

Zojirushi Corporation

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

TEL: 81-6-6356-2311

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



Treasuring Everyday Life



Zojirushi Corporation
Integrated Report 2024

“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.

Corporate Slogan

Treasuring Everyday Life



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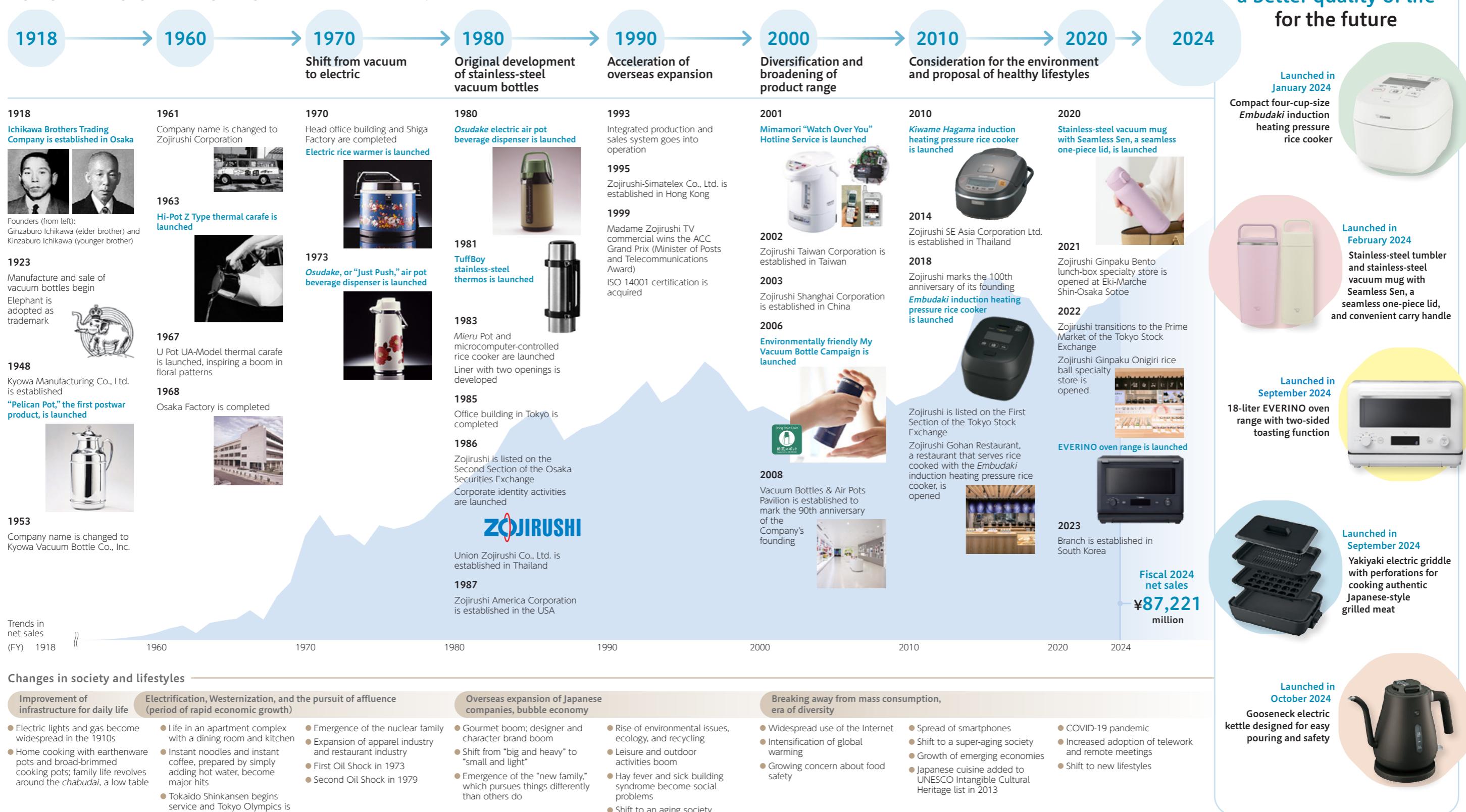
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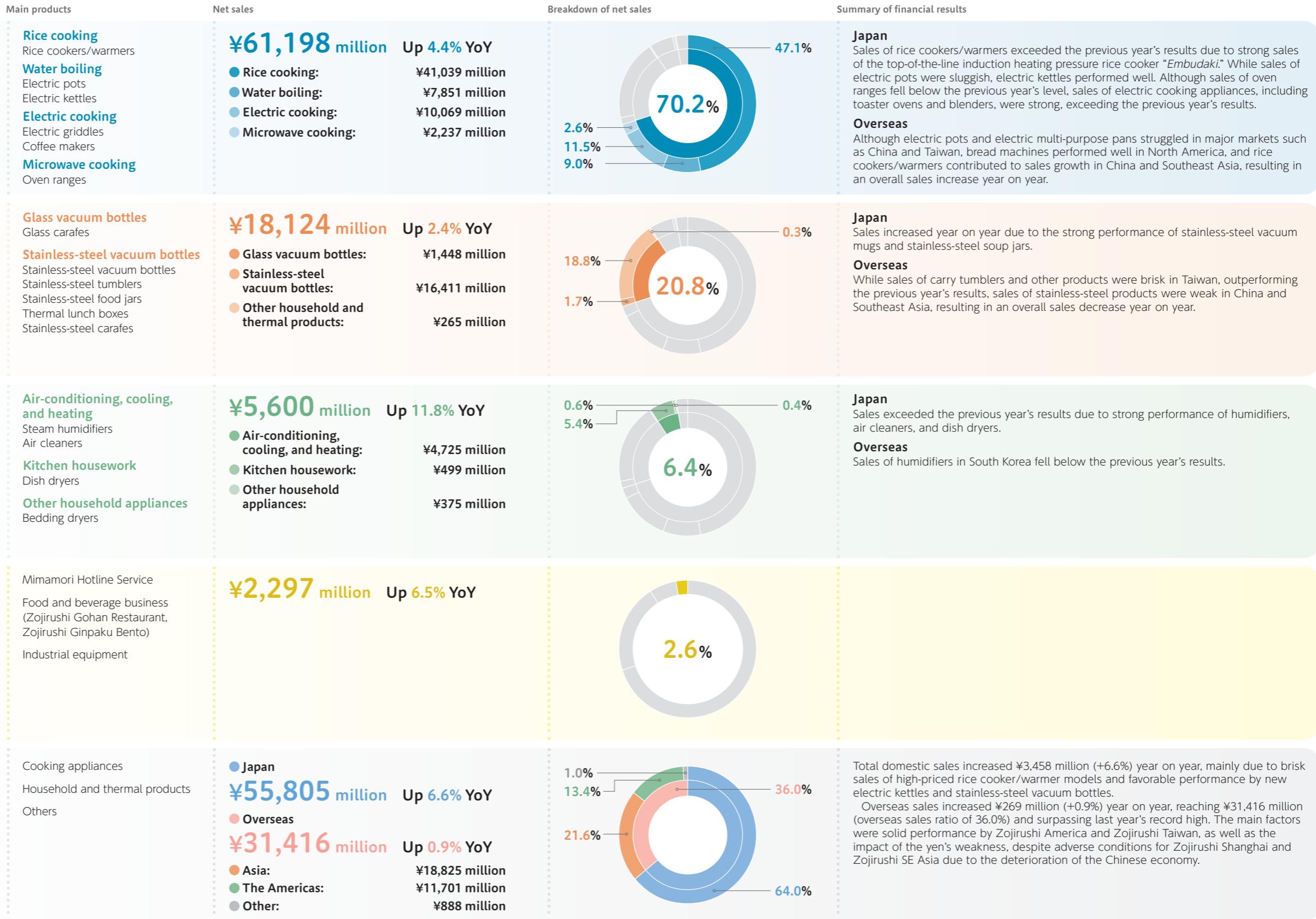
Value Creation History

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.



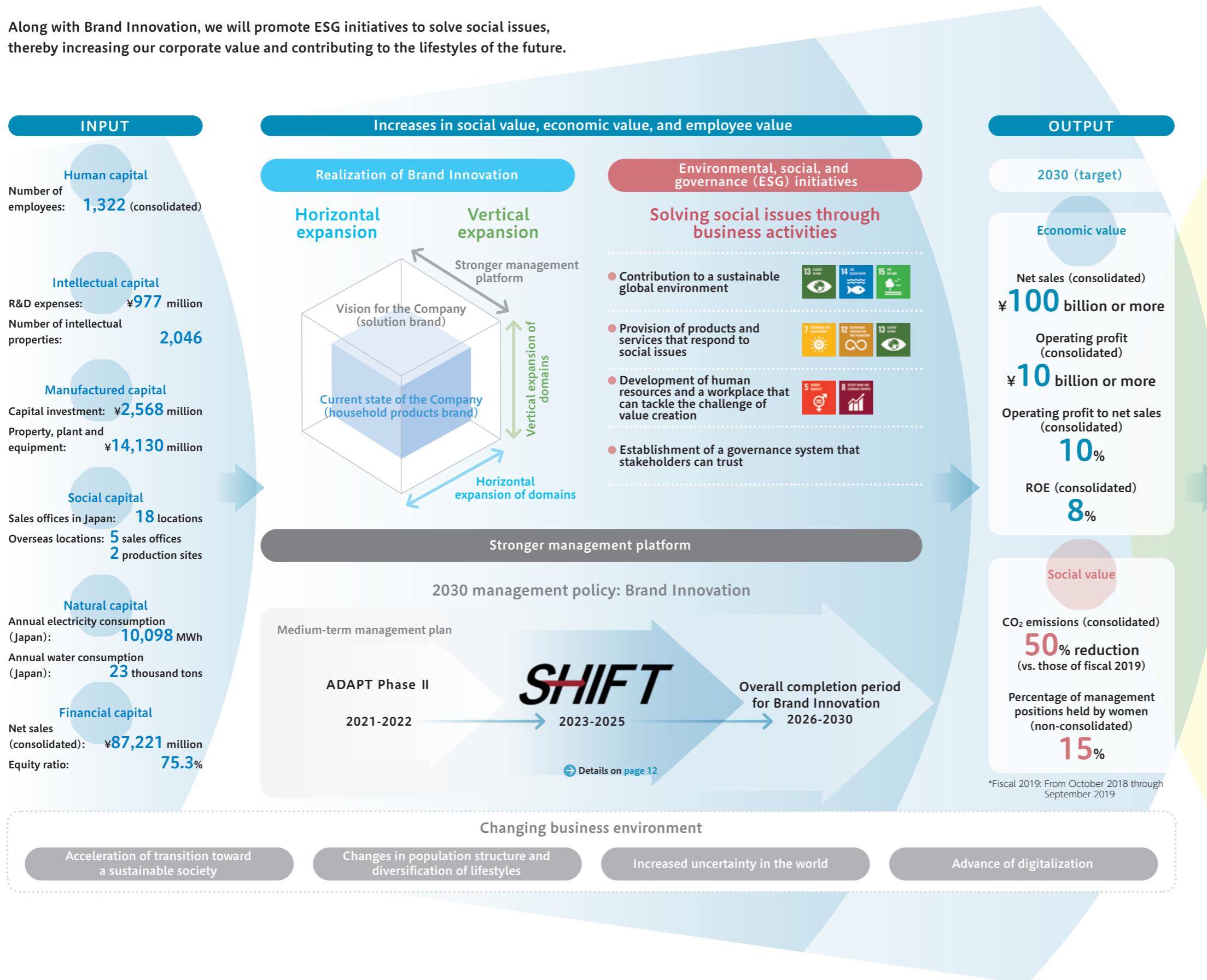
Business Overview

(Fiscal 2024)



Value Creation Process

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.



Corporate Philosophy

Creating a Better Quality of Life



Realizing more comfortable, more convenient, and more fulfilling lifestyles



*Fiscal 2019: From October 2018 through September 2019

President's Message

We are undergoing
a transformation to achieve our vision
for the Company for 2030.
We will strive to further increase our brand
value, determined to become the leading
brand of cooking appliances.

Norio Ichikawa

President and CEO



A recovery in our domestic business brought the Group higher sales and profits for the year

The Zojirushi Group has been working under the medium-term management plan SHIFT since fiscal 2023, ended November 20, 2023. Fiscal 2024 was the second year of the plan. SHIFT refers to our transition to being a solution brand that grows sustainably while solving lifestyle and social issues. The plan articulates our priority issues in the four themes of business domains, market areas, digitalization, and sustainability. We are working on various measures to address those four themes.

A look at Japan's business environment in fiscal 2024 reveals signs of economic recovery, including robust demand from

travelers to Japan and improvements in personal consumption. Overseas markets were as filled with geopolitical risk as ever, with a prominent economic slowdown in China due to a real estate slump and sluggish personal consumption. On the other hand, the United States and Europe saw a gradual recovery trend supported by steady personal consumption.

In this environment, the Group achieved strong results in the cooking appliance category, with brisk sales of our highest-grade rice cooker, *Emubaki*, and forecast-beating results from sales of our EVERINO oven range, which we sold in Taiwan for the first time. As a result, the Group's consolidated net sales rose 4.5% year on year, while operating profit climbed 19.1%, reflecting increased price competition ability and progress on

passing on high costs from high raw material prices and the yen's depreciation to sales prices.

One major factor behind these results was our ability to find a balance between the Group's domestic and overseas businesses, thanks to the global shift that we have been pursuing. Currently, our overseas business contributes around one-third of our net sales and secures a relatively high ratio of profits. The overseas business earnings have supported us over these past two to three years of lackluster domestic consumption in Japan, mainly due to decreased activity in reaction to the end of the COVID-19 pandemic. However, in 2024, the economic slump in China exceeded expectations, leading to a fall in sales and profits, though in the end the

downturn was covered by a pickup in the Japanese market. As a result of continuous efforts since the previous medium-term management plan, the Group has achieved a well-balanced expansion of product domains, sales channels, and key markets. We have successfully implemented our basic strategy of creating a business portfolio resilient to change. Under SHIFT, whose launch coincided with the end of the COVID-19 pandemic, we are seeing dramatic changes in the business environment every year. As we navigate our way forward, I believe it will be important to have multiple options in place to respond to changes. With that approach, if a certain market or product encounters adverse conditions, the loss will be offset by other markets and products.

The second year of SHIFT—gradually realizing our goal of creating a robust and muscular corporate structure

Reviewing the priority issues of SHIFT, for the first issue, domain shift, we have been working to expand new domains and deepen existing domains. In the campaign to establish our position as the leading brand of cooking appliances in Japan, we launched the top-of-the-line model *Embudaki* series and focused on sales promotion that clearly communicated the added value of the product. Through these efforts, the product earned high praise from customers. In addition, amid a continued increase in costs in the domestic market, we were able to move ahead of other companies to increase the prices of our mainstay products. This was partly due to the continued domestic inflation trend but, more than that, was the result of earnest sales activities to encourage customers to recognize the value of Zojirushi products and buy them. For the next measure, development and expansion of the microwave oven business, we entered the market with our original oven range, EVERINO, which revolutionizes microwave cooking, launching in 2024 both a compact 18-liter model and a 26-liter model with new functions. We also made steady inroads into the Taiwan market, our first overseas expansion. Looking ahead, we plan to expand our product lineup and the countries in which we operate, developing EVERINO into a long-running product series that will form another pillar for the Group. Regarding the creation and development of new businesses and products, we opened the Zojirushi Gohan Restaurant in Tokyo to follow the original branch that opened in Osaka in 2018 with the goal of having as many people as possible experience truly delicious rice. So far, the Zojirushi Gohan Restaurant has served 540,000 customers. In addition, we opened the Zojirushi Ginpaku Bento lunch-box specialty store in JR Shin-Osaka Station, which has proved very popular, helping promote Zojirushi's reputation for delicious rice among customers from Japan and overseas.

To address the issue of global shift, we have actively introduced new products for overseas markets in the cooking appliances, household appliances, and household and thermal products segments, aiming for sustainable growth in the overseas business. We established a new branch in South Korea, where we are working to strengthen our marketing and product development. In the North American market, we are currently promoting a project to develop stainless-steel vacuum mugs for office workers into a leading product for the mainstream market. We have also started sales for the commercial-use market and at other companies' workplaces in China, where we have seen market stagnation, aiming to

develop new markets and new business models. We will continue to strive for sustainable growth in our overseas business, while retaining a wide range of options.

As a result of these initiatives, our earnings have been stable even amid a changing market environment. I consider the gradual realization of the robust and muscular corporate structure that we have been pursuing the most important result of SHIFT.

Recognizing our accumulated brand power with the arrival of the social media era

Embudaki and EVERINO are designed to be unrivaled products, fully demonstrating the Group's strengths in manufacturing. Having specialized in cooking appliances for many years, the Group has accumulated the technologies needed to create products that will be well accepted and well used by customers. Moreover, we have accumulated more than technologies, pursuing non-physical aspects to a level unmatched by other companies, such as products with the capability of cooking rice to one's liking and the creation of easy-to-follow recipes that utilize the oven range's functions. Such initiatives arise from the thoughtfulness of our employees, who aim to make customers' daily lives enjoyable and comfortable, in keeping with our corporate slogan "Treasuring Everyday Life." Those non-physical aspects are the fundamental strength of the Group today.

