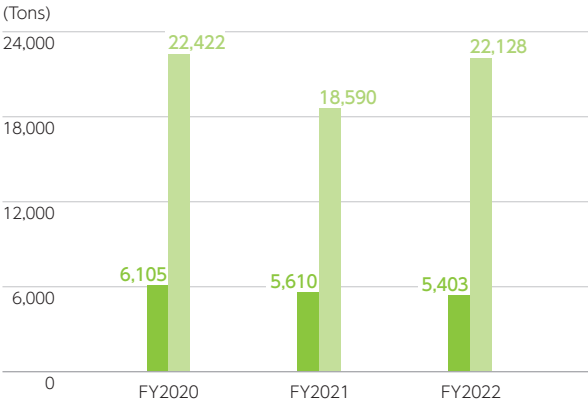
Start of verification tests for Zojirushi My Bottle Cloak

Zojirushi began verification tests on Zojirushi My Bottle Cloak, a fee-based service that supports the stress-free practice of using a refillable container, known as "my bottle" in Japan. Customers leave their vacuum bottle at a shop where it is washed, stored, and ready to be filled with a beverage when the customer places an order. Customers use a LINE account to order and pay for beverages and pick them up from a dedicated locker. Through this initiative, my bottle users do not have to carry around their bottles, prepare beverages, or do after-use cleaning. By promoting continued use of refillable containers and encouraging more people to join the my bottle trend, Zojirushi is helping realize a recycling society.

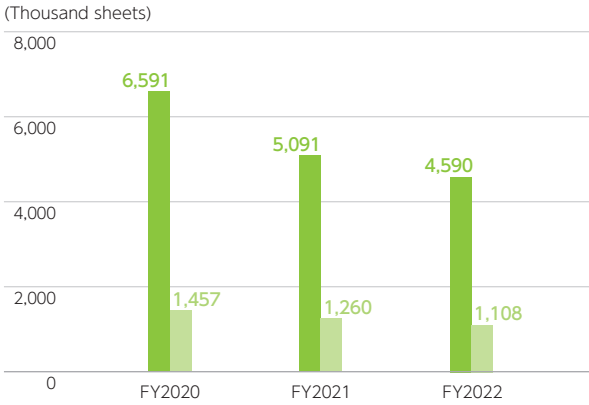


Environmental Data

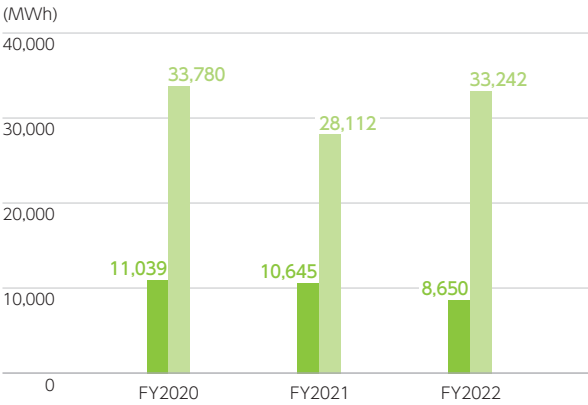
CO₂ emissions (all offices)



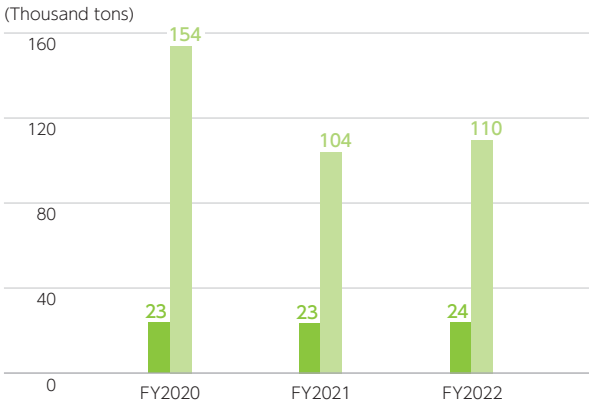
Paper consumption



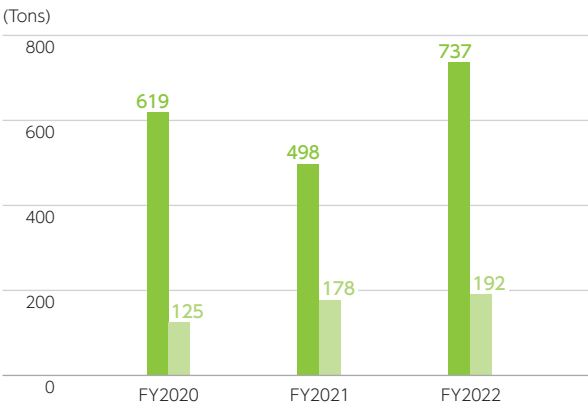
Electricity consumption



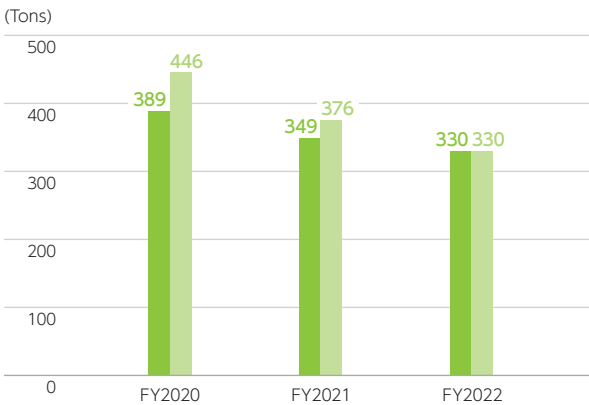
Water consumption*



Amount of waste*



Amount of resources recycled*



■ Japan ■ Overseas

*Production factories

FY: From October of the previous year through September of the current year

Message from Outside Director

Whether it's the search for delicious rice, a broader range of recipes and new ways to use rice, or food safety and security, clear targets must be set and progress must be made one step at a time to establish a high-profile solution brand.

Shingo Torii
Outside Director

The role of outside directors is to utilize an external perspective and look objectively at changes in the operating environment and for any organizational rut, then sound the alarm if necessary.

I have been an outside director at Zojirushi since 2020. It is the responsibility of outside directors to take the perspective of stakeholders, including shareholders, and offer advice and supervision to corporate management to ensure that stakeholders' expectations are met. I state my opinions to the Board of Directors to fulfill this role.

A board of directors is run in accordance with the Companies Act and the Corporate Governance Code. Whether it is Suntory Holdings Limited ("Suntory"), where I serve as a director, or any of the other companies where I serve as an outside director, directors have oversight responsibility for budgets, financial reports, management plans, key investments, human resources-related decision making, and other elements of corporate activity.

Does that mean all companies are the same? No. Each company is a unique entity, with its own history, culture, and corporate atmosphere, and each differs in terms of profit/loss, balance sheet composition, and cash flow. Among these factors, certain issues or qualities will stand out, and whatever is revealed will make a huge difference on corporate management.

In addition, vital to the role of outside directors is the external perspective he or she brings to the position. Let me use the boiling frog metaphor to explain. If a frog is suddenly dropped into a pot of boiling water, it will jump out and save itself, but if a frog is put into a pot of cold water and the temperature is gradually increased, the frog is unaware of the heat and gets boiled alive.

Zojirushi is a company with a history, exposed over time to twists and turns and ups and downs on the way to becoming the Company it is today. When individuals spend a long time in one organization and the atmosphere—the corporate environment—is always the same, they are likely to notice extreme change but not gradual change. To ensure Zojirushi does not succumb to the boiling frog syndrome, an external perspective is essential. Such a perspective allows management to objectively view what is happening around the Company and spot situations where the organization has gotten stuck in a rut. At times, it may be necessary to sound the alarm as a warning to management. My role is to ring that bell and provide advice.

For the Zojirushi Group, Brand Innovation is a requirement of the times.

A long corporate history has many merits as well. At a Board of Directors meeting not long ago, we looked back on the Company's history, revealed by many old photographs and

video clips with detailed explanations, going back to the Company's early days, on why certain products were made and why a particular design was adopted, as well as information about product features, performance, design, intellectual assets, and a few commercials and other marketing-related efforts. That experience made crystal clear that Zojirushi has always pursued *monozukuri*—the concept of manufacturing from a craftsmanship perspective—reflective of Japanese society and household routines, and aptly conveyed the Company's history through its products. Everything—an underlying appreciation for *monozukuri* and concept-implementation knowledge, marketing capabilities, and management's keen enthusiasm for product development—is aligned, and I realized exactly how the accumulation of these skills and attitudes has carried through to the present.