Moreover, over the past two or three years, we have seen several hit products emerge in ways different from the usual pattern. For example, 19 years ago we launched the first generation of our humidifiers, which were a steam type that used the inside of an electric pot. In the first year, I remember product sales starting slowly, numbering in the few tens of thousands. Every year, however, the sales volume climbed steadily. With the help of word of mouth on social media and other channels, they have won a strong reputation and become a long-selling product. Furthermore, three years ago, thanks to a South Korean consumer's post on a child-rearing notice board recommending Zojirushi humidifiers as being safe for households with infants, interest in the safety of humidifiers grew, and our humidifiers attracted attention on social media. Since our humidifiers operate on the same principle as an electric pot, there is no worry about excessive bacteria buildup, and, of course, they have safety features such as child locks and measures to prevent hot water spillage. After our humidifiers drew public attention, sales volumes surged in both South Korea and Japan. Our share of the steam-type humidifier market has reached almost 70%.

A very similar phenomenon occurred with electric kettles. A recent increase in accidents involving electric kettles, particularly in households with children, has sparked a review of safety standards. From June 2026, it will not be possible to sell electric kettles lacking features to prevent tipping or hot water spillage or without locking lids. Since Zojirushi was originally a manufacturer of vacuum bottles, we have a deeply rooted awareness of safety and reliability regarding the potential for burns due to hot water spillage or a bottle with the lid open being tipped over. Since 2008, we have been manufacturing electric kettles with Zojirushi standard safety features that exceed the standards of industry associations. Moreover, since the kettles are placed on tables when used, they must have a satisfying design, and we have therefore been working carefully to enhance the design without sacrificing safety. The same philosophy applies to electric griddles, where we have a market share of over 50%. New electric kettle and electric griddle models launched in 2024 that incorporate both sophisticated designs and safety have proved highly popular.

The Group's employees continue to focus on manufacturing products with care. That is why news can suddenly spread on social media when our products are reevaluated and recognized due to a changing trend in society's values. Our efforts at increasing brand value and sowing various seeds are starting to produce palpable results, one by one.

Our mission as a leading brand is to take on the challenge of creating a future society that will be a joy to live in

I believe that being an industry leader is of immense value to a company. The important management resources of people, objects, money, and information all accumulate around leading companies. A leading brand signifies trust, which stimulates consumers to buy. Moreover, in the past few years, we have been approached by companies from all manner of industries regarding collaboration. We have also found that cases where our own requests for collaboration are accepted based on our name value are rapidly growing. Our new ideas for a rice ball machine and personal vacuum bottle washer at Expo 2025 Osaka, Kansai, Japan were also made possible through partnerships with other companies. I recognize that we are benefiting from the intangible value that comes with being a leading brand.

Expo 2025 Osaka, Kansai, Japan has finally opened. The follow-up from the 2021 Tokyo Olympics to Expo 2025 Osaka, Kansai, Japan closely resembles the situation about

60 years ago when the 1964 Tokyo Olympics was followed by the Japan World Exposition, Osaka, 1970. At that time, Japan was right in the middle of its high economic growth period. Visiting the expo as a sixth-grade elementary school student, I found the various exhibitions depicting cities of the future so exhilarating that I went 16 times. Many Osaka firms flourished as a result of that expo. Zojirushi also grew by leaps and bounds, from a local factory to a leading brand of vacuum bottles and electric rice warmers. At the time, everyone worked hard to build up Japan's economic competitiveness. I think that Japan has a similar opportunity now. The theme of the 2025 expo is "Designing Future Society for Our Lives." I feel a strong sense of our mission to show the children who visit the expo an exciting future society where everyone can lead an enjoyable life. I would like to make 2025 a pivotal year for taking on the challenge of further enhancing the Zojirushi brand for the future.

SHIFT describes our vision for the Company from a medium-to long-term perspective, decided after we reviewed our approach to capital policy, cash allocation, other aspects, and feedback from our investors. Our investment plan is to expand investments in our existing businesses and aggressively invest in developing new products and new businesses that will drive future growth, as well as pursue digitalization and systems development. Also, we will look to increase ROE by raising profitability and improving capital efficiency to generate ROE commensurate with the cost of capital. Along with a stable dividend targeting a consolidated dividend payout ratio of 50% or higher, we have a policy of conducting flexible share repurchases. In fiscal 2024, we made share repurchases totaling approximately ¥3.3 billion.

Fiscal 2025 will be the final year of SHIFT. During the three-year plan, we will have grown our earnings year by year amid dramatic environmental changes. Now we will steadily advance toward realizing our management targets under SHIFT. Next, we will continue to take a balanced approach to management, retaining multiple options for achieving growth in any environment by envisaging various changes during the next three-year management plan.

We will use the positive results achieved through SHIFT as a foothold to advance and take on new challenges for achieving our targets under Brand Innovation. I ask all our stakeholders to look forward to the future progress of the Zojirushi Group and to continue supporting us.

April 2025

Norio Ichikawa

President and CEO

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.

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 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.

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	<ul style="list-style-type: none"> Development and expansion of the microwave oven business Establishment of our position as the leading brand of cooking appliances in Japan Creation and development of new businesses and products Expansion of the CSV* business
Global shift Accelerating growth in global markets	<ul style="list-style-type: none"> Sustainable growth in overseas business Optimization of global production and procurement systems
Digital shift Promoting digitalization	<ul style="list-style-type: none"> Promotion of DX to reform operations Promotion of smart technology
Sustainability shift Transforming into a sustainable company	<ul style="list-style-type: none"> Response to global environmental problems Creation of sustainable customer base Response to new risks Maximization of human capital Enhancement of capital policy and shareholder returns

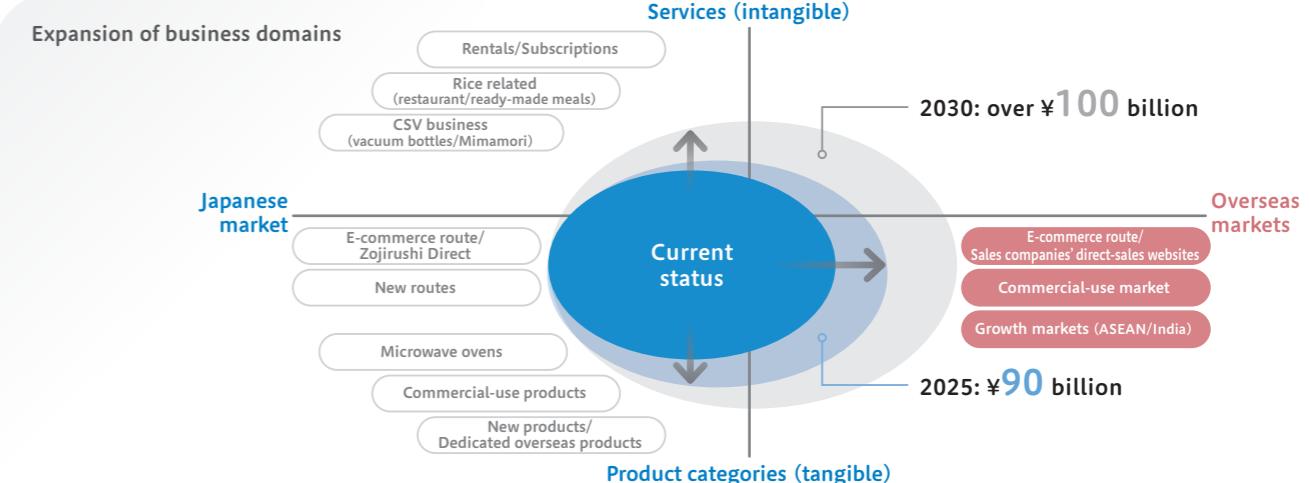
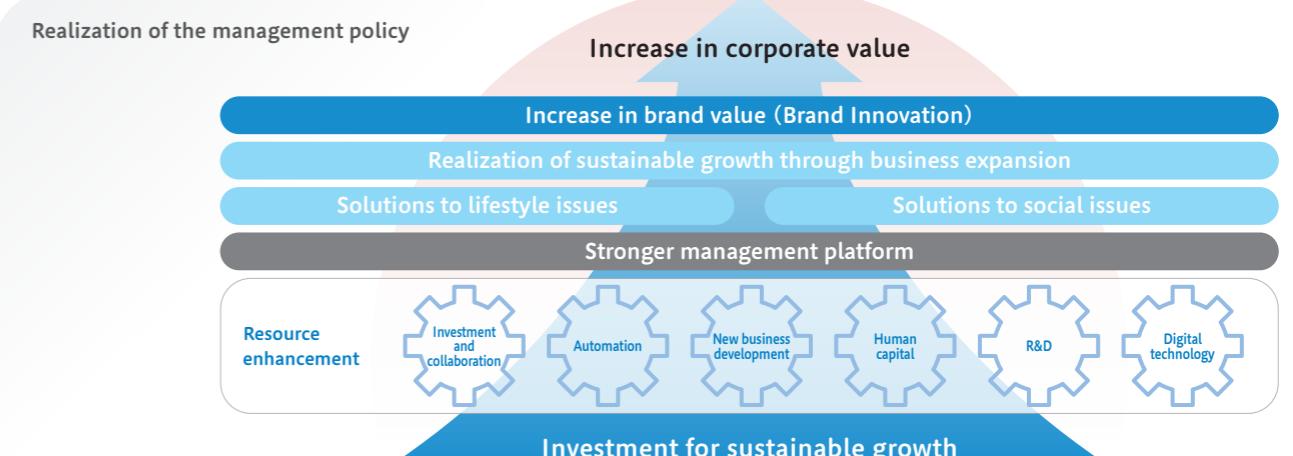
*Creating shared value: an approach of considering economic value and social value simultaneously

2025 performance targets

Fiscal 2025 Medium-term performance targets	Consolidated net sales	Consolidated operating profit	ROE
¥90 billion	¥7.2 billion	7%	
¥89.5 billion	¥5.75 billion		
① Net sales (Billions of yen)			② Operating profit (Billions of yen)
2022/11: 82.5 (Japan) + 29.0 (Overseas) + 0.5 (Other) = 112.0 2023/11: 83.4 (Japan) + 31.1 (Overseas) + 0.8 (Other) = 115.1 2024/11: 87.2 (Japan) + 31.4 (Overseas) + 1.0 (Other) = 120.6 SHIFT 2025/11 target: 90.0 (Japan) + 34.2 (Overseas) + 1.0 (Other) = 125.2			

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.



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.

IN	OUT	(Billions of yen)
Generation of operating cash flow	Growth investment	Shareholder returns
Operating cash flow 15 or more	Investment in existing businesses 11	Shareholder returns 11 or more
Cash on hand	Investment in new products and new businesses 2	

② KPIs

ROE

Generate ROE commensurate with cost of capital
Increase ROE by boosting profit margins and improving capital efficiency
2023 5.4%
2025 target 7.0%
2030 target 8.0%

Policy on return to shareholders

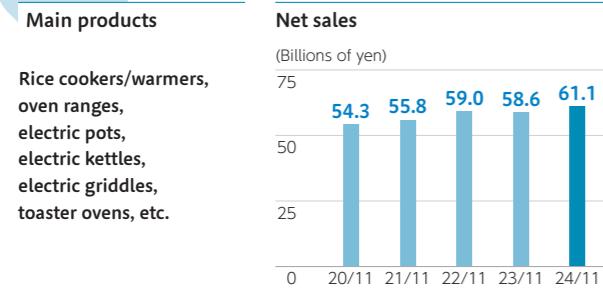
Stable dividend targeting consolidated dividend payout ratio of 50% or higher
Consider flexible share repurchases
Cumulative total return ratio over three years 100% or higher (2023–2025)

Business Strategy

Over the three years from 2023 under the 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 from the second year of SHIFT

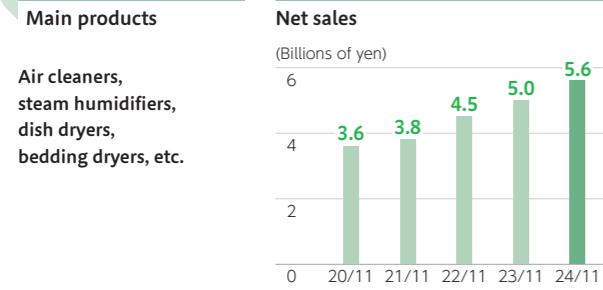
Cooking Appliances



In Japan, sales of rice cookers/warmers exceeded the previous year's results due to strong sales of the top-of-the-line induction heating pressure rice cooker "Embudaki." While sales of electric pots were sluggish, electric kettles performed well. Although sales of oven ranges fell below the previous year's level, sales of electric cooking appliances, including toaster ovens and blenders, were strong, exceeding the previous year's results.

Overseas, although electric pots and electric multi-purpose pans struggled in major markets such as China and Taiwan, bread machines performed well in North America, and rice cookers/warmers contributed to sales growth in China and Southeast Asia, resulting in an overall sales increase year on year.

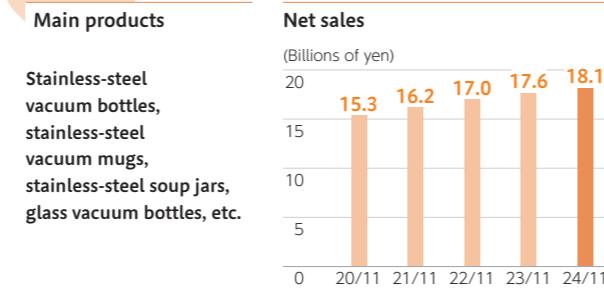
Household Appliances



In Japan, sales exceeded the previous year's results due to strong performance of humidifiers, air cleaners, and dish dryers.

Overseas, sales of humidifiers in South Korea fell below the previous year's results.

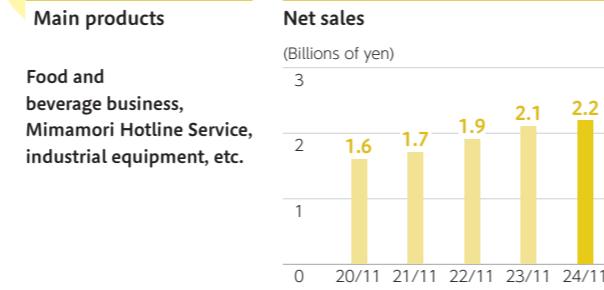
Household and Thermal Products



In Japan, sales increased year on year due to the strong performance of stainless-steel vacuum mugs and stainless-steel soup jars.

Overseas, while sales of carry tumblers and other products were brisk in Taiwan, outperforming the previous year's results, sales of stainless-steel products were weak in China and Southeast Asia, resulting in an overall sales decrease year on year.

Others



As a result of our focus on increasing profitability in the food and beverage business, net sales exceeded those of the previous fiscal year.

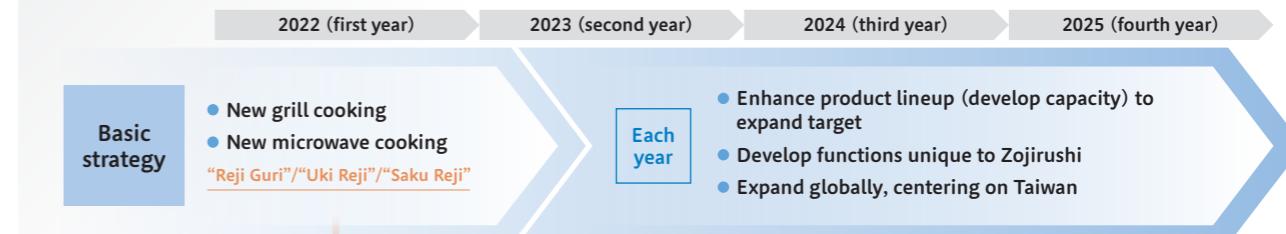
Medium-term management plan SHIFT priority issue 1—domain shift

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



"Uki Reji": all-around warming. Foods are cooked by floating in the cabinet.

"Saku Reji": the side dishes you buy taste as good as if they were freshly fried.

"Reji Guri": automatically switches between microwave and grill functions. Real cooking in a short time.



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 strategy Sales strategy 	<ul style="list-style-type: none"> Expand lineup of microwave ovens Revamp existing products, etc. Build a system to strengthen e-commerce Increase the number of new corporate customers, etc.
	<ul style="list-style-type: none"> Promote effective and efficient sales activities by strengthening backup support Reinforce sales personnel for electrical appliance mass retail Reorganize regional store sales system Promote digital marketing 	<ul style="list-style-type: none"> Establish warehousing system adapted to increase distribution Streamline distribution operations
Rebuild sales system		
Rebuild distribution system		

Business (product category)	2025 target
Rice cooking	¥26.0 billion
Microwave cooking	¥6.3 billion
Electric cooking	¥7.5 billion
Water boiling	¥4.3 billion
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.