What exists today is the result of past achievements. Zojirushi is a company that has been extremely good at conveying successes achieved in the past and constantly changing with the times to achieve growth. The Company is currently focused on efforts aimed at Brand Innovation—strengthening Zojirushi as a brand of household products and developing it into a food and lifestyle solution brand. I believe this approach is the corporate answer to what the market is seeking today.

I said that the present is a result of the past, but today's achievements will not necessarily determine the future. Not on their own. If that were the case, there would be no point in discussing plans for the future. Change does not always develop in a good, or positive, direction. It can move in a negative direction as well. There's really no way of knowing for sure how things will go.

In the United States, studies have been done on Generation Z and Millennials—people in their teens through their 30s—to understand how they think. More than any other generation, Generation Z and Millennials have great respect for personality and are accepting of diversity. They are completely at home in a digital world and value their own individuality while respecting uniqueness in others. Their approach to diversity is very different from that of people in their 40s and 50s. Another defining characteristic is their desire for a narrative. They seek evidence and a backstory on why a situation exists. They question who they are, where they come from, and where they are going. They are thinkers. People like this have a huge impact on consumer behavior as well. They do not put stock in advertising alone when a company expounds on environmental activities or a product's excellence. The same holds true in Japan. I can't help thinking that today's younger generations are qualitatively different from their predecessors.

Given the times, how should the Zojirushi Group evolve? I have a few suggestions. Suntory has grown through an emphasis on the beer business—its bread-and-butter operations—as well as other businesses, namely, wine, whisky, non-alcoholic beverages, and health foods, while engaging in projects to nurture new businesses. For example, the company has been involved in the pharmaceutical business for some time, is running a luxury golf resort on the island of Kauai, Hawaii, and promoted a movie

project where seven leading filmmakers in Japan were asked to make whatever kind of movie they wanted. Many initiatives have actually ended in failure. However, the experience allows human resources to significantly enhance their skills. A philosophy inspiring employees to try something new permeates the company, while the corporate culture provides motivation. This is the essence of "Yatte Minahare," a saying favored by Suntory founder Shinjiro Torii that signifies a bold spirit of ambition. Holding fast to this ideal has brought significant rewards.

For Zojirushi, a corporate advantage is the enthusiasm of its employees. Communication between levels of the corporate hierarchy is very good, and the sense of loyalty to the Company is strong. Management maintains a policy of steady investment while avoiding excessive risk. That is just fine—it works for Zojirushi. But I feel that a little more sense of adventure wouldn't hurt. To achieve Brand Innovation, I believe Zojirushi needs employees who find inspiration from the outside world, expand the scope of their experience, and make new connections. People will enhance their capabilities, which will underpin growth of the Company.

Ultimately, customers seek actual solutions, not just product-based solutions, but portals to real value.

Zojirushi-brand rice cookers and microwave ovens are products created with new technology, but they are analog products. That's because they are products related to the most fundamental activity of humans—eating. This is an important fact to keep in mind.

Embudaki and *EVERINO* are products whose capacity to create deliciousness varies greatly with the person using the product and the way the product is used. Instead of simply selling a product and leaving it up to the customers' skill, Zojirushi must offer solutions along with products to help customers realize product potential in cooking delicious rice and tasty dishes. Toward this end, employees involved in product development must delve into the question of what makes rice delicious. That is no easy question to answer. For Zojirushi, this isn't a one-off project but an enduring theme. For example, other manufacturers produced devices like the iPod and iPhone, but Steve Jobs focused not just on material aspects of a product but on artistic expression as well. He emphasized art and created one-of-a-kind products built on imagination. Ultimately, customers aren't looking for something material. They seek solutions created through human creativity.

Where should Zojirushi focus its efforts? On deliciousness, recipes, ways to use products, human imagination, and safety and security. The evolution of Zojirushi into a solution brand depends on reaching these ultimate targets. I expect great things from the Zojirushi Group under Brand Innovation.

Board of Directors

(As of February 16, 2023)



Norio Ichikawa

Representative Director,
President and Corporate Officer

Attendance at Board of Directors meetings
14 out of 14 meetings

Apr. 1981 Joined the Company
Feb. 1997 General Manager, The 1st Product Development Department
Feb. 1998 Director; General Manager, The 1st Product Development Department
Feb. 2001 President
Feb. 2005 Chairman, Zojirushi-Simatelex Co., Ltd. (to present)
Feb. 2010 President and Chief Sales Officer
Nov. 2012 President
Feb. 2020 Representative Director, President and Corporate Officer (to present)



Tatsunori Matsumoto

Director and Corporate Officer

Attendance at Board of Directors meetings
14 out of 14 meetings

Apr. 1984 Joined the Company
Nov. 2007 Corporate Officer; General Manager, Sales Department
Nov. 2009 Corporate Officer; Deputy Chief Sales Officer and General Manager, Sales Department
Feb. 2010 Director; Deputy Chief Sales Officer and General Manager, Sales Department
Nov. 2012 Director; Chief Domestic Sales Officer and General Manager, Sales Department
Feb. 2020 Director; Corporate Officer; Chief Domestic Sales Officer and General Manager, Sales Department (to present)



Shingo Torii

Outside Director

[Independent]
[Outside]

Attendance at Board of Directors meetings
14 out of 14 meetings

Apr. 1980 Joined ITOCHU Corporation
Jun. 1983 Joined Suntory Limited (currently Suntory Holdings Limited)
Mar. 1992 Director of the Board, Suntory Limited
Mar. 1999 Managing Director, Suntory Limited
Mar. 2001 Senior Managing Director, Representative Director of the Board, Suntory Limited
Mar. 2003 Senior Executive Vice President, Representative Director of the Board, Suntory Limited
Feb. 2009 Representative Director, Executive Vice President, Suntory Holdings Limited
May 2014 Director, Beam Suntory Inc.
Oct. 2014 Representative Director, Vice Chairman of the Board, Suntory Holdings Limited (to present)
Jun. 2015 Outside Director, ROHTO PHARMACEUTICAL CO., LTD.
Feb. 2020 Director, the Company (to present)
Jun. 2020 Outside Director, DAIKIN INDUSTRIES, LTD. (to present)



Susumu Toda

Outside Director

[Outside]

Attendance at Board of Directors meetings
—

Apr. 1982 Joined ITOCHU Corporation
Sep. 1999 Executive Officer, FAST RETAILING CO., LTD.
Apr. 2004 Corporate Officer, MISUMI Corporation (currently MISUMI Group Inc.)
Jan. 2008 Vice President, Amazon Japan K.K. (currently Amazon Japan G.K.)
Nov. 2010 Corporate Officer EVP, BELLSYSTEM24, Inc. (currently BELLSYSTEM24 Holdings, Inc.)
Mar. 2014 Representative Director and Vice President, ENOTECA CO., LTD.
Jul. 2015 Joined KDDI CORPORATION
Jan. 2017 Representative Director, President and Chief Executive Officer, NET JAPAN Co., Ltd.
Jul. 2021 Senior Corporate Officer, Shachihata Inc.
Sep. 2022 Director; Senior Corporate Officer, Shachihata Inc. (to present)
Feb. 2023 Director, the Company (to present)



Yoshihiko Miyakoshi

Director and Corporate Officer

Attendance at Board of Directors meetings
14 out of 14 meetings

Apr. 1984 Joined the Company
Nov. 2008 Corporate Officer; Assistant General Manager, International Department
Nov. 2009 Corporate Officer; General Manager, International Department
Nov. 2009 Chairman of the Board, Zojirushi America Corporation (to present)
Nov. 2011 Corporate Officer; Deputy Chief Sales Officer and General Manager, International Department
Feb. 2012 Director; Deputy Chief Sales Officer and General Manager, International Department
Nov. 2012 Director; Chief International Sales Officer and General Manager, International Department
Feb. 2020 Director; Corporate Officer; Chief International Sales Officer and General Manager, International Department (to present)
Dec. 2021 Chairman, Zojirushi Taiwan Corporation (to present)



Osamu Sanada

Director and Corporate Officer

Attendance at Board of Directors meetings
14 out of 14 meetings

Apr. 1984 Joined the Company
Nov. 2012 Corporate Officer; General Manager, Accounting Department
Nov. 2014 Corporate Officer; General Manager, Personnel Department and General Manager, Accounting Department
May 2016 Corporate Officer; Deputy Chief Administrative Officer, General Manager, Personnel Department, and General Manager, Accounting Department
Feb. 2017 Corporate Officer; Chief Administrative Officer
Feb. 2018 Director; Chief Administrative Officer
Feb. 2020 Director; Corporate Officer and Chief Administrative Officer (to present)



Yoshitsugu Hirai

Director
(Standing Audit and Supervisory Committee Member)

Attendance at Board of Directors meetings
14 out of 14 meetings

Apr. 1980 Joined the Company
Nov. 2011 Branch Manager, Fukuoka Branch
Feb. 2015 Branch Manager, Osaka Branch
Nov. 2016 Deputy General Manager, Auditing Department
Feb. 2017 Standing Corporate Auditor
Feb. 2020 Director (Standing Audit and Supervisory Committee Member) (to present)



Kanae Shiono

Outside Director
(Audit and Supervisory Committee Member)

[Independent]
[Outside]

Attendance at Board of Directors meetings
14 out of 14 meetings

Apr. 1984 Joined Taiyo-Kobe Bank, Limited (currently Sumitomo Mitsui Banking Corporation)
Aug. 1986 Joined Osaka Branch, Irving Bank (currently The Bank of New York Mellon)
Mar. 1995 Joined Takashi Shiono Law Office
Jan. 1996 Joined Sumio Ikegami Certified Tax Accountant Office
Mar. 1998 Registered as certified tax accountant (to present)
Apr. 2000 Opened Shiono Kanae Certified Public Tax Accountant Office, Representative (to present)
Feb. 2018 Corporate Auditor, the Company
Feb. 2020 Director (Audit and Supervisory Committee Member) (to present)



Eiji Soda

Director and Corporate Officer

Attendance at Board of Directors meetings
14 out of 14 meetings

Apr. 1990 Joined the Company
Nov. 2016 General Manager, Business Planning Department
Nov. 2017 Corporate Officer; General Manager, Business Planning Department
Nov. 2018 Corporate Officer; General Manager, Business Planning Department and General Manager, New Business Creating Department
Feb. 2019 Director; General Manager, Business Planning Department and General Manager, New Business Creating Department
Feb. 2020 Director; Corporate Officer; General Manager, Business Planning Department and General Manager, New Business Creating Department
Nov. 2021 Director; Corporate Officer; General Manager, Business Planning Department and Responsible for New Business Creation (to present)



Masao Uwa

Director and Corporate Officer

Attendance at Board of Directors meetings
14 out of 14 meetings

Apr. 1982 Joined the Company
Nov. 2009 General Manager, Business Planning Department
Nov. 2010 Corporate Officer; General Manager, Business Planning Department
May 2016 Corporate Officer; Deputy Chief Administrative Officer, and General Manager, Business Planning Department
Nov. 2016 Corporate Officer; Deputy Chief Production & Development Officer and General Manager, The 2nd R&D Department
Nov. 2018 Corporate Officer; Deputy Chief Production & Development Officer
Nov. 2019 Corporate Officer; Chief Production & Development Officer
Feb. 2020 Director; Corporate Officer and Chief Production & Development Officer (to present)



Hitoshi Utsunomiya

Outside Director
(Audit and Supervisory Committee Member)

[Independent]
[Outside]

Attendance at Board of Directors meetings
14 out of 14 meetings

Apr. 1995 Joined Nissho Iwai Corporation (currently Sojitz Corporation)
Oct. 2004 Registered as attorney-at-law (to present)
Oct. 2004 Joined Seiwa Law Office
Jan. 2011 Partner, Seiwa Law Office (to present)
Feb. 2019 Corporate Auditor, the Company
Feb. 2020 Director (Audit and Supervisory Committee Member) (to present)



Satoko Nishimura

Outside Director
(Audit and Supervisory Committee Member)

[Independent]
[Outside]

Attendance at Board of Directors meetings
—

Oct. 1989 Joined Asahi Shinwa & Co. (currently KPMG AZSA LLC)
Aug. 1993 Registered as certified public accountant (to present)
Mar. 2001 Opened Satoko Nishimura Certified Public Accountant Office, Representative (to present)
Oct. 2002 Registered as certified tax accountant (to present)
Oct. 2002 Opened Satoko Nishimura Certified Public Tax Accountant Office, Representative (to present)
Feb. 2023 Director (Audit and Supervisory Committee Member), the Company (to present)



Jun Ogami

Director and Corporate Officer

Attendance at Board of Directors meetings
—

Apr. 1986 Joined the Company
Nov. 2009 General Manager, Sales Promotion Department
Nov. 2011 General Manager, Marketing Sales Promotion Department
Nov. 2014 Corporate Officer; General Manager, Marketing Sales Promotion Department
Nov. 2019 Corporate Officer; Deputy Chief Domestic Sales Officer and General Manager, Tokyo Main Branch
Feb. 2023 Director; Corporate Officer; Deputy Chief Domestic Sales Officer and General Manager, Tokyo Main Branch (to present)



Hiromi Izumi

Outside Director

[Independent]
[Outside]

Attendance at Board of Directors meetings
14 out of 14 meetings

Apr. 2003 Chairman and Representative Director, Millieme Co., Ltd.
Jan. 2004 Chairman of the Board of Trustees, Wanogakko Non-profit Organization
Apr. 2013 Councilor, Konnichian Foundation (to present)
Feb. 2016 Director, the Company (to present)
Apr. 2017 Chairman and Director, Millieme Co., Ltd. (to present)

The Nomination and Compensation Committee comprises four Directors, the majority of whom are Independent Outside Directors, and its chairperson is elected from the members who are Independent Outside Directors, to ensure its independence.

The Nomination and Compensation Committee, in accordance with the authority delegated by the Board of Directors, is responsible for drafting, discussing, and determining proposals regarding board composition, the appointment and dismissal of Directors and their compensation, succession plans and other matters, as well as making recommendations to the Board of Directors.

Evaluation of the Effectiveness of the Board of Directors

The Company evaluates the effectiveness of the Board of Directors once per year. This year, the results based on self-evaluations by each Director were reported to the Board of Directors and future initiatives were discussed, an overview of which is as follows.

The current Board of Directors is balanced in terms of the ratio of inside and outside directors and their knowledge, experience, capabilities, and diversity, thus ensuring that it is appropriate and well structured. The Company has confirmed that, going forward, it will promote specific initiatives to elect female Directors from within the Company, and it will deliberate on the optimal composition of the Board of Directors over the medium term and enhance its discussions on capital policy and business portfolios.

CEO Succession Plan

With regard to the succession plan of the Representative Director, President and Corporate Officer, the Nomination and Compensation Committee formulates a vision of the ideal President, and drafts, discusses, and determines the overall succession plan. In addition, the Committee also selects successor candidates, and discusses and determines individual succession plans.

Outside Directors

Outside Directors serve the function and role of improving the effectiveness of corporate governance and the corporate value of the Company, by providing supervision, audits, and instructions, as necessary, from an objective and neutral standpoint based on their professional knowledge and extensive experience. To this end, the Company, upon examining their character and knowledge, elects talent regardless of age, gender, nationality, etc., who possess professional knowledge in law, taxation, finance, accounting, and other areas, as well as extensive experience or management experience at other companies, and who are capable of fulfilling their roles and responsibilities from an objective and neutral perspective, and also makes its selections on the basis of maintaining diversity and a balance of knowledge, experience, and capabilities. The Company also elects Outside Directors in accordance with its Independence Criteria for Outside Directors, which has been formulated by

referring to the independence standards of the Tokyo Stock Exchange. Mr. Susumu Toda is a Director and Senior Corporate Officer of Shachihata Inc., which has business relationships with the Company. However, the amount of the transactions is negligible and does not affect his independence. Mr. Susumu Toda will not be designated as an Independent Director, due to a close relative belonging to KPMG AZSA LLC, the Company's Accounting Auditor. However, as the close relative of Mr. Susumu Toda is not currently and has not in the past been involved in the audit services for the Company, there is no implication that would pose a special interest and the Company has determined that there will be no potential conflict of interest with general shareholders. There are no other human, capital, or business relationships, or any other conflicts of interest, between the Outside Directors and the Company.

Executive Compensation

1 Composition, etc., of Compensation for Directors
Compensation, etc., for Directors (excluding Outside Directors and Directors serving as Audit and Supervisory Committee Members) comprises the base salary and performance-based compensation in the form of monetary compensation and restricted stock compensation. Compensation, etc., for Outside Directors and Directors serving as Audit and Supervisory Committee Members exclusively comprises the base salary, as these Directors are not eligible for performance-based compensation in the form of monetary compensation and restricted stock compensation. Further, compensation, etc., to

Directors serving as Audit and Supervisory Committee Members is determined upon deliberation by the Directors serving as Audit and Supervisory Committee Members.

The base salary is fixed monetary compensation paid once per month in a fixed amount, with the amount of such compensation determined in accordance with internal rules specifying the amount of compensation, etc., for each position, depending on the proportion of responsibilities.

Monetary compensation, among performance-based compensation, aims to enhance business performance and is designed as an incentive, based on the business performance for a single fiscal year and using as an indicator the profit attributable to owners of parent on a consolidated basis.

Restricted stock compensation aims at an improvement of corporate value in the next several years, and is designed as an incentive to be granted for each fiscal year, while promoting the further sharing of value with the shareholders.