Examples of business development centered on rice

“Making delicious rice more convenient and preserving Japanese food culture”

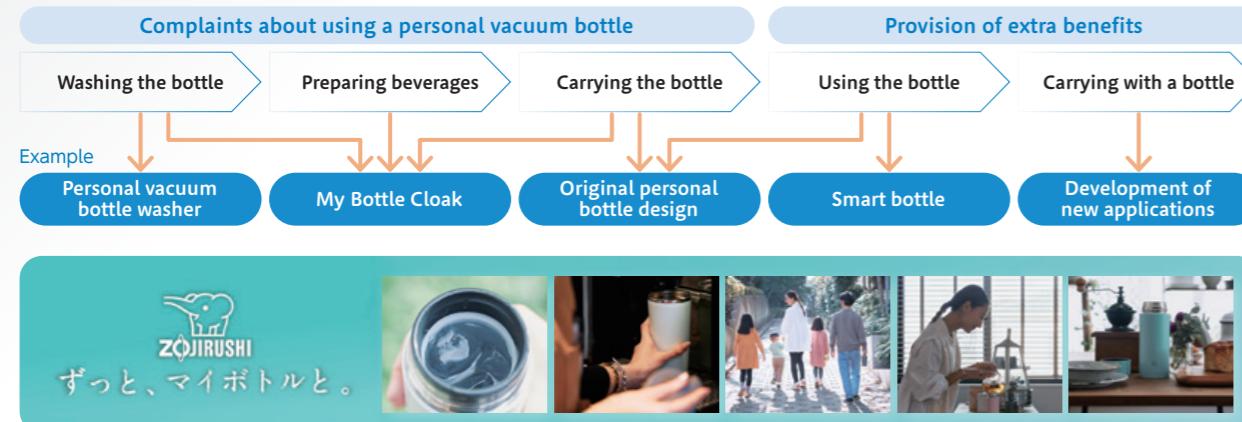
Expanding earnings from the food and beverage business	Zojirushi Gohan Restaurant “A place for delicious rice.” Following this concept, the restaurant offers rice steamed in Zojirushi’s highest-grade rice cooker, <i>Emudaki</i> , with exquisite side dishes selected for their compatibility.	Zojirushi 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
Expanding through collaboration with other companies	 		

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



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 the slowdown in the Chinese economy and the foreign policy of the United States. Under the medium-term management plan SHIFT, we aim to achieve sustainable growth through balanced sales growth without relying on any particular region.

Basic sales policy

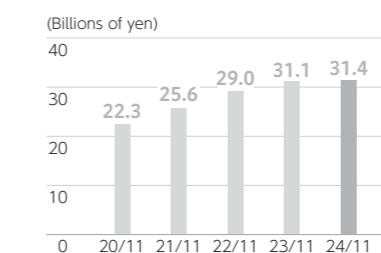
- **Balanced sales growth**
- **Robust strategy for the diversifying e-commerce market**
 - Strengthening of store openings on e-commerce platforms
 - Enhancement of own e-commerce website
 - Strengthening of consumer points of contact through shift to direct sales
- **Full-scale development of the commercial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

Overseas Business

Main products

Cooking appliances, household and thermal products, others

Net sales



Results of SHIFT

Aiming for growth abroad, we have been working aggressively to strengthen the overseas business by developing overseas sales channels (e-commerce routes and sales companies’ direct-sales websites), opening a branch in South Korea, and launching oven ranges in the Taiwanese market and commercial-use products in China. As a result, overseas sales grew.

Optimization of global production and procurement systems

Responses to external issues

- Cost reduction through strengthening of negotiation capability with suppliers, adoption of substitute materials, and so forth
- Dispersion of foreign exchange risk and supply chain fragmentation risk through review of production sites

High raw material prices

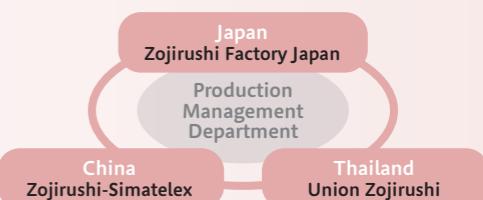
Foreign exchange fluctuations

Pandemics

Extreme situations (War, natural disasters)

Strengthening of Group collaboration

- Functional expansion of each Group factory and strengthening of collaboration between factories (Bulk procurement of components and material common to the Group, mutual technological support, etc.)



Material Issues

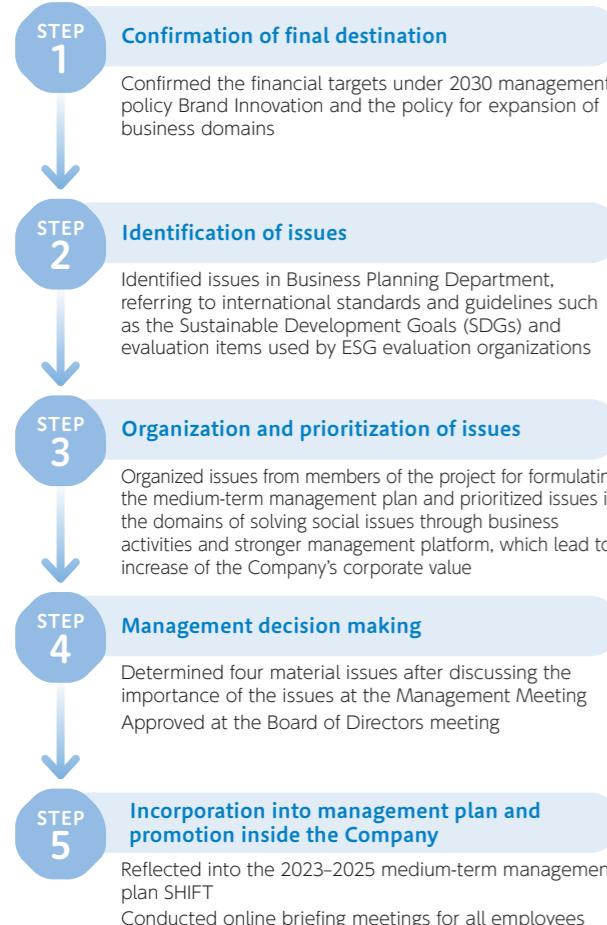
In formulating the medium-term management plan SHIFT, we reexamined changes in the background business environment and determined material issues for management over the medium to long term. We will promote initiatives in the domains of solving social issues through business activities and a stronger 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, KPIs, and 2024 results

Material issue	Target	2024 results	Key performance indicator (KPI)	
			2025	2030
Contribution to a sustainable global environment				
Realization of a decarbonized society	Reduction of CO ₂ emissions (Scope 1 and Scope 2 ¹⁾ (vs. that of fiscal 2019)	31% reduction for the Group	40% reduction for the Group	50% reduction for the Group
	Increase in ratio of renewable energy used	17% of electricity usage for the Group	30% of electricity usage for the Group	45% of electricity usage for the Group
	Conducting of life-cycle assessment ²⁾ and improvements	Life-cycle assessment of NWF-series rice cookers/warmers	Analysis of environmental impact over the life cycle and identification of issues	Continuous improvement in life-cycle assessment toward reducing environmental impact
Consideration for environmental impact and biodiversity				
	Increase in recycling rate ³⁾ (reduction of industrial waste)	86% recycling rate (gross weight ratio) • 342 stainless-steel vacuum bottles recovered in-house	90% recycling rate (gross weight ratio)	90% or higher recycling rate (gross weight ratio)
		• 344 stainless-steel products recovered from elementary and junior high schools in Daio City (eight schools)		
	Contribution to reduction of marine plastic waste	Continuous internal campaign of the movement for zero plastic bottles Industry-academia collaboration (with Kansai University and Konan Women's University) on promoting the use of personal vacuum bottles	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.
Pursuit of product safety and quality				
	Enhancement of production and development system	Discussion meetings held	Zero serious product accidents attributable to design	Zero serious product accidents attributable to design
	Design and development based on recycling	Product materials recycling discussed and measures implemented	Enhancement of VOC ⁴⁾ feedback system (particularly on products for overseas)	Preparation of design standard for recycling
Development of environmentally friendly products				
	Development of products with increased energy-saving performance	Act on Rationalizing Energy Use (rice cookers) achievement rate ⁵⁾ 108%	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	Adoption of measuring cups and rice spoons made with biomass-based plastics	10% or more of total plastic usage amount	20% or more of total plastic usage amount
Provision of products and services that respond to social issues				
Expansion of the CSV business	Expansion of the Mimamori business	2,114 projects	3,500 projects Addition of new functions (frailty ⁶⁾ prediction, etc.)	70% increase in electric pot contract holders (vs. that of fiscal 2022)
	Expansion of the vacuum bottle domain	Demonstration trial in progress	Commercialization of services promoting use of personal vacuum bottles	Start of Mimamori service for products other than electric pots
Protection of intellectual property	Avoidance of infringement on third parties' intellectual property rights	Zero defendant lawsuits	Zero defendant lawsuits	Zero defendant lawsuits
	Promotion of anti-counterfeiting measures	Survey of major e-commerce websites in China and Thailand	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⁾	Questionnaire conducted	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	Promotion of personal vacuum bottles use for high school students, etc.	Enhancement and revision of existing initiatives Consideration of new initiatives	Enhancement and revision of existing initiatives Consideration of new initiatives
Respect for human rights/promotion of diversity and inclusion	Increase in percentage of management positions held by women (non-consolidated)	6.4% Eruboshi certification (promoting advancement of women)	6%	15%
	Meeting mandatory employment rate for people with disabilities (non-consolidated)	Mandatory employment rate 2.5%	Mandatory employment rate 2.7%	Mandatory employment rate 2.7%
	Increase in percentage of childcare leave taken by men (non-consolidated)	115%	30%	50%
	Increase in employee engagement	Implemented action plan based on survey results	Continuous increase ⁸⁾	Continuous increase
	Realization of work-life balance (reduction in total actual working hours) (non-consolidated)	Overtime work 14.8 hours	Overtime work 15.2 hours	Overtime work 14.4 hours
Promotion of occupational health and safety, and health and productivity management	Increase in percentage of annual paid leave taken (non-consolidated)	79.5%	70%	80%
	Recognition as Certified KENKO Investment for Health Outstanding Organization	Certification acquisition	Certification continued	—
	Stable securing of core human resources and promotion of active participation by diverse human resources (women, non-Japanese, mid-career hires, etc.)	24 graduate recruits, seven mid-career hires, and improved working conditions due to revision of transfer system	Enhanced employment of diverse human resources and improvement of work environment	Continued employment of diverse human resources
Development and acquisition of human resources needed to achieve management targets	Increase in effectiveness of the Board of Directors	Effectiveness evaluation, verification, and improvement	Effectiveness evaluation and verification	Effectiveness evaluation and verification
	Rigorous CSR and compliance	No major compliance violations	Monitoring by CSR Committee/Compliance Committee semiannually Zero major compliance violations	Continued monitoring by CSR Committee/Compliance Committee semiannually Zero major compliance violations
Establishment of a governance system that stakeholders can trust	Strengthening of risk management system	Formulated and implemented a business continuity plan Shifted to a dual-location structure in East Japan and West Japan for after-sales service	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
Construction of a fair, highly transparent, and effective governance system	Promotion of information security measures	Zero major information leaks	Zero major information leaks	Zero major information leaks
Building of trust relationships with shareholders and investors	Timely and appropriate disclosure and enhanced IR/SR	Disclosed through press releases and integrated report	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: 68% Telephone inquiries: 61% Support website: 68% (2023 result)	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⁾ Level 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



**Toward achieving the medium-term management plan SHIFT,
we will work to enhance shareholder returns while aggressively investing in growth for the future.**

Osamu Sanada

Director and
Managing Corporate Officer
Responsible for Administration

Aggressively investing to expand products and services and investing for capital policy

A look at our investing and financing activities during fiscal 2024 shows that our largest investment for buildings and facilities was the East Japan Service Center, which started operations in March 2024. We have established our after-sales service center on a site adjacent to our Kanto branch in Kasukabe City, Saitama Prefecture, which also has a parts center. This arrangement creates a

two-center system for services, one in East Japan and one in West Japan, enabling us to increase our service to customers and strengthen our infrastructure from a BCP perspective.

Net cash used in investing activities in fiscal 2024 was only ¥31 million, an extremely small amount, due to the recording of approximately ¥2.4 billion in proceeds from the sale of property, plant and equipment. In addition, we recorded expenses such as those for R&D.

Statements of cash flows

	FY2023	FY2024	Change	Beginning of period	Operating cash flow	Investing cash flow	Financing cash flow	Effect of exchange rate change	End of period
Cash flows from operating activities	4,939	5,510	571						
Cash flows from investing activities	(2,078)	(31)	2,046						
Cash flows from financing activities	(2,968)	(6,378)	(3,410)						
Effect of exchange rate change on cash and cash equivalents	241	292	50						
Net increase (decrease) in cash and cash equivalents	134	(608)	(742)						
Cash and cash equivalents at beginning of period	31,077	31,211	134	31,211					
Cash and cash equivalents at end of period	31,211	30,603	(608)						

(Millions of yen)

Profit before income taxes
+9,324
Depreciation
+2,319
Gain on sale of non-current assets
(1,917)
Increase in trade receivables
(1,798)
Income taxes paid
(1,793)

Withdrawal of time deposits
+3,968
Sale of property, plant and equipment
+2,467
Payments into time deposits
(4,183)
Capital investment
(2,258)

Purchase of treasury shares
(3,271)
Dividends paid
(2,300)

Financing activities used net cash due to purchases of treasury shares of approximately ¥3.3 billion and dividends paid of approximately ¥2.3 billion for the fiscal year. However, the balance at the end of the fiscal year was about the same level as that of the previous fiscal year-end due to effective use of operating cash flows.

For fiscal 2025, we are expecting an increase in expenses for enlarging our product lineup in the EVERINO series and enhancing its presence in the domestic and overseas markets. This plan is part of our focus on expanding the microwave oven business under our medium-term management plan SHIFT. We are also preparing to open a rice ball specialty store and provide a personal vacuum bottle washer at Expo 2025 Osaka, Kansai, Japan, which opened in April 2025. We have allocated funds to cover the expenses associated with the expo as part of our investments for growth. We are also gradually advancing our plan to rebuild our Osaka Factory, a large-scale capital investment for 2030. We plan to renew the factory equipment to convert the facility into a cutting-edge smart factory. Since the site has multiple functions in addition to production, such as quality control, development, and product planning, we will aim to smoothly strengthen our infrastructure without stopping all the functions, for example, by transferring them incrementally.

Steadily promoting a sustainability shift to enhance the value of the Group's intangible assets

Under SHIFT, we have set financial and non-financial targets by backcasting from our 2030 targets. Fiscal 2024 is the second year of the plan. For ESG and non-financial information in particular, we have identified four material issues in the domains of "solving social issues through business activities" and "stronger management platform," and set 29 numerical targets we have been actively pursuing.

One measure for the priority issue of sustainability shift is maximization of human capital. In addressing this, we have been promoting initiatives to reach targets for the percentage of management positions held by women and the percentage of childcare leave taken by men. Regarding the percentage of childcare leave taken by men, we achieved a rate of 115%, reaching the target for 2030 ahead of schedule. This could not have been accomplished without measures taken and systems put in place by the Personnel & General Affairs Department, follow-up by the labor union, and the understanding of supervisors and colleagues. Furthermore, in 2023, we conducted our first engagement survey to measure the awareness and satisfaction of employees' sense of fulfillment, their workplace environment, and the Company. In 2024, we did two surveys during the year and some short monthly surveys. The short survey is submitted with the respondent's name and used to detect day-to-day problems and difficulties in workplaces, with immediate follow-up by the Personnel & General Affairs Department, as needed. The two annual surveys are anonymous surveys, used mainly to identify issues in the organization. The results are analyzed according to respondents' positions, departments, ages, and other factors to identify issues

that are then discussed at the Management Meeting. For example, an issue such as the difficulty mid-level employees face in envisioning their future must be addressed from a structural perspective. As such, the surveys are used for system design.

A look at our contribution to a decarbonized society and our activities to reduce CO₂ emissions shows that we have set targets of a 40% reduction in Group emissions by 2025 compared to those of fiscal 2019 and an increase in the ratio of renewable energy used. At our mainstay factory in Thailand, which has the highest emission volume in the Group, we have implemented measures to install large-scale solar panels to increase the ratio of renewable energy used. In Japan, we are also taking measures such as phasing in a switch to green electricity that will bring us in sight of achieving our target. As of the end of fiscal 2024 we had reduced emissions by 31%.

Promoting management with an awareness of stock price and cost of capital to become a corporate group that can deliver results in all economic conditions

Under SHIFT, we aim to continue initiatives to strengthen earning capability while keeping our equity level under control by setting a consolidated dividend payout ratio of 50% or higher. In fiscal 2024, we sought to secure at least 50% of our profits excluding extraordinary income and paid shareholders an annual dividend of ¥40 (up ¥6 from that of the previous fiscal year), corresponding to a consolidated dividend payout ratio of 51.9%. In addition to the dividend payout ratio, we have set targets for profit margins commensurate with the cost of capital, aiming for ROE of 7% in fiscal 2025 and a three-year total return ratio of 100% or higher. In fiscal 2025, the final year of SHIFT, we expect that reaching our performance targets will be challenging, mainly due to foreign exchange effects. However, we will strive to execute our original plan for the total return ratio.

Furthermore, the Company's PBR has been at 1.0 or higher. We see this as evidence that the Zojirushi brand is highly valued in the stock market, for which we are extremely grateful. But obviously business performance is important for maintaining and increasing our stock price. Foreign exchange fluctuations are expected to continue, and the business environment in Japan and overseas will constantly change. In this environment, the Group's basic strategy will be to achieve growth while balancing business domains and areas, aiming to be a business entity that can steadily deliver results in all economic conditions. To this end, along with enhancing shareholder returns, we need to actively make growth investments that will increase corporate value. In fiscal 2024, for the first time in several years, our results in the domestic market drove the Group's overall performance. However, to continue to achieve our targets under SHIFT, we will aim to realize sustainable growth in our overseas business through measures such as optimizing our global production and procurement systems. In these ways, we aim to provide customers throughout the world the quality, reliability, and safety of the Zojirushi brand.

Message from Director Responsible for Technology Development



ZOJIRUSHI
TECHNICAL

A long history of manufacturing efforts grounded in reliability and safety has increased brand value, creating a highly beneficial cycle.