The policy and procedures for determining compensation are deliberated by the Nomination and Compensation Committee, a majority of whose members are Outside Directors. The Board of Directors then uses the report from the Nomination and Compensation Committee to determine the policy and procedures.

With regard to the compensation, etc., of each Director for this fiscal year, since the Board of Directors has confirmed that the method of determining the compensation, etc., and the details of the determined compensation, etc., are consistent with the relevant determination policy and that serious consideration has been given to the report by the Nomination

Members and Attendance Rates of Main Meeting Bodies

(◎ indicates chairperson)				
Title	Name	Board of Directors	Audit and Supervisory Committee	Nomination and Compensation Committee
Representative Director, President and Corporate Officer	Norio Ichikawa	100%(◎)		100%
Director and Corporate Officer	Tatsunori Matsumoto	100%		
Director and Corporate Officer	Yoshihiko Miyakoshi	100%		
Director and Corporate Officer	Osamu Sanada	100%		
Director and Corporate Officer	Eiji Soda	100%		
Director and Corporate Officer	Masao Uwa	100%		
Director and Corporate Officer	Jun Ogami	100%		
Outside Director	Hiromi Izumi	100%		—
Outside Director	Shingo Torii	100%		100%(◎)
Outside Director	Susumu Toda	—		
Director, Standing Audit and Supervisory Committee Member	Yoshitsugu Hirai	100%	100%(◎)	
Outside Director, Audit and Supervisory Committee Member	Kanae Shiono	100%	100%	
Outside Director, Audit and Supervisory Committee Member	Hitoshi Utsunomiya	100%	100%	—
Outside Director, Audit and Supervisory Committee Member	Satoko Nishimura	—	—	

Reason for Election as Outside Director and Status of Activities

Name	Reason for Election	Status of Activity
Hiromi Izumi	Ms. Hiromi Izumi has extensive experience through the management of companies and corporations that communicate and disseminate information on Japan's traditional culture and traditional industries to both adults and children in Japan and abroad. The Company elected her as an Outside Director to have her utilize her multifaceted perspective and female perspective for the Company's management, from an objective and neutral standpoint.	Board of Directors Attended 14 out of 14 meetings
Shingo Torii	In addition to being a corporate manager, Mr. Shingo Torii has broad experience, extensive insights, and an international perspective from serving as an Outside Director at other companies. To increase the Company's corporate value, the Company elected him as an Outside Director to have him engage in management from a global perspective, and supervise management from an objective and neutral standpoint.	Board of Directors Attended 14 out of 14 meetings
Susumu Toda	In addition to being a corporate manager, Mr. Susumu Toda has experience serving in the U.S. as well as insights into IT/DX, human resources, and labor affairs. To increase the Company's corporate value, the Company elected him as an Outside Director to have him engage in management by leveraging his professional skills in his areas of expertise and supervise management from an objective and neutral standpoint.	Board of Directors — (Appointed in February 2023)
Kanae Shiono	In addition to professional knowledge and experience as a certified tax accountant, Ms. Kanae Shiono has significant knowledge in finance and accounting, including business experience at financial institutions. The Company elected her as an Outside Director serving as an Audit and Supervisory Committee Member to have her utilize her extensive experience and professional knowledge to strengthen the audit and supervisory system of the Company.	Board of Directors Attended 14 out of 14 meetings
Hitoshi Utsunomiya	In addition to professional knowledge and experience as an attorney-at-law, Mr. Hitoshi Utsunomiya has business experience at the legal affairs department of a company. The Company elected him as an Outside Director serving as an Audit and Supervisory Committee Member to have him utilize his extensive experience and professional knowledge to strengthen the audit and supervisory system of the Company.	Board of Directors Attended 14 out of 14 meetings
Satoko Nishimura	In addition to professional knowledge and experience as a certified public accountant and certified tax accountant, Ms. Satoko Nishimura has significant knowledge in finance and accounting. The Company elected her as an Outside Director serving as an Audit and Supervisory Committee Member to have her utilize her extensive experience and professional knowledge to strengthen the audit and supervisory system of the Company.	Board of Directors — (Appointed in February 2023)

and Compensation Committee, the Board of Directors determined that the compensation is in line with the determination policy.

2 Policy to Determine the Percentages of Compensation Paid as Performance-based Compensation and Non-performance-based Compensation

The percentage of each type of compensation paid is, in principle, the same regardless of the position of the Director, and is set by taking into account factors such as the levels of other companies and the positioning of the different types of compensation. In an effort to further promote the sharing of value with the shareholders, the Nomination and Compensation Committee recommended raising the percentage of restricted stock compensation. Accordingly, the Board of Directors revised this percentage from fiscal 2021. As a result, while the actual percentage will fluctuate depending on business performance, the percentage of compensation paid to Directors was set as approximately 60% base salary (fixed monetary compensation), and performance-based compensation in the form of monetary compensation of approximately 30% and restricted stock compensation of approximately 10%.

3 Targets and Results of Indicators for Performance-based Compensation, Reasons for the Selection of These Indicators, and the Methods for Determining the Amounts of Performance-based Compensation

The resources for monetary compensation, among performance-based compensation are calculated using the profit attributable to owners of parent on a consolidated basis for each fiscal year as an indicator, to ensure that improved profits are reflected in a more direct manner.

Restricted stock compensation targets the improvement of business performance as one means of enhancing corporate value. Its resources are also calculated using as an indicator the profit attributable to owners of parent on a consolidated basis for each fiscal year, by taking into account factors such as the

degree of achievement of medium-term management targets, including ESG issues, stock prices, and the percentage of each type of compensation paid. The number of shares to be granted is then determined based on the calculation standards prescribed for each position. Regarding the target and actual profit attributable to owners of parent on a consolidated basis for the current fiscal year, the actual result was ¥3,658 million, compared with the forecast of ¥3,400 million announced on December 24, 2021, and the upward revised target of ¥4,000 million on June 20, 2022.

As for the method of determining the amounts, prior to the resolution by the Board of Directors, the Nomination and Compensation Committee, in accordance with the internal rules set forth by the Board of Directors, is consulted regarding the specific amounts of compensation calculated according to the internal rules for each fiscal year, and the Board of Directors determines the amounts based on the Committee's recommendation.

4 Matter Resolved by the General Meeting of Shareholders Regarding Executive Compensation, etc.

The 75th Annual General Meeting of Shareholders held on February 19, 2020 resolved the Company's transition to a company with an Audit and Supervisory Committee, and resolved to set the amount of compensation for Directors (excluding Directors serving as Audit and Supervisory Committee Members) to be within ¥450 million per year (within ¥80 million per year for Outside Directors) and the amount of compensation for Directors serving as Audit and Supervisory Committee Members to be within ¥80 million per year. At the time of the resolution, the number of Directors (excluding Directors serving as Audit and Supervisory Committee Members) was 10 (including three Outside Directors), and the number of Directors serving as Audit and Supervisory Committee Members was three.

Furthermore, the total amount of monetary compensation related to the granting of restricted stock was resolved to be within ¥80 million per year, separate from the above amount.

Internal Control Systems

The Company's Board of Directors formulates the medium-term management plan. In accordance with the annual plans based on the medium-term management plan, the Company and its subsidiaries set specific annual targets and budgets, while also practicing monthly and quarterly performance management on a regular and daily basis. Furthermore, the Management Meeting, which meets once per week, in principle, discusses and decides on various important matters that involve the Company and the entire Group, with the aim of early resolution and implementation. The Management Meeting is also attended by the Standing Audit and Supervisory Committee Member, which allows him/her to oversee the business execution of the Directors and Corporate Officers.

Compliance Structure

The Company has been building, maintaining, and improving the compliance structure for the entire Group, by establishing the Compliance Regulations and a Compliance Committee as part of the compliance structure, while adopting a whistleblower system, and carrying out educational and enlightenment activities including the establishment of the Basic CSR Policy, which contains a code of conduct to be observed by all officers and employees. Furthermore, to ensure the reliability of financial reporting, the Company has established internal controls related to financial reporting centered around the Internal Control Committee, and periodically assesses the establishment and operating status of the control structure, and makes efforts to ensure its maintenance and improvement.

Internal Audits and Audits by the Audit and Supervisory Committee

The Company has established the Auditing Department (with five members) as an internal audit division, and periodically conducts internal audits of the status of business execution, etc., by the Company and its Group companies based on the audit plan. The Auditing Department also conducts tasks related to internal controls, including an assessment of the establishment and operating status of internal control systems. When appropriate, the internal audit division reports to, and shares information and opinions with the Audit and Supervisory Committee and the Accounting Auditor regarding the status of maintenance, and other important matters concerning the internal control systems.

The Outside Directors serving as Audit and Supervisory Committee Members attend audit briefings and witness field audits with the internal audit division and the Accounting Auditor, in addition to exchanging information and opinions with the Accounting Auditor and the internal audit division, when appropriate. Furthermore, the Standing Audit and

Supervisory Committee Member is making efforts to strengthen the coordination between the relevant parties, by sharing information that is shared and exchanged with the internal audit division and the Accounting Auditor, through the meetings of the Audit and Supervisory Committee, etc.

System of Timely Disclosures

The Information Officer aggregates the important corporate information of the Company and the Group companies, coordinates with the Personnel & General Affairs Department, and deliberates on the necessity of disclosing such information based on the Timely Disclosure Rules of the Tokyo Stock Exchange.

Regarding matters that have already been decided, among the information deemed to require timely disclosures, the Personnel & General Affairs Department and the Accounting & Finance Department prepare the materials to be disclosed. The contents of these materials are then confirmed by the Information Officer and approved by the Board of Directors, after which they are promptly disclosed by the Information Officer. With regard to events and facts, the Personnel & General Affairs Department and the Accounting & Finance Department prepare the materials to be disclosed. The contents of these materials are then confirmed by the Information Officer and reported to the Representative Director, President and Corporate Officer, after which they are promptly disclosed. As for financial information, the Accounting & Finance Department, the Personnel & General Affairs Department, and the Business Planning Department share the responsibilities for preparing the materials to be disclosed. The contents of these materials are then confirmed by the Information Officer and approved by the Board of Directors, after which they are promptly disclosed. Until such information has been disclosed, the Company ensures the prevention of insider trading and thorough information control based on internal rules.

Furthermore, in terms of the method of timely disclosure, the Company is registered on the Tokyo Stock Exchange's TDnet (Timely Disclosure network), allowing it to widely disseminate information by holding press conferences when necessary, and distributing disclosure materials at the press clubs of the Osaka Securities Exchange, The Osaka Chamber of Commerce and Industry, and The Tokyo Chamber of Commerce and Industry. The Company also posts the disclosed information on its website, immediately following disclosure on TDnet.

Total Amount of Compensation, etc., by Director Category, Total Amounts by Type of Compensation, and the Number of Eligible Directors

Director Category	Total Amount of Compensation, etc.	Total Amounts by Type of Compensation, etc.			Number of Eligible Directors
		Base Salary (Fixed Monetary Compensation)	Performance-based Compensation		
			Monetary Compensation	Restricted Stock Compensation	
Directors (Excluding Directors Serving as Audit and Supervisory Committee Members and Outside Directors)	¥269 million	¥156 million	¥78 million	¥34 million	7
Audit and Supervisory Committee Members (Excluding Outside Directors)	¥18 million	¥18 million	—	—	1
Outside Directors	¥32 million	¥32 million	—	—	5

Risk Management

With the aim of reinforcing the risk management system, the Company has established the Basic Rules of Risk Management as well as a Risk Management Committee to respond to the various risks that arise in the course of the Group's business, through the identification and assessment of possible risks, the organization and deliberation of responses, the sharing of information among the relevant departments and Group companies, and when necessary, the provision of advice. In addition, the Company has also established the Basic Rules of Crisis Management as subordinate rules of the Basic Rules of Risk Management, while also putting a system in place to minimize damage by quickly and systematically implementing responses based on the response manual, in the unlikely event that a crisis materializes.

The major risks that may impact the operating results and financial condition, etc., of the Group are as follows.

1. New Product Development

The Group aims to launch new category products and develop high-value-added and cost-competitive products that are in line with market needs. However, the Group is not always able to accurately predict which new products or new technologies will be favored by the market, and should the sales of these products fail, future growth may slow and profitability may decline, and the Group's performance and financial conditions could be impacted.

Although predicting the possibility of such risks materializing is difficult, the Group is engaged in product development that constantly improves basic product performance and aims to increase customer satisfaction and encourage customers to consistently choose Zojirushi products. In addition to providing products that perform their basic functions, we offer high-value-added products by identifying dissatisfaction and area for improvement and ingeniously solving such issues by focusing on product safety and ease of use.

2. Declining Product Prices

The Group makes efforts to maintain and raise product prices by means such as launching competitive new products. However, pressure to lower market prices and demands for rebates are becoming increasingly stronger. Should the Group become subject to a greater-than-expected and protracted decline in prices, the Group's performance and financial conditions could be impacted.

3. Competition from Competitors

The Group's core products compete with the products of manufacturers of home appliances, etc., and some of these competitors have far greater research, development, manufacturing, and sales resources than the Group. While the Group, under such circumstances, has been able to maintain a stable market share, should competition intensify in the future and its market share decline, the Group's performance and financial conditions could be impacted.

To minimize this risk, we will work to increase sales and market share by expanding our product lineup, by revitalizing existing products aligned with social and lifestyle trends, and by developing new products that meet the needs of our customers. In addition to providing products that perform their basic functions, we are also actively engaged in activities to supply new value through the use of our products and are proposing new usages of products and a kind of lifestyle.

4. Fluctuating Raw Material Prices

The prices of the major raw materials used in the Group's products, namely stainless steel, plastic resin, copper, etc., are heavily affected by international market conditions. The Group's performance and financial conditions could be impacted by a rise in prices of raw materials and parts.

To minimize this risk, we utilize measures such as reviewing the sales price of finished products.

5. Impact of Fluctuating Exchange Rates

With regard to local currency-denominated assets, etc., of the Group's overseas businesses, prices after conversion into Japanese yen could be impacted due to the exchange rates at the time of conversion. Products and components imported from overseas are also settled in currencies other than the Japanese yen. Accordingly, in situations such as a greater-than-expected depreciation of the Japanese yen, the Group's performance and financial conditions could be impacted.

To minimize such risks, the Group allocates the U.S. dollars received in exports to payments and hedges a portion of the shortfall with forward exchange contracts, in accordance with the risk management policy.

6. Product Liability

While the Group aims to provide high-quality products and manufactures various products in accordance with strict quality control standards, it has enrolled in insurance to prepare for product liability claims in the unlikely event of a product defect or other such events to fulfill its liability as a manufacturer. However, should large-scale product defects or recalls occur, the Group's performance and financial conditions could be impacted.

7. Protection of Intellectual Property Rights

To ensure its business advantage, the Group strives to protect the intellectual property rights associated with the development of its products and technologies. However, in certain regions, sufficient protection may not be available. In addition, the Group may also become subject to claims that the Group's products violate the intellectual property rights of third parties. In such cases, if the Group's arguments are not accepted, it could incur losses including damages and the payment of royalties, etc., and the Group's performance and financial conditions could be impacted.

8. The Appearance of Counterfeit Products

The Group recognizes that branding is crucial, and aims to enhance the value of its brand both in Japan and abroad. While the Group has made applications for, and registered its trademark both in Japan and abroad, and has also taken anti-counterfeiting measures, should counterfeits of its brand appear on the market, its brand value could be damaged, and the Group's performance and financial conditions could be impacted.

9. Seasonal Fluctuations in Performance

Due to factors such as the particular characteristics of the Group's products and the holiday selling seasons in Japan and abroad, product shipments to its business partners tend to be concentrated from the beginning of fall to early spring. Accordingly, the Group's performance tends to be dependent on the first quarter.

10. Information Security

The Group obtains and retains personal information and confidential information on customers and business partners in the course of its business activities. However, in the unlikely event that such information is leaked due to cyberattacks, unauthorized access, computer virus

intrusions, etc., or important data is destroyed or falsified, or system failures, etc., occur, confidence in the Group could deteriorate, and the Group's performance and financial conditions could be impacted.

To minimize such risks, the Group strives to maintain the confidentiality of information on both the systems and operational fronts by promoting the reinforcement of its system security measures, surveillance system, and risk management structure, and by acquiring ISMS certification and thoroughly educating employees.

11. Occurrence of Disasters

While the Group is engaged in production and sales activities in Japan and abroad, should earthquakes, floods, typhoons, fires, wars, pandemics, etc., occur in these regions, and the Group or its business partners suffer damage due to these disasters, its business activities could be impeded, and the Group's performance and financial conditions could be impacted.

Although predicting whether this risk will materialize is difficult, the Group has formulated a crisis management manual and educated all employees on its use. This manual assumes various risks, including relocating the functions of Zojirushi Corporation's headquarters if it is damaged and unusable. Revisions are made as necessary in light of changes in the external environment and fluctuations in possible risks. The Group is also working to address risks in administrative operations and is considering avoiding the centralization of production sites.