Hiroshi Yamane

Director and Corporate Officer
Chief Production & Development Officer

**Beneficial effects in the second year under the new manufacturing structure
Providing customers products that delight them more than ever**

In November 2022, to strengthen important processes in manufacturing, we reorganized the personnel responsible for production management (procurement) and product planning, which were previously assigned to each R&D department, into their own independent departments, respectively, and started the new structure in fiscal 2023. The formation of the Production Management Department was intended to strengthen our structure by centralizing procurement, as we had reached the limits of the procurement capabilities of individual R&D departments amid the worsening shortage of components during the COVID-19 pandemic. The new department is already having an effect, as members from each R&D department pool their knowledge and discuss the Group's approach to procurement for the medium to long term. The proposed medium-term procurement strategy has been in place since 2024.

For product planning, the Company's personnel responsible for development and the personnel responsible for planning in each R&D department have traditionally been in constant communication, promoting a tendency toward product-out

development. Under our organizational change, we have aimed to separate development and planning, and to move toward a market-in approach. The expansion of our products with overseas specifications in line with our global shift and the introduction of advanced technologies such as IoT are also areas where we would like to see stronger marketing led by the Product Planning Department. We have also managed to transition to a new development flow based on planning and proposals, where the first step is product planning, which is then passed to development.

We have already started to see the effects of the new structure, with new products launched in the second half of 2024, and will bring out exciting new products to delight our customers more than ever. We aim to increase value in terms of our ability to provide more attractive products at a reasonable price without any loss of quality.

A year of launches of multiple outstanding products resulting from our efforts in both planning and development

In 2024, with regard to rice cookers/warmers that fully use the key technologies of the Zojirushi Group, we revamped the *Embusaki* and the *Kiwaremedaki* series from the high-end, middle-range, and down to the lower-end models to reorganize our product lineup.

This renovation made me recognize once again the refined technologies and high level of knowledge accumulated by the Group for rice cookers/warmers. Another significant achievement was the launch of dedicated overseas models. Since different countries use different types of rice, we import the main varieties from local markets to conduct cooking tests. For varieties difficult to obtain, we visited the local areas to get them. We were also able to accumulate new knowledge by adding popular local rice cooking menu functions, such as one for rice porridge.

In our EVERINO oven range series, we launched new 26-liter and 18-liter models and two new overseas models in 2024. Since I was in charge of the project at the start of development, I have a deep interest in this series. Over the three years since it debuted, we have had tremendous success launching six new models in Japan and overseas. I believe that our development capabilities for both technology and speed has surely made our competitors take notice.

Our greatest strength in the oven range market is ideas. When we were first looking to enter the market and researching other companies' products, we felt that every company seemed to be offering more or less the same functions. I was also surprised to see that users, despite their dissatisfaction—complaining that food was not heated enough or was defrosted too much—had simply resigned themselves to such results. If Zojirushi's mainstay rice cookers/warmers and bread machines produced food that was undercooked in the middle or overcooked, we would be inundated with complaints. As a corporate group that aspires to become Japan's leading brand in cooking appliances, I felt that we had a good chance of breaking into the oven range market if we tackled these issues head-on. We started work on technology development for "Uki Reji" all-around warming, "Reji Guri" switching between microwaving and grilling, and "Saku Reji" for fried food. The work was challenging and difficult, but through dedicated attention to meeting customers' needs, I am confident that we have truly acquired capabilities for developing oven ranges.

The development process for our electric kettle launched in August 2024 was also extremely interesting. From 2026, electric kettles will be required to have safety features that prevent tipping or spilling hot water. The Zojirushi Group was already designing and manufacturing electric kettles with safety features before these standards were created, including a structure that prevents tipping and spilling, a double-walled arrangement to make the exterior less hot, and a function to prevent operating when empty. This is because for Zojirushi, safety considerations have always been essential to our products since the era of glass vacuum bottles began. In 2024, the Product Planning

Department created a design for a gooseneck kettle with a narrow spout that is easy to use for making pour-over coffee. However, since the spout was attached



Electric kettle (CK-LA08)

to the lower part of the kettle, the personnel responsible for development were faced with the difficult problem of where to install the spill prevention valve. Installing the valve directly on the spout would spoil the design aesthetic of the delicately curved spout, but the valve is an essential item for Zojirushi products. The gooseneck electric kettle was completed without any compromise from either the planners or the developers. I think it is an excellent product.

Another technological challenge that ended well was the successful launch of a new stainless-steel vacuum mug with a seamless one-piece lid. The product features a "thermo-ring structure," a proprietary processing technology that reduces heat dissipation from inside to achieve the highest thermal retention capability in the history of Zojirushi products. I use one myself. Even at the golf course on a scorching day, the mug prevents ice inside from melting. This product was created with the full efforts of the development team in response to a request from the Product Planning Department for even greater thermal retention performance.

Furthermore, we have earned external recognition for our most important values in manufacturing—reliability and safety. In November 2024, at the 2024 Product Safety Awards (PS Awards), held by the Ministry of Economy, Trade and Industry, we received the Excellence Award (Judging Committee Award) in the Major Company Manufacturers and Importers Category. Focusing on the development of our electric kettles, the award acknowledged three points: our formulation of safety standards ahead of other companies and superseding of industry standards, the holding of "cross-functional meetings" that transcend department boundaries, and creative innovation in warnings to consumers to prevent accidents of misuse. In other words, the award recognized the continuing determined efforts of our development team and quality team members. I was delighted to hear that we had received it.

In 2024, I could clearly sense that the Group's fundamental manufacturing capabilities had been strengthened through these products and activities.

When I joined the Company, I was assigned to the Production & Development Headquarters. I have been involved in manufacturing ever since and have found that diligence in manufacturing is the most important fundamental aspect defining Zojirushi's character. All our employees love Zojirushi products. Producing something defective would be a betrayal of our customers and our employees. This attitude underpins my earnest approach to creating quality. We all share in the excellence of our products, awareness that allows us to conduct sales activities with confidence. I feel that this truly creates a beneficial cycle that ultimately increases our brand value.

We will continue to provide products that deliver not only safety, reliability, and quality but also excellent design and new cooking experiences that will delight our customers. We hope you will look forward to impressive results from our efforts as we continue to take on challenges going forward.



2024
製品安全対策優良企業
総合大賞

Special Feature: Roundtable Meeting Between Production & Development Headquarters and Product Planning Department

Our Thoughts on the “Essence of Zojirushi”

Today the manufacturing sites of Zojirushi are undergoing changes. Aiming to achieve Brand Innovation, individual employees are discerning between what should be changed and what should not, as they reform operations every day. We asked the Deputy Chief Production & Development Officer and product development leaders to share their challenges and their thoughts about the “essence of Zojirushi.”

Toshimitsu Kataoka
Corporate Officer,
Deputy Chief Production &
Development Officer
and General Manager,
The 2nd R&D Department

Mei Otsuka
Sub-Manager,
Planning Group,
Product Planning Department

Kazunori Mishima
Manager,
Planning Group,
Product Planning Department



Creation of new products by the R&D departments and the Product Planning Department through the reformed manufacturing structure

Kataoka ○ The organizational reforms of two years ago separated the responsibility for development and the responsibility for planning, which were previously handled by the same R&D department. The planning function became independent as the Product Planning Department, linking all R&D departments. Mishima-san and Otsuka-san, you are both members of the Product Planning Department. Over these past two years, I feel the R&D departments and the Product Planning Department have been collaborating to create products. The separation of the product planning function has worked in a good way, enabling the department to make proposals without undue concern about the development team. In the past, for example, the planning team was overly conscious of the hard work performed by the development team. This prevented them from pushing hard for the addition of a function, since they were aware of the difficulty and increased cost. Mishima-san, I think you have experienced cases like this.

Mishima ○ That is correct, I have. I have continued to be in charge of planning for rice cookers/warmers, but previously I was very aware of needing to think about development and the status of R&D departments overall and sound people out carefully before making a proposal. Even now, I do consider the position of other departments, but I have been able to come up with ideas for determining our direction and planning more freely. When making proposals, as long as I can clearly explain the intention of the plan to the development team, we can proceed smoothly with development. This has led to a faster pace. On the other hand, I feel a lot of tension and a strong sense of responsibility since our proposals can determine the direction of new products.

Kataoka ○ While the separation of roles has brought out some positive aspects. Otsuka-san, it seems you are often visiting the R&D departments for collaboration.

Otsuka ○ That is right. Since we are the ones producing the plans, I thought that the only way to make sure of things is to try them myself, so I have been joining experiments and other activities.

Kataoka ○ If the people from planning suggest working on the project together, then the development team cannot refuse. It is a clever way to get them involved.

Otsuka-san, have you noticed any changes?

Otsuka ○ I was transferred from sales to the R&D department about five years ago and initially assigned to work on stainless-steel vacuum bottles. At first I did not know anything about product development, but the team members in planning and development very kindly taught me. I have come to find planning



An unwritten rule says it is not enough to do things at the same level as other companies do.

○ **Toshimitsu Kataoka**

very interesting work. With the recent organizational change, product planning for cooking appliances, household appliances, and household and thermal products has been brought together in one place. We are now receiving information and knowledge about other products that I had not known about before. It has been a great learning experience.

To give a recent example, we used konjac (devil's tongue jelly) shaped like rice grains to test an oven range that I am working on. When we visualize the convection currents inside a rice cooker/warmer, we use grains of konjac instead of rice to show the convection currents clearly, since rice simply dissolves into a porridge that is completely white, making it impossible to see the convection currents. We came up with using this method to visualize the functions of the oven range.

Kataoka ○ I heard that Mishima-san was talking about a test using konjac shaped like rice grains.

Otsuka ○ Mishima-san sits right behind me in the office, so I knew about the test using rice-shaped konjac. The EVERINO oven range can be used to make various stews in a glass bowl. We wanted to show clearly that by simply adding chopped solid roux, the mixture comes out well. We actually made a video using the konjac grains. It came out really well. Working together as the Product Planning Department gives us access to good tips.

Kataoka ○ You gave another presentation for a distributor today, didn't you?

Otsuka ○ Yes. Since I proposed the planning direction for creating the product, I put a lot of effort into preparing my first presentation because I wanted to get a good reaction.

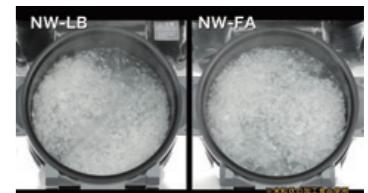
Mishima ○ We ask the development team about the product's characteristics and create presentation materials, then convey them to the Marketing Department. This is an extremely important role. The development people have confidence in what they make, but they do not communicate a product's appeal in words so much. Our job is to elicit that appeal and use it. Without it the sales team cannot operate.

Otsuka ○ We have a responsibility to tell customers about the products we have planned.

Mishima ○ We also have a responsibility to deliver the products to customers and a responsibility while they are using them.

The essence of Zojirushi is a commitment to quality, sincerity, and steadfast determination

Kataoka ○ The first thing that comes to mind when I consider the essence of Zojirushi is definitely quality, reliability, and safety. For example, if the oven ranges of other companies are used on a slightly sloping surface, they might become unsafe. That level of quality is unacceptable for the toaster ovens and other products made by Zojirushi. In the case of the oven range, we check safety



A test using konjac shaped like rice grains



Zojirushi's strength is in products focused on customers' real needs.

● **Mei Otsuka**

by putting the oven range on a sloping surface steeper than anyone would actually use, just in case.

Mishima ● Naturally, we also test rice cookers/warmers on quite a sloping surface. At Zojirushi, we have what are called Zo-Standards—our own standards that require quality improvements beyond general standards. The internal lid in a rice cooker/warmer will meet industry standards if it does not break when dropped from a height of 30-40 centimeters. By contrast, we test our lids by dropping them from a height of two meters.

Kataoka ● Those lids are already at the point of being broken, but it seems the test is getting tougher every year.

Mishima ● But since this kind of difference in quality cannot be seen at all from the outside, we have to convey it. I definitely want to communicate this to our distributors and have been steadily doing so in making presentations. I think the message has now become quite well known.

Otsuka ● I joined the Company in 2017. Even at that time, our sales teams had high confidence in the quality of the products they were selling. When I transferred from the Sales Department in Tokyo to the Product Planning Department in Osaka, I got quite a shock when I saw an actual durability test. I heard this loud metallic impact echoing, and when I went to investigate, I found an employee dropping a stainless-steel vacuum bottle onto the ground over and over again. Today we use a machine to test the opening and closing of lids, but when I first joined the Company, this was also done by humans, a total of several thousand times, with several people passing the bottle around and opening and closing it 1,000 times each.

I had heard about this and was surprised to see the Company going to such lengths to ensure quality.

Now I am also allowed to participate in testing, and I am very glad to be included as a team member. I think that our dedication to quality is the essence of Zojirushi. Both development and sales are successful because of the sincerity of all the team members. I cannot create products like the development team or sell them like the sales team, but I would like to faithfully communicate the intense attachment they have for their products. Without it, I do not think we can win the trust of our customers.

Mishima ● For me, I have a strong attachment for products at the planning and development stage, but once the products have been launched into the world, I actually take more of a detached, bird's-eye view. Product development is endless, so after a product is launched, I want to find the next challenge and engage with it.

Kataoka ● That is just like you.

Mishima ● I am really glad when people can feel our commitment. After conducting countless rice cooking tests, I was delighted to hear customers say they stopped eating rice when

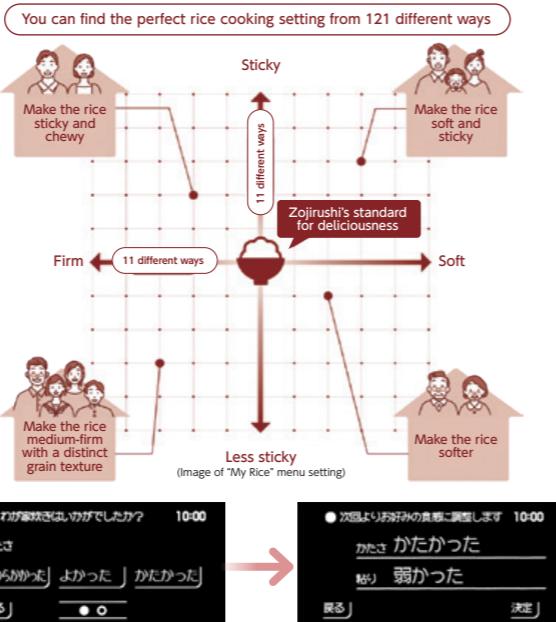
they dine out once they started using our *Embudaki* rice cooker.

Recently, a large number of users have been using the "My Rice" menu setting for cooking rice, which I came up with. This is a system where you simply input your feedback on the cooked rice on the rice cooker's touch screen, and then the product cooks the rice just as your household likes it next time. When the function was initially introduced, it had some issues, such as a difficult input process, but I am glad we have continued to improve it over the years.

There are 121 different ways of rice cooking in total. In taste testing, we set a standard that requires the difference in levels to be detectable by at least 90% of people.

Kataoka ● So you really taste tested 121 different ways for comparison. We are doing the same thing with the oven range recipes. We have run a huge number of tests.

The *Embudaki* "My Rice" menu setting cooks perfect rice 121 different ways.



Users adjust the "My Rice" menu setting to their preferred taste by inputting their feedback on rice cooked using the "My Rice" menu setting.

Otsuka ● We are currently creating recipes to cook in our new product. Our testing is really rigorous. We have performed dozens of tests for curry alone. In stews like curry that have a lot of different ingredients, for example, we check on things like whether the carrots still have a distinctive smell or whether the onions are still crunchy. Recently, rapid cooking is in demand, but

At Zojirushi, we have what are called Zo-Standards—our own standards that are much tougher than industry standards.

● **Kazunori Mishima**



Product and technology strategies for the Zojirushi brand

We are working to reform our organizational culture into a brand that can embody our corporate slogan "Treasuring Everyday Life."

Toshimitsu Kataoka

Corporate Officer, Deputy Chief Production & Development Officer and General Manager, The 2nd R&D Department

Prepared to safeguard the unseen value we have built in the form of quality, reliability, and safety

Our product quality today has reached levels that are unimaginably higher than those of when I was responsible for design. Observing our front lines over these past 10 to 15 years, I have seen the Company truly make a full-fledged effort to increase the quality, reliability, and safety of its products. Suppliers also tell us they feel the need to increase their level of quality when working for us.

High safety and quality mean accident prevention. Because our products are designed to prevent accidents, our customers will not notice our high safety and quality, and they should not have to in the future either. We communicate the invisible quality of our products to our distributors through product presentations and demonstrations that create opportunities to foster their understanding. I believe this helps build Zojirushi's brand power.

Creating more attractive products that will change users' daily lives and make every day more enjoyable

Reliability, safety, and quality are the foundation of Zojirushi and deeply embedded in our corporate culture. Our policy is to maintain and continuously increase these values, while adding other appealing qualities to our products that will make customers want to use them and display them. The new products we have launched are already undergoing changes. Furthermore, since stylish designs alone are easily matched by our competitors, we are aiming to make products that will change users' daily lives and make every day more enjoyable.

To do this, changing the Company's culture little by little is essential. Ensuring reliability and safety requires a conservative approach in some areas, and in this regard the Company's employees are serious and careful. By making managers aware of the need to encourage employees to take on new challenges, they should become more decisive. I hope to cultivate a corporate culture receptive to accepting new ideas and challenges. Furthermore, I would like to provide Zojirushi's quality to a wider customer base, not only in Japan, but also to people worldwide.

the problem is that while simply using strong heat does shorten the cooking time, the dish can easily boil over. We are looking for that sweet spot where the vegetables are cooked properly but also cooked in a short time.

Kataoka ● The people who develop the menus are also really amazing.

Otsuka ● They are. We are always asking them to do the impossible, but they deliver every time. I have a lot of respect for them.

Kataoka ● An unwritten rule at Zojirushi says it is not enough to do things at the same level as other companies do. We establish a target and create a product, then when we achieve it, we move on to the next target.

Mishima ● It really is steadfast determination.

By the way, a TV personality who promotes home appliances introduced EVERINO as a product that he likes. I believe that sales grew as a result. It made me think that this is the kind of work we should be doing ourselves.

Kataoka ● Actually, a big part of the Company's current success is its aggressive strategy. With EVERINO, we have gone all out to compete, continuously expanding the lineup since the year after its debut. Thanks to this approach, we now have an impressive product lineup, and recognition of EVERINO is increasing.

Otsuka ● That is steadfast determination.

Kataoka ● With *Embudaki* as well, I had no idea it would develop this far as a product series when we launched it eight

years ago. We worked extremely hard to develop our proprietary induction heating structure. We did not see results in the first or second year, but by continuing to work aggressively, we have grown it into a top-share product.

Mishima ● I think we always manage to produce something significant, not an attempt to amaze the world but rather a product based on quality that inspires small innovations in daily life.

Kataoka ● Over the past 10 years, our competitors have changed considerably, with an increased number of new manufacturers and overseas-based manufacturers. I would like to see Zojirushi always considered a benchmark as the leading Japanese cooking appliance brand.

Otsuka ● I think Zojirushi's strength is in products focused on customers' real needs. In 2025, we will launch a product that will bring a fresh change to the oven range market. I plan to carry on with the goal of promoting its appeal to as many people as possible.

Mishima ● Considering the market going forward, I think we will need to harness outside technologies as well as our own technologies. There may be some resistance to this idea in the Company, but my goal is to overcome it and continue to take on the challenge of commercializing new ideas and functions. Also, I would like to promote innovation that disrupts established thinking through collaboration with companies in other industries.

ESG Strategy

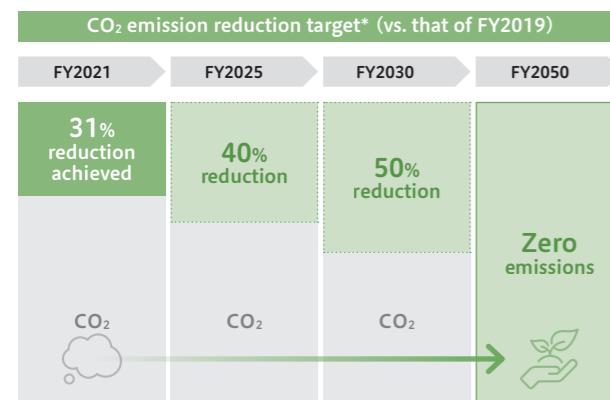
Guided by its corporate philosophy, "Creating a better quality of life," the Zojirushi Group aims to contribute to solutions for lifestyle issues and social issues through its business activities. We revised our Basic CSR Policy in 2018, we determined material issues in 2022, and we are working to solve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

Transforming into a Sustainable Company

Under the 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
Resource saving	<ul style="list-style-type: none"> Increase in usage rate of recycled materials Thinner and more compact designs
Waste reduction	<ul style="list-style-type: none"> Increase in recycling rate Increase in reuse
Environmental preservation	<ul style="list-style-type: none"> Adoption of biodegradable materials Use of plant-derived materials



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.

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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 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**

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)

2 Countermeasures for aging of Osaka Factory

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

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

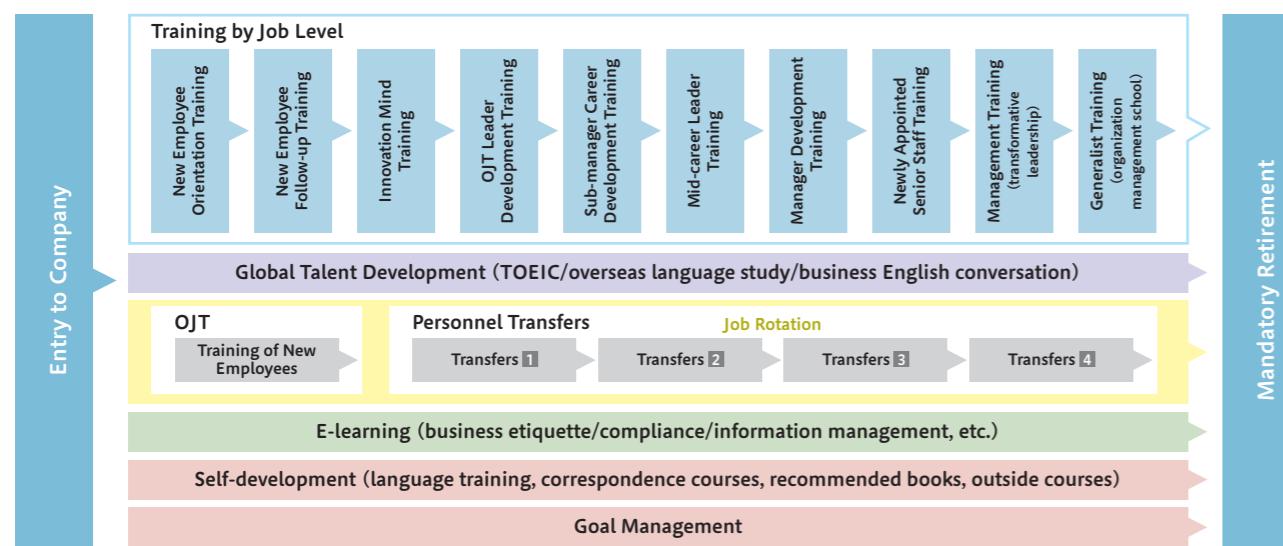
Viewing employees' growth as the Company's growth, the Group works to develop internal systems that empower each employee to work independently. As stated in the human resources development policy, "The source of our business activities is human resources." A company is driven by people. Therefore, we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

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, helping them develop the ability to devise new business and product ideas and shape them without being bound by preconceived notions. In addition, to develop personnel who can contribute to our business overseas, we provide incentives according to their scores on language tests such as TOEIC, EIKEN, the Chinese Proficiency Test (HSK), and the Practical Thai Language Proficiency Test. We also offer various learning opportunities such as an advanced language training program of business English and an overseas language study program for employees.

Development system diagram



Training by job level

	Training objectives
New Employee Orientation Training I	<ul style="list-style-type: none"> Acquire the mental attitude and business etiquette of a professional
New Employee Orientation Training II	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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
Sub-manager Career Development Training	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Acquire basic knowledge of a manager
Management Training (transformative leadership)	<ul style="list-style-type: none"> Cultivate strong leadership to transform the organization and people and achieve high performance and better results
Generalist Training (organization management school)	<ul style="list-style-type: none"> Cultivate the management perspective of a general manager and become a leader in organizational transformation

Maximization of Human Capital

Under the 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. We have set a goal to increase the percentage of new graduates who are women to 25% or more, a target we have achieved for nine straight years through fiscal 2024. We are enhancing our work environment and systems to increase the percentage of management positions held by women to 15% by 2030, from 6.4% in fiscal 2024. Furthermore, our re-employment rate of retired employees stood at 95.7%. We conduct systematic recruiting of people with disabilities to meet the mandatory employment rate. We conduct diversity training for new and existing employees (group training, videos, etc.) and raise

awareness of human rights through the in-house email newsletter to promote the active participation and retention of people with disabilities. Furthermore, we conduct human rights training when employees join the Company and when they are promoted to senior positions, providing education to prevent unfair discrimination and acts that can harm the dignity of individuals.

From June 2024, we conducted an employee engagement survey. While employee satisfaction with the Company is high, we will conduct that companywide survey twice a year, with short regular monthly surveys to make improvements. Our target to have 50% of men take childcare leave by 2030 has already reached 115%, ahead of the target year.

Targets for diversity and inclusion (2025 and 2030) (non-consolidated)

Target	Results FY2024	Targets for the first year of SHIFT FY2025	Targets for the first year of SHIFT FY2030
Increase in percentage of management positions held by women	6.4%	6%	15%
Meeting mandatory employment rate for people with disabilities	2.5%	2.5% (Mandatory employment rate)	2.7% (Mandatory employment rate)
Increase in percentage of childcare leave taken by men	115%	30%	50%
Increase in employee engagement	Implemented action plan based on survey results	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.

Since fiscal 2024, we have been recognized as a KENKO Investment for Health Outstanding Organization. We are strengthening initiatives related to employee health, working in

cooperation with the health insurance association, on measures such as instituting a smoking ban inside Company buildings. In the follow-up process after the results of health checkups, the person in charge of health management directly checks in with employees eligible for a secondary checkup to ensure that they have 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, engagement surveys, and a 24-hour telephone consultation service.

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

Target	Results FY2024	Targets for the first year of SHIFT FY2025	Targets for the first year of SHIFT FY2030
Realization of work-life balance (reduction in total actual working hours)	Reduction in overtime work 14.8 hours/month	15.2 hours	14.4 hours
Promotion of annual paid leave taken	79.5%	70%	80%
Certification as a KENKO Investment for Health Outstanding Organization	Certification acquisition	Certification continued	—

Respect for Human Rights

The Group's Basic CSR Policy states, "We will understand and respect the importance of human rights, eliminate all forms of discrimination, and build an appropriate working environment." In addition, the Company has declared that it will not engage in any unfair discrimination based on factors such as birth, gender, age, nationality, race, ethnicity, creed, religion, sexual orientation, disability, interests, or educational background, nor will it engage in any act that harms the dignity of individuals. In line with this policy, we are committed to preventing and eradicating forced labor and child labor, to creating a work environment free of discrimination and harassment, and to ensuring compliance with labor-related laws and regulations. In addition, we have established a whistle-blowing system that enables employees to report possible human rights

violations and illegal activities, and have in place a consultation desk for handling such issues.

We have also incorporated education about human rights issues into our training by job level, and we regularly conduct activities to increase our employees' awareness of human rights. We have a Human Rights Promotion Committee, which includes members from Group companies and meets twice a year. We also invite outside lecturers to provide training on related topics.

In addition, the Group has formulated a CSR manual that specifically explains the Basic CSR Policy, which was established to provide guidelines for the conduct of all officers and employees.

CSR manual (Japanese only)

https://www.zojirushi.co.jp/corp/csr/pdf/csr_manual_ZO_CSR_1-19.pdf

Human Resources Data

New graduate hires (non-consolidated)

	FY2020	FY2021	FY2022	FY2023	FY2024	(Number of persons)
Total	19	20	21	22	24	
Women	5	5	7	7	10	
Percentages	26.3%	25.0%	33.3%	31.8%	41.7%	

Retention rates of new graduates for three years (as of March 31, 2024) (non-consolidated)

Retention rate	93.7% (men: 90.9%, women: 100%, hired in fiscal 2021–2023: 44 men and 19 women)
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Gender wage gap (non-consolidated)

All employees	66% (regular employees 73%; contract employees 75%)
Target period	Fiscal 2024 (November 21, 2023 through November 20, 2024)

Note: Figures show the ratio of women's wages to men's wages (wages including base salary, overtime pay, and bonuses, etc., and excluding retirement allowance and transportation allowance. Figures include wage reduction due to short working hours for childcare, etc.).

Personnel data (consolidated)

	FY2020	FY2021	FY2022	FY2023	FY2024
Percentage of annual paid leave taken	60.9%	64.7%	80.3%	74.6%	72.8%
Overtime work (monthly average per employee)	20.1 hours	26.9 hours	34.2 hours	34.0 hours	39.6 hours
Average age	40.0 years old	41.0 years old	41.0 years old	41.0 years old	40.4 years old
Average years of service	9.4 years	10.4 years	10.8 years	10.9 years	10.4 years
Percentage of management positions held by women	15.9%	16.0%	16.2%	16.8%	18.0%

Data on occupational accidents (manufacturing departments in Japan)

	FY2020	FY2021	FY2022	FY2023	FY2024
Lost-time injury	5 cases	2 cases	1 case	0 cases	0 cases
Non-lost-time injury	6 cases	4 cases	3 cases	4 cases	7 cases
Frequency* ¹	5.33	2.39	1.11	0.00	0.00
Severity* ²	0.14	0.00	0.00	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

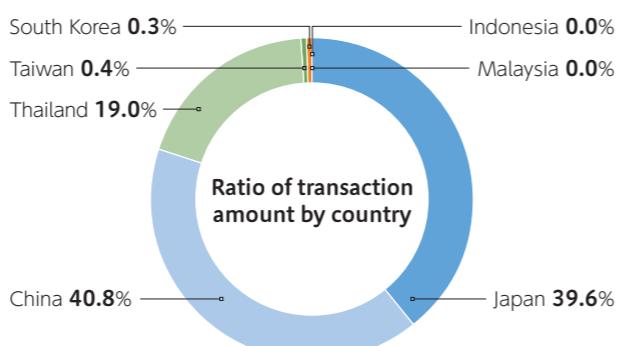
3 Promotion of CSR procurement

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.

Overview of transactions



The main suppliers are Zojirushi-Simatelex (Hong Kong), Union Zojirushi (Thailand), and Tsann Kuen (China).

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

- 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

- 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

- 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

- 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.

COLUMN

As a company specializing in metal processing, we aim to be a supplier that it is genuinely sought after.

We began doing business with Zojirushi in the 1970s, currently manufacturing precision metal pressed parts for rice cookers/warmers and electric pots. We design and fabricate our metal molds in-house, as they are our tools for manufacturing. Since the number of parts requiring complex shapes and strict dimensional precision is increasing every year, we strive to design molds that facilitate dimension control. In production of parts, some of which have been in use for over 30 years since their adoption for Zojirushi products, we have established a robust quality management system to ensure consistent quality from the initial launch to the end of production.

I feel that all the people at Zojirushi, including the President, officers, and employees, really like their company. We can strongly sense their desire to create products together with us as suppliers. We in turn are inspired to respond to their desire. Looking ahead, we will continue to evolve our original approach to manufacturing as a metal-processing specialist group, striving to be a truly valued supplier that Zojirushi feels glad to work with.



Masanori Sugimoto
Representative Director
SUGITEC Co., Ltd.

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 2022, 10 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.

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 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 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 Representative Director, President and Corporate Officer, 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, aiming 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	Rapid migration toward low-carbon/decarbonized society	▲		Short to medium term
			Contribution to renewable energy requires capital investment and creates new costs		●	Medium to long term
			Contribution to low power consumption through product development applying vacuum insulation technology			Medium to long term
	Reputation	Wider recycling society	Wider environmental awareness based on resource use and recycling, and increased demand for products featuring sustainability and reuse		●	Medium to long term
		Market/technology	Tougher energy-saving specifications	▲		Medium to long term
			Increased procurement cost of raw materials	▲		Medium to long term
		Reputation	Growing demand for vacuum bottles with high energy-saving performance paralleling wider environmental awareness		●	Medium to long term
			Growing popularity of smart consumer electronics and new entries driven by energy efficiency	▲		Long term
4°C scenario	Physical risks/ opportunities	Chronic	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
			Interruption in supply of raw materials due to natural disasters	●		Long term
			Downtime due to damage at production points and supplier facilities	●		Long term
			Property damage and lost sales opportunities paralleling increase in natural disasters	▲		Long term
	Acute	Physical risks/ opportunities	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 2024 reached 2,473 tons under Scope 1 and 21,603 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
- ② Using recycled resources or recycled parts
- ③ Improving the possibility of recycling
- ④ Supporting long-term use
- ⑤ Simplifying collection and transportation
- ⑥ Simplifying manual dismantling and sorting
- ⑦ Simplifying crushing and sorting processes
- ⑧ Packaging
- ⑨ Safety
- ⑩ Environmental protection
- ⑪ Energy and resource saving, etc., during product usage
- ⑫ Providing information
- ⑬ Reducing environmental impact at the manufacturing stage
- ⑭ Other environmental considerations

Initiative Highlights

Sales of recycled products to reduce environmental impact

To reduce environmental impact by using resources effectively, we sell Zojirushi-recycled rice cookers/warmers on the Company's official online store. Zojirushi-recycled products are rice cookers/warmers that were briefly used as demonstration models in sales offices nationwide. The products are sent to Zojirushi You Service, one of our Group companies, for cleaning, inspection, and repair, to restore them to the same level of quality as unused products. They have sold out amid popular acclaim. We plan to continue Zojirushi-recycled product sales in the future.



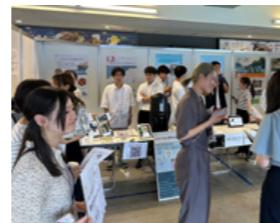
Product cleaning

Promoting the use of personal vacuum bottles through industry-academia collaboration with Kansai University

Zojirushi and Kansai University have teamed up to promote the use of personal vacuum bottles to reduce plastic waste. Since October 2023, Zojirushi has registered under the Kansai University SDGs Partner System and is helping create a campus that facilitates the use of personal vacuum bottles. Since May 2024, students have been actively leading efforts to promote the "Kansai University Personal Vacuum Bottle Ambassador ECO Perks Project," an activity that offers special treatment to people who have personal vacuum bottles.



On-campus event



Tea service booth at an exhibition

COLUMN

Personal vacuum bottle washer at Expo 2025 Osaka, Kansai, Japan, after demonstration testing at various companies

Zojirushi and three other companies are jointly developing a personal vacuum bottle washer. The project was selected as a special program for Expo 2025 Osaka, Kansai, Japan, and 10 washers were installed at the venue.