12. COVID-19 Pandemic

The Group has been conducting its business activities while making efforts to prevent the further spread of COVID-19, by having the Risk Management Committee communicate action guidelines to employees regarding telework, staggered working hours, recommending remote meetings, whether to hold events, etc., that reflect the status of the spread of COVID-19. Going forward, although the situation is expected to make a mild recovery with the expanded rollout of vaccines, the outlook remains uncertain as to when the pandemic will be contained. Sales are expected to decline as people continue to refrain from going out, and decreasing demand as well as restricted sales activities overseas are also expected, and accordingly, the Group's performance and financial conditions could be impacted.

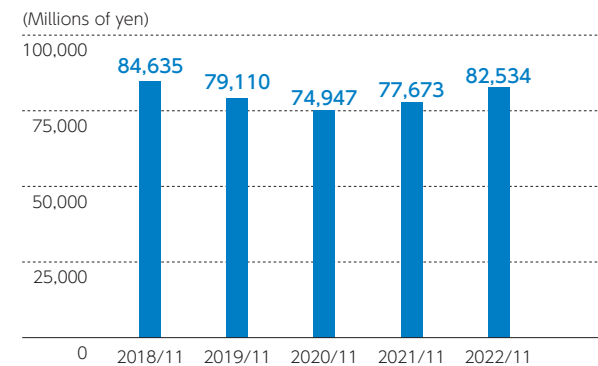
Although it is difficult to predict whether this risk will materialize, the Group is enforcing thorough infection prevention measures and striving to supply products based on its stable production structure.

Performance Highlights

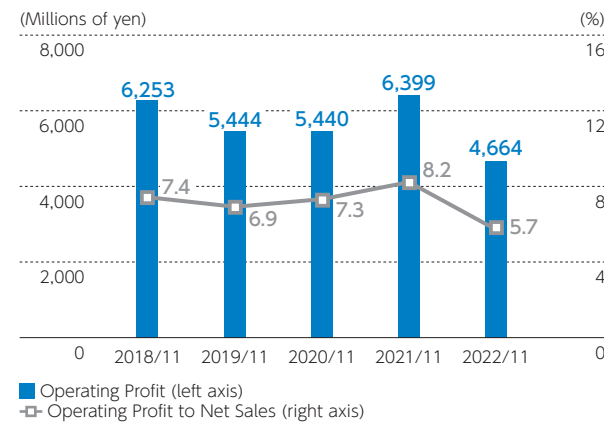
From the beginning of fiscal 2022, the Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and related standards.

Financial Information

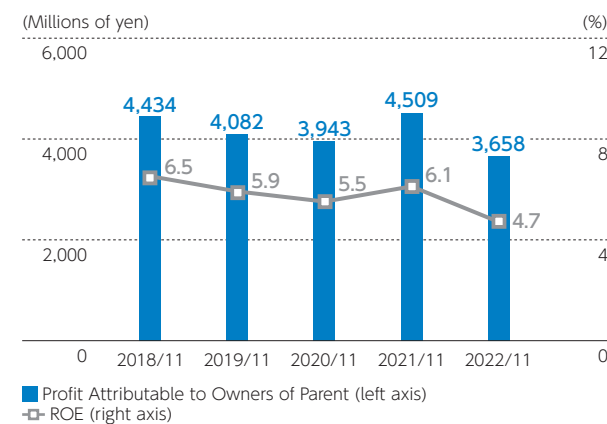
Net Sales



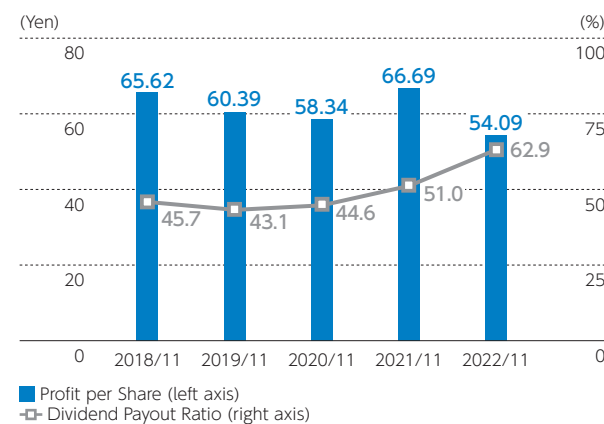
Operating Profit/Operating Profit to Net Sales



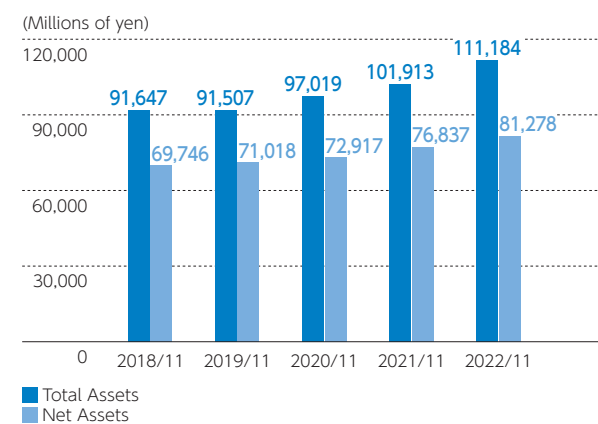
Profit Attributable to Owners of Parent/ROE



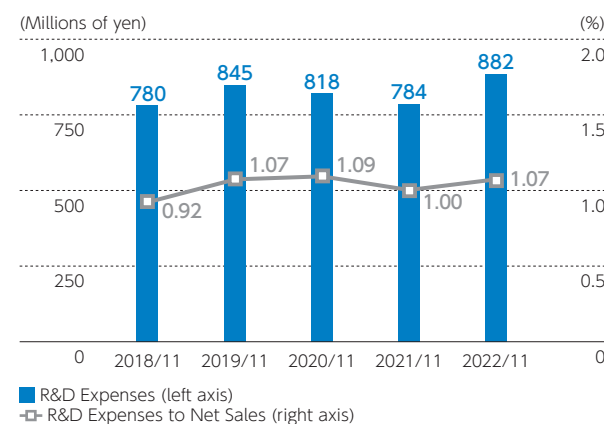
Profit per Share/Dividend Payout Ratio



Total Assets/Net Assets

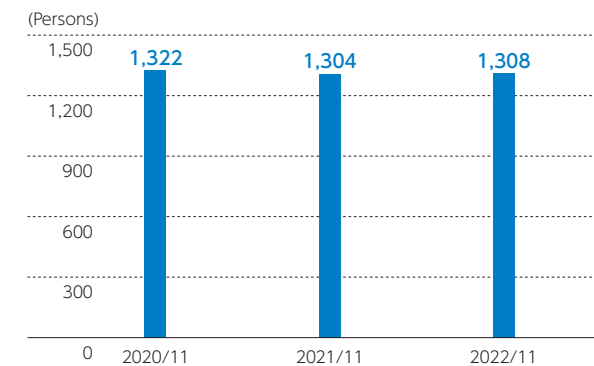


R&D Expenses/R&D Expenses to Net Sales

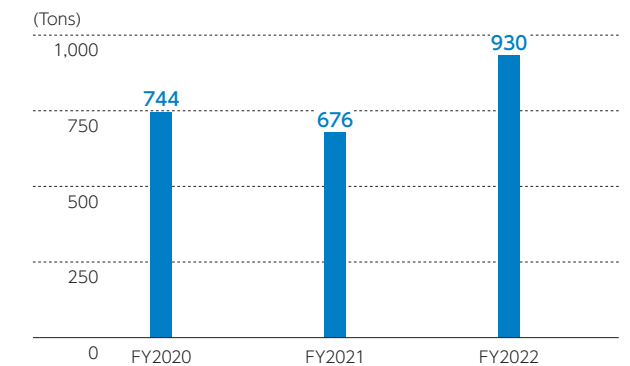


Non-Financial Information

Number of Employees (Consolidated)