As the problem of plastic waste has become a serious global issue, various companies have stepped up their initiatives to resolve it. Among these, personal vacuum bottle washers that clean and sterilize personal vacuum bottles in about 20 seconds after they are inserted into the washer have been gathering attention. Prior to their public unveiling at Expo 2025 Osaka, Kansai, Japan, we conducted demonstration testing of the personal vacuum bottle washers at various companies and other locations.

Expo venue model

Installation examples



Kindai University



FC Osaka match venue



WAW Nihombashi in Nittetsu Nihombashi Building



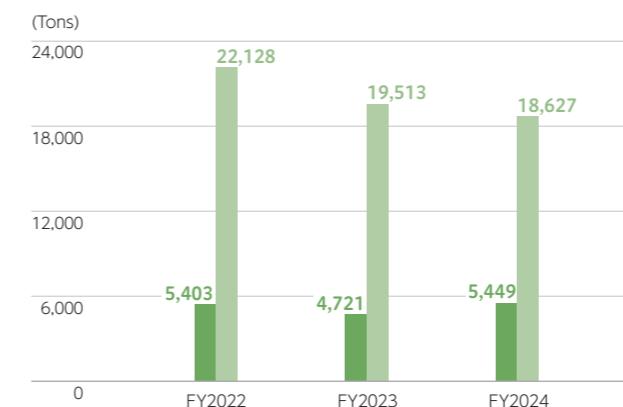
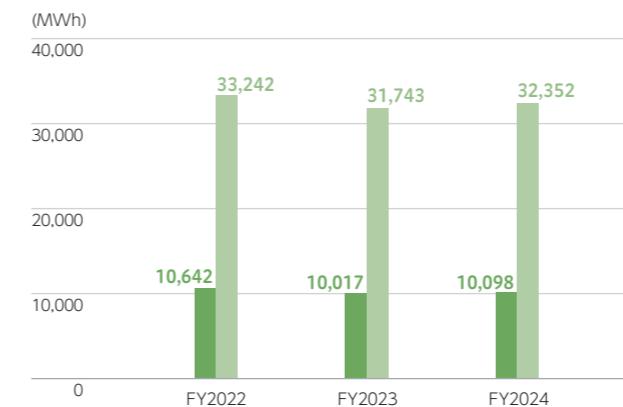
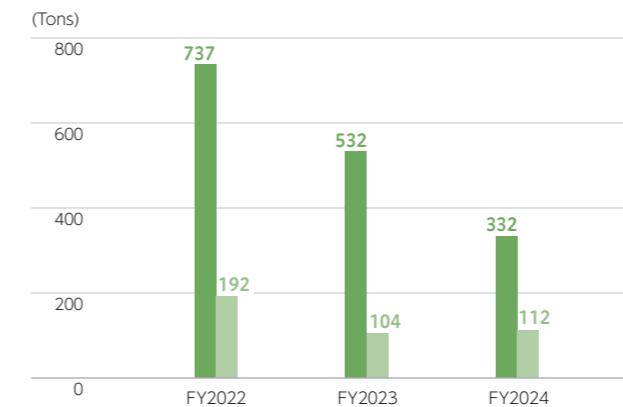
SATO HOLDINGS CORPORATION showroom



AKASAKA INTERCITY AIR



Iriomote Island

Environmental Data**CO₂ emissions (all offices)****Electricity consumption****Amount of waste***

■ Japan ■ Overseas

*Production factories

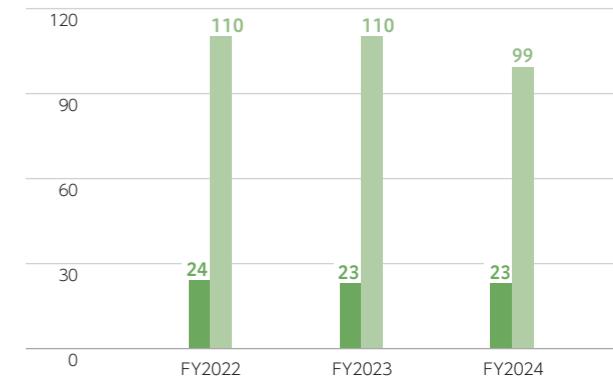
FY: From October of the previous year through September of the current year

Paper consumption

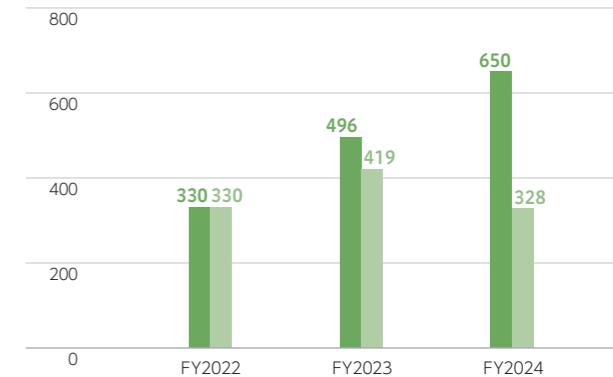
(Thousand sheets)

**Water consumption***

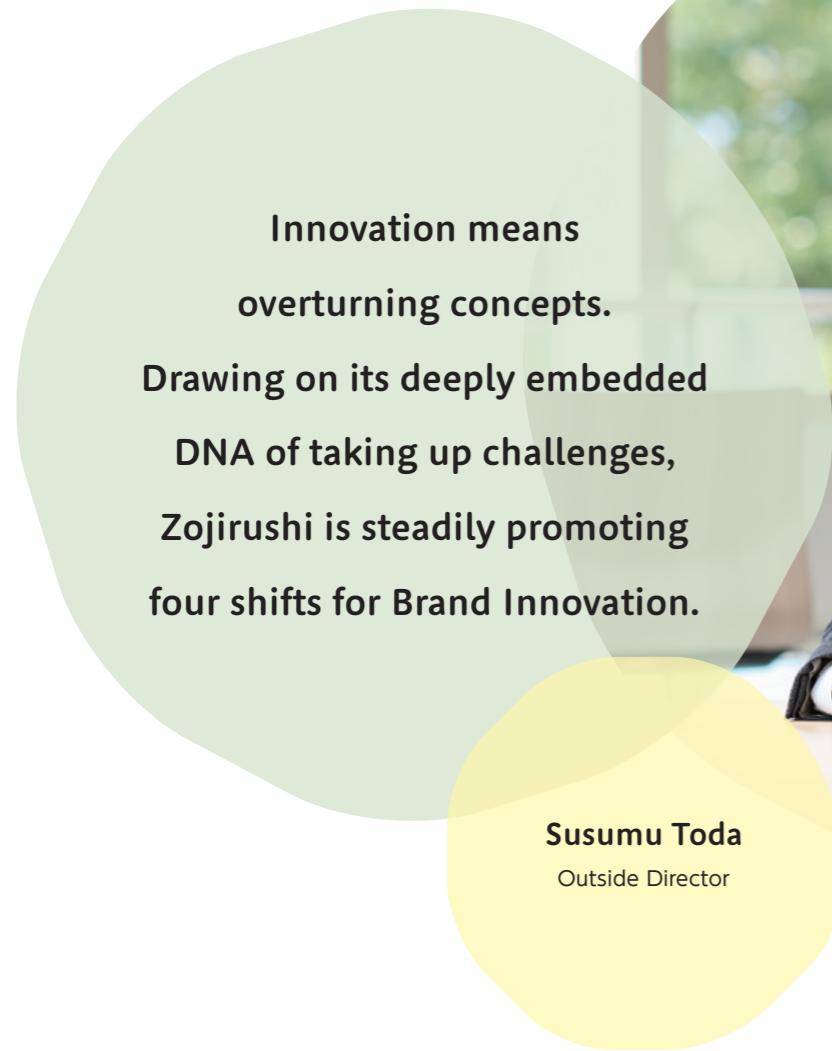
(Thousand tons)

**Amount of resources recycled***

(Tons)



Message from Outside Director



Zojirushi has innovativeness in its DNA

I was appointed an Outside Director at Zojirushi in February 2023. For the majority of my career, I have been involved in management, joining ITOCHU Corporation as a new graduate, when I was posted to the United States for around eight years with responsibility for trading in the steel segment, a role that gave me experience in starting a business and management. At the age of 39, I changed my job and moved to FAST RETAILING CO., LTD. to serve as the first executive officer responsible for production at UNIQLO, where I was involved in building a production system and developing new products. Since then, I have been involved in management at several companies. Currently I serve as a full-time director at Shachihata Inc.

My first encounter with Zojirushi was in 2008, when I was at what is now Amazon Japan G.K. At that time, Amazon was mainly selling books, CDs, and DVDs in the Japanese market. Participation by major home appliance and daily necessities

manufacturers was limited. I think there was still significant resistance to online trading within these industries, but I clearly remember that the first to try this new channel and move ahead in trading with Amazon were a small group of companies that made up Zojirushi and some manufacturers of PC peripheral parts.

I have mainly been involved in proactive management strategies such as developing new businesses and overseas markets. I have viewed Zojirushi as a progressive company for its approach of doing things in new ways. President Ichikawa possesses a kind of ability to reject the current situation. To put it another way, he has the ability to try and incorporate contradictory ideas without being bound by existing successes and methods. I think this is truly the driving force for innovation.

Over 45,000 companies in Japan are more than a century old. Many of these are traditional manufacturing companies, but to survive for over 100 years, a company must innovate as

well as protect its traditions. When you look at Zojirushi's history, you can see that past Presidents had the DNA of taking up challenges. While establishing a brand in vacuum bottles, the Company also expanded into the domain of electric appliances such as electric pots and rice cookers/warmers—despite the risk of decreasing vacuum bottle sales—and succeeded tremendously. Rather than growing dependent on the successful rice cooker/warmer business, the Company has recently been moving toward its next domain shift by entering the highly competitive microwave oven market. I believe that this DNA of taking up challenges is well expressed in the Company's current management strategies: the 2030 management policy Brand Innovation and the medium-term management plan SHIFT.

I want to use my experience in overseas business to expand the potential of the Zojirushi brand

The current Board of Directors includes eight inside Directors and six Outside Directors (three male and three female), of whom three are Audit and Supervisory Committee Members. The board has extremely well-balanced skill sets from various occupations, including an attorney-at-law, certified tax accountants, a certified public accountant, and people with experience in business, management, overseas operations, and sustainability. At the monthly Board of Directors meetings, I actively state my opinions and engage in lively discussions. I think that the checking function provided by having objective outside perspectives is working properly. I have seen the boards of directors of over 10 companies and can say that the operational level of this board is high, the agenda is presented properly, the discussion is enhanced without wasting time, and the decision-making is swift.

One important agenda item for the Board of Directors in the past year has been the formulation and implementation of a succession plan. Another extremely crucial theme is how to develop the next generation of management human resources to further accelerate and lead the ongoing movements in domain shift and global shift. In addition, investment is of critical importance to keep these shifts in motion and, as such, is the Company's capital policy. How to deploy the Company's cash reserves efficiently to promote business growth is a key question. The board decided not to continue takeover defense measures from fiscal 2025. In tandem with this policy, it has fully discussed share repurchases with an awareness of stock price and its policy on dividend increases, and made resolutions for these measures.

In regard to management, I have discussions with the inside Directors responsible for business execution, and we Outside Directors supervise management from multiple angles and strive

to give our opinions. One of my fields of expertise is global shift. I believe that we must proceed by carefully perceiving changes in the business environment going forward. First, the downturn in economic conditions in China has increased risks for markets and for production areas as well. In addition, since there is a higher risk that tariffs will increase in the United States following the election of President Trump, production allocation and optimization will become more important. Meanwhile, in foreign exchange, the yen is predicted to begin strengthening, which means that we need to focus on the balance of exports and imports. We must develop new consumption areas. I have high expectations for Europe in particular, as Japanese food is currently enjoying a surge in popularity there. Currently the ratio of sales to Europe is extremely small, but that presents an almost unlimited opportunity for expansion there. Of course, the biggest reasons for this are that the quality and deliciousness associated with the Zojirushi brand will satisfy the discerning tastes of Europeans. I myself have experienced multiple business expansions into new areas and hope to assist in this regard.

A management strategy that envisages the future Expectations for the next leap forward after SHIFT

SHIFT will end in fiscal 2025. The Company has cemented the success of its Embudaki rice cooker and achieved profitability while making known the delicious taste of the Zojirushi brand in the restaurant business. Moreover, it has achieved entry into the market with a new-concept oven range, thereby realizing the main aims of SHIFT. In the next medium-term management plan, I would like the Company to further expand the domain of EVERINO and expand the market to make a major forward leap using such growth as a springboard.

In my opinion, innovation is not only about creating something from nothing through the use of technology. In its essence, innovation is the overturning of existing concepts. Zojirushi's provided value is based on the importance of "eating tasty food," which can be appreciated by everyone in the world. As I mentioned before, Zojirushi is a company capable of overturning existing concepts without being bound by its past successes or the idea of continuing with the status quo. Therefore, I have high expectations that it will continue to produce innovation after innovation in the future.

Board of Directors

(As of February 19, 2025)



Norio Ichikawa

Representative Director,
President and Corporate Officer

Attendance at Board of Directors meetings
14 out of 14 meetings



Tatsunori Matsumoto

Director and Managing Corporate Officer

Attendance at Board of Directors meetings
14 out of 14 meetings



Susumu Toda

[Independent]
[Outside]

Outside Director

Attendance at Board of Directors meetings
14 out of 14 meetings



Hiroaki Kanai

Outside Director

[Independent]
[Outside]

Attendance at Board of Directors 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)

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
Nov. 2023 Director; Managing Corporate Officer and Chief Domestic Sales Officer
Nov. 2024 Director; Managing Corporate Officer and Responsible for Domestic Sales (to present)

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 KK. (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.
Feb. 2023 Director, the Company (to present)
Sep. 2024 Director, Shachihata Inc. (to present)

Mar. 1984 Joined Kanai Juyo Kogyo Co., Ltd.
Jun. 1989 Director, Kanai Juyo Kogyo Co., Ltd.
Jun. 1990 Director, TOKUSEN KOGYO CO., LTD.
Apr. 1991 Managing Director, Kanai Juyo Kogyo Co., Ltd.
Mar. 1995 Director and Vice Chairman, TOKUSEN U.S.A., Inc.
Jun. 1995 Representative Director and President, TOKUSEN ENGINEERING CO., LTD.
Jun. 1997 Executive Vice-President, Kanai Juyo Kogyo Co., Ltd.
Vice President, TOKUSEN KOGYO CO., LTD.
Jun. 2009 Representative Director and Vice Chairman, Japan Fine Steel Co., Ltd. (to present)
Jun. 2013 President, Kanai Juyo Kogyo Co., Ltd. (to present)
Mar. 2015 Representative Director, Kanai Holdings Co., Ltd. (to present)
Sep. 2023 Director and Chairman, TOKUSEN U.S.A., Inc. (to present)
Feb. 2025 Director, the Company (to present)



Yoshihiko Miyakoshi

Director and Managing Corporate Officer

Attendance at Board of Directors meetings
14 out of 14 meetings



Osamu Sanada

Director and Managing Corporate Officer

Attendance at Board of Directors meetings
14 out of 14 meetings



Masayoshi Uehara

Director
(Standing Audit and Supervisory Committee Member)

Attendance at Board of Directors meetings
10 out of 10 meetings



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 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)
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
Dec. 2021 Chairman, Zojirushi Taiwan Corporation (to present)
Nov. 2023 Director; Managing Corporate Officer; Chief International Sales Officer and General Manager, International Department (to present)

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 Director; Chief Administrative Officer
Feb. 2018 Director; Chief Administrative Officer
Feb. 2020 Director; Corporate Officer and Chief Administrative Officer
Nov. 2023 Director; Managing Corporate Officer and Chief Administrative Officer
Nov. 2024 Director; Managing Corporate Officer and Responsible for Administration

Apr. 1984 Joined the Company
May 2008 Section Chief, Administration Group, Sales Department
Nov. 2011 General Manager, Auditing Department
Feb. 2017 General Manager, Personnel & General Affairs Department
Nov. 2021 Auditing Department
Feb. 2024 Director (Standing Audit and Supervisory Committee Member) (to present)

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 Sumie 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



Jun Ogami

Director and Corporate Officer

Attendance at Board of Directors meetings
14 out of 14 meetings



Hitoshi Utsunomiya

[Independent]
[Outside]

Outside Director
(Audit and Supervisory Committee Member)

Attendance at Board of Directors meetings
14 out of 14 meetings



Satoko Nishimura

Outside Director
(Audit and Supervisory Committee Member)

[Independent]
[Outside]

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)

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
Nov. 2024 Director; Corporate Officer and Chief Domestic Sales Officer (to present)

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)

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. 2023 Outside Executive Director, Linical Co., Ltd. (to present)



Hiroshi Yamane

Director and Corporate Officer

Attendance at Board of Directors meetings
—



Hiromi Izumi

[Independent]
[Outside]

Outside Director

Attendance at Board of Directors meetings
14 out of 14 meetings

Apr. 1993 Joined the Company
Nov. 2011 Assistant General Manager, The 1st R&D Department
Nov. 2013 General Manager, The 1st R&D Department
Nov. 2018 Corporate Officer; Deputy Chief Production & Development Officer and General Manager, The 1st R&D Department
Nov. 2019 Corporate Officer; Deputy Chief Production & Development Officer and General Manager, Technical Innovation Section
Nov. 2020 Corporate Officer; Deputy Chief Production & Development Officer and General Manager, Technical Innovation Section
Nov. 2022 Corporate Officer; Deputy Chief Production & Development Officer
Nov. 2023 Corporate Officer; Chief Production & Development Officer
Feb. 2025 Director; Corporate Officer and Chief Production & Development Officer (to present)

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.
Sep. 2023 Advisor, Millieme Co., Ltd. (to present)

Corporate Governance

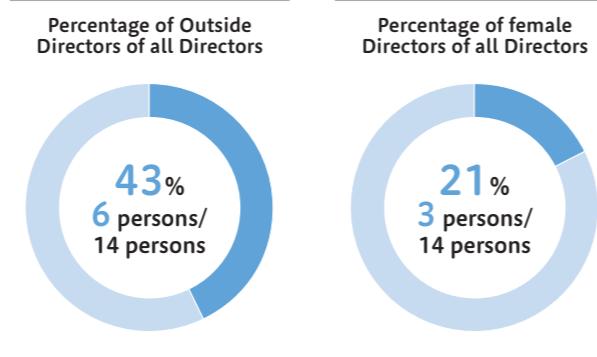
Basic Views on Corporate Governance

The Company recognizes the enhancement of corporate governance as a key management issue in securing the trust of its stakeholders and ensuring the sustained improvement of corporate value.

To quickly respond to drastic changes in the business environment, and to improve and develop its corporate value, the Company strives to strengthen its corporate structure, improve management efficiency while reinforcing its auditing and control functions, and enhance corporate governance by ensuring speedy, sound, and transparent management.

Overview of the Corporate Governance Structure

Main items	Details
Organizational structure	Company with an Audit and Supervisory Committee
Number/term of office of Directors (excluding Directors serving as Audit and Supervisory Committee Members)	10 persons/One year
Number/term of office of Directors serving as Audit and Supervisory Committee Members	Four persons/Two years
Number of Outside Directors	Six persons
Voluntary committees	Nomination and Compensation Committee
Number of Outside Directors designated as Independent Directors	Six persons
Auditing firm	KPMG AZSA LLC



Board of Directors

The Board of Directors comprises 10 Directors (excluding Directors serving as Audit and Supervisory Committee Members) and four Directors serving as Audit and Supervisory Committee Members, a total of 14 Directors (of whom six are Outside Directors), and meets once per month, in principle, to discuss and determine statutory matters and important management matters, such as basic management policies and medium- to long-term management strategies, and to supervise and report on the status of business execution. In addition, the Company promotes the separation of the business execution and supervision functions by delegating a portion of the Board of Directors' authority to Directors, to decide business execution, and also by transitioning to a company with an Audit and Supervisory Committee and revising the Corporate Officer system, to further expedite decision making and business execution.

FY2024 Number of meetings	14
Topics of discussion (other than those stipulated by laws and regulations)	
<ul style="list-style-type: none"> Whether to continue takeover defense measures Efforts to achieve target for total return ratio Business portfolio Comments from shareholders and institutional investors Cross-shareholdings and cost of capital verification Medium- to long-term issues faced by each department and measures to address them Formulation of earnings plan for next fiscal year Decision on future initiatives based on evaluation of the effectiveness of Board of Directors 	

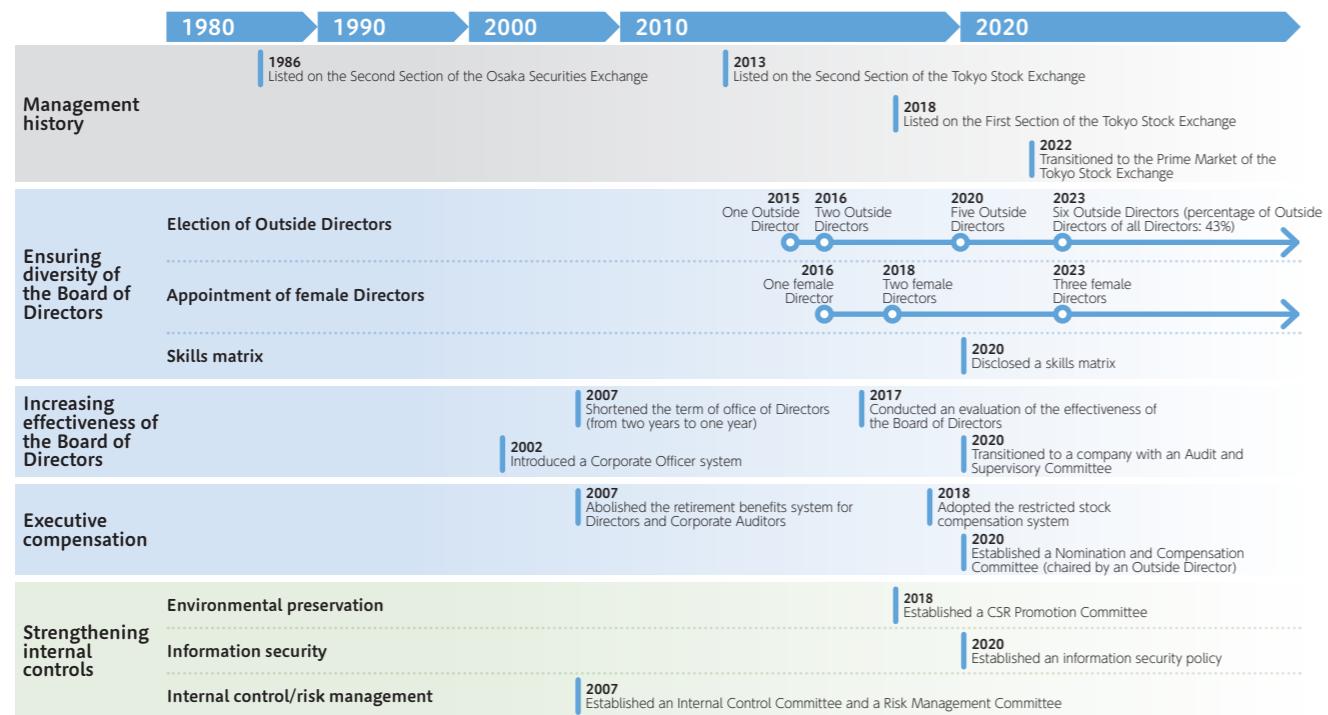
Management Meeting

The Management Meeting, which mainly comprises the President among the Corporate Officers and the Chief Officers of each department, meets once per week, in principle, to discuss and determine matters related to the execution policy based on the basic management policies determined by the Board of Directors, matters delegated to the Corporate Directors, and other important matters, to promote timely management activities.

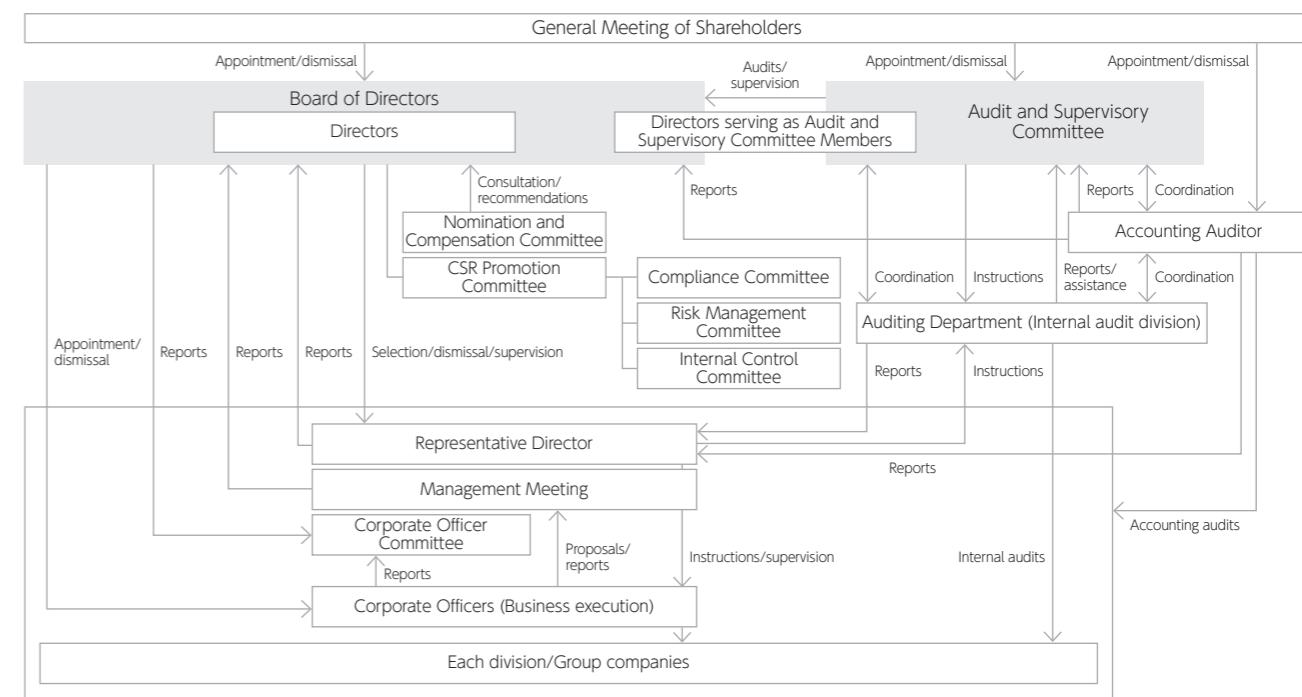
Audit and Supervisory Committee

The Audit and Supervisory Committee comprises four members (three of whom are Outside Directors). By electing Audit and Supervisory Committee Members who are knowledgeable in finance and accounting, as well as appointing a Standing Audit and Supervisory Committee Member to reinforce its information gathering capabilities, etc., the Company has been enhancing the effectiveness of audits. The Audit and Supervisory Committee meets once per month, in principle, to determine audit policies and audit plans, and to report on the status of execution of duties. The Standing Audit and Supervisory Committee Member also endeavors to strengthen oversight over management by attending important meetings such as the Management Meeting, and sharing information among the Audit and Supervisory Committee Members through the meetings of the Audit and Supervisory Committee, etc. The functions of the Audit and Supervisory

Governance History



Corporate Governance Structure Chart



Committee have also been strengthened through enhanced coordination with the internal audit division, such as through the receipt of reports and the provision of instructions, as necessary.

FY2024 Number of meetings	13
<ul style="list-style-type: none"> Confirmed appropriateness of decision-making by Directors and supervisory duties of the Board of Directors by attending important meetings such as Board of Directors meetings and the Management Meetings Conducted interviews with management and Corporate Officers and exchanged opinions on progress of priority measures Conducted regular on-site audits of business locations, including those of Group companies, in cooperation with internal audit division, and also confirmed status of internal controls and collected information on them Examined major accounting audit items, heard explanations, and exchanged opinions in cooperation with the Accounting Auditor 	

Nomination and Compensation Committee

The Nomination and Compensation Committee has been established to strengthen the independence, objectivity, and accountability of board functions, through the appropriate engagement and advice of Independent Outside Directors regarding the nomination and compensation of Directors and other executives.

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.

As for specific considerations at the Nomination and Compensation Committee, upon consultation with the Board of Directors, the committee discusses and makes recommendations about board composition, matters related to the appointment and dismissal of Directors and Corporate Officers, the reexamination of the skills matrix, matters related to the formulation and operation of succession plans, and matters concerning compensation for Directors, including for KPIs.

FY2024 Number of meetings	Three
<p>First meeting: Confirmed agenda items for the current fiscal year and considered the composition of the Board of Directors for the next fiscal year and the medium term</p>	
<p>Second meeting: Met with new Director candidates, formulated proposals for board composition and the skills matrix for the next fiscal year, elected new Corporate Officers, and refined succession plans and confirmed schedules thereof</p>	
<p>Third meeting: Verified the appropriateness of executive compensation levels, confirmed resources and KPIs, and formulated compensation proposals for the next fiscal year</p>	

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 Company confirmed that while the current composition of the Board of Directors is effective, further consideration should be given to achieving a more effective composition for factors such as the total number of Directors, the ratio of Inside and Outside Directors, and the ratio of men and women. Regarding operation, the environment was found to be conducive to speaking up and asking questions and the time set aside for discussion was judged sufficient.

As for the agenda for Board of Directors meetings, while discussions were held on revising business portfolios, deemed necessary in the previous evaluation, the Company has confirmed that it needs to continuously hold discussions on formulating the next medium-term management plan, identifying medium- to long-term management issues, and enhancing corporate value.

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

Members and Attendance Rates of Main Meeting Bodies and Skill Sets of Directors (as of February 19, 2025)

Name	Title	Composition of each meeting body (◎ indicates chairperson)				Attendance (FY2024)				Skill sets of Directors							
		Board of Directors	Audit and Supervisory Committee	Nomination and Compensation Committee	Management Meeting	Board of Directors	Audit and Supervisory Committee	Nomination and Compensation Committee	Corporate management/management planning	Knowledge of the Company's business	International experience	Sales/marketing	Product planning/production and development/new business	Risk management/legal affairs	Finance/accounting	IT/DX	Sustainability/ESG
Norio Ichikawa	Representative Director, President and Corporate Officer	◎		◎	◎	14/14		3/3	◎	◎	◎	◎	◎			◎	
Tatsunori Matsumoto	Director and Managing Corporate Officer	○			○	14/14			○	○		○	○				
Yoshihiko Miyakoshi	Director and Managing Corporate Officer	○			○	14/14			○	○	○	○					
Osamu Sanada	Director and Managing Corporate Officer	○			○	14/14			○	○				○	○	○	○
Eiji Soda	Director and Corporate Officer	○			○	14/14			○	○	○	○	○	○	○	○	○
Jun Ogami	Director and Corporate Officer	○			○	14/14			○	○		○	○				
Hiroshi Yamane	Director and Corporate Officer	○			○	—			○	○			○				
Hiromi Izumi	Outside Director	○		○		14/14		3/3	○			○				○	
Susumu Toda	Outside Director	○	◎			14/14			○		○	○	○		○	○	○
Hiroaki Kanai	Outside Director	○				—			○		○	○	○			○	
Masayoshi Uehara	Director (Standing Audit and Supervisory Committee Member)	○	◎	○		10/10	9/9		○			○					○
Kanae Shiono	Outside Director (Audit and Supervisory Committee Member)	○	○			14/14	13/13		○						○		
Hitoshi Utsunomiya	Outside Director (Audit and Supervisory Committee Member)	○	○	○		14/14	13/13	3/3						○			
Satoko Nishimura	Outside Director (Audit and Supervisory Committee Member)	○	○			14/14	13/13		○					○			

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 of Shachihata Inc., which has business relationships with the Company. However, the amount of the transactions accounts for less than 0.01% of the Company's consolidated net sales and less than 0.01% of net sales of Shachihata Inc. and does not affect his independence. 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 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.

Extraordinary income not included in dividend resources (earnings not appropriate as profits earned in a fiscal period) is excluded from performance-based compensation, while extraordinary losses for which management is responsible are taken into consideration in performance-based compensation.

Restricted stock compensation targets the improvement of business performance as one means of enhancing corporate value. Restricted stock compensation is also calculated by multiplying the profit attributable to owners of parent on a consolidated basis for each fiscal year by the rate of achievement of the medium- to long-term targets in the medium-term management plan SHIFT for net sales, operating profit, ROE, CO₂ emissions, and the percentage of management positions held by women, after taking into account extraordinary income and losses, as is done with monetary compensation. The number of shares to be granted is then determined based on the calculation standards prescribed for each position.

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
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 Attended 14 out of 14 meetings
Hiroaki Kanai	In addition to his broad experience as a corporate manager, Mr. Hiroaki Kanai has an international perspective and expertise in production, development, and sustainability. To increase the Company's corporate value, the Company elected him as an Outside Director to have him engage in management by leveraging his expertise in specialized fields and supervise management from an objective and neutral standpoint.	Board of Directors — (Appointed in February 2025)
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 Attended 14 out of 14 meetings

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)	¥313 million	¥184 million	¥94 million	¥33 million	7
Audit and Supervisory Committee Members (Excluding Outside Directors)	¥17 million	¥17 million	—	—	2
Outside Directors	¥44 million	¥44 million	—	—	6

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. Although no system is in place to directly report audit results to the Board of Directors, the results of internal audits reach all members of the Board of Directors. Audit results are given to the Representative Director and shared with the Audit and Supervisory Committee and the Accounting Auditor. In these ways, information can be passed on to the Board of Directors as appropriate. 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 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 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 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.

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 areas 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.

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.



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

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Ten-Year Summary of Consolidated Financial and Non-Financial Data

For the fiscal year ended November 20/As of November 20

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Net sales	89,796	89,231	85,363	84,635	79,110	74,947	77,673	82,534	83,494	87,221
Cooking appliances	61,240	60,110	54,582	53,548	53,453	54,318	55,806	59,007	58,631	61,198
Household and thermal products	23,198	24,578	25,942	25,999	21,062	15,347	16,222	17,065	17,696	18,124
Household appliances	3,744	2,830	3,133	3,051	2,761	3,665	3,871	4,533	5,009	5,600
Others	1,612	1,712	1,705	2,036	1,832	1,615	1,772	1,927	2,156	2,297
Operating profit	10,171	12,109	7,823	6,253	5,444	5,440	6,399	4,664	5,000	5,955
Profit attributable to owners of parent	6,314	7,299	5,338	4,434	4,082	3,943	4,509	3,658	4,441	6,462
Cash flows from operating activities	6,702	8,016	6,636	4,684	6,739	7,366	5,150	(279)	4,939	5,510
Cash flows from investing activities	(530)	(3,429)	(937)	(2,503)	(1,265)	(1,608)	(799)	(2,586)	(2,078)	(31)
Cash flows from financing activities	(824)	(1,663)	(1,927)	(3,557)	(1,933)	(2,206)	(2,365)	(2,923)	(2,968)	(6,378)
R&D expenses	536	608	648	780	845	818	784	882	959	977
Total assets	86,019	88,022	92,928	91,647	91,507	97,019	101,913	111,184	112,418	114,769
Net assets	58,814	61,144	67,672	69,746	71,018	72,917	76,837	81,278	85,299	87,305
Per share information										
Net assets per share (yen)	858.73	894.49	989.11	1,022.37	1,040.63	1,069.58	1,127.06	1,189.27	1,248.41	1,318.11
Dividends per share (yen)	20.00	22.00	22.00	30.00	26.00	26.00	34.00	34.00	34.00	40.00
Profit per share (yen)	93.44	108.03	79.00	65.62	60.39	58.34	66.69	54.09	65.64	96.63
Key financial indicators										
Ratio of operating profit to net sales (%)	11.3	13.6	9.2	7.4	6.9	7.3	8.2	5.7	6.0	6.8
Ratio of profit to net sales (%)	7.0	8.2	6.3	5.2	5.1	5.2	5.8	4.4	5.3	7.4
Ratio of R&D expenses to net sales (%)	0.60	0.68	0.76	0.92	1.07	1.09	1.00	1.07	1.15	1.12
Equity ratio (%)	67.5	68.7	71.9	75.4	76.9	74.5	74.8	72.4	75.1	75.3
Return on equity (%)	11.5	12.3	8.4	6.5	5.9	5.5	6.1	4.7	5.4	7.6
Dividend payout ratio (%)	21.4	20.4	27.9	45.7	43.1	44.6	51.0	62.9	51.8	41.4
Price-earnings ratio (times)	19.2	12.4	12.5	17.7	28.8	33.4	24.7	29.4	23.2	16.9
Non-financial information										
Number of employees	1,282	1,308	1,325	1,376	1,357	1,322	1,304	1,308	1,314	1,322
Percentage of annual paid leave taken (%)	—	—	—	—	52.7	60.9	64.7	80.3	74.6	72.8
Overtime work (monthly average per employee; hours)	—	—	—	—	33.4	20.1	26.9	34.2	34.0	39.6

*1 Dividend per share for fiscal 2018 includes a dividend commemorating the Company's 100th anniversary.

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

Consolidated Financial Statements

Consolidated Balance Sheets

As of November 20

	(Millions of yen)			(Millions of yen)	
	2023	2024		2023	2024
Assets					
Current assets					
Cash and deposits	34,198	33,726			
Notes receivable - trade	255	364			
Electronically recorded monetary claims - operating	1,361	1,275			
Accounts receivable - trade	13,921	15,629			
Merchandise and finished goods	24,254	24,324			
Work in process	328	393			
Raw materials and supplies	6,463	6,012			
Other	2,881	2,939			
Allowance for doubtful accounts	(23)	(22)			
Total current assets	83,640	84,644			
Non-current assets					
Property, plant and equipment					
Buildings and structures	13,324	13,399			
Accumulated depreciation	(10,712)	(10,458)			
Buildings and structures, net	2,611	2,940			
Machinery, equipment and vehicles	3,946	4,038			
Accumulated depreciation	(3,549)	(3,637)			
Machinery, equipment and vehicles, net	397	400			
Tools, furniture and fixtures	11,022	12,169			
Accumulated depreciation	(9,139)	(10,006)			
Tools, furniture and fixtures, net	1,883	2,162			
Land	7,446	6,970			
Leased assets	3,378	3,212			
Accumulated depreciation	(1,221)	(1,641)			
Leased assets, net	2,156	1,570			
Construction in progress	81	85			
Total property, plant and equipment	14,576	14,130			
Intangible assets					
Software	523	507			
Other	193	176			
Total intangible assets	717	684			
Investments and other assets					
Investment securities	7,806	9,272			
Deferred tax assets	642	619			
Retirement benefit asset	4,352	4,825			
Other	684	596			
Allowance for doubtful accounts	(2)	(2)			
Total investments and other assets	13,484	15,311			
Total non-current assets	28,777	30,125			
Total assets	112,418	114,769			
Liabilities					
Current liabilities					
Notes and accounts payable - trade	7,157	7,093			
Current portion of long-term borrowings	—	1,500			
Lease liabilities	606	585			
Accrued expenses	4,982	4,629			
Income taxes payable	919	2,138			
Contract liabilities	127	219			
Refund liabilities	1,973	1,946			
Provision for bonuses	1,176	1,254			
Provision for product warranties	150	414			
Provision for loss on voluntary recall of products	16	—			
Other	2,007	1,550			
Total current liabilities	19,117	21,331			
Non-current liabilities					
Long-term borrowings	1,500	—			
Lease liabilities	1,646	1,107			
Deferred tax liabilities	1,956	2,249			
Retirement benefit liability	2,615	2,532			
Other	283	244			
Total non-current liabilities	8,001	6,133			
Total liabilities	27,118	27,464			
Net assets					
Shareholders' equity					
Share capital	4,022	4,022			
Capital surplus	4,295	4,327			
Retained earnings	69,394	73,555			
Treasury shares	(953)	(4,220)			
Total shareholders' equity	76,759	77,685			
Accumulated other comprehensive income					
Valuation difference on available-for-sale securities	2,264	3,116			
Foreign currency translation adjustment	5,147	5,109			
Remeasurements of defined benefit plans	309	554			
Total accumulated other comprehensive income	7,721	8,780			
Non-controlling interests	818	839			
Total net assets	85,299	87,305			
Total liabilities and net assets	112,418	114,769			

Consolidated Statements of Income

For the fiscal year ended November 20

	(Millions of yen)	
	2023	2024
Net sales	83,494	87,221
Cost of sales	57,363	58,919
Gross profit	26,130	28,301
Selling, general and administrative expenses	21,130	22,346
Operating profit	5,000	5,955
Non-operating income		
Interest income	213	362
Dividend income	125	142
Purchase discounts	32	26
Share of profit of entities accounted for using equity method	465	560
Royalty income	52	41
Rental income	118	115
Foreign exchange gains	435	171
Refund of Chinese value-added-tax	98	33
Other	82	104
Total non-operating income	1,624	1,558
Non-operating expenses		
Interest expenses	83	65
Rental expenses on non-current assets	24	21
Other	20	21
Total non-operating expenses	128	108
Ordinary profit	6,496	7,405
Extraordinary income		
Gain on sale of non-current assets	0	1,917
Gain on sale of investment securities	2	41
Total extraordinary income	3	1,958
Extraordinary losses		
Loss on retirement of non-current assets	33	39
Loss on sale of investment securities	0	—
Provision for loss on product recalls	23	—
Total extraordinary losses	57	39
Profit before income taxes	6,442	9,324
Income taxes - current	1,449	2,956
Income taxes - deferred	429	(171)
Total income taxes	1,879	2,785
Profit	4,562	6,539
Profit attributable to non-controlling interests	120	76
Profit attributable to owners of parent	4,441	6,462

Consolidated Statements of Comprehensive Income

For the fiscal year ended November 20

	(Millions of yen)	
	2023	2024
Profit	4,562	6,539
Other comprehensive income		
Valuation difference on available-for-sale securities	572	851
Foreign currency translation adjustment	421	(165)
Remeasurements of defined benefit plans, net of tax	744	245
Share of other comprehensive income of entities accounted for using equity method	115	162
Total other comprehensive income	1,854	1,093
Comprehensive income	6,417	7,632
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,295	7,521
Comprehensive income attributable to non-controlling interests	121	111

Consolidated Statements of Changes in Equity

For the fiscal year ended November 20

	(Millions of yen)				
	Shareholders' equity				
2023	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,022	4,272	67,253	(956)	74,592
Changes during period			(2,300)		(2,300)
Dividends of surplus					
Profit attributable to owners of parent			4,441		4,441
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		23		3	26
Net changes in items other than shareholders' equity					
Total changes during period	—	23	2,141	3	2,167
Balance at end of period	4,022	4,295	69,394	(953)	76,759
	Accumulated other comprehensive income				
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests
Balance at beginning of period	1,691	4,611	(435)	5,868	818
Changes during period				(2,300)	
Dividends of surplus					
Profit attributable to owners of parent					4,441
Purchase of treasury shares				(0)	
Disposal of treasury shares					26
Net changes in items other than shareholders' equity	572	535	744	1,853	0
Total changes during period	572	535	744	1,853	0
Balance at end of period	2,264	5,147	309	7,721	818
	(Millions of yen)				
2024	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,022	4,295	69,394	(953)	76,759
Changes during period			(2,301)		(2,301)
Dividends of surplus					
Profit attributable to owners of parent			6,462		6,462
Purchase of treasury shares				(3,271)	(3,271)
Disposal of treasury shares		31		5	36
Net changes in items other than shareholders' equity					
Total changes during period	—	31	4,161	(3,266)	926
Balance at end of period	4,022	4,327	73,555	(4,220)	77,685
	Accumulated other comprehensive income				
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests
Balance at beginning of period	2,264	5,147	309	7,721	818
Changes during period			(2,301)		
Dividends of surplus					
Profit attributable to owners of parent					6,462
Purchase of treasury shares				(3,271)	
Disposal of treasury shares					36
Net changes in items other than shareholders' equity	851	(38)	245	1,058	20
Total changes during period	851	(38)	245	1,058	20
Balance at end of period	3,116	5,109	554	8,780	839

Consolidated Statements of Cash Flows

For the fiscal year ended November 20

	(Millions of yen)	2023	2024
Cash flows from operating activities			
Profit before income taxes		6,442	9,324
Depreciation		2,258	2,319
Increase (decrease) in allowance for doubtful accounts		(14)	0
Increase (decrease) in provision for bonuses		(3)	80
Decrease (increase) in retirement benefit asset		(131)	(146)
Increase (decrease) in retirement benefit liability		(27)	(66)
Increase (decrease) in provision for product warranties		(41)	264
Increase (decrease) in provision for loss on voluntary recall of products		(71)	(16)
Interest and dividend income		(338)	(504)
Interest expenses		83	65
Share of loss (profit) of entities accounted for using equity method		(465)	(560)
Loss (gain) on sale of investment securities		(2)	(41)
Loss (gain) on sale of non-current assets		(0)	(1,917)
Loss on retirement of non-current assets		33	39
Decrease (increase) in trade receivables		205	(1,798)
Decrease (increase) in inventories		936	235
Increase (decrease) in trade payables		(2,982)	81
Increase (decrease) in accrued expenses		(374)	(383)
Increase (decrease) in refund liabilities		(93)	(12)
Other, net		364	(488)
Subtotal		5,775	6,473
Interest and dividends received		747	895
Interest paid		(83)	(65)
Income taxes paid		(1,500)	(1,793)
Net cash provided by (used in) operating activities		4,939	5,510
Cash flows from investing activities			
Payments into time deposits		(4,061)	(4,183)
Proceeds from withdrawal of time deposits		4,182	3,968
Purchase of property, plant and equipment		(1,654)	(2,058)
Proceeds from sale of property, plant and equipment		0	2,467
Purchase of intangible assets		(320)	(199)
Purchase of investment securities		(34)	(32)
Proceeds from sale and redemption of investment securities		11	84
Other, net		(199)	(78)
Net cash provided by (used in) investing activities		(2,078)	(31)
Cash flows from financing activities			
Repayments of lease liabilities		(545)	(716)
Purchase of treasury shares		(0)	(3,271)
Dividends paid		(2,300)	(2,300)
Dividends paid to non-controlling interests		(121)	(90)
Net cash provided by (used in) financing activities		(2,968)	(6,378)
Effect of exchange rate change on cash and cash equivalents		241	292
Net increase (decrease) in cash and cash equivalents		134	(608)
Cash and cash equivalents at beginning of period		31,077	31,211
Cash and cash equivalents at end of period		31,211	30,603

Corporate Information

(As of November 20, 2024)

Corporate Data

Company Name: Zojirushi Corporation
Headquarters: 1-20-5, Tenma, Kita-ku, Osaka 530-8511, Japan
TEL: 81-6-6356-2311
URL: <https://www.zojirushi.co.jp>

Year of Incorporation: 1918
Year of Establishment: 1948
Paid-in Capital: ¥4,022,950,000
Number of Employees: 1,322 (Consolidated)

Business Activities:

Manufacturing, marketing, and other activities related to cooking appliances, household appliances, household and thermal products, and other products for living

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.

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: 9,132

Listed Stock Exchange:

Tokyo Stock Exchange

Securities Code:

7965

Administrator of Shareholders Registry and Special Account Management Institution:

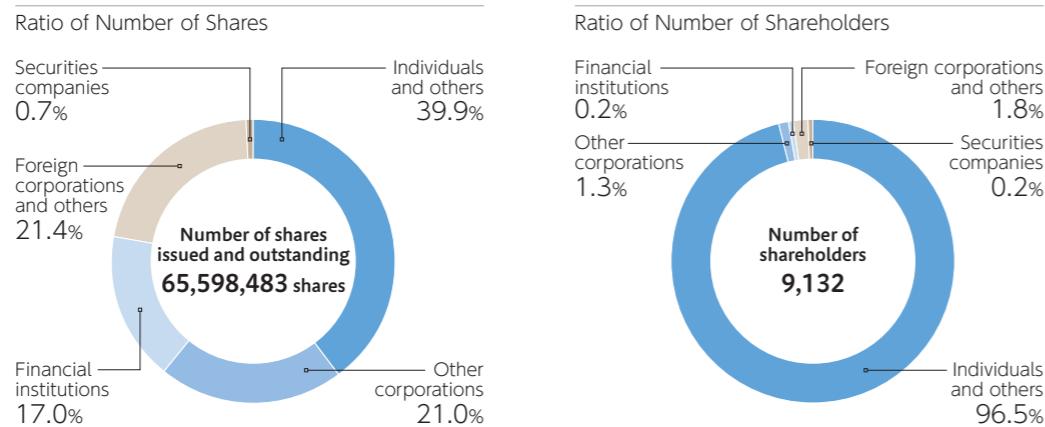
Mitsubishi UFJ Trust and Banking Corporation
4-5, Marunouchi 1-Chome, Chiyoda-ku, Tokyo, Japan

Major Shareholders

	Name of shareholder	Number of shares owned (thousand shares)	Percentage of shares owned (%)
CLEARSTREAM BANKING S.A.		10,166	15.49
Norio Ichikawa		6,392	9.74
The Master Trust Bank of Japan, Ltd. (Trust account)		6,090	9.28
Wako Co., Ltd.		4,196	6.39
Zojirushi Supplier Stock Ownership Association		2,414	3.68
Masahiro Ichikawa		2,071	3.15
Yasuhiro Ichikawa		2,071	3.15
Ichikawa International Scholarship Foundation		1,650	2.51
Mitsubishi UFJ Trust and Banking Corporation		1,552	2.36
Yoshitaka Ichikawa		1,309	1.99

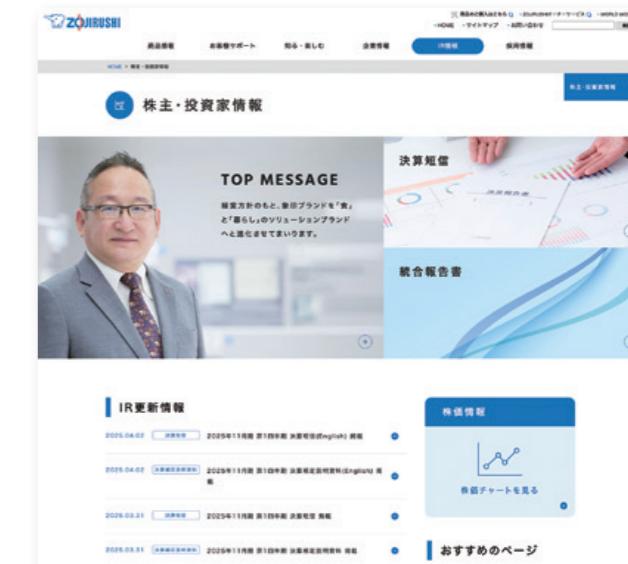
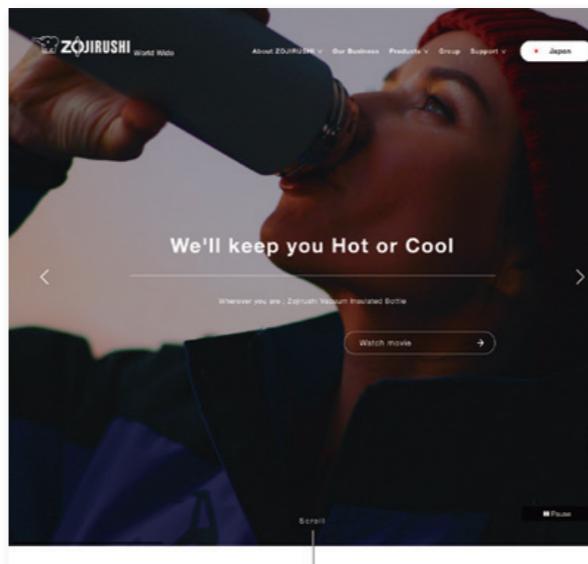
*The percentage of shares owned has been calculated after deducting treasury stock (7,001 thousand shares)

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/>



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.



Guidance for Collaborative Value Creation