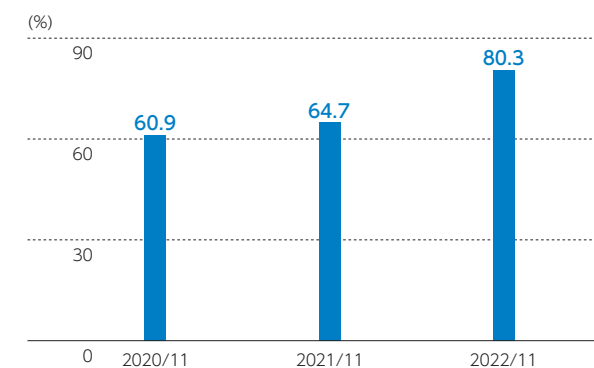
Amount of Waste*1



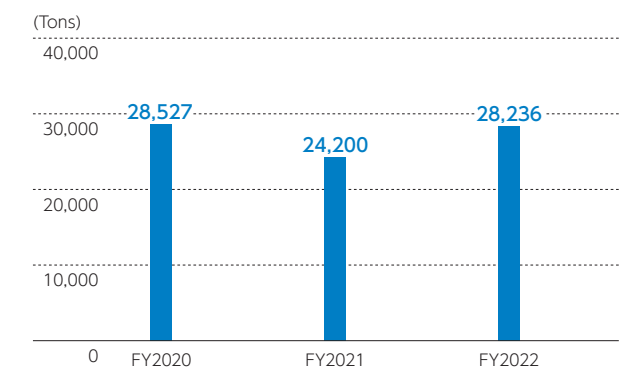
*1 Production factories

*2 FY: From October of the previous year through September of the current year

Percentage of Annual Paid Leave Taken

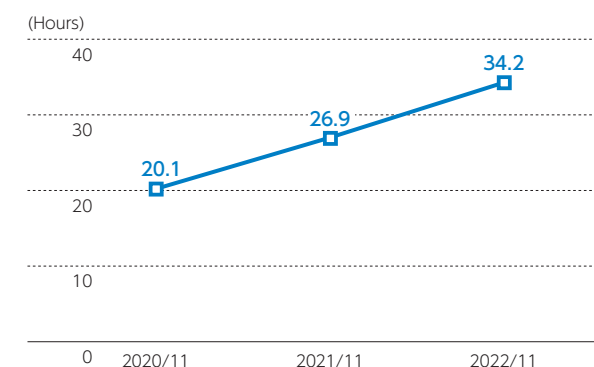


CO₂ Emissions

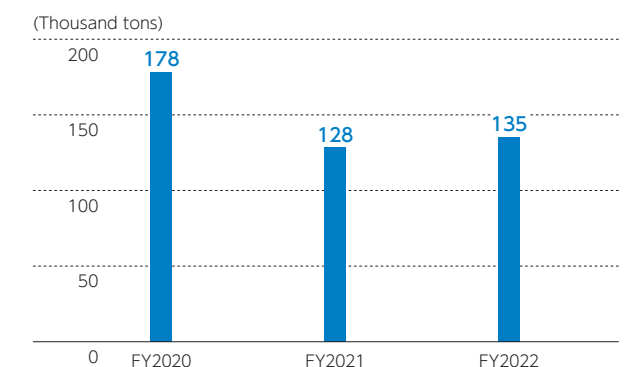


*FY: From October of the previous year through September of the current year

Overtime Work (Monthly average per employee)



Water Consumption*1



*1 Production factories

*2 FY: From October of the previous year through September of the current year

Consolidated Financial Statements

Consolidated Balance Sheets

As of November 20
From the beginning of fiscal 2022, the Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and related standards.

	(Millions of yen)	
	2021	2022
Assets		
Current assets		
Cash and deposits	37,274	34,119
Notes and accounts receivable - trade	13,159	—
Notes receivable - trade	—	209
Electronically recorded monetary claims - operating	1,368	1,567
Accounts receivable - trade	—	13,841
Merchandise and finished goods	19,796	25,271
Work in process	265	409
Raw materials and supplies	2,627	6,056
Other	2,968	3,517
Allowance for doubtful accounts	(9)	(37)
Total current assets	77,450	84,955
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,880	12,996
Accumulated depreciation	(10,356)	(10,528)
Buildings and structures, net	2,524	2,467
Machinery, equipment and vehicles	3,663	3,898
Accumulated depreciation	(3,295)	(3,425)
Machinery, equipment and vehicles, net	368	472
Tools, furniture and fixtures	9,465	10,391
Accumulated depreciation	(7,974)	(8,663)
Tools, furniture and fixtures, net	1,490	1,728
Land	7,431	7,444
Leased assets	2,039	2,831
Accumulated depreciation	(475)	(657)
Leased assets, net	1,564	2,173
Construction in progress	39	122
Total property, plant and equipment	13,418	14,409
Intangible assets		
Software	498	461
Other	117	167
Total intangible assets	616	629
Investments and other assets		
Investment securities	6,239	6,942
Deferred tax assets	491	602
Retirement benefit asset	3,406	3,345
Other	300	302
Allowance for doubtful accounts	(8)	(2)
Total investments and other assets	10,428	11,189
Total non-current assets	24,463	26,229
Total assets	101,913	111,184

	(Millions of yen)	
	2021	2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,945	10,057
Current portion of long-term borrowings	1,500	—
Lease liabilities	366	517
Accrued expenses	6,813	5,336
Income taxes payable	1,158	965
Contract liabilities	—	207
Refund liabilities	—	2,046
Provision for bonuses	1,139	1,175
Provision for product warranties	171	191
Provision for loss on voluntary recall of products	—	88
Other	502	2,043
Total current liabilities	19,598	22,630
Non-current liabilities		
Long-term borrowings	—	1,500
Lease liabilities	1,184	1,689
Deferred tax liabilities	1,008	912
Retirement benefit liability	2,933	2,844
Other	351	329
Total non-current liabilities	5,478	7,276
Total liabilities	25,076	29,906
Net assets		
Shareholders' equity		
Share capital	4,022	4,022
Capital surplus	4,243	4,272
Retained earnings	66,090	67,253
Treasury shares	(961)	(956)
Total shareholders' equity	73,395	74,592
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,690	1,691
Foreign currency translation adjustment	1,168	4,611
Remeasurements of defined benefit plans	(30)	(435)
Total accumulated other comprehensive income	2,829	5,868
Non-controlling interests	612	818
Total net assets	76,837	81,278
Total liabilities and net assets	101,913	111,184

Consolidated Statements of Income

For the fiscal year ended November 20
From the beginning of fiscal 2022, the Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and related standards.

	(Millions of yen)	
	2021	2022
Net sales	77,673	82,534
Cost of sales	51,023	57,548
Gross profit	26,649	24,985
Selling, general and administrative expenses	20,250	20,320
Operating profit	6,399	4,664
Non-operating income		
Interest income	56	84
Dividend income	134	133
Purchase discounts	35	43
Share of profit of entities accounted for using equity method	—	59
Royalty income	18	33
Rental income	108	113
Foreign exchange gains	496	680
Refund of Chinese value-added-tax	56	—
Other	109	104
Total non-operating income	1,016	1,252
Non-operating expenses		
Interest expenses	27	67
Sales discounts	387	—
Share of loss of entities accounted for using equity method	170	—
Rental expenses on non-current assets	22	23
Other	15	9
Total non-operating expenses	623	100
Ordinary profit	6,791	5,815
Extraordinary income		
Gain on sale of non-current assets	2	0
Gain on sale of investment securities	56	2
Total extraordinary income	59	3
Extraordinary losses		
Loss on sale of non-current assets	0	1
Loss on retirement of non-current assets	21	12
Loss on sale of investment securities	1	—
Loss on product recalls	—	4
Provision for loss on product recalls	—	88
Total extraordinary losses	23	107
Profit before income taxes	6,827	5,711
Income taxes - current	2,013	2,004
Income taxes - deferred	278	59
Total income taxes	2,291	2,063
Profit	4,536	3,647
Profit (loss) attributable to non-controlling interests	26	(11)
Profit attributable to owners of parent	4,509	3,658

Consolidated Statements of Comprehensive Income

For the fiscal year ended November 20
From the beginning of fiscal 2022, the Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and related standards.

	(Millions of yen)	
	2021	2022
Profit	4,536	3,647
Other comprehensive income		
Valuation difference on available-for-sale securities	(222)	0
Foreign currency translation adjustment	1,113	3,368
Remeasurements of defined benefit plans, net of tax	441	(404)
Share of other comprehensive income of entities accounted for using equity method	(20)	291
Total other comprehensive income	1,312	3,255
Comprehensive income	5,848	6,903
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,768	6,697
Comprehensive income attributable to non-controlling interests	80	205

Consolidated Statements of Changes in Equity

For the fiscal year ended November 20
From the beginning of fiscal 2022, the Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and related standards.

	(Millions of yen)				
	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
2021					
Balance at beginning of period	4,022	4,214	63,474	(965)	70,746
Cumulative effects of changes in accounting policies					—
Restated balance	4,022	4,214	63,474	(965)	70,746
Changes during period					
Dividends of surplus			(1,893)		(1,893)
Profit attributable to owners of parent			4,509		4,509
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		28		3	32
Net changes in items other than shareholders' equity					
Total changes during period	—	28	2,616	3	2,648
Balance at end of period	4,022	4,243	66,090	(961)	73,395
	(Millions of yen)				
	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
2022					
Balance at beginning of period	4,022	4,243	66,090	(961)	73,395
Cumulative effects of changes in accounting policies			(61)		(61)
Restated balance	4,022	4,243	66,029	(961)	73,333
Changes during period					
Dividends of surplus			(2,435)		(2,435)
Profit attributable to owners of parent			3,658		3,658
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		29		4	34
Net changes in items other than shareholders' equity					
Total changes during period	—	29	1,223	4	1,258
Balance at end of period	4,022	4,272	67,253	(956)	74,592
	(Millions of yen)				
	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
2021					
Balance at beginning of period	1,913	129	(471)	1,570	599
Cumulative effects of changes in accounting policies					—
Restated balance	1,913	129	(471)	1,570	599
Changes during period					
Dividends of surplus					(1,893)
Profit attributable to owners of parent					4,509
Purchase of treasury shares					(0)
Disposal of treasury shares					32
Net changes in items other than shareholders' equity	(222)	1,039	441	1,258	12
Total changes during period	(222)	1,039	441	1,258	12
Balance at end of period	1,690	1,168	(30)	2,829	612
	(Millions of yen)				
	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
2022					
Balance at beginning of period	1,690	1,168	(30)	2,829	612
Cumulative effects of changes in accounting policies					(61)
Restated balance	1,690	1,168	(30)	2,829	612
Changes during period					
Dividends of surplus					(2,435)
Profit attributable to owners of parent					3,658
Purchase of treasury shares					(0)
Disposal of treasury shares					34
Net changes in items other than shareholders' equity	0	3,443	(404)	3,038	205
Total changes during period	0	3,443	(404)	3,038	205
Balance at end of period	1,691	4,611	(435)	5,868	818

Consolidated Statements of Cash Flows

For the fiscal year ended November 20
From the beginning of fiscal 2022, the Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and related standards.

	(Millions of yen)	
	2021	2022
Cash flows from operating activities		
Profit before income taxes	6,827	5,711
Depreciation	2,078	1,963
Increase (decrease) in allowance for doubtful accounts	1	17
Increase (decrease) in provision for bonuses	4	20
Decrease (increase) in retirement benefit asset	(644)	(646)
Increase (decrease) in retirement benefit liability	97	(6)
Increase (decrease) in provision for product warranties	(8)	20
Interest and dividend income	(190)	(217)
Interest expenses	27	67
Share of loss (profit) of entities accounted for using equity method	170	(59)
Loss (gain) on sale of investment securities	(55)	(2)
Loss (gain) on sale of non-current assets	(2)	1
Loss on retirement of non-current assets	21	12
Loss on product recalls	—	4
Provision for loss on product recalls	—	88
Decrease (increase) in trade receivables	(1,022)	(192)
Decrease (increase) in inventories	171	(6,934)
Increase (decrease) in trade payables	(1,386)	682
Increase (decrease) in accrued expenses	855	(1,958)
Increase (decrease) in refund liabilities	—	1,956
Other, net	(27)	1,084
Subtotal	6,918	1,611
Interest and dividends received	169	380
Interest paid	(27)	(66)
Income taxes paid	(1,909)	(2,204)
Net cash provided by (used in) operating activities	5,150	(279)
Cash flows from investing activities		
Payments into time deposits	(974)	4,251
Proceeds from withdrawal of time deposits	791	3,500
Proceeds from sale and redemption of securities	400	—
Purchase of property, plant and equipment	(812)	(1,458)
Proceeds from sale of property, plant and equipment	2	0
Purchase of intangible assets	(270)	(254)
Purchase of investment securities	(33)	(113)
Proceeds from sale and redemption of investment securities	97	5
Other, net	0	(16)
Net cash provided by (used in) investing activities	(799)	(2,586)
Cash flows from financing activities		
Repayments of lease liabilities	(404)	(489)
Purchase of treasury shares	(0)	(0)
Dividends paid	(1,893)	(2,433)
Dividends paid to non-controlling interests	(67)	—
Net cash provided by (used in) financing activities	(2,365)	(2,923)
Effect of exchange rate change on cash and cash equivalents	642	1,656
Net increase (decrease) in cash and cash equivalents	2,627	(4,132)
Cash and cash equivalents at beginning of period	32,582	35,209
Cash and cash equivalents at end of period	35,209	31,077

Corporate Information

(As of November 20, 2022)

Corporate Data			
Company Name:	Zojirushi Corporation	Business Activities:	Manufacturing, marketing, and other activities related to cooking appliances, household appliances, household and thermal products, and other products for living
Headquarters:	1-20-5, Tenma, Kita-ku, Osaka 530-8511, Japan TEL: 81-6-6356-2311 URL: https://www.zojirushi.co.jp	Group Companies:	Zojirushi Fresco Co., Ltd. Zojirushi Tokuhan Co., Ltd. Zojirushi America Corporation Zojirushi Taiwan Corporation Zojirushi Shanghai Corporation Zojirushi SE Asia Corporation Ltd. Zojirushi Factory Japan Co., Ltd. Zojirushi-Simatelex Co., Ltd. Union Zojirushi Co., Ltd. Zojirushi You Service Co., Ltd.
Year of Incorporation:	1918		
Year of Establishment:	1948		
Paid-in Capital:	¥4,022,950,000		
Number of Employees:	1,308 (Consolidated)		

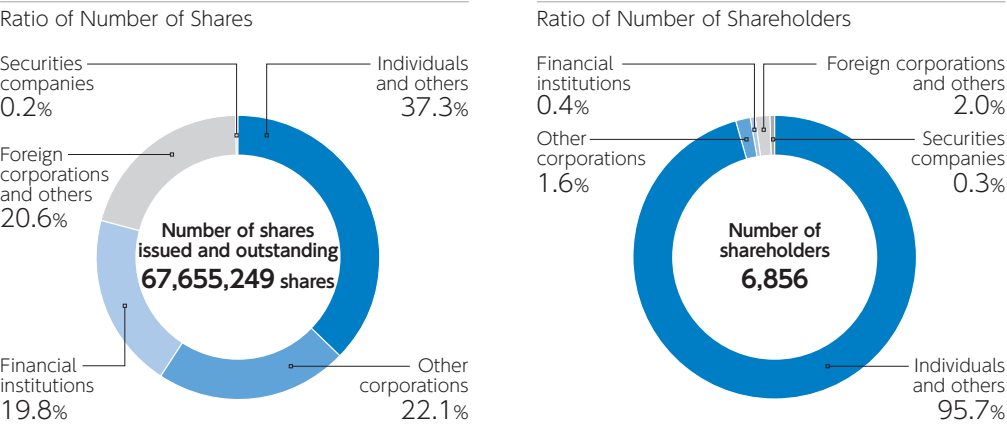
Stock Information			
Status of Shares:	Total number of shares authorized to be issued: 240,000,000 shares Number of shares issued and outstanding: 72,600,000 shares Number of shareholders: 6,856	Listed Stock Exchange:	Tokyo Stock Exchange
		Securities Code:	7965
		Administrator of Shareholders Registry and Special Account Management Institution:	Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-Chome, Chiyoda-ku, Tokyo, Japan

Major Shareholders

Name of shareholder	Number of shares owned (thousand shares)	Percentage of shares owned (%)
CLEARSTREAM BANKING S.A.	10,166	15.02
Norio Ichikawa	6,402	9.46
The Master Trust Bank of Japan, Ltd. (Trust account)	6,297	9.30
Wako Co., Ltd.	4,196	6.20
Zojirushi Supplier Stock Ownership Association	2,280	3.37
Masahiro Ichikawa	2,071	3.06
Yasuhiro Ichikawa	2,071	3.06
Custody Bank of Japan, Ltd. (Trust account)	1,759	2.60
Ichikawa International Scholarship Foundation	1,650	2.43
Mitsubishi UFJ Trust and Banking Corporation	1,552	2.29

*The percentage of shares owned has been calculated after deducting treasury stock (4,944 thousand shares)

Stock Distribution Status



Our Website

For the latest update and performance-related materials, etc., of Zojirushi, please visit our corporate site and the shareholder and investor information page on the site.



https://www.zojirushi-world.com/



https://www.zojirushi.co.jp/corp/ir/ (Japanese only)

Editorial Policy

This report aims to provide shareholders, investors, and other stakeholders with a deeper understanding of how we create value by integrating non-financial information on issues including the environment, society, and governance with financial information. To this end, the report has been prepared referencing the "International Integrated Reporting Framework," published by the International Integrated Reporting Council (IIRC) in December 2013, and the "Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation," compiled by the Ministry of Economy, Trade and Industry on May 29, 2017.



Notes on Forward-looking Statements

This report contains statements with respect to outlooks based on current plans, estimates, strategies, and beliefs of Zojirushi Corporation (the "Company"); all statements that are not historical facts are forward-looking statements regarding the future performances of the Company. These statements represent the judgments and assumptions of the Company's management based on the information available at the time of release of this report. Actual future performance may differ significantly from these statements. Accordingly, there is no assurance that the forward-looking statements in this report will prove to be accurate